



**UNION SANITARY DISTRICT BOARD MEETING/
UNION SANITARY DISTRICT FINANCING AUTHORITY
AGENDA**

**Monday, July 26, 2021
Regular Meeting - 4:00 P.M.**

**Union Sanitary District
Administration Building
5072 Benson Road
Union City, CA 94587**

Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers
Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

CORONAVIRUS (COVID-19) ADVISORY NOTICE

Consistent with Executive Order No. N-08-21 from the Executive Department of the State of California, and Alameda County Health Officer Order No. 21-01a, the Monday, July 26, 2021, Regular Board Meeting will not be physically open to the public and all Board Members will be teleconferencing into the meeting. **To maximize public safety while still maintaining transparency and public access, members of the public can observe the meeting by following the steps listed below, and may provide public comment by sending comments to the Board Clerk by email at assistanttogm@unionsanitary.ca.gov before or during the meeting or via voicemail by calling 510-477-7599 before 3:00 p.m. on the date of the meeting.** Comments will then be read into the record, with a maximum allowance of 3 minutes per individual comment, subject to the Board President's discretion. All comments should be a maximum of 500 words, which corresponds to approximately 3 minutes of speaking time. If a comment is received after the agenda item is heard but before the close of the meeting, the comment will still be included as a part of the record of the meeting but will not be read into the record.

Any member of the public who needs accommodations should email or call the Board Clerk, assistanttogm@unionsanitary.ca.gov or 510-477-7503, who will use their best efforts to provide reasonable accommodations to provide as much accessibility as possible while also maintaining public safety in accordance with the Union Sanitary District procedure for resolving reasonable accommodation requests.

To listen to this Regular Board Meeting:

Call: 1-888-788-0099 or 1-877-853-5247

Meeting ID: 840 6340 4168 #

Participant ID: #

Click the Zoom link below to watch and listen:

<https://us02web.zoom.us/j/84063404168>

	1.	Call to Order.
	2.	Salute to the Flag. (This item has been suspended due to the COVID-19 pandemic.)
	3.	Roll Call.
Motion	4.	Approve Minutes of the Union Sanitary District Board Meeting of July 12, 2021.
Motion	5.	Approve Minutes of the Union Sanitary District Special Board Meeting of July 15, 2021.
Information	6.	June 2021 Monthly Operations Report <i>(to be reviewed by the Budget & Finance and Legal/Community Affairs Committees)</i> .
	7.	Written Communications.
	8.	Public Comment. Public Comment is limited to three minutes per individual, with a maximum of 30 minutes per subject. If the comment relates to an agenda item, the speaker should address the Board at the time the item is considered. Speaker cards will be available in the Boardroom and are requested to be completed prior to the start of the meeting.
Motion	9.	Consider a Resolution of the Union Sanitary District Authorizing the Issuance of not to Exceed \$110,000,000 Revenue Bonds by the Union Sanitary District Financing Authority, Authorizing the Execution and Delivery of Certain Documents in Connection therewith and Authorizing Certain Other Actions <i>(to be reviewed by the Budget & Finance Committee)</i> .

UNION SANITARY DISTRICT FINANCING AUTHORITY

Motion	10.	Consider a Resolution of the Board Of Directors of Union Sanitary District Financing Authority Authorizing the Issuance of not to Exceed \$110,000,000 Aggregate Principal Amount of Revenue Bonds and Approving The Execution and Delivery of Certain Documents in Connection therewith and Certain Other Matters <i>(to be reviewed by the Budget & Finance Committee)</i> .
Motion	11.	Consider a Resolution to Open LAIF Account for Investment of 2021A Bond Proceeds <i>(to be reviewed by the Budget & Finance Committee)</i> .
Motion	12.	Review and Consider Approval of Updates to Policy No. 2060, Debt Management Policy <i>(to be reviewed by the Budget & Finance Committee)</i> .
Motion	13.	Consider a Resolution Designating Authorized Representatives for FEMA and State OES Disaster Assistance <i>(to be reviewed by the Legal/Community Affairs Committee)</i> .
Motion	14.	Authorize the General Manager to Execute Amendment No. 1 to Task Order No. 1 with ENGEO Incorporated for the Alameda Creek Force Main Crossing Geotechnical Investigation Project <i>(to be reviewed by the Engineering and Information Technology Committee)</i> .

Information	15.	Solar and Cogeneration Facilities Operational Update <i>(to be reviewed by the Budget & Finance Committee)</i> .
Information	16.	CAL-Card 4 th Quarter FY21 Activity Report <i>(to be reviewed by the Budget & Finance Committee)</i> .
Information	17.	Boardmember Expenses for the 4 th Quarter of FY21 <i>(to be reviewed by the Budget & Finance Committee)</i> .
Information	18.	Report on the East Bay Dischargers Authority Meeting of June 17, 2021.
Information	19.	COVID-19 Update.
Information	20.	Check Register.
Information	21.	Committee Meeting Reports. <i>(No Board action is taken at Committee meetings):</i> <ol style="list-style-type: none"> Budget & Finance Committee – Wednesday, July 21, 2021, at 10:30 a.m. <ul style="list-style-type: none"> Director Lathi and Director Toy Engineering and Information Technology Committee – Friday, July 23, 2021, at 10:00 a.m. <ul style="list-style-type: none"> Director Kite and Director Fernandez Legal/Community Affairs Committee – Friday, July 23, 2021, at 11:00 a.m. <ul style="list-style-type: none"> Director Lathi and Director Handley Legislative Committee – will not meet. Personnel Committee – will not meet.
Information	22.	General Manager’s Report. <i>(Information on recent issues of interest to the Board)</i> .
	23.	Other Business: <ol style="list-style-type: none"> Comments and questions. <i>Directors can share information relating to District business and are welcome to request information from staff.</i> Scheduling matters for future consideration.
	24.	Adjournment – The Board will adjourn to a Board Workshop to be held virtually on Wednesday, July 28, 2021, at 4:00 p.m.
	25.	Adjournment – The Board will then adjourn to the next Regular Board Meeting to be held virtually on Monday, August 9, 2021, at 4:00 p.m.

The facilities at the District Offices are wheelchair accessible. Any attendee requiring special accommodations at the meeting should contact the General Manager’s office at (510) 477-7503 at least 24 hours in advance of the meeting.



BUDGET & FINANCE COMMITTEE MEETING
Committee Members: Director Lathi and Director Toy

Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

AGENDA
Wednesday, July 21, 2021
10:30 A.M.

Alvarado Conference Room
5072 Benson Road
Union City, CA 94587

Officers
Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

Consistent with Executive Order No. N-08-21 from the Executive Department of the State of California, and Alameda County Health Officer Order No. 21-01a, this meeting will not be physically open to the public and all Board Members will be teleconferencing into the meeting via conference call.

To maximize public safety while still maintaining public access, members of the public can observe the meeting by calling 510-477-6190 to listen to the committee meeting, and may provide public comment by sending comments to the Board Clerk by email at assistanttogm@unionsanitary.ca.gov or via voicemail by calling 510-477-7599 up to one hour before the scheduled meeting start time.

1. Call to Order

2. Roll Call

3. Public Comment

Public Comment is limited to three minutes per individual, with a maximum of 30 minutes per subject. If the comment relates to an agenda item, the speaker should address the Board at the time the item is considered. Speaker cards will be available and are requested to be completed prior to the start of the meeting.

4. Items to be reviewed for the Regular Board meeting of July 26, 2021:

- June 2021 Monthly Operations Report – Financial Reports
 - Consider a Resolution of the Union Sanitary District Authorizing the Issuance of not to Exceed \$110,000,000 Revenue Bonds by the Union Sanitary District Financing Authority, Authorizing the Execution and Delivery of Certain Documents in Connection therewith and Authorizing Certain Other Actions
 - Consider a Resolution of the Board Of Directors of Union Sanitary District Financing Authority Authorizing the Issuance of not to Exceed \$110,000,000 Aggregate Principal Amount of Revenue Bonds and Approving The Execution and Delivery of Certain Documents in Connection therewith and Certain Other Matters
 - Consider a Resolution to Open LAIF Account for Investment of 2021A Bond Proceeds
 - Review and Consider Approval of Updates to Policy No. 2060, Debt Management Policy
 - Solar and Cogeneration Facilities Operational Update
 - CAL-Card 4th Quarter FY21 Activity Report
 - Boardmember Expenses for the 4th Quarter of FY21
-

5. Adjournment

Items reviewed at committee meetings will be included in the agenda packet for the upcoming Board meeting. No action will be taken at committee meetings.

The facilities at the District Offices are wheelchair accessible. Any attendee requiring special accommodations at the meeting should contact the General Manager's office at (510) 477-7503 at least 24 hours in advance of the meeting.



**ENGINEERING AND INFORMATION TECHNOLOGY
COMMITTEE MEETING**

Committee Members: Director Kite and Director Fernandez

AGENDA

Friday, July 23, 2021

10:00 A.M.

Alvarado Conference Room

5072 Benson Road

Union City, CA 94587

Directors

Manny Fernandez

Tom Handley

Pat Kite

Anjali Lathi

Jennifer Toy

Officers

Paul R. Eldredge

General Manager/

District Engineer

Karen W. Murphy

Attorney

Consistent with Executive Order No. N-08-21 from the Executive Department of the State of California, and Alameda County Health Officer Order No. 21-01a, this meeting will not be physically open to the public and all Board Members will be teleconferencing into the meeting via conference call.

To maximize public safety while still maintaining public access, members of the public can observe the meeting by calling 510-477-6190 to listen to the committee meeting, and may provide public comment by sending comments to the Board Clerk by email at assistanttogm@unionsanitary.ca.gov or via voicemail by calling 510-477-7599 up to one hour before the scheduled meeting start time.

1. Call to Order
2. Roll Call
3. Public Comment
Public Comment is limited to three minutes per individual, with a maximum of 30 minutes per subject. If the comment relates to an agenda item, the speaker should address the Board at the time the item is considered. Speaker cards will be available and are requested to be completed prior to the start of the meeting.
4. Items to be reviewed for the Regular Board meeting of July 26, 2021:
 - Authorize the General Manager to Execute Amendment No. 1 to Task Order No. 1 with ENGEO Incorporated for the Alameda Creek Force Main Crossing Geotechnical Investigation Project
5. Adjournment

Items reviewed at committee meetings will be included in the agenda packet for the upcoming Board meeting.

No action will be taken at committee meetings.

The facilities at the District Offices are wheelchair accessible. Any attendee requiring special accommodations at the meeting should contact the General Manager's office at (510) 477-7503 at least 24 hours in advance of the meeting.



LEGAL/COMMUNITY AFFAIRS COMMITTEE MEETING

Committee Members: Director Lathi and Director Handley

Directors

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

AGENDA

Friday, July 23, 2021

11:00 A.M.

Alvarado Conference Room

5072 Benson Road

Union City, CA 94587

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

Consistent with Executive Order No. N-08-21 from the Executive Department of the State of California, and Alameda County Health Officer Order No. 21-01a, this meeting will not be physically open to the public and all Board Members will be teleconferencing into the meeting via conference call.

To maximize public safety while still maintaining public access, members of the public can observe the meeting by calling 510-477-6190 to listen to the committee meeting, and may provide public comment by sending comments to the Board Clerk by email at assistanttogm@unionsanitary.ca.gov or via voicemail by calling 510-477-7599 up to one hour before the scheduled meeting start time.

1. Call to Order
2. Roll Call
3. Public Comment
Public Comment is limited to three minutes per individual, with a maximum of 30 minutes per subject. If the comment relates to an agenda item, the speaker should address the Board at the time the item is considered. Speaker cards will be available and are requested to be completed prior to the start of the meeting.
4. Items to be reviewed for the Regular Board meeting of July 26, 2021:
 - June 2021 Monthly Operations Report – Odor and Work Group Reports
 - Consider a Resolution Designating Authorized Representatives for FEMA and State OES Disaster Assistance
5. Adjournment

Items reviewed at committee meetings will be included in the agenda packet for the upcoming Board meeting. No action will be taken at committee meetings.
--

The facilities at the District Offices are wheelchair accessible. Any attendee requiring special accommodations at the meeting should contact the General Manager's office at (510) 477-7503 at least 24 hours in advance of the meeting.

**MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF
UNION SANITARY DISTRICT/UNION SANITARY DISTRICT FINANCING
AUTHORITY
July 12, 2021**

Consistent with Executive Orders No. N-08-21 from the Executive Department of the State of California, and Alameda County Health Officer Order No. 21-01a, the Monday, July 12, 2021, Regular Board Meeting was not physically open to the public and all Board Members teleconferenced into the meeting. To maximize public safety while still maintaining transparency and public access, members of the public were able to observe the Board Meeting and provide public comment by sending comments to the Board Clerk.

CALL TO ORDER

President Kite called the meeting to order at 4:00 p.m. The regular meeting time was modified due to the COVID-19 emergency.

SALUTE TO THE FLAG

ROLL CALL

PRESENT: Pat Kite, President
Anjali Lathi, Vice President
Manny Fernandez, Secretary
Jennifer Toy, Director
Tom Handley, Director

STAFF: Paul Eldredge, General Manager/District Engineer
Karen Murphy, District Counsel
Mark Carlson, Business Services Manager/CFO
Sami Ghossain, Technical Services Manager
James Schofield, Collection Services Manager
Armando Lopez, Treatment and Disposal Services Manager
Robert Simonich, Fabrication, Maintenance, and Construction Manager
Regina McEvoy, Executive Assistant to the General Manager/Board Clerk

**APPROVE MINUTES OF THE UNION SANITARY DISTRICT BOARD MEETING OF
JUNE 28, 2021**

It was moved by Secretary Fernandez, seconded by Director Handley, to Approve the Minutes of the Board Meeting of June 28, 2021. Motion carried with the following vote:

AYES: Fernandez, Handley, Kite, Lathi
NOES: None
ABSTAIN: None
ABSENT: Toy

WRITTEN COMMUNICATIONS

There were no written communications.

PUBLIC COMMENT

There was no public comment.

CONSIDER ADOPTION OF A RESOLUTION SETTING THE TIME AND PLACE FOR HOLDING REGULAR MEETINGS OF THE UNION SANITARY DISTRICT BOARD OF DIRECTORS

District Counsel Murphy stated California Government Code section 54954(a) provides that “[e]ach legislative body of a local agency... shall provide, by ordinance, resolution, bylaws, or by whatever other rule is required for the conduct of business by that body, the time and place for holding regular meetings.” The Union Sanitary District Board of Directors traditionally met the second and fourth Monday of each month at 7:00 p.m. in the District’s Administration Building, but modified this schedule during the COVID-19 emergency to meet virtually at 4:00 p.m. Based upon the most recent information received from the State of California regarding the Governor’s executive orders, staff anticipates the Board will begin meeting in-person in October of 2021. The proposed resolution provides that the regular meeting time of the Board of Directors will remain at 4:00 p.m. after meetings return in-person. Pursuant to Board direction, staff will review this item approximately six months after that time to evaluate any unforeseen circumstances and bring back a discussion item for the Board to assess whether or not to keep the meeting time at 4:00 p.m. Staff recommended the Board consider a resolution setting the time and place for holding regular meetings of the Union Sanitary District Board of Directors.

It was moved by Director Handley, seconded by Vice President Lathi, to Adopt Resolution No. 2928, A Resolution of the Board of Directors Setting the Time and Place for Holding Regular Meetings of the Union Sanitary District Board of Directors. Motion carried with the following vote:

AYES: Fernandez, Handley, Kite, Lathi, Toy
NOES: None
ABSTAIN: None
ABSENT: None

AUTHORIZE THE GENERAL MANAGER TO EXECUTE AN ENCROACHMENT AGREEMENT WITH TURK ISLAND VENTURES, LLC FOR TRACT 7728 – TURK ISLAND IN THE CITY OF UNION CITY

This item was reviewed by the Legal/Community Affairs Committee. Technical Services Manager Ghossain stated Turk Island Ventures, LLC, will construct a residential development for Tract 7728, located at the northwest corner of Carmel Way and Westport Way in the City of Union City. The parcel was part of the old Turk Island landfill that has been closed since the early 1970’s. Grading work for the development calls for removal of existing landfill material from the portion of the former Turk Island Landfill within the tract and replacing it with clean imported fill. Since a portion of the work will occur within

the District's existing force main easement, an encroachment agreement allowing the developer to perform the work within the easement will be required. The agreement will include a construction work plan to allow for replacement of the landfill material over the force mains to be performed while protecting the force mains, additional provisions of the agreement were included in the Board meeting packet. While the term of the agreement will be two years, all excavation and fill placement work within the District's easement will be completed by October 15, 2021. Staff recommended the Board authorize the General Manager to execute an encroachment agreement with Turk Island Ventures, LLC for Tract 7728 – Turk Island located in the City of Union City.

It was moved by Vice President Lathi, seconded by Director Handley, to Authorize the General Manager to Execute an Encroachment Agreement with Turk Island Ventures, LLC for Tract 7728 – Turk Island Located in the City of Union City. Motion carried with the following vote:

AYES: Fernandez, Handley, Kite, Lathi, Toy
NOES: None
ABSTAIN: None
ABSENT: None

AUTHORIZE THE GENERAL MANAGER TO EXECUTE AN AGREEMENT AND TASK ORDER NO. 1 WITH CAROLLO ENGINEERS, INC. FOR THE PLANT MISCELLANEOUS IMPROVEMENTS PROJECT

This item was reviewed by the Engineering and Information Technology Committee. Technical Services Manager Ghossain stated the purpose of the task order is to authorize Carollo to provide final design and bid period services for the Project which will include rehabilitation and repairs at the Alvarado Wastewater Treatment Plant. The list of items to be included in the Project was included in the Board meeting packet. Staff anticipates Carollo should complete the Project's design by Spring 2022 and construction to begin in Summer 2022. Staff recommended the Board authorize the General Manager to execute an agreement and Task Order No. 1 with Carollo Engineers, Inc. in the amount of \$185,034 to provide final design services for the Plant Miscellaneous Improvements Project.

It was moved by Secretary Fernandez, seconded by Director Toy, to Authorize the General Manager to Execute an Agreement and Task Order No. 1 with Carollo Engineers, Inc. in the Amount of \$185,034 to Provide Final Design Services for the Plant Miscellaneous Improvements Project. Motion carried with the following vote:

AYES: Fernandez, Handley, Kite, Lathi, Toy
NOES: None
ABSTAIN: None
ABSENT: None

CONSIDER A MOTION TO CANCEL THE NOVEMBER 22 AND DECEMBER 27, 2021, BOARD OF DIRECTORS MEETINGS

Board Clerk McEvoy stated the second regularly scheduled Board meeting in November falls on the week of Thanksgiving and the second regularly scheduled Board meeting in

December falls on the week between the Christmas and New Year holidays. Staff recommended the Board consider canceling the second Board meeting in November and December.

It was moved by Director Handley, seconded by Director Toy, to Cancel the November 22, 2021, and December 27, 2021, Board Meetings and Direct Staff to Schedule Special Board Meetings for November 15, 2021, and December 20, 2021, if Needed. Motion carried with the following vote:

AYES: Fernandez, Handley, Kite, Lathi, Toy
NOES: None
ABSTAIN: None
ABSENT: None

RECEIVE INFORMATION AND PROVIDE DIRECTION REGARDING THE DRAFT DISTRICT RE-OFFICING PLAN AND TELECOMMUTING POLICY

General Manager Eldredge presented the draft District re-officing plan and telecommuting policy concept. Staff recommended the Board provide direction regarding the draft re-officing plan and telecommuting policy concept.

The Board directed staff to proceed with the re-officing plan and bring back for discussion the telecommuting policy at the November 2021 Board meeting.

PROVIDE DIRECTION REGARDING BOARD LEGISLATIVE REPORT CONTENT AND FREQUENCY

This item was reviewed by the Legislative Committee. Communications and Intergovernmental Relations Coordinator Powell stated the Board directed staff in 2015 to provide periodic reports on legislation and other information that may impact or be of interest to the District. At a later date, the Board directed staff to separate the periodic reports into two documents to be presented at separate meetings, one report highlighted regional issues and the other highlighted state and national issues of interest. The Board had previously stated the content and frequency of legislative reports could be revisited if impacts to staff time warranted re-evaluation. Many additional projects and activities have been taken on by staff while the content of regional news updates expanded and legislative activity at the state and national level increased. Legislative reports have become lengthy, and the time dedicated to developing them has increased. Staff suggested legislative reports return to the original consolidated format and be presented to the Board twice a year. Staff requested the Board provide direction regarding future Board legislative report content and frequency.

The Board directed staff to present legislative reports to the Board twice a year.

RECEIVE INFORMATION AND PROVIDE DIRECTION REGARDING THE DISTRICT'S PROCEDURE FOR VOTING TO ELECT REPRESENTATIVES TO THE CALIFORNIA SPECIAL DISTRICTS ASSOCIATION BOARD OF DIRECTORS BAY AREA NETWORK

General Manager Eldredge stated the Board of Directors for the Bay Area Network of the California Special Districts Association (CSDA) periodically conducts elections for members of its Board. CSDA Bay Area Network elections are conducted electronically via email to the District's designated staff representative; General Manager Eldredge is the designated staff representative for the District. Staff requested the Board provide direction regarding the procedure for voting to elect representatives to the California Special Districts Association Board of Directors for the Bay Area Network.

The Board directed staff to have the General Manager consult the Board representative to the Alameda County Special Districts Association before voting for a CSDA Bay Area Network Board Member.

INFORMATION ITEMS:

COVID-19 Update

General Manager Eldredge provided an update regarding COVID-19 impacts on District operations and coordination efforts.

Check Register

Staff responded to Boardmember questions regarding the check register.

COMMITTEE MEETING REPORTS:

The Legislative and Engineering and Information Technology Committees met. The Legal/Community Affairs Committee meeting was canceled, and a briefing was held with Committee members.

GENERAL MANAGER'S REPORT:

General Manager Eldredge stated the following:

- General Manager Eldredge and Business Services Manager/CFO Carlson will present to credit rating agencies Fitch Ratings and S&P Global Ratings this week.
- The Enhanced Treatment and Site Upgrade Update Board Workshop will be held virtually at 4:00 p.m. on Thursday, July 15, 2021.

OTHER BUSINESS:

There was no other business.

ADJOURNMENT:

The meeting was adjourned at 5:00 p.m. to the next Regular Board Meeting to be held virtually at 4:00 p.m. on Monday, July 12, 2021.

SUBMITTED:

ATTEST:

REGINA McEVOY
BOARD CLERK

MANNY FERNANDEZ
SECRETARY

APPROVED:

PAT KITE
PRESIDENT

Adopted this 26th day of July 2021

**MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF
UNION SANITARY DISTRICT
July 15, 2021**

Consistent with Executive Order No. N-08-21 from the Executive Department of the State of California, and Alameda County Health Officer Order No. 21-01a, the District's July 15, 2021, Special Meeting was not physically open to the public. In order to maximize public safety while still maintaining transparency, members of the public were able to attend the public portion of the meeting telephonically.

CALL TO ORDER

President Kite called the special meeting to order at 4:00 p.m.

ROLL CALL

PRESENT: Pat Kite, President
Anjali Lathi, Vice President
Manny Fernandez, Secretary
Jennifer Toy, Director
Tom Handley, Director

STAFF: Paul Eldredge, General Manager/District Engineer
Mark Carlson, Business Services Manager/CFO
Ric Pipkin, Enhanced Treatment and Site Upgrade Program Manager
Curtis Bosick, Enhanced Treatment and Site Upgrade Assistant Program Manager

VISITORS: Karen Burks, Burks Toma Architects
Nancy Malone, Siegel & Strain Architects
Marc Solomon, Hazen and Sawyer

PUBLIC COMMENT

There was no public comment.

BOARD WORKSHOP

General Manager Eldredge presented the Enhanced Treatment and Site Upgrade Program Update.

ADJOURNMENT:

The special meeting was adjourned at approximately 5:23 p.m. to the next Regular Meeting on Monday, July 26, 2021, at 4:00 p.m.

SUBMITTED:

ATTEST:

REGINA McEVOY
BOARD CLERK

MANNY FERNANDEZ
SECRETARY

APPROVED:

PAT KITE
PRESIDENT

Adopted this 26th day of July, 2021



Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers
Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

**JULY 26, 2021
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 6**

TITLE: Monthly Operations Report for June 2021 (*This is an Information Item*)

SUBMITTED: Paul R. Eldredge, General Manager/District Engineer

Recommendation

Information only.

Previous Board Action

None

Background

Attached are Monthly Operations Reports for June 2021. Staff is available to answer questions regarding information contained in the report.

Work Group Managers

General Manager/Administration	Paul Eldredge	GM
Business Services/CFO	Mark Carlson	BS
Collection Services	James Schofield	CS
Technical Support	Sami Ghossain	TS
Treatment and Disposal Services	Armando Lopez	T&D
Fabrication, Maintenance, and Construction	Robert Simonich	FMC

ODOR COMPLAINTS:

During the month of June 2021, there was one odor complaint received by the District. Details of the odor complaint can be found in the June 2021 Odor Report in the Board meeting packet.

STAFFING & PERSONNEL:

Completed Recruitments Resulting in Promotions:

- Buyer I/II – replacement for Bill Newman – relocation, 5/21/21. Theresa Vasquez – internal lateral move – effective 7/17/21.

Other Completed Recruitments:

- Assistant Engineer – Limited Duration – new position for ETSU. Gus Carillo started 6/14/2021.

Recruitments Opened

- Customer Service Fee Analyst – replacement for Theresa Vasquez – lateral move effective 7/17/21.
- Plant Operation III Trainee – Limited Duration.

G.M. ACTIVITIES: For the month of June, the General Manager was involved in the following:

- Attended the East Bay Dischargers Authority (EBDA) JPA Commission Meeting
- Attended the EBDA Manager's Advisory Committee Meeting
- Coordinated District response to COVID-19 Pandemic

Attachments: Odor Report and Map
Hours Worked and Leave Time by Work Group
Business Services
Technical Services
Collection Services
Fabrication, Maintenance, and Construction
Treatment and Disposal Services



Legend

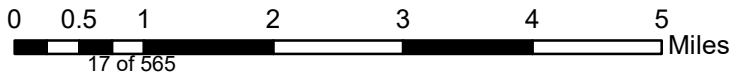
Odor Complaints: June 2021

- ★ Odor found, USD resolved (0)
- Odor found, not related to USD (0)
- ▲ No odor found (1)

Odor Complaints: Jul. 2020 to May 2021

- ★ Odor found, USD resolved (1)
- Odor found, not related to USD (3)
- ▲ No odor found (14)

**Location of Odor Reports
July 2020 to June 2021**





ODOR REPORT

June 2021

During the recording period from June 01, 2021 through June 30, 2021, there was one odor related service request received by the District.

City: Fremont

Complaint Details:

Date: 6/24/21

Location: J ST

Wind (from): N/A

Temperature: 63 F

Time: 9:49 am

Reported By: Kelly Goldsmith

Wind Speed: 0

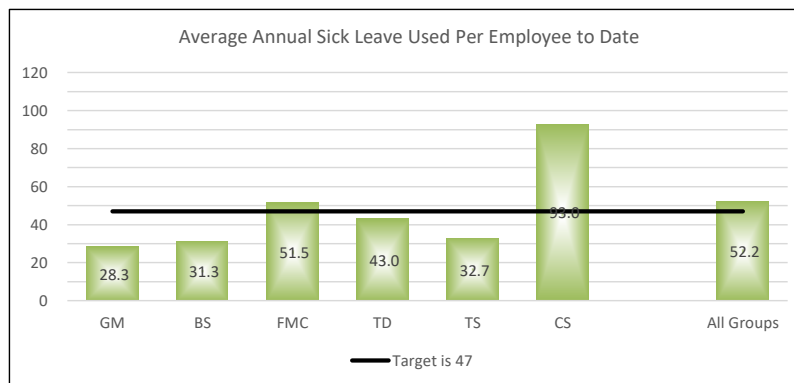
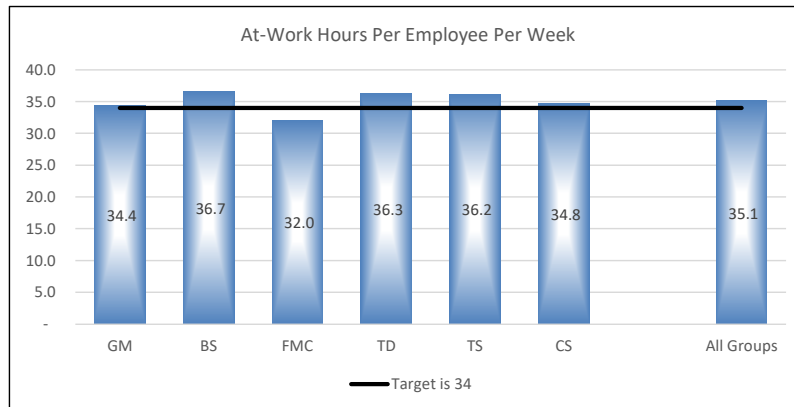
Weather: Partly Cloudy

Response and Follow-up:

A foul odor was reported outside a residence in Fremont. USD staff responded and inspected the area. The sewer main line and storm drain inlets were all flowing normally, and no odor was detected. At the time of inspection, accumulated water was observed under home in the crawl space area. Determined to be possible source of odor. No odor was found related to USD sewer system. Informed the reporting party.

No further action is required at this time.

HOURS WORKED AND LEAVE TIME BY WORK GROUP
June 25, 2020 through June 23, 2021
Weeks to Date: 52 out of 52 (100%)



NOTES

- (1) Regular hours does not include hours worked by part-time or temporary employees.
- (2) Overtime hours includes call outs.
- (3) Discretionary Leave includes Vacation, HEC, Holiday, MAL, Funeral, Jury Duty, Military, OT Banked Use, Paid Admin., AWHIP, VRIP, Holiday Banked Use leaves.
- (4) Sick Leave includes sick and catastrophic sick leaves as well as protected time off, of which the District has no discretion.
- (5) Families First Coronavirus Response Act (FFCRA) - Emergency Paid Sick Leave (EPSL) and Paid Expanded Family Medical Leave Act (Paid EFMLA)

An employee using 15 vacation, 11 holiday, 2 HEC, and 5 sick days will work an average of 34.9 hours per week over the course of a year; with 20 vacation days, 34.2 hours per week.

HOURS WORKED AND LEAVE TIME BY WORK GROUP

June 25, 2020 through June 23, 2021

Weeks to Date: 52 out of 52 (100%)

Group	Average Number of Employees	AT-WORK HOURS		At-Work Hours Per Employee Per Week	LEAVE HOURS						Average Annual Sick Leave Used Per Employee To Date	FY20		
		Regular (1)	Overtime (2)		Discretionary (3)	Short Term Disability	Workers Comp	Sick (4)	FFCRA Paid Leave (5)	CA SB95 Paid Leave (6)		Average Number of Employees	At-Work Hours Per Week Per Employee	Annual Sick Leave Used
GM	2	3,562.25	1.75	34.4	538.75	-	-	56.50	-	2.50	28.3	2	34.9	35.9
BS	17	31,935.00	419.58	36.7	3,226.89	74.13	100.25	506.81	24.92	56.00	31.3	17	36.6	36.8
FMC	27	44,694.00	172.58	32.0	7,187.98	546.37	1,059.50	1,002.34	388.03	205.50	51.5	28	34.2	33.0
TD	29	53,902.45	733.87	36.3	5,750.88	12.40	-	866.16	382.11	262.00	43.0	27	35.4	48.8
TS	32	59,904.61	149.81	36.2	5,425.73	153.08	-	923.62	124.21	28.75	32.7	33	35.0	48.5
CS	32	55,191.30	2,486.85	34.8	7,811.70	356.12	-	2,581.84	394.04	92.00	93.0	31	33.9	91.2
All Groups	139	249,189.61	3,964.44	35.1	29,941.93	1,142.10	1,159.75	5,937.27	1,313.31	646.75	52.2	138	35.1	50.5

SICK LEAVE INCENTIVE PROGRAM TARGETS

≥34

≤47

The Sick Leave Incentive Program target goals are 47 or less hours of sick leave per employee annually, and 34 or more hours of at-work time per week per employee.

NOTES

(1) Regular hours does not include hours worked by part-time or temporary employees.

(2) Overtime hours includes call outs.

(3) Discretionary Leave includes Vacation, HEC, Holiday, MAL, Funeral, Jury Duty, Military, OT Banked Use, Paid Admin., AWHIP, VRIP, Holiday Banked Use leaves.

(4) Sick Leave includes sick and catastrophic sick leaves, as well as protected time off, of which the District has no discretion.

(5) Families First Coronavirus Response Act (FFCRA) - Emergency Paid Sick Leave (EPSL) and Paid Expanded Family Medical Leave Act (Paid EFMLA)

(6) California Senate Bill No. 95 - Supplemental Paid Sick Leave (SPSL)

An employee using 15 vacation, 11 holiday, 2 HEC, and 5 sick days will work an average of 34.9 hours per week over the course of a year;

with 20 vacation days, 34.2 hours per week.

BUDGET AND FINANCE REPORT

FY 2021

Year-to-date as of 6/30/21

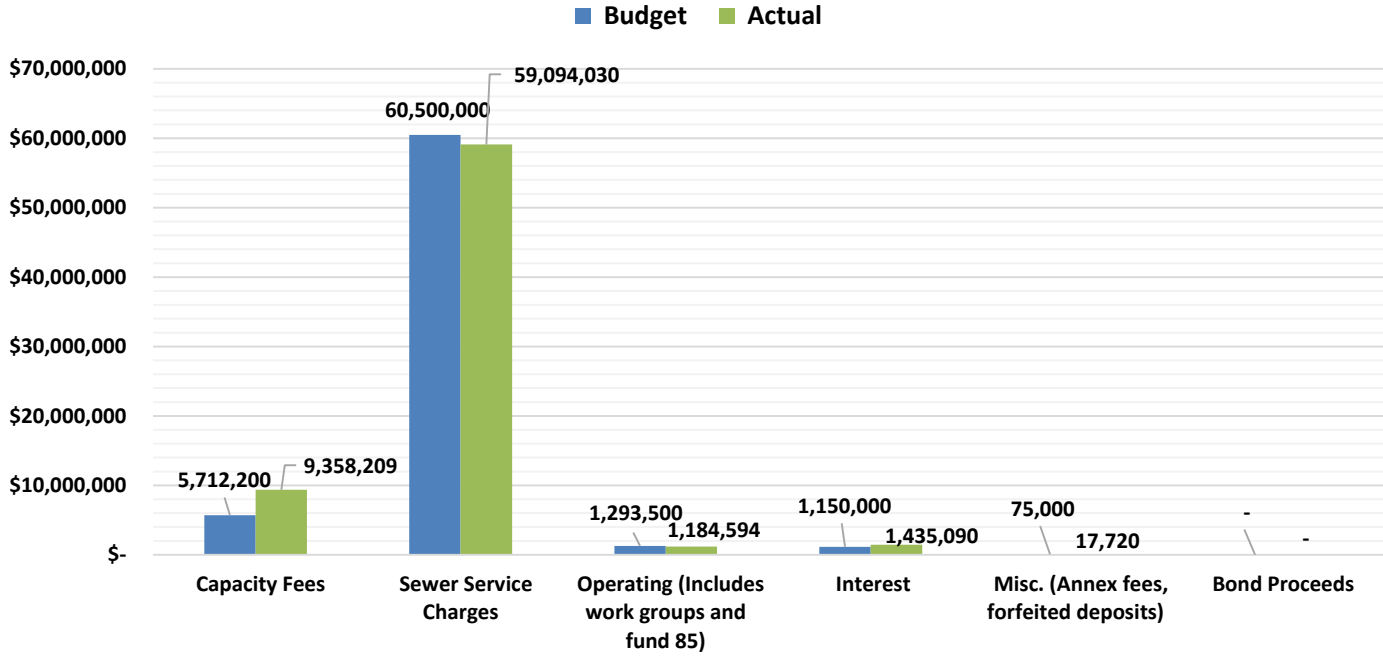
100% of year elapsed

Revenues	Budget	Preliminary Actual	% of Budget Rec'd	Audited Last Year Actuals 6/30/20
Capacity Fees	\$ 5,712,200	\$ 9,358,209	164%	\$ 14,179,464
Sewer Service Charges	60,500,000	59,094,030	98%	60,216,148
Operating (Includes work groups and fund 85)	1,293,500	1,184,594	92%	1,285,438
Interest	1,150,000	1,435,090	125%	3,167,480
Misc. (Annex fees, forfeited deposits)	75,000	17,720	24%	174,673
Subtotal Revenues	\$ 68,730,700	\$ 71,089,642	103%	\$ 79,023,203
Bond Proceeds	-	-	0.0%	73,508,248
Total Revenues + Bond Proceeds	\$ 68,730,700	\$ 71,089,642	103%	\$ 152,531,451
Expenses	Budget	Actual	% of Budget Used	Last Year Actuals
Capital Improvement Program:				
Capacity Proj.	\$ 22,630,500	\$ 20,219,226	89%	\$ 7,378,703
Renewal & Repl. Proj.	20,052,000	10,853,853	54%	5,317,131
Operating (includes fund 85)	45,075,355	41,179,295	91%	45,675,462
Special Projects	2,723,000	628,782	23%	1,288,761
Retiree Medical (ADC)	1,208,354	1,201,194	99%	- 9,636
Vehicle & Equipment	77,868	144,181	185%	42,258
Information Systems	960,800	765,728	80%	412,483
Plant & Pump Stat. R&R	400,000	162,400	41%	244,669
Emerg. Fund	-	-	0%	
Cty Fee for SSC Admin.	111,000	111,142	100%	109,988
Debt Servicing:				
SRF Loans	-	-		39,670,259
Bonds	4,684,773	4,684,772	100%	1,226,335
WIFIA Fees	-	100,000	0%	
Total Expenses	\$ 97,923,650	\$ 80,050,573	82%	\$ 101,356,412
Total Revenue & Proceeds less Expenses	\$ (29,192,950)	\$ (8,960,931)		51,175,039

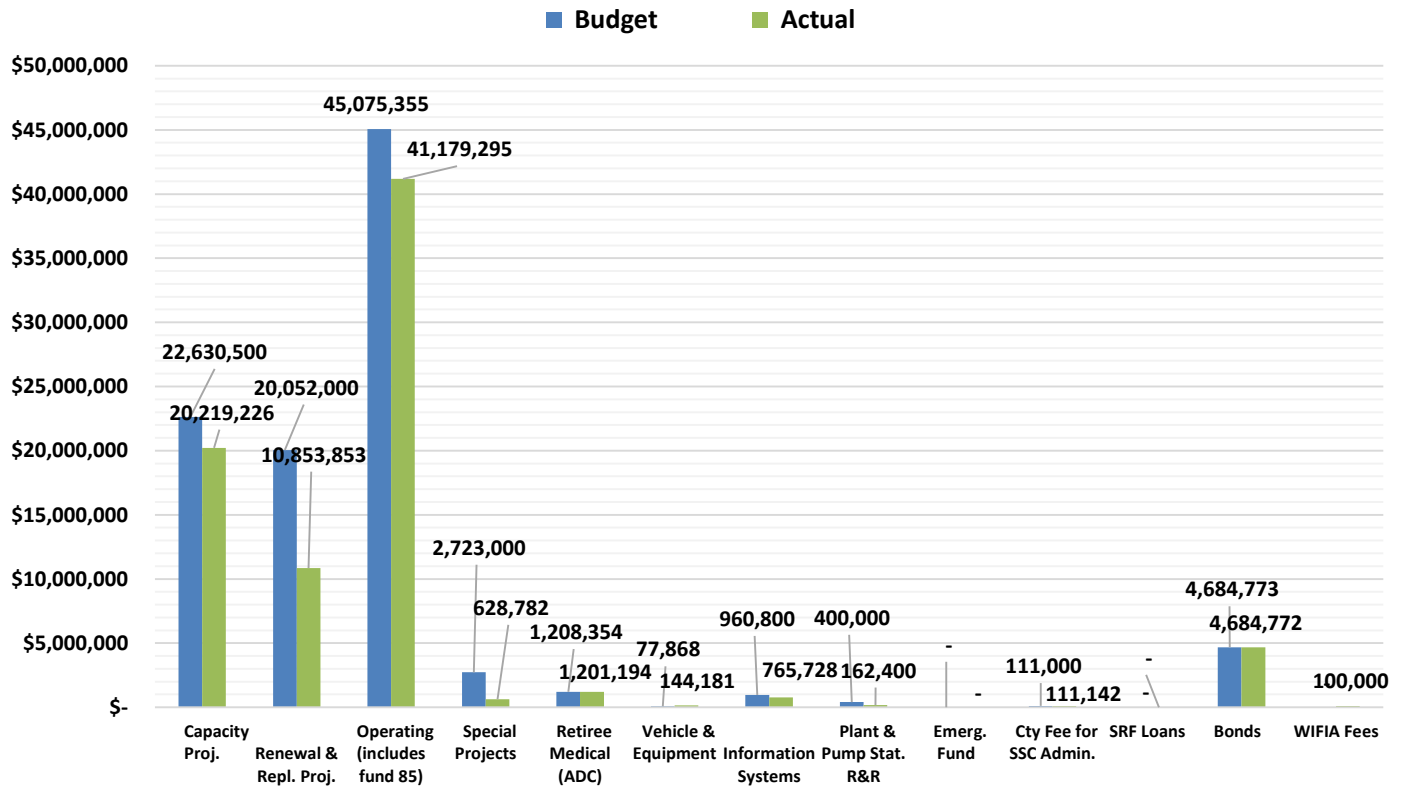
Operating (Work Group) Expenses	Budget	Preliminary Actual	% of Budget Used	Audited Last Year Actuals
Board of Directors	\$ 180,354	\$ 134,716	75%	\$ 145,485
General Manager/Admin.	1,066,753	956,457	90%	1,028,600
Business Services	4,169,231	3,723,670	89%	4,195,435
Collection Services	7,623,414	7,301,802	96%	8,109,845
Technical Services	6,815,278	6,584,979	97%	7,716,365
Treatment & Disposal Services	15,187,206	13,302,716	88%	14,048,718
Fabrication, Maint. & Construction	9,050,619	8,562,667	95%	9,720,443
Non-Departmental	982,500	612,289	62%	710,571
Total	\$ 45,075,355	\$ 41,179,295	91%	\$ 45,675,462
Operating (Work Group) Expenses by Type	Budget	Actual	% of Budget Used	Last Year Actuals
Personnel (incl D&E)	\$ 30,366,922	\$ 29,243,463	96%	\$ 32,823,440
Repairs & Maintenance	2,416,400	2,044,050	85%	2,520,319
Supplies & Matls (chemicals, small tools)	3,457,020	2,725,130	79%	3,197,282
Outside Services (utilities, biosolids, legal)	8,517,513	6,877,123	81%	6,934,999
Fixed Assets	317,500	289,529	91%	199,422
Total	\$ 45,075,355	\$ 41,179,295	91%	\$ 45,675,462

REVENUES AND EXPENSES REPORT
as of 6/30/21

Total Revenues

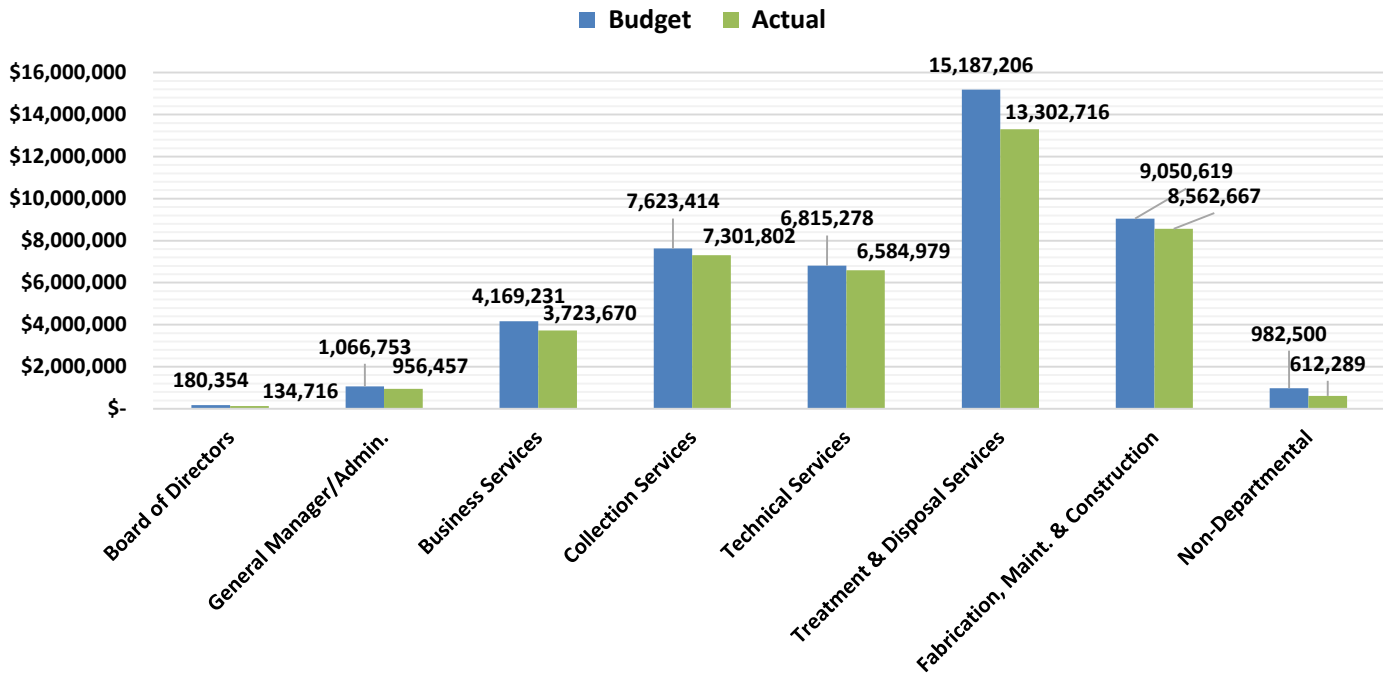


Total Expenses

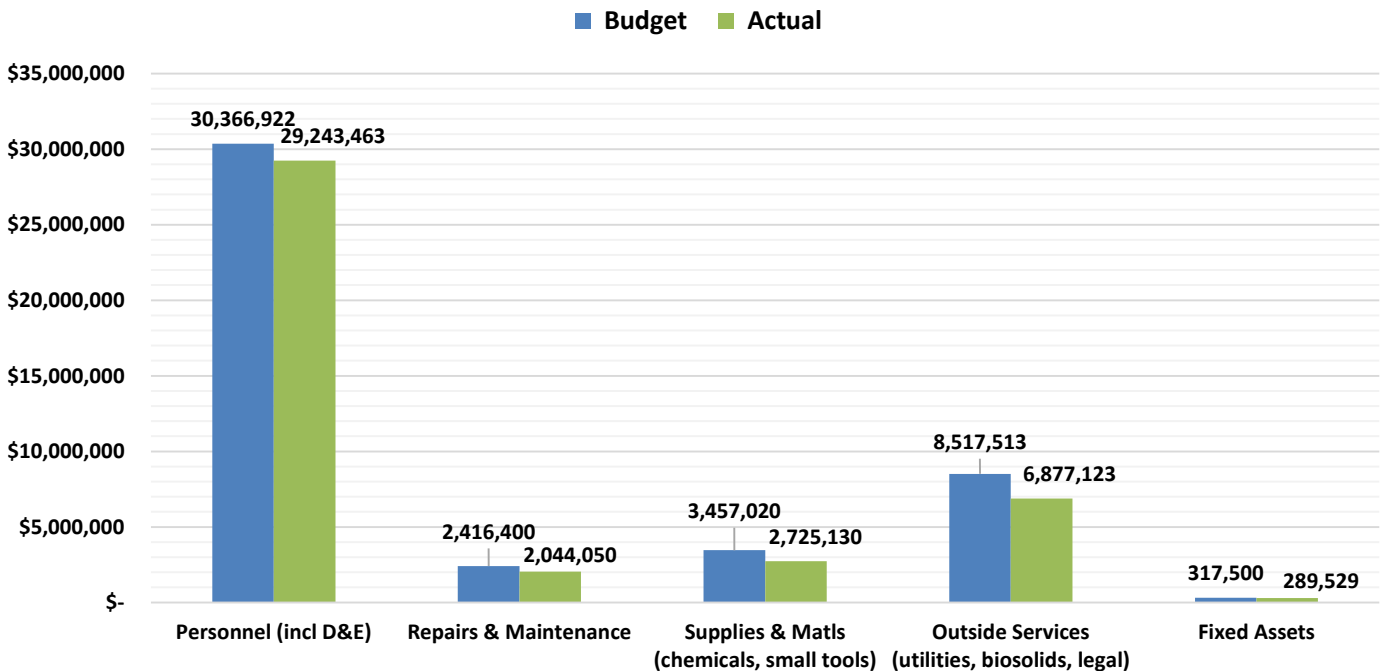


REVENUES AND EXPENSES REPORT
as of 6/30/21

Operating Expenses by Work Group



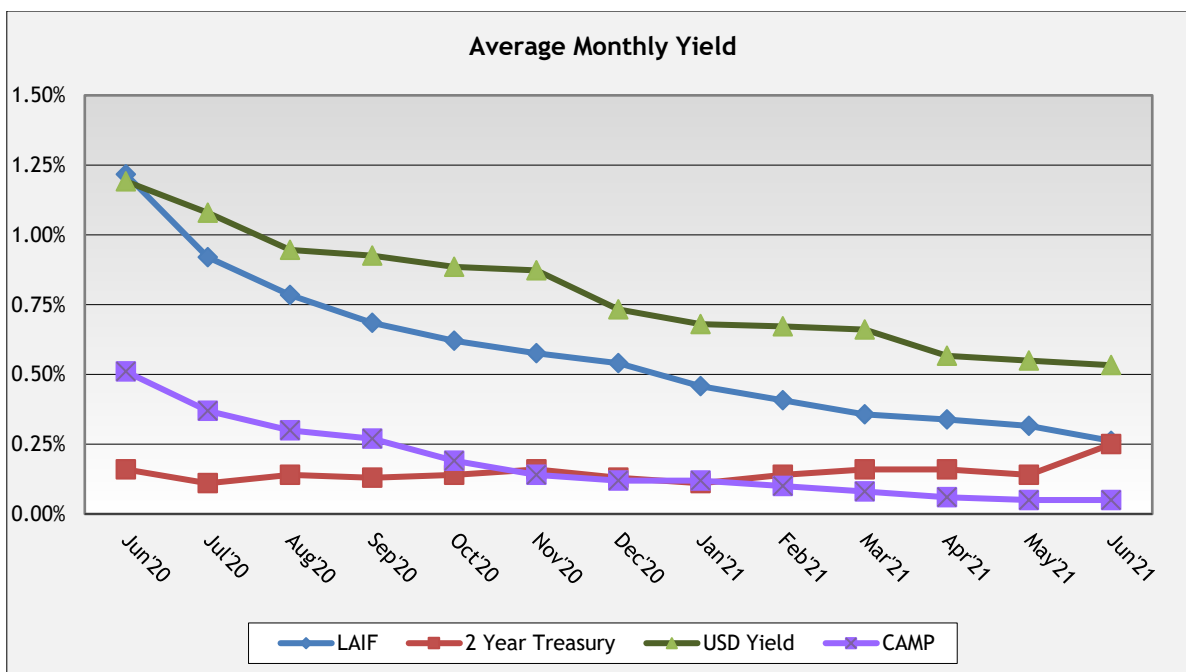
Operating Expenses by Type



**Business Services Group
June 2021**

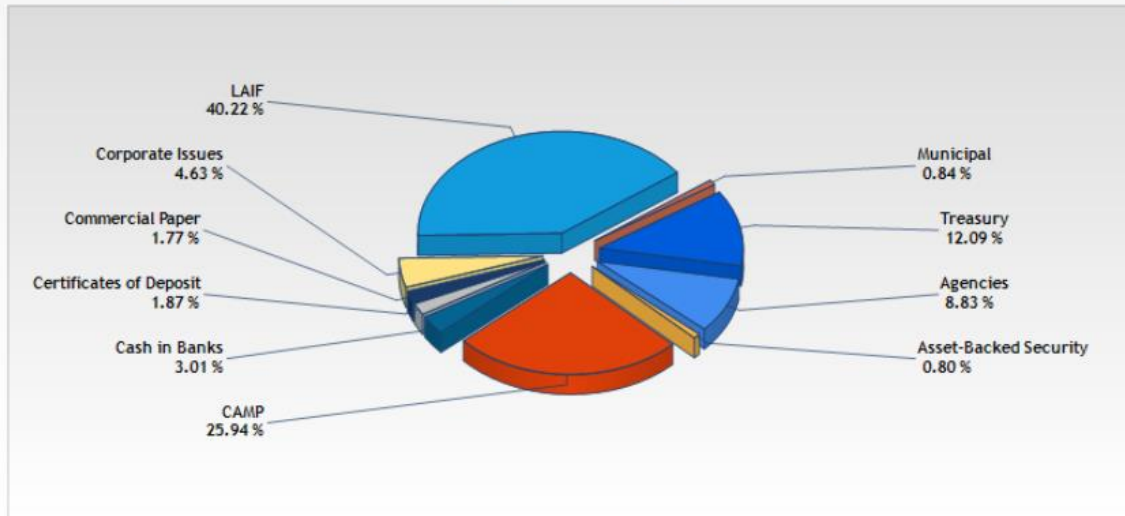
- Completed year end closing activities.
- Received GFOA award for Excellence in Financial Reporting.

Performance Measures for the USD Investment Portfolio

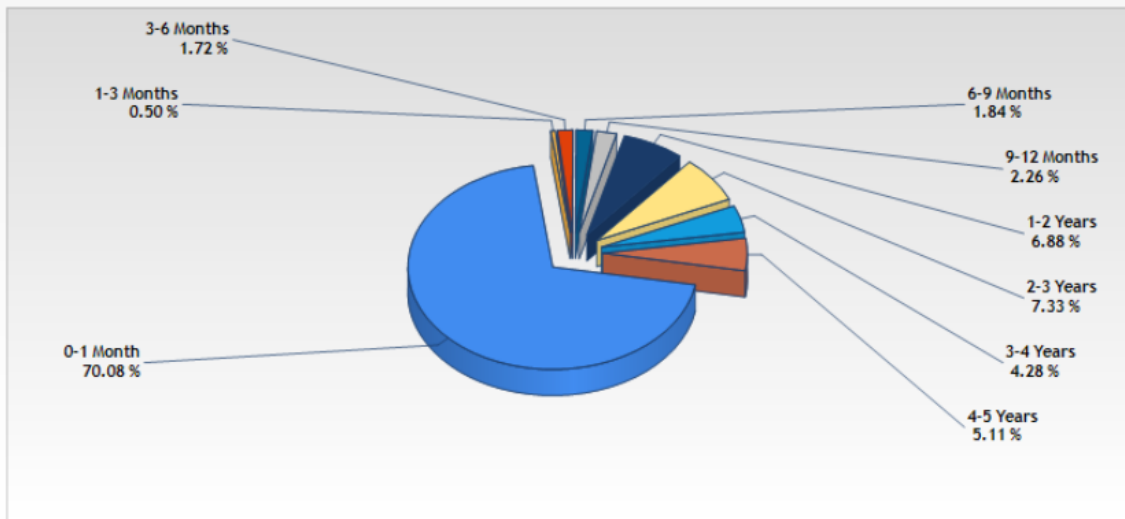


	Feb'21	Mar'21	Apr'21	May'21	Jun'21
LAIF	0.41%	0.36%	0.34%	0.32%	0.26%
2 Year Treasury	0.14%	0.16%	0.16%	0.14%	0.25%
USD Yield	0.67%	0.66%	0.57%	0.55%	0.53%
CAMP	0.10%	0.08%	0.06%	0.05%	0.05%

Portfolio Holdings Distribution by Asset Class



Portfolio Holdings Distribution by Maturity Range



Maturity Range	Face Amount/Shares	YTM @ Cost	Cost Value	Days To Maturity	% of Portfolio	Market Value	Book Value	Duration To Maturity
0-1 Month	125,787,632.01	0.170	125,787,563.89	1	70.08	125,787,563.83	125,787,611.57	0.00
1-3 Months	900,000.00	2.296	897,712.50	38	0.50	902,009.00	900,341.54	0.10
3-6 Months	3,085,000.00	0.761	3,095,840.62	128	1.72	3,094,201.51	3,087,701.11	0.35
6-9 Months	3,291,000.00	2.216	3,298,539.24	237	1.84	3,333,563.19	3,291,551.30	0.64
9-12 Months	4,032,000.00	1.987	4,059,474.99	308	2.26	4,105,641.91	4,040,444.03	0.84
1-2 Years	12,395,000.00	1.687	12,343,345.26	601	6.88	12,657,481.76	12,380,928.48	1.61
2-3 Years	13,254,000.00	1.685	13,153,607.44	893	7.33	13,624,676.86	13,208,974.55	2.40
3-4 Years	7,610,000.00	0.780	7,684,086.52	1,369	4.28	7,698,100.24	7,675,633.27	3.68
4-5 Years	9,148,000.00	0.601	9,162,692.02	1,616	5.11	9,096,347.49	9,161,043.71	4.36
TOTAL / AVERAGE	179,502,632.01	0.533	179,482,862.48	262	100	180,299,585.79	179,534,229.56	0.70

Union Sanitary District
Portfolio Holdings
Board Report - Holdings
Report Format: By Transaction
Group By: Asset Class
Average By: Cost Value
Portfolio / Report Group: All Portfolios
As of 6/30/2021

Description	CUSIP/Ticker	Credit Rating 1	Settlement Date	Face Amount/Shares	Cost Value	Coupon Rate	Market Value	YTM @ Cost	Next Call Date	Maturity Date	% of Portfolio
Agencies											
FFCB 0.25 9/21/2023-22	3133EMAM4	S&P-AA+	10/9/2020	1,625,000.00	1,622,237.50	0.250	1,622,578.75	0.308	9/21/2022	9/21/2023	0.90
FHLB 0.5 4/14/2025	3130AJHU6	None	4/16/2020	560,000.00	557,222.40	0.500	556,892.00	0.601		4/14/2025	0.31
FHLB 1.375 2/17/2023	3130AJ7E3	None	2/21/2020	775,000.00	773,574.00	1.375	789,833.50	1.438		2/17/2023	0.43
FHLB 2 10/26/2021-19	3130AB3D6	None	4/26/2017	1,000,000.00	1,000,000.00	2.000	1,006,180.00	2.000		10/26/2021	0.56
FHLMC 0.25 12/4/2023	3137EAFA2	S&P-AA+	12/4/2020	190,000.00	189,811.90	0.250	189,751.10	0.283		12/4/2023	0.11
FHLMC 0.25 6/26/2023	3137EAES4	None	6/26/2020	780,000.00	777,722.40	0.250	779,898.60	0.348		6/26/2023	0.43
FHLMC 0.25 8/24/2023	3137EAEV7	None	8/21/2020	520,000.00	519,469.60	0.250	519,875.20	0.284		8/24/2023	0.29
FHLMC 0.375 5/5/2023	3137EAER6	S&P-AA	5/29/2020	220,000.00	220,305.80	0.375	220,556.60	0.327		5/5/2023	0.12
FHLMC 0.375 7/21/2025	3137EAEU9	None	7/23/2020	525,000.00	522,385.50	0.375	517,807.50	0.476		7/21/2025	0.29
FHLMC 0.375 9/23/2025	3137EAEX3	None	9/25/2020	795,000.00	792,607.05	0.375	782,868.30	0.436		9/23/2025	0.44
FHLMC 1.5 2/12/2025	3137EAEP0	None	2/14/2020	1,035,000.00	1,034,203.05	1.500	1,068,202.80	1.516		2/12/2025	0.58
FNMA 0.25 5/22/2023	3135G04Q3	None	5/22/2020	865,000.00	862,396.35	0.250	864,913.50	0.351		5/22/2023	0.48
FNMA 0.25 7/10/2023	3135G05G4	None	7/10/2020	795,000.00	793,290.75	0.250	794,912.55	0.322		7/10/2023	0.44
FNMA 0.31 1/26/2024-22	3136G46V0	S&P-AA+	10/26/2020	259,000.00	258,896.40	0.310	257,930.33	0.322	10/26/2022	1/26/2024	0.14
FNMA 0.375 8/25/2025	3135G05X7	None	8/27/2020	555,000.00	552,402.60	0.375	546,996.90	0.470		8/25/2025	0.31
FNMA 0.375 8/25/2025	3135G05X7	None	10/22/2020	415,000.00	412,754.85	0.375	409,015.70	0.488		8/25/2025	0.23
FNMA 0.5 11/7/2025	3135G06G3	None	11/12/2020	520,000.00	518,138.40	0.500	514,347.60	0.573		11/7/2025	0.29
FNMA 0.5 6/17/2025	3135G04Z3	None	6/19/2020	865,000.00	863,209.45	0.500	859,905.15	0.542		6/17/2025	0.48
FNMA 0.5 6/17/2025	3135G04Z3	None	10/28/2020	1,010,000.00	1,011,494.80	0.500	1,004,051.10	0.468		6/17/2025	0.56
FNMA 0.5 8/14/2025-23	3135G05S8	S&P-AA+	8/24/2020	1,000,000.00	998,400.00	0.500	990,240.00	0.533	8/14/2023	8/14/2025	0.56
FNMA 0.625 4/22/2025	3135G03U5	None	4/24/2020	455,000.00	454,062.70	0.625	454,604.15	0.667		4/22/2025	0.25
FNMA 0.625 4/22/2025	3135G03U5	None	4/28/2020	125,000.00	124,763.75	0.625	124,891.25	0.664		4/22/2025	0.07
FNMA 1.875 4/5/2022	3135G0T45	S&P-AA+	3/16/2020	970,000.00	993,619.50	1.875	983,279.30	0.678		4/5/2022	0.55
Sub Total / Average Agencies				15,859,000.00	15,852,968.75	0.695	15,859,531.88	0.668			8.83
Asset-Backed Security											
Carmax Auto Owner Trust 0.34 12/15/2025-25	14316NAC3	S&P-AAA	1/27/2021	90,000.00	89,982.22	0.340	89,882.86	0.344	2/15/2025	12/15/2025	0.05
Carmax Auto Owner Trust 0.52 2/17/2026-25	14314QAC8	S&P-AAA	4/21/2021	180,000.00	179,961.21	0.520	180,165.83	0.525	3/15/2025	2/17/2026	0.10

Description	CUSIP/Ticker	Credit Rating 1	Settlement Date	Face Amount/Shares	Cost Value	Coupon Rate	Market Value	YTM @ Cost	Next Call Date	Maturity Date	% of Portfolio
Carmax Auto Owner Trust 1.89 12/16/2024	14315XAC2	S&P-AAA	1/22/2020	185,000.00	184,963.70	1.890	188,370.77	1.895		12/16/2024	0.10
Honda Auto Receivables 2020-1 1.61 4/22/2024-23	43813RAC1	None	2/26/2020	305,000.00	304,940.22	1.610	309,248.96	1.615	5/21/2023	4/22/2024	0.17
Honda Auto Receivables 2021-1 A3 0.27 4/21/2025-24	43813GAC5	None	2/24/2021	150,000.00	149,997.26	0.270	149,894.07	0.270	5/21/2024	4/21/2025	0.08
Hyundai Auto Receivables Trust 2021-A A3 0.38 9/15	44933LAC7	S&P-AAA	4/28/2021	120,000.00	119,987.38	0.380	119,962.42	0.382	5/15/2025	9/15/2025	0.07
Toyota Auto Receivables 2020-A A3 1.66 5/15/2024-2	89232HAC9	None	2/12/2020	415,000.00	414,970.04	1.660	420,420.07	1.662	10/15/2023	5/15/2024	0.23
Sub Total / Average Asset-Backed Security				1,445,000.00	1,444,802.03	1.204	1,457,944.98	1.207			0.80
CAMP											
CAMP LGIP	LGIP4000	None	5/31/2011	46,558,038.80	46,558,038.80	0.050	46,558,038.80	0.050	N/A	N/A	25.94
Sub Total / Average CAMP				46,558,038.80	46,558,038.80	0.050	46,558,038.80	0.050			25.94
Cash in Banks											
Union Bank Cash	LGIPUNIONBANK	None	12/31/2016	5,400,671.22	5,400,671.22	0.000	5,400,671.22	0.000	N/A	N/A	3.01
Sub Total / Average Cash in Banks				5,400,671.22	5,400,671.22	0.000	5,400,671.22	0.000			3.01
Certificates of Deposit											
American Expr Centurion 2.45 4/5/2022	02587DN38	None	4/5/2017	247,000.00	247,000.00	2.450	251,339.96	2.450		4/5/2022	0.14
Belmont Savings Bank 2.15 3/22/2022	080515BV0	None	3/20/2017	248,000.00	248,000.00	2.150	251,602.37	2.150		3/22/2022	0.14
BMW Bank 2.15 3/10/2022	05580AGR9	None	3/10/2017	247,000.00	247,000.00	2.150	250,438.44	2.150		3/10/2022	0.14
Credit Suisse 0.59 3/17/2023	22552G3C2	None	3/23/2021	435,000.00	435,000.00	0.590	437,179.96	0.590		3/17/2023	0.24
Discover Bank 2.25 12/29/2021	254672Y36	None	12/29/2016	247,000.00	247,000.00	2.250	249,645.54	2.250		12/29/2021	0.14
DNB Nor Bank ASA 2.04 12/2/2022	23341VZT1	NR	12/6/2019	430,000.00	430,000.00	2.040	440,901.27	2.040		12/2/2022	0.24
Societe Generale NY 1.8 2/14/2022	83369XDL9	None	2/19/2020	570,000.00	570,000.00	1.800	575,966.13	1.800		2/14/2022	0.32
State Bank of India 2.25 1/26/2022	8562846A7	None	1/26/2017	247,000.00	247,000.00	2.250	250,037.70	2.250		1/26/2022	0.14
Sumitomo Mitsui Bank NY 0.7 7/8/2022	86565CKU2	None	7/14/2020	435,000.00	435,000.00	0.700	437,042.28	0.700		7/8/2022	0.24
Synchrony Bank 2.3 2/24/2022	87165ELT2	None	2/28/2017	247,000.00	247,000.00	2.300	250,517.26	2.300		2/24/2022	0.14
Sub Total / Average Certificates of Deposit				3,353,000.00	3,353,000.00	1.734	3,394,670.91	1.734			1.87
Commercial Paper											
Albion Cap Corp LLC 0 7/9/2021	01329WU90	S&P-A1	6/9/2021	1,635,000.00	1,634,931.88	0.000	1,634,931.82	0.050		7/9/2021	0.91

Description	CUSIP/Ticker	Credit Rating 1	Settlement Date	Face Amount/Shares	Cost Value	Coupon Rate	Market Value	YTM @ Cost	Next Call Date	Maturity Date	% of Portfolio
LMA AMERICAS 0 10/1/2021	53944QX13	S&P-A1	5/19/2021	535,000.00	534,719.13	0.000	534,701.31	0.140		10/1/2021	0.30
MUFG Bank LTD/NY 0 11/19/2021	62479LYK5	S&P-A1	2/22/2021	1,000,000.00	998,725.00	0.000	999,497.70	0.170		11/19/2021	0.56
Sub Total / Average Commercial Paper				3,170,000.00	3,168,376.01	0.000	3,169,130.83	0.103			1.77
Corporate Issues											
Amazon.com Inc. 2.4 2/22/2023	023135AW6	Fitch-A+	4/15/2019	675,000.00	668,499.75	2.400	697,504.50	2.664		2/22/2023	0.37
American Express Credit 2.7 3/3/2022	0258M0EG0	Moody's-A2	5/15/2017	1,000,000.00	1,013,279.67	2.700	1,014,560.00	2.406		3/3/2022	0.56
American Honda Finance 1.95 5/10/2023	02665WDH1	None	1/10/2020	415,000.00	414,846.45	1.950	427,450.00	1.962		5/10/2023	0.23
Apple Inc 0.75 5/11/2023	037833DV9	S&P-AA+	5/11/2020	325,000.00	324,116.00	0.750	327,804.75	0.842		5/11/2023	0.18
Bank of America Corp 4.1 7/24/2023	06053FAA7	Fitch-A	3/22/2019	500,000.00	520,405.00	4.100	537,180.00	3.087		7/24/2023	0.29
BB&T Corporation 3.05 6/20/2022-22	05531FBG7	Fitch-A+	3/22/2019	525,000.00	525,714.00	3.050	538,004.25	3.006	5/20/2022	6/20/2022	0.29
Bristol-Myers Squibb Co 0.75 11/13/2025-25	110122DN5	S&P-A+	6/21/2021	201,000.00	198,998.04	0.750	199,237.23	0.982	10/13/2025	11/13/2025	0.11
Citigroup Inc 0.981 5/1/2025-24	172967MX6	None	5/4/2021	145,000.00	145,384.25	0.981	145,403.10	0.913	5/1/2024	5/1/2025	0.08
Citigroup Inc 0.981 5/1/2025-24	172967MX6	None	5/4/2021	135,000.00	135,000.00	0.981	135,375.30	0.981	5/1/2024	5/1/2025	0.08
Exxon Mobil Corporation 2.726 3/1/2023	30231GAR3	Moody's-Aaa	6/14/2019	985,000.00	1,001,400.25	2.726	1,019,750.80	2.256		3/1/2023	0.56
Goldman Sachs Group Inc 3.75 5/22/2025-25	38148LAE6	S&P-BBB+	2/17/2021	380,000.00	424,528.40	3.750	416,046.80	0.940	2/22/2025	5/22/2025	0.24
JP Morgan Chase & Co 0.653 9/16/2024-23	46647PBS4	None	9/16/2020	110,000.00	110,000.00	0.653	110,049.50	0.653	9/16/2023	9/16/2024	0.06
JP Morgan Chase & Co 2.7 5/18/2023-23	46625HRL6	Fitch-A+	3/22/2019	525,000.00	517,970.25	2.700	545,800.50	3.045	3/18/2023	5/18/2023	0.29
Morgan Stanley 0.731 4/5/2024-23	61772BAA1	None	4/22/2021	70,000.00	70,000.00	0.731	70,140.70	0.731	4/5/2023	4/5/2024	0.04
Morgan Stanley 0.731 4/5/2024-23	61772BAA1	None	4/22/2021	205,000.00	205,258.30	0.731	205,412.05	0.688	4/5/2023	4/5/2024	0.11
Paccar Financial Corp 2.65 5/10/2022	69371RP83	None	5/10/2019	580,000.00	579,686.80	2.650	592,214.80	2.669		5/10/2022	0.32
Toyota Motor Credit Corp 1.8 2/13/2025	89236TGT6	S&P-AA-	5/26/2020	250,000.00	252,442.50	1.800	258,182.50	1.584		2/13/2025	0.14
Toyota Motor Credit Corp 1.8 2/13/2025	89236TGT6	S&P-AA-	5/26/2020	180,000.00	181,758.60	1.800	185,891.40	1.584		2/13/2025	0.10
Wal-Mart Stores Inc 2.55 4/11/2023-23	931142DH3	S&P-AA	5/26/2020	965,000.00	1,015,701.10	2.550	1,000,965.55	0.701	1/11/2023	4/11/2023	0.57
Sub Total / Average Corporate Issues				8,171,000.00	8,304,989.36	2.463	8,426,973.73	1.975			4.63

Description	CUSIP/Ticker	Credit Rating 1	Settlement Date	Face Amount/Shares	Cost Value	Coupon Rate	Market Value	YTM @ Cost	Next Call Date	Maturity Date	% of Portfolio
LAIF LGIP	LGIP1002	None	4/30/2011	72,193,921.99	72,193,921.99	0.262	72,193,921.99	0.262	N/A	N/A	40.22
Sub Total / Average LAIF				72,193,921.99	72,193,921.99	0.262	72,193,921.99	0.262			40.22

Municipal											
State of California 2.152 4/1/2022	13063DAD0	Moodys-Aa3	4/27/2017	1,000,000.00	1,010,000.00	2.152	1,016,490.00	1.938		4/1/2022	0.56
Victor Valley College General Obligation Bond 2.35	92603PER9	Moodys-Aa2	12/28/2016	500,000.00	490,150.00	2.350	500,665.00	2.811		8/1/2021	0.27
Sub Total / Average Municipal				1,500,000.00	1,500,150.00	2.217	1,517,155.00	2.223			0.84

Treasury											
T-Note 0.25 5/31/2025	912828ZT0	S&P-AA+	5/17/2021	1,020,000.00	1,005,576.56	0.250	1,003,190.40	0.605		5/31/2025	0.56
T-Note 0.375 12/31/2025	91282CBC4	S&P-AA+	1/25/2021	755,000.00	752,847.07	0.375	740,994.75	0.434		12/31/2025	0.42
T-Note 0.375 12/31/2025	91282CBC4	S&P-AA+	4/7/2021	535,000.00	522,314.65	0.375	525,075.75	0.888		12/31/2025	0.29
T-Note 0.375 12/31/2025	91282CBC4	S&P-AA+	5/3/2021	137,000.00	134,629.26	0.375	134,458.65	0.753		12/31/2025	0.08
T-Note 0.375 12/31/2025	91282CBC4	S&P-AA+	5/7/2021	600,000.00	590,343.75	0.375	588,870.00	0.728		12/31/2025	0.33
T-Note 0.5 2/28/2026	91282CBQ3	S&P-AA+	3/5/2021	1,260,000.00	1,242,970.31	0.500	1,241,440.20	0.777		2/28/2026	0.69
T-Note 0.75 4/30/2026	912828CBW0	S&P-AA+	5/28/2021	245,000.00	244,387.50	0.750	243,890.15	0.802		4/30/2026	0.14
T-Note 0.75 5/31/2026	91282CCF6	Moodys-Aaa	6/1/2021	500,000.00	498,417.97	0.750	497,385.00	0.815		5/31/2026	0.28
T-Note 1.25 7/31/2023	912828S92	Fitch-AAA	4/2/2019	1,035,000.00	990,365.62	1.250	1,056,145.05	2.302		7/31/2023	0.55
T-Note 1.375 6/30/2023	912828S35	Fitch-AAA	3/20/2019	1,385,000.00	1,325,867.00	1.375	1,416,051.70	2.431		6/30/2023	0.74
T-Note 1.375 9/30/2023	912828T26	Fitch-AAA	3/20/2019	1,545,000.00	1,475,112.89	1.375	1,582,234.50	2.436		9/30/2023	0.82
T-Note 1.5 10/31/2024	912828YM6	S&P-AA+	1/12/2021	1,005,000.00	1,049,479.10	1.500	1,037,149.95	0.327		10/31/2024	0.58
T-Note 1.5 3/31/2023	912828Q29	Fitch-AAA	3/20/2019	175,000.00	168,799.81	1.500	178,904.25	2.428		3/31/2023	0.09
T-Note 1.75 11/30/2021	912828U65	S&P-AA+	6/16/2020	550,000.00	562,396.49	1.750	553,822.50	0.199		11/30/2021	0.31
T-Note 1.75 7/15/2022	9128287C8	Fitch-AAA	7/31/2019	1,000,000.00	998,789.06	1.750	1,017,030.00	1.792		7/15/2022	0.56
T-Note 1.75 9/30/2022	912828L57	Fitch-AAA	3/20/2019	835,000.00	816,016.80	1.750	851,800.20	2.426		9/30/2022	0.45
T-Note 1.875 2/28/2022	912828W55	Fitch-AAA	4/2/2019	485,000.00	479,259.57	1.875	490,795.75	2.298		2/28/2022	0.27
T-Note 2 4/30/2024	912828X70	Fitch-AAA	6/7/2019	590,000.00	592,996.09	2.000	616,249.10	1.891		4/30/2024	0.33
T-Note 2 6/30/2024	912828XX3	Fitch-AAA	7/3/2019	470,000.00	474,846.88	2.000	491,554.20	1.783		6/30/2024	0.26
T-Note 2.125 12/31/2022	912828N30	Fitch-AAA	3/20/2019	1,170,000.00	1,157,340.24	2.125	1,204,093.80	2.426		12/31/2022	0.64
T-Note 2.125 2/29/2024	912828W48	Fitch-AAA	3/20/2019	2,000,000.00	1,970,625.00	2.125	2,092,500.00	2.442		2/29/2024	1.10
T-Note 2.125 3/31/2024	912828W71	S&P-AA+	3/2/2020	730,000.00	767,412.50	2.125	764,244.30	0.844		3/31/2024	0.43
T-Note 2.125 6/30/2022	912828XG0	Fitch-AAA	3/20/2019	710,000.00	703,454.69	2.125	724,313.60	2.418		6/30/2022	0.39
T-Note 2.25 12/31/2023	912828V23	Fitch-AAA	3/20/2019	2,000,000.00	1,982,968.75	2.250	2,094,300.00	2.439		12/31/2023	1.10
T-Note 2.625 1/31/2026	9128286A3	S&P-AA+	2/4/2021	715,000.00	791,164.26	2.625	773,708.65	0.463		1/31/2026	0.44
T-Note 2.75 8/15/2021	9128284W7	Fitch-AAA	10/28/2019	400,000.00	407,562.50	2.750	401,344.00	1.678		8/15/2021	0.23
Sub Total / Average Treasury				21,852,000.00	21,705,944.32	1.554	22,321,546.45	1.665			12.09

Description	CUSIP/Ticker	Credit Rating 1	Settlement Date	Face Amount/Shares	Cost Value	Coupon Rate	Market Value	YTM @ Cost	Next Call Date	Maturity Date	% of Portfolio
Total / Average				179,502,632.01	179,482,862.48	0.542	180,299,585.79	0.533			100

All investment actions executed since the last report have been made in full compliance with the District's Investment Policy. The District will meet its expenditure obligations for the next six months. Market value sources are the LAIF, CAMP, and BNY Mellon monthly statements. Broker/Dealers utilized per USD Investment Policy and at the discretion of investment portfolio advisor.

Reviewer:

Approver:

Union Sanitary District
Transactions Summary
Board Report - Activity
Group By: Action
Portfolio / Report Group: All Portfolios
Begin Date: 05/31/2021, End Date: 06/30/2021

Description	CUSIP/Ticker	Face Amount/Shares	Principal	Interest/Dividends	Coupon Rate	YTM @ Cost	Settlement Date	Total
Buy								
Albion Cap Corp LLC 0 7/9/2021	01329WU90	1,635,000.00	1,634,931.88	0.00	0.000	0.050	6/9/2021	1,634,931.88
Bristol-Myers Squibb Co 0.75 11/13/2025-25	110122DN5	201,000.00	198,998.04	159.13	0.750	0.982	6/21/2021	199,157.17
T-Note 0.75 5/31/2026	91282CCF6	500,000.00	498,417.97	10.25	0.750	0.815	6/1/2021	498,428.22
Sub Total / Average Buy		2,336,000.00	2,332,347.89	169.38				2,332,517.27
Called								
FFCB 0.23 6/9/2022-21	3133ELH64	1,635,000.00	1,635,000.00	0.00	0.230	0.000	6/9/2021	1,635,000.00
Sub Total / Average Called		1,635,000.00	1,635,000.00	0.00				1,635,000.00
Deposit								
BNY Cash	LGIPBNY	0.04	0.04	0.00	N/A	0.000	6/1/2021	0.04
BNY Cash	LGIPBNY	244,212.84	244,212.84	0.00	N/A	0.000	6/1/2021	244,212.84
CAMP LGIP	LGIP4000	2,038.72	2,038.72	0.00	N/A	0.000	6/30/2021	2,038.72
Union Bank Cash	LGIPUNIONBANK	5,400,671.22	5,400,671.22	0.00	N/A	0.000	6/30/2021	5,400,671.22
Sub Total / Average Deposit		5,646,922.82	5,646,922.82	0.00				5,646,922.82
Interest								
BB&T Corporation 3.05 6/20/2022-22	05531FBG7	0.00	0.00	8,006.25	3.050	0.000	6/21/2021	8,006.25
BNY Cash	LGIPBNY	0.00	0.00	0.04	N/A	0.000	6/1/2021	0.04
CAMP LGIP	LGIP4000	0.00	0.00	2,038.72	N/A	0.000	6/30/2021	2,038.72
Carmax Auto Owner Trust 0.34 12/15/2025-25	14316NAC3	0.00	0.00	25.50	0.340	0.000	6/15/2021	25.50
Carmax Auto Owner Trust 0.52 2/17/2026-25	14314QAC8	0.00	0.00	78.00	0.520	0.000	6/15/2021	78.00
Carmax Auto Owner Trust 1.89 12/16/2024	14315XAC2	0.00	0.00	291.38	1.890	0.000	6/15/2021	291.38
City of Riverside CA 2.125 6/1/2021	769036BA1	0.00	0.00	5,312.50	2.125	0.000	6/1/2021	5,312.50
Discover Bank 2.25 12/29/2021	254672Y36	0.00	0.00	2,771.14	2.250	0.000	6/29/2021	2,771.14
DNB Nor Bank ASA 2.04 12/2/2022	23341VZT1	0.00	0.00	4,434.73	2.040	0.000	6/2/2021	4,434.73
FFCB 0.23 6/9/2022-21	3133ELH64	0.00	0.00	1,880.25	0.230	0.000	6/9/2021	1,880.25
FHLMC 0.25 12/4/2023	3137EAF2	0.00	0.00	237.50	0.250	0.000	6/4/2021	237.50
FHLMC 0.25 6/26/2023	3137EAS4	0.00	0.00	975.00	0.250	0.000	6/28/2021	975.00
FNMA 0.5 6/17/2025	3135G04Z3	0.00	0.00	4,687.50	0.500	0.000	6/17/2021	4,687.50
Honda Auto Receivables 2020-1 1.61 4/22/2024-23	43813RAC1	0.00	0.00	409.21	1.610	0.000	6/21/2021	409.21
Honda Auto Receivables 2021-1 A3 0.27 4/21/2025-24	43813GAC5	0.00	0.00	33.75	0.270	0.000	6/21/2021	33.75

Description	CUSIP/Ticker	Face Amount/Shares	Principal	Interest/Dividends	Coupon Rate	YTM @ Cost	Settlement Date	Total
Hyundai Auto Receivables Trust 2021-A A3 0.38 9/15	44933LAC7	0.00	0.00	38.00	0.380	0.000	6/15/2021	38.00
T-Note 0.25 5/31/2025	912828ZT0	0.00	0.00	1,275.00	0.250	0.000	6/1/2021	1,275.00
T-Note 0.375 12/31/2025	91282CBC4	0.00	0.00	3,800.63	0.375	0.000	6/30/2021	3,800.63
T-Note 1.375 6/30/2023	912828S35	0.00	0.00	9,521.88	1.375	0.000	6/30/2021	9,521.88
T-Note 1.75 11/30/2021	912828U65	0.00	0.00	4,812.50	1.750	0.000	6/1/2021	4,812.50
T-Note 2 6/30/2024	912828XX3	0.00	0.00	4,700.00	2.000	0.000	6/30/2021	4,700.00
T-Note 2.125 12/31/2022	912828N30	0.00	0.00	12,431.25	2.125	0.000	6/30/2021	12,431.25
T-Note 2.125 6/30/2022	912828XG0	0.00	0.00	7,543.75	2.125	0.000	6/30/2021	7,543.75
T-Note 2.25 12/31/2023	912828V23	0.00	0.00	22,500.00	2.250	0.000	6/30/2021	22,500.00
Toyota Auto Receivables 2020-A A3 1.66 5/15/2024-2	89232HAC9	0.00	0.00	574.08	1.660	0.000	6/15/2021	574.08
Sub Total / Average Interest		0.00	0.00	98,378.56				98,378.56
Matured								
City of Riverside CA 2.125 6/1/2021	769036BA1	500,000.00	500,000.00	0.00	2.125	0.000	6/1/2021	500,000.00
Ponce De Leon Federal Bank 1.85 6/1/2021	732333AJ8	249,000.00	249,000.00	0.00	1.850	0.000	6/1/2021	249,000.00
Sub Total / Average Matured		749,000.00	749,000.00	0.00				749,000.00
Sell								
Bristol-Myers Squibb Co 3.875 8/15/2025-25	110122DC9	177,000.00	197,257.65	2,400.56	3.875	0.000	6/21/2021	199,658.21
Sub Total / Average Sell		177,000.00	197,257.65	2,400.56				199,658.21
Withdraw								
CAMP LGIP	LGIP4000	5,000,000.00	5,000,000.00	0.00	N/A	0.000	6/18/2021	5,000,000.00
Union Bank Cash	LGIPUNIONBANK	4,875,858.87	4,875,858.87	0.00	N/A	0.000	6/29/2021	4,875,858.87
Sub Total / Average Withdraw		9,875,858.87	9,875,858.87	0.00				9,875,858.87

<p align="center">MONTHLY OPERATIONS REPORT FOR THE MONTH JUNE 2021 TECHNICAL SUPPORT WORK GROUP SUMMARY</p>
--

Capital Improvement Program

Aeration Blower No. 11 Project – Demolition of the building’s existing ventilation equipment and ductwork has begun.

Alvarado Influent Pump Station Improvements Project – Piping and conduits for the new Pump 3 and 4 were installed. Replacement of roof membrane and removal of coating in the building continued.

Cathodic Protection System Improvements Project – Notice to Proceed was issued on June 8th. Submittals review was in progress.

Centrifuge Building Improvements Project - Submittals review was in progress. Sludge conveyors are expected to be delivered in early August.

Emergency Outfall Improvements Project - Notice to Proceed was issued on June 8th. Submittals review was in progress.

FY21 Cast Iron/Pipe Lining Project - Corrective action items letter to achieve substantial completion was issued to contractor.

FY21 Gravity Sewer Rehabilitation/Replacement Project – Phase VII – Notice to Proceed issued on June 8th. Submittals review was in progress.

Headworks Screens Replacement Project –Replacement of the 3/8” racks and rakes with 1/4” racks and rakes on Mechanical Screen No. 3 is anticipated to take place in August.

Primary Digester No. 2 Rehabilitation Project – Contractor worked on project close-out activities.

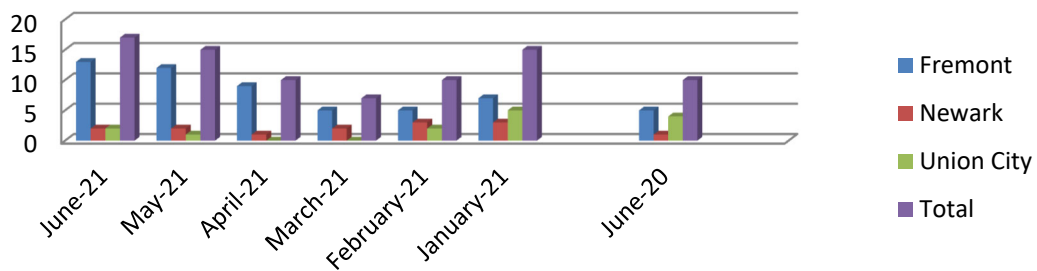
Primary Digester No. 7 Project – Installation of exterior piping, valves, and handrailing for Digester 7 continued.

Wet Weather Flow Management – Calcium Thiosulfate Chemical Feed System – Fabrication of overhead utility crossing structure was completed. Chemical pump control panel re-submittal and chemical pump procurement was in progress.

Customer Service

Trouble Calls dispatched from the Front Desk during business hours:

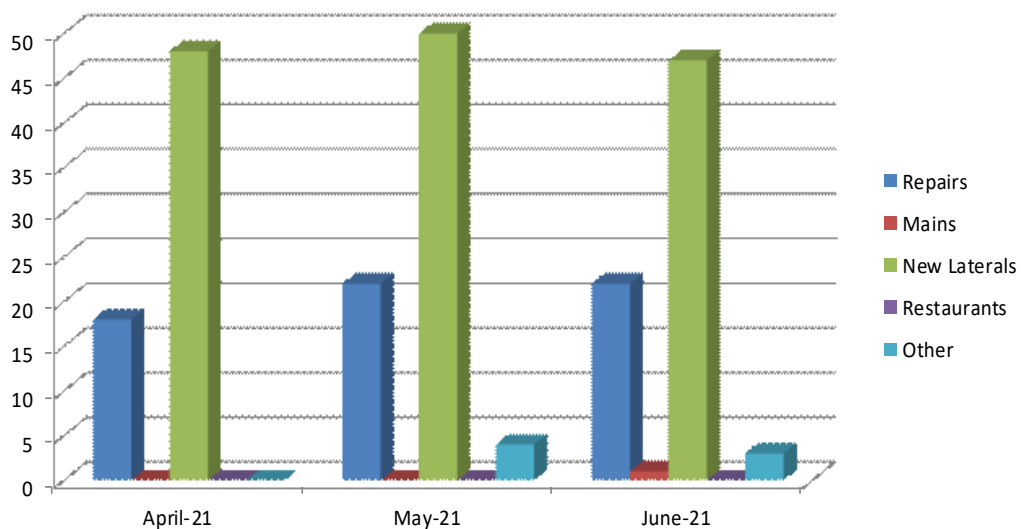
Month	Fremont	Newark	Union City	Total
June-21	13	2	2	17
May-21	12	2	1	15
April-21	9	1	0	10
March-21	5	2	0	7
February-21	5	3	2	10
January-21	7	3	5	15
June-20	5	1	4	10
6-Month Total				74



Sewer Permits Issued

Month	Repairs	Mains	New Laterals	Restaurants	Other
June-21	22	1	47	0	3
May-21	22	0	50	0	4
April-21	18	0	48	0	0

New Laterals - New residential lateral connections
Other - Non-residential construction (except restaurants)



Communication

- Social Media Posts:
 - Wipes Clog Pipes
 - Keep starchy foods out of drains
 - Customer Service Fee Analyst Recruitment
 - Don't flush pet waste
 - Avoid Pipe Clogs – keep FOG out of drains
- Website updates:
 - Customer Service Permit pages updated with links to fillable PDF forms

Environmental Compliance

Pollution Prevention/Stormwater Programs

USD's Environmental Compliance (EC) team conducts pollution prevention inspections at restaurants, car wash businesses, and other commercial facilities. EC also conducts inspections and enforcement for the City of Fremont's Environmental Services group. Over 600 Stormwater compliance inspections are conducted every year to ensure that commercial facilities, including restaurants and auto shops, comply with City Ordinance requirements, and do not discharge pollutants to the creeks and bay.

During the past month, the EC team conducted 85 Stormwater (Urban Runoff), and 42 FOG (restaurant) inspections. During this reporting period, Inspectors identified 17 Stormwater and 14 FOG enforcement actions. Fourteen (14) of the Stormwater enforcements resulted in administrative fines ranging from \$100 to \$1,000 for each violation. Two (2) of the administrative fines were for illicit discharge violations.

Urban Runoff (UR) Inspections and Enforcements

June 2021	Number of UR Inspection	VW	WL	NOV	AF	LA	NOD	Total Enforcements	No. of Illicit Discharge/s	
	85	2	0	1	14	0	0	17	% Enforcement	20%

Fats, Oils, and Grease (FOG) Inspections and Enforcements

June 2021	Number of FOG Inspections	VW	WL	NOV	AF	LA	NOD	Total Enforcements	% Enforcement	
	42	13	0	0	0	0	1	14		33%

Enforcements

VW – Verbal Warning, WL – Warning Letter, NOV – Notices of Violation

AF – Administrative Fine, LA – Legal Action, NOD – Notice of Deficiency

AO – Administrative Order, C&D – Cease & Desist Order, SNC – Significant Non-Compliance

Dental Inspections, School Outreach, and Plant Tours

# of Dental Inspections	# of School Outreach Events	# of Plant Tours
None	None	None

Industrial Pretreatment

The Industrial Pretreatment program has pending permits as shown in the table below. USD inspectors are working with each of these companies to establish permitted industrial discharges.

Pending Permits

New Industrial/Groundwater Permits	Groundwater/Temporary
Facebook Commissary	
Membrane Technology Research	
Bionova	
Sonova	
Estuary LLC	
Tenaya Therapeutics, Inc.	

Permits Issued

Company Name	Date Permit Issued
GW-0122 Anvil Builders, Inc. (Mission Creek Crossing)	6/30/2021

Industrial Permit Closures

Company Name	Date of Closure
Batory Foods	6/30/21

Reports (Annual & Semi-Annual Pretreatment Report, Union City Report, etc.)

Report Name	Date Report Completed and Submitted
None	

Enforcement Action

Industrial User Name & Nature of Business	Comments	City	Parameter Violated	Discharge concentration (mg/L)	USD/Fed Limit Violated(mg/L)	Enforcement
None						

A/V- Animal/Vegetable, TTL- Total, O&G- Oil & Grease

(1) WL – Warning Letter,

C&D – Cease and Desist Order,

NOV – Notices of Violation,

SNC – Significant Non-Compliance,

AO – Administrative Order

EM – Enforcement Meeting

Other - Training, Special Meetings, Conferences, IAC (topics)

Activity	Date of Event	Organization & Attendees
2nd Quarter 2021 IAC (Industrial Advisory Committee) Meeting Enhanced Site Treatment Upgrade (ETSU) Power Point Presentation by Curtis Bosick	6/30/2021	Mark Nool (Boehringer Ingelheim), Dave Mortenson (Clean Sciences, Inc.), Eumy Hung (Lam Research), Kevin Lloyd (Lam Research), Ksenia Mihaylova (Lam Research), Kevin Keller (Tesla), Heidi Lach (Western Digital), Kirsten Wong (Western Digital), Richard Follen (Western Digital) USD: Curtis Bosick, Paull Eldredge, Sami Ghossain, Michael Dunning, Alex Paredes, Doug Dattawalker, Edda Marasigan, Joe Mendoza, Victor Padilla

Engineering/ConstructionNo. of projects under construction: **11**

	Construction Projects	Capital (\$1000)	Scheduled Completion	Completed Scope	Completed Time	Comments for June 2021 Activities
1.	Aeration Blower No. 11 Project - Derek	\$1,652	10/21	30%	75%	Demolition of the building's existing ventilation equipment and ductwork has begun.
2.	Alvarado Influent Pump Station Improvements Project – Thomas	\$8,890	10/21	55%	83%	Piping and conduits for the new Pump 3 and 4 were installed. Replacement of roof membrane and removal of coating in the building continued.
3.	Cathodic Protection System Improvements Project - Thomas	\$483	1/22	0%	11%	Notice to Proceed was issued on June 8 th . Submittals review was in progress.
4.	Centrifuge Building Improvements Project – Somporn	\$688	10/21	35%	60%	Submittals review was in progress. Sludge conveyors are expected to be delivered in early August.
5.	Emergency Outfall Improvements Project – Andrew	\$1,399	1/22	0%	10%	Notice to Proceed was issued on June 8 th . Submittals review was in progress.
6.	FY21 Cast Iron/Pipe Lining Project – Andrew	\$307	5/21	100%	100%	Corrective action items letter to achieve substantial completion was issued to contractor.
7.	FY21 Gravity Sewer Rehabilitation/Replacement Project – Phase VII	\$595	10/21	0%	15%	Notice to Proceed issued on June 8 th . Submittals review was in progress.

	Construction Projects	Capital (\$1000)	Scheduled Completion	Completed Scope	Completed Time	Comments for June 2021 Activities
8.	Headworks Screens Replacement Project – Thomas	\$1,822	7/21	98%	98%	Replacement of the 3/8” racks and rakes with 1/4” racks and rakes on Mechanical Screen No. 3 is anticipated to take place in August.
9.	Primary Digester No. 2 Rehabilitation Project – Derek	\$3,058	10/20	100%	100%	Contractor worked on project close-out activities.
10.	Primary Digester No. 7 Project – Curtis	\$23,460	12/21	85%	80%	Installation of exterior piping, valves, and handrailing for Digester 7 continued.
11.	Wet Weather Flow Management – Calcium Thiosulfate Chemical Feed System – Kevin/Blake	\$624	06/21	23%	108%	Fabrication of overhead utility crossing structure was completed. Chemical pump control panel re-submittal and chemical pump procurement was in progress.

Design/Study

No. of projects in design/study phase: 10

	Design/Study Projects	Capital (\$1000)	Scheduled Completion	Completed Scope	Completed Time	Comments for June 2021 Activities
1.	Cherry Street Pump Station Improvements Project – Derek	\$72	06/21	95%	100%	100% design submittal was in progress.
2.	Force Main Condition Assessment – Andrew	\$121	10/22	60%	83%	Pipe testing is planned to take place during Force Main Relocation Project.
3.	Force Main Corrosion Repairs Project Phase 3 – Andrew	\$60	12/21	75%	85%	Project construction is pending the completion of Force Main relocation project.
4.	Irvington Basin Masterplan Update - Andrew	\$378	11/21	80%	76%	Draft TM for Newark Capacity Confirmations was submitted.
5.	Irvington Basin Reinforced Concrete Pipe Rehabilitation Project - Andrew	\$271	10/21	30%	44%	50% design submittal was received and reviewed. 90% design submittal in progress.
6.	Odor Control Alternatives Study – Kevin	\$465	12/20	99%	100%	Report will be finalized after the pilot testing project is completed.
7.	Odor Control Pilot Study - Somporn	\$99	12/21	95%	100%	Results Workshop held on June 9 th . Draft Final Report review was in progress.
8.	Pump Stations Chemical System Improvements Project - Thomas	\$738	10/21	40%	57%	50% design submittal was in progress.

	Design/Study Projects	Capital (\$1000)	Scheduled Completion	Completed Scope	Completed Time	Comments for June 2021 Activities
9.	Standby Power Generation System Upgrade Project – Kevin	\$2,281	01/21	87%	87%	Preparation of 100% design submittal and Generator equipment re-submittal was in progress.
10.	WAS Thickener Replacement Project – Derek	\$807	06/21	92%	100%	Review of the 90% design submittal was in progress.

COLLECTION SERVICES ACTIVITIES REPORT JUNE 2021

Progress/Accomplishments




- No stoppages/no spills in June
- Completed 14.99 miles of sewer main cleaning in June
- Completed 2.61 miles of sewer main inspection in June
- Responded to 19 service request calls in June
- Completed a total of 7 sewer main repairs in June

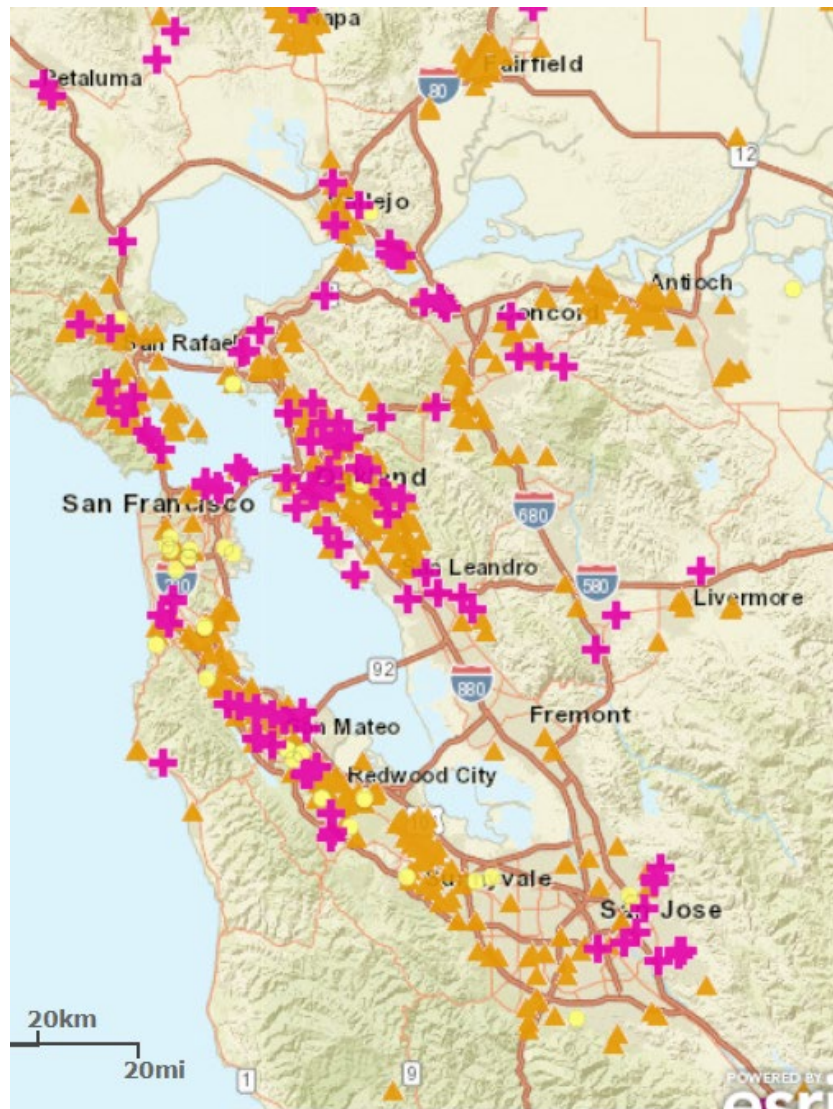
Trainings/Significant Events

- SEMS, NIMS, ICS Combo Training

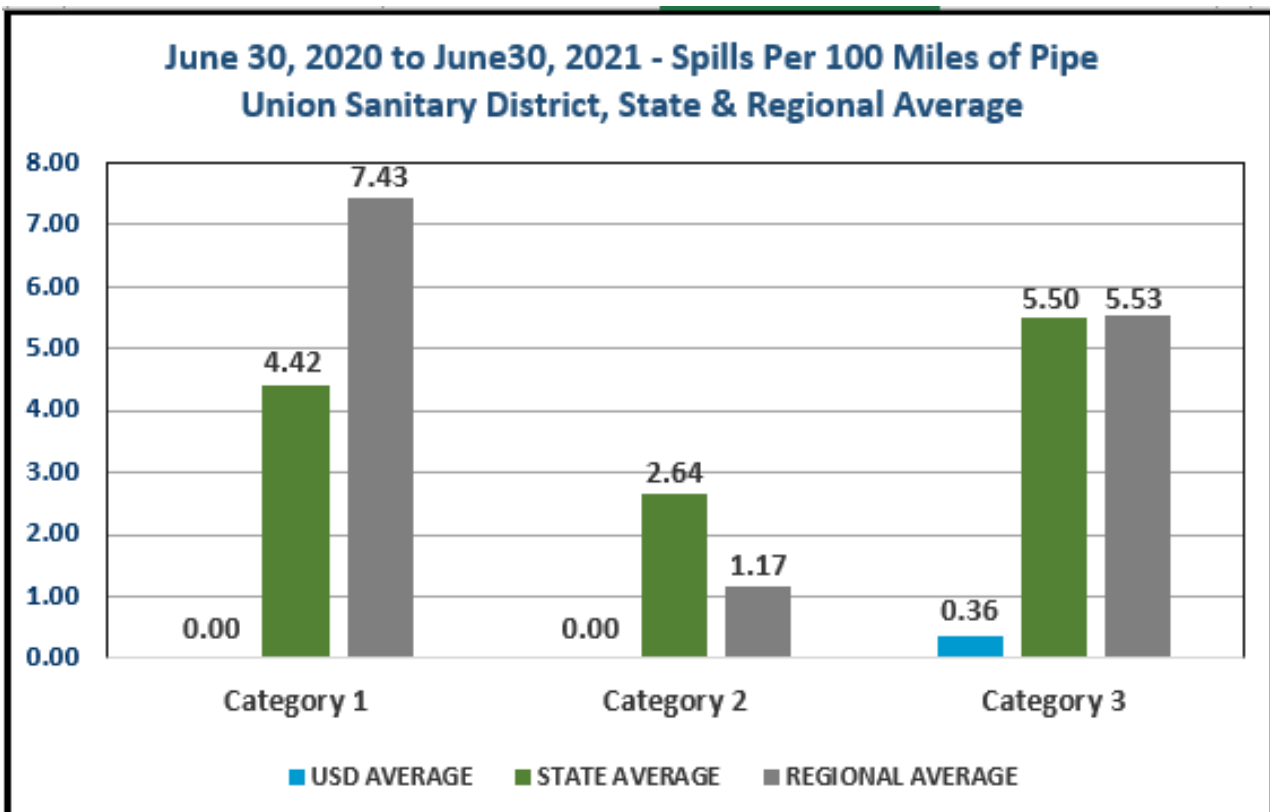
Reported Bay Area Spills June 30, 2020 to June 30, 2021

MAP LEGEND

	Category 1 = Any SSO to surface water or drainage channel regardless of size
	Category 2 = $\geq 1,000$ gallons that do not reach surface water or drainage channel
	Category 3 = $< 1,000$ gallons that do not reach surface water or drainage channel



June 30, 2020 to June 30, 2021 Spills Per 100 Miles of Pipe Union Sanitary District, State & Regional Average



Spill Rate Statistics - June 30, 2020 to June 30, 2021

Spills per 100 Miles of Pipe

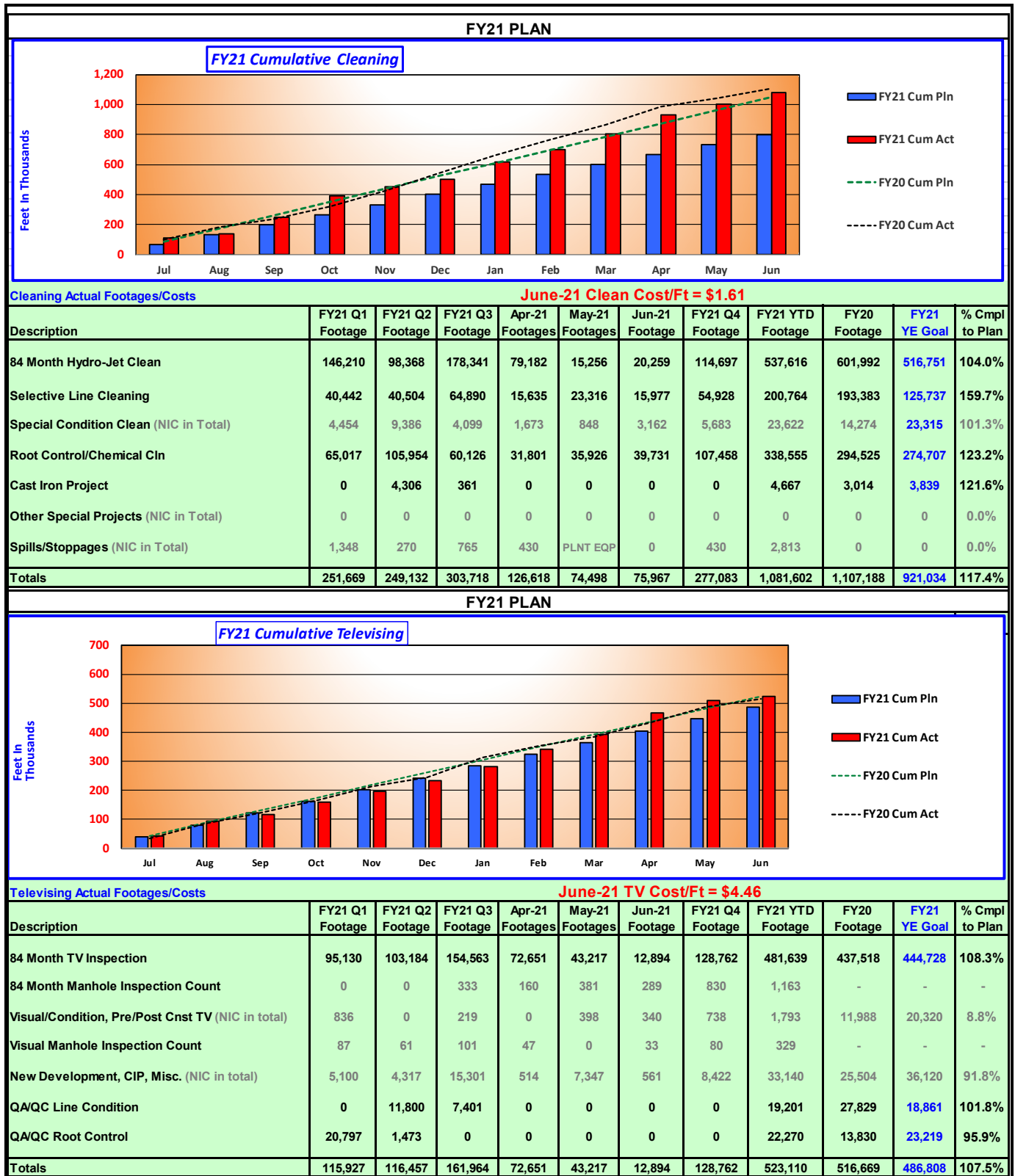
	Category 1	Category 2	Category 3
USD AVERAGE	0.00	0.00	0.36
STATE AVERAGE	4.42	2.64	5.50
REGIONAL AVERAGE	7.43	1.17	5.53

Category 1 - 1,000 gallons or more. Discharges to surface water, not fully captured

Category 2 - 1,000 gallons or more. Does not reach surface waters, not fully captured

Category 3 - 1,000 gallons or less, does not reach surface waters, full captured

Performance Measures


FY21 PLAN

FY21 Cumulative Televising

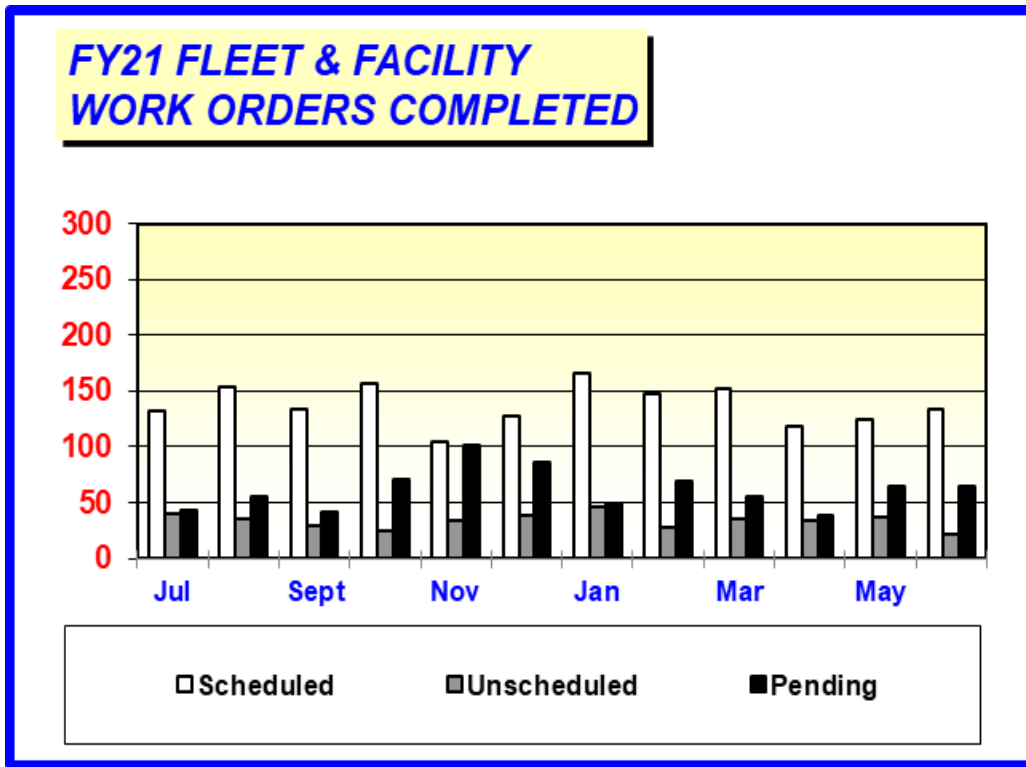
Televising Actual Footages/Costs
June-21 TV Cost/Ft = \$4.46

Description	FY21 Q1 Footage	FY21 Q2 Footage	FY21 Q3 Footage	Apr-21 Footages	May-21 Footages	Jun-21 Footage	FY21 Q4 Footage	FY21 YTD Footage	FY20 Footage	FY21 YE Goal	% Cmpl to Plan
84 Month TV Inspection	95,130	103,184	154,563	72,651	43,217	12,894	128,762	481,639	437,518	444,728	108.3%
84 Month Manhole Inspection Count	0	0	333	160	381	289	830	1,163	-	-	-
Visual/Condition, Pre/Post Cnst TV (NIC in total)	836	0	219	0	398	340	738	1,793	11,988	20,320	8.8%
Visual Manhole Inspection Count	87	61	101	47	0	33	80	329	-	-	-
New Development, CIP, Misc. (NIC in total)	5,100	4,317	15,301	514	7,347	561	8,422	33,140	25,504	36,120	91.8%
QA/QC Line Condition	0	11,800	7,401	0	0	0	0	19,201	27,829	18,861	101.8%
QA/QC Root Control	20,797	1,473	0	0	0	0	0	22,270	13,830	23,219	95.9%
Totals	115,927	116,457	161,964	72,651	43,217	12,894	128,762	523,110	516,669	486,808	107.5%

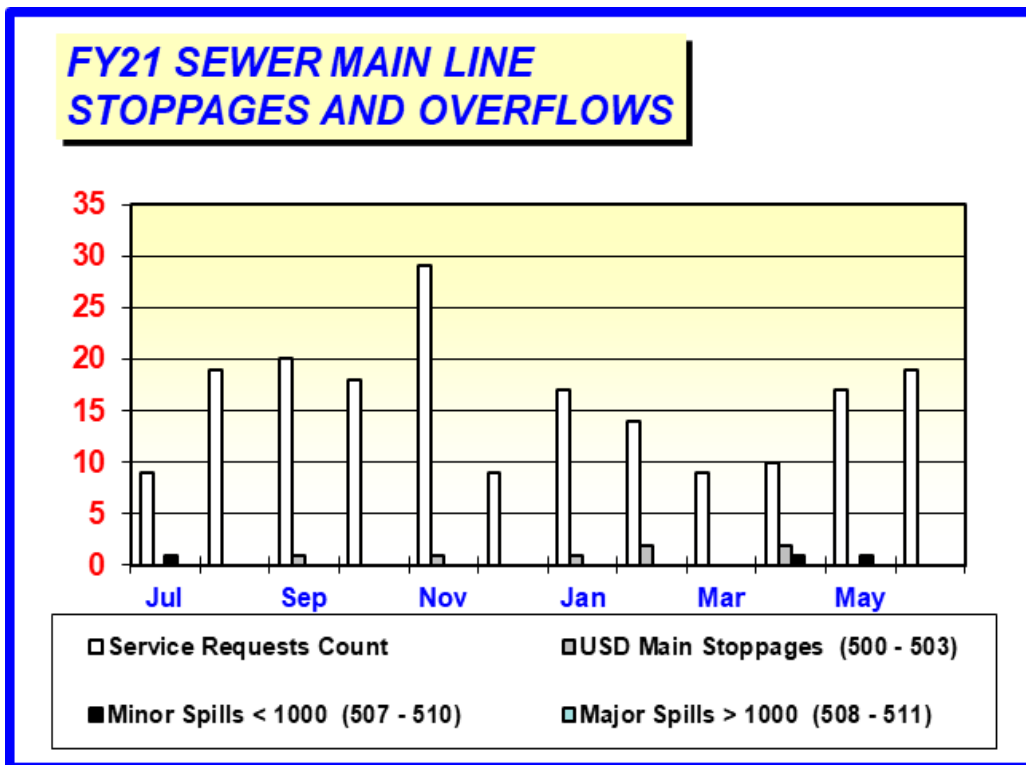
Other Collection Services Status Data:

Support Team Work Order Status:

C/S



Maintenance Status:



Fabrication, Maintenance and Construction

Activities Report

June 2021

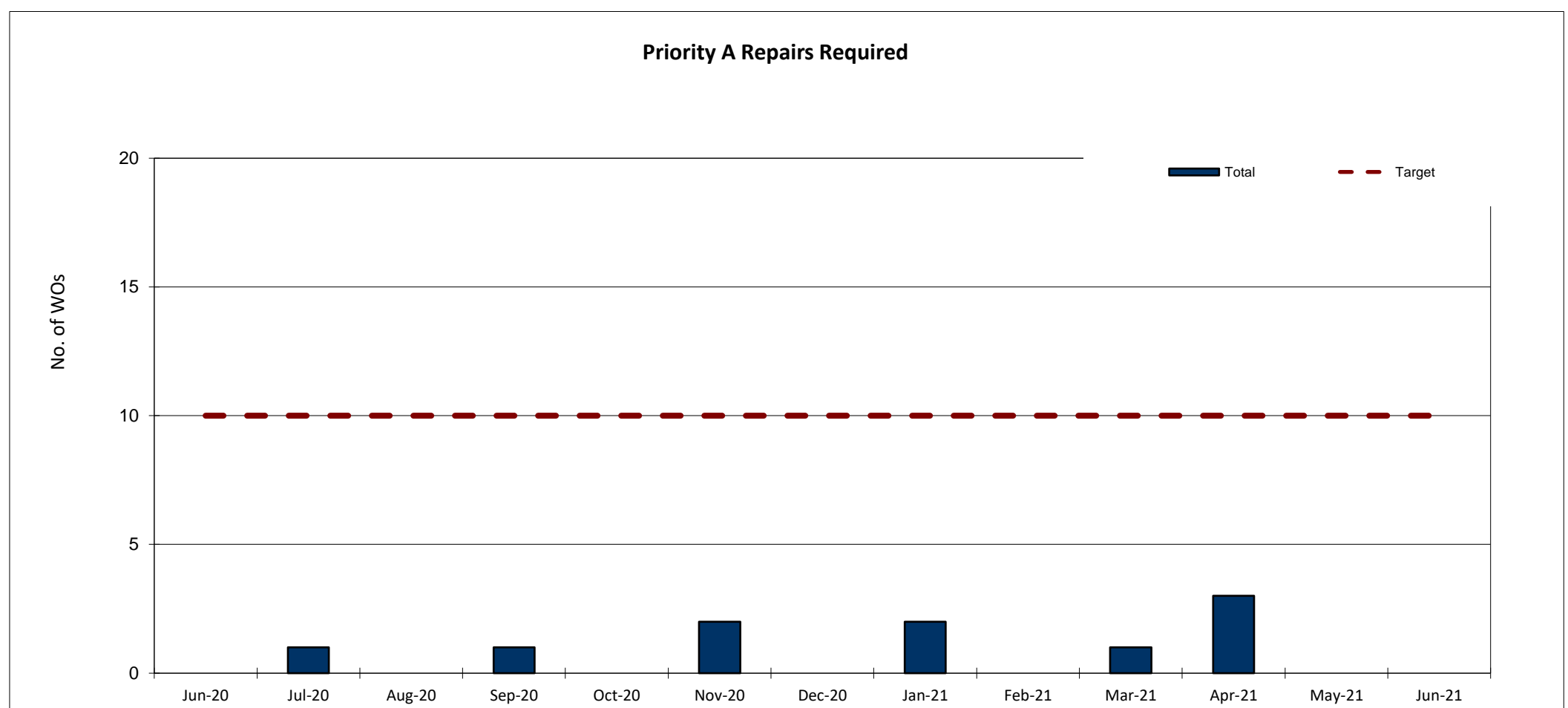
Progress/Accomplishments

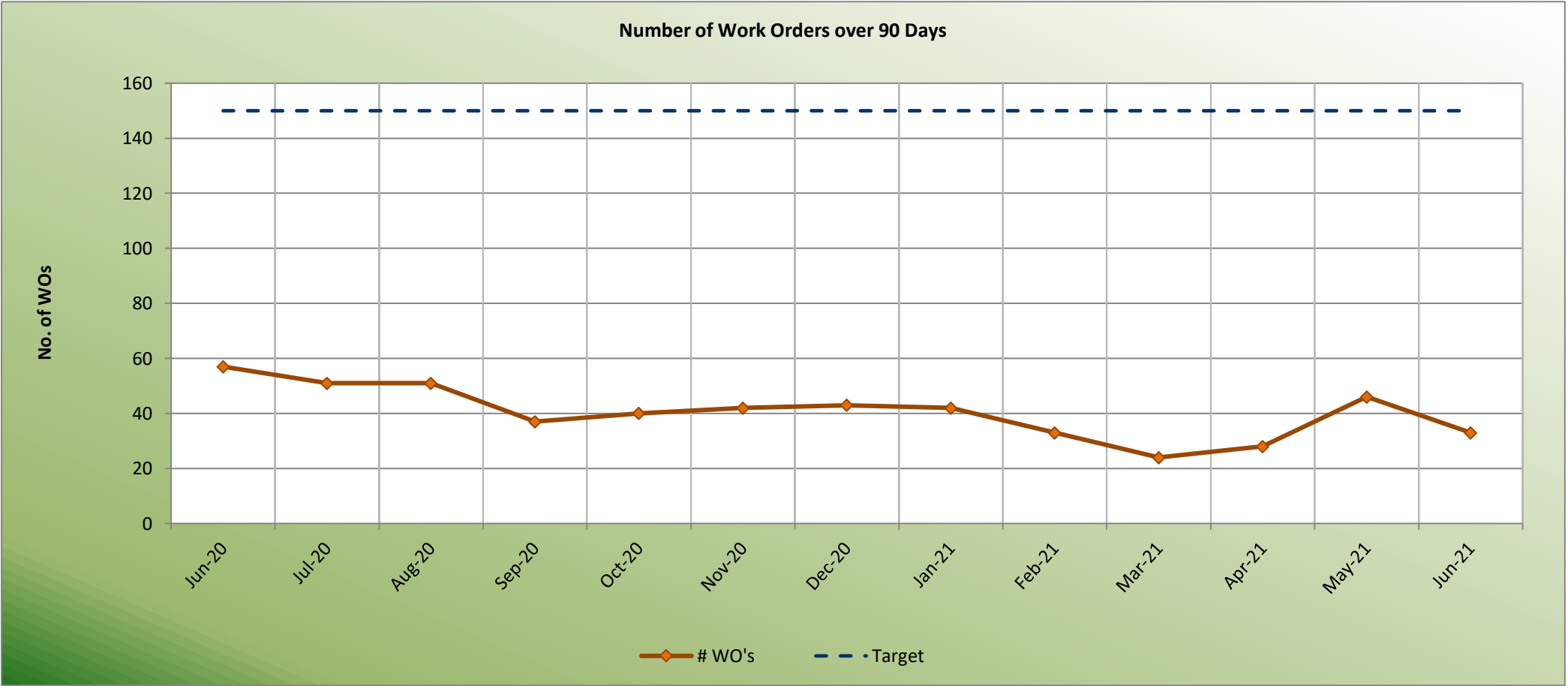
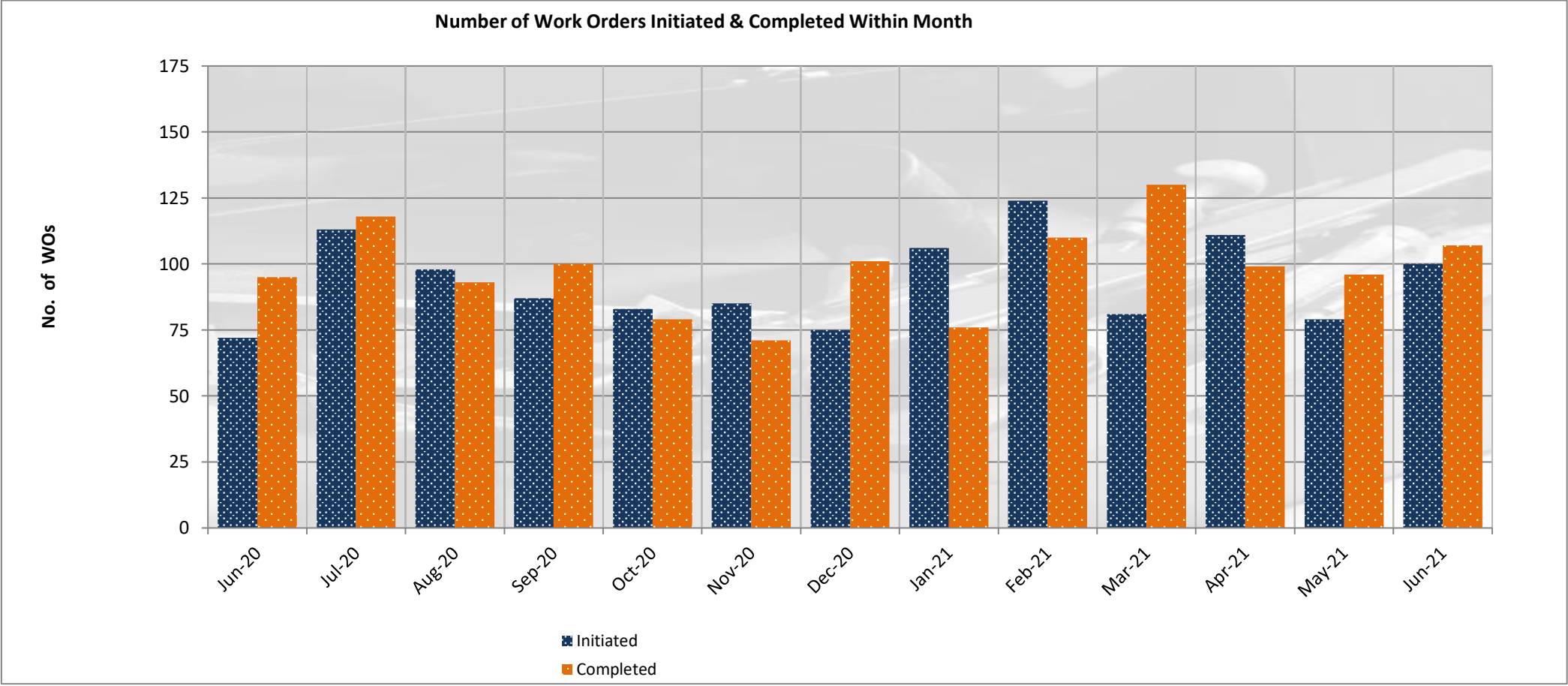
- Completed 98.59% of preventive maintenance activities for the month of June
- Completed 107 corrective maintenance work orders for the month of June
- Cogen 1 4K service
- Centrifuge 4 2K service
- Swap out of Sulfa Treat in Tank 2
- Primary Clarifier 5 annual service
- Secondary Clarifier 5 annual service

Future Planning

- Secondary Clarifier's 2, 4, and 6 annual services
- Boyce bypass SOP development and practical set up and training
- Fabrication of new skimmer arm for Thickener 2
- Piping repair for Site Waste Pump 4
- Coating of Site Waste Pump 3

Performance Measurements





**Treatment & Disposal
Activities Report
June 2021**

Progress/Accomplishments

- Maintained 100% compliance with National Pollutant Discharge Elimination System (NPDES) permits
- Completed 96% preventive maintenance activities for the month of June
- Began the hiring process for the new Limited Duration Plant Operator III Trainee and interviewed a candidate
- Reviewed Enhanced Treatment Site Upgrade (ETSU) Phase 1A air permitting issues and provided recommendations
- Responded to the second request for information for the East Bay Dischargers Authority (EBDA) NPDES permit application
- Met with US Peroxide to discuss testing and decision making for PRI-SC system (pretreatment with iron and peroxide) operation
- Met with enzyme manufacturer BIOSec to review economics of an enzyme trial to boost biosolids concentration
- Discussed ETSU site waste alternatives and discussed projected process impact of the Control Box 2 (CB2) construction sequence

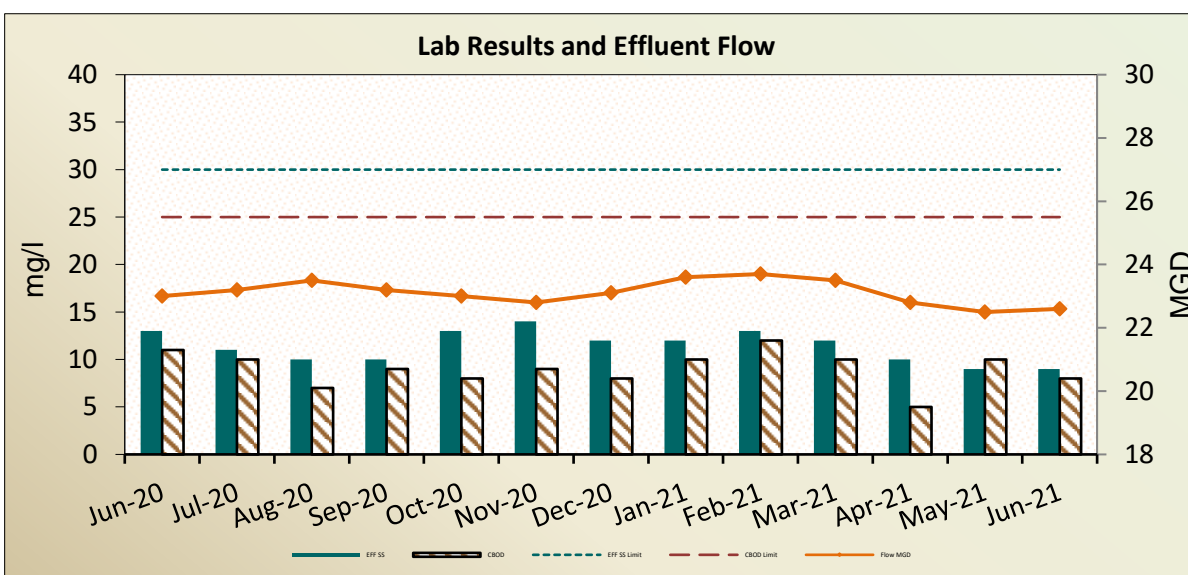
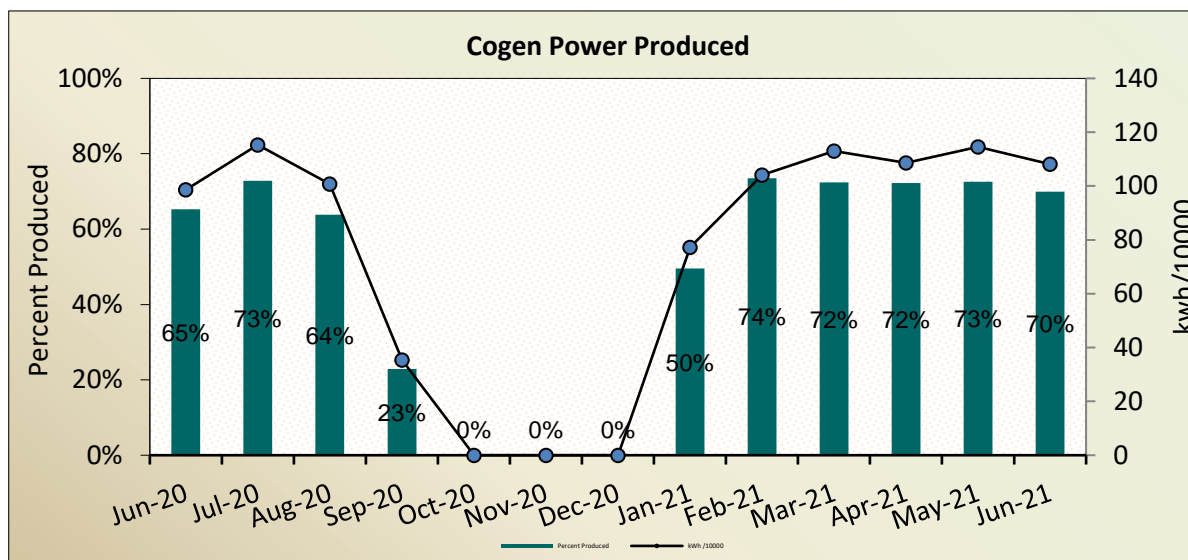
Future Planning

- Execute contract for Cleaning Secondary Digester 1 and decommission the digester for its upcoming condition assessment and Digester 7 project work
- Explore aeration basin acid cleaning for this fiscal year
- Review per- and poly-fluoroalkyl substances (PFAS) results with San Francisco Estuary Institute (SFEI) from the Bay Area Clean Water Agencies (BACWA)/Region 2 testing
- Complete BACWA biosolids, methane, and volatile organic compound (VOC) surveys
- Continue the hiring process for Limited Duration Plant Operator III Trainee

Other

- Cogeneration system produced 70% of power consumed for the month of June

Performance Measurements



USD's Final Effluent Monthly Monitoring Results				
Parameter	EBDA Limit	Apr-21	May-21	Jun-21
Copper, µg/l	78	8.6	5.1	4.0
Mercury, µg/l	0.066	0.0019	0.0019	0.0022
Cyanide, µg/l	42	< 1	E 1.8	E 0.94
Ammonia- N, mg/L (Range)	130	44 - 47.5	41.6 - 45.6	40.6 - 43.8
Fecal Coliform, MPN/100ml (Range)				
• 5-Day Geometric Mean	500	34 - 43	33 - 44	52 - 70
• 11-Sample 90th Percentile	1100	55 - 60	55 - 57	71 - 78
Enterococci				
• Monthly Geometric Mean	240	15.1	33.9	20.6
E = Estimated value, concentration outside calibration range. For SIP, E = DNQ, estimated concentration.				

**Directors**

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

**JULY 26, 2021
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 9**

TITLE: Consider Adoption of a Resolution of the Union Sanitary District to Authorize the Issuance of Not to Exceed \$110,000,000 Revenue Bonds by the Union Sanitary District Financing Authority, Authorizing the Execution and Delivery of Certain Documents in Connection Therewith and Authorizing Certain Other Actions (This is a Motion Item)

SUBMITTED: Paul R. Eldredge, General Manager/District Engineer
Mark Carlson, CFO, Business Services Work Group Manager

Recommendation

Staff recommends the Board of Directors of the Union Sanitary District (“USD” or the “District”) adopt the attached resolution to authorize the issuance of not to exceed \$110,000,000 Revenue Bonds by the Union Sanitary District Financing Authority (the “Bonds”) and authorizing the execution and delivery of certain documents and other actions by the District in connection therewith.

Discussion

The District’s staff has identified approximately \$110 million in capital project funding needs not provided by other sources of financing. Out of this bond issuance, approximately \$80 million dollars will fund a portion of the ETSU Phase 1A project and the remaining \$30 million dollars would be utilized for four other District CIP projects. If approved, the items presented at this meeting authorize the issuance of the Bonds by the USD Financing Authority (“USDFA”) and the execution of certain agreements and documents by the District and the Authority in connection therewith to finance such capital.

District Resolution

The resolution presented for adoption by the Board of Directors of USD authorizes the issuance of the Bonds by the USDFA and authorizes staff to finalize and execute, as applicable, the following documents:

1. Installment Purchase Agreement between the District and the USDFA which establishes the specific terms and conditions under which Wastewater Revenues are pledged to pay the installment payments securing the Bonds. The Installment Purchase Agreement contains certain financial covenants of the District to provide security for the funds to be applied to repay the Bonds. These agreements are substantially similar to the agreements entered into by the District in 2020 in connection with the 2020A financing.
2. Continuing Disclosure Certificate pursuant to which the District agrees to provide certain updated information on an annual basis relating to the District and the Bonds to the market as required under federal securities laws applicable to publicly sold bonds.
3. Bond Purchase Agreement pursuant to which RBC Capital Markets, as underwriter, agrees to purchase all of the Bonds for resale to investors, subject to certain closing conditions.
4. The District Portion of the Preliminary Official Statement setting forth material information relating to the District's operations and finances, which will be provided to potential investors of the Bonds.

Good Faith Estimates

Set forth below are good faith estimates of Fieldman, Rolapp & Associates, Inc., the Districts municipal financial advisor, as required under Section 5852.1 of the California Government Code (the "Code"). The following estimates have no bearing on, and should not be misconstrued as, any not-to-exceed financial parameters authorized by resolution presented.

- a) The true interest cost of the Bonds is estimated at 2.44%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.
- b) The finance charge of the Bonds, including all fees and charges paid to third parties, is estimated at \$626,328.
- c) Proceeds of the Bonds to be received by the District from the sale of the Bonds, including the estimated principal amount of the proposed Bonds of \$90,370,000, plus the proposed premium of \$20,256,328 less the finance charges set forth in (b) above, is equal to \$110,000,000.
- d) The total payment amount of the Bonds calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at \$157,148,389.

The foregoing are estimates and the final costs will depend on market conditions and can be expected to vary from the estimated amounts set forth above.

The resolutions being presented at this meeting approve the execution and delivery of the proposed bonds and authorize staff and the finance team to execute certain actions in connection therewith.

Background

On January 13, 2020, the Board adopted a resolution to approve a Joint Exercise of Powers Agreement with the California Municipal Finance Authority to create the USD Financing Authority. The proposed Bonds will be issued by the USD Financing Authority and the Bonds will be secured by payments to be made by the District to the USD Financing Authority pursuant to an installment purchase agreement in the form presented at this meeting.

On April 26, 2021, the Board adopted a resolution to authorize the District's staff, legal counsel and the municipal advisor to prepare documents for the issuance of revenue bonds (the "Bonds"). The Board also appointed Stradling Yocca Carlson & Rauth as Bond Counsel, Quint & Thimmig as Disclosure Counsel, Fieldman Rolapp & Associates as municipal financial advisor, and RBC as Underwriter for the transaction.

It is currently anticipated that the proceeds from these bonds will fund a portion of the following projects:

- ETSU Phase 1A
- Newark and Irvington Pump Station Chemical System Improvements
- Plant 12kv Switchgear Phase 1
- Site Drainage Improvements
- Waste Activated Sludge Thickeners

Previous Board Action

January 13, 2020 Board Meeting – Approval of the Union Sanitary District Financing Authority.

April 26, 2021 Board Meeting – A Board Resolution to Authorize Staff, Legal Counsel, and municipal financial advisor to Prepare Documents for the Issuance of Revenue Bonds

Attachments:

District Resolution
Installment Purchase Agreement
Continuing Disclosure Certificate
Bond Purchase Agreement
Preliminary Official Statement

UNION SANITARY DISTRICT

RESOLUTION NO. _____

**A RESOLUTION OF THE UNION SANITARY DISTRICT AUTHORIZING
THE ISSUANCE OF NOT TO EXCEED \$110,000,000. REVENUE
BONDS BY THE UNION SANITARY DISTRICT FINANCING
AUTHORITY, AUTHORIZING THE EXECUTION AND DELIVERY OF
CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND
AUTHORIZING CERTAIN OTHER ACTIONS**

WHEREAS, the Union Sanitary District (the “District”) is a sanitary district duly organized and existing under and by virtue of the laws of the State of California; and

WHEREAS, the District, acting pursuant to Article I (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “JPA Law”), may enter into a joint exercise of powers agreement with one or more other public agencies pursuant to which such contracting parties may jointly exercise any power common to them and, pursuant to Government Code Section 6588, exercise certain additional powers; and

WHEREAS, the District is a member of the Union Sanitary District Financing Authority (the “USDFA”); and

WHEREAS, the District has determined that it is in the public interest and for the public benefit that the District acquire and construct certain public improvements of the District’s wastewater system;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE UNION SANITARY DISTRICT AS FOLLOWS:

SECTION 1. The statements, findings, and determinations set forth above and in the preambles of the documents approved by this Resolution are true and correct.

SECTION 2. The form of the Installment Purchase Agreement on file with the Board Clerk of the District, is hereby approved. The President of the Board of Directors of the District, the Vice President of the Board of Directors of the District, and the General Manager of the District (each, an “Authorized Officer”) are each hereby authorized and directed, on behalf of the District, to execute and deliver the Installment Purchase Agreement substantially in the approved form, with such changes as may be recommended by General Counsel or Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel (“Bond Counsel”), said execution being conclusive evidence of such approval.

SECTION 3. The form of the Continuing Disclosure Certificate on file with the Board Clerk of the District, is hereby approved. Each Authorized Officer is hereby authorized and directed, on behalf of the District, to execute and deliver the Continuing Disclosure Certificate

substantially in the approved form, with such changes as may be recommended by General Counsel or Bond Counsel, said execution being conclusive evidence of such approval.

SECTION 4. The proposed form of the Bond Purchase Agreement, as made available to the Board of Directors, is hereby approved. Any Authorized Officer is authorized and directed to execute and deliver the Bond Purchase Agreement with such changes, insertions and omissions as may be recommended by Bond Counsel, and approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval; provided, however, that in no event shall the aggregate principal amount of the revenues bonds to be issued by the USDFA (the "2021A Bonds") exceed \$110,000,000, nor shall the underwriting discount for the 2021A Bonds exceed 0.275% of the principal amount of the 2021A Bonds, nor shall the true interest cost of the 2021A Bonds exceed 3.25%.

SECTION 5. The preparation and distribution of the information in the Preliminary Official Statement relating to the 2021A Bonds under the captions "THE DISTRICT," "WASTEWATER SYSTEM," "DISTRICT FINANCIAL INFORMATION," "RISK FACTORS RELATING TO THE BONDS," "INVESTMENT OF DISTRICT FUNDS" and "CONTINUING DISCLOSURE" and in Appendices B, D, G and H thereto (collectively, the "District Portion") in the form as made available to the Board of Directors is hereby approved. Any Authorized Officer is authorized individually to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule") relating to the District Portion. Any Authorized Officer is authorized and directed to execute, approve and deliver the District Portion to the final Official Statement in the form of the District Portion to the Preliminary Official Statement, with such changes, insertions and omissions as are consistent with this Resolution and which may be recommended by Bond Counsel, in accordance with the Rule, and approved by such Authorized Officer executing the same, said execution being conclusive evidence of such approval.

SECTION 6. The Board of Directors hereby authorizes the sale issuance of the 2021A Bonds by the USDFA in an amount not to exceed \$110,000,000.

SECTION 7. U.S. Bank, National Association, is hereby appointed to act as trustee under the Indenture of Trust.

SECTION 8. The Board of Directors acknowledges that the good faith estimates required by Section 5852.1 of the California Government Code are disclosed in the staff report and are available to the public at the meeting at which this Resolution is approved.

SECTION 9. Each Authorized Officer and the Business Services Work Group Manager/Chief Financial Officer of the District or the designee thereof and any other proper officers of the District, acting singly, are each authorized and directed to do any and all things and to execute and deliver any and all documents and certificates which such officers may deem necessary or advisable in order to consummate the sale, execution and delivery of the Bonds, the delivery of the Installment Purchase Agreement, the Continuing Disclosure Certificate, the Bond Purchase Agreement, the District Portion to the Preliminary Official Statement and the District

Portion to the final Official Statement and otherwise effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

SECTION 10. The Board of Directors hereby finds that the proposed acquisition and construction of improvements to the District's wastewater system as authorized by this Resolution is consistent with the District's Debt Management Policy (Policy No. 2060) (the "Policy") and, to the extent that such proposed acquisition and construction is inconsistent with any provisions of the Policy, such provisions of the Policy are hereby waived.

SECTION 11. This Resolution shall take effect immediately upon its passage.

ON A MOTION by Director _____, and seconded by Director _____, the foregoing resolution was passed and adopted by the Board of Directors of the Union Sanitary District this 26th day of July, 2021, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

Pat Kite
President of the Board of Directors
Union Sanitary District

Manny Fernandez
Secretary, Board of Directors
Union Sanitary District

INSTALLMENT PURCHASE AGREEMENT

by and between

UNION SANITARY DISTRICT

and

UNION SANITARY DISTRICT FINANCING AUTHORITY

Dated as of July 1, 2021

Relating to

\$ _____

**UNION SANITARY DISTRICT FINANCING AUTHORITY
REVENUE BONDS, SERIES 2021A**

ARTICLE I
DEFINITIONS

Section 1.01.	Definitions	1
---------------	-------------------	---

ARTICLE II
REPRESENTATIONS AND WARRANTIES

Section 2.01.	Representations by the District	10
Section 2.02.	Representations and Warranties by the USDFA	11

ARTICLE III
THE 2021A PROJECT

Section 3.01.	Acquisition and Construction of the 2021A Project	11
Section 3.02.	Changes to the 2021A Project.....	12
Section 3.03.	Purchase of 2021A Project.....	12
Section 3.04.	Title.....	12
Section 3.05.	Acquisition Fund.....	12

ARTICLE IV
INSTALLMENT PAYMENTS

Section 4.01.	Purchase Price	13
Section 4.02.	Series 2021A Installment Payments.....	13

ARTICLE V
SECURITY

Section 5.01.	Pledge of Gross Revenues.....	14
Section 5.02.	Allocation of Gross Revenues	14
Section 5.03.	Additional Contracts and Bonds.....	15
Section 5.04.	Subordinate Debt	16
Section 5.05.	Investments.....	17
Section 5.06.	Parity Debt Reserve.....	17

ARTICLE VI
COVENANTS OF THE DISTRICT

Section 6.01.	Compliance with Installment Purchase Agreement and Ancillary Agreements	17
Section 6.02.	Against Encumbrances	18
Section 6.03.	Against Sale or Other Disposition of Property	18
Section 6.04.	Against Competitive Facilities	18
Section 6.05.	Tax Covenants	18
Section 6.06.	Prompt Acquisition and Construction.....	19
Section 6.07.	Maintenance and Operation of the Wastewater System.....	20

Section 6.08.	Payment of Claims.....	20
Section 6.09.	Compliance with Contracts	20
Section 6.10.	Insurance.....	20
Section 6.11.	Accounting Records; Financial Statements and Other Reports.....	21
Section 6.12.	Protection of Security and Rights of the USDFA	21
Section 6.13.	Payment of Taxes and Compliance with Governmental Regulations.....	21
Section 6.14.	Amount of Rates and Charges.....	22
Section 6.15.	Collection of Rates and Charges	22
Section 6.16.	Eminent Domain Proceeds.....	22
Section 6.17.	Further Assurances	23
Section 6.18.	Enforcement of Contracts	23

ARTICLE VII

PREPAYMENT OF SERIES 2021A INSTALLMENT PAYMENTS

Section 7.01.	Prepayment.....	23
Section 7.02.	Method of Prepayment.....	24

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF THE AUTHORITY

Section 8.01.	Events of Default and Acceleration of Maturities.....	24
Section 8.02.	Application of Funds Upon Acceleration	25
Section 8.03.	Other Remedies of the USDFA.....	25
Section 8.04.	Non-Waiver	26
Section 8.05.	Remedies Not Exclusive	26

ARTICLE IX

DISCHARGE OF OBLIGATIONS

Section 9.01.	Discharge of Obligations	27
---------------	--------------------------------	----

ARTICLE X

MISCELLANEOUS

Section 10.01.	Liability Limited	28
Section 10.02.	Benefits of Installment Purchase Agreement Limited to Parties.....	28
Section 10.03.	Successor Is Deemed Included in all References to Predecessor	28
Section 10.04.	Waiver of Personal Liability	28
Section 10.05.	Article and Section Headings, Gender and References	28
Section 10.06.	Partial Invalidity.....	29
Section 10.07.	Assignment.....	29
Section 10.08.	Net Contract	29
Section 10.09.	California Law	29
Section 10.10.	Notices.....	29
Section 10.11.	Effective Date	30
Section 10.12.	Execution in Counterparts	30

Section 10.13.	Indemnification of USDFA	30
Section 10.14.	Amendments Permitted.....	30
Signatures	S-1
Exhibit A	Description of the 2021A Project	A-1
Exhibit B	Purchase Price	B-1
Exhibit C	Form of Substitution Statement.....	C-1
Exhibit D	Form of Requisition from Acquisition Fund	D-1

INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT, dated as of July 1, 2021, is entered into by and between UNION SANITARY DISTRICT, a sanitary district that is duly organized and existing under and by virtue of the laws of the State of California (the “**District**”), and UNION SANITARY DISTRICT FINANCING AUTHORITY, a joint exercise of powers agency that is duly organized and existing under and by virtue of the laws of the State of California (the “**USDFA**”).

RECITALS

A. The District proposes to acquire and construct certain improvements, betterments, renovations and expansions of facilities within its Wastewater System, as described in Exhibit A (the “**2021A Project**”).

B. The USDFA has agreed to assist the District in financing the 2021A Project on the terms and conditions that are set forth herein.

C. The USDFA is authorized by Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, including but not limited to Section 6540 *et seq.*, to finance the acquisition and construction of property for its members.

D. The District is authorized by Division 6 of the Health and Safety Code of the State of California, including but not limited to Article 3 of Chapter 1 thereof, to acquire and construct facilities for its Wastewater System.

E. The District and the USDFA have duly authorized the execution of this Installment Purchase Agreement.

F. All acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Installment Purchase Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Installment Purchase Agreement.

NOW, THEREFORE, IN CONSIDERATION OF THESE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms that are defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document that is mentioned herein or therein

have the meanings that are defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms that are defined herein. All capitalized terms that are used herein and not defined herein shall have the meanings that are ascribed thereto in the Indenture.

Accountant's Report

The term "Accountant's Report" means a report signed by an Independent Certified Public Accountant.

Acquisition Fund

The term "Acquisition Fund" means the fund by that name established pursuant to Section 3.05.

Bonds

The term "Bonds" means all revenue bonds or notes of the District that are authorized, executed, issued and delivered by the District, the payments of which are payable from Net Revenues on a parity with the Series 2021A Installment Payments and which are secured by a pledge of and lien on Gross Revenues as described in Section 5.01 hereof.

Contracts

The term "Contracts" means all contracts of the District previously or hereafter authorized and executed by the District, the payments under which are payable from Net Revenues on a parity with the Series 2021A Installment Payments and which are secured by a pledge and lien on Gross Revenues as described in Section 5.01 hereof; including but not limited to the 2020 Installment Purchase Agreement, but excluding contracts entered into for operation and maintenance of the Wastewater System.

Date of Operation

The term "Date of Operation" means, with respect to any uncompleted Project, the estimated date by which such Project will have been completed and, in the opinion of an engineer, will be ready for commercial operation by or on behalf of the District.

Debt Service

The term "Debt Service" means, for any period of calculation, the sum of:

(i) the interest accruing during such period on all outstanding Bonds, assuming that all outstanding serial Bonds are retired as scheduled and that all outstanding term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized or is reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of

the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program);

(ii) those portions of the principal amount of all outstanding serial Bonds maturing in such period (but excluding Excluded Principal);

(iii) those portions of the principal amount of all outstanding term Bonds required to be paid in such period (but excluding Excluded Principal); and

(iv) those portions of the Contracts that are required to be paid during such period, (except to the extent that the interest that is evidenced and represented thereby is capitalized or is reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program and excluding Excluded Principal);

but less the earnings to be derived from the investment of moneys on deposit in debt service reserve funds established for Bonds or Contracts;

provided that, as to any such Bonds or Contracts bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall, for all purposes, be assumed to be a fixed rate equal to the higher of: (1) the then current variable interest rate borne by such Bonds or Contract plus 1%; and (2) the highest variable rate borne over the preceding 3 months by outstanding variable rate debt issued by the District or, if no such variable rate debt is at the time outstanding, by variable rate debt of which the interest rate is computed by reference to an index that is comparable to that to be utilized in determining the interest rate for the debt then proposed to be issued;

provided further that if any series or issue of such Bonds or Contracts have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year (and such principal is not Excluded Principal), Debt Service shall be determined for the period of determination as if the principal of and interest on such series or issue of such Bonds or Contracts were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of twenty-five (25) years from the date of calculation; and

provided further that, as to any such Bonds or Contracts or portions thereof which bear no interest but which are sold at a discount and which discount accretes with respect to such Bonds or Contracts or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service; and

provided further that if the Bonds or Contracts constitute interest rate swap agreements or other paired obligations, the interest rate on such Bonds or Contracts shall be the resulting linked rate or the effective fixed interest rate to be paid by the District with respect to such paired obligations; and

provided further that the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Bonds and Contracts for which such debt service reserve fund was established and, to the extent that the amount in such debt service reserve fund is in excess of such amount of principal, such excess shall be applied to the full amount of principal due, in each preceding year, in descending order, until such amount is exhausted.

District

The term “District” means Union Sanitary District, a sanitary district that is duly organized and existing under and by virtue of the laws of the State of California.

EBDA

The term “EBDA” means the East Bay Dischargers Authority, a joint exercise of powers agency created pursuant to the EBDA Joint Powers Agreement.

EBDA Joint Powers Agreement

The term “EBDA Joint Powers Agreement” means the EBDA Joint Exercise of Powers Agreement dated February 15, 1974, as amended, as further amended and restated by the East Bay Dischargers Authority Amended and Restated Joint Powers Agreement, dated as of July 1, 2020 to become effective on July 1, 2020, each among the parties listed therein, as may be further amended and supplemented from time-to-time in accordance with the terms thereof.

Event of Default

The term “Event of Default” means an event that is described in Section 8.01.

Excluded Principal

The term “Excluded Principal” means each payment of principal of any Bond or Contract for which there is on file with the Trustee (i) a certificate of an Independent Municipal Consultant to the effect that such Bond or Contract is commercial paper or otherwise of a short term or revolving nature and has a maturity of less than 60 months and (ii) a certificate of an Authorized Representative to the effect that the District intends to pay such principal from the proceeds of Bonds or Contracts or other bonds, notes or other obligations of the District. No such determination shall affect the security for such Bonds or Contracts or the obligation of the District to pay such Bonds or Contracts from Net Revenues.

Fiscal Year

The term “Fiscal Year” means: the period from July 1 of each year through June 30 of the following year, or any other twelve-month period that is selected and designated as the official Fiscal Year of the District.

Generally Accepted Accounting Principles

The term “Generally Accepted Accounting Principles” means 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.

Gross Revenues

The term “Gross Revenues” means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Wastewater System, including, without limiting the generality of the foregoing:

(i) rates and charges collected by the District on the Alameda County, California tax roll in accordance with Section 5473 et.seq. of the Health and Safety Code (or any successor provisions thereto);

(ii) all other income, rents, rates, fees, charges or other moneys derived by the District through the facilities of or in the conduct or operation of the business of the Wastewater System;

(iii) the proceeds of any stand-by or availability charges, development fees and connection charges collected by the District; and

(iv) the earnings on and income derived from the investment of amounts described in clauses (i), (ii) and (iii) above and from District reserves;

but excluding:

(1) customers’ deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District;

(2) any proceeds of taxes or assessments which are restricted by law to be used by the District to pay bonds or other obligations heretofore or hereafter issued; and

(3) gain or loss on the sale of any capital assets as permitted hereby.

“Gross Revenues” also include all amounts transferred from the Parity Debt Reserve to the Revenue Fund in accordance with Section 5.06. “Gross Revenues” do not include any amounts transferred from the Revenue Fund to the Parity Debt Reserve during any Fiscal Year in accordance with Section 5.02(c).

Indenture

The term “Indenture” means the Indenture of Trust, dated as of the date hereof, by and between the USDFA and the Trustee, relating to the 2021A Bonds, as originally executed and as it may from time to time be amended or supplemented in accordance therewith.

Independent Certified Public Accountant

The term “Independent Certified Public Accountant” means any firm of certified public accountants that is appointed by the District, and each of whom is independent pursuant to the Statement on Auditing Standards No.1 of the American Institute of Certified Public Accountants.

Independent Municipal Consultant

The term “Independent Municipal Consultant” means a municipal advisor or firm of such municipal advisors appointed by the District, and who, or each of whom: (1) is in fact independent and not under domination of the District; (2) does not have any substantial interest, direct or indirect, with the District; (3) is not connected with the District as an officer or employee thereof, but who may be regularly retained to make reports thereto; and (4) is registered as a “municipal advisor,” as defined in Section 15B of the Securities Exchange Act of 1934, as amended.

Installment Payment Date

The term “Installment Payment Date” means any date on which Installment Payments are scheduled to be paid by the District under and pursuant to any Contract.

Installment Payments

The term “Installment Payments” means the Installment Payments of interest and principal scheduled to be paid by the District under and pursuant to the Contracts.

Installment Purchase Agreement

The term “Installment Purchase Agreement” means this Installment Purchase Agreement, by and between the District and the USDFA, dated as of July 1, 2021, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

JPA Agreement

The term “JPA Agreement” means the Joint Exercise of Powers Agreement, dated January 13, 2020, by and between the District and California Municipal Finance Authority, pursuant to which the USDFA is established, as such JPA Agreement may be amended and supplemented from time-to-time in accordance therewith.

Law

The term “Law” means the Sanitary District Act of 1923, of the State of California (being Division 6 of the Health and Safety Code of the State of California, as amended) and all laws amendatory thereof or supplemental thereto.

Manager

The term “Manager” means the General Manager/Chief Executive Officer of the District, or any other person that is designated by the General Manager to act on behalf of the General Manager.

Net Proceeds

The term “Net Proceeds” means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys’ fees) incurred in the collection of such proceeds.

Net Revenues

The term “Net Revenues” means, for any Fiscal Year, the Gross Revenues for such Fiscal Year less the Operation and Maintenance Costs for such Fiscal Year. When held by the Trustee in any funds or accounts established hereunder, Net Revenues shall include all interest or gain derived from the investment of amounts in any of such funds or accounts.

Operation and Maintenance Costs

The term “Operation and Maintenance Costs” means: (i) costs spent or incurred for maintenance and operation of the Wastewater System calculated in accordance with Generally Accepted Accounting Principles, including (among other things) the reasonable expenses of management and repair and other expenses that are necessary to maintain and preserve the Wastewater System in good repair and working order, and including administrative costs of the District that are charged directly or apportioned to the Wastewater System, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, and including all other reasonable and necessary costs of the District or charges (other than debt service payments) required to be paid by it to comply with the terms of this Installment Purchase Agreement or of the Indenture or any Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds; and (ii) costs allocable to the District under the EBDA Joint Powers Agreement which constitutes maintenance and operation costs of the EBDA calculated on accordance with Generally Accepted Accounting Principles; *but excluding* in all cases (x) depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature, (y) all capital charges, and (z) all amounts allocable to

the District under the EBDA Joint Powers Agreement for capital costs thereof, including principal and interest on any bonds, notes or other evidence of indebtedness of EBDA.

Parity Debt Reserve

The term “Parity Debt Reserve” means the fund by that name that is continued pursuant to Section 5.06.

Project

The term “Project” means additions, betterments, extensions or improvements to the District’s facilities designated by the Board of Directors of the District as a Project, the acquisition and construction of which is to be paid for by the proceeds of any Contracts or Bonds.

Purchase Price

The term “Purchase Price” means the principal amount plus interest thereon owed by the District to the USDFA under the terms hereof as provided in Section 4.01.

Revenue Fund

The term “Revenue Fund” means the fund by that name that is established pursuant to Section 5.02.

Series 2021A Installment Payment Date

The term “Series 2021A Installment Payment Date” means February 28, 2022 and the last day of each August and the last day of each February thereafter.

Series 2021A Installment Payments

The term “Series 2021A Installment Payments” means the Installment Payments scheduled to be paid by the District under and pursuant to this Installment Purchase Agreement.

Subordinate Debt

The term “Subordinate Debt” means all revenue bonds or notes of the District the payments on which are payable subordinate to Debt Service and all contracts of the District the payments under which are payable subordinate to Debt Service as set forth in Section 5.04(c) hereof.

Subordinate Debt Service

The term “Subordinate Debt Service” means debt service on Subordinate Debt calculated in accordance with the definition of Debt Service with respect to Contracts and Bonds.

Treasurer

The term “Treasurer” means the Business Service Group Manager/Chief Financial Officer of the District or the successor thereto.

Trustee

The term “Trustee” means U.S. Bank National Association, acting in its capacity as Trustee under and pursuant to the Indenture, and its successors and assigns.

2020 Installment Purchase Agreement

The term “2020 Installment Purchase Agreement” means the Installment Purchase Agreement, by and between the District and the USDFA, dated as of January 1, 2020, as originally executed and as it may from time to time be amended or supplemented in accordance therewith.

USDFA

The term “USDFA” means Union Sanitary District Financing Authority, a joint exercise of powers agency that is duly organized pursuant to the JPA Agreement and existing under and by virtue of the laws of the State of California.

Wastewater Service

The term “Wastewater Service” means the wastewater collection, conveyance, treatment and disposal service that is made available or provided by the Wastewater System including but not limited to recycled water service.

Wastewater System

The term “Wastewater System” means the whole and each and every part of the wastewater collection, conveyance, treatment and disposal system of the District, including all real property and buildings, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such wastewater system or any part thereof hereafter acquired or constructed, including recycled water facilities of the District and the District’s interest in the facilities of the EBDA pursuant to the EBDA Joint Powers Agreement and related agreements.

2021A Project

The term “2021A Project” means the additions, betterments, extensions and improvements to the District’s Wastewater System facilities, including real property and buildings, if any, which are described as in Exhibit A hereto, to the extent: (i) approved pursuant to the California Environmental Quality Act; and (ii) paid for with the proceeds of the 2021A Bonds, and as modified in conformance with Section 3.02 hereof.

2021A Bonds

The term “2021A Bonds” means the Union Sanitary District Financing Authority Revenue Bonds, Series 2021A, issued pursuant to the Indenture.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01. Representations by the District. The District makes the following representations:

(a) The District is a sanitary district that is duly organized and existing under and pursuant to the laws of the State of California.

(b) The District has full legal right, power and authority to enter into this Installment Purchase Agreement, carry out its obligations hereunder and carry out and consummate all other transactions that are contemplated by this Installment Purchase Agreement, and the District has complied with the provisions of the Law in all matters relating to such transactions.

(c) By proper action, the District has duly authorized the execution, delivery and due performance of this Installment Purchase Agreement.

(d) The District will not take or, to the extent within its power, permit any action to be taken which results in the interest that is paid for the installment purchase of the 2021A Project under the terms of this Installment Purchase Agreement being included in the gross income of the USDFA or its assigns for purposes of federal or State of California personal income taxation.

(e) The District has determined that it is necessary and proper for District uses and purposes within the terms of the Law that the District acquire and construct the 2021A Project in the manner that is provided for in this Installment Purchase Agreement in order to provide essential services and facilities to persons residing in the District.

Section 2.02. Representations and Warranties by the USDFA. The USDFA makes the following representations and warranties:

(a) The USDFA is a joint exercise of powers agency that is duly organized under the JPA Agreement and in good standing under the laws of the State of California, has full legal right, power and authority to enter into this Installment Purchase Agreement and to carry out and consummate all transactions that are contemplated by this Installment Purchase Agreement and by proper action has duly authorized the execution and delivery and due performance of this Installment Purchase Agreement.

(b) The execution and delivery of this Installment Purchase Agreement and the consummation of the transactions herein contemplated will not violate any provision of law, any order of any court or other agency of government, or any indenture, material agreement or other instrument to which the USDFA is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the USDFA.

(c) The USDFA will not take or permit any action to be taken which results in interest that is paid for the installment purchase of the 2021A Project under the terms of this Installment Purchase Agreement being included in the gross income of the USDFA or its assigns for purposes of federal or State of California personal income taxation.

ARTICLE III

THE 2021A PROJECT

Section 3.01. Acquisition and Construction of the 2021A Project. The USDFA hereby agrees to cause the 2021A Project and any additions or modifications thereto to be constructed, acquired and installed by the District as its agent. The District shall enter into contracts and provide for, as agent for the USDFA, the complete design, construction, acquisition and installation of the 2021A Project in accordance with all applicable laws. The District hereby agrees that it will cause the construction, acquisition and installation of the 2021A Project to be diligently performed after the deposit of funds into the Acquisition Fund pursuant to Section 3.02 of the Indenture, upon satisfactory completion of design work and compliance with the California Environmental Quality Act and approval by the Board of Directors of the District, and that it will use its best efforts to cause the construction, acquisition and installation of the 2021A Project to be substantially completed by _____, 202_, unforeseeable delays beyond the reasonable control of the District only excepted. It is hereby expressly understood and agreed that the USDFA shall be under no liability of any kind or character whatsoever for the payment of any cost of the 2021A Project and that all such costs and expenses shall be paid by the District.

Section 3.02. Changes to the 2021A Project. The District may substitute other improvements for those listed as components of the 2021A Project in Exhibit A, but only if the District first files with the USDFA and the Trustee a statement of the District in the form attached as Exhibit C: (a) identifying the improvements to be substituted and the improvements to District facilities they replace in the 2021A Project; and (b) stating that the estimated costs of construction, acquisition and installation of the substituted improvements are not less than such costs for the improvements previously planned.

Section 3.03. Purchase of 2021A Project. In consideration for the Series 2021A Installment Payments, the USDFA agrees to sell, and hereby sells, to the District, and the District agrees to purchase, and hereby purchases, from the USDFA, the 2021A Project at the purchase price that is specified in Section 4.01 hereof and otherwise in the manner and in accordance with the provisions of this Installment Purchase Agreement.

Section 3.04. Title. Each component of the 2021A Project shall vest in the District immediately upon acquisition or construction thereof. Such vesting shall occur without further action by the USDFA or the District, and the USDFA shall, if requested by the District or if necessary, to assure such automatic vesting, deliver any and all documents which are required to assure such vesting.

Section 3.05. Acquisition Fund. The District shall establish, maintain and hold in trust a separate fund designated as the "Acquisition Fund." The moneys in the Acquisition Fund shall be held by the District in trust and applied by the Treasurer of the District to the payment of the costs of acquisition and construction of the 2021A Project and of expenses incidental thereto.

Before any payment is made from the Acquisition Fund by the Treasurer, the General Manager of the District, acting as agent of the USDFA, shall cause to be filed with the Treasurer a certificate of the District in the form set forth in Exhibit D to this Installment Purchase Agreement.

Upon receipt of each such certificate, the Treasurer will pay the amount that is set forth in such certificate as directed by the terms thereof or disburse funds to the District for such payment as directed by the District in such certificate. The Treasurer need not make any such payment if it has received notice of any lien, right to lien, attachment upon or claim affecting the right to receive payment of any of the moneys to be so paid, which has not been released or will not be released simultaneously with such payment.

When the 2021A Project shall have been constructed and acquired in accordance with this Installment Purchase Agreement, a statement of the District stating the fact and date of such acquisition, construction and acceptance and stating that all of such costs of acquisition and incidental expenses have been determined and paid (or that all of such costs and expenses have been paid less specified claims which are subject to dispute and for which a retention in the Acquisition Fund is to be maintained in the full amount of such claims until such dispute is resolved), shall be delivered to the Treasurer by the General Manager of the District. Upon the receipt of such statement, the Treasurer shall transfer any remaining balance in the Acquisition

Fund which is not needed for Acquisition Fund purposes (but less the amount of any such retention, which amount shall be certified to the Treasurer by the General Manager of the District) to the Trustee for deposit in the 2021A Bond Payment Fund for payment of 2021A Bonds in accordance with the Indenture.

ARTICLE IV

INSTALLMENT PAYMENTS

Section 4.01. Purchase Price.

(a) The Purchase Price to be paid by the District hereunder to the USDFA is the sum of the principal amount of the District's obligations hereunder plus the interest to accrue on the unpaid balance of such principal amount from the effective date hereof over the term hereof, subject to prepayment as provided in Article VII.

(b) The principal amount of the payments to be made by the District hereunder is set forth in Exhibit B.

(c) The interest to accrue on the unpaid balance of such principal amount is as specified in Section 4.02 and Exhibit B, and shall be paid by the District as and constitute interest paid on the principal amount of the District's obligations hereunder.

Section 4.02. Series 2021A Installment Payments. The District shall, subject to its rights of prepayment provided in Article VII, pay the USDFA the Purchase Price in installment payments of interest and principal in the amounts and on the Series 2021A Installment Payment Dates as set forth in Exhibit B.

Each Series 2021A Installment Payment shall be paid to the USDFA in lawful money of the United States of America. In the event that the District fails to make any of the payments which are required to be made by it under this section, such payment shall continue as an obligation of the District until such amount shall have been fully paid, and the District agrees to pay the same with interest accruing thereon at the rate or rates of interest then applicable to the remaining unpaid principal balance of the Series 2021A Installment Payments if paid in accordance with their terms.

The obligation of the District to make the Series 2021A Installment Payments is absolute and unconditional, and until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article IX), the District will not discontinue or suspend any Series 2021A Installment Payment which is required to be made by it under this section when due, whether or not the Wastewater System or any part thereof is operating or operable or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and whether or not the 2021A Project has been completed, and such 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.

ARTICLE V

SECURITY

Section 5.01. Pledge of Gross Revenues. The Gross Revenues, and all amounts that are on deposit in the Revenue Fund, amounts that are transferred from the Parity Debt Reserve to the Revenue Fund as described in Section 5.06, and any other amounts (including proceeds of the sale of the 2021A Bonds) which are held in any fund or account that is established pursuant to this Installment Purchase Agreement (except the Parity Debt Reserve (other than those amounts which are transferred by the District from the Parity Debt Reserve to the Revenue Fund)), are irrevocably pledged to the payment of the Series 2021A Installment Payments. Except for the payment of the Operation and Maintenance Costs, the Gross Revenues shall not be used for any other purpose while any of the Series 2021A Installment Payments remain unpaid; provided that out of the Gross Revenues there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge shall constitute a first lien on Gross Revenues, the Revenue Fund and the other funds and accounts that are created hereunder for the payment of the Series 2021A Installment Payments and all other Contracts and Bonds in accordance with the terms hereof and of the Indenture.

Section 5.02. Allocation of Gross Revenues. In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants that all Gross Revenues shall be received by the District in trust hereunder and shall be deposited when and as received in a special fund designated as the "Revenue Fund," which fund has been established and is hereby continued and which fund the District agrees and covenants to maintain and to hold separate and apart from other funds so long as any Installment Payments or Bonds remain unpaid. Moneys in the Revenue Fund shall be used and applied by the District as provided in this Installment Purchase Agreement.

The District shall, from the moneys in the Revenue Fund, pay all Operation and Maintenance Costs (including amounts which are reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as they become due and payable. All remaining moneys in the Revenue Fund shall be set aside by the District at the following times in the following respective special funds in the following order of priority, and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this section:

(a) 2021A Bond Payment Fund. On or before each Series 2021A Installment Payment Date, the District shall, from remaining moneys in the Revenue Fund, transfer to the Trustee for deposit in the 2021A Bond Payment Fund an amount that is equal to the interest and principal payable and coming due on the next succeeding Series 2021A Installment Payment Date. The District shall also, from the moneys in the Revenue Fund, transfer to the

applicable trustee for deposit in the applicable payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service in accordance with the provisions of the Contract, Bond, resolution or indenture relating thereto.

Any moneys which are on deposit in the 2021A Bond Payment Fund on each Series 2021A Installment Payment Date (other than amounts required for the payment of past due principal or interest with respect to any 2021A Bonds not presented for payment) shall be credited to the payment of the Series 2021A Installment Payments due and payable on such date. No deposit need be made in the 2021A Bond Payment Fund as Series 2021A Installment Payments if the amount in the 2021A Bond Payment Fund is at least equal to the amount of the Series 2021A Installment Payment that is due and payable on the next succeeding Series 2021A Installment Payment Date.

(b) Reserve Funds. On or before each Series 2021A Installment Payment Date, the District shall, from remaining moneys in the Revenue Fund, thereafter, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the applicable trustee for deposit to such other reserve fund or account for Bonds or Contracts an amount that is equal to the amount required to be deposited therein.

(c) Surplus. Moneys on deposit in the Revenue Fund which are not necessary to make any of the payments which are required above may be expended by the District at any time for any purpose permitted by law, including but not limited to payment of Subordinate Debt, or deposited in the Parity Debt Reserve.

Section 5.03. Additional Contracts and Bonds. The District may at any time execute any Contract or issue any Bonds, as the case may be, in accordance herewith; provided that:

(a) The Net Revenues for the last audited Fiscal Year of the District, or for any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Advisor on file with the District, shall have produced a sum equal to at least one hundred twenty percent (120%) of the Debt Service for such Fiscal Year or other twelve month period; and

(b) The Net Revenues for the last audited Fiscal Year of the District, or for any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, including adjustments to give effect as of the first day of such Fiscal Year or other twelve month period, to increases or decreases in rates and charges for the Wastewater Service approved and in effect as of the date of calculation, as evidenced by a special report prepared

by an Independent Certified Public Accountant or Independent Municipal Advisor on file with the District, shall have produced a sum equal to at least one hundred twenty percent (120%) of the Debt Service for such Fiscal Year or other twelve month period, plus the Debt Service which would have accrued on any Contracts executed or Bonds issued since the end of such Fiscal Year or other twelve month period, assuming that such Contracts had been executed or Bonds had been issued at the beginning of such Fiscal Year or other twelve month period, plus the Debt Service which would have accrued had such proposed additional Contract been executed or proposed additional Bonds been issued at the beginning of such Fiscal Year or other twelve month period.

Notwithstanding the foregoing, Bonds issued or Contracts executed to refund Bonds or prepay Contracts may be delivered without satisfying the conditions set forth above if Debt Service in each Fiscal Year after the Fiscal Year in which such Bonds are issued or Contracts executed is not greater than 105% of the Debt Service which would have been payable in each such Fiscal Year prior to the issuance of such Bonds or execution of such Contracts.

Section 5.04. Subordinate Debt. The District may at any time execute or issue any Subordinate Debt in accordance herewith; provided that:

(a) The Net Revenues remaining after payment of Debt Service for the last audited Fiscal Year of the District, or any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of issuance or execution of such Subordinate Debt, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Advisor on file with the District, shall have produced a sum equal to at least one hundred percent (100%) of the Subordinate Debt Service for such Fiscal Year or other twelve month period.

(b) The Net Revenues remaining after payment of Debt Service for the last audited Fiscal Year of the District, or any consecutive twelve calendar month period during the eighteen calendar month period preceding the issuance or the execution of such Subordinate Debt, including adjustments to give effect as of the first day of such Fiscal Year or other twelve month period to increases or decreases in rates and charges for the Wastewater Service approved and in effect as of the date of calculation, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Advisor on file with the District, shall have produced a sum equal to at least one hundred percent (100%) of the Subordinate Debt Service for such Fiscal Year or other twelve month period, plus the Subordinate Debt Service which would have accrued on any Subordinate Debt issued since the end of such Fiscal Year or other twelve month period, assuming that such Subordinate Debt had been issued or executed had been issued at the beginning of such Fiscal Year or other twelve month period, plus the Subordinate Debt Service which would have accrued had such proposed Subordinate Debt been executed or issued at the beginning of such Fiscal Year or other twelve month period.

Notwithstanding the foregoing, Subordinate Debt executed to refund Bonds or prepay Contracts or to prepay or refund Subordinate Debt may be delivered without satisfying the

conditions set forth above if Debt Service and Subordinate Debt Service in each Fiscal Year after the Fiscal Year in which such Subordinate Debt issued or executed is not greater than 105% of the Debt Service and Subordinate Debt which would have been payable in each such Fiscal Year prior to the issuance of or execution of such Subordinate Debt.

Section 5.05. Investments. All moneys which are held by the District in the Revenue Fund, the Acquisition Fund and the Parity Debt Reserve shall be invested in Permitted Investments, and the investment earnings thereon shall remain on deposit in such fund, except as otherwise provided herein.

Section 5.06. Parity Debt Reserve. The District has established a special fund designated as the "Parity Debt Reserve," which shall be held by the District in trust under this Installment Purchase Agreement. The District agrees and covenants to maintain and to hold such fund separate and apart from other funds so long as any Contracts or Bonds remain unpaid. Money transferred by the District from the Revenue Fund to the Parity Debt Reserve in accordance with Section 5.02(c) will be held in the Parity Debt Reserve and applied in accordance with this Installment Purchase Agreement.

The District may withdraw all or any portion of the amounts on deposit in the Parity Debt Reserve and transfer such amounts to the Revenue Fund for application in accordance with Section 5.02 or, in the event that all or a portion of the Series 2021A Installment Payments are discharged in accordance with Article VII, transfer all or any portion of such amounts for application in accordance with Article VII; provided that any such withdrawals and transfers may be made up to and including the date that is 270 days after the end of the Fiscal Year or 12 calendar month period for which such withdrawals and transfers will be taken into account in calculating Gross Revenues. Any such amounts withdrawn from the Parity Debt Reserve and transferred to the Revenue Fund constitute Gross Revenues.

ARTICLE VI

COVENANTS OF THE DISTRICT

Section 6.01. Compliance with Installment Purchase Agreement and Ancillary Agreements. The District will punctually pay the Series 2021A Installment Payments in strict conformity with the terms hereof, and will faithfully observe and perform all of the agreements, conditions, covenants and terms contained herein which are required to be observed and performed by it, and will not terminate this Installment Purchase Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the 2021A Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the USDFA to observe or perform any agreement, condition, covenant or term which is contained herein and required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the USDFA or any force majeure, including acts of

God, tempest, storm, earthquake, epidemics, pandemics, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion or acts or regulations of governmental authorities.

The District will faithfully observe and perform all of the agreements, conditions, covenants and terms which are required to be observed and performed by it pursuant to all outstanding Contracts and Bonds as such may from time to time be executed or issued, as the case may be.

Section 6.02. Against Encumbrances. The District will not make any pledge of or place any lien on Gross Revenues or the moneys in the Revenue Fund except as provided herein. In addition, the District may at any time, or from time to time, issue evidences of indebtedness or incur other obligations for any lawful purpose which are payable from and secured by a pledge of and lien on Gross Revenues or any moneys in the Revenue Fund as may from time to time be deposited therein (as provided in Section 5.02), provided that such pledge and lien shall be subordinate in all respects to the pledge of and lien thereon provided herein.

Section 6.03. Against Sale or Other Disposition of Property. The District will not enter into any agreement or lease which materially impairs the operation of the Wastewater System or any part thereof which is necessary to secure adequate Gross Revenues for the payment of the Series 2021A Installment Payments, or which would otherwise materially impair the rights of the USDFA hereunder or the operation of the Wastewater System. Any real or personal property which has become nonoperative or which is not needed for the efficient and proper operation of the Wastewater System, or any material or equipment which has become worn out, may be sold if such sale will not materially impair the ability of the District to pay the Series 2021A Installment Payments and if the proceeds of such sale are deposited in the Revenue Fund.

Nothing herein shall restrict the ability of the District to sell any portion of the Wastewater System if such portion is immediately repurchased by the District and if such arrangement cannot by its terms result in the purchaser of such portion of the Wastewater System exercising any remedy which would deprive the District of or otherwise interfere with its right to own and operate such portion of the Wastewater System.

Section 6.04. Against Competitive Facilities. The District will not, to the extent permitted by law, acquire, construct, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the District any wastewater system competitive with the Wastewater System.

Section 6.05. Tax Covenants. Notwithstanding any other provision of this Installment Purchase Agreement, absent an opinion of Bond Counsel that the exclusion from gross income of the interest on the 2021A Bonds will not be adversely affected for federal income tax purposes, the District covenants to comply with all applicable requirements of the Code which

are necessary to preserve such exclusion from gross income with respect to the 2021A Bonds and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The District will take no action or refrain from taking any action, and the District will make no use of the proceeds of the 2021A Bonds or of any other moneys or property, which would cause the 2021A Bonds to be “private activity bonds” within the meaning of Section 141 of the Code;

(b) Arbitrage. The District will make no use of the proceeds of the 2021A Bonds or of any other amounts or property, regardless of the source, and the District will not take any action or refrain from taking any action, which will cause the 2021A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(c) Federal Guarantee. The District will make no use of the proceeds of the 2021A Bonds, and the District will not take or omit to take any action, that would cause the 2021A Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(d) Information Reporting. The District will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code which is necessary to preserve the exclusion of interest on the 2021A Bonds pursuant to Section 103(a) of the Code;

(e) Hedge Bonds. The District will make no use of the proceeds of the 2021A Bonds or any other amounts or property, regardless of the source, and the District will not take any action or refrain from taking any action, that would cause the 2021A Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the 2021A Bonds for federal income tax purposes; and

(f) Miscellaneous. The District will not take any action or refrain from taking any action which is inconsistent with its expectations stated in the Tax Certificate executed by the District in connection with the issuance of the 2021A Bonds and will comply with the covenants and requirements that are stated therein and incorporated by reference herein.

This section and the covenants that are set forth herein shall not be applicable to, and nothing that is contained herein shall be deemed to prevent the District from causing the USDFA to issue revenue bonds or issuing bonds or executing and delivering contracts that are payable on a parity with the 2021A Bonds, the interest with respect to which has been determined to be subject to federal income taxation.

Section 6.06. Prompt Acquisition and Construction. The District will take all necessary and appropriate steps to acquire and construct the 2021A Project, as agent of the USDFA, with all practicable dispatch and in an expeditious manner and in conformity with law so as to complete the same as soon as possible.

Section 6.07. Maintenance and Operation of the Wastewater System. The District will maintain and preserve the Wastewater System in good repair and working order at all times, operate the Wastewater System in an efficient and economical manner and pay all Operation and Maintenance Costs as they become due and payable.

Section 6.08. Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Gross Revenues or the funds or accounts created hereunder or under the Indenture or on any funds in the hands of the District pledged to pay the Series 2021A Installment Payments or the Bonds, or which might impair the security of the Series 2021A Installment Payments.

Section 6.09. Compliance with Contracts. The District will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, which are required to be performed by it contained in all contracts for the use of the Wastewater System and all other contracts affecting or involving the Wastewater System, to the extent that the District is a party thereto.

Section 6.10. Insurance.

(a) The District will procure and maintain or cause to be procured and maintained insurance on the Wastewater System, excluding coverage for earthquake damage or destruction, with responsible insurers in such amounts and against such risks (including accident to or destruction of the Wastewater System) as are usually covered in connection with facilities that are similar to the Wastewater System so long as such insurance is available at reasonable rates.

In the event of any damage to or destruction of the Wastewater 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 Wastewater System. The District shall begin such reconstruction, repair or replacement promptly after such damage or destruction shall occur, and shall continue and properly complete such reconstruction, repair or replacement as expeditiously as possible, and shall pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed and the Wastewater System shall be free and clear of all claims and liens.

If such Net Proceeds exceed the costs of such reconstruction, repair or replacement, then the excess Net Proceeds shall be applied in part to the prepayment of Series 2021A Installment Payments as provided in Article VII and in part to such other fund or account as may be appropriate and used for the retirement of Bonds and Contracts in the same proportion which the aggregate unpaid principal balance of Series 2021A Installment Payments then bears to the aggregate unpaid principal amount of such Bonds and Contracts. If such Net Proceeds are sufficient to enable the District to retire the entire obligation that is evidenced hereby prior to the final due date of the Series 2021A Installment Payments as well as the entire obligations that are evidenced by Bonds and Contracts then remaining unpaid prior to their final respective

due dates, the District may elect not to reconstruct, repair or replace the damaged or destroyed portion of the Wastewater System, and thereupon such Net Proceeds shall be applied to the prepayment of Series 2021A Installment Payments as provided in Article VII and to the retirement of such Bonds and Contracts.

(b) The District will procure and maintain such other insurance which it shall deem advisable or necessary to protect its interests and the interests of the USDFA, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with municipal wastewater systems similar to the Wastewater System.

(c) Any insurance that is required to be maintained by paragraph (a) above and, if the District determines to procure and maintain insurance pursuant to paragraph (b) above, such insurance, may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained in connection with wastewater systems similar to the Wastewater System and is, in the opinion of an accredited actuary, actuarially sound.

All policies of insurance which are required to be maintained herein shall provide that the USDFA or its assignee shall be given thirty (30) days' written notice of any intended cancellation thereof or reduction of coverage provided thereby.

Section 6.11. Accounting Records; Financial Statements and Other Reports.

(a) The District will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Wastewater System, which records shall be available for inspection by the USDFA and the Trustee at reasonable hours and under reasonable conditions.

(b) The District will prepare and file with the USDFA or its assignee, annually within two hundred seventy (270) days after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2021) financial statements of the District for the preceding Fiscal Year prepared in accordance with generally accepted accounting principles, together with an Accountant's Report thereon. The Trustee shall have no obligation to review any such financial statements.

Section 6.12. Protection of Security and Rights of the USDFA. The District will preserve and protect the security hereof and the rights of the USDFA to the Series 2021A Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 6.13. Payment of Taxes and Compliance with Governmental Regulations. The District will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Wastewater System, or any part thereof or upon the Gross Revenues when the same shall become due. The District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to

the operation of the Wastewater System, or any part thereof, but the District shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

Section 6.14. Amount of Rates and Charges.

(a) To the fullest extent permitted by law, the District shall fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Wastewater Service which are reasonably expected to be at least sufficient to yield during each Fiscal Year (i) Net Revenues equal to one hundred twenty percent (120%) of the Debt Service payable in such Fiscal Year and (ii) Net Revenues remaining after payment of Debt Service equal to one hundred percent (100%) of Subordinate Debt Service payable in such Fiscal Year.

The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges are reasonably expected to be sufficient to meet the requirements of this Section 6.14.

(b) For avoidance of doubt, so long as the District has complied with its obligations set forth in Section 6.14(a) above, the failure of Net Revenues to meet the thresholds set forth in Section 6.14(a) above at the end of a Fiscal Year shall not constitute a default or an Event of Default so long as the District has complied with Section 6.14(a) at the commencement of the succeeding Fiscal Year.

Section 6.15. Collection of Rates and Charges. The District will have in effect at all times by-laws, rules and regulations requiring each customer to pay the rates and charges applicable to the Wastewater Service to such customer's land and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the District may discontinue such service from the Wastewater System, and such service shall not thereafter be recommenced except in accordance with District by-laws or rules, regulations and State Law governing such situations of delinquency.

Section 6.16. Eminent Domain Proceeds. If all or any part of the Wastewater System shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied as follows:

(a) If: (1) the District files with the USDFA and the Trustee a certificate showing: (i) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the District by reason of such eminent domain proceedings; (ii) a general description of the additions, betterments, extensions or improvements to the Wastewater System that are proposed to be acquired and constructed by the District from such Net Proceeds, and (iii) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements, and (2) the District, on the basis of such certificate filed with the USDFA and the Trustee, determines that the estimated additional annual Net Revenues will sufficiently offset

the estimated loss of annual Net Revenues resulting from such eminent domain proceedings so that the ability of the District to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive), then the District shall promptly proceed with the acquisition and construction of such additions, betterments, extensions or improvements substantially in accordance with such certificate and such Net Proceeds shall be applied for the payment of the costs of such acquisition and construction, and any balance of such Net Proceeds not required by the District for such purpose shall be deposited in the Revenue Fund.

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied in part to the prepayment of Series 2021A Installment Payments as provided in Article VII and in part to such other fund or account as may be appropriate and used for the retirement of Bonds and Contracts in the same proportion which the aggregate unpaid principal balance of Series 2021A Installment Payments then bears to the aggregate unpaid principal amount of such Bonds and Contracts.

Section 6.17. Further Assurances. The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the USDFA of the rights and benefits provided to it herein.

Section 6.18. Enforcement of Contracts. So long as any of the 2021A Bonds are outstanding, the District will not voluntarily consent to or permit any rescission of, nor will it consent to any amendment to or otherwise take any action under or in connection with any contracts previously or hereafter entered into which contracts provide for water to be supplied to the District which consent, revision, amendment or other action will reduce the supply of water thereunder (except as provided therein), unless the Board of Directors of the District determines by resolution that such rescission or amendment would not materially adversely affect the ability of the District to pay Series 2021A Installment Payments.

ARTICLE VII

PREPAYMENT OF SERIES 2021A INSTALLMENT PAYMENTS

Section 7.01. Prepayment.

(a) The District may or shall, as the case may be, prepay from Net Proceeds as provided herein the Series 2021A Installment Payments in whole, or in part, on any date in the order of payment date as directed by the District, at a prepayment price equal to the sum of the principal amount to be prepaid plus accrued interest thereon to the date of prepayment, without premium.

(b) The District may prepay the Series 2021A Installment Payments as a whole, or in part, on _____ 1, 20__ or any date thereafter in the order of payment date as directed by the District, at a prepayment price equal to the principal amount of the Series 2021A Installment

Payments to be prepaid, together with accrued interest thereon to the date of prepayment, without premium.

(c) Notwithstanding any such prepayment, the District shall not be relieved of its obligations hereunder, including its obligations under Article IV, until the Purchase Price shall have been fully paid (or provision for payment thereof shall have been provided to the written satisfaction of the USDFA).

Section 7.02. Method of Prepayment. Before making any prepayment pursuant to Section 7.01, the District shall, within five (5) days following the event permitting the exercise of such right to prepay or creating such obligation to prepay, give written notice to the USDFA and the Trustee describing such event and specifying the date on which the prepayment will be paid, which date shall be not less than thirty-five (35) (or such shorter number of days as is acceptable to the Trustee) days from the date that such notice is given.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF THE AUTHORITY

Section 8.01. Events of Default and Acceleration of Maturities. If one or more of the following Events of Default shall happen:

(1) if default shall be made by the District in the due and punctual payment of any Series 2021A Installment Payment or any Contract or Bond when and as the same shall become due and payable;

(2) if default shall be made by the District in the performance of any of the agreements or covenants which are required herein to be performed by it, and such default shall have continued for a period of sixty (60) days after the District shall have been given notice in writing of such default by the USDFA; or

(3) if the District shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the District seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property; or

(4) if payment of the principal of any Contract or Bond is accelerated in accordance with its terms;

then and in each and every such case during the continuance of an Event of Default, the USDFA shall, by notice in writing to the District, declare the entire principal amount of the unpaid

Series 2021A Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding. This section, however, is subject to the condition that if at any time after the entire principal amount of the unpaid Series 2021A Installment Payments and the accrued interest thereon shall have been so declared due and payable, but before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the District shall deposit with the USDFA an amount that is sufficient to pay the unpaid principal amount of the Series 2021A Installment Payments or the unpaid payment of any other Contract or Bond referred to in clause (1) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the Series 2021A Installment Payments or such Contract or Bond if paid in accordance with their terms, and the reasonable expenses of the USDFA, and any and all other defaults known to the USDFA (other than in the payment of the entire principal amount of the unpaid Series 2021A Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the USDFA or provision deemed by the USDFA to be adequate shall have been made therefor, then and in every such case the USDFA, by written notice to the District, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 8.02. Application of Funds Upon Acceleration. Upon the date of the declaration of acceleration as provided in Section 8.01, all Gross Revenues thereafter received by the District shall be applied in the following order:

First, to the payment, without preference or priority, and in the event of any insufficiency of such Gross Revenues ratably without any discrimination or preference, of the fees, costs and expenses of the Trustee and its assigns and thereafter to the USDFA, as the case may be, in carrying out the provisions of this article, including reasonable compensation to their respective accountants and counsel;

Second, to the payment of the Operation and Maintenance Costs; and

Third, to the payment of the entire principal amount of the unpaid Series 2021A Installment Payments and the unpaid principal amount of all Bonds and Contracts and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the Series 2021A Installment Payments and such Bonds and Contracts if paid in accordance with their respective terms.

Section 8.03. Other Remedies of the USDFA. The USDFA shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the District or any director, officer or employee thereof, and to compel the District or any such director, officer or employee to perform and carry out its or his or her

duties under the Law and the agreements and covenants required to be performed by it or him or her contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the USDFA; or

(c) by suit in equity upon the happening of an Event of Default to require the District and its directors, officers and employees to account as the trustee of an express trust.

Notwithstanding anything contained herein, the USDFA shall have no security interest in or mortgage on the 2021A Project, the Wastewater System or other assets of the District and no default hereunder shall result in the loss of the 2021A Project, the Wastewater System or other assets of the District.

Section 8.04. Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the Series 2021A Installment Payments to the USDFA at the respective due dates or upon prepayment from the Net Revenues, the Revenue Fund and the other funds herein pledged for such payment, or shall affect or impair the right of the USDFA, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the USDFA shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the USDFA to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy that is conferred upon the USDFA by the Law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the USDFA.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the USDFA, the District and the USDFA shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 8.05. Remedies Not Exclusive. No remedy that is conferred upon or reserved to the USDFA herein is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

ARTICLE IX

DISCHARGE OF OBLIGATIONS

Section 9.01. Discharge of Obligations. When:

(a) all or any portion of the Series 2021A Installment Payments shall have become due and payable in accordance herewith or a written notice of the District to prepay all or any portion of the Series 2021A Installment Payments shall have been filed with the Trustee; and

(b) there shall have been deposited with the Trustee at or prior to the Series 2021A Installment Payment Date or dates specified for prepayment, in trust for the benefit of the USDFA or its assigns and irrevocably appropriated and set aside to the payment of all or any portion of the Series 2021A Installment Payments, sufficient moneys or sufficient moneys and non-callable Permitted Investments that are described in clause (A) and/or (B) of the definition thereof, the principal of and interest on which Permitted Investments when due will provide money that is sufficient in the opinion of an Independent Certified Public Accountant to pay all principal, prepayment premium, if any, and interest of such Series 2021A Installment Payments to their respective Series 2021A Installment Payment Dates, as the case may be; and

(c) provision shall have been made for paying all fees and expenses of the Trustee, then and in that event, the right, title and interest of the USDFA herein and the obligations of the District hereunder shall, with respect to all or such portion of the Series 2021A Installment Payments as have been so provided for, thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Trustee and the obligation of the District to have such moneys and such Permitted Investments applied to the payment of such Series 2021A Installment Payments).

In such event, upon request of the District, the Trustee shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and shall execute and deliver to the District all such instruments as may be necessary or desirable to evidence such total or partial discharge and satisfaction, as the case may be, and, in the event of a total discharge and satisfaction, the Trustee shall pay over to the District, after payment of all amounts due the Trustee pursuant to the Indenture, as an overpayment of Series 2021A Installment Payments, all such moneys or such Permitted Investments held by it pursuant hereto, other than such moneys and such Permitted Investments as are required for the payment or prepayment of the Series 2021A Installment Payments, which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the payment of the Series 2021A Installment Payments and shall be applied by the Trustee to the payment of the Series 2021A Installment Payments of the District.

ARTICLE X

MISCELLANEOUS

Section 10.01. Liability Limited. Notwithstanding anything contained herein, the District shall not be required to advance any moneys derived from any source of income other than the Gross Revenues, the Revenue Fund and the other funds provided herein for the payment of amounts due hereunder or for the performance of any agreements or covenants that are required to be performed by it contained herein. The District may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

The obligation of the District to make the Series 2021A Installment Payments is a special obligation of the District payable from the Net Revenues and does not constitute a debt of the District or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Section 10.02. Benefits of Installment Purchase Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the District or the USDFA any right, remedy or claim under or pursuant hereto, and any agreement or covenant that is required herein to be performed by or on behalf of the District or the USDFA shall be for the sole and exclusive benefit of the other party.

Section 10.03. Successor Is Deemed Included in all References to Predecessor. Whenever either the District or the USDFA is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the District or the USDFA, and all agreements and covenants which are required hereby to be performed by or on behalf of the District or the USDFA shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 10.04. Waiver of Personal Liability. No director, officer or employee of the District shall be individually or personally liable for the payment of the Series 2021A Installment Payments, but nothing contained herein shall relieve any director, officer or employee of the District from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 10.05. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof and the words "hereby," "herein," "hereof," "hereto," "herewith" and other words of similar import refer to this Installment Purchase Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 10.06. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the District or the USDFA shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The District and the USDFA hereby declare that they would have executed this Installment Purchase Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 10.07. Assignment. This Installment Purchase Agreement and any rights hereunder may be assigned by the USDFA, as a whole or in part, without the necessity of obtaining the prior consent of the District. In addition to the rights and remedies assigned by the USDFA to the Trustee, to the extent that the Indenture and this Installment Purchase Agreement confer upon or give or grant to the Trustee any right, remedy or claim under or by reason of the Indenture or this Installment Purchase Agreement, the Trustee is hereby explicitly recognized as being a third party beneficiary hereunder and may enforce any such right, remedy or claim conferred given or granted.

Section 10.08. Net Contract. This Installment Purchase Agreement shall be deemed and construed to be a net contract, and the District shall pay absolutely net during the term hereof the Series 2021A Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

Section 10.09. California Law. THIS INSTALLMENT PURCHASE AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 10.10. Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the District: Union Sanitary District
 5072 Benson Road
 Union City, California 94587
 Attention: General Manager

If to the USDFA: Union Sanitary District Financing Authority
 c/o Union Sanitary District
 5072 Benson Road
 Union City, California 94587
 Attention: Executive Director

If to the Trustee: U.S. Bank National Association
One California Street, Suite 1000
San Francisco, California 94111
Attn: Global Corporate Trust
Reference: Union Sanitary District, Series 2021A

Section 10.11. Effective Date. This Installment Purchase Agreement shall become effective upon its execution and delivery, and shall terminate when the Purchase Price shall have been fully paid (or provision for the payment thereof shall have been made to the written satisfaction of the USDFA).

Section 10.12. Execution in Counterparts. This Installment Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 10.13. Indemnification of USDFA. The District hereby agrees to indemnify and hold harmless the USDFA and its assigns and its officers and directors if and to the extent permitted by law, from and against all claims, advances, damages and losses, including legal fees and expenses, arising out of or in connection with the acceptance or the performance of its duties hereunder and under the Indenture; provided that no indemnification will be made for willful misconduct, negligence or breach of an obligation hereunder or under the Indenture by the USDFA.

Section 10.14. Amendments Permitted.

(a) This Installment Purchase Agreement and the rights and obligations of the USDFA and the District and of the Owners of the 2021A Bonds and of the Trustee may be modified or amended at any time by an amendment hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the 2021A Bonds then Outstanding, exclusive of 2021A Bonds disqualified as provided in Section 11.09 of the Indenture, has been filed with the Trustee. No such modification or amendment may: (1) extend the fixed maturity of any 2021A Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the rate of interest or the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each 2021A Bond so affected; or (2) reduce the aforesaid percentage of 2021A Bonds the consent of the Owners of which is required to affect any such modification or amendment, or permit the creation of any lien on the Gross Revenues and other assets pledged under this Installment Purchase Agreement prior to or on a parity with the lien created by this Installment Purchase Agreement except as permitted herein, or deprive the Owners of the 2021A Bonds of the lien created by the Indenture on such Gross Revenues and other assets except as permitted herein, without the consent of the Owners of all of the 2021A Bonds then Outstanding.

(b) This Installment Purchase Agreement and the rights and obligations of the USDFA and the District and of the Owners of the 2021A Bonds may also be modified or

amended at any time by an amendment hereto which shall become binding upon adoption, without the consent of the Owners of any 2021A Bonds, but only to the extent permitted by law and only for any one or more of the following purposes: (1) to add to the covenants and agreements of the District contained in this Installment Purchase Agreement other covenants and agreements thereafter to be observed, to pledge or assign additional security for the 2021A Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the District; (2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Installment Purchase Agreement, or in regard to matters or questions arising under this Installment Purchase Agreement, as the District may deem necessary or desirable; and (3) to modify, amend or supplement this Installment Purchase Agreement in such manner as to cause interest on the 2021A Bonds to remain excludable from gross income under the Code. No amendment without consent of the Owners may modify any of the rights or obligations of the Trustee without the written consent thereto.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have executed and attested this Installment Purchase Agreement by their officers thereunto duly authorized as of the day and year first written above.

UNION SANITARY DISTRICT

By: _____
President of the Board of Directors

ATTEST:

Board Clerk

UNION SANITARY DISTRICT FINANCING AUTHORITY

By: _____
Chair of the Board of Directors

ATTEST:

Secretary of the Board of Directors

EXHIBIT A

DESCRIPTION OF THE 2021A PROJECT

<i>Component</i>	<i>Estimated Capital Cost</i>
ETSU Phase 1A	\$
Site Drainage Improvements	
WAS Thickeners	
Newark/Irvington PS Improvements	
Plant 12kv Switchgear	
TOTAL	\$

EXHIBIT B

PURCHASE PRICE

1. The principal amount of payments to be made by the District hereunder is \$_____.

2. The Series 2021A Installment Payments of principal and interest are payable in the amounts and on the Series 2021A Installment Payment Dates as follows:

<i>Installment Payment Dates</i>	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest</i>	<i>Total</i>
2/28/2022			
8/31/2022			
2/28/2023			
8/31/2023			
2/29/2024			
8/31/2024			
2/28/2025			
8/31/2025			
2/28/2026			
8/31/2026			
2/28/2027			
8/31/2027			
2/29/2028			
8/31/2028			
2/28/2029			
8/31/2029			
2/28/2030			
8/31/2030			
2/28/2031			
8/31/2031			
2/29/2032			
8/31/2032			
2/28/2033			
8/31/2033			
2/28/2034			
8/31/2034			
2/28/2035			
8/31/2035			
2/29/2036			
8/31/2036			
2/28/2037			
8/31/2037			

<i>Installment Payment Dates</i>	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest</i>	<i>Total</i>
2/28/2038			
8/31/2038			
2/28/2039			
8/31/2039			
2/29/2040			
8/31/2040			
2/28/2041			
8/31/2041			
2/28/2042			
8/31/2042			
2/28/2043			
8/31/2043			
2/29/2044			
8/31/2044			
2/28/2045			
8/31/2045			
2/28/2046			
8/31/2046			
2/28/2047			
8/31/2047			
2/29/2048			
8/31/2048			
2/28/2049			
8/31/2049			
2/28/2050			
8/31/2050			
2/28/2051			
8/31/2051			
Total	\$	\$	\$

EXHIBIT C

FORM OF SUBSTITUTION STATEMENT

Union Sanitary District Financing Authority
5072 Benson Road
Union City, California 94587
Attention: Chair

One California Street, Suite 1000
San Francisco, California 94111
Attn: Global Corporate Trust
Reference: Union Sanitary District, Series 2021A

The undersigned General Manager of the Union Sanitary District (the “District”) hereby states pursuant to Section 3.02 of the Installment Purchase Agreement, dated as of July 1, 2021, by and between Union Sanitary District Financing Authority and the District (the “Installment Purchase Agreement”) that each component of the 2021A Project (as such term is defined in the Installment Purchase Agreement) described in the first column of Exhibit A attached hereto, with an estimated cost set forth in the second column of Exhibit A, will be replaced by the corresponding improvement described in the third column of Exhibit A with an estimated cost set forth in the fourth column of Exhibit A.

Dated: _____, 20__

Paul R. Eldredge, P.E., General Manager

EXHIBIT A

<i>Components of 2021A Project to be Replaced</i>	<i>Cost of Each Components of 2021A Project to be Replaced</i>	<i>Improvements to be Substituted</i>	<i>Cost of Each Improvement to be Substituted</i>
---	--	---	---

EXHIBIT D

FORM OF REQUISITION FROM ACQUISITION FUND

\$ _____

UNION SANITARY DISTRICT FINANCING AUTHORITY
REVENUE BONDS, SERIES 2021A

REQUISITION NO. _ FOR
DISBURSEMENT FROM ACQUISITION FUND

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting General Manager of the Union Sanitary District, a sanitary district that is organized and existing under the Constitution and laws of the State of California (the "District"), and as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that, pursuant to Section 3.05 of that certain Installment Purchase Agreement, dated as of July 1, 2021 (the "Installment Purchase Agreement"), by and between the Union Sanitary District Financing Authority and the District, the undersigned hereby requests the Treasurer to disburse this date the following amounts from the Acquisition Fund established under the Installment Purchase Agreement relating to the above-captioned obligations, to the payees designated on the attached Exhibit A;

(iii) that each obligation mentioned herein has been incurred by the District and is a proper charge against the Acquisition Fund;

(iv) that any approval required under the California Environmental Quality Act, as amended (Division 13 of the California Public Resources Code), prior to the expenditure of such amount for the purpose set forth on the attached Exhibit A has been received and is final; and

(v) that there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the payees named on the attached Exhibit A, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Dated: _____, 20__

UNION SANITARY DISTRICT

By: _____
Paul R. Eldredge, P.E., General Manager

EXHIBIT A

ACQUISITION FUND DISBURSEMENTS

<i>Item Number</i>	<i>Payee Name and Address</i>	<i>Purpose of Obligation</i>	<i>Amount</i>
-------------------------------	--	-------------------------------------	----------------------

CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (the “Disclosure Certificate”) is executed and delivered by the UNION SANITARY DISTRICT (the “District”) in connection with the issuance by the Union Sanitary District Financing Authority (the “USDFA”) of its \$_____ Union Sanitary District Financing Authority Revenue Bonds, Series 2021A (the “Bonds”). The Bonds are being issued pursuant to an indenture of trust, dated as of July 1, 2021, by and between the USDFA and U.S. Bank National Association, as trustee (the “Indenture”), and a resolution adopted by the Board Directors of the USDFA on July 26, 2021. The District covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth above and, in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means March 31 after the end of the District’s fiscal year.

“*Dissemination Agent*” shall mean, initially, the District or any successor Dissemination Agent designed in writing by the District and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

“*Fiscal Year*” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the District as its official fiscal year period under a Certificate of the District filed with the Trustee.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the District in connection with the issuance of the Bonds.

“*Participating Underwriter*” means the original underwriter of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

“*Significant Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2022, with the report for fiscal year 2020-21 provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(b). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District in a timely manner shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(I) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) The District's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for Annual Reports provided for in Section 3 above, financial information

and operating data with respect to the District for preceding fiscal year, substantially similar to that provided in the Official Statement, as follows:

- (i) Revenues by User Category;
- (ii) Ten Largest Rate Payers; and
- (iii) Historical Debt Service Coverage.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Significant Events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the District or other obligated person;

(xiii) The consummation of a merger, consolidation, or acquisition involving the District or an obligated person, or the sale of all or substantially all of the assets of the District or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) The incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect security holders, if material; or

(xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Significant Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The District acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a)(xv) of this Section 5 contain the qualifier “if material.” The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the District determines the event’s occurrence is material for purposes of U.S. federal securities law. The District intends that the words used in paragraphs (xv) and (xvi) and the definition of “financial obligation” to have the meanings ascribed thereto in SEC Release No. 34-83885 (November 8, 2018) and/or any further guidance or releases provided by the SEC.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the

District shall give notice of such termination in the same manner as for a Significant Event under Section 5(b).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the District.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

The Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations hereunder.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or

including any other information in any Annual Report or notice of occurrence of a Significant Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Significant Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) When the District is not the Dissemination Agent, Article VIII of the Indenture is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the District hereunder and shall not be deemed to be acting in any fiduciary capacity for the District, the Bond holders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the owners and Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

Date: August 12, 2021

UNION SANITARY DISTRICT, as
Dissemination Agent

By _____
Authorized Officer

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Union Sanitary District Financing Authority

Name of Obligor: Union Sanitary District

Name of Issue: Union Sanitary District Financing Authority Revenue Bonds, Series 2021A

Date of Issuance: August 12, 2021

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate, dated August 12, 2021, furnished by the Obligor in connection with the Issue. The Obligor anticipates that the Annual Report will be filed by _____.

Dated: _____

UNION SANITARY DISTRICT

By _____
Authorized Officer

cc: Trustee

\$ _____
UNION SANITARY DISTRICT FINANCING AUTHORITY
REVENUE BONDS, SERIES 2021A

BOND PURCHASE AGREEMENT

_____, 2021

Union Sanitary District Financing Authority
5072 Benson Road
Union City, California 94587

Union Sanitary District
5072 Benson Road
Union City, California 94587

Ladies and Gentlemen:

RBC Capital Markets, LLC (the “**Underwriter**”) hereby offers to enter into this Bond Purchase Agreement (the “**Purchase Agreement**”) with you, the Union Sanitary District Financing Authority (the “**USDFA**”) and the Union Sanitary District (the “**District**”), for the purchase by the Underwriter and the delivery by the USDFA of the above-referenced Bonds (the “**Bonds**”). The proceeds of the Bonds will be used to: (i) finance improvements to the wastewater system (the “**Wastewater System**”) owned and operated by the District and (ii) pay the costs of issuing the Bonds. This offer is subject to your acceptance prior to 11:59 p.m., California time, on the date hereof and if not so accepted will be subject to withdrawal by the Underwriter upon written notice delivered to the USDFA and the District at any time prior to the acceptance thereof by the USDFA and the District. Upon such acceptance, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon you and the Underwriter. All terms not defined herein shall have the meanings set forth in the Indenture and the Installment Purchase Agreement (each defined below).

The USDFA and the District acknowledge and agree that: (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm’s-length commercial transaction among the District, the USDFA and the Underwriter in which the Underwriter is acting solely as a principal and not as an agent of the USDFA or the District and the Underwriter is not acting as a municipal advisor, financial advisor or fiduciary to the USDFA or the District; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the USDFA or the District with respect to the transaction contemplated by this Purchase Agreement and the discussions, undertakings or procedures leading thereto (irrespective of whether the Underwriter, or any affiliate of the Underwriter has provided other services or is currently providing other services to the USDFA or the District on other matters); (iii) the only obligations the Underwriter has to the USDFA and the

District with respect to the transaction contemplated by this Purchase Agreement are expressly set forth in this Purchase Agreement; and (iv) the USDFA and the District have consulted their own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent the USDFA and the District have deemed appropriate. The USDFA acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the Municipal Securities Rulemaking Board (the “MSRB”).

1. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriter hereby agrees to purchase from the USDFA for offering to the public, and the USDFA hereby agrees to sell and deliver to the Underwriter, all (but not less than all) of the \$_____ aggregate principal amount of the Union Sanitary District Financing Authority Revenue Bonds, Series 2021A to be dated the Closing Date, at a price of \$_____, being the principal amount of the Bonds, plus an original issue premium of \$_____, less an Underwriter’s discount of \$_____.

The Bonds shall mature in the amounts and on the dates, and bear interest at the rates, set forth in Exhibit A hereto. The Bonds shall be as described in and shall be secured under and pursuant to an Indenture of Trust, dated as of July 1, 2021 (the “**Indenture**”), by and between the USDFA and U.S. Bank National Association, as trustee (the “**Trustee**”), substantially in the form previously submitted to the Underwriter with only such changes therein as shall be mutually agreed upon by the USDFA, the District, the Trustee and the Underwriter.

The obligation of the USDFA to pay the principal of and interest on the Bonds is a special obligation of the USDFA, payable solely from USDFA Revenues (as defined in the Indenture), and certain other amounts held under the Indenture. USDFA Revenues consist primarily of Installment Payments made by the District to the USDFA pursuant to the Installment Purchase Agreement (as defined below). The principal of and interest on the Bonds are not required to be paid from any other funds of the USDFA, including any proceeds of any taxes, and does not constitute a debt or pledge of the faith and credit of the USDFA or the State of California (the “**State**”) or any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

The obligation of the District to make Installment Payments under the Installment Purchase Agreement is a special obligation of the District payable solely from and secured by a pledge of Gross Revenues of the Wastewater System on a parity with the District’s obligation to pay installment payments that secure the USDFA’s Revenue Bonds, Series 2020A (the “**2020 Bonds**”).

The USDFA and the District hereby ratify the use by the Underwriter of the Preliminary Official Statement, dated _____, 2021 relating to the Bonds (together with the cover page and all appendices thereto, and any supplements thereof, the “**Preliminary Official Statement**”), and authorizes the Underwriter to use and distribute the Preliminary Official Statement, the Official Statement (as defined below), the Indenture, the Installment Purchase Agreement, dated as of July 1, 2021, between the USDFA and the District (the “**Installment Purchase Agreement**”), the

Continuing Disclosure Certificate as required by Securities and Exchange Commission Rule 15c2-12 (“**Rule 15c2-12**”), and substantially in the form attached as an appendix to the Official Statement, dated _____, 2021 (the “**Continuing Disclosure Certificate**”), executed by the District and this Purchase Agreement, and all information contained therein, and all other documents, certificates and statements furnished by the USDFA and the District to the Underwriter in connection with the offer and sale of the Bonds by the Underwriter. The USDFA and the District have heretofore “deemed final” the Preliminary Official Statement within the meaning of Rule 15c2-12.

The District will undertake pursuant to the Continuing Disclosure Certificate to provide certain annual financial and operating information and notices of the occurrence of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement. This undertaking will be entered into in order to assist the Underwriter in complying with the Rule.

2. The Underwriter agrees to offer all the Bonds to the public initially at the prices (or yields) set forth on the inside cover page of the Official Statement of the USDFA pertaining to the Bonds, dated _____, 2021 (together with all appendices thereto, and with such changes therein and supplements thereto and as are consented to in writing by the Underwriter, and with the Preliminary Official Statement, are herein called the “**Official Statement**”). Subsequent to the initial public offering of the Bonds, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds subject to Section 5 hereof. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices. “Public Offering” shall include an offering to a representative number of institutional investors or registered investment companies, regardless of the number of such investors to which the Bonds are sold. The Underwriter agrees that prior to the time the final Official Statement relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail or electronic distribution (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

3. The USDFA shall also deliver a sufficient number of copies of the Official Statement to enable the Underwriter to distribute a single copy of each Official Statement to any potential customer of the Underwriter requesting an Official Statement during the time period beginning when the Official Statement becomes available and ending on the End Date (defined below). The USDFA shall deliver these copies to the Underwriter no later than the earlier of (i) seven (7) business days after the execution of this Purchase Agreement or (ii) one (1) business day prior to the Closing Date in order to permit the Underwriter to comply with Rule 15c2-12, and the applicable rules of the MSRB, with respect to distribution of the Official Statement. The USDFA and the District shall prepare the Official Statement, including any amendments thereto, in word-searchable PDF format as described in the MSRB’s Rule G-32 and shall provide the electronic copy of the word-searchable PDF format of the Official Statement to the Underwriter no later than one (1) business day prior to the Closing Date to enable the Underwriter to comply with MSRB

Rule G-32. The Underwriter shall inform the District in writing of the End Date, and covenants to file the Official Statement with the MSRB on a timely basis.

The Official Statement, as of its date, as of the Closing Date (as defined herein) and as of the date of any update, amendment or supplement thereto as required hereby subsequent to the Closing, up to and including the date which is twenty-five (25) days following the end (the “**End Date**”) of the Underwriting Period (as hereinafter defined), will be correct and complete in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

If, after the date of this Purchase Agreement and until the earlier of (i) ninety (90) days after the end of the “underwriting period” (as defined in Rule 15c2-12) (the “**Underwriting Period**”), or (ii) twenty-five (25) days following the end of the Underwriting Period if the Official Statement is available to any person from the MSRB as contemplated by Rule 15c2-12(b)(4), any event shall occur or circumstance shall exist of which the USDFA or the District have knowledge that would cause the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the USDFA or the District, as the case may be, shall notify the Underwriter (and for the purpose of this Section provide the Underwriter with such information as it may from time to time reasonably request), and, if in the opinion of the District, the USDFA or the Underwriter such event or circumstance requires the preparation and publication of a supplement or amendment to the Official Statement, the USDFA and the District will, at their expense, supplement or amend the Official Statement in a form and manner jointly approved by the District, the USDFA and the Underwriter and furnish to the Underwriter a reasonable number of copies of such supplement or amendment provided that the Underwriter agrees that it will promptly notify the USDFA and the District of the end of the Underwriting Period.

4. At 8:30 a.m., Pacific Time, on _____, 2021, or at such other time or date as shall be agreed upon by the Underwriter, USDFA and the District (such time and date being herein referred to as the “**Closing Date**”), the USDFA will deliver to the Underwriter, the Bonds, in book-entry form, through the facilities of The Depository Trust Company or its agent (all Bonds having had the CUSIP numbers assigned to them thereon), duly executed by an authorized officer of the USDFA as provided in the Indenture, and the other documents herein mentioned at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California (“**Bond Counsel**”) or another place to be mutually agreed to by the District and the Underwriter and the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 in immediately available funds (such delivery and payment being herein referred to as the “**Closing**”).

Upon initial issuance, the ownership of such Bonds shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as the nominee of The Depository Trust Company.

It is anticipated that CUSIP numbers will be printed on the Bonds, but neither the failure to provide such numbers nor any error with respect thereto shall constitute a cause for failure or refusal by the Underwriter to accept delivery of the Bonds in accordance with the terms of this Purchase Agreement.

5. A. The Underwriter agrees to assist the USDFA in establishing the issue price of the Bonds and shall execute and deliver to the USDFA at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the USDFA and Bond Counsel (as defined herein), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

B. Except as otherwise set forth in Exhibit A attached hereto, the USDFA will treat the first price at which 10% of each maturity of the Bonds (the “**10% test**”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the USDFA the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the USDFA the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) the Underwriter has sold all Bonds of that maturity or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the Underwriter’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the USDFA or Bond Counsel. For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

C. The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “**initial offering price**”), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the Underwriter represents that (i) the 10% test has been satisfied (assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement) and (ii) the 10% test has not been satisfied and for which the USDFA and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the USDFA to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “**hold-the-offering-price rule**”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- a. the close of the fifth (5th) business day after the sale date; or

b. the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the USDFA promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

D. The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be reasonable periodic intervals or otherwise upon request of the Underwriter and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

E. The USDFA acknowledges that, in making the representation set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The USDFA further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

F. The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

a. “public” means any person other than an underwriter or a related party;

b. “underwriter” means (A) any person that agrees pursuant to a written contract with the USDFA (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);

c. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

d. “sale date” means the date of execution of this Purchase Agreement by all parties.

6. The Underwriter represents to and agrees with the USDFA and the District that, as of the date hereof and as of the Closing Date:

(a) The Underwriter is duly authorized to execute this Purchase Agreement and to take any action under this Purchase Agreement required to be taken by it;

(b) The Underwriter is in compliance with MSRB Rule G-37 with respect to the USDFA and the District, and is not prohibited thereby from acting as the underwriter with respect to securities of the USDFA and the District;

(c) The Underwriter has, and has had, no financial advisory relationship, as that term is defined in California Government Code Section 53590 (c) or MSRB Rule G-32, with the District with respect to the Bonds, and no investment firm controlling, controlled by or under common control with such Underwriter have or has had any such financial advisory relationship; and

(d) The Underwriter has reasonably determined that the undertaking to provide continuing disclosure with respect to the Bonds pursuant to the Continuing Disclosure Certificate is sufficient to effect compliance with Rule 15c2-12.

7. The USDFA represents, warrants and covenants to the Underwriter that:

(a) The USDFA is a joint exercise of powers authority duly organized and validly existing pursuant to the laws of the State of California and has all necessary power and authority to enter into and perform its duties under the Indenture, the Installment Purchase Agreement and this Purchase Agreement (collectively, the “**USDFA Documents**”) and, when executed and delivered by the respective parties thereto, the USDFA Documents will constitute the legal, valid and binding obligations of the USDFA in accordance with their respective terms.

(b) Neither the execution and delivery of the USDFA Documents, or the approval and execution of the Official Statement, and compliance with the provisions on the USDFA’s part contained therein, nor the consummation of any other of the transactions herein and therein contemplated, nor the fulfillment of the terms hereof and thereof, conflicts with or constitutes a breach of or default under nor contravenes any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the USDFA is a party or is otherwise subject in any material respect, nor does any such execution, delivery, adoption or compliance result in the security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the USDFA under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the USDFA Documents.

(c) Except as may be required under blue sky or other securities laws of any state, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the USDFA required for the execution and delivery of the Bonds or the consummation by the USDFA of the other transactions contemplated by the Official Statement and this Purchase Agreement.

(d) To the best of the knowledge of the USDFA, there is, and on the Closing there will be, no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the USDFA to restrain or enjoin the delivery of any of the Bonds, or the payments to be made pursuant to the Indenture, or in any way contesting or affecting the validity of the USDFA Documents or of the USDFA to enter into the USDFA Documents or contesting the powers of the USDFA to perform its obligations under any of the foregoing or in any way contesting the powers of the USDFA in connection with any action contemplated by this Purchase Agreement, or in any way questioning or challenging the tax status of the Bonds.

(e) As of the date thereof and at all times subsequent thereto up to and including the End Date, the information relating to the USDFA contained in the Official Statement will be complete and will not contain any untrue or misleading statement of a material fact or omit to state any material fact (unless an event occurs of the nature described in Section 7(j) below) necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of its date and as of the date hereof, the information relating to the USDFA and the Bonds contained in the Official Statement is true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) The USDFA agrees to cooperate with the Underwriter in endeavoring to qualify the Bonds for offering and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the USDFA will not be required to execute a special or general consent to service of process in any jurisdiction in which it is not now so subject or to qualify to do business as a foreign agency in any jurisdiction where it is not so qualified.

(g) By official action of the USDFA prior to or concurrently with the execution hereof, the USDFA has duly approved the distribution of the Official Statement (excepting the information under the captions "THE DISTRICT," "WASTEWATER SYSTEM," "DISTRICT FINANCIAL INFORMATION," "RISK FACTORS RELATING TO THE BONDS," "INVESTMENT OF DISTRICT FUNDS" and "CONTINUING DISCLOSURE" and in Appendices B, D, G and H thereto), and has duly authorized and approved the execution and delivery of, and the performance by the USDFA of the obligations on its part contained in the USDFA Documents and the consummation by it of all other transactions contemplated by the Official Statement and this Purchase Agreement.

(h) The USDFA is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable

judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the USDFA is a party or is otherwise subject in any material respect, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument.

(i) The USDFA is not in default, nor has been in default at any time, as to the payment of principal or interest with respect to an obligation issued by the USDFA or successor of the USDFA or with respect to an obligation guaranteed by the USDFA as guarantor or successor of a guarantor.

(j) If between the date of this Purchase Agreement and the End Date an event occurs, of which the USDFA has knowledge, which might or would cause the information relating to the USDFA or the USDFA's functions, duties and responsibilities contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the USDFA will notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the USDFA will cooperate with the Underwriter in the preparation of an amendment or supplement to the Official Statement in a form and in a manner approved by the Underwriter, provided all expenses thereby incurred will be paid for by the District.

(k) If the information relating to the USDFA, its functions, duties and responsibilities contained in the Official Statement is amended or supplemented pursuant to the immediately preceding subsection, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subsection) at all times subsequent thereto up to and including the date of the Closing, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading.

(l) No consent, approval, authorization or other action by a governmental or regulatory authority that has not been obtained is or will be required of the USDFA for the delivery and sale of the Bonds or the consummation of the other transactions contemplated by this Purchase Agreement and the Official Statement, except as may be required under the state securities or blue sky laws in connection with the sale of the Bonds by the Underwriter.

(m) The USDFA will deliver all opinions, Bonds, letters and other instruments and documents reasonably required to be delivered by the USDFA by the Underwriter and this Purchase Agreement.

(n) Any certificate of the USDFA delivered to the Underwriter shall be deemed a representation and warranty by the USDFA to the Underwriter as to the statements made therein.

(o) Other than as described in the Official Statement, as of the time of acceptance hereof and as of the Closing, the USDFA does not and will not have outstanding any indebtedness which is secured by a lien on the USDFA Revenues superior to or on a parity with the lien of the Bonds thereon.

(p) Between the date of this Purchase Agreement and the date of Closing, the USDFA will not, without the prior written consent of the Underwriter, except as disclosed in the Official Statement, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent.

(q) The USDFA is not presently and as a result of the execution of the USDFA Documents and the sale of the Bonds will not be in violation of any debt limitation, appropriation limitation or any other provision of the California Constitution or statutes or any additional debt or similar provision of any bond, note, contract or other evidence of indebtedness to which the USDFA is a party or to which the USDFA is bound.

(r) The USDFA will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner other than as provided in the USDFA Documents, unless otherwise required by law.

8. The District represents, warrants and covenants to the Underwriter that:

(a) The District is a sanitary district duly organized under the laws of the State of California, and has all necessary power and authority to enter into and perform its duties under the Installment Purchase Agreement, the Continuing Disclosure Certificate, and this Purchase Agreement (collectively, the “**District Documents**”) and, when executed and delivered by the respective parties thereto, the District Documents will constitute the legal, valid and binding obligations of the District in accordance with their respective terms.

(b) Neither the execution and delivery of the District Documents, or the approval and execution of the Official Statement, and compliance with the provisions on the District’s part contained therein, nor the consummation of any other of the transactions herein and therein contemplated, nor the fulfillment of the terms hereof and thereof, conflicts with or constitutes a breach of or default under nor contravenes any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject in any material respect, nor does any such execution, delivery, adoption or compliance result in the security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the District under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the District Documents.

(c) Except as may be required under blue sky or other securities laws of any state, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the District required for the execution and

delivery of the Bonds or the consummation by the District of the other transactions contemplated by the Official Statement and this Purchase Agreement.

(d) To the best of the knowledge of the District, there is, and on the Closing there will be, no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the District to restrain or enjoin the delivery of any of the Bonds, or the payments to be made pursuant to the Installment Purchase Agreement and Indenture, or in any way contesting or affecting the validity of the District Documents or of the District to approve or enter into the District Documents, or in any way questioning or challenging the tax status of the Bonds.

(e) As of the date thereof and at all times subsequent thereto up to and including the End Date, the information relating to the District, the Installment Purchase Agreement and the Wastewater System contained in the Official Statement will be complete and will not contain any untrue or misleading statement of a material fact or omit to state any material fact (unless an event occurs of the nature described in Section 8(j) below) necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of its date and as of the date hereof, the information relating to the District, the Installment Purchase Agreement and the Wastewater System contained in the Official Statement is true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) The District agrees to cooperate with the Underwriter in endeavoring to qualify the Bonds for offering and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the District will not be required to execute a special or general consent to service of process in any jurisdiction in which it is not now so subject or to qualify to do business as a foreign agency in any jurisdiction where it is not so qualified.

(g) By official action of the District prior to or concurrently with the execution hereof, the District has duly approved the distribution of the information in the Official Statement under the captions "THE DISTRICT," "WASTEWATER SYSTEM," "DISTRICT FINANCIAL INFORMATION," "RISK FACTORS RELATING TO THE BONDS," "INVESTMENT OF DISTRICT FUNDS" and "CONTINUING DISCLOSURE" and in Appendices B, D, G and H thereto, and has duly authorized and approved the execution and delivery of, and the performance by the District of the obligations on its part contained in the District Documents and the consummation by it of all other transactions contemplated by the Official Statement and this Purchase Agreement.

(h) The District is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject in any material respect,

and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument.

(i) The District is not in default, nor has been in default at any time, as to the payment of principal or interest with respect to an obligation issued by the District or successor of the District or with respect to an obligation guaranteed by the District as guarantor or successor of a guarantor.

(j) If between the date of this Purchase Agreement and the End Date an event occurs, of which the District has knowledge, which might or would cause the information relating to the District, the Wastewater System or the District's functions, duties and responsibilities contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the District will notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will cooperate with the Underwriter in the preparation of an amendment or supplement to the Official Statement in a form and in a manner approved by the Underwriter, provided all expenses thereby incurred will be paid for by the District.

(k) If the information relating to the Wastewater System, the District, its functions, duties and responsibilities contained in the Official Statement is amended or supplemented pursuant to the immediately preceding subsection, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subsection) at all times subsequent thereto up to and including the date of the Closing, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading.

(l) The District covenants that it will comply with all tax covenants relating to it in the District Documents and the Tax Certificate of the District.

(m) The written information supplied by the District to the Underwriter with respect to the financial information relating to the Wastewater System is true, correct and complete in all material respects for the purposes for which it was supplied.

(n) No consent, approval, authorization or other action by a governmental or regulatory agency that has not been obtained is or will be required of the District for the delivery and sale of the Bonds or the consummation of the other transactions contemplated by this Purchase Agreement and the Official Statement, except for such licenses, certificates, approvals, variances or permits which may be necessary for the construction or operation of the Wastewater System which the District has applied for (or will apply for in the ordinary course of

business) and expects to receive, and except as may be required under the state securities or blue sky laws in connection with the sale of the Bonds by the Underwriter.

(o) The District will not take or omit to take any action which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to that provided in the Indenture and as described in the Official Statement, unless otherwise required by law.

(p) The District will deliver all opinions, certificates, letters and other instruments and documents reasonably required to be delivered by the District by the Underwriter and this Purchase Agreement.

(q) Any certificate of the District delivered to the Underwriter shall be deemed a representation and warranty by the District to the Underwriter as to the statements made therein.

(r) Other than as described in the Official Statement, as of the time of acceptance hereof and as of the Closing, the District does not and will not have outstanding any indebtedness which is secured by a lien on the Revenues superior to or on a parity with the lien of the Bonds thereon.

(s) Between the date of this Purchase Agreement and the date of Closing, the District will not, without the prior written consent of the Underwriter, except as disclosed in the Official Statement, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent payable from the Net Revenues.

(t) The District is not presently and as a result of the execution of the District Documents and the sale of the Bonds will not be in violation of any debt limitation, appropriation limitation or any other provision of the California Constitution or statutes or any additional debt or similar provision of any bond, note, contract or other evidence of indebtedness to which the District is a party or to which the District is bound.

(u) The District will undertake, pursuant to the Continuing Disclosure Certificate to provide annual reports and notices of certain events in accordance with the requirements of Rule 15c2-12.

9. The Underwriter has entered into this Purchase Agreement in reliance upon the representations, warranties and agreements of the USDFA and the District contained herein, and the opinions of Bond Counsel, Disclosure Counsel, Counsel to the Trustee, counsel to the District and counsel to the USDFA required hereby. The Underwriter's obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(a) At the time of Closing, this Purchase Agreement, the Indenture, the Installment Purchase Agreement, and the Continuing Disclosure Certificate (collectively the "**Legal Documents**"), all as described in the Official Statement, shall be in full force and effect as

valid and binding agreements between or among the various parties thereto, and the Legal Documents and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, and there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby.

(b) At or prior to the Closing, the Underwriter shall receive the following documents, in each case satisfactory in form and substance to them:

(1) The unqualified approving opinion of Bond Counsel, dated the date of Closing, addressed to the USDFA, the District and the Underwriter (or a reliance letter to the Underwriter), in substantially the form attached as Appendix E to the Official Statement.

(2) A supplemental opinion of Bond Counsel, dated as of the date of Closing and addressed to the Underwriter, in the form attached hereto as Exhibit C.

(3) The negative assurance letter of Quint & Thimmig LLP, Disclosure Counsel, dated the Closing Date and addressed to the Underwriter, to the effect that, based upon the information made available to them in the course of their participation in the preparation of the Preliminary Official Statement and Official Statement and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the statements in the Official Statement, and having made no independent investigation or verification thereof, no facts have come to their attention that lead them to believe that the Preliminary Official Statement as of its date and as of the date of this Purchase Agreement, and the Official Statement as of its date or as of the Closing Date (except for any CUSIP numbers, financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, the information under the captions "LITIGATION," "RATINGS" and "UNDERWRITING" and in the appendices thereto (excluding Appendix C - "FORM OF THE CONTINUING DISCLOSURE CERTIFICATE,"), information with respect to the USDFA, any information about DTC and its book-entry only system, as to which no opinion or view need be expressed) contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(4) An opinion of counsel to the District, dated as of the date of Closing and addressed to the Underwriter, the District and the Trustee in the form attached hereto as Exhibit D.

(5) An opinion of counsel to the USDFA, dated as of the date of Closing and addressed to the Underwriter, the District and the Trustee in the form attached hereto as Exhibit E.

(6) The opinion of counsel to the Trustee, dated the date of Closing in form and substance satisfactory to the Underwriter and Bond Counsel, and addressed to the USDFA, the District and the Underwriter, to the effect that:

(i) the Trustee is a national banking association duly organized and validly existing under the laws of the United States;

(ii) the Trustee has duly authorized the execution and delivery of the Indenture;

(iii) the Indenture has been duly entered into and delivered by the Trustee and assuming due, valid and binding authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Trustee enforceable against the Trustee in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally, or by general principles of equity;

(iv) the Trustee has duly authenticated and delivered the Bonds in its capacity as trustee under the Indenture;

(v) acceptance by the Trustee of the duties and obligations under the Indenture and compliance with provisions thereof will not conflict with or constitute a breach of or default under any law or administrative regulation to which the Trustee is subject; and

(vi) all approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the performance by the Trustee of its duties and obligations under the Indenture have been obtained and are in full force and effect.

(7) An opinion, dated the date of the Closing and addressed to the Underwriter, of Kutak Rock LLP, counsel to the Underwriter ("**Underwriter's Counsel**"), in such form as may be acceptable to the Underwriter.

(8) A certificate, dated the date of Closing, signed by a duly authorized official of the USDFA satisfactory in form and substance to the Underwriter and Bond Counsel, (a) confirming as of such date the representations and warranties of the USDFA contained in this Purchase Agreement; (b) certifying that the USDFA has complied with all agreements, covenants and conditions to be complied with by the USDFA at or prior to the Closing under the USDFA Documents; and (c) certifying that to the best of such official's knowledge, no event affecting the USDFA has occurred since the date of the Official Statement which either makes

untrue or incorrect in any material respect as of the Closing the statements or information contained in the Official Statement with respect to the USDFA or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein with respect to the USDFA not misleading in any material respect.

(9) A certificate or certificates, dated the date of Closing, signed by a duly authorized official of the District satisfactory in form and substance to the Underwriter and Bond Counsel, (a) confirming as of such date the representations and warranties of the District contained in this Purchase Agreement; (b) certifying that the District has complied with all agreements, covenants and conditions to be complied with by the District at or prior to the Closing under the District Documents; and (c) certifying that to the best of such official's knowledge, no event affecting the District has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing the statements or information contained in the Official Statement with respect to the Wastewater System or the District or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein with respect to the Wastewater System or the District not misleading in any material respect.

(10) A certificate, dated the date of the Preliminary Official Statement, signed by a duly authorized official of the USDFA deeming the Preliminary Official Statement "final" for purposes of Rule 15c2-12 except for the information with respect to the District.

(11) A certificate, dated the date of the Preliminary Official Statement, signed by a duly authorized official of the District deeming the information contained in the Preliminary Official Statement with respect to the District "final" for purposes of Rule 15c2-12.

(12) An executed or certified copy of each of the Legal Documents.

(13) One counterpart original or copy certified by a duly authorized officer of the District of a complete transcript of all proceedings of the District relating to the approval of the District Documents and the authorization, issuance, sale and delivery of the Bonds, together with a certificate dated as of the date of Closing of a duly authorized officer of the District to the effect that each included resolution is a true, correct and complete copy of the one duly adopted by the Board of Directors of the District and that none have been amended, modified or rescinded since adoption (except as reflected in said transcript or as may have been agreed to in writing by the Underwriter) and is in full force and effect as of the date of Closing.

(14) One counterpart original or copy certified by a duly authorized officer of the USDFA of a complete transcript of all proceedings of the USDFA relating to the approval of the USDFA Documents and the authorization, issuance, sale and delivery of the Bonds, together with a certificate dated as of the date of Closing of a duly authorized officer of the USDFA to the effect that each included resolution is a true, correct and complete copy of the one duly adopted by the Board of Directors of the USDFA and that none have been amended, modified or rescinded since adoption (except as reflected in said transcript or as may have been agreed to in writing by the Underwriter) and is in full force and effect as of the date of Closing.

(15) An executed copy of the Official Statement.

(16) A certified copy of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution and delivery of documents such as the Bonds and the Indenture.

(17) A Tax Certificate of the USDFA and the District in form and substance acceptable to Bond Counsel.

(18) A Certificate of the Trustee, dated the Closing Date to the effect that:

(i) the Trustee is duly organized and existing as a national banking association in good standing under the laws of the United States, having the full power and authority to accept and perform its duties under the Indenture;

(ii) subject to the provisions of the Indenture, the Trustee will apply the proceeds from the Bonds to the purposes specified in the Indenture;

(iii) the Trustee has duly authorized and executed the Indenture; and

(iv) the Trustee has duly authenticated and delivered the Bonds in its capacity as trustee under the Indenture.

(19) A certificate as required by the installment purchase agreement for the installment payments securing the 2020 Bonds regarding the execution and delivery of the Installment Purchase Agreement as a Contract.

(20) Evidence that the Bonds have been given the ratings set forth in the Official Statement and that such ratings continue in effect as of the date of Closing.

(21) Evidence that a federal tax information form 8038-G has been prepared for filing with respect to the Bonds.

(22) A copy of the Notice of Final Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855 of the California Government Code.

(23) Such additional legal opinions, certificates, proceedings, instruments and other documents as Bond Counsel, the Underwriter and Underwriter's Counsel may reasonably request to evidence compliance with legal requirements, the truth and accuracy, as of the time of Closing, of the representations contained herein and in the Official Statement and the due performance or satisfaction by the Trustee and the USDFA at or prior to such time of all agreements then to be performed and all conditions then to be satisfied.

If the conditions to the Underwriter's obligations contained in this Purchase Agreement are not satisfied or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and none of the Underwriter, the District nor the USDFA shall have any further obligation hereunder.

10. The Underwriter may terminate its obligation to purchase the Bonds at any time before the Closing Date if the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds shall be materially adversely affected in the reasonable judgment of the Underwriter by the occurrence of any of the following:

(i) Legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to alter, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds, or the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein; or

(ii) Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Bonds, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect; or

(iii) A general suspension of trading in securities on the New York Stock Exchange or any other national securities exchange, the establishment of minimum or maximum prices on any such national securities exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, or any material increase of restrictions now in force (including, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter); or

(iv) A general banking moratorium shall have been established by federal, New York or California authorities; or

(v) Establishment of any new restrictions in securities materially affecting the free market for securities of the same nature as the Bonds (including the imposition of any limitations on interest rates) or the charge to the net capital requirements of the Underwriter established by the New York Stock Exchange, the Securities and Exchange Commission, any other Federal or state agency or the Congress of the United States, or by Executive Order; or

(vi) Any amendment to the federal or California Constitution or action by any federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the USDFA or the District, its property, income or securities (or interest thereon), or the ability of the District to execute the Installment Purchase Agreement or the USDFA to issue the Bonds and pledge the USDFA Revenues as contemplated by the Indenture and the Official Statement; or

(vii) There shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (2) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis; or

(viii) A material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or

(ix) Any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or the Official Statement, or results in the Preliminary Official Statement or the Official Statement containing any untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or

(x) Any fact or event shall exist or have existed that requires or has required an amendment of or supplement to the Official Statement; or

(xi) The suspension by the SEC of the trading in the outstanding bonds of USDFA or the District; or

(xii) Any rating of the Bonds or other obligations of the USDFA or the District by a national rating agency shall have been withdrawn or downgraded or placed on negative outlook or negative watch.

11. Performance by the USDFA and the District of their respective obligations under this Purchase Agreement is conditioned upon (i) performance by the Underwriter of its obligations hereunder, and (ii) receipt by the Underwriter of all opinions and certificates to be delivered at Closing by persons and entities other than the USDFA or the District.

12. After the Closing and until the End Date (a) neither the USDFA nor the District will adopt any amendment of or supplement to the Official Statement to which the Underwriter shall object in writing, and (b) if any event relating to or affecting the USDFA or the District shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to an initial purchaser of the Bonds, and the USDFA will forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered

to an initial purchaser of the Bonds, not misleading. The costs of preparing any necessary amendment or supplement to the Official Statement to be utilized until the End Date shall be borne by the District. For the purposes of this Section, the USDFA and the District will furnish such information with respect to itself as the Underwriter may from time to time request.

13. (a) The Underwriter shall be under no obligation to pay, and the District or USDFA shall pay or cause to be paid out of the proceeds of the Bonds, all expenses incident to the performance of the USDFA's and District's obligations hereunder, including but not limited to: the cost of photocopying and delivering the Bonds to the Underwriter; the cost of preparing, printing (and/or word processing and reproducing), distributing and delivering the District Documents and the USDFA Documents, and the cost of printing, distributing and delivering the Preliminary Official Statement and the Official Statement in such reasonable quantities as requested by the Underwriter; and the fees and disbursements of Bond Counsel, Disclosure Counsel, the Municipal Advisor, any accountants, financial advisors or other engineers or experts or consultants the USDFA or the District have retained in connection with the Bonds and expenses (included in the expense component of the Underwriter's spread) incurred on behalf of the USDFA or District officers or employees which are incidental to implementing this Purchase Agreement, including, but not limited to, meals, transportation, and lodging of those officers or employees.

(b) Whether or not the Bonds are delivered to the Underwriter as set forth herein, neither the USDFA nor the District shall be under any obligation to pay, and the USDFA and the District shall not pay, any expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds (except those specifically enumerated in subsection (a) of this section), including any advertising expenses and the fees of the California Debt and Investment Advisory Commission, CUSIP Services Bureau charges, the cost of preparation of any "blue sky" or legal investment memoranda, and the fees and disbursements of Underwriter's Counsel.

14. Any notice or other communication to be given to the Underwriter may be given by delivering the same to RBC Capital Markets, LLC, Two Embarcadero Center, Suite 1200, San Francisco, California 94111; Attention: Municipal Finance Department. Any notice or other communication to be given to the USDFA or the District may be given by delivering the same to addresses initially provided herein, Attention: Executive Director with respect to the USDFA and Attention: General Manager with respect to the District. The approval of the Underwriter when required hereunder or the determination of satisfaction as to any document referred to herein shall be in writing signed by the Underwriter and delivered to you.

15. This Purchase Agreement is made solely for the benefit of the USDFA, the District and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof.

16. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which such counterparts shall together constitute but one and the same instrument.

17. The representations and warranties of the USDFA and the District set forth in or made pursuant to this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Purchase Agreement and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and warranties of the USDFA and the District and regardless of delivery of and payment for the Bonds.

18. The primary role of the Underwriter, as underwriter, is to purchase the Bonds for resale to investors in an arms-length commercial transaction among the District, the USDFA and the Underwriter. The Underwriter, as underwriter, has financial and other interests that differ from those of the USDFA and the District.

19. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the USDFA, the District and the Underwriter, and shall be valid and enforceable as of the time of such acceptance.

20. This Purchase Agreement shall be governed by the laws of the State of California. This Purchase Agreement shall not be assigned by either party hereto.

21. This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of Bonds by the USDFA and the District and represents the entire agreement of the parties as to the subject matter herein.

22. Any provision of this Purchase Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Purchase Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

RBC CAPITAL MARKETS, LLC

By: _____
Robert L. Williams, Jr.
Managing Director

The foregoing is hereby agreed to and accepted as of the date first above written:

UNION SANITARY DISTRICT FINANCING AUTHORITY

By: _____
Authorized Officer

Time of Execution: _____ p.m. California time

UNION SANITARY DISTRICT

By: _____
Authorized Officer

Time of Execution: _____ p.m. California time

**[EXECUTION PAGE OF BOND PURCHASE AGREEMENT – UNION SANITARY DISTRICT
FINANCING AUTHORITY REVENUE BONDS, SERIES 2021A]**

EXHIBIT A

\$_____

**UNION SANITARY DISTRICT FINANCING AUTHORITY
REVENUE BONDS, SERIES 2021A**

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Price	10% Test Satisfied*	10% Test Not Satisfied	Subject to Hold-The- Offering- Price Rule (marked if used)
2021							
2022							
2023							
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
2036							
2037							
2038							
2039							
2040							
20__ ^(T)							
20__ ^(T)							

^(T) Term Bond.

^(C) Priced to optional call at [par] on September 1, 20__.

* At the time of execution of this Purchase Agreement and assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement.

EXHIBIT B

\$ _____

**UNION SANITARY DISTRICT FINANCING AUTHORITY
REVENUE BONDS, SERIES 2021A**

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, on behalf of RBC CAPITAL MARKETS, LLC (“RBC”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) *Issuer* means Union Sanitary District Financing Authority.

(c) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(d) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

3. ***Yield.*** RBC has provided the schedule attached in Schedule B with respect to the arbitrage yield on the Bonds.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents RBC’s interpretation of any laws, including specifically Sections 103 and

148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth, a Professional Corporation in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

RBC CAPITAL MARKETS, LLC

By: _____

Name: _____

Dated: [Closing Date]

SCHEDULE A
SALE PRICES OF THE GENERAL RULE MATURITIES
(Attached)

SCHEDULE B
ARBITRAGE YIELD PROOF
(Attached)

EXHIBIT C

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

[Closing Date]

RBC Capital Markets, LLC
Two Embarcadero Center, Suite 1200
San Francisco, California 94111

Re: \$_____ *Union Sanitary District Financing Authority*
 Revenue Bonds, Series 2021A

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Union Sanitary District Financing Authority (the “USDFA”), a joint exercise of powers agency organized and existing under the laws of the State of California, of \$_____ aggregate principal amount of Union Sanitary District Financing Authority Revenue Bonds, Series 2021A (the “Bonds”), under and pursuant to the provisions relating to the joint exercise of powers found in Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended (the “Act”), and under and pursuant to the Indenture of Trust (the “Indenture”), dated as of July 1, 2021 by and between the USDFA and U.S. Bank National Association., as trustee. Capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Indenture.

On the date hereof, we delivered to the USDFA our opinion relating to, among other things, the validity of the Bonds and the Indenture (the “Approving Opinion”). You are authorized to rely upon the Approving Opinion as if addressed to you.

Based upon the foregoing and our review of such other information, documents and matters of law as we considered necessary and in reliance on the foregoing, as appropriate, we are of the opinion that:

(i) The Bond Purchase Agreement, dated [BPA Date] (the “Purchase Agreement”), by and among the USDFA, the Union Sanitary District and RBC Capital Markets, LLC, as underwriter (the “Underwriter”), relating to the Bonds, has been duly authorized, executed and delivered by the USDFA, and assuming due authorization, execution and delivery by the Underwriter, is a valid and binding agreement of the USDFA enforceable in accordance with its terms;

(ii) The statements contained in the Official Statement dated [OS Date] for the Bonds (the “Official Statement”) under the captions “INTRODUCTION — Security for the Bonds” and

“— Installment Payments,” “THE BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,” “TAX MATTERS,” in APPENDIX A – “SUMMARY OF THE INDENTURE AND THE INSTALLMENT PURCHASE AGREEMENT,” and in APPENDIX E – “FORM OF BOND COUNSEL OPINION,” insofar as such statements purport to summarize certain provisions of the Bonds and certain provisions of the Installment Purchase Agreement, the Indenture and our Approving Opinion with respect to certain federal and state income tax matters related to the Bonds, are accurate in all material respects; and

(iii) The Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

Quint & Thimmig LLP has served as disclosure counsel in connection with the issuance of the Bonds. Other than as set forth in paragraph (ii) above, we express no opinion with respect to the accuracy, completeness, fairness or sufficiency of the Preliminary Official Statement dated [POS Date] for the Bonds, and the Official Statement, including any statistical or financial data contained therein or any appendices or attachments thereto.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Purchase Agreement, the Indenture, the Installment Purchase Agreement and the Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer and other similar laws affecting creditors’ rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California.

By delivering this letter, we are not expressing any opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the Indenture, the Bonds or the Installment Purchase Agreement, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Indenture, the Bonds or the Installment Purchase Agreement or the accuracy or sufficiency of the description of such assets, or the remedies available to enforce liens on, any such assets.

Except as expressly set forth in the Approving Opinion, we express no opinion regarding any tax consequences with respect to the Bonds. No opinion is expressed herein with respect to the compliance with, or applicability of, any “blue sky” laws of any state as they relate to the offer or sale of the Bonds.

This opinion is limited to matters governed by the laws of California and federal securities laws, and we assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

This letter is being furnished to you solely for your benefit in connection with your purchase of the Bonds in accordance with the Purchase Agreement and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person without our prior written consent. This letter is not intended to and may not be relied upon by owners of the Bonds or any beneficial interest therein or any other party to which it is not addressed. The Underwriter has been represented in connection with the purchase of the Bonds by its counsel; and no attorney-client relationship has existed or exists between the Underwriter and our firm in connection therewith or by virtue of this letter.

Respectfully submitted,

EXHIBIT D

FORM OF DISTRICT COUNSEL OPINION

[Closing Date]

RBC Capital Markets, LLC
Two Embarcadero Center, Suite 1200
San Francisco, CA 94111

Union Sanitary District
5072 Benson Road
Union City, CA 94587

U.S. Bank National Association
633 West 5th Street, 24th Floor
Los Angeles, CA 90071

Re: \$_____ Union Sanitary District Financing Authority Revenue Bonds,
 Series 2021A

Ladies and Gentlemen:

This letter is provided to you in our capacity as General Counsel to the Union Sanitary District (the “District”) in connection with proceedings relative to the issuance and delivery of the \$_____ aggregate principal amount of Union Sanitary District Financing Authority Revenue Bonds, Series 2021A (the “Bonds”). All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to such terms in the Bond Purchase Agreement, dated [BPA Date], by and among the District, the Union Sanitary District Financing Authority (the “USDFA”) and RBC Capital Markets, LLC, as underwriter (the “Purchase Agreement”).

In arriving at the opinions expressed below, we have examined and are familiar with: (i) documents relating to the existence, organization and operation of the District; (ii) the District Closing Certificate dated [Closing Date], and executed by the District’s General Manager or other duly authorized officer regarding the District and the above-referenced transaction; (iii) documentation of the District relating to the authorization, execution and delivery of the above referenced transaction; (iv) the District Documents; and (v) such other documents, records and instruments and made such investigations of law and fact as we have deemed necessary to render the opinions expressed herein.

In rendering the opinions herein, we have relied only on our examination of the foregoing documents and we have made no independent verification of the accuracy of the factual matters represented or set forth in such documents. In addition, we have relied on discussions with other

staff members and the General Manager of the District, and information made available in the ordinary course of business in our role as General Counsel to the District. In rendering the opinions expressed below, we have assumed, but not independently verified, that the signatures on all documents which we have examined are genuine. The law firm of Stradling Yocca Carlson & Rauth, a Professional Corporation, has acted as bond counsel with respect to the matters referred to herein, and we have reviewed the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, set forth in their letter to the USDFA dated [Closing Date].

Based upon the foregoing and such other matters of law as we deemed necessary for purposes of rendering this opinion, and subject to the qualifications set forth below, we are of the opinion that:

(a) The District is a sanitary district created in accordance with the laws of the State of California.

(b) The preparation and distribution of the Official Statement and the District Documents have been duly approved by the District.

(c) The resolution of the District approving and authorizing the execution and delivery of the Official Statement and the District Documents was duly adopted at a meeting of the governing body of the District which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and such resolution has not been amended or modified and is in full force and effect.

(d) To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, threatened against or affecting the District, which would adversely impact the District's ability to complete the transactions described in and contemplated by the Official Statement, to restrain or enjoin the payments under the Installment Purchase Agreement, or in any way contesting or affecting the validity of the District Documents, or the transactions described and defined in the Official Statement wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the District Documents.

(e) The execution and delivery of the District Documents and the approval of the Official Statement, and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the District a breach of or default under any agreement or other instrument to which the District is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the District is subject.

(f) The District Documents and the Official Statement have been duly authorized, executed and delivered by the District, and, assuming due authorization, execution and delivery by the other parties thereto, the District Documents constitute legal, valid and binding agreements of the District enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the

enforcement of creditors' rights generally and by the application of equitable principles if sought and by the limitations on legal remedies imposed on actions against public agencies in the State of California.

(g) No authorization, approval, consent, or other order of the State of California or any other governmental authority or agency within the State of California other than the District is required for the valid authorization, execution and delivery of the District Documents and the approval of the Official Statement by the District.

(h) The District's charges and fees with respect to the Wastewater System were duly approved and adopted by the District, and are valid and enforceable at the current levels levied by the District.

(i) Nothing has come to our attention which would lead us to believe that the information relating to the District or the Wastewater System contained in the Official Statement contains an untrue statement or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

This opinion is rendered only with respect to the laws of the State of California and the United States of America and is addressed only to the addressees listed above (the "Addressees"). This letter is furnished to the Addressees in connection with the District Documents and may not be relied upon by the Addressees for any other purpose. This letter is not to be used, circulated, quoted, or otherwise referred to by the Addressees, provided that a copy may be included with the transcript of proceedings relating to the Bonds.

This letter is not intended to and may not be relied upon by any other person to whom it is not explicitly addressed. We disclaim any obligation to update any of the matters addressed in this letter. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the District Documents. No opinion is rendered regarding the availability of equitable remedies in connection with enforcement of the District Documents. Further, no opinion is rendered with respect to state blue sky laws; federal or state securities laws; or federal or state tax laws. Other than the District, no attorney-client relationship has existed or exists between our firm and the Addressees in connection with the Bonds or by virtue of this letter and we are not assuming any professional responsibility to any other person whomsoever. This letter is not intended to and may not be relied upon by owners of the Bonds or any beneficial interest therein or any other party to which it is not addressed.

Respectfully submitted,

EXHIBIT E
FORM OF USDFA COUNSEL OPINION

[Closing Date]

RBC Capital Markets, LLC
Two Embarcadero Center, Suite 1200
San Francisco, CA 94111

Union Sanitary District Financing Authority
5072 Benson Road
Union City, CA 94587

U.S. Bank National Association
633 West 5th Street, 24th Floor
Los Angeles, CA 90071

Re: \$_____ Union Sanitary District Financing Authority Revenue Bonds,
 Series 2021A

Ladies and Gentlemen:

This letter is provided to you in our capacity as General Counsel to the Union Sanitary District Financing Authority (the “USDFA”) in connection with the execution and delivery by the USDFA of that certain Indenture of Trust, dated as of July 1, 2021, by and between U.S. Bank National Association, as Trustee and the USDFA (the “Indenture”) in connection with proceedings relative to the issuance and delivery of the \$_____ aggregate principal amount of Union Sanitary District Financing Authority Revenue Bonds, Series 2021A (the “Bonds”). All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to such terms in the Purchase Agreement, dated [BPA Date], by and among the USDFA, the Union Sanitary District (the “District”) and RBC Capital Markets, LLC, as underwriter (the “Purchase Agreement”).

In arriving at the opinions expressed below, we have examined and are familiar with: (i) documents relating to the existence, organization and operation of the USDFA; (ii) the USDFA Closing Certificate dated [Closing Date], and executed by the USDFA’s Executive Director or other duly authorized officer regarding the USDFA and the above-referenced transaction; (iii) documentation of the USDFA relating to the authorization, execution and delivery of the above referenced transaction; (iv) the USDFA Documents and (v) such other documents, records and instruments and made such investigations of law and fact as we have deemed necessary to render the opinions expressed herein.

In rendering the opinions herein, we have relied only on our examination of the foregoing documents and we have made no independent verification of the accuracy of the factual matters represented or set forth in such documents. In addition, we have relied on discussions with other staff members of the USDFA and the District, and information made available in the ordinary course of business in our role as General Counsel to the USDFA. In rendering the opinions expressed below, we have assumed, but not independently verified, that the signatures on all documents which we have examined are genuine. The law firm of Stradling Yocca Carlson & Rauth, a Professional Corporation, has acted as bond counsel with respect to the matters referred to herein, and we have reviewed the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, set forth in their letter to the USDFA dated [Closing Date].

Based upon the foregoing and such other matters of law as we deemed necessary for purposes of rendering this opinion, and subject to the qualifications set forth below, we are of the opinion that:

(a) The USDFA is a joint powers authority duly organized and validly existing under the laws of the State of California.

(b) The preparation and distribution of the Official Statement and the USDFA Documents have been duly approved by the USDFA.

(c) The resolution of the USDFA approving and authorizing the execution and delivery of the Official Statement and the USDFA Documents was duly adopted at a meeting of the governing body of the USDFA which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and such resolution has not been amended or modified and is in full force and effect.

(d) To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, threatened against or affecting the USDFA, which would adversely impact the USDFA's ability to complete the transactions described in and contemplated by the Official Statement, to restrain or enjoin the payments under, or in any way contesting or affecting the validity of the USDFA Documents, or the transactions described and defined in the Official Statement wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the USDFA Documents.

(e) The execution and delivery of the USDFA Documents and the approval of the Official Statement, and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the USDFA a breach of or default under any agreement or other instrument to which the USDFA is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the USDFA is subject.

(f) The USDFA Documents and the Official Statement have been duly authorized, executed and delivered by the USDFA, and, assuming due authorization, execution and delivery

by the other parties thereto, the USDFA Documents constitute legal, valid and binding agreements of the USDFA enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if sought and by the limitations on legal remedies imposed on actions against public agencies in the State of California.

(g) No authorization, approval, consent, or other order of the State of California or any other governmental authority or agency within the State of California other than the USDFA is required for the valid authorization, execution and delivery of the USDFA Documents and the approval of the Official Statement by the USDFA.

(h) Nothing has come to our attention which would lead us to believe that the information relating to the USDFA contained in the Official Statement contains an untrue statement or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

This opinion is rendered only with respect to the laws of the State of California and the United States of America and is addressed only to the addressees listed above (the "Addressees"). This letter is furnished to the Addressees in connection with the USDFA Documents and may not be relied upon by the Addressees for any other purpose. This letter is not to be used, circulated, quoted, or otherwise referred to by the Addressees, provided that a copy may be included with the transcript of proceedings relating to the Bonds.

This letter is not intended to and may not be relied upon by any other person to whom it is not explicitly addressed. We disclaim any obligation to update any of the matters addressed in this letter. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the USDFA Documents. No opinion is rendered regarding the availability of equitable remedies in connection with enforcement of the USDFA Documents. Further, no opinion is rendered with respect to state blue sky laws; federal or state securities laws; or federal or state tax laws. Other than the USDFA, no attorney-client relationship has existed or exists between our firm and the Addressees in connection with the Bonds or by virtue of this letter and we are not assuming any professional responsibility to any other person whomsoever. This letter is not intended to and may not be relied upon by owners of the Bonds or any beneficial interest therein or any other party to which it is not addressed.

Respectfully submitted,

PRELIMINARY OFFICIAL STATEMENT DATED JULY 27, 2021

NEW ISSUE—FULL BOOK-ENTRY

RATINGS:
Fitch: “ ”
S&P: “ ”
 See “RATINGS” herein

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Sacramento, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in this Official Statement, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Series 2021A Bonds is exempt from State of California personal income taxes. See “TAX MATTERS” herein.



UNION SANITARY DISTRICT FINANCING AUTHORITY Revenue Bonds, Series 2021A (Alameda County, California)

Dated: As of Date of Delivery

Due: September 1, as shown below

The \$ _____ * Union Sanitary District Financing Authority Revenue Bonds, Series 2021A (the “Bonds”) are being issued by the Union Sanitary District Financing Authority (the “USDFA”), in fully registered form without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). Payments of the principal of and interest on the Bonds will be made by U.S. Bank National Association, as trustee for the Bonds (the “Trustee”), to DTC, which is obligated in turn to remit such principal and interest to DTC participants for subsequent disbursement to the beneficial owners of the Bonds. The Bonds are being issued pursuant to an Indenture, dated as of July 1, 2021 (the “Indenture”), by and between the USDFA and the Trustee. Interest on the Bonds will be payable semi-annually on each March 1 and September 1, commencing on March 1, 2022.

The Bonds are being issued to provide funds to (i) finance improvements to the wastewater system (the “Wastewater System”) owned and operated by the Union Sanitary District (the “District”), and (ii) pay the costs of issuing the Bonds. See “THE FINANCING PLAN” herein. The Bonds are special obligations of the USDFA payable from USDFA Revenues (as defined herein) consisting primarily of installment payments (the “Installment Payments”) payable by the District under an installment purchase agreement, dated as of July 1, 2021, by and between the USDFA, as seller, and the District, as purchaser (the “Installment Purchase Agreement”).

The District is obligated under the Installment Purchase Agreement to make Installment Payments from Net Revenues of the Wastewater System, on a parity with its obligation to make payments under the outstanding installment purchase agreement, dated as of January 1, 2020, by and between the USDFA and the District securing the USDFA’s Union Sanitary District Financing Authority Revenue Bonds, Series 2020A, and obligations of the District hereafter issued or incurred by the District and secured by Gross Revenues on a parity therewith (collectively, “Parity Obligations”). The Installment Payments are scheduled in an amount sufficient to pay, when due, the principal of and interest on the Bonds. The District has covenanted under the Installment Purchase Agreement to fix and prescribe, at the commencement of each Fiscal Year, rates and charges from the services and facilities of the Wastewater System which are reasonably expected to yield Net Revenues equal to at least 1.20 times the aggregate of obligations of the District with respect to the Installment Payments and payments with respect to the Parity Obligations in such Fiscal Year, as further described herein. “Net Revenues” are the Gross Revenues of the Wastewater System, less Operation and Maintenance Costs of the Wastewater System. The Installment Payments are not subject to abatement. **A debt service reserve fund will not be funded for the Bonds.**

THE OBLIGATION OF THE DISTRICT TO MAKE THE INSTALLMENT PAYMENTS DESCRIBED HEREIN IS A SPECIAL OBLIGATION OF THE DISTRICT PAYABLE SOLELY FROM NET REVENUES OF THE WASTEWATER SYSTEM AND DOES NOT CONSTITUTE A DEBT OF THE DISTRICT, ALAMEDA COUNTY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The Bonds are subject to optional redemption, redemption from insurance and condemnation proceeds and redemption from scheduled sinking fund payments, as described herein. See “THE BONDS—Redemption” herein.

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE USDFA, PAYABLE SOLELY FROM AND SECURED SOLELY BY A PLEDGE OF USDFA REVENUES (PRIMARILY DERIVED FROM THE INSTALLMENT PAYMENTS MADE BY THE DISTRICT UNDER THE INSTALLMENT PURCHASE AGREEMENT) AND AMOUNTS HELD IN CERTAIN FUNDS AND ACCOUNTS UNDER THE INDENTURE.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND PRICES

CUSIP† Prefix: _____

Maturity September 1	Principal Amount	Interest Rate	Yield	Price	CUSIP† Suffix	Maturity September 1	Principal Amount	Interest Rate	Yield	Price	CUSIP† Suffix
-------------------------	---------------------	------------------	-------	-------	------------------	-------------------------	---------------------	------------------	-------	-------	------------------

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY. IT IS **NOT** A SUMMARY OF THIS ISSUE OF BONDS. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE PURCHASE OF THE BONDS.

The Bonds are offered when, as and if issued and received by the Underwriter and subject to the approval as to their validity by Stradling Yocca Carlson & Rauth, A Professional Corporation, Sacramento, California, Bond Counsel. Certain legal matters will also be passed upon for the District by Quint & Thimmig LLP, Larkspur, California, as Disclosure Counsel, and by Burke, Williams & Sorensen, LLP, Oakland, California, counsel to the District. Certain legal matters will be passed upon for the USDFA by Burke, Williams & Sorensen, LLP, Oakland, California. Certain legal matters will be passed upon for the Underwriter by Kutak Rock LLP, Irvine, California. It is anticipated that the Bonds will be delivered in definitive form through the facilities of DTC on or about August 12, 2021.



**Capital
Markets**

Dated: August __, 2021

*Preliminary, subject to change.

† Copyright 2021, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, operated by S&P Capital IQ. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the USDFA or the District and are included solely for the convenience of the registered owners of the Bonds. None of the USDFA, the District or the Underwriter is responsible for the selection or uses of these CUSIP numbers and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Bonds, nor shall there be any sale of the Bonds in any state or other jurisdiction in which it is unlawful to make such offer, solicitation or sale in such state or jurisdiction.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. No dealer, broker, salesperson or other person has been authorized by the USDFA, the District or the Underwriter to give any information or to make any representations other than as contained herein in connection with the offering of the Bonds, and, if given or made, such other information or representations must not be relied upon as having been authorized by the USDFA, the District or the Underwriter.

All summaries of the documents referred to in this Official Statement are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

The Underwriter has submitted the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts. The information set forth herein has been obtained from sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the USDFA or the District. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder, under any circumstances, shall create any implication that there has been no change in the affairs of any party described herein subsequent to the date as of which such information is presented.

When used in this Official Statement and in any continuing disclosure by the USDFA or the District, in any press release and in any oral statement made with the approval of an authorized officer of the USDFA or the District, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, give rise to any implication that there has been no change in the affairs of the USDFA or the District since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENTS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

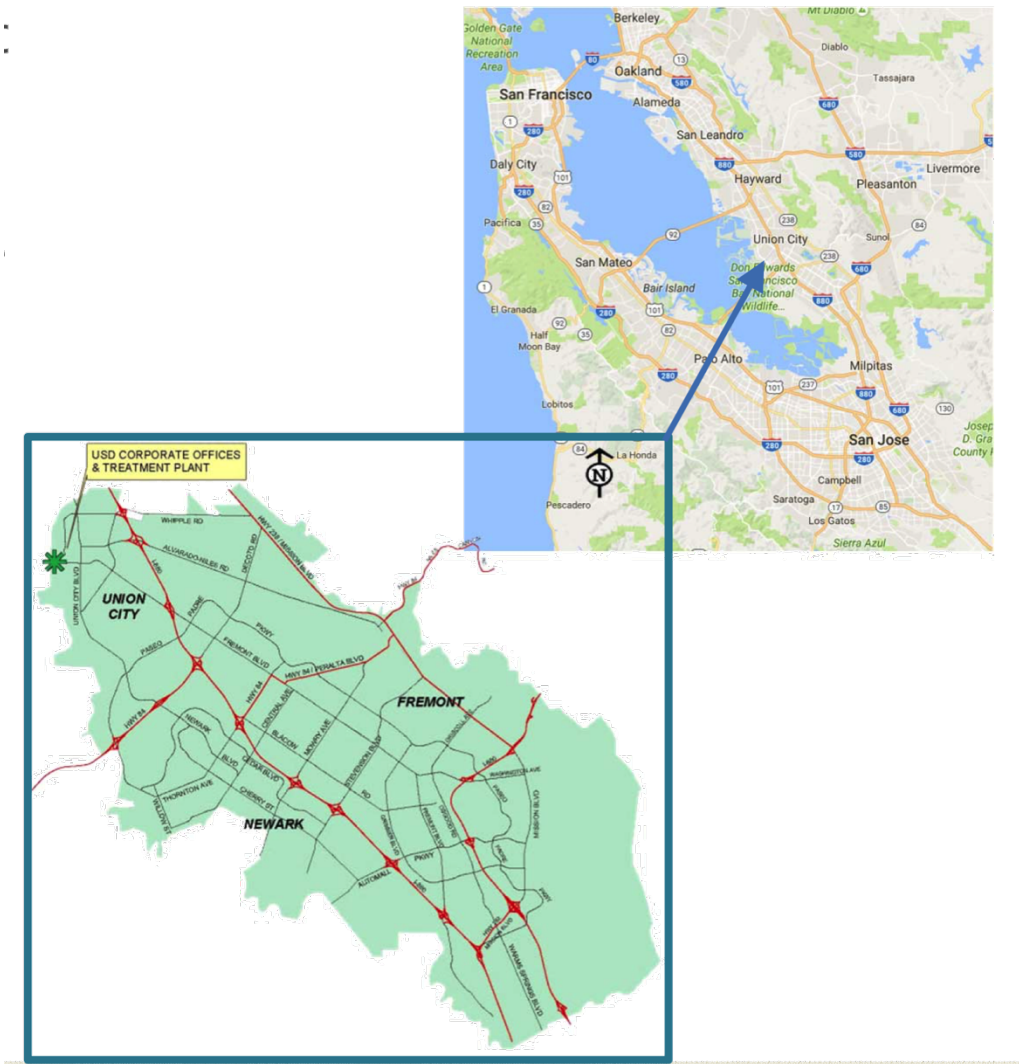
THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The District maintains a website. Unless specifically indicated otherwise, the information presented on such website is **not** incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds.

TABLE OF CONTENTS

INTRODUCTION	1	DISTRICT FINANCIAL INFORMATION	29
Issuance of Bonds	1	Budget Process	29
Security for the Bonds	1	Financial Statements	29
Installment Payments	2	Impact of COVID-19 Pandemic on the District	30
The USDFA	4	District Financial Management Policies	30
The District	4	Outstanding Debt	31
The Wastewater System	5	Historical Operating Results and Debt Service	
District Finances	5	Coverage	32
Tri-City Area and the County	5	Proposed Future Debt	32
Book-Entry System	5	Projected Operating Results and Debt Service	
Continuing Disclosure	6	Coverage	34
Tax Matters	6	Capital Improvement Program	35
Certain Risk Factors	6	Risk Management	36
Forward-Looking Statements	6	Employee Retirement Plans	36
Other Information	7	Defined Contribution Pension Plan	39
ESTIMATED SOURCES AND USES OF FUNDS	8	Other Post-Employment Benefits	40
THE FINANCING PLAN	8	RISK FACTORS RELATING TO THE BONDS	41
2021 Project	8	Limited Obligations	41
Costs of Issuance	8	Gross Revenues; Rate Covenant	42
DEBT SERVICE REQUIREMENTS	9	Risks Related to Facilities and Operations	42
THE BONDS	10	Future Land Use Regulations	43
General	10	Limitations on Rate Setting Under the	
Transfer and Exchange of Bonds	10	California Constitution	44
Redemption	11	Limited Recourse on Default	47
SECURITY AND SOURCES OF PAYMENT FOR THE		Limitations on Remedies	47
BONDS	13	Initiatives	48
General	13	Bankruptcy	48
Installment Purchase Agreement	14	Tax Exemption	48
THE DISTRICT	17	Future Parity Obligations	48
General Background	17	Secondary Market	48
Service Area and Land Use	17	Risks Related to Cyber Security	48
District Board	18	Natural Calamities and Climate Change	49
Management and Employees	19	Pension Benefit Liability	50
WASTEWATER SYSTEM	20	INVESTMENT OF DISTRICT FUNDS	50
Wastewater Treatment Plant	20	TAX MATTERS	51
The East Bay Dischargers Authority and		CERTAIN LEGAL MATTERS	52
Regulatory Requirements	21	MUNICIPAL ADVISOR	53
Wastewater Collection System	23	LITIGATION	53
Wastewater System Customers	23	RATINGS	53
Wastewater System Rates	25	CONTINUING DISCLOSURE	54
Billing and Collection of Wastewater System		UNDERWRITING	54
Charges	28	MISCELLANEOUS	55
APPENDIX A: SUMMARY OF THE INDENTURE AND THE INSTALLMENT PURCHASE AGREEMENT			
APPENDIX B: COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED			
JUNE 30, 2020 WITH COMPARATIVE INFORMATION FOR FISCAL YEAR ENDED JUNE 30, 2019			
APPENDIX C: FORM OF THE CONTINUING DISCLOSURE CERTIFICATE			
APPENDIX D: TRI-CITY AREA AND ALAMEDA COUNTY SUPPLEMENTAL INFORMATION			
APPENDIX E: FORM OF BOND COUNSEL OPINION			
APPENDIX F: BOOK-ENTRY ONLY SYSTEM			
APPENDIX G: DISTRICT'S INVESTMENT POLICY			
APPENDIX H: CAPACITY CHARGE ORDINANCE			

DISTRICT LOCATION AND SERVICE AREA MAPS



**UNION SANITARY DISTRICT FINANCING AUTHORITY
UNION SANITARY DISTRICT**

5072 Benson Road
Union City, CA 94587-2508
Phone: (510) 477-7500
<http://www.unionsanitary.com>*

USDFA and District Boards of Directors

Pat Kite, *President, Ward 2 (Newark)*
Anjali Lathi, *Vice President, Ward 3 (Fremont)*
Manny Fernandez, *Secretary, Ward 1 (Union City)*
Jennifer Toy, *Member, Ward 3 (Fremont)*
Tom Handley, *President, Ward 3 (Fremont)*

District Staff and Officials

Paul Eldredge, *General Manager/District Engineer*
Mark Carlson, *Business Services Manager/CFO*
Armando Lopez, *Treatment & Disposal Services Manager*
Robert Simonich, *Fabrication Maintenance & Construction Manager*
Sami Ghossain, *Technical Services Manager*
James Schofield, *Collection Services Manager*
Karen W. Murphy, Esq., *General Counsel*

Special Services

Burke, Williams & Sorensen, LLP
Oakland, California
District Counsel

Fieldman, Rolapp & Associates, Inc.
Irvine, California
Municipal Advisor

Stradling Yocca Carlson & Rauth, A Professional Corporation
Sacramento, California
Bond Counsel

Quint & Thimmig LLP
Larkspur, California
Disclosure Counsel

U.S. Bank National Association
San Francisco, California
Trustee

*Information therein is not incorporated by reference into this Official Statement.

OFFICIAL STATEMENT

\$ _____ *

UNION SANITARY DISTRICT FINANCING AUTHORITY
Revenue Bonds, Series 2021A
(Alameda County, California)

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of, and guide to, and is qualified by, more complete and detailed information contained in the remainder of this Official Statement and the documents summarized or described herein. The offering of the above-captioned Bonds to potential investors is made only by means of the entire Official Statement and potential investors should thoroughly review it prior to purchasing such Bonds.

Unless otherwise defined herein, all capitalized terms used in this Official Statement that are defined in the Indenture (defined below) will have the meanings set forth therein, some of which are set forth in APPENDIX A—SUMMARY OF THE INDENTURE AND THE INSTALLMENT PURCHASE AGREEMENT.

Issuance of Bonds

The \$ _____ * Union Sanitary District Financing Authority Revenue Bonds, Series 2021A (the “Bonds”) are being issued by the Union Sanitary District Financing Authority (the “USDFA”) to provide funds to (a) finance improvements (the “2021 Project”) to the wastewater system (the “Wastewater System”) owned and operated by the Union Sanitary District (the “District”), and (b) pay the costs of issuing the Bonds.

The Bonds will be issued pursuant to an Indenture of Trust, dated as of July 1, 2021 (the “Indenture”), by and between the USDFA and U.S. Bank National Association, as trustee (the “Trustee”). The Bonds will be issued under the provisions of Article 4 of Chapter 5 of Division 7 of Title 1 (commencing with section 6584) of the California Government Code and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (collectively, the “Act”). See “THE BONDS” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

Security for the Bonds

The Bonds are special limited obligations of the USDFA payable from and secured by a pledge of the USDFA Revenues, consisting primarily of installment payments (the “Installment Payments”) payable by the District under an Installment Purchase Agreement, dated as of July 1, 2021, by and between the USDFA, as seller, and the District, as purchaser (the “Installment Purchase Agreement”). See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

* Preliminary, subject to change.

A debt service reserve fund will *not* be funded for the Bonds.

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE USDFA, PAYABLE SOLELY FROM AND SECURED SOLELY BY A PLEDGE OF AMOUNTS HELD IN CERTAIN FUNDS AND ACCOUNTS UNDER THE INDENTURE AND THE USDFA REVENUES DERIVED FROM THE INSTALLMENT PAYMENTS MADE BY THE DISTRICT UNDER THE INSTALLMENT PURCHASE AGREEMENT. THE BONDS DO NOT CONSTITUTE A DEBT OF THE USDFA, THE DISTRICT, THE COUNTY OF ALAMEDA (THE "COUNTY") OR THE STATE OF CALIFORNIA (THE "STATE") OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND THEY DO NOT CONSTITUTE AN OBLIGATION FOR WHICH THE USDFA, THE DISTRICT, THE COUNTY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE USDFA HAS NO TAXING POWER.

Installment Payments

In general, the District is required to pay to the Trustee, as assignee of the USDFA, the Installment Payments which are designed to be sufficient in both time and amount to pay, when due, the principal of and interest on the Bonds.

Pursuant to the Installment Purchase Agreement, the District is obligated to pay the Installment Payments described in the Installment Purchase Agreement. The obligation of the District to make the Installment Payments is a special obligation of the District secured solely from Gross Revenues (as defined below) and other funds described in the Installment Purchase Agreement, and does not constitute a debt of the USDFA, the District or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction and does not constitute an obligation for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation.

The District's obligation to make Installment Payments from Net Revenues is on a parity with its obligation to make payments (the "2020 Installment Payments") under the outstanding installment purchase agreement, dated as of January 1, 2020, by and between the USDFA and the District securing the USDFA's Union Sanitary District Financing Authority Revenue Bonds, Series 2020A (the "2020 USDFA Bonds"), and obligations of the District hereafter issued or incurred by the District and secured by Gross Revenues on a parity therewith.

In order to carry out and effectuate the pledge and lien contained in the Installment Purchase Agreement, the District has agreed and covenanted that all Gross Revenues, will be received by the District in trust thereunder and will be deposited when and as received in the Revenue Fund, which fund the District has agreed and covenanted to maintain so long as any Installment Payments remain unpaid.

All amounts on deposit in the Revenue Fund have been irrevocably pledged to the payment of the Installment Payments as provided in the Installment Purchase Agreement. Such pledge constitutes a first lien on, subject to application of amounts on deposit therein as permitted in the Installment Purchase Agreement, the Revenue Fund for the payment of the Installment Payments and all other Parity Obligations in accordance with the terms of the Installment Purchase Agreement.

“Gross Revenues” means all income, rents, rates, fees, charges and other moneys derived by the District from the ownership or operation of the Wastewater System, including, without limiting the generality of the foregoing: (i) rates and charges collected by the District on the Alameda County, California (the “County”) tax roll in accordance with section 5473 *et seq.* of the California Health and Safety Code (or any successor provisions thereto); (ii) all other income, rents, rates, fees, charges or other moneys derived by the District through the facilities of or in the conduct or operation of the business of the Wastewater System; (iii) the proceeds of any stand-by or availability charges, development fees and connection charges collected by the District; and (iv) the earnings on and income derived from the investment of amounts described in clauses (i), (ii) and (iii) above and from District reserves; but excluding: (1) customers’ deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District; (2) any proceeds of taxes or assessments which are restricted by law to be used by the District to pay bonds or other obligations heretofore or hereafter issued; and (3) gain or loss on the sale of any capital assets as permitted by the Installment Purchase Agreement.

“Gross Revenues” also include all amounts transferred from the Parity Debt Reserve to the Revenue Fund in accordance with the Installment Purchase Agreement. “Gross Revenues” do not include any amounts transferred from the Revenue Fund to the Parity Debt Reserve during any Fiscal Year in accordance with the Installment Purchase Agreement.

“Operation and Maintenance Costs” means (i) costs spent or incurred for maintenance and operation of the Wastewater System calculated in accordance with Generally Accepted Accounting Principles, including (among other things) the reasonable expenses of management and repair and other expenses that are necessary to maintain and preserve the Wastewater System in good repair and working order, and including administrative costs of the District that are charged directly or apportioned to the Wastewater System, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, and including all other reasonable and necessary costs of the District or charges (other than debt service payments) required to be paid by it to comply with the terms of the Installment Purchase Agreement or of the Indenture or any Parity Obligations or of any resolution or indenture authorizing the issuance of any Parity Obligations or of such Parity Obligations; and (ii) costs allocable to the District under the EBDA Joint Powers Agreement which constitutes operation and maintenance costs of the EBDA calculated on accordance with Generally Accepted Accounting Principles; but excluding in all cases (x) depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature, (y) all capital charges, and (z) all amounts allocable to the District under the EBDA Joint Powers Agreement for capital costs thereof, including principal and interest on any bonds, notes or other evidence of indebtedness of EBDA.

“Wastewater System” means the whole and each and every part of the wastewater collection, conveyance, treatment and disposal system of the District, including all real property and buildings, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such wastewater system or any part thereof hereafter acquired or constructed, including recycled water facilities of the District and the District’s interest in the facilities of the EBDA pursuant to the EBDA Joint Powers Agreement and related agreements.

The District has covenanted in the Installment Purchase Agreement to, the fullest extent permitted by law, fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Wastewater Service which are reasonably expected to be at least sufficient to yield during each Fiscal Year (i) Net Revenues equal to one hundred twenty percent (120%) of the Debt Service payable in such Fiscal Year and

(ii) Net Revenues remaining after payment of Debt Service equal to one hundred percent (100%) of Subordinate Debt Service payable in such Fiscal Year.

The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges are reasonably expected to be sufficient to meet the above requirements.

For avoidance of doubt, so long as the District has complied with its obligations set forth above, the failure of Net Revenues to meet the threshold set forth above at the end of a Fiscal Year shall not constitute a default or an Event of Default so long as the District has made required adjustments to rates and charges for the Wastewater Service at the commencement of the succeeding Fiscal Year.

The District may issue additional bonds or notes and may execute additional contracts which are secured by Gross Revenues and payable from Net Revenues on a parity with the Installment Payments and the 2020 Installment Payments. Such additional “Bonds” and “Contracts” (as such terms are defined in Appendix A hereto) are referred to in this Official Statement as “Parity Obligations.”

THE OBLIGATION OF THE DISTRICT TO MAKE THE INSTALLMENT PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE USDFA, THE DISTRICT, THE COUNTY OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE USDFA, THE DISTRICT, THE COUNTY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

The USDFA

The USDFA is a joint exercise of powers entity duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated as of January 13, 2020, between the District and the California Municipal Finance Authority, for the primary purpose of providing financial assistance to the District. The Board of Directors of the USDFA consists of the Board of Directors of the District (the “Board”).

The District

The District was originally formed in 1918 to serve Newark and the Centerville area of what is now the city of Fremont. Between 1949 and 1962, the Niles, Decoto, Irvington and Alvarado Sanitary Districts joined the District. The District provides wastewater collection, treatment and disposal services to the residents and businesses of a service area of approximately 60.2 square miles comprising most of the cities of Fremont, Newark and Union City, an area commonly referred to as the “Tri-City Area.” The District’s service area has a combined population of approximately 360,000. The District’s service area is located along Interstates 680 and 880, between Oakland and San Jose in southern portion of the County.

The District is governed by its five-member Board of Directors (the “Board”). Board members are elected by wards for four-year staggered terms. The Board appoints a General Manager to manage and oversee the District’s day-to-day operations. For additional information, see “THE DISTRICT.”

The Wastewater System

The District owns and operates the Wastewater System consisting of 839 total miles of pipeline, 7 pumping stations and a wastewater treatment plant in order to provide wastewater collection, treatment and disposal services to users in its service area. See “THE WASTEWATER SYSTEM.”

District Finances

Wastewater service charges typically account for approximately 95% of total District operating revenues. Non-operating revenue sources include investment earnings and capital improvement fees. The District charges one-time capacity fees to parcels joining the Wastewater System to recover their proportional share of the District’s infrastructure costs. While the District’s service charges are placed on the County property tax rolls for collection, the District does not receive any property tax revenues.

The District has the power and authority to establish charges for service without the review or approval of any other governmental body. The District’s rates and charges are established by ordinance of the Board. The District can refuse or terminate service to delinquent customers and can require full payment of delinquent amounts and reconnection charges to resume service. Unpaid charges may become a lien on real property by recordation of a notice thereof.

The District has, to date, not experienced material negative impacts to its finances or operations caused by the COVID-19 Pandemic. The District’s operations were not halted by County and State public health directives as the District’s operations are essential infrastructure. As the majority of the District’s operating revenues consist of wastewater service charges billed on the property tax roll and collected on behalf of the District by the County, and due to the County’s participation in the Teeter Program, the District is entitled to complete collection of its wastewater service charges from the County. See “DISTRICT FINANCIAL INFORMATION— Impact of COVID-19 Pandemic on the District.”

For additional discussion of the District’s finances, see “DISTRICT FINANCIAL INFORMATION.”

Tri-City Area and the County

For further information concerning the Tri-City Area and the County, see APPENDIX D—GENERAL INFORMATION CONCERNING THE COUNTY.

Book-Entry System

The Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”) and ultimate purchasers of Bonds will not receive physical certificates representing their interests in the Bonds. Transfers and exchanges of Bonds will be conducted in accordance with DTC procedures. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bondholders or registered owners thereof means Cede & Co. as aforesaid, and not the Beneficial Owners (as defined in Appendix F) of the Bonds. See “THE BONDS—General” and APPENDIX F—BOOK-ENTRY SYSTEM.

Continuing Disclosure

The ultimate security for the payments of principal and interest on the Bonds comes from the Installment Payments to be made by the District, and, therefore, the District, as an obligated person within the meaning of the Rule (defined below), has agreed to undertake the continuing disclosure responsibilities required by the Rule as applicable to the Bonds. The USDFA has not undertaken a commitment to provide any continuing disclosure with respect to the Bonds.

The District has covenanted in a continuing disclosure certificate (the “Continuing Disclosure Certificate”) to provide, or cause to be provided, certain annual financial information and operating data including, but not limited to, its audited financial statements and, in a timely manner, notice of certain enumerated events for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (the “Rule”). See “CONTINUING DISCLOSURE” and APPENDIX C—FORM OF CONTINUING DISCLOSURE CERTIFICATE for a description of the specific nature of the annual reports and notices of certain enumerated events to be provided by the District, and a description of the terms of the Continuing Disclosure Certificate pursuant to which such reports and notices are to be made.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Sacramento, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in this Official Statement, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income taxes. See “TAX MATTERS.”

Certain Risk Factors

Certain events could affect the ability of the USDFA to make payments when due on the Bonds and the ability of the District to make the Installment Payments when due. See “RISK FACTORS” for a discussion of some of the risk factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Bonds.

Forward-Looking Statements

This Official Statement, and particularly the information contained under the headings entitled “THE FINANCING PLAN,” “ESTIMATED SOURCES AND USES OF FUNDS,” “SECURITY FOR THE BONDS,” “THE WASTEWATER SYSTEM” AND APPENDIX D—TRI-CITY AREA AND ALAMEDA COUNTY SUPPLEMENTAL INFORMATION, contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 2000. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

The District is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur. See “RISK FACTORS RELATING TO THE BONDS.”

Other Information

There follows in this Official Statement, which includes the cover page and appendices hereto, a brief description of the USDFA, the District, the Wastewater System, the Bonds, the Indenture, the Installment Purchase Agreement and other documents, risk factors and certain other information relevant to the issuance of the Bonds. All references herein to the Indenture, the Installment Purchase Agreement and other documents, agreements and statutes, and the description of the Bonds included in this Official Statement, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entirety by reference to each such document, agreement or statute, and to the form of the Bonds included in the Indenture. A summary of certain provisions of the Indenture and the Installment Purchase Agreement is included in APPENDIX A—SUMMARY OF THE INDENTURE AND THE INSTALLMENT PURCHASE AGREEMENT. The audited financial statements of the District for fiscal years 2019 and 2020 are included in APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE INFORMATION FOR FISCAL YEAR ENDED JUNE 30, 2019.

During the initial offering period for the Bonds, copies of the Installment Purchase Agreement and the Indenture may be obtained, upon written request and payment of the costs of duplication and mailing, from the USDFA, c/o Union Sanitary District, 5072 Benson Road, Union City, CA 94587-2508, Attention: General Manager. After delivery of the Bonds, copies of such documents may be obtained from the Trustee.

The information set forth herein and in the Appendices hereto has been furnished by the District and the USDFA and includes information which has been obtained from other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the District, the USDFA or the Underwriter (hereinafter defined).

The information and expressions of opinion herein speak only as of the date of this Official Statement and are subject to change without notice. Neither delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement will, under any circumstances, create any implication that there has been no change in the affairs of the District or the USDFA since the date hereof.

All financial and other information presented in this Official Statement has been provided by the District and the USDFA from their records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial or other affairs of the District and the USDFA. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are as follows:

Sources:

Principal Amount of Bonds

Plus: Net Original Issue Premium

TOTAL SOURCES

=====

Uses:

Transfer to District for Deposit to the Acquisition Fund (1)

Costs of Issuance (2)

TOTAL USES

=====

- (1) Amount required to finance the 2021 Project. See “THE FINANCING PLAN—2021 Project.”
- (2) Costs of Issuance include the Underwriter’s discount, legal fees, printing costs, rating agency fees and other miscellaneous expenses.

THE FINANCING PLAN

2021 Project

A portion of the proceeds of the Bonds deposited in the Acquisition Fund will be applied to finance the 2021 Project.

The 2021 Project includes the Phase 1 projects of the District’s Enhanced Treatment and Site Upgrade Program (“ETSU Program”) to serve as a roadmap for the Wastewater System’s infrastructure maintenance and improvements over the next 40 years. The ETSU Program accounts for anticipated regulatory requirements (such as nutrient restrictions), site layout possibilities, and capacity needed to meet the General Plans of Fremont, Newark and Union City.

The remaining proceeds of the Bonds deposited in the Acquisition Fund will be applied to finance other capital projects of the District over the next three years.

See “DISTRICT FINANCIAL INFORMATION—Capital Improvement Program” for a description of the District capital improvement plans including a discussion of the ETSU Program.

Costs of Issuance

In addition, a portion of the proceeds of the Bonds will be applied to pay the costs of issuance of the Bonds.

DEBT SERVICE REQUIREMENTS

Annual debt service on the Bonds (assuming no early redemptions of the Bonds) is presented below.

June 30,	Principal	Interest	Total
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
TOTALS			

Pursuant to the Installment Purchase Agreement, the District is required to make Installment Payments which have been calculated to be sufficient to fund the scheduled principal of and interest on the Bonds. The Installment Payments are due on the last day of the month preceding each Interest Payment Date. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Installment Payments.”

THE BONDS

General

The Bonds will be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The Bonds will mature on September 1 in each of the years and in the amounts, and will bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates set forth on the cover page hereof.

Interest on the Bonds will be payable semiannually on each March 1 and September 1, commencing March 1, 2022 (each, an “Interest Payment Date”), to the persons whose names appear on the Registration Books as the Owners thereof as of the 15th calendar day of the month immediately preceding each such Interest Payment Date (each, a “Record Date”), such interest to be paid by check of the Trustee mailed by first-class mail to the Owners at the respective addresses of such Owners as they appear on the Registration Books; provided, however, that payment of interest may be made by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of \$1,000,000 or more who furnishes written wire instructions to the Trustee before the applicable Record Date. Principal of any Bond and any premium upon redemption will be paid by check of the Trustee upon presentation and surrender thereof at the corporate trust office of the Trustee, except as provided in APPENDIX F—BOOK-ENTRY SYSTEM. Principal of and interest and premium (if any) on the Bonds will be payable in lawful money of the United States of America.

Each Bond will be dated as of its date of authentication and will bear interest from the Interest Payment Date next preceding such date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (b) it is authenticated on or before February 15, 2022, in which event it will bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

The Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company (“DTC,” and together with any successor securities depository, the “Securities Depository”). DTC will act as Securities Depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bondholders or the Owners of the Bonds means Cede & Co. as aforesaid, and not the Beneficial Owners (as defined in Appendix F) of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer of same day funds by the Trustee to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the Participants for subsequent disbursement to the Beneficial Owners. See APPENDIX F—BOOK-ENTRY SYSTEM.

Transfer and Exchange of Bonds

Any Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond at the Office of the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. The Trustee shall not be required to register

the transfer of any Bond during the period in which the Trustee is selecting Bonds for redemption and any Bond that has been selected for redemption.

Whenever any Bond or Bonds shall be surrendered for transfer, the USDFA shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds of authorized denomination or denominations for a like series and aggregate principal amount of the same maturity. The Trustee shall require the Bond Owner requesting such transfer to pay any tax or other governmental charge that is required to be paid with respect to such transfer. Following any transfer of Bonds, the Trustee will cancel and destroy the Bonds that it has received.

Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of other authorized denominations of the same series and maturity. The Trustee shall not be required to exchange any Bond during the period in which the Trustee is selecting Bonds for redemption and any Bond that has been selected for redemption. The Trustee shall require the Bond Owner requesting such exchange to pay any tax or other governmental charge that is required to be paid with respect to such exchange. Following any exchange of Bonds, the Trustee will cancel and destroy the Bonds that it has received.

Redemption

Extraordinary Redemption of Bonds. The Bonds are subject to extraordinary redemption prior to their respective stated maturities, as a whole or in part on any date in the order of maturity and within maturities as directed by the USDFA in a Request provided to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to such date in integral multiples of \$5,000 from Net Proceeds of insurance or condemnation, upon the terms and conditions of, and as provided for in, the Installment Purchase Agreement, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

Optional Redemption of Bonds. The Bonds with stated maturities on or after September 1, ____, are subject to redemption prior to their respective stated maturities, as a whole or in part as directed by the USDFA in a Request provided to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) and by lot within each maturity in integral multiples of \$5,000, on September 1, ____, or any date thereafter at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds maturing on September 1, ____, are subject to mandatory sinking fund redemption in part, by lot, on September 1, ____, and each September 1 thereafter to and including September 1, ____, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

Sinking Account Redemption Date (September 1)	Principal Amount to be Redeemed
---	------------------------------------

†Maturity

The Bonds maturing on September 1, _____, are subject to mandatory sinking fund redemption in part, by lot, on September 1, _____, and each September 1 thereafter to and including September 1, _____, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

Sinking Account Redemption Date (September 1)	Principal Amount to be Redeemed
---	------------------------------------

†Maturity

In the event that the Trustee redeems Bonds maturing on September 1, _____, or September 1, _____, in part but not in whole pursuant to the other redemption provisions of the Indenture, the amount of the Bonds maturing on September 1, _____, or September 1, _____, to be redeemed in each subsequent year as described above will be reduced, by \$5,000 or an integral multiple thereof, as designated by the USDFA in a Certificate of the USDFA filed with the Trustee.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds for redemption as a whole or in part on any date as directed by the USDFA and by lot within each maturity in integral multiples of \$5,000 in accordance with the Indenture. The Trustee will promptly notify the USDFA in writing of the numbers of the Bonds or portions thereof so selected for redemption.

Notice of Redemption. Notice of redemption shall be mailed by first class mail not less than twenty (20) days nor more than sixty (60) days before any Redemption Date, to the respective Owners of any Bonds that are designated for redemption at their addresses appearing on the Registration Books, to the Securities Depositories and the Information Services. Each notice of redemption shall state the date of notice, the redemption date, the place or places of redemption and the Redemption Price, and shall designate the maturities, CUSIP numbers, if any, and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the redemption date there will become due and payable on each of said Bonds or parts thereof that are designated for redemption the Redemption Price thereof or of said specified portion of the principal thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption

date, and that (provided that moneys for redemption have been deposited with the Trustee) from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered to the Trustee. Neither the failure to receive such notice nor any defect in the notice or the mailing thereof will affect the validity of the redemption of any Bond. Notice of redemption of Bonds shall be given by the Trustee, at the expense of the USDFA, for and on behalf of the USDFA.

With respect to any notice of optional redemption of Bonds, such notice may state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys that are sufficient to pay the principal of, premium, if any, and interest on such Bonds to be redeemed and that, if such moneys shall not have been so received, said notice shall be of no force and effect and the Trustee shall not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made, and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the USDFA shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the USDFA, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered and of the same series, interest rate and maturity.

Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof. The Trustee shall, upon surrender for payment of any of the Bonds to be redeemed on their Redemption Dates, pay such Bonds at the Redemption Price.

All Bonds redeemed pursuant to the provisions of the Indenture will be cancelled upon surrender thereof and destroyed.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are special limited obligations of the USDFA payable solely from and secured solely by the USDFA Revenues pledged therefor under the Indenture, together with amounts on deposit from time to time in the funds and accounts (except the Rebate Fund) held by the Trustee under the Indenture. “USDFA Revenues” means (a) all Installment Payments received by the USDFA or the Trustee pursuant to or with respect to the Installment Purchase Agreement; and (b) all interest or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture.

Pursuant to the Indenture, the USDFA, irrevocably assigns and transfers to the Trustee without recourse, for the benefit of the Owners of the Bonds as set forth in the Indenture, all of its rights, title, and interest in all Installment Payments payable by the District pursuant to the Installment Purchase

Agreement, including all rights of the USDFA thereunder as may be necessary to enforce compliance with said provisions (including enforcement of payment obligations and rate covenants, if any, contained in the Installment Purchase Agreement, or otherwise to protect the interest of the Owners of the Bonds).

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE USDFA, PAYABLE SOLELY FROM AND SECURED SOLELY BY A PLEDGE OF AMOUNTS HELD IN CERTAIN FUNDS AND ACCOUNTS UNDER THE INDENTURE AND THE USDFA REVENUES DERIVED FROM THE INSTALLMENT PAYMENTS MADE BY THE DISTRICT UNDER THE INSTALLMENT PURCHASE AGREEMENT. THE BONDS DO NOT CONSTITUTE A DEBT OF THE USDFA, THE DISTRICT, THE COUNTY OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND THEY DO NOT CONSTITUTE AN OBLIGATION FOR WHICH THE USDFA, THE DISTRICT, THE COUNTY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE USDFA HAS NO TAXING POWER.

Installment Purchase Agreement

Special Obligation. The District's obligation to pay the Installment Payments will be a special obligation limited solely to Gross Revenues, subject to the application thereof in accordance with the Installment Purchase Agreement. Under no circumstances will the District be required to advance any moneys derived from any source of income other than the Gross Revenues and other sources specifically identified in the Installment Purchase Agreement for the payment of the Installment Payments, nor will any other funds or property of the District be liable for the payment of the Installment Payments.

Pledge of Gross Revenues. The Gross Revenues, and all amounts that are on deposit in the Revenue Fund, amounts that are transferred from the Parity Debt Reserve to the Revenue Fund and any other amounts (including proceeds of the sale of the Bonds) which are held in any fund or account that is established pursuant to the Installment Purchase Agreement (except the Parity Debt Reserve (other than those amounts which are transferred by the District from the Parity Debt Reserve to the Revenue Fund)), are irrevocably pledged to the payment of the Installment Payments. Except for the payment of the Operation and Maintenance Costs, the Gross Revenues shall not be used for any other purpose while any of the Installment Payments remain unpaid; provided that out of the Gross Revenues there may be apportioned such sums for such purposes as are expressly permitted in the Installment Purchase Agreement.

Deposit to Revenue Fund; Transfer to Pay Installment Payments. In order to carry out and effectuate the pledge and lien contained in the Installment Purchase Agreement, the District agrees and covenants therein that all Gross Revenues shall be received by the District in trust under the Installment Purchase Agreement and shall be deposited when and as received in a special fund designated as the "Revenue Fund."

The District shall withdraw from the Revenue Fund such amounts at such times as shall be required to pay all Operation and Maintenance Costs (including amounts which are reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as they come due and payable.

All remaining moneys in the Revenue Fund shall be set aside by the District at the following times in the following respective special funds in the following order of priority, and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes so authorized:

- (a) **2021A Bond Payment Fund.** On or before each Installment Payment Date, the District shall, from remaining moneys in the Revenue Fund, transfer to the Trustee for deposit in the 2021A Bond Payment Fund an amount that is equal to the interest and principal payable and coming due on the next succeeding Installment Payment Date. The District shall also, from the moneys in the Revenue Fund, transfer to the applicable trustee for deposit in the applicable payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service in accordance with the provisions of the Parity Obligations relating thereto.

Any moneys which are on deposit in the 2021A Bond Payment Fund on each Installment Payment Date (other than amounts required for the payment of past due principal or interest with respect to any Bonds not presented for payment) shall be credited to the payment of the Installment Payments due and payable on such date. No deposit need be made in the 2021A Bond Payment Fund as Installment Payments if the amount in the 2021A Bond Payment Fund is at least equal to the amount of the Installment Payment that is due and payable on the next succeeding Installment Payment Date.

- (b) **Reserve Funds.** On or before each Installment Payment Date, the District shall, from remaining moneys in the Revenue Fund, thereafter, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the applicable trustee for deposit to such reserve fund or account for Parity Obligations an amount that is equal to the amount required to be deposited therein.
- (c) **Surplus.** Moneys on deposit in the Revenue Fund which are not necessary to make any of the payments which are required above may be expended by the District at any time for any purpose permitted by law, including but not limited to payment of Subordinate Debt, or deposited in the Parity Debt Reserve.

Parity Debt Reserve. The District has previously established a special fund designated as the “Parity Debt Reserve,” which shall be held by the District in trust under the Installment Purchase Agreement. The District agrees and covenants to maintain and to hold such fund separate and apart from other funds so long as the Installment Payments and any Parity Obligations remain unpaid.

The District may withdraw all or any portion of the amounts on deposit in the Parity Debt Reserve and transfer such amounts to the Revenue Fund for application in accordance with the Installment Purchase Agreement and described under (a) through (c) under “Deposit to Revenue Fund; Transfer to Pay Installment Payments” above or, in the event that all or a portion of the Installment Payments are discharged in accordance with the prepayment provisions of the Installment Purchase Agreement, transfer all or any portion of such amounts for application in connection with such prepayment; provided that any such withdrawals and transfers may be made up to and including the date that is 270 days after the end of the Fiscal Year or 12 calendar month period for which such withdrawals and transfers will be taken into account in calculating Gross Revenues. Any such amounts withdrawn from the Parity Debt Reserve and transferred to the Revenue Fund constitute Gross Revenues.

There is currently \$2,887,200 on deposit in the Parity Debt Reserve Fund.

Rates, Fees and Charges. To the fullest extent permitted by law, the District will fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Wastewater Service which are reasonably expected to be at least sufficient to yield during each Fiscal Year (i) Net Revenues equal to one hundred twenty percent (120%) of the Debt Service payable in such Fiscal Year and (ii) Net Revenues remaining after payment of Debt Service equal to one hundred percent (100%) of Subordinate Debt Service payable in such Fiscal Year.

The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges are reasonably expected to be sufficient to meet the above requirements.

For avoidance of doubt, so long as the District has complied with its obligations set forth above, the failure of Net Revenues to meet the threshold set forth above at the end of a Fiscal Year shall not constitute a default or an Event of Default so long as the District has made required adjustments to rates and charges for the Wastewater Service at the commencement of the succeeding Fiscal Year.

Incurrence of Parity Obligations. The District may at any time issue or incur Parity Obligations provided that:

(a) The Net Revenues for any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of the bonds or the date of execution of the contract which are Parity Obligations, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Advisor on file with the District, shall have produced a sum equal to at least one hundred twenty percent (120%) of the Debt Service for such twelve month period; and

(b) The Net Revenues for any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of the bonds or the date of execution of the contract which are Parity Obligations, including adjustments to give effect as of the first day of such twelve month period to increases or decreases in rates and charges for the Wastewater Service approved and in effect as of the date of calculation, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Advisor on file with the District, shall have produced a sum equal to at least one hundred twenty percent (120%) of the Debt Service for such twelve month period, plus the Debt Service which would have accrued on any Parity Obligations executed or issued since the end of such twelve month period, assuming that such Parity Obligations had been executed or issued at the beginning of such twelve month period, plus the Debt Service which would have accrued had such proposed additional Parity Obligations been issued at the beginning of such twelve month period.

Notwithstanding the foregoing, Parity Obligations executed to refund the Bonds or Parity Obligations may be delivered without satisfying the conditions set forth above if Debt Service in each Fiscal Year after the Fiscal Year in which such Parity Obligations are issued is not greater than 105% of the Debt Service which would have been payable in each such Fiscal Year prior to the issuance of such Parity Obligations.

Subordinate Debt. The District may at any time execute or issue any Subordinate Debt in accordance herewith; provided that:

(a) The Net Revenues remaining after payment of Debt Service for any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of issuance or execution of such Subordinate Debt, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Advisor on file with the District, shall have produced a sum equal to at least one hundred percent (100%) of the Subordinate Debt Service for such twelve month period.

(b) The Net Revenues remaining after payment of Debt Service for any consecutive twelve calendar month period during the eighteen calendar month period preceding the issuance or the execution of such Subordinate Debt, including adjustments to give effect as of the first day of such twelve month period to increases or decreases in rates and charges for the Wastewater Service approved and in effect as of the date of calculation, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Advisor on file with the District, shall have produced a sum equal to at least one hundred percent (100%) of the Subordinate Debt Service for such twelve month period, plus the Subordinate Debt Service which would have accrued on any Subordinate Debt issued since the end of such twelve month period, assuming that such Subordinate Debt had been issued or executed had been issued at the beginning of such twelve month period, plus the Subordinate Debt Service which would have accrued had such proposed Subordinate Debt been executed or issued at the beginning of such twelve month period.

Notwithstanding the foregoing, Subordinate Debt executed to refund Subordinate Debt may be delivered without satisfying the conditions set forth above if Debt Service and Subordinate Debt Service in each Fiscal Year after the Fiscal Year in which such Subordinate Debt issued or executed is not greater than 105% of the Debt Service and Subordinate Debt which would have been payable in each such Fiscal Year prior to the issuance of or execution of such Subordinate Debt.

THE DISTRICT

General Background

The District was originally formed in 1918 to serve Newark and the Centerville area of what is now Fremont. The District was reorganized in 1923 under sections 6400-6830 of the California Health & Safety Code, the Sanitary District Act of 1923. Between 1949 and 1962, the Niles, Decoto, Irvington, and Alvarado Sanitary Districts joined the District. The District is an independent special district which provides wastewater collection treatment and disposal services to the residents and businesses of the District's service area. The District's service area consists of most of the Tri-City Area of the County and has a population of approximately 360,000 residents. The District's service area is located along Interstates 680 and 880, between Oakland and San Jose in the southern portion of the County.

The District owns and operates the Wastewater System.

Service Area and Land Use

The District service area consists of approximately 60.2 square miles in the Tri-City Area of the County, including most of the area of Fremont and all of the areas of Newark and Union City. The developable portion of the District included 101,056 distinct parcels comprised of a largely residential

community with approximately 90,132 residential parcels (90%), 3,117 non-residential parcels (3%), and 7,807 parcels of vacant land (7%) as of June 30, 2020. The District maintains 839 miles of sewers (including the force main and all gravity sewers) in its service area.

A map of the District's Service area is as follows:

UNION SANITARY DISTRICT SERVICE AREA



Source: Union Sanitary District.

Additional demographic and economic information relating to the Tri-City Area and the County is set forth in APPENDIX D—TRI-CITY AREA AND ALAMEDA COUNTY SUPPLEMENTAL INFORMATION.

District Board

The District is governed by the five-member Board which is independently and elected by ward to staggered four-year terms. Board members must live within the District's service area.

The Board appoints a General Manager to manage and oversee the day-to-day operations. The members of the Board and the expiration date of their terms are as follows:

Name and Office	Ward	Current Term Expires
Pat Kite, <i>President</i>	2 (Newark)	2024
Anjali Lathi, <i>Vice President</i>	3 (Fremont)	2024
Manny Fernandez, <i>Secretary</i>	1 (Union City)	2024
Tom Handley, <i>Boardmember</i>	3 (Fremont)	2022
Jennifer Toy, <i>Boardmember</i>	3 (Fremont)	2022

Management and Employees

The District currently employs approximately 144.50 full-time equivalent staff and operates under the day-to-day direction of Paul Eldredge, the District’s General Manager/District Engineer.

General Manager. Mr. Eldredge was appointed to serve as General Manager of the District in August of 2014 and has continued to serve the District in that capacity. Mr. Eldredge joined the District with more than 19 years of experience in financing, planning, designing, constructing, operating, and maintaining a multitude of engineering and public works projects, which included water, wastewater, and water recycling systems. Mr. Eldredge is a registered Civil Engineer in California, Hawaii, Arizona, Massachusetts and Colorado. Paul holds a bachelor’s degree in Civil Engineering and a minor in Physics from California State University, Sacramento, and a Master of Business Administration from Colorado State University.

Executive Team. In addition to the General Manager, the District’s executive team also includes Mark Carlson CPA, Business Services Manager, James Schofield, Collection Services Manager, Robert Simonich Manager of Fabrication, Maintenance and Construction, Sami Ghossain, Technical Services Manager, and Armando Lopez, Treatment & Disposal Services Manager.

District Organization Structure. District Departments are referred to as Workgroups. There are five Workgroups managed by directors and within the Workgroups there are teams managed by Coaches (mid-managers). The five Workgroups are Business Services (“BS”); Collection Services (“CS”); Fabrication Maintenance and Construction (“FMC”); Technical Support and Customer Service (“TSCS”); and Treatment and Disposal Services (“TDS”).

BS supports the District’s organization, employees and customers through its Finance, Purchasing, Materials Management, Organizational Support, and Human Resources. CS maintains the District’s sewer mains through construction, maintenance, and television-inspection of its lines. The group also provides planning and scheduling services, fleet and equipment maintenance, building and grounds maintenance and data administration support.

FMC provides professional equipment installation, operation, service, and repair that supports the District’s plant, pump stations, and administrative offices and information technology activities. TSCS provides engineering and capital improvement project management services, enforcement of the District’s ordinances and specifications for sewer construction and repairs, calculation of wastewater service charges, and implementation of environmental protection and compliance programs. TDS is responsible for safe,

reliable, and effective operation of the District's wastewater treatment plant and its associated equipment. The group provides plant operations, laboratory, and support services.

WASTEWATER SYSTEM

The District owns and manages the Wastewater System. The District's service area is approximately 60.2 square miles and contains over 360,000 residents and over 3,100 commercial or industrial customers. As of June 30, 2021 there were approximately 116,718 customer connections to the Wastewater System. The District maintains the Wastewater System's 839 miles of gravity flow pipeline, 24 miles of pressurized force main pipeline, 7 remote pump stations and one wastewater treatment plant (the "WWTP"). The WWTP is a 33-acre facility located in Union City. The WWTP has a permitted capacity of 33 million gallons per day ("MGD") and it treated an average of 23.16 MGD of wastewater each day in fiscal year 2019-20.

After treatment at the WWTP, treated wastewater is transported to the East Bay Dischargers Authority ("EBDA") for discharge. EBDA operates an export pumping facility through which all treated wastewater in the area is dechlorinated and pumped through an outfall into the deepest part of San Francisco Bay for discharge. In periods of significant wet weather events where the treated flows from the Wastewater System exceed the District's contracted capacity with EBDA the District is permitted to responsibly discharge excess treated flows in Old Alameda Creek to provide hydraulic relief to the Wastewater System.

Wastewater Treatment Plant

The WWTP is owned and operated by the District. District staff is responsible for the treatment of wastewater in an environmentally safe manner to ensure its discharge meets the NPDES water quality requirements. The WWTP treats approximately eight billion gallons of sewage and beneficially reuses or disposes of 20,000 wet tons of biosolids each year. WWTP staff conduct thousands of laboratory tests each year to monitor the performance of the plant. The Environmental Compliance team administers the Industrial Pre-Treatment Program; and monitors Industrial User Compliance through daily observation and weekly analysis of discharge. WWTP operations are funded by user fees charged to customers for Sanitary Sewer Service.

Treatment involves separating solids from water, then stabilizing them through a biological process. The stabilized solids are dewatered in a high-speed centrifuge, then hauled away in covered trucks for beneficial reuse. The water is further treated, clarified and disinfected before release in the deep waters of San Francisco Bay. The WWTP currently meets the National Pollutant Discharge Elimination System (NPDES) permit requirements for secondary treatment by using activated sludge as its biological liquid treatment process. The District's treatment also includes primary and secondary clarification, and chlorination. The solids are handled on site through sludge thickening, digestion, and dewatering. The WWTP has a cogeneration facility located next to the primary anaerobic digesters, which uses the digesters' biogas to produce electricity and heat.

The following table shows the 12-month (July - June) daily average (in MGD) of influent to the Treatment Plant for each of the last ten years:

Table 1
UNION SANITARY DISTRICT
INFLUENT TO TREATMENT PLANT
(in MGD)

Fiscal Year	Influent Flow (MGD)
2011-12	25.09
2012-13	24.59
2013-14	23.53
2014-15	22.89
2015-16	22.82
2016-17	24.36
2017-18	23.29
2018-19	23.73
2019-20	22.90
2020-21	21.25 ⁽¹⁾

Source: Union Sanitary District FY2019-20 Comprehensive Annual Financial Report and Union Sanitary District.

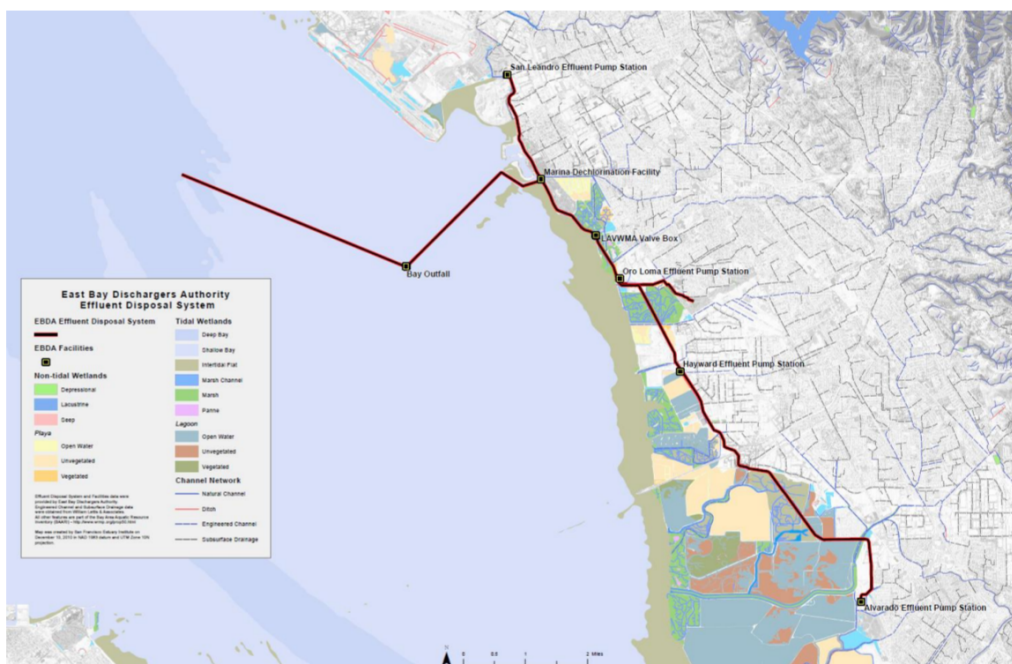
Note: The WWTP is permitted for a capacity of 33.00 MGD.

(1) Data represents the 11-month period July 2020 through May 2021.

The East Bay Dischargers Authority and Regulatory Requirements

EBDA. The District is an agency member of the East Bay Dischargers Authority, a Joint Powers Agency that consists of five local agencies. EBDA was formed in 1974 to collectively manage the wastewater treatment and disposal of the agencies. EBDA also provides contract services to the cities of Pleasanton, Dublin and Livermore through an agreement with the Livermore-Amador Valley Water Management Agency (“LAVWMA”). The combined final effluent from the EBDA and LAVWMA agencies is dechlorinated and discharged from the EBDA Common Outfall to Lower San Francisco Bay. A map of the EBDA’s effluent disposal system can be found below.

EAST BAY DISCHARGE AUTHORITY SYSTEM MAP



EBDA System

Source: Union Sanitary District.

EBDA's discharge capacity is allocated between the agency members according to their ownership percentages in EBDA. The EBDA agency members include the District (42.10% entitlement), the City of Hayward (14.72% entitlement), the City of San Leandro (13.74% entitlement), and the Oro Loma and Castro Valley Sanitary Districts (collectively, 29.44% entitlement).

EBDA's operating costs are also allocated between the agency members according to their discharge capacity usage. The District made payments of \$1,604,047 to EBDA during its 2019-20 fiscal year, primarily to cover the District's share of EBDA's operating costs.

Additional information about EBDA can be found on EBDA's website at <https://ebda.org/> and in Note 5 to APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE INFORMATION FOR FISCAL YEAR ENDED JUNE 30, 2019. Such website is not incorporated herein by this reference.

Regulatory Requirements. Because the District discharges treated wastewater to waters of the state through the EBDA and the Old Alameda Creek Outfall, the District's wastewater operations are subject to many regulatory requirements. These requirements are contained in the Federal Water Pollution Control Act, as amended, (the "Clean Water Act"), and in the State of California Porter Cologne Water Quality Control Act of 1969, as amended. Both federal and State regulations are administered through the California State Water Resources Control Board ("SWRCB"), and generally deal with the quality of effluent discharged from the sewer treatment facilities.

The Environmental Protection Agency works with the SWRCB to enforce applicable water quality objectives by allowing the SWRCB to issue discharge permits called NPDES permits. The District is regulated by two NPDES permits, EBDA Permit (NPDES No. CA0037869) and Old Alameda Creek (Emergency Wet Weather. NPDES No. CA0038733). The District believes it is in compliance with all applicable regulatory requirements related to the Wastewater System.

Excess Treated Flows Above EBDA Capacity. During wet weather, the WWTP can process up to 65 MGD of wastewater. The District is permitted to direct flows above 42.9 MGD from the WWTP to Old Alameda Creek to provide hydraulic relief to the Wastewater System. The District formerly directed excess flows to the Hayward Marsh which is owned and operated by the East Bay Regional Park District (the “Park District”). The Park District is planning to convert the Hayward Marsh to a tidally influenced salt marsh making it no longer suitable for wet weather discharge of treated effluent.

Wastewater Collection System

All domestic, commercial, and light industrial wastewater is collected by the Wastewater System. Any industrial or commercial waste that does not meet District discharge requirements must be pre-treated prior to discharging into the Wastewater System. Most commercial and industrial operations are monitored at various times, depending on their type of discharge.

Everyone in the District is required to connect to the Wastewater System.

The small pipes (typically 4 inches in diameter) that connect homes and businesses to the collection system sewer mains are called service laterals. The portion of the service laterals located within the public right-of-way (from the connection to the sewer main to the property line) in addition to the portion of the service lateral from the back of curb (property line) to the residence are owned by the private property owners who are responsible for their maintenance and repair.

The wastewater generated within the District flows through the collection system to the WWTP. The District maintains approximately 839 miles of sewers (including the force main and all gravity sewers) in its service area with District equipment, including television camera inspection and hydrocleaning.

Wastewater System Customers

Customer Accounts. Residential customers have historically accounted for over 97% of the District’s total number of customer accounts. In fiscal year 2020-21, the Wastewater System had 116,718 active customer accounts, of which 113,601 (97%) were residential, 1,282 (1%) were commercial and 1,344 (1%) were industrial. The remaining 491 (1%) accounts belonged to institutional and other customers.

The following table shows the number of active sewer customer accounts for the most recent five fiscal years.

Table 2
UNION SANITARY DISTRICT
HISTORY OF CUSTOMER ACCOUNTS BY TYPE

	Fiscal Year Ended June 30,				
	2017	2018	2019	2020	2021 ⁽¹⁾
Residential	109,045	109,968	110,953	112,655	113,601
Commercial	1,283	1,283	1,286	1,280	1,282
Industrial	1,351	1,350	1,347	1,344	1,344
Institutional	234	232	228	229	231
Other	257	256	254	255	260
Total Accounts	<u>112,170</u>	<u>113,089</u>	<u>114,068</u>	<u>115,763</u>	<u>116,718</u>

Source: Union Sanitary District.

(1) The 2021 data is estimated.

Wastewater Service Charges by Customer. Residential customers historically have generated approximately 75% of the District's total wastewater service charge revenues in any given year. Industrial customers make up the second largest category of wastewater service charge revenues. The table below show the totals of wastewater service charge billings generated by each category of Wastewater System customer for the most recent five fiscal years.

Table 3
UNION SANITARY DISTRICT
SERVICE CHARGE REVENUES BY CUSTOMER CATEGORY⁽¹⁾

	Fiscal Year Ended June 30,				
	2017	2018	2019	2020	2021 ⁽²⁾
Residential	\$38,868,654	\$40,572,233	\$42,194,986	\$44,306,365	\$44,702,102
Commercial	3,925,805	3,975,571	4,345,016	4,551,973	5,156,469
Industrial	5,512,630	5,594,399	6,195,125	6,564,574	6,956,862
Institutional	1,118,060	1,112,227	1,169,004	1,281,747	1,305,764
Other	2,970,483	3,039,532	3,438,272	3,577,876	4,227,345
Total Revenues	<u>\$52,395,633</u>	<u>\$54,293,962</u>	<u>\$57,342,403</u>	<u>\$60,282,535</u>	<u>\$62,348,542</u>

Source: Union Sanitary District.

(1) The data in this table is compiled by District staff and does not directly correlate to the totals in the audited financial statements.

(2) The 2021 data is estimated

Top Industrial Rate Payers. In fiscal year 2020-21 the District's single largest wastewater service charge ratepayer was Tesla, which accounted for 1.89% of the District's total wastewater service charge revenues. The following table lists the top ten fiscal year 2020-21 industrial rate payers of the Wastewater System, including their percentage of the total fiscal year 2020-21 Wastewater System billings. The top ten rate payers collectively represented 4.86% of the total Wastewater System wastewater service charges for fiscal year 2020-21.

Table 4
UNION SANITARY DISTRICT
TEN LARGEST INDUSTRIAL RATE PAYERS
Fiscal Year Ending June 30, 2021

	Customer	Total Annual Billing	% of Total Billings ⁽¹⁾
1.	Tesla	\$1,176,212	1.89%
2.	Mission Linen Supply	243,523	0.39
3.	Western Digital	224,028	0.36
4.	Washington Hospital	213,400	0.34
5.	Ranch 99 Warm Springs Shopping Center	213,196	0.34
6.	Union Square Shopping Center	212,278	0.34
7.	Lam Research	204,684	0.33
8.	US Pipe	194,164	0.31
9.	Ranch 99 Newark	181,779	0.29
10.	Boehringer Ingeheim	168,826	0.27
	Total Top 10	<u>\$3,032,090</u>	<u>4.86%</u>

Source: Union Sanitary District.

(1) The 2021 data is estimated. The District estimates it will collect \$62,348,542 in total customer billings for fiscal year 2020-21.

Wastewater System Rates

The District receives its revenue from four primary sources: wastewater service charges; capacity fees; other minor operating revenues such as permits, inspections and outside work that is performed in cooperation with other municipalities; and interest earnings on reserve funds.

The wastewater service charges and capacity fees are established by ordinance adopted by a majority vote of the District Board. Prior to rate increases being implemented they must be presented to the rate payers through a Proposition 218 protest hearing process. This process has been completed for the rate increases associated with this financing. See "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND FEES."

Wastewater Service Charges. The District's wastewater service charge is divided into four primary categories of customers: residential, commercial, institutional, and industrial. On May 11, 2020, the District Board adopted Ordinance No. 31.40, which set wastewater service charges to be charged in the District beginning in Fiscal Year 2020-21 through Fiscal Year through 2024-25 to the amounts specified in the ordinance.

Residential Customers. Wastewater service charges for single-family and multi-family residential customers are based on flat rates.

Commercial and Industrial Customers. Charges for commercial and industrial customers are based on the larger of either a fixed minimum charge or a charge based on the volume and pollutant strength of the wastewater being treated. The volume of wastewater is determined from water meter records obtained from the Alameda County Water District. Credit is given for water used that is not discharged to the sanitary sewer, such as landscape irrigation. Due to the lead time involved to get yearly charges placed on the County property tax statements, the Wastewater service charges on the current year's tax statement reflect services already provided. Water use for purposes of computing the service charge is measured from March through February of the previous year. The Wastewater service charge for this period is then placed on the property tax statement that is mailed out in October, with the first installment due December 10th and the second payment due on April 10th.

Pollutant strength is measured in samples of wastewater for two components: chemical oxygen demand ("COD"), and suspended solids ("SS"). Wastewater with high strength is more expensive to treat. For example, wastewater with high levels of suspended solids require more treatment and produces more biosolids (a by-product of treatment). Therefore, rates for commercial and industrial customers are structured to bill those customers based on the volume of their inflows to the system.

Most commercial and industrial customers, or properties that include several different types of businesses, are calculated by the General Assignment method. With this method, commercial and industrial customers are assigned a general strength of strong, moderate or weak. The three rate components, volume, COD, and SS are combined into one rate per 1,000 gallons of wastewater discharged.

Charges for certain industrial customers with industrial discharge permits are calculated using a direct assessment method. Under this method, samples of wastewater are collected and sent to a laboratory for analysis. Both COD and SS are measured and then averaged with other samples taken that year to determine an average strength for use in calculating Wastewater service charges. The sum of three components determines the total charge.

The following table lists wastewater service charge rate table for Wastewater System customers as approved in Ordinance 31.40 and currently in effect:

Table 5
UNION SANITARY DISTRICT
WASTEWATER SERVICE CHARGE RATE TABLE
Fiscal Years 2020-21 through 2024-25

	Fiscal Year Ending June 30,				
	2021	2022	2023	2024	2025
RESIDENTIAL (\$/dwelling unit)					
Single family residences	\$454.57	\$490.93	\$530.21	\$569.97	\$611.58
Multifamily residences	400.58	432.63	467.24	502.28	538.95
COMMERCIAL⁽¹⁾ (\$/1,000 gals)					
Fast-Food Restaurant	12.62	13.63	14.72	15.83	16.98
Full-Service Restaurant	12.64	13.65	14.74	15.85	17.01
Strong	12.53	13.53	14.61	15.71	16.85
Moderate	6.06	6.54	7.07	7.60	8.15
Weak	5.08	5.49	5.93	6.37	6.83
INDUSTRIAL⁽¹⁾					
Volume (\$/1,000 gals)	2.99	3.22	3.48	3.74	4.02
COD (\$/1,000 lbs)	338.87	365.98	395.26	424.91	455.92
SS (\$/1,000 lbs)	909.90	982.69	1,061.30	1,140.90	1,224.19

Source: Union Sanitary District Ordinance No. 31.40.

(1) The District imposes a minimum charge per account for all non-residential customers equal to the charge for a multifamily residential dwelling unit.

Single-Family Rate Comparison. The following table shows the District's fiscal year 2020-21 wastewater service charge rates for a single-family residence as compared to other agencies in the region.

Table 6
UNION SANITARY DISTRICT
FY2020-21 SINGLE-FAMILY ANNUAL WASTEWATER RATE COMPARISON

Agency	Annual Charges
EBMUD/Oakland	\$890
Livermore	676
Pleasanton	512
San Jose	500
Palo Alto	496
Dublin San Ramon Services District	469
San Leandro	466
Castro Valley Sanitary District	458
Union Sanitary District	455
Hayward	430
Oro Loma	296

Source: Union Sanitary District.

Note: Assumes 195 gpd flow, small lot.

Capacity Fees. New customers are charged a one-time capacity fee to recover costs for existing and future facilities that is of proportional benefit to the property being charged as they connect to the Wastewater System. On May 24, 2021, the Union Sanitary District Board of Directors adopted Ordinance No. 35.23, which set Capacity Charges to be charged in the District beginning in fiscal year 2021-22 through fiscal year 2025-26. The ordinance sets forth the Capacity Charges for new and existing users to buy a share of the District's system's capacity for the discharge of their wastewater. The Capacity Charges will increase each fiscal year from 2021-22 through fiscal year 2025-26 to the amounts specified in the ordinance.

The following table lists capacity charge rate table for residential Wastewater System customers as approved in Ordinance 35.23 and currently in effect. As they pertain to residential Wastewater System customers, capacity charges are applied to new construction only and do not apply to additions or repairs. Residential capacity charges are applied per dwelling unit.

Table 7
UNION SANITARY DISTRICT
PER DWELLING UNIT CAPACITY CHARGE RATE TABLE
FOR RESIDENTIAL CUSTOMERS
Fiscal Years 2021-22 through 2025-26

	Fiscal Year Ending June 30,				
	2022	2023	2024	2025	2026
Single Family (<= 4,500 square feet)	\$9,331	\$10,027	\$10,755	\$11,514	\$12,307
Single Family (> 4,500 square feet) ⁽¹⁾	9,331	10,027	10,755	11,514	12,307
Multi-Family	8,030	8,661	9,321	10,009	10,728

Source: Union Sanitary District Ordinance No. 35.23.

(1) Dwelling units greater than 4,500 square feet are charged the per-unit charge plus a proportionate charge for per square foot above 4,500 square feet (ex. Capacity charge for 4,600 square feet unit is 4,600/4,500 * unit charge).

Capacity charges for commercial, industrial, and institutional customers are based on square footage, estimated wastewater flows, strength concentrations and other factors as detailed in Ordinance No. 35.23. A copy of Ordinance No. 35.23 which includes the complete rate table for capacity charges applicable to all Wastewater System customers is attached to this Official Statement as APPENDIX H—CAPACITY CHARGE ORDINANCE.

The District's capacity charge revenues can vary widely from year to year based on growth. Over the past decade revenues have ranged from roughly \$2.5 million during lower-growth years that followed the 2008 recession to over \$23 million in FY2017-18. Capacity charge revenues have increased in recent years due to a resurgence of growth within the District's service area.

Billing and Collection of Wastewater System Charges

Billing Procedures. Each year the District transmits its wastewater service charges to the County Treasurer-Tax Collector for collection on the County property tax roll. The property tax billings are due in two equal installments on December 10 and April 10. The District generally receives the first and second installments from the County in December and April, respectively, with final reconciliation payments in June and July.

Delinquent Charges. The Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in section 4701 et seq. of the California Revenue and Taxation Code. Under the Teeter Plan, each taxing entity receives 100% of the taxes and assessments levied, without regard to delinquencies.

The District’s wastewater rates and charges are currently covered under the County’s Teeter Plan. *However, there can be no assurance that the County will not choose to discontinue the Teeter Plan in the future, or modify its Teeter Plan to exclude or limit the coverage for sanitary districts, or choose to remove the District from its Teeter Plan coverage. At the date of this Official Statement, no such discontinuation or removal is under consideration.*

No Information Regarding Delinquencies. No information is available from the County regarding actual delinquency rates. All enforcement and collection is handled by the County. The District has no independent procedure for enforcing the collection of its rates and charges.

DISTRICT FINANCIAL INFORMATION

Budget Process

The District holds a mid-year workshop with the Board in February or March. The purpose of this workshop is to provide current year-to-date budget vs. actual information, projections for the end of the year, and a first look at budget issues for the upcoming fiscal year. In April or May there is a subsequent workshop, providing the upcoming fiscal year’s projected budget, including revenue estimates, operating costs, capital projects, rates, and special projects. The budget workshops give the Board the opportunity to comment, ask questions, make recommendations for changes, and provide direction to staff. At the second Board meeting in May, the preliminary (draft) budget is brought to the Board as an information item, noting any changes since the workshop. The final budget is typically reviewed and considered at the second Board meeting in June.

Budgetary controls are maintained by the District to ensure compliance with the annual budget adopted by the Board. All financial activities for the fiscal year are included in the annual budget, along with the 20-year capital improvement budget. Budgetary control is maintained at the Work Group level for administrative and operating budgets, and at the project level for capital improvements. Monthly budget reports are provided to the Executive Team and the Board.

Financial Statements

APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE INFORMATION FOR FISCAL YEAR ENDED JUNE 30, 2019, includes the audited financial statements of the District (the “Financial Statements”) for Fiscal Year 2019-20 prepared by the District and audited by Lance, Soll & Lunghard, LLP, Sacramento, California (the “Auditor”). The audited combined financial statements of the District for prior years are available upon request or by visiting the District website.

The Auditor’s letter concludes that the Financial Statements present fairly, in all material respects, the financial position of the District as of June 30, 2020, and the results of its operations and the cash flows

for the Fiscal Year then ended in conformity with accounting principles generally accepted in the United States of America. The Financial Statements should be read in their entirety. The District has not requested nor did the District obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the District. In addition, the Auditor has not reviewed this Official Statement.

See APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE INFORMATION FOR FISCAL YEAR ENDED JUNE 30, 2019 for a more complete summary of the District’s accounting policies.

Impact of COVID-19 Pandemic on the District

The District has, to date, not experienced material negative impacts to its finances or operations caused by the COVID-19 Pandemic. The District’s operations were not halted by County and State public health directives as the District’s operations are essential infrastructure. A majority of the District’s operating revenues consist of wastewater service charges billed on the property tax roll and collected on behalf of the District by the County. The District is entitled to complete collection of its wastewater service charges from the County due to the County’s participation in the Teeter Program. District staff continues to monitor the intermediate and long-term potential impacts of the COVID-19 Pandemic on the District’s customers and operations.

District Financial Management Policies

The District Board has adopted financial management policies to provide for: (i) establishing targeted General Fund reserves; (ii) the prudent investment of District funds, and (iii) management of debt.

Reserve Policy. In accordance with the District’s debt covenants and District Policy No. 2090, the District maintains several reserves, including reserves for cash flow, structural and system renewal and replacement, liability insurance deductibles and an emergency reserve. The District’s actual emergency reserves for fiscal year 2020-21 were \$6,500,000. The District did not draw on its emergency reserve in response to the COVID-19 Pandemic. The District’s goal is to increase its emergency reserve by \$750,000 per year until the emergency reserve reaches \$9,500,000. The District’s fiscal year 2021-22 budget anticipates making the \$750,000 contribution to the emergency reserve, bringing to the total emergency reserve to \$7,250,000.

Investment Policy. The investment of funds of the District (except pension and retirement funds) is made in accordance with the District’s Investment Policy, most recently approved on December 18, 2020 (the “Investment Policy”), and section 53601 *et seq.* of the California Government Code. The Investment Policy is subject to revision at any time and is reviewed at least annually to ensure compliance with the stated objectives of safety, liquidity, yield, and current laws and financial trends.

Debt Management Policy. In accordance with section 8855(i) of the California Government Code the District adopted a debt management policy on January 14, 2020 to establish conditions for the use of debt; to ensure that debt capacity and affordability are adequately considered; to minimize the District’s interest and issuance costs; to maintain the highest possible credit rating; to provide complete financial disclosure and reporting; and to maintain financial flexibility for the District.

Outstanding Debt

The District's only outstanding debt relates to the 2020 Installment Payments under the 2020 Installment Payment Agreement. The following table shows the District annual payment requirements under the 2020 Installment Purchase Agreement:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 2,575,000	\$ 2,236,900.00	\$ 4,811,900.00
2023	2,670,000	2,132,000.00	4,802,000.00
2024	2,780,000	2,023,000.00	4,803,000.00
2025	2,010,000	1,927,200.00	3,937,200.00
2026	2,090,000	1,845,200.00	3,935,200.00
2027	2,175,000	1,759,900.00	3,934,900.00
2028	2,260,000	1,671,200.00	3,931,200.00
2029	2,290,000	1,580,200.00	3,870,200.00
2030	2,385,000	1,486,700.00	3,871,700.00
2031	2,485,000	1,389,300.00	3,874,300.00
2032	2,585,000	1,287,900.00	3,872,900.00
2033	2,690,000	1,182,400.00	3,872,400.00
2034	2,800,000	1,072,600.00	3,872,600.00
2035	2,915,000	958,300.00	3,873,300.00
2036	1,280,000	874,400.00	2,154,400.00
2037	1,335,000	822,100.00	2,157,100.00
2038	1,390,000	767,600.00	2,157,600.00
2039	1,445,000	710,900.00	2,155,900.00
2040	1,505,000	651,900.00	2,156,900.00
2041	1,565,000	590,500.00	2,155,500.00
2042	1,620,000	534,900.00	2,154,900.00
2043	1,670,000	485,550.00	2,155,550.00
2044	1,725,000	434,625.00	2,159,625.00
2045	1,775,000	382,125.00	2,157,125.00
2046	1,830,000	328,050.00	2,158,050.00
2047	1,885,000	272,325.00	2,157,325.00
2048	1,945,000	214,875.00	2,159,875.00
2049	2,000,000	155,700.00	2,155,700.00
2050	2,065,000	94,725.00	2,159,725.00
2051	2,125,000	31,875.00	2,156,875.00
TOTALS	<u>\$61,870,000</u>	<u>\$29,904,950.00</u>	<u>\$91,774,950.00</u>

Historical Operating Results and Debt Service Coverage

The following two tables provide a history and projection of the operating results and debt service coverage of the District. The following table presents the Historical Summary of Operating Revenues, Operating Expenses and Debt Service Coverage for the past five fiscal years. Data for fiscal years 2016-17 through 2019-20 are based on figures from the District's Audited Financial Statements. Data for fiscal year 2020-21 are projected results.

Table 8
UNION SANITARY DISTRICT
HISTORICAL SUMMARY OF OPERATING REVENUES,
OPERATING EXPENSES AND DEBT SERVICE COVERAGE

	Fiscal Year Ended June 30,				
	2017	2018	2019	2020	2021 ⁽⁴⁾
OPERATING REVENUES					
Charges for Services	\$52,384,709	\$54,260,096	\$57,330,651	\$60,216,149	\$62,348,542
Other Revenues	2,154,364	1,631,870	2,188,027	1,460,111	1,343,500
Total Operating Revenues	54,539,073	55,891,966	59,518,678	61,676,260	63,692,042
NON-OPERATING REVENUES					
Developer Connection Fees ⁽¹⁾	12,595,637	23,623,947	16,158,027	14,179,465	5,712,200
Investment Earnings ⁽²⁾	720,067	1,436,216	2,657,356	3,115,507	952,795
Total Non-Operating Revenues	13,315,704	25,060,163	18,815,383	\$17,294,972	6,664,995
TOTAL REVENUES	67,854,777	80,952,129	78,334,061	78,971,232	70,357,037
OPERATION & MAINTENANCE COSTS ⁽³⁾	34,676,761	36,405,454	38,594,477	43,922,938	47,585,596
NET REVENUES AVAILABLE FOR DEBT SERVICE					
FOR DEBT SERVICE	33,178,016	44,546,675	39,739,584	35,048,294	22,771,441
SWRCB Agreements Debt Service	3,127,111	3,902,080	3,902,104	—	—
2020 Installment Payments	—	—	—	—	4,684,772
TOTAL DEBT SERVICE	3,127,111	3,902,080	3,902,104	4,021,267	4,684,772
DEBT SERVICE COVERAGE	10.61x	11.42x	10.18x	8.72x	4.86x

Source: Union Sanitary District.

(1) Excludes contributed capital amounts which are non-cash items.

(2) Excludes unrealized gains/losses in investments which are non-cash items.

(3) Excludes depreciation, amortization, debt service and capital expenditures. Operating expenses exclude non-cash items in connection with GASB 75 and GASB 68.

(4) The 2021 data is estimated.

Proposed Future Debt

The District plans to incur additional indebtedness in 2021, 2025 and 2026.

The District plans to borrow approximately \$180.9 million from the United States Environmental Protection Agency (the "EPA") in 2021 to fund portions of the ETSU Program (the "WIFIA Loan") pursuant to the Water Infrastructure Finance and Innovation Act (the "WIFIA"). The District can make no assurances that such WIFIA Loan will be executed as outlined in the finance plan. See "Capital Improvement Program—ETSU Program Overview" below. The District's payment obligation with respect to the WIFIA Loan will be subordinate to the District's payment obligation with respect to the

Installment Purchase Agreement, the 2020 Installment Purchase Agreement and the 2025 Installment Purchase Agreement (hereinafter defined) if entered into by the District.

The District plans to either borrow from the SWRCB (see below) or request the issuance of bonds by the USDFA of approximately \$106.5 million in 2025 to fund projects related to the ETSU program and other certain improvements to the wastewater system.

If bonds are issued by the USDFA, the District will enter into an installment purchase agreement (the “2025 Installment Purchase Agreement”) to make the debt service payment on such bonds. The District’s payment obligation with respect to the 2025 Installment Purchase Agreement will be on a parity with the District’s payment obligation with respect to the Installment Purchase Agreement, the 2020 Installment Purchase Agreement and other future parity indebtedness.

The District’s plans to borrow approximately \$28.8 million from the SWRCB in 2021 or 2022 to finance the standby power generation system upgrade (the “SWRCB Loan”). The SWRCB Loan is expected to be executed and delivery by the District and the SWRCB by the end of the calendar with an initial repayment beginning in fiscal year 2026. The District’s payment obligation with respect to the SWRCB Loan will be on a parity with the District’s payment obligation with respect to the Installment Purchase Agreement, the 2020 Installment Purchase Agreement, the 2025 Installment Purchase Agreement and other future parity indebtedness.

See “Capital Improvement Program” below.

Projected Operating Results and Debt Service Coverage

The following table presents the Projected Summary of Operating Revenues, Operating Expenses and Debt Service Coverage for the fiscal years 2021-22 through 2025-26 based upon certain assumptions which the District believes are reasonable. However, the District cannot guarantee that its actual results will not differ.

Table 9
UNION SANITARY DISTRICT
SUMMARY OF PROJECTED OPERATING REVENUES,
OPERATING EXPENSES AND DEBT SERVICE COVERAGE

	Fiscal Year Ending June 30,				
	2022	2023	2024	2025	2026
OPERATING REVENUES					
Charges for Services ⁽¹⁾	\$74,716,000	\$76,915,066	\$83,013,608	\$89,429,367	\$95,623,061
Other Revenues	1,310,900	1,310,900	1,310,900	1,310,900	1,310,900
Total Operating Revenues	\$76,026,900	\$78,225,966	\$84,324,508	\$90,740,267	\$96,933,961
NON-OPERATING REVENUES					
Developer Connection Fees	\$4,949,820	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000
Interest Earnings ⁽²⁾	1,617,357	1,840,146	1,778,370	1,754,045	2,730,130
Total Non-Operating Revenues	\$6,567,177	\$4,840,146	\$4,778,370	\$4,754,045	\$5,730,130
TOTAL REVENUES	\$82,594,077	\$83,066,112	\$89,102,879	\$95,494,312	\$102,664,091
OPERATION & MAINTENANCE COSTS ⁽³⁾	\$52,396,908	\$52,942,302	\$54,701,654	\$57,337,566	\$59,378,031
NET REVENUES AVAILABLE FOR SENIOR DEBT SERVICE	\$30,197,169	\$30,123,810	\$34,401,225	\$38,156,746	\$43,286,060
SENIOR DEBT SERVICE					
2020 Installment Payments	\$4,811,900	\$4,802,000	\$4,803,000	\$3,937,200	\$3,935,200
2021 Installment Payments ⁽⁴⁾	\$2,000,282	\$5,176,800	\$5,176,900	\$5,179,300	\$5,178,900
2025 Installment Payments ⁽⁵⁾	—	—	—	\$6,926,920	\$6,926,920
SWRCB Loan ⁽⁶⁾	—	—	—	\$0	\$1,200,989
Total Senior Debt Service	\$6,812,182	\$9,978,800	\$9,979,900	\$16,043,420	\$17,242,008
SENIOR DEBT SERVICE COVERAGE	4.43x	3.02x	3.45x	2.38x	2.51x
NET REVENUES AVAILABLE FOR SUBORDINATE DEBT SERVICE	\$23,384,987	\$20,145,010	\$24,421,325	\$22,113,327	\$26,044,051
SUBORDINATE DEBT SERVICE					
2021 WIFIA Loan ⁽⁷⁾	—	—	—	—	—
Total Subordinate Debt Service	—	—	—	—	—
SUBORDINATE DEBT SERVICE COVERAGE	—	—	—	—	—
TOTAL DEBT SERVICE	\$6,812,182	\$9,978,800	\$9,979,900	\$16,043,420	\$17,242,008
ALL-IN DEBT SERVICE COVERAGE	4.43x	3.02x	3.45x	2.38x	2.51x

Source: Union Sanitary District.

- (1) The projected revenues assumes the overall increase in new sewer accounts is less than 1%. The projected revenues for fiscal year 2021-22 are based on the District's budget.
- (2) The projections assume interest earnings on revenues and fund balances are 0.90% in fiscal year 2021-22, 1% annually through fiscal year 2024-25 and 1.6% annually thereafter.
- (3) Excludes depreciation, amortization, debt service and capital expenditures. The projections assume annual Operation and Maintenance Costs of the Wastewater System will increase an average of 4% annually, primarily as a result of inflation, increased pension costs and increased costs for operations and maintenance. The projected expenses for fiscal year 2021-22 are based on the District's budget.
- (4) Assumes the 2021 Installment Payments are issued in the par amount of \$90,465,000 at an assumed true interest cost of 2.45%.
- (5) Assumes the USDFA issues approximately \$106.5 million of additional bonds in fiscal year 2024-25 at an assumed true interest cost of 5.0%.
- (6) Assumes the District enters into a loan with the SWRCB in the approximate amount of \$28.8 million by the end of Calendar year 2021. The repayment is not expected to begin until fiscal year 2025-26 at an assumed interest rate of 1.50%.
- (7) Assumes the District enters into the 2021 WIFIA Loan with EPA for the approximate amount of \$180.9 million. The 2021 WIFIA Loan is not expected to begin repayment until fiscal year 2028.

Capital Improvement Program

The Capital Improvement Program, or CIP, is a 20-year plan that identifies capital projects, budget amounts and sources, as well as planning schedule and priority. Funding sources for the CIP program are usually through long-term financing, low interest loans from the California State Water Resources Board or pay-as-you-go from the charges for service, connection fees and reserves. For FY2021-22, the CIP budget represents about 39% of the overall District budget. Capital projects are identified from studies and master plans, as well as customer needs and regulatory requirements.

A five-year projection of the costs of each type of improvement and the sources for payment are described in the following table:

Table 10
UNION SANITARY DISTRICT
FIVE YEAR CAPITAL IMPROVEMENT PLAN

IMPROVEMENT TYPE	Fiscal Year Ending June 30,				
	2022	2023	2024	2025	2026
Transport	\$ 2,520,000	\$ 8,713,800	\$ 4,590,000	\$ 10,918,800	\$ 4,159,800
Treatment	27,869,665	77,958,167	109,909,213	106,072,070	51,615,481
Admin	14,962,495	41,822,213	19,797,675	180,000	270,000
Collection	2,610,000	3,627,000	1,528,200	684,000	3,606,300
Total	<u>\$47,962,161</u>	<u>\$132,121,180</u>	<u>\$135,825,087</u>	<u>\$117,854,870</u>	<u>\$59,651,581</u>
FUNDING SOURCE					
Reserves (PayGo)	\$ 7,335,000	\$ 14,558,400	\$ 22,603,500	\$ 31,771,800	\$25,475,400
Bonds	40,177,161	65,742,840	5,310,000	43,452,853	33,186,181
WIFIA	—	37,419,940	97,021,587	40,560,217	—
SRF	450,000	14,400,000	10,890,000	2,070,000	990,000
Total	<u>\$47,962,161</u>	<u>\$132,121,180</u>	<u>\$135,825,087</u>	<u>\$117,854,870</u>	<u>\$59,651,581</u>

Source: Union Sanitary District.

ETSU Program Overview. The District adopted the Enhanced Treatment and Site Upgrade Program (“ETSU Program”) to serve as a roadmap for the WWTP’s infrastructure maintenance and improvements over the next 40 years. The ETSU Program accounts for anticipated regulatory requirements (such as nutrient restrictions), site layout possibilities, and capacity needed to meet the General Plans of Fremont, Newark and Union City.

ETSU Phase 1 Projects. The District has submitted the Phase 1 Projects in the ETSU Program (the “Phase 1 Projects”) to the EPA for review and is currently in the process of negotiating the WIFIA Loan. Approximately \$80 million of proceeds from the Bonds will provide funding for the Phase 1 Projects. The Phase 1 Projects address critical infrastructure needs for the WWTP over the next 5 to 7 years.

Key goals for the Phase 1 Projects include addressing aging infrastructure, nutrient removal upgrades, and hardening of infrastructure to support resiliency efforts to manage extreme wet weather.

The Phase 1 Projects consist of a combination of projects to be constructed in three phases: Phase 1A, Phase 1B, and Phase 1C (as described below). The Phase 1 Projects are estimated to cost approximately \$350 million over the next 7 years.

Phase 1A: Modifications to existing aeration basins, step feed for wet weather management, one new aeration basin, new odor control facilities, and demolition and replacement of existing administration and operation buildings to prepare the site for the construction of Phase 1B.

Phase 1B: Construction of new secondary clarifiers to allow for nutrient removal, new chlorine disinfection and effluent pumping facilities to provide adequate pumping capacity to manage wet weather events.

Phase 1C: Retrofit of existing secondary clarifiers for equalization of primary effluent to manage wet weather events and improve nutrient removal performance.

ETSU Phase 2 Projects. The ETSU Program includes plans for Phase 2 Projects (the “Phase 2 Projects”) consisting primarily of additional and/or enhanced nutrient removal projects. The Phase 2 Projects are anticipated to cost approximately \$226 million. The District does not expect to begin construction on the Phase 2 Projects until Fiscal Year 2036 at the earliest. However, this timeline could be much later depending upon regulatory requirements being implemented at a later date. These are regulatory driven improvements. The District will be reviewing all potential funding options for the Phase 2 Projects including but not limited to the issuance of bonds. No assurances can be made on the approximate amount or estimate timeframe for completion of the Phase 2 Projects.

Risk Management

The District is a member of the California Sanitation Risk Management Authority (“CSRMA”). CSRMA covers general liability and workers’ compensation claims. In addition, commercial insurance is purchased for excess liability, property, and employee dishonesty coverage. The District has a \$500,000 deductible for general liability coverage, and no deductible for workers’ compensation coverage.

Claims and judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed above, the District has coverage for such claims, but it has retained the risk for the deductible or uninsured portion of these claims. The District’s liability for uninsured claims is limited to general liability claims, as discussed above. Settled claims have not exceeded coverage in any of the past three years.

Employee Retirement Plans

The information set forth below regarding the California Public Employees’ Retirement System (“CalPERS”) program, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not be construed as a representation by either the District or the Underwriter.

Plan Description. All qualified permanent and probationary employees are eligible to participate in the District’s Miscellaneous Plan (the “Plan”), an agent multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (“CalPERS”), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan is established by State statute and District resolution. CalPERS issues publicly available

reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided. CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five (5) years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Employees Covered. At June 30, 2020, the following employees were covered by the benefit terms for the Plan.

Table 11
UNION SANITARY DISTRICT
CALPERS MISCELLANEOUS PLAN MEMBERSHIP

Inactive employee or beneficiaries currently receiving benefits	178
Inactive employees entitled to but not yet receiving benefits	68
Active employees	<u>140</u>
Total	<u>386</u>

Source: Union Sanitary District FY2019-20 Comprehensive Annual Financial Report.

Section 115 Pension Trust and Pension Funding Policy. In May of 2021, the District Board adopted Pension and OPEB Policy 2095, which sets a goal of reaching and maintaining the Plan's funding status of between 90% and 100% of the Plan's total pension liabilities. The District will be creating a Pension 115 Trust to set aside funds for early retirement of the Plan's Unfunded Pension Liability. The District's fiscal year 2021-22 budget includes a \$3 million dollar contribution to the Pension 115 Trust and anticipates annual contributions of \$3 million dollars annually (subject to Board approval) through fiscal year 2032-33, at which time the Plan is expected to be fully funded. Amounts in the Pension Plan Trust will be irrevocably committed to funding the Plan's actuarially determined liabilities.

Contributions. Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Changes in the Net Pension Liability. The District's net pension liability for the Plan is measured as the total pension liability, less the plan's fiduciary net position. As of June 30, 2020, the District reported a net pension liability for the Plan of \$51,055,879.

The following table shows the changes in net pension liability recognized over the measurement period for the Plan.

Table 12
UNION SANITY DISTRICT
CHANGES IN NET PENSION LIABILITY
During FY2019-20

Service costs	\$ 2,910,836
Interest on total pension liability	10,488,921
Difference between actual and expected experience	2,872,889
Changes in assumptions	-
Contribution – employer	(4,156,261)
Contribution – employee	(1,343,915)
Net investment income	(6,526,074)
Administrative expenses	70,995
Benefit payments (incl. refunds of employee contributions)	-
Net changes	<u>4,317,160</u>
Balance at June 30, 2019	<u>46,738,719</u>
Balance at June 30, 2020	<u><u>\$51,055,879</u></u>

Source: Union Sanitary District FY2019-20 Comprehensive Annual Financial Report.

Deferred Outflows and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2020, the District recognized pension expense of \$9,655,748. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Table 13
UNION SANITY DISTRICT
DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

	Deferred Outflows of Resources	Deferred inflows of Resources
Contributions subsequent to measurement date	\$ 4,970,336	\$ -
Difference between actual and expected experience	2,562,580	-
Changes in Assumptions	892,880	(544,680)
Net difference between projected and actual earnings on plan investments	-	(553,572)
Total	<u>\$8,425,826</u>	<u>\$(1,098,252)</u>

Source: Union Sanitary District FY2019-20 Comprehensive Annual Financial Report.

Funded Status. The following table sets forth a summary of the funding progress for the District's Plan the five most recent actuarial valuation dates.

Table 14
UNION SANITY DISTRICT
HISTORICAL PENSION FUNDING PROGRESS

Date June 30,	Accrued Liability	Market Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll
2016	\$ 120,938,176	\$ 88,861,075	\$ 32,007,101	73.48%	\$ 13,896,353
2017	127,008,243	87,151,779	39,856,464	68.62%	14,229,298
2018	141,136,606	94,385,347	46,751,259	66.88%	15,017,486
2019	146,223,869	99,485,150	46,738,719	68.04%	15,174,379
2020	154,788,548	103,732,669	51,055,879	67.02%	17,036,713

Source: Union Sanitary District 2019-20 Comprehensive Annual Financial Report.

For more information, including actuarial assumptions, a discussion of the discount rate used, and schedules of funding progress for the District's pension plan, see APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE INFORMATION FOR FISCAL YEAR ENDED JUNE 30, 2019—Notes to Basic Financial Statements—NOTE 7.

Coronavirus Impacts on Pension Obligations. Recent volatility in the CalPERS portfolio as a result of the COVID-19 Pandemic may result in increases in the District's required contributions in future years. The District cannot predict the level of such increases, if any.

CalPERS Amortization Period Reform Amortization Period Reform. On February 13, 2018, the CalPERS Board voted to shorten the period over which actuarial gains and losses are amortized from 30 years to 20 years for new pension liabilities. The new 20-year amortization period begins with new gains or losses accrued starting with the June 30, 2020 actuarial valuations. The first payments on the new 20-year amortization schedule will take place in 2021.

A shorter amortization period will increase annual Unfunded Accrued Liability ("UAL") contributions for public agencies that participate in CalPERS so long as CalPERS remains underfunded. The shortened amortization period will also lead to reductions of periods of negative amortization of the UAL, interest cost savings, and faster recoveries of funded status after market downturns.

Public agencies that participate in CalPERS will also see additional volatility in their future UAL contributions due to market performance as gains or losses will be amortized faster under the new amortization period.

The District cannot currently estimate the impact the shorter amortization period will have on its required contributions for the Plan.

Defined Contribution Pension Plan

District employees may defer a portion of their compensation under a District sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this plan,

participants are not taxed on the deferred portion of their compensation until distributed to them; distribution may be made only at termination, retirement, death or in an emergency as defined by the plan.

Other Post-Employment Benefits

Plan Description. The District's defined benefit postemployment healthcare plan provides medical benefits to employees who satisfy the requirements for retirement under CalPERS (attained age 50 with five years of service or satisfaction of the requirements for a disability retirement.) The amount of the retiree's medical benefit is dependent upon both years of service with the District and the year the employee retires.

The District contracts with CalPERS to administer its retiree health benefit plan (an agent multiple-employer plan) and to provide an investment vehicle, the California Employers' Retiree Benefit Trust Fund, to prefund future OPEB costs. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. The District chooses among the menu of benefit provisions and adopts certain benefit provisions by Board resolution. CalPERS issues a separate Comprehensive Annual Financial Report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, CA, 95814.

Section 115 Pension Trust and Pension Funding Policy. In May of 2021, the District Board adopted Pension and OPEB Policy 2095, which sets a goal of reaching and maintaining the Plan's funding status of between 90% and 100% of the Plan's total OPEB liabilities.

Employees Covered. Membership of the OPEB Plan as of June 30, 2020 consisted of 106 inactive employees or beneficiaries currently receiving benefits, 39 inactive employees entitled to but not yet receiving benefits, and 141 active employees.

Funding Policy. The OPEB Plan and its contribution requirements are established by a Memorandum of Understanding with the applicable employee bargaining unit. The annual contribution is based on the actuarially determined contribution. For the year ended June 30, 2020 the District's cash contributions were \$1,546,756 in total payments, which were recognized as a reduction to the OPEB liability.

OPEB Plan Section 115 Trust. The District has formed a Section 115 Trust for its OPEB Plan. Amounts in the OPEB Plan Trust are irrevocably committed to funding the OPEB Plan's actuarially determined liabilities.

Net OPEB Liability. The following table shows the amount contributed to the plan, and changes in the District's net OPEB liability in fiscal year 2019-20:

Table 15
UNION SANITARY DISTRICT
CHANGES IN NET OPEB LIABILITY
During Fiscal Year 2019-20

Service cost	\$ 401,584
Interest on OPEB Liability	808,836
Plan experience	(401,695)
Changes in assumptions	(390,123)
Employer contribution	(1,546,756)
Net investment income	(457,085)
Administrative expenses	1,324
Change in Fund Balance	<u>(1,583,915)</u>
Balance at June 30, 2019	<u>6,164,897</u>
Balance at June 30, 2020	<u><u>\$4,580,982</u></u>

Source: Union Sanitary District FY2019-20 Comprehensive Annual Financial Report.

For additional information about the District's OPEB Plan, see APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE INFORMATION FOR FISCAL YEAR ENDED JUNE 30, 2019, Note 8.

RISK FACTORS RELATING TO THE BONDS

The following section describes certain special considerations and risk factors affecting the risk of nonpayment or the security for the Bonds. The following discussion is not meant to be an exhaustive or definitive description of the risks associated with a purchase of any Bond and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following special factors regarding the Bonds, together with all other information in this Official Statement in order to make an informed investment decision with respect to the Bonds. There can be no assurance that other risk factors are not or will not become material in the future.

Payment of principal of and interest on the Bonds depends primarily upon the revenues derived from operation of the Wastewater System. Some of the events which could affect the revenues received by the Wastewater System are set forth below. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the Bonds and the order in which the risks are discussed does not necessarily reflect the relative importance of the various risks.

Limited Obligations

The Bonds are special, limited obligations of the USDFA and are not secured by a legal or equitable pledge or charge or lien upon any property of the District or any of its income or receipts, except the USDFA Revenues.

The District is obligated under the Installment Purchase Agreement to make Installment Payments solely from Net Revenues. The obligation of the District to make Installment Payments from Net Revenues does not constitute an obligation of the District to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. There is no assurance that the District can succeed in operating the Wastewater System such that the Net Revenues in the future will be sufficient for that purpose.

Gross Revenues; Rate Covenant

Gross Revenues are dependent upon the demand for wastewater services, which can be affected by population factors, more stringent wastewater standards, wastewater regulations, water conservation, water shortages, problems with the District's wastewater collection and other factors, and increases in operation and maintenance expenses. There can be no assurance that wastewater service demand will be consistent with the levels contemplated in this Official Statement. A decrease in demand could require an increase in rates or charges in order generate sufficient Gross Revenues to pay the Installment Payments and comply with the rate covenant contained in the Installment Purchase Agreement.

The District's ability to meet its rate covenant and make Installment Payments may be dependent upon its ability to increase rates in the future to levels sufficient to make Installment Payments and payments with respect to any Parity Obligations. There can be no assurance that the District will be able to raise rates in the future in amounts sufficient to pay debt service or to meet the rate covenant. While the District has covenanted to comply with the rate covenant, the rate covenant is not a guarantee that there will be sufficient Net Revenues to make Installment Payments.

Risks Related to Facilities and Operations

The operation of the Wastewater System and physical condition of the Wastewater System facilities are subject to a number of risk factors that could adversely affect the reliability of sewer service or increase the operating expenses of the Wastewater System. Prolonged damage to the Wastewater System could interrupt the ability of the District to realize Net Revenues sufficient to make the Installment Payments, require substantial increases in rates or charges in order to make the Installment Payments and comply with the rate covenant in the Installment Purchase Agreement (which could drive down demand for wastewater and related services), or require the District to increase expenditures for repairs significantly enough to adversely impact the District's ability to make the Installment Payments.

These factors could include, among others, the following:

Aging Facilities. The Wastewater System's facilities are aging and in need of repair or replacement. Long-lived facilities result in decreased reliability due to unplanned outages and place a greater maintenance burden on District operations.

Private Sewer Laterals. Private sewer laterals are not owned or operated by the District; however, faulty private sewer laterals can increase inflow and infiltration into the District's facilities. Excessive inflow and infiltration into the facilities due to faulty sewer laterals may cause damage to the District's facilities.

Operation and Maintenance Expenses. There can be no assurance that operation and maintenance expenses of the District related to the Wastewater System will be consistent with the levels contemplated in this Official Statement.

Seismic Hazards and Natural Disasters. The Wastewater System is located in a seismically active region. From time to time, the service area of the District may be subject to other natural disasters, including without limitation wildfires, flooding and landslides, tsunamis, or manmade disasters that could interrupt operation of the Wastewater System or its wastewater treatment and disposal service provider, CMSA, or adversely affect economic activity in the District's service area. See "THE WASTEWATER SYSTEM – Environmental Hazards."

There can be no assurance that the occurrence of any natural calamity would not cause substantial damage to the Wastewater System, including exacerbated infiltration and/or inflow of ground and other waters into the Wastewater System, or that the District would have insurance or other resources available to make repairs in order to generate sufficient Net Revenues to pay make the Installment Payments when due. The casualty and liability insurance maintained by the District may not cover damages and losses to the Wastewater System due to earthquake, fire or flood.

Statutory and Regulatory Compliance. The operation of the Wastewater System is subject to a variety of federal and State statutory and regulatory requirements. Any failure by the District to comply with applicable laws and regulations could result in significant fines and penalties. See "— Risk of Additional Fines and Litigation." Further, compliance with these laws and regulations may result in significant increases in the capital and operating costs of the District. In the future, state and federal agencies could impose additional statutory or regulatory requirements on the operation of the Wastewater System. Such could result in the District being required to construct facilities or alter operations to meet such requirements. At this time the District is not aware of any requirements to be imposed in the near or distant future.

Casualty Losses. The Installment Purchase Agreement obligates the District to obtain and keep in force various forms of insurance or self-insurance, subject to deductibles, for repair or replacement of a portion of the Wastewater System in the event of damage or destruction to such portion of the Wastewater System. No assurance can be given as to the adequacy of any such self-insurance or any additional insurance to fund necessary repair or replacement of any other portion of the Wastewater System.

Future Land Use Regulations

Development within the District's service area is contingent upon the future construction and acquisition of a number of public improvements such as arterial streets, water distribution facilities, sewage collection and transmission facilities, drainage facilities and street lighting, as well as the necessary local in-tract improvements. The installation of the necessary infrastructure improvements and the construction of the residential development are subject to the receipt of discretionary approvals from a number of public agencies concerning the layout and design of the development, the nature and extent of the improvements, land use, health and safety requirements and other matters. The failure to obtain any such approval could adversely affect the planned land development within the District.

In addition, there can be no assurance that land development operations within the District will not be adversely affected by future government policies, including, but not limited to, governmental policies to restrict or control development.

Limitations on Rate Setting Under the California Constitution

On November 5, 2005, the voters of the State approved Proposition 218, a constitutional initiative, entitled the “Right to Vote on Taxes Act” (“Proposition 218”). Proposition 218 added Articles XIII C and XIII D to the California Constitution and contained a number of interrelated provisions affecting the ability of local governments, including the District, to levy and collect both existing and future taxes, assessments, fees and charges.

Section 3 of Article XIII C expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed. Section 3 expands the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Article XIII C to fees imposed after November 6, 2005, the effective date of Proposition 218, and absent other legal authority could result in the reduction in any existing taxes, assessments or fees and charges imposed prior to November 6, 2005.

“Fees” and “charges” are not expressly defined in Article XIII C or in SB 919, the Proposition 218 Omnibus Implementation Act enacted in 1997 to prescribe specific procedures and parameters for local jurisdictions in complying with Article XIII C and Article XIII D (“SB 919”). However, on July 24, 2006, the California Supreme Court ruled in *Bighorn-Desert View Water Agency v. Virgil (Kelley)* (the “*Bighorn Decision*”) that charges for ongoing water delivery are property-related fees and charges within the meaning of Article XIII D and are also fees or charges within the meaning of Section 3 of Article XIII C. The California Supreme Court held that such water service charges may, therefore, be reduced or repealed through a local voter initiative pursuant to Section 3 of Article XIII C.

In the *Bighorn Decision*, the Supreme Court did state that nothing in Section 3 of Article XIII C authorizes initiative measures that impose voter-approval requirements for future increases in fees or charges for water delivery. The Supreme Court stated that water providers may determine rates and charges upon proper action of the governing body and that the governing body may increase a charge which was not affected by a prior initiative or impose an entirely new charge.

The Supreme Court further stated in the *Bighorn Decision* that it was not holding that the initiative power is free of all limitations and was not determining whether the initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay debt service on bonded debt and operating expenses. Such initiative power could be subject to the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution. Additionally, SB 919 provides that the initiative power provided for in Proposition 218 “shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after [the effective date of Proposition 218] assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights” protected by the United States Constitution. No assurance can be given that the voters of the District will not, in the future, approve initiatives which repeal, reduce or prohibit the future imposition or increase of assessments, fees or charges, including the District’s sewer

service fees and charges, which are the source of Net Revenues pledged to the payment of the Installment Payments, which secure debt service on the Bonds or any additional Parity Obligations.

Notwithstanding the fact that wastewater service charges may be subject to reduction or repeal by voter initiative undertaken pursuant to Section 3 of Article XIII C, the District has covenanted to levy and charge rates which meet the requirements of the Installment Purchase Agreement in accordance with applicable law.

Article XIII D defines a “fee” or “charge” as any levy other than an *ad valorem* tax, special tax, or assessment imposed upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property-related service. A “property-related service” is defined as “a public service having a direct relationship to a property ownership.” In the *Bighorn Decision*, the California Supreme Court held that a public water agency’s charges for ongoing water delivery are fees and charges within the meaning of Article XIII D. Article XIII D requires that any agency imposing or increasing any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a result, the local government’s ability to increase such fee or charge may be limited by a majority protest.

The District has ratified prior sewer rate measures and otherwise complied with the applicable notice and protest procedures of Article XIII D for its current sewer rates and charges. There has not been nor is there any pending challenge to any of the District’s sewer fees and charges approved since the effective date of Proposition 218. While the District’s counsel is of the opinion, based upon the judicial precedent in place during the period of these rate increases, that a reviewing court could reasonably uphold the validity of those increases, neither the District nor the District’s counsel can predict with certainty the outcome of a challenge to the increases in the District’s sewer rates and charges that were not approved in accordance with the notice and hearing requirements of Article XIII D if one were brought.

In addition, Article XIII D also includes a number of limitations applicable to fees and charges including provisions to the effect that (i) revenues derived from the fee or charge shall not exceed the funds required to provide the property-related service; (ii) such revenues shall not be used for any purpose other than that for which the fee or charge was imposed; (iii) the amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel; and (iv) no such fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property-related fees or charges based on potential or future use of a service are not permitted.

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4)

a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Article XIID establishes procedural requirements for the imposition of assessments, which are defined as any charge upon real property for a special benefit conferred upon the real property. Standby charges are classified as assessments. Procedural requirements for assessments under Article XIID include conducting a public hearing and mailed protest procedure, with notice to the record owner of each parcel subject to the assessment. The assessment may not be imposed if a majority of the ballots returned oppose the assessment, with each ballot weighted according to the proportional financial obligation of the affected parcel.

Existing, new or increased assessments are subject to the procedural provisions of Proposition 218. However, certain assessments existing on November 6, 2005, are classified as exempt from the procedures and approval process of Article XIID. Expressly exempt assessments include (i) an assessment imposed exclusively to finance capital costs or Operation and Maintenance expenses for sewers, water, flood control and drainage systems, but subsequent increases are subject to the procedures and approval requirements; (ii) an assessment imposed pursuant to a petition signed by all affected landowners (but subsequent increases are subject to the procedural and approval requirements); (iii) assessments, the proceeds of which are used exclusively to pay bonded indebtedness, where failure to pay would violate the U.S. Constitution's prohibition against the impairment of contracts; and (iv) any assessment which has previously received approval by a majority vote of the voters (but subsequent increases are subject to the procedural and approval requirements).

On July 14, 2008, the California Supreme Court ruled in *Silicon Valley Taxpayers Association, Inc. v. Santa Clara County Open Space City* (the "SCCOSA Decision") that the Santa Clara County Open Space District's county-wide assessment which was designed to fund the acquisition and maintenance of unspecified open-space lands in the County was invalid under Proposition 218. The Court held that deference should not be accorded to local agencies when Proposition 218 legislative acts are challenged. Under Proposition 218, courts must make an independent review of whether the assessment and formation of an assessment district meet the "special benefit" and proportionality requirements of Article XIID. Further, while an assessment will not be invalidated because it confers a benefit upon the public at large, the "special benefit" must affect the assessed property in a distinct and particular manner not shared by other parcels and the public at large. Specifically, in the SCCOSA Decision the assessment did not meet the requirements of a "special benefit" and the assessment was not proportional to the special benefits conferred. Finally, the Court held that the Santa Clara Open Space District did not meet the proportionality requirement of Article XIID because it did not specifically identify the improvements to be financed by the assessment and failed to sufficiently connect any costs of and benefits received from the open space assessment to the specific assessed parcels.

The District and the District's counsel are of the opinion that current sewer fees and charges that are subject to Proposition 218 comply with the provisions thereof. The District and the District's counsel

are also of the opinion that current sewer capacity fees are not subject to Proposition 218. Should it become necessary to increase the sewer fees and charges above current levels, the District would be required to comply with the requirements of Article XIII D in connection with such proposed increase. To date, there have been no legal challenges to sewer rate increases implemented by the District pursuant to Proposition 218 or otherwise. It is unclear whether under existing standards, rates and charges may be established at levels which would permit deposits to a rate stabilization fund or maintenance of uncommitted cash reserves.

The interpretation and application of Proposition 218 will ultimately be determined by the courts or through implementing legislation with respect to a number of the matters described above, and it is not possible at this time to predict with certainty the outcome of such determination or the nature or scope of any such legislation.

Limited Recourse on Default

Failure by the USDFA to pay debt service on the Bonds constitutes an event of default under the Indenture and the Trustee is permitted to pursue remedies at law or in equity to enforce the USDFA's obligation to make such payments. Failure by the District to make the Installment Payments constitutes an event of default under the Installment Purchase Agreement and the Trustee, as assignee of the USDFA, is permitted to pursue remedies at law or in equity to enforce the District's obligation to make such payments. Although the Trustee has the right to accelerate the total unpaid principal amount of the Bonds, there is no assurance that the District would have sufficient funds to pay the accelerated amounts.

Limitations on Remedies

The ability of the District to comply with its covenants under the Installment Purchase Agreement and to generate Net Revenues sufficient to make Installment Payments to pay principal of and interest on the Bonds may be adversely affected by actions and events outside of the control of the District and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or persons obligated to pay assessments, fees and charges. Furthermore, the remedies available to the owners of the Bonds upon the occurrence of an event of default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on remedies contained in the Indenture and the Installment Purchase Agreement, the rights and obligations under the Indenture and the Installment Purchase Agreement may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against governmental entities in the State of California. The opinions to be delivered by Bond Counsel concurrently with the issuance of the Bonds will be subject to such limitations and the various other legal opinions to be delivered concurrently with the issuance of the Bonds will be similarly qualified. See APPENDIX E—FORM OF BOND COUNSEL OPINION. If the District fails to comply with its covenants in the Installment Purchase Agreement or fails to make Installment Payments to pay principal of and interest due on the Bonds, there can be no assurance of the availability of remedies adequate to protect the interest of the holders of the Bonds.

Initiatives

In recent years several initiative measures have been proposed or adopted which affect the ability of local governments to increase taxes and rates. There is no assurance that the electorate or the State legislature will not at some future time approve additional limitations which could affect the ability of the District to implement rate increases which could reduce Net Revenues and adversely affect the security for the Bonds.

Bankruptcy

The rights and remedies provided in the Indenture and the Installment Purchase Agreement may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California. The various opinions of counsel to be delivered with respect to the Bonds and the Indenture, including the opinion of Bond Counsel, will be similarly qualified. If the District were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners of the Bonds and the District could be prohibited from taking any steps to enforce their rights under the Indenture.

Tax Exemption

The District has covenanted in the Installment Purchase Agreement that it will take all actions permitted by law and the Indenture to assure that interest paid on the Bonds is excluded from gross income for purposes of federal income taxes and that it will take no action that could result in such interest not being excluded from gross income for purposes of federal income taxes. Future actions or omissions of the District could cause the interest on the Bonds to be included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. See "TAX MATTERS."

Future Parity Obligations

The Installment Purchase Agreement permits the District to issue Parity Obligations, under which its obligations would be secured by Gross Revenues and payable from Net Revenues on a parity with the payment of the Installment Payments.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

Risks Related to Cyber Security

The District relies on computers and technology to conduct its operations. The District faces cyber threats from time to time including, but not limited to, hacking, viruses, malware and other forms of technology attacks. The District owns and operates its own network. The District has retained information

technology professionals to support, maintain and protect these operations locally in a purpose-built and physically secure environment. This network and its operations are governed by and in compliance with all applicable governmental regulations as well as the District's own administrative regulations. Within the District's operations and guidance is an active cyber-security program designed to protect from, and to quickly identify and mitigate, a multitude of complex security threats. While no network is completely immune from all possible compromise, the District exercises its due diligence in protecting the data it possesses and the systems it operates. To date, there have been no significant cyber-attacks on the District's computers and technologies.

The District adopted formal cybersecurity policies that became effective in November 13, 2018. The goal of the District's cybersecurity policies are to protect the District's computer and communication systems; to ensure a reasonable level of security; to establish an understanding of privacy and accepted uses; to protect information generated by or stored on any District-owned computer or communication system; and to protect the District's investment in technology.

While the District routinely maintains its technology systems and continuously implements new information security controls, no assurances can be given that the District's security and operational control measures will be successful in guarding against all cyber threats and attacks. The results of any attack on the District's computers and technology could negatively impact the District's operations, and the costs related to such attacks could be substantial.

Natural Calamities and Climate Change

General. From time to time, the District's service area has been and could be subject to natural calamities, including, but not limited to, earthquake, flood or wildfire, that may adversely affect economic activity in the District's service area, and which could have a negative impact on the District and its customers. There can be no assurance that the occurrence of any natural calamity would not cause substantial interference to the Wastewater System.

Seismic. Like most regions in California, the District's service area is in an area of significant seismic activity. There are numerous earthquake faults near the District, including particularly the Hayward fault. The Hayward fault covers the hills on the east side of the San Francisco Bay and into San Pablo Bay. Numerous other faults are capable of producing damaging earthquakes similar in magnitude to the 1989 Loma Prieta earthquake. Soils in lowland areas away from major faults may also be unable to support buildings during major earthquakes. Landslides are likely on hillsides during major earthquakes. Coastal areas are also at risk of tsunamis, generated from earthquakes on local faults or across the Pacific.

If there were to be an occurrence of severe seismic activity in the District's service area, there could be substantial damage to and interference to the District's customers, to EBDA's facilities or to the Wastewater System itself. Damage resulting from such an event could have a material adverse effect on the District's financial condition as well, through unexpected recovery costs and reduced wastewater service charges and other revenues.

Flood. Like most of the State, the District's service area is subject to unpredictable seasonal rainfall, with periods of intense and sustained precipitation occurring every few years.

Climate Change/Sea Level Rise. The District's service area directly abuts the San Francisco Bay. While the District's facilities are not at risk, certain District customers are vulnerable to property damage

as a result of future sea level rise in the San Francisco Bay or other negative impacts resulting from climate change.

The predictions for sea level rise in the San Francisco Bay vary. Local impacts of climate change are not definitive, but the District's service area could experience changes to local and regional weather patterns, rising bay water levels, increased risk of flooding, changes in salinity and tidal patterns of San Francisco Bay, coastal erosion, water restrictions and vegetation changes.

In May of 2020, the California Coastal Commission adopted "Making California's Coast Resilient to Sea Level Rise: Principles for Aligned State Action," indicating there is a significant risk of up to 0.8 feet of sea level rise by 2030 and 6.9 feet by 2100 in the San Francisco Bay region. Pending site-specific analyses, the Coastal Commission's guidance recommends planning for a sea level rise target of 3.5 feet by 2050. The California Environmental Protection Agency, including the State Water Resources Control Board, has endorsed such planning principles. The District has embraced the Coastal Commission's planned guidance and will continue to monitor and plan for sea level rise to protect its facilities. The District has not formally adopted the Coastal Commission's guidance but is using the findings District specific planning.

Wildfire. In recent years, wildfires have caused extensive damage to cities throughout the State. In some instances, entire neighborhoods have been destroyed. Areas effected by wildfires may be more prone to flooding and mudslides. In addition to the direct impact of wildfires on health and safety and property damage, the smoke from wildfires has negatively impacted the quality of life in the Bay Area and the District's service area and may have short-term and future impacts on residential and commercial activity in the District's service area.

Impact of Natural Calamity Generally. If there were to be a natural calamity in the District's service area there could be substantial damage to and interference with the District's operations. Damage resulting from such an event could have a material adverse effect on the District's financial condition as well, through unexpected recovery costs and reduced tax and other revenues.

Pension Benefit Liability

Many factors influence the amount of the District's pension benefit liabilities, including, without limitation, inflationary factors, changes in statutory provisions of CalPERS retirement system laws, changes in the level of benefits provided or in the contribution rates of the District, increases or decreases in the number of covered employees, changes in actuarial assumptions or methods (including but not limited to the assumed rate of return), and differences between actual and anticipated investment experience of CalPERS. Any of these factors could give rise to additional liability of the District to its pension plans as a result of which the District would be obligated to make additional payments to its pension plans in order to fully fund the District's obligations to its pension plans. It is expected that required contributions to CalPERS will go up in future years.

INVESTMENT OF DISTRICT FUNDS

Moneys held by the District, including Wastewater System moneys, will be invested in accordance with the District's adopted investment policies. See APPENDIX G—DISTRICT'S INVESTMENT POLICY.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Sacramento, California, Bond Counsel (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to the Beneficial Owner of the Bond before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Beneficial Owner of a Bond will increase the Beneficial Owner’s basis in the applicable Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Beneficial Owner of a Bond is excluded from the gross income of such Beneficial Owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Beneficial Owner of a Bond is exempt from State of California personal income tax.

Bond Counsel’s opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the USDFA, the District and others and is subject to the condition that the USDFA and the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The USDFA and the District will covenant to comply with all such requirements.

The amount by which a Beneficial Owner’s original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Beneficial Owner’s basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Beneficial Owner realizing a taxable gain when a Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Beneficial Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

Bond Counsel’s opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture, the Installment Purchase Agreement and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted

if a favorable opinion of a bond counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on any Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the USDFA and the District continue to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

The Internal Revenue Service (the “IRS”) has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

A copy of the proposed form of opinion of Bond Counsel with respect to the Bonds is attached hereto in APPENDIX E—FORM OF BOND COUNSEL OPINION.

CERTAIN LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, Sacramento, California, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX E—FORM OF BOND COUNSEL OPINION. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will also be passed upon for the District by Quint & Thimmig LLP, Larkspur, California, as Disclosure Counsel. Certain legal matters will be passed upon for

the USDFA and the District by Burke Williams & Sorensen, LLP, Oakland, California, and for the Underwriter by Kutak Rock LLP, Irvine, California. *Payment of the fees and expenses of Bond Counsel, Disclosure Counsel and counsel to the Underwriter is contingent upon issuance of the Bonds.* Bond Counsel represents the USDFA and the District in connection with the execution and delivery of the Bonds. Bond Counsel represents the Underwriter from time-to-time on other financings and matters unrelated to the USDFA, the District and the Bonds. Bond Counsel does not represent the Underwriter or any other party with respect to the issuance of the Bonds other than the District and the USDFA.

MUNICIPAL ADVISOR

The District has retained Fieldman, Rolapp & Associates, Inc. of Irvine, California, as its municipal advisor (the “Municipal Advisor”) in connection with the authorization, issuance and sale of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

The Municipal Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. The payment of the fees of the Municipal Advisor is contingent upon the authorization, issuance and sale of the Bonds.

LITIGATION

To the best knowledge of the District, there is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the District to restrain or enjoin the authorization, execution or delivery of the Bonds, or the pledge of the Net Revenues or the collection of the payments to be made pursuant to the Indenture, or in any way contesting or affecting validity of the Bonds, the Indenture or the agreement for the sale of the Bonds, or in any way contesting or affecting the transactions described in this Official Statement.

RATINGS

Fitch Ratings (“Fitch”) and S&P Global Ratings, a Standard & Poor’s Financial Services LLC business (“S&P”), have assigned the ratings of “_____” and “_____,” respectively, to the Bonds. Such ratings reflects only the view of Fitch and S&P and any desired explanation of the significance of such rating should be obtained from Fitch and S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by Fitch and/or S&P if in the judgment of Fitch and/or S&P, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price for the Bonds.

In providing a rating on the Bonds, certain rating agencies may have performed independent calculations of coverage ratios using their own internal formulas and methodology which may not reflect the provisions of the Installment Purchase Agreement. Neither the USDFA nor the District makes any representations as to any such calculations, and such calculations should not be construed as a

representation by the USDFA or the District as to past or future compliance with any bond covenants, the availability of particular revenues for the payment of debt service on the Bonds or for any other purpose.

The District has covenanted in a Continuing Disclosure Certificate for the Bonds to file on EMMA, notices of any ratings changes on the Bonds. See the caption “CONTINUING DISCLOSURE” below and Appendix C. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the ratings agencies and their respective websites and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance of the Bonds.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of owners and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Wastewater System by not later than nine months following the end of the District’s fiscal year (currently ending June 30) (the “Annual Report”), commencing with the report for the fiscal year ended June 30, 2021, and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the District with the Municipal Securities Rulemaking Board through the Electronic Municipal Access (EMMA) System. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is summarized below under the caption APPENDIX C—FORM OF CONTINUING DISCLOSURE CERTIFICATE. These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the “Rule”).

The District’s continuing disclosure obligations began with the issuance of the 2020 USDFA Bond, the first filing being for the fiscal year ended June 30, 2020. The District is in full compliance with such filing obligation.

UNDERWRITING

The Bonds are being purchased by RBC Capital Markets, LLC (the “Underwriter”) at a price of \$_____ (consisting of \$_____ aggregate principal amount of the Bonds, plus \$_____ of original issue premium, less \$_____ of Underwriter’s discount). The Underwriter may offer and sell the Bonds to certain dealers and others at prices different from the prices stated on the cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

The initial public offering prices stated on the cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate

swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the District. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion, assumptions, projections, anticipated events or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and actual results may differ substantially from those set forth herein. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the owners of the Bonds.

The summaries of certain provisions of the Bonds, statutes and other documents or agreements referred to in this Official Statement do not purport to be complete, and reference is made to each of them for a complete statement of their provisions. Copies are available for review by making requests to the District.

The Appendices are an integral part of this Official Statement and must be read together with all other parts of this Official Statement. The audited financial statements of the District, including a summary of significant accounting policies, for the fiscal year ended June 30, 2020, are contained in APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE INFORMATION FOR FISCAL YEAR ENDED JUNE 30, 2019.

The execution of this Official Statement and its delivery have been authorized by the USDFA and the District.

UNION SANITARY DISTRICT FINANCING
AUTHORITY

By _____
Paul R. Eldredge, P.E.
Executive Director

UNION SANITARY DISTRICT

By _____
Paul R. Eldredge, P.E.
General Manager

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX A

**SUMMARY OF THE INDENTURE AND THE
INSTALLMENT PURCHASE AGREEMENT**

[TO COME]

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX B

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE INFORMATION FOR FISCAL YEAR ENDED JUNE 30, 2019

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX C

FORM OF THE CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (the “Disclosure Certificate”) is executed and delivered by the UNION SANITARY DISTRICT (the “District”) in connection with the issuance by the Union Sanitary District Financing Authority (the “USDFA”) of its \$ _____* Union Sanitary District Financing Authority Revenue Bonds, Series 2021A (the “Bonds”). The Bonds are being issued pursuant to an indenture of trust, dated as of July 1, 2021, by and between the USDFA and U.S. Bank National Association, as trustee (the “Indenture”), and a resolution adopted by the Board Directors of the USDFA on July 26, 2021. The District covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth above and, in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means March 31 after the end of the District’s fiscal year.

“*Dissemination Agent*” shall mean, initially, the District or any successor Dissemination Agent designed in writing by the District and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

“*Fiscal Year*” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the District as its official fiscal year period under a Certificate of the District filed with the Trustee.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the District in connection with the issuance of the Bonds.

“*Participating Underwriter*” means the original underwriter of the Bonds.

“*Rule*” means Rule 15c2–12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

“*Significant Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

* Preliminary, subject to change.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2- 12(b)(5).

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2022, with the report for fiscal year 2020-21 provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(b). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District in a timely manner shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) The District's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for Annual Reports provided for in Section 3 above, financial information and operating data with respect to the District for preceding fiscal year, substantially similar to that provided in the Official Statement, as follows:

- (i) Revenues by User Category;
- (ii) Ten Largest Rate Payers; and
- (iii) Historical Debt Service Coverage.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Significant Events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the District or other obligated person;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the District or an obligated person, or the sale of all or substantially all of the assets of the District or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) The incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect security holders, if material; or

(xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Significant Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The District acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a)(xv) of this Section 5 contain the qualifier “if material.” The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the District determines the event’s occurrence is material for purposes of U.S. federal securities law. The District intends that the words used in paragraphs (xv) and (xvi) and the definition of “financial obligation” to have the meanings ascribed thereto in SEC Release No. 34-83885 (November 8, 2018) and/or any further guidance or releases provided by the SEC.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Significant Event under Section 5(b).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days’ written notice to the District.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

The Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations hereunder.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Significant Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Significant Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) When the District is not the Dissemination Agent, Article VIII of the Indenture is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the District hereunder and shall not be deemed to be acting in any fiduciary capacity for the District, the Bond holders or

any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the owners and Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

Date: [Closing Date]

UNION SANITARY DISTRICT, as Dissemination
Agent

By _____
Authorized Officer

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Union Sanitary District Financing Authority
Name of Obligor: Union Sanitary District
Name of Issue: Union Sanitary District Financing Authority Revenue Bonds, Series 2021A
Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate, dated [Closing Date], furnished by the Obligor in connection with the Issue. The Obligor anticipates that the Annual Report will be filed by _____.

Dated: _____

UNION SANITARY DISTRICT

By _____
Authorized Officer

cc: Trustee

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX D

TRI-CITY AREA AND ALAMEDA COUNTY SUPPLEMENTAL INFORMATION

The following information concerning the Tri-City Area and Alameda County is included only for the purpose of supplying general information regarding the community. The Bonds are not a debt of the cities of Fremont, Newark or Union City, the County, the State or any of its political subdivisions, and neither the cities of Fremont, Newark and Union City, the County, the State nor any of its political subdivisions is liable therefor.

Although reasonable efforts have been made to include up-to-date information in this Appendix D, some of the information is not current due to delays in reporting of information by various sources. It should not be assumed that the trends indicated by the following data would continue beyond the specific periods reflected herein.

Introduction

The area consisting of the cities of Fremont, Newark (an enclave of Fremont), and Union City (formed from the communities of Alvarado and Decoto), is known as the Tri-City Area.

The City of Fremont has a population of around 234,239. It is the fourth most populous city in the San Francisco Bay Area, and the largest suburb in the Tri-City Area. The City of Newark has a population of around 48,859 residents and is an enclave, surrounded by the city of Fremont. The City of Union City has over 72,779 residents. All of the Tri-City Area cities sit at the edge of Silicon Valley and shares in its economic pattern.

Alameda County (the "County") is located in the East San Francisco Bay Area of the State of California. The County seat is Oakland. The County was formed on March 25, 1853 from a large portion of Contra Costa County and a smaller portion of Santa Clara County. The County has a total area of 821 square miles (2,130 km²), of which 739 square miles (1,910 km²) is land and 82 square miles (210 km²) (10.0%) is water.

The San Francisco Bay borders the County on the west, and the city and county of San Francisco, California has a small land border with the city of Alameda due to land filling. The crest of the Berkeley Hills form part of the northeastern boundary and reach into the center of the County. A coastal plain several miles wide lines the bay; it is home to Oakland and the most populous regions. Livermore Valley lies in the eastern part of the County.

Population

The table below summarizes population of the Cities of the Tri-City Area, the County, and the State of California for the last five years.

FREMONT, NEWARK, UNION CITY, ALAMEDA COUNTY, and CALIFORNIA

Population

Year	City of Fremont	City of Newark	City of Union City	Alameda County	State of California
2017	231,713	42,286	73,301	1,644,303	39,352,398
2018	232,107	46,765	72,889	1,651,760	39,519,539
2019	232,601	48,079	73,375	1,659,608	39,605,361
2020	233,132	48,603	73,248	1,663,114	39,648,938
2021	234,239	48,859	72,779	1,656,591	39,466,855

Source: California Department of Finance, E-4 Population Estimate for Cities, Counties, and the State, 2011-21, with 2010 Census Benchmark.

Employment

The following table summarizes historical employment and unemployment for the County, the State of California and the United States:

ALAMEDA COUNTY, CALIFORNIA, and UNITED STATES Civilian Labor Force, Employment, and Unemployment (Annual Averages)

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate ⁽¹⁾
2016	Alameda County	837,900	802,400	35,500	4.2%
	California	19,102,700	18,065,000	1,037,700	5.4
	United States	159,187,000	151,436,000	7,751,000	4.9
2017	Alameda County	848,500	817,600	30,900	3.6
	California	19,312,000	18,393,100	918,900	4.8
	United States	160,320,000	153,337,000	6,982,000	4.4
2018	Alameda County	848,200	822,800	25,400	3.0
	California	19,398,200	18,582,800	815,400	4.2
	United States	162,075,000	155,761,000	6,314,000	3.9
2019	Alameda County	844,400	819,700	24,700	2.9
	California	19,411,600	18,627,400	784,200	4.0
	United States	163,539,000	157,538,000	6,001,000	3.7
2020 ⁽²⁾	Alameda County	813,800	742,400	71,400	8.8
	California	18,821,200	16,913,100	1,908,100	10.1
	United States	160,742,000	147,795,000	12,947,000	8.1

Source: California Employment Development Department, Monthly Labor Force Data for Counties, Annual Average 2010-2020, and US Department of Labor.

- (1) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures available in this table.
- (2) Latest available full-year data.

Major Employers

The following table lists the top 10 employers within the County as of June 30, 2020.

ALAMEDA COUNTY Top 10 Employers as of June 30, 2020

Employer	Employees	% of Total
Kaiser Permanente	34,819	4.25%
Tesla	10,000	1.22
Safeway Inc.	9,796	1.20
County of Alameda	9,588	1.17
Sutter Health	9,377	1.15
John Muir Health	6,012	.73
Chevron Corp.	5,186	.63
PG&E Corp.	5,100	.62
Wells Fargo Bank	4,589	.56
Workday	4,565	.56
Total Top 10	99,032	12.09

Source: Alameda County fiscal year 2019-20 Comprehensive Annual Financial Report.

Construction Activity

The following table reflects the five-year history of building permit valuation for the County:

ALAMEDA COUNTY Building Permits and Valuation (Dollars in Thousands)

	2015	2016	2017	2018	2019 ⁽¹⁾
Permit Valuation:					
New Single-family	\$ 576,948	\$ 791,891	\$ 763,677	\$ 689,529	\$ 675,129
New Multi-family	456,361	497,341	1,307,093	1,431,985	782,536
Res. Alterations/Additions	344,975	466,239	501,276	469,158	512,409
Total Residential	1,378,285	1,755,471	2,572,048	2,590,673	1,970,076
Total Nonresidential	1,146,437	1,332,034	1,587,834	1,762,395	1,794,925
Total All Building	2,524,722	3,087,506	4,159,882	4,353,068	3,765,001
New Dwelling Units:					
Single Family	1,671	2,348	2,175	1,867	1,871
Multiple Family	3,370	3,171	6,889	6,540	4,145
Total	5,041	5,519	9,064	8,407	6,016

Source: Construction Industry Research Board: "Building Permit Summary."

Note: Columns may not sum to totals due to independent rounding.

(1) Last available full-year data.

Median Household Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the median household effective buying income for the Cities of the Tri-City Area, the County, the State of California, and the nation for the past five years.

UNION CITY, ALAMEDA COUNTY, STATE OF CALIFORNIA AND UNITED STATES Median Household Effective Buying Income

	2016	2017	2018	2019	2020
Fremont	\$ 88,392	\$ 94,649	\$ 101,688	\$ 110,407	\$ 115,895
Newark	76,872	81,833	87,798	92,618	99,654
Union City	74,907	80,767	85,990	91,021	96,659
Alameda County	67,631	73,633	79,446	84,835	88,389
California	55,681	59,646	62,637	65,870	67,956
United States	48,043	50,735	52,841	55,303	56,790

Source: Nielsen, Inc.

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX E

FORM OF BOND COUNSEL OPINION

Upon issuance of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

[Closing Date]

Union Sanitary District Financing Authority
5072 Benson Road
Union City, California 94587

Re: \$ _____ * Union Sanitary District Financing Authority Revenue Bonds, Series 2021A

Members of the Board of Directors:

We have acted as Bond Counsel in connection with the issuance by the Union Sanitary District Financing Authority (the “USDFA”), a joint exercise of powers agency organized and existing under the laws of the State of California, of \$ _____ * aggregate principal amount of Union Sanitary District Financing Authority Revenue Bonds, Series 2021A (the “Bonds”), under and pursuant to the provisions relating to the joint exercise of powers found in Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended (the “Act”), and under and pursuant to the Indenture of Trust (the “Indenture”), dated as of July 1, 2021 by and between the USDFA and U.S. Bank National Association, as trustee. Capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Indenture.

Our services as Bond Counsel were limited to a review of the legal proceedings required for the authorization and issuance of the Bonds. We have reviewed originals or copies identified to our satisfaction as being true copies of (i) the Indenture; (ii) the Installment Purchase Agreement (the “Installment Purchase Agreement”), dated as of July 1, 2021, between the USDFA and the Union Sanitary District (the “District”); and (iii) certain other records of the USDFA and the District. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of Authority and District officers and other officials of public agencies furnished to us without undertaking to verify the same by independent investigations.

Based upon the foregoing and after the examination described above, and after examination of such questions of law as we have deemed relevant in the circumstances, but subject to the limitations set forth above, we are of the opinion that:

1. The USDFA has lawful authority under the Act to enter into the Indenture and the Installment Purchase Agreement, the USDFA has duly authorized, executed and delivered the Indenture and the Installment Purchase Agreement and, assuming due authorization, execution and delivery by the respective other parties thereto, the Indenture and the Installment Purchase Agreement are legal, valid and binding obligations of the USDFA enforceable in accordance with their terms. The Indenture creates a valid pledge of the USDFA Revenues, subject to the provisions thereof permitting the application thereof for the purposes and on the terms and conditions set forth therein.

2. The USDFA has lawful authority to issue the Bonds and the Bonds have been duly and validly authorized and issued by the USDFA in accordance with the Constitution and statutes of the State of California, including the Act and the Indenture. The Bonds constitute legal, valid and binding special obligations of the USDFA enforceable in accordance with their terms. The Bonds are special obligations of the USDFA payable solely from

* Preliminary, subject to change.

USDFA Revenues and amounts on deposit in certain funds and accounts held under the Indenture. The Bonds are not an obligation of the State of California, any public agency thereof (other than the USDFA) or any member of the USDFA; and neither the faith and credit nor the taxing power of the State of California or any public agency thereof, or any member of the USDFA is pledged for the payment of the Bonds.

3. Under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond Owner will increase the Bond Owner's basis in the applicable Bond. Original issue discount that accrues to the Bond Owner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and is exempt from State of California personal income tax.

6. The amount by which a Bond owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bond owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond owner realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner.

The opinions expressed herein as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is subject to the condition that the USDFA and the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The USDFA and the District have covenanted to comply with all such requirements.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or occur. The Indenture, the Installment Purchase Agreement and the Tax Certificate permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest on the Bonds (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the opinion or advice of counsel other than ourselves. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Indenture, the Installment Purchase Agreement and the Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California.

By delivering this letter, we are not expressing any opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the Indenture, the Bonds or the Installment Purchase Agreement, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Indenture, the Bonds or the Installment Purchase Agreement or the accuracy or sufficiency of the description of such assets, or the remedies available to enforce liens on, any such assets.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement (the "Official Statement") relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement.

Respectfully submitted,

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix F, concerning The Depository Trust Company, New York, New York (“DTC”), and DTC’s book-entry system, has been furnished by DTC for use in official statements and the District takes no responsibility for the completeness or accuracy thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of principal or interest on the Bonds, (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix F. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC. Information Furnished by DTC Regarding its Book-Entry Only System

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds (as used in this Appendix F, the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit the notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the paying agent or bond trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the paying agent or bond trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the paying agent or bond trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or the paying agent or bond trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

APPENDIX G

DISTRICT'S INVESTMENT POLICY

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX H

CAPACITY CHARGE ORDINANCE

THIS PAGE INTENTIONALLY LEFT BLANK

**Directors**

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

JULY 26, 2021
UNION SANITARY DISTRICT FINANCING AUTHORITY
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 10

TITLE: Consider Adoption of a Resolution of the Union Sanitary District Financing Authority to Authorize the Issuance of Not to Exceed \$110,000,000 Aggregate Principal Amount of Revenue Bonds and Approving the Execution and Delivery of Certain Documents in Connection Therewith and Certain Other Matters (This is a Motion Item)

SUBMITTED: Paul R. Eldredge, General Manager/District Engineer
Mark Carlson, CFO, Business Services Work Group Manager

Recommendation

Staff recommends the Board of Directors of the Union Sanitary District Financing Authority (USDFA) adopt the attached resolution to authorize the issuance of not to exceed \$110,000,000 Revenue Bonds by the Authority and authorizing the execution and delivery of certain documents and other actions in connection therewith.

Discussion

The District's staff has identified approximately \$110 million in capital project funding needs not provided by other sources of financing. Out of this bond issuance, approximately \$80 million dollars will fund a portion of the ETSU Phase 1A project and the remaining \$30 million dollars would be utilized for four other District CIP projects. If approved, the items presented at this meeting authorize the issuance of the Bonds by the USD Financing Authority ("USDFA") and the execution of certain agreements and documents by the District in connection therewith to finance such capital projects.

USDFA Resolution

The resolution presented for adoption by the Board of Directors of the USDFA authorizes the issuance of the Bonds and authorizes staff to finalize and execute, as applicable, the following documents:

1. Installment Purchase Agreement between the District and the USDFA which establishes the specific terms and conditions under which Wastewater Revenues are pledged to pay the installment payments securing the Bonds. The Installment Purchase Agreement contains certain financial covenants of the District to provide security for the funds to be applied to repay the Bonds (i.e. setting rates and charges and conditions required in order to incur additional debt).
2. Indenture of Trust between the USDFA and U.S. Bank National Association, as trustee, which sets forth the terms of the Bonds including principal amounts, interest rates and redemption provisions.
3. Bond Purchase Agreement pursuant to which RBC Capital Markets, as underwriter, agrees to purchase all of the Bonds for resale to investors, subject to certain closing conditions.
4. The Preliminary Official Statement (excluding the portion thereof relating to the District's finances and operations, which are separately approved by the District) setting forth material information relating to the Bonds be provided to potential investors of the Bonds.

Good Faith Estimates

Set forth below are good faith estimates of Fieldman, Rolapp & Associates, Inc., the municipal financial advisor, as required under Section 5852.1 of the California Government Code (the "Code"). The following estimates have no bearing on, and should not be misconstrued as, any not-to-exceed financial parameters authorized by resolution presented.

- a) The true interest cost of the Bonds is estimated at 2.44%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.
- b) The finance charge of the Bonds, including all fees and charges paid to third parties, is estimated at \$626,328.
- c) Proceeds of the Bonds to be received by the District from the sale of the Bonds, including the estimated principal amount of the proposed Bonds of \$90,370,000, plus the proposed premium of \$20,256,328, less the finance charges set forth in (b) above, is equal to \$110,000,000.
- d) The total payment amount of the Bonds calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at \$157,148,389.

The foregoing are estimates and the final costs will depend on market conditions and can be expected to vary from the estimated amounts set forth above.

The resolutions being presented at this meeting approve the execution and delivery of the proposed bonds and authorize staff and the finance team to execute certain actions in connection therewith.

Background

On January 13, 2020, the Board adopted a resolution to approve a Joint Exercise of Powers Agreement with the California Municipal Finance Authority to create the USD Financing Authority. The proposed Bonds will be issued by the USD Financing Authority and the Bonds will be secured by payments to be made by the District to the USD Financing Authority pursuant to an installment purchase agreement in the form presented at this meeting. The terms of the Bonds will be governed by the Indenture of Trust in the form presented at this meeting.

On April 26, 2021, the Board adopted a resolution to authorize the District's staff, legal counsel and the municipal financial advisor to prepare documents for the issuance of revenue bonds (the "Bonds"). The Board also appointed Stradling Yocca Carlson & Rauth as Bond Counsel, Quint & Thimmig as Disclosure Counsel, Fieldman Rolapp & Associates as municipal financial advisor, and RBC as Underwriter for the transaction.

It is currently anticipated that the proceeds from these bonds will fund a portion of the following projects:

- ETSU Phase 1A
- Newark and Irvington Pump Station Chemical System Improvements
- Plant 12kv Switchgear Phase 1
- Site Drainage Improvements
- Waste Activated Sludge Thickeners

Previous Board Action

January 13, 2020 Board Meeting – Approval of the Union Sanitary District Financing Authority.

April 26, 2021 Board Meeting – A Board Resolution to Authorize Staff, Legal Counsel, and municipal financial advisor to Prepare Documents for the Issuance of Revenue Bonds

Attachments:

USDFA Resolution
Installment Purchase Agreement
Indenture of Trust
Bond Purchase Agreement
Preliminary Official Statement

UNION SANITARY DISTRICT FINANCING AUTHORITY

RESOLUTION NO. __

**A RESOLUTION OF THE BOARD OF DIRECTORS OF UNION
SANITARY DISTRICT FINANCING AUTHORITY AUTHORIZING THE
ISSUANCE OF NOT TO EXCEED \$110,000,000 AGGREGATE
PRINCIPAL AMOUNT OF REVENUE BONDS AND APPROVING THE
EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN
CONNECTION THEREWITH AND CERTAIN OTHER MATTERS**

WHEREAS, the Union Sanitary District Financing Authority (the “USDFA”), a public entity duly organized and existing under a joint exercise of powers agreement and under the Constitution and laws of the State of California (the “State”), has the powers, among others, to issue bonds and to finance facilities on behalf of its members; and

WHEREAS, the Union Sanitary District (the “District”), a sanitary district duly organized and existing under and by virtue of the laws of the State, and a member of the USDFA, proposes to acquire and construct certain District facilities (the “2021A Project”); and

WHEREAS, the Board of Directors of the USDFA (the “Board of Directors”) has determined that it is desirable to issue one or more series of revenue bonds (the “2021A Bonds”) to assist the District in financing the 2021A Project; and

WHEREAS, the Board of Directors has determined that it is in the best interest of the USDFA to enter into an installment purchase agreement with the District in connection therewith, and to approve certain other documents;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE UNION SANITARY DISTRICT FINANCING AUTHORITY AS FOLLOWS:

SECTION 1. Findings. The Board of Directors hereby specifically finds and declares that the actions authorized hereby constitute and are with respect to public affairs of the USDFA and that the statements, findings and determinations set forth above and in the preambles of the documents approved herein are true and correct.

SECTION 2. Indenture of Trust. The proposed form of the Indenture of Trust, as made available to the Board of Directors, is hereby approved. The Chair and the Vice Chair of the Board of Directors and the Executive Director of the USDFA or the designee thereof (each an “Authorized Officer”) are each hereby individually authorized and directed to execute and deliver the Indenture of Trust with such changes, insertions and omissions as may be recommended by the USDFA General Counsel or Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel (“Bond Counsel”), and approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval.

SECTION 3. Installment Purchase Agreement. The proposed form of the Installment Purchase Agreement, as made available to the Board of Directors, is hereby approved. Any Authorized Officer is authorized and directed to execute and deliver the Installment Purchase Agreement with such changes, insertions and omissions as may be recommended by USDFA General Counsel or Bond Counsel, and approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval.

SECTION 4. Bond Purchase Agreement. The proposed form of the Bond Purchase Agreement, as made available to the Board of Directors, is hereby approved. Any Authorized Officer is authorized and directed to execute and deliver the Bond Purchase Agreement with such changes, insertions and omissions as may be recommended by USDFA General Counsel or Bond Counsel, and approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval; provided, however, that in no event shall the aggregate principal amount of the 2021A Bonds exceed \$110,000,000, nor shall the underwriting discount for the 2021A Bonds exceed 0.275% of the principal amount of the 2021A Bonds, nor shall the true interest cost of the 2021A Bonds exceed 3.25%.

SECTION 5. Preliminary Official Statement. The preparation and distribution of the Preliminary Official Statement relating to the 2021A Bonds (excepting therefrom the information under the captions "THE DISTRICT," "WASTEWATER SYSTEM," "DISTRICT FINANCIAL INFORMATION," "RISK FACTORS RELATING TO THE BONDS," "INVESTMENT OF DISTRICT FUNDS" and "CONTINUING DISCLOSURE" and in Appendices B, D, G and H thereto, the "Preliminary Official Statement") in the form as made available to the Board of Directors is hereby approved. Any Authorized Officer is authorized individually to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule") relating to the Preliminary Official Statement. Any Authorized Officer is authorized and directed to execute, approve and deliver the Official Statement in the form of the Preliminary Official Statement, with such changes, insertions and omissions as are consistent with this Resolution and which may be recommended by USDFA General Counsel or Bond Counsel, in accordance with the Rule, and approved by such Authorized Officer executing the same, said execution being conclusive evidence of such approval.

SECTION 6. 2021A Bonds. The Board of Directors hereby authorizes the sale issuance of the 2021A Bonds in an amount not to exceed \$110,000,000.

SECTION 7. Trustee. U.S. Bank National Association, is hereby appointed to act as trustee under the Indenture of Trust.

SECTION 8. Good Faith Estimate of Costs. The Board of Directors acknowledges that the good faith estimates required by Section 5852.1 of the California Government Code are disclosed in the staff report and are available to the public at the meeting at which this Resolution is approved.

SECTION 9. Bond Counsel. Stradling Yocca Carlson & Rauth, a Professional Corporation, is hereby appointed to act as Bond Counsel to the USDFA in accordance with the terms of the engagement letter on file with the Secretary.

SECTION 10. Debt Management Policy. The Board of Directors hereby finds that the proposed financing of the 2021A Project is consistent with the USDFA's Debt Management Policy (being District Policy No. 2060) (the "Policy") and, to the extent that such proposed financing of the 2021A Project is inconsistent with any provisions of the Policy, such provisions of the Policy are hereby waived.

SECTION 11. Other Actions. Each Authorized Officer and the Treasurer of the USDFA or the designee thereof and any other proper officers of the USDFA, acting singly, are each authorized and directed to do any and all things and to execute and deliver any and all documents and certificates which such officers may deem necessary or advisable in order to consummate the sale, execution and delivery of the 2021A Bonds, the delivery of the Indenture of Trust, the Installment Purchase Agreement, the Bond Purchase Agreement, the Preliminary Official Statement and the final Official Statement and otherwise effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

SECTION 12. Effect. This Resolution shall take effect immediately.

SECTION 13. Recitals. Each of the foregoing recitals are true and correct.

ON A MOTION by Director _____, and seconded by Director _____, the foregoing resolution was passed and adopted by the Board of Directors of the Union Sanitary District Financing Authority this 26th day of July, 2021, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

Pat Kite
President of the Board of Directors
Union Sanitary District Financing Authority

Manny Fernandez
Secretary, Board of Directors
Union Sanitary District Financing Authority

INSTALLMENT PURCHASE AGREEMENT

by and between

UNION SANITARY DISTRICT

and

UNION SANITARY DISTRICT FINANCING AUTHORITY

Dated as of July 1, 2021

Relating to

\$ _____

**UNION SANITARY DISTRICT FINANCING AUTHORITY
REVENUE BONDS, SERIES 2021A**

ARTICLE I
DEFINITIONS

Section 1.01.	Definitions	1
---------------	-------------------	---

ARTICLE II
REPRESENTATIONS AND WARRANTIES

Section 2.01.	Representations by the District	10
Section 2.02.	Representations and Warranties by the USDFA	11

ARTICLE III
THE 2021A PROJECT

Section 3.01.	Acquisition and Construction of the 2021A Project	11
Section 3.02.	Changes to the 2021A Project.....	12
Section 3.03.	Purchase of 2021A Project.....	12
Section 3.04.	Title.....	12
Section 3.05.	Acquisition Fund.....	12

ARTICLE IV
INSTALLMENT PAYMENTS

Section 4.01.	Purchase Price	13
Section 4.02.	Series 2021A Installment Payments.....	13

ARTICLE V
SECURITY

Section 5.01.	Pledge of Gross Revenues.....	14
Section 5.02.	Allocation of Gross Revenues	14
Section 5.03.	Additional Contracts and Bonds.....	15
Section 5.04.	Subordinate Debt	16
Section 5.05.	Investments.....	17
Section 5.06.	Parity Debt Reserve.....	17

ARTICLE VI
COVENANTS OF THE DISTRICT

Section 6.01.	Compliance with Installment Purchase Agreement and Ancillary Agreements	17
Section 6.02.	Against Encumbrances	18
Section 6.03.	Against Sale or Other Disposition of Property	18
Section 6.04.	Against Competitive Facilities	18
Section 6.05.	Tax Covenants	18
Section 6.06.	Prompt Acquisition and Construction.....	19
Section 6.07.	Maintenance and Operation of the Wastewater System.....	20

Section 6.08.	Payment of Claims.....	20
Section 6.09.	Compliance with Contracts	20
Section 6.10.	Insurance.....	20
Section 6.11.	Accounting Records; Financial Statements and Other Reports.....	21
Section 6.12.	Protection of Security and Rights of the USDFA	21
Section 6.13.	Payment of Taxes and Compliance with Governmental Regulations.....	21
Section 6.14.	Amount of Rates and Charges.....	22
Section 6.15.	Collection of Rates and Charges	22
Section 6.16.	Eminent Domain Proceeds.....	22
Section 6.17.	Further Assurances	23
Section 6.18.	Enforcement of Contracts	23

ARTICLE VII

PREPAYMENT OF SERIES 2021A INSTALLMENT PAYMENTS

Section 7.01.	Prepayment.....	23
Section 7.02.	Method of Prepayment.....	24

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF THE AUTHORITY

Section 8.01.	Events of Default and Acceleration of Maturities.....	24
Section 8.02.	Application of Funds Upon Acceleration	25
Section 8.03.	Other Remedies of the USDFA.....	25
Section 8.04.	Non-Waiver	26
Section 8.05.	Remedies Not Exclusive	26

ARTICLE IX

DISCHARGE OF OBLIGATIONS

Section 9.01.	Discharge of Obligations	27
---------------	--------------------------------	----

ARTICLE X

MISCELLANEOUS

Section 10.01.	Liability Limited	28
Section 10.02.	Benefits of Installment Purchase Agreement Limited to Parties.....	28
Section 10.03.	Successor Is Deemed Included in all References to Predecessor	28
Section 10.04.	Waiver of Personal Liability	28
Section 10.05.	Article and Section Headings, Gender and References	28
Section 10.06.	Partial Invalidity.....	29
Section 10.07.	Assignment.....	29
Section 10.08.	Net Contract	29
Section 10.09.	California Law	29
Section 10.10.	Notices.....	29
Section 10.11.	Effective Date	30
Section 10.12.	Execution in Counterparts	30

Section 10.13.	Indemnification of USDFA	30
Section 10.14.	Amendments Permitted.....	30
Signatures	S-1
Exhibit A	Description of the 2021A Project	A-1
Exhibit B	Purchase Price	B-1
Exhibit C	Form of Substitution Statement.....	C-1
Exhibit D	Form of Requisition from Acquisition Fund	D-1

INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT, dated as of July 1, 2021, is entered into by and between UNION SANITARY DISTRICT, a sanitary district that is duly organized and existing under and by virtue of the laws of the State of California (the “**District**”), and UNION SANITARY DISTRICT FINANCING AUTHORITY, a joint exercise of powers agency that is duly organized and existing under and by virtue of the laws of the State of California (the “**USDFA**”).

RECITALS

A. The District proposes to acquire and construct certain improvements, betterments, renovations and expansions of facilities within its Wastewater System, as described in Exhibit A (the “**2021A Project**”).

B. The USDFA has agreed to assist the District in financing the 2021A Project on the terms and conditions that are set forth herein.

C. The USDFA is authorized by Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, including but not limited to Section 6540 *et seq.*, to finance the acquisition and construction of property for its members.

D. The District is authorized by Division 6 of the Health and Safety Code of the State of California, including but not limited to Article 3 of Chapter 1 thereof, to acquire and construct facilities for its Wastewater System.

E. The District and the USDFA have duly authorized the execution of this Installment Purchase Agreement.

F. All acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Installment Purchase Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Installment Purchase Agreement.

NOW, THEREFORE, IN CONSIDERATION OF THESE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms that are defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document that is mentioned herein or therein

have the meanings that are defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms that are defined herein. All capitalized terms that are used herein and not defined herein shall have the meanings that are ascribed thereto in the Indenture.

Accountant's Report

The term "Accountant's Report" means a report signed by an Independent Certified Public Accountant.

Acquisition Fund

The term "Acquisition Fund" means the fund by that name established pursuant to Section 3.05.

Bonds

The term "Bonds" means all revenue bonds or notes of the District that are authorized, executed, issued and delivered by the District, the payments of which are payable from Net Revenues on a parity with the Series 2021A Installment Payments and which are secured by a pledge of and lien on Gross Revenues as described in Section 5.01 hereof.

Contracts

The term "Contracts" means all contracts of the District previously or hereafter authorized and executed by the District, the payments under which are payable from Net Revenues on a parity with the Series 2021A Installment Payments and which are secured by a pledge and lien on Gross Revenues as described in Section 5.01 hereof; including but not limited to the 2020 Installment Purchase Agreement, but excluding contracts entered into for operation and maintenance of the Wastewater System.

Date of Operation

The term "Date of Operation" means, with respect to any uncompleted Project, the estimated date by which such Project will have been completed and, in the opinion of an engineer, will be ready for commercial operation by or on behalf of the District.

Debt Service

The term "Debt Service" means, for any period of calculation, the sum of:

(i) the interest accruing during such period on all outstanding Bonds, assuming that all outstanding serial Bonds are retired as scheduled and that all outstanding term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized or is reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of

the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program);

(ii) those portions of the principal amount of all outstanding serial Bonds maturing in such period (but excluding Excluded Principal);

(iii) those portions of the principal amount of all outstanding term Bonds required to be paid in such period (but excluding Excluded Principal); and

(iv) those portions of the Contracts that are required to be paid during such period, (except to the extent that the interest that is evidenced and represented thereby is capitalized or is reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program and excluding Excluded Principal);

but less the earnings to be derived from the investment of moneys on deposit in debt service reserve funds established for Bonds or Contracts;

provided that, as to any such Bonds or Contracts bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall, for all purposes, be assumed to be a fixed rate equal to the higher of: (1) the then current variable interest rate borne by such Bonds or Contract plus 1%; and (2) the highest variable rate borne over the preceding 3 months by outstanding variable rate debt issued by the District or, if no such variable rate debt is at the time outstanding, by variable rate debt of which the interest rate is computed by reference to an index that is comparable to that to be utilized in determining the interest rate for the debt then proposed to be issued;

provided further that if any series or issue of such Bonds or Contracts have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year (and such principal is not Excluded Principal), Debt Service shall be determined for the period of determination as if the principal of and interest on such series or issue of such Bonds or Contracts were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of twenty-five (25) years from the date of calculation; and

provided further that, as to any such Bonds or Contracts or portions thereof which bear no interest but which are sold at a discount and which discount accretes with respect to such Bonds or Contracts or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service; and

provided further that if the Bonds or Contracts constitute interest rate swap agreements or other paired obligations, the interest rate on such Bonds or Contracts shall be the resulting linked rate or the effective fixed interest rate to be paid by the District with respect to such paired obligations; and

provided further that the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Bonds and Contracts for which such debt service reserve fund was established and, to the extent that the amount in such debt service reserve fund is in excess of such amount of principal, such excess shall be applied to the full amount of principal due, in each preceding year, in descending order, until such amount is exhausted.

District

The term “District” means Union Sanitary District, a sanitary district that is duly organized and existing under and by virtue of the laws of the State of California.

EBDA

The term “EBDA” means the East Bay Dischargers Authority, a joint exercise of powers agency created pursuant to the EBDA Joint Powers Agreement.

EBDA Joint Powers Agreement

The term “EBDA Joint Powers Agreement” means the EBDA Joint Exercise of Powers Agreement dated February 15, 1974, as amended, as further amended and restated by the East Bay Dischargers Authority Amended and Restated Joint Powers Agreement, dated as of July 1, 2020 to become effective on July 1, 2020, each among the parties listed therein, as may be further amended and supplemented from time-to-time in accordance with the terms thereof.

Event of Default

The term “Event of Default” means an event that is described in Section 8.01.

Excluded Principal

The term “Excluded Principal” means each payment of principal of any Bond or Contract for which there is on file with the Trustee (i) a certificate of an Independent Municipal Consultant to the effect that such Bond or Contract is commercial paper or otherwise of a short term or revolving nature and has a maturity of less than 60 months and (ii) a certificate of an Authorized Representative to the effect that the District intends to pay such principal from the proceeds of Bonds or Contracts or other bonds, notes or other obligations of the District. No such determination shall affect the security for such Bonds or Contracts or the obligation of the District to pay such Bonds or Contracts from Net Revenues.

Fiscal Year

The term “Fiscal Year” means: the period from July 1 of each year through June 30 of the following year, or any other twelve-month period that is selected and designated as the official Fiscal Year of the District.

Generally Accepted Accounting Principles

The term “Generally Accepted Accounting Principles” means 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.

Gross Revenues

The term “Gross Revenues” means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Wastewater System, including, without limiting the generality of the foregoing:

(i) rates and charges collected by the District on the Alameda County, California tax roll in accordance with Section 5473 et.seq. of the Health and Safety Code (or any successor provisions thereto);

(ii) all other income, rents, rates, fees, charges or other moneys derived by the District through the facilities of or in the conduct or operation of the business of the Wastewater System;

(iii) the proceeds of any stand-by or availability charges, development fees and connection charges collected by the District; and

(iv) the earnings on and income derived from the investment of amounts described in clauses (i), (ii) and (iii) above and from District reserves;

but excluding:

(1) customers’ deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District;

(2) any proceeds of taxes or assessments which are restricted by law to be used by the District to pay bonds or other obligations heretofore or hereafter issued; and

(3) gain or loss on the sale of any capital assets as permitted hereby.

“Gross Revenues” also include all amounts transferred from the Parity Debt Reserve to the Revenue Fund in accordance with Section 5.06. “Gross Revenues” do not include any amounts transferred from the Revenue Fund to the Parity Debt Reserve during any Fiscal Year in accordance with Section 5.02(c).

Indenture

The term “Indenture” means the Indenture of Trust, dated as of the date hereof, by and between the USDFA and the Trustee, relating to the 2021A Bonds, as originally executed and as it may from time to time be amended or supplemented in accordance therewith.

Independent Certified Public Accountant

The term “Independent Certified Public Accountant” means any firm of certified public accountants that is appointed by the District, and each of whom is independent pursuant to the Statement on Auditing Standards No.1 of the American Institute of Certified Public Accountants.

Independent Municipal Consultant

The term “Independent Municipal Consultant” means a municipal advisor or firm of such municipal advisors appointed by the District, and who, or each of whom: (1) is in fact independent and not under domination of the District; (2) does not have any substantial interest, direct or indirect, with the District; (3) is not connected with the District as an officer or employee thereof, but who may be regularly retained to make reports thereto; and (4) is registered as a “municipal advisor,” as defined in Section 15B of the Securities Exchange Act of 1934, as amended.

Installment Payment Date

The term “Installment Payment Date” means any date on which Installment Payments are scheduled to be paid by the District under and pursuant to any Contract.

Installment Payments

The term “Installment Payments” means the Installment Payments of interest and principal scheduled to be paid by the District under and pursuant to the Contracts.

Installment Purchase Agreement

The term “Installment Purchase Agreement” means this Installment Purchase Agreement, by and between the District and the USDFA, dated as of July 1, 2021, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

JPA Agreement

The term “JPA Agreement” means the Joint Exercise of Powers Agreement, dated January 13, 2020, by and between the District and California Municipal Finance Authority, pursuant to which the USDFA is established, as such JPA Agreement may be amended and supplemented from time-to-time in accordance therewith.

Law

The term “Law” means the Sanitary District Act of 1923, of the State of California (being Division 6 of the Health and Safety Code of the State of California, as amended) and all laws amendatory thereof or supplemental thereto.

Manager

The term “Manager” means the General Manager/Chief Executive Officer of the District, or any other person that is designated by the General Manager to act on behalf of the General Manager.

Net Proceeds

The term “Net Proceeds” means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys’ fees) incurred in the collection of such proceeds.

Net Revenues

The term “Net Revenues” means, for any Fiscal Year, the Gross Revenues for such Fiscal Year less the Operation and Maintenance Costs for such Fiscal Year. When held by the Trustee in any funds or accounts established hereunder, Net Revenues shall include all interest or gain derived from the investment of amounts in any of such funds or accounts.

Operation and Maintenance Costs

The term “Operation and Maintenance Costs” means: (i) costs spent or incurred for maintenance and operation of the Wastewater System calculated in accordance with Generally Accepted Accounting Principles, including (among other things) the reasonable expenses of management and repair and other expenses that are necessary to maintain and preserve the Wastewater System in good repair and working order, and including administrative costs of the District that are charged directly or apportioned to the Wastewater System, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, and including all other reasonable and necessary costs of the District or charges (other than debt service payments) required to be paid by it to comply with the terms of this Installment Purchase Agreement or of the Indenture or any Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds; and (ii) costs allocable to the District under the EBDA Joint Powers Agreement which constitutes maintenance and operation costs of the EBDA calculated on accordance with Generally Accepted Accounting Principles; *but excluding* in all cases (x) depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature, (y) all capital charges, and (z) all amounts allocable to

the District under the EBDA Joint Powers Agreement for capital costs thereof, including principal and interest on any bonds, notes or other evidence of indebtedness of EBDA.

Parity Debt Reserve

The term “Parity Debt Reserve” means the fund by that name that is continued pursuant to Section 5.06.

Project

The term “Project” means additions, betterments, extensions or improvements to the District’s facilities designated by the Board of Directors of the District as a Project, the acquisition and construction of which is to be paid for by the proceeds of any Contracts or Bonds.

Purchase Price

The term “Purchase Price” means the principal amount plus interest thereon owed by the District to the USDFA under the terms hereof as provided in Section 4.01.

Revenue Fund

The term “Revenue Fund” means the fund by that name that is established pursuant to Section 5.02.

Series 2021A Installment Payment Date

The term “Series 2021A Installment Payment Date” means February 28, 2022 and the last day of each August and the last day of each February thereafter.

Series 2021A Installment Payments

The term “Series 2021A Installment Payments” means the Installment Payments scheduled to be paid by the District under and pursuant to this Installment Purchase Agreement.

Subordinate Debt

The term “Subordinate Debt” means all revenue bonds or notes of the District the payments on which are payable subordinate to Debt Service and all contracts of the District the payments under which are payable subordinate to Debt Service as set forth in Section 5.04(c) hereof.

Subordinate Debt Service

The term “Subordinate Debt Service” means debt service on Subordinate Debt calculated in accordance with the definition of Debt Service with respect to Contracts and Bonds.

Treasurer

The term “Treasurer” means the Business Service Group Manager/Chief Financial Officer of the District or the successor thereto.

Trustee

The term “Trustee” means U.S. Bank National Association, acting in its capacity as Trustee under and pursuant to the Indenture, and its successors and assigns.

2020 Installment Purchase Agreement

The term “2020 Installment Purchase Agreement” means the Installment Purchase Agreement, by and between the District and the USDFA, dated as of January 1, 2020, as originally executed and as it may from time to time be amended or supplemented in accordance therewith.

USDFA

The term “USDFA” means Union Sanitary District Financing Authority, a joint exercise of powers agency that is duly organized pursuant to the JPA Agreement and existing under and by virtue of the laws of the State of California.

Wastewater Service

The term “Wastewater Service” means the wastewater collection, conveyance, treatment and disposal service that is made available or provided by the Wastewater System including but not limited to recycled water service.

Wastewater System

The term “Wastewater System” means the whole and each and every part of the wastewater collection, conveyance, treatment and disposal system of the District, including all real property and buildings, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such wastewater system or any part thereof hereafter acquired or constructed, including recycled water facilities of the District and the District’s interest in the facilities of the EBDA pursuant to the EBDA Joint Powers Agreement and related agreements.

2021A Project

The term “2021A Project” means the additions, betterments, extensions and improvements to the District’s Wastewater System facilities, including real property and buildings, if any, which are described as in Exhibit A hereto, to the extent: (i) approved pursuant to the California Environmental Quality Act; and (ii) paid for with the proceeds of the 2021A Bonds, and as modified in conformance with Section 3.02 hereof.

2021A Bonds

The term “2021A Bonds” means the Union Sanitary District Financing Authority Revenue Bonds, Series 2021A, issued pursuant to the Indenture.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01. Representations by the District. The District makes the following representations:

(a) The District is a sanitary district that is duly organized and existing under and pursuant to the laws of the State of California.

(b) The District has full legal right, power and authority to enter into this Installment Purchase Agreement, carry out its obligations hereunder and carry out and consummate all other transactions that are contemplated by this Installment Purchase Agreement, and the District has complied with the provisions of the Law in all matters relating to such transactions.

(c) By proper action, the District has duly authorized the execution, delivery and due performance of this Installment Purchase Agreement.

(d) The District will not take or, to the extent within its power, permit any action to be taken which results in the interest that is paid for the installment purchase of the 2021A Project under the terms of this Installment Purchase Agreement being included in the gross income of the USDFA or its assigns for purposes of federal or State of California personal income taxation.

(e) The District has determined that it is necessary and proper for District uses and purposes within the terms of the Law that the District acquire and construct the 2021A Project in the manner that is provided for in this Installment Purchase Agreement in order to provide essential services and facilities to persons residing in the District.

Section 2.02. Representations and Warranties by the USDFA. The USDFA makes the following representations and warranties:

(a) The USDFA is a joint exercise of powers agency that is duly organized under the JPA Agreement and in good standing under the laws of the State of California, has full legal right, power and authority to enter into this Installment Purchase Agreement and to carry out and consummate all transactions that are contemplated by this Installment Purchase Agreement and by proper action has duly authorized the execution and delivery and due performance of this Installment Purchase Agreement.

(b) The execution and delivery of this Installment Purchase Agreement and the consummation of the transactions herein contemplated will not violate any provision of law, any order of any court or other agency of government, or any indenture, material agreement or other instrument to which the USDFA is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the USDFA.

(c) The USDFA will not take or permit any action to be taken which results in interest that is paid for the installment purchase of the 2021A Project under the terms of this Installment Purchase Agreement being included in the gross income of the USDFA or its assigns for purposes of federal or State of California personal income taxation.

ARTICLE III

THE 2021A PROJECT

Section 3.01. Acquisition and Construction of the 2021A Project. The USDFA hereby agrees to cause the 2021A Project and any additions or modifications thereto to be constructed, acquired and installed by the District as its agent. The District shall enter into contracts and provide for, as agent for the USDFA, the complete design, construction, acquisition and installation of the 2021A Project in accordance with all applicable laws. The District hereby agrees that it will cause the construction, acquisition and installation of the 2021A Project to be diligently performed after the deposit of funds into the Acquisition Fund pursuant to Section 3.02 of the Indenture, upon satisfactory completion of design work and compliance with the California Environmental Quality Act and approval by the Board of Directors of the District, and that it will use its best efforts to cause the construction, acquisition and installation of the 2021A Project to be substantially completed by _____, 202_, unforeseeable delays beyond the reasonable control of the District only excepted. It is hereby expressly understood and agreed that the USDFA shall be under no liability of any kind or character whatsoever for the payment of any cost of the 2021A Project and that all such costs and expenses shall be paid by the District.

Section 3.02. Changes to the 2021A Project. The District may substitute other improvements for those listed as components of the 2021A Project in Exhibit A, but only if the District first files with the USDFA and the Trustee a statement of the District in the form attached as Exhibit C: (a) identifying the improvements to be substituted and the improvements to District facilities they replace in the 2021A Project; and (b) stating that the estimated costs of construction, acquisition and installation of the substituted improvements are not less than such costs for the improvements previously planned.

Section 3.03. Purchase of 2021A Project. In consideration for the Series 2021A Installment Payments, the USDFA agrees to sell, and hereby sells, to the District, and the District agrees to purchase, and hereby purchases, from the USDFA, the 2021A Project at the purchase price that is specified in Section 4.01 hereof and otherwise in the manner and in accordance with the provisions of this Installment Purchase Agreement.

Section 3.04. Title. Each component of the 2021A Project shall vest in the District immediately upon acquisition or construction thereof. Such vesting shall occur without further action by the USDFA or the District, and the USDFA shall, if requested by the District or if necessary, to assure such automatic vesting, deliver any and all documents which are required to assure such vesting.

Section 3.05. Acquisition Fund. The District shall establish, maintain and hold in trust a separate fund designated as the "Acquisition Fund." The moneys in the Acquisition Fund shall be held by the District in trust and applied by the Treasurer of the District to the payment of the costs of acquisition and construction of the 2021A Project and of expenses incidental thereto.

Before any payment is made from the Acquisition Fund by the Treasurer, the General Manager of the District, acting as agent of the USDFA, shall cause to be filed with the Treasurer a certificate of the District in the form set forth in Exhibit D to this Installment Purchase Agreement.

Upon receipt of each such certificate, the Treasurer will pay the amount that is set forth in such certificate as directed by the terms thereof or disburse funds to the District for such payment as directed by the District in such certificate. The Treasurer need not make any such payment if it has received notice of any lien, right to lien, attachment upon or claim affecting the right to receive payment of any of the moneys to be so paid, which has not been released or will not be released simultaneously with such payment.

When the 2021A Project shall have been constructed and acquired in accordance with this Installment Purchase Agreement, a statement of the District stating the fact and date of such acquisition, construction and acceptance and stating that all of such costs of acquisition and incidental expenses have been determined and paid (or that all of such costs and expenses have been paid less specified claims which are subject to dispute and for which a retention in the Acquisition Fund is to be maintained in the full amount of such claims until such dispute is resolved), shall be delivered to the Treasurer by the General Manager of the District. Upon the receipt of such statement, the Treasurer shall transfer any remaining balance in the Acquisition

Fund which is not needed for Acquisition Fund purposes (but less the amount of any such retention, which amount shall be certified to the Treasurer by the General Manager of the District) to the Trustee for deposit in the 2021A Bond Payment Fund for payment of 2021A Bonds in accordance with the Indenture.

ARTICLE IV

INSTALLMENT PAYMENTS

Section 4.01. Purchase Price.

(a) The Purchase Price to be paid by the District hereunder to the USDFA is the sum of the principal amount of the District's obligations hereunder plus the interest to accrue on the unpaid balance of such principal amount from the effective date hereof over the term hereof, subject to prepayment as provided in Article VII.

(b) The principal amount of the payments to be made by the District hereunder is set forth in Exhibit B.

(c) The interest to accrue on the unpaid balance of such principal amount is as specified in Section 4.02 and Exhibit B, and shall be paid by the District as and constitute interest paid on the principal amount of the District's obligations hereunder.

Section 4.02. Series 2021A Installment Payments. The District shall, subject to its rights of prepayment provided in Article VII, pay the USDFA the Purchase Price in installment payments of interest and principal in the amounts and on the Series 2021A Installment Payment Dates as set forth in Exhibit B.

Each Series 2021A Installment Payment shall be paid to the USDFA in lawful money of the United States of America. In the event that the District fails to make any of the payments which are required to be made by it under this section, such payment shall continue as an obligation of the District until such amount shall have been fully paid, and the District agrees to pay the same with interest accruing thereon at the rate or rates of interest then applicable to the remaining unpaid principal balance of the Series 2021A Installment Payments if paid in accordance with their terms.

The obligation of the District to make the Series 2021A Installment Payments is absolute and unconditional, and until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article IX), the District will not discontinue or suspend any Series 2021A Installment Payment which is required to be made by it under this section when due, whether or not the Wastewater System or any part thereof is operating or operable or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and whether or not the 2021A Project has been completed, and such 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.

ARTICLE V

SECURITY

Section 5.01. Pledge of Gross Revenues. The Gross Revenues, and all amounts that are on deposit in the Revenue Fund, amounts that are transferred from the Parity Debt Reserve to the Revenue Fund as described in Section 5.06, and any other amounts (including proceeds of the sale of the 2021A Bonds) which are held in any fund or account that is established pursuant to this Installment Purchase Agreement (except the Parity Debt Reserve (other than those amounts which are transferred by the District from the Parity Debt Reserve to the Revenue Fund)), are irrevocably pledged to the payment of the Series 2021A Installment Payments. Except for the payment of the Operation and Maintenance Costs, the Gross Revenues shall not be used for any other purpose while any of the Series 2021A Installment Payments remain unpaid; provided that out of the Gross Revenues there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge shall constitute a first lien on Gross Revenues, the Revenue Fund and the other funds and accounts that are created hereunder for the payment of the Series 2021A Installment Payments and all other Contracts and Bonds in accordance with the terms hereof and of the Indenture.

Section 5.02. Allocation of Gross Revenues. In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants that all Gross Revenues shall be received by the District in trust hereunder and shall be deposited when and as received in a special fund designated as the "Revenue Fund," which fund has been established and is hereby continued and which fund the District agrees and covenants to maintain and to hold separate and apart from other funds so long as any Installment Payments or Bonds remain unpaid. Moneys in the Revenue Fund shall be used and applied by the District as provided in this Installment Purchase Agreement.

The District shall, from the moneys in the Revenue Fund, pay all Operation and Maintenance Costs (including amounts which are reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as they become due and payable. All remaining moneys in the Revenue Fund shall be set aside by the District at the following times in the following respective special funds in the following order of priority, and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this section:

(a) 2021A Bond Payment Fund. On or before each Series 2021A Installment Payment Date, the District shall, from remaining moneys in the Revenue Fund, transfer to the Trustee for deposit in the 2021A Bond Payment Fund an amount that is equal to the interest and principal payable and coming due on the next succeeding Series 2021A Installment Payment Date. The District shall also, from the moneys in the Revenue Fund, transfer to the

applicable trustee for deposit in the applicable payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service in accordance with the provisions of the Contract, Bond, resolution or indenture relating thereto.

Any moneys which are on deposit in the 2021A Bond Payment Fund on each Series 2021A Installment Payment Date (other than amounts required for the payment of past due principal or interest with respect to any 2021A Bonds not presented for payment) shall be credited to the payment of the Series 2021A Installment Payments due and payable on such date. No deposit need be made in the 2021A Bond Payment Fund as Series 2021A Installment Payments if the amount in the 2021A Bond Payment Fund is at least equal to the amount of the Series 2021A Installment Payment that is due and payable on the next succeeding Series 2021A Installment Payment Date.

(b) Reserve Funds. On or before each Series 2021A Installment Payment Date, the District shall, from remaining moneys in the Revenue Fund, thereafter, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the applicable trustee for deposit to such other reserve fund or account for Bonds or Contracts an amount that is equal to the amount required to be deposited therein.

(c) Surplus. Moneys on deposit in the Revenue Fund which are not necessary to make any of the payments which are required above may be expended by the District at any time for any purpose permitted by law, including but not limited to payment of Subordinate Debt, or deposited in the Parity Debt Reserve.

Section 5.03. Additional Contracts and Bonds. The District may at any time execute any Contract or issue any Bonds, as the case may be, in accordance herewith; provided that:

(a) The Net Revenues for the last audited Fiscal Year of the District, or for any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Advisor on file with the District, shall have produced a sum equal to at least one hundred twenty percent (120%) of the Debt Service for such Fiscal Year or other twelve month period; and

(b) The Net Revenues for the last audited Fiscal Year of the District, or for any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, including adjustments to give effect as of the first day of such Fiscal Year or other twelve month period, to increases or decreases in rates and charges for the Wastewater Service approved and in effect as of the date of calculation, as evidenced by a special report prepared

by an Independent Certified Public Accountant or Independent Municipal Advisor on file with the District, shall have produced a sum equal to at least one hundred twenty percent (120%) of the Debt Service for such Fiscal Year or other twelve month period, plus the Debt Service which would have accrued on any Contracts executed or Bonds issued since the end of such Fiscal Year or other twelve month period, assuming that such Contracts had been executed or Bonds had been issued at the beginning of such Fiscal Year or other twelve month period, plus the Debt Service which would have accrued had such proposed additional Contract been executed or proposed additional Bonds been issued at the beginning of such Fiscal Year or other twelve month period.

Notwithstanding the foregoing, Bonds issued or Contracts executed to refund Bonds or prepay Contracts may be delivered without satisfying the conditions set forth above if Debt Service in each Fiscal Year after the Fiscal Year in which such Bonds are issued or Contracts executed is not greater than 105% of the Debt Service which would have been payable in each such Fiscal Year prior to the issuance of such Bonds or execution of such Contracts.

Section 5.04. Subordinate Debt. The District may at any time execute or issue any Subordinate Debt in accordance herewith; provided that:

(a) The Net Revenues remaining after payment of Debt Service for the last audited Fiscal Year of the District, or any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of issuance or execution of such Subordinate Debt, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Advisor on file with the District, shall have produced a sum equal to at least one hundred percent (100%) of the Subordinate Debt Service for such Fiscal Year or other twelve month period.

(b) The Net Revenues remaining after payment of Debt Service for the last audited Fiscal Year of the District, or any consecutive twelve calendar month period during the eighteen calendar month period preceding the issuance or the execution of such Subordinate Debt, including adjustments to give effect as of the first day of such Fiscal Year or other twelve month period to increases or decreases in rates and charges for the Wastewater Service approved and in effect as of the date of calculation, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Advisor on file with the District, shall have produced a sum equal to at least one hundred percent (100%) of the Subordinate Debt Service for such Fiscal Year or other twelve month period, plus the Subordinate Debt Service which would have accrued on any Subordinate Debt issued since the end of such Fiscal Year or other twelve month period, assuming that such Subordinate Debt had been issued or executed had been issued at the beginning of such Fiscal Year or other twelve month period, plus the Subordinate Debt Service which would have accrued had such proposed Subordinate Debt been executed or issued at the beginning of such Fiscal Year or other twelve month period.

Notwithstanding the foregoing, Subordinate Debt executed to refund Bonds or prepay Contracts or to prepay or refund Subordinate Debt may be delivered without satisfying the

conditions set forth above if Debt Service and Subordinate Debt Service in each Fiscal Year after the Fiscal Year in which such Subordinate Debt issued or executed is not greater than 105% of the Debt Service and Subordinate Debt which would have been payable in each such Fiscal Year prior to the issuance of or execution of such Subordinate Debt.

Section 5.05. Investments. All moneys which are held by the District in the Revenue Fund, the Acquisition Fund and the Parity Debt Reserve shall be invested in Permitted Investments, and the investment earnings thereon shall remain on deposit in such fund, except as otherwise provided herein.

Section 5.06. Parity Debt Reserve. The District has established a special fund designated as the "Parity Debt Reserve," which shall be held by the District in trust under this Installment Purchase Agreement. The District agrees and covenants to maintain and to hold such fund separate and apart from other funds so long as any Contracts or Bonds remain unpaid. Money transferred by the District from the Revenue Fund to the Parity Debt Reserve in accordance with Section 5.02(c) will be held in the Parity Debt Reserve and applied in accordance with this Installment Purchase Agreement.

The District may withdraw all or any portion of the amounts on deposit in the Parity Debt Reserve and transfer such amounts to the Revenue Fund for application in accordance with Section 5.02 or, in the event that all or a portion of the Series 2021A Installment Payments are discharged in accordance with Article VII, transfer all or any portion of such amounts for application in accordance with Article VII; provided that any such withdrawals and transfers may be made up to and including the date that is 270 days after the end of the Fiscal Year or 12 calendar month period for which such withdrawals and transfers will be taken into account in calculating Gross Revenues. Any such amounts withdrawn from the Parity Debt Reserve and transferred to the Revenue Fund constitute Gross Revenues.

ARTICLE VI

COVENANTS OF THE DISTRICT

Section 6.01. Compliance with Installment Purchase Agreement and Ancillary Agreements. The District will punctually pay the Series 2021A Installment Payments in strict conformity with the terms hereof, and will faithfully observe and perform all of the agreements, conditions, covenants and terms contained herein which are required to be observed and performed by it, and will not terminate this Installment Purchase Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the 2021A Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the USDFA to observe or perform any agreement, condition, covenant or term which is contained herein and required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the USDFA or any force majeure, including acts of

God, tempest, storm, earthquake, epidemics, pandemics, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion or acts or regulations of governmental authorities.

The District will faithfully observe and perform all of the agreements, conditions, covenants and terms which are required to be observed and performed by it pursuant to all outstanding Contracts and Bonds as such may from time to time be executed or issued, as the case may be.

Section 6.02. Against Encumbrances. The District will not make any pledge of or place any lien on Gross Revenues or the moneys in the Revenue Fund except as provided herein. In addition, the District may at any time, or from time to time, issue evidences of indebtedness or incur other obligations for any lawful purpose which are payable from and secured by a pledge of and lien on Gross Revenues or any moneys in the Revenue Fund as may from time to time be deposited therein (as provided in Section 5.02), provided that such pledge and lien shall be subordinate in all respects to the pledge of and lien thereon provided herein.

Section 6.03. Against Sale or Other Disposition of Property. The District will not enter into any agreement or lease which materially impairs the operation of the Wastewater System or any part thereof which is necessary to secure adequate Gross Revenues for the payment of the Series 2021A Installment Payments, or which would otherwise materially impair the rights of the USDFA hereunder or the operation of the Wastewater System. Any real or personal property which has become nonoperative or which is not needed for the efficient and proper operation of the Wastewater System, or any material or equipment which has become worn out, may be sold if such sale will not materially impair the ability of the District to pay the Series 2021A Installment Payments and if the proceeds of such sale are deposited in the Revenue Fund.

Nothing herein shall restrict the ability of the District to sell any portion of the Wastewater System if such portion is immediately repurchased by the District and if such arrangement cannot by its terms result in the purchaser of such portion of the Wastewater System exercising any remedy which would deprive the District of or otherwise interfere with its right to own and operate such portion of the Wastewater System.

Section 6.04. Against Competitive Facilities. The District will not, to the extent permitted by law, acquire, construct, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the District any wastewater system competitive with the Wastewater System.

Section 6.05. Tax Covenants. Notwithstanding any other provision of this Installment Purchase Agreement, absent an opinion of Bond Counsel that the exclusion from gross income of the interest on the 2021A Bonds will not be adversely affected for federal income tax purposes, the District covenants to comply with all applicable requirements of the Code which

are necessary to preserve such exclusion from gross income with respect to the 2021A Bonds and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The District will take no action or refrain from taking any action, and the District will make no use of the proceeds of the 2021A Bonds or of any other moneys or property, which would cause the 2021A Bonds to be “private activity bonds” within the meaning of Section 141 of the Code;

(b) Arbitrage. The District will make no use of the proceeds of the 2021A Bonds or of any other amounts or property, regardless of the source, and the District will not take any action or refrain from taking any action, which will cause the 2021A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(c) Federal Guarantee. The District will make no use of the proceeds of the 2021A Bonds, and the District will not take or omit to take any action, that would cause the 2021A Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(d) Information Reporting. The District will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code which is necessary to preserve the exclusion of interest on the 2021A Bonds pursuant to Section 103(a) of the Code;

(e) Hedge Bonds. The District will make no use of the proceeds of the 2021A Bonds or any other amounts or property, regardless of the source, and the District will not take any action or refrain from taking any action, that would cause the 2021A Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the 2021A Bonds for federal income tax purposes; and

(f) Miscellaneous. The District will not take any action or refrain from taking any action which is inconsistent with its expectations stated in the Tax Certificate executed by the District in connection with the issuance of the 2021A Bonds and will comply with the covenants and requirements that are stated therein and incorporated by reference herein.

This section and the covenants that are set forth herein shall not be applicable to, and nothing that is contained herein shall be deemed to prevent the District from causing the USDFA to issue revenue bonds or issuing bonds or executing and delivering contracts that are payable on a parity with the 2021A Bonds, the interest with respect to which has been determined to be subject to federal income taxation.

Section 6.06. Prompt Acquisition and Construction. The District will take all necessary and appropriate steps to acquire and construct the 2021A Project, as agent of the USDFA, with all practicable dispatch and in an expeditious manner and in conformity with law so as to complete the same as soon as possible.

Section 6.07. Maintenance and Operation of the Wastewater System. The District will maintain and preserve the Wastewater System in good repair and working order at all times, operate the Wastewater System in an efficient and economical manner and pay all Operation and Maintenance Costs as they become due and payable.

Section 6.08. Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Gross Revenues or the funds or accounts created hereunder or under the Indenture or on any funds in the hands of the District pledged to pay the Series 2021A Installment Payments or the Bonds, or which might impair the security of the Series 2021A Installment Payments.

Section 6.09. Compliance with Contracts. The District will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, which are required to be performed by it contained in all contracts for the use of the Wastewater System and all other contracts affecting or involving the Wastewater System, to the extent that the District is a party thereto.

Section 6.10. Insurance.

(a) The District will procure and maintain or cause to be procured and maintained insurance on the Wastewater System, excluding coverage for earthquake damage or destruction, with responsible insurers in such amounts and against such risks (including accident to or destruction of the Wastewater System) as are usually covered in connection with facilities that are similar to the Wastewater System so long as such insurance is available at reasonable rates.

In the event of any damage to or destruction of the Wastewater 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 Wastewater System. The District shall begin such reconstruction, repair or replacement promptly after such damage or destruction shall occur, and shall continue and properly complete such reconstruction, repair or replacement as expeditiously as possible, and shall pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed and the Wastewater System shall be free and clear of all claims and liens.

If such Net Proceeds exceed the costs of such reconstruction, repair or replacement, then the excess Net Proceeds shall be applied in part to the prepayment of Series 2021A Installment Payments as provided in Article VII and in part to such other fund or account as may be appropriate and used for the retirement of Bonds and Contracts in the same proportion which the aggregate unpaid principal balance of Series 2021A Installment Payments then bears to the aggregate unpaid principal amount of such Bonds and Contracts. If such Net Proceeds are sufficient to enable the District to retire the entire obligation that is evidenced hereby prior to the final due date of the Series 2021A Installment Payments as well as the entire obligations that are evidenced by Bonds and Contracts then remaining unpaid prior to their final respective

due dates, the District may elect not to reconstruct, repair or replace the damaged or destroyed portion of the Wastewater System, and thereupon such Net Proceeds shall be applied to the prepayment of Series 2021A Installment Payments as provided in Article VII and to the retirement of such Bonds and Contracts.

(b) The District will procure and maintain such other insurance which it shall deem advisable or necessary to protect its interests and the interests of the USDFA, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with municipal wastewater systems similar to the Wastewater System.

(c) Any insurance that is required to be maintained by paragraph (a) above and, if the District determines to procure and maintain insurance pursuant to paragraph (b) above, such insurance, may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained in connection with wastewater systems similar to the Wastewater System and is, in the opinion of an accredited actuary, actuarially sound.

All policies of insurance which are required to be maintained herein shall provide that the USDFA or its assignee shall be given thirty (30) days' written notice of any intended cancellation thereof or reduction of coverage provided thereby.

Section 6.11. Accounting Records; Financial Statements and Other Reports.

(a) The District will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Wastewater System, which records shall be available for inspection by the USDFA and the Trustee at reasonable hours and under reasonable conditions.

(b) The District will prepare and file with the USDFA or its assignee, annually within two hundred seventy (270) days after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2021) financial statements of the District for the preceding Fiscal Year prepared in accordance with generally accepted accounting principles, together with an Accountant's Report thereon. The Trustee shall have no obligation to review any such financial statements.

Section 6.12. Protection of Security and Rights of the USDFA. The District will preserve and protect the security hereof and the rights of the USDFA to the Series 2021A Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 6.13. Payment of Taxes and Compliance with Governmental Regulations. The District will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Wastewater System, or any part thereof or upon the Gross Revenues when the same shall become due. The District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to

the operation of the Wastewater System, or any part thereof, but the District shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

Section 6.14. Amount of Rates and Charges.

(a) To the fullest extent permitted by law, the District shall fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Wastewater Service which are reasonably expected to be at least sufficient to yield during each Fiscal Year (i) Net Revenues equal to one hundred twenty percent (120%) of the Debt Service payable in such Fiscal Year and (ii) Net Revenues remaining after payment of Debt Service equal to one hundred percent (100%) of Subordinate Debt Service payable in such Fiscal Year.

The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges are reasonably expected to be sufficient to meet the requirements of this Section 6.14.

(b) For avoidance of doubt, so long as the District has complied with its obligations set forth in Section 6.14(a) above, the failure of Net Revenues to meet the thresholds set forth in Section 6.14(a) above at the end of a Fiscal Year shall not constitute a default or an Event of Default so long as the District has complied with Section 6.14(a) at the commencement of the succeeding Fiscal Year.

Section 6.15. Collection of Rates and Charges. The District will have in effect at all times by-laws, rules and regulations requiring each customer to pay the rates and charges applicable to the Wastewater Service to such customer's land and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the District may discontinue such service from the Wastewater System, and such service shall not thereafter be recommenced except in accordance with District by-laws or rules, regulations and State Law governing such situations of delinquency.

Section 6.16. Eminent Domain Proceeds. If all or any part of the Wastewater System shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied as follows:

(a) If: (1) the District files with the USDFA and the Trustee a certificate showing: (i) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the District by reason of such eminent domain proceedings; (ii) a general description of the additions, betterments, extensions or improvements to the Wastewater System that are proposed to be acquired and constructed by the District from such Net Proceeds, and (iii) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements, and (2) the District, on the basis of such certificate filed with the USDFA and the Trustee, determines that the estimated additional annual Net Revenues will sufficiently offset

the estimated loss of annual Net Revenues resulting from such eminent domain proceedings so that the ability of the District to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive), then the District shall promptly proceed with the acquisition and construction of such additions, betterments, extensions or improvements substantially in accordance with such certificate and such Net Proceeds shall be applied for the payment of the costs of such acquisition and construction, and any balance of such Net Proceeds not required by the District for such purpose shall be deposited in the Revenue Fund.

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied in part to the prepayment of Series 2021A Installment Payments as provided in Article VII and in part to such other fund or account as may be appropriate and used for the retirement of Bonds and Contracts in the same proportion which the aggregate unpaid principal balance of Series 2021A Installment Payments then bears to the aggregate unpaid principal amount of such Bonds and Contracts.

Section 6.17. Further Assurances. The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the USDFA of the rights and benefits provided to it herein.

Section 6.18. Enforcement of Contracts. So long as any of the 2021A Bonds are outstanding, the District will not voluntarily consent to or permit any rescission of, nor will it consent to any amendment to or otherwise take any action under or in connection with any contracts previously or hereafter entered into which contracts provide for water to be supplied to the District which consent, revision, amendment or other action will reduce the supply of water thereunder (except as provided therein), unless the Board of Directors of the District determines by resolution that such rescission or amendment would not materially adversely affect the ability of the District to pay Series 2021A Installment Payments.

ARTICLE VII

PREPAYMENT OF SERIES 2021A INSTALLMENT PAYMENTS

Section 7.01. Prepayment.

(a) The District may or shall, as the case may be, prepay from Net Proceeds as provided herein the Series 2021A Installment Payments in whole, or in part, on any date in the order of payment date as directed by the District, at a prepayment price equal to the sum of the principal amount to be prepaid plus accrued interest thereon to the date of prepayment, without premium.

(b) The District may prepay the Series 2021A Installment Payments as a whole, or in part, on _____ 1, 20__ or any date thereafter in the order of payment date as directed by the District, at a prepayment price equal to the principal amount of the Series 2021A Installment

Payments to be prepaid, together with accrued interest thereon to the date of prepayment, without premium.

(c) Notwithstanding any such prepayment, the District shall not be relieved of its obligations hereunder, including its obligations under Article IV, until the Purchase Price shall have been fully paid (or provision for payment thereof shall have been provided to the written satisfaction of the USDFA).

Section 7.02. Method of Prepayment. Before making any prepayment pursuant to Section 7.01, the District shall, within five (5) days following the event permitting the exercise of such right to prepay or creating such obligation to prepay, give written notice to the USDFA and the Trustee describing such event and specifying the date on which the prepayment will be paid, which date shall be not less than thirty-five (35) (or such shorter number of days as is acceptable to the Trustee) days from the date that such notice is given.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF THE AUTHORITY

Section 8.01. Events of Default and Acceleration of Maturities. If one or more of the following Events of Default shall happen:

(1) if default shall be made by the District in the due and punctual payment of any Series 2021A Installment Payment or any Contract or Bond when and as the same shall become due and payable;

(2) if default shall be made by the District in the performance of any of the agreements or covenants which are required herein to be performed by it, and such default shall have continued for a period of sixty (60) days after the District shall have been given notice in writing of such default by the USDFA; or

(3) if the District shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the District seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property; or

(4) if payment of the principal of any Contract or Bond is accelerated in accordance with its terms;

then and in each and every such case during the continuance of an Event of Default, the USDFA shall, by notice in writing to the District, declare the entire principal amount of the unpaid

Series 2021A Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding. This section, however, is subject to the condition that if at any time after the entire principal amount of the unpaid Series 2021A Installment Payments and the accrued interest thereon shall have been so declared due and payable, but before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the District shall deposit with the USDFA an amount that is sufficient to pay the unpaid principal amount of the Series 2021A Installment Payments or the unpaid payment of any other Contract or Bond referred to in clause (1) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the Series 2021A Installment Payments or such Contract or Bond if paid in accordance with their terms, and the reasonable expenses of the USDFA, and any and all other defaults known to the USDFA (other than in the payment of the entire principal amount of the unpaid Series 2021A Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the USDFA or provision deemed by the USDFA to be adequate shall have been made therefor, then and in every such case the USDFA, by written notice to the District, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 8.02. Application of Funds Upon Acceleration. Upon the date of the declaration of acceleration as provided in Section 8.01, all Gross Revenues thereafter received by the District shall be applied in the following order:

First, to the payment, without preference or priority, and in the event of any insufficiency of such Gross Revenues ratably without any discrimination or preference, of the fees, costs and expenses of the Trustee and its assigns and thereafter to the USDFA, as the case may be, in carrying out the provisions of this article, including reasonable compensation to their respective accountants and counsel;

Second, to the payment of the Operation and Maintenance Costs; and

Third, to the payment of the entire principal amount of the unpaid Series 2021A Installment Payments and the unpaid principal amount of all Bonds and Contracts and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the Series 2021A Installment Payments and such Bonds and Contracts if paid in accordance with their respective terms.

Section 8.03. Other Remedies of the USDFA. The USDFA shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the District or any director, officer or employee thereof, and to compel the District or any such director, officer or employee to perform and carry out its or his or her

duties under the Law and the agreements and covenants required to be performed by it or him or her contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the USDFA; or

(c) by suit in equity upon the happening of an Event of Default to require the District and its directors, officers and employees to account as the trustee of an express trust.

Notwithstanding anything contained herein, the USDFA shall have no security interest in or mortgage on the 2021A Project, the Wastewater System or other assets of the District and no default hereunder shall result in the loss of the 2021A Project, the Wastewater System or other assets of the District.

Section 8.04. Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the Series 2021A Installment Payments to the USDFA at the respective due dates or upon prepayment from the Net Revenues, the Revenue Fund and the other funds herein pledged for such payment, or shall affect or impair the right of the USDFA, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the USDFA shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the USDFA to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy that is conferred upon the USDFA by the Law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the USDFA.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the USDFA, the District and the USDFA shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 8.05. Remedies Not Exclusive. No remedy that is conferred upon or reserved to the USDFA herein is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

ARTICLE IX

DISCHARGE OF OBLIGATIONS

Section 9.01. Discharge of Obligations. When:

(a) all or any portion of the Series 2021A Installment Payments shall have become due and payable in accordance herewith or a written notice of the District to prepay all or any portion of the Series 2021A Installment Payments shall have been filed with the Trustee; and

(b) there shall have been deposited with the Trustee at or prior to the Series 2021A Installment Payment Date or dates specified for prepayment, in trust for the benefit of the USDFA or its assigns and irrevocably appropriated and set aside to the payment of all or any portion of the Series 2021A Installment Payments, sufficient moneys or sufficient moneys and non-callable Permitted Investments that are described in clause (A) and/or (B) of the definition thereof, the principal of and interest on which Permitted Investments when due will provide money that is sufficient in the opinion of an Independent Certified Public Accountant to pay all principal, prepayment premium, if any, and interest of such Series 2021A Installment Payments to their respective Series 2021A Installment Payment Dates, as the case may be; and

(c) provision shall have been made for paying all fees and expenses of the Trustee, then and in that event, the right, title and interest of the USDFA herein and the obligations of the District hereunder shall, with respect to all or such portion of the Series 2021A Installment Payments as have been so provided for, thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Trustee and the obligation of the District to have such moneys and such Permitted Investments applied to the payment of such Series 2021A Installment Payments).

In such event, upon request of the District, the Trustee shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and shall execute and deliver to the District all such instruments as may be necessary or desirable to evidence such total or partial discharge and satisfaction, as the case may be, and, in the event of a total discharge and satisfaction, the Trustee shall pay over to the District, after payment of all amounts due the Trustee pursuant to the Indenture, as an overpayment of Series 2021A Installment Payments, all such moneys or such Permitted Investments held by it pursuant hereto, other than such moneys and such Permitted Investments as are required for the payment or prepayment of the Series 2021A Installment Payments, which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the payment of the Series 2021A Installment Payments and shall be applied by the Trustee to the payment of the Series 2021A Installment Payments of the District.

ARTICLE X

MISCELLANEOUS

Section 10.01. Liability Limited. Notwithstanding anything contained herein, the District shall not be required to advance any moneys derived from any source of income other than the Gross Revenues, the Revenue Fund and the other funds provided herein for the payment of amounts due hereunder or for the performance of any agreements or covenants that are required to be performed by it contained herein. The District may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

The obligation of the District to make the Series 2021A Installment Payments is a special obligation of the District payable from the Net Revenues and does not constitute a debt of the District or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Section 10.02. Benefits of Installment Purchase Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the District or the USDFA any right, remedy or claim under or pursuant hereto, and any agreement or covenant that is required herein to be performed by or on behalf of the District or the USDFA shall be for the sole and exclusive benefit of the other party.

Section 10.03. Successor Is Deemed Included in all References to Predecessor. Whenever either the District or the USDFA is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the District or the USDFA, and all agreements and covenants which are required hereby to be performed by or on behalf of the District or the USDFA shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 10.04. Waiver of Personal Liability. No director, officer or employee of the District shall be individually or personally liable for the payment of the Series 2021A Installment Payments, but nothing contained herein shall relieve any director, officer or employee of the District from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 10.05. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof and the words "hereby," "herein," "hereof," "hereto," "herewith" and other words of similar import refer to this Installment Purchase Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 10.06. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the District or the USDFA shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The District and the USDFA hereby declare that they would have executed this Installment Purchase Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 10.07. Assignment. This Installment Purchase Agreement and any rights hereunder may be assigned by the USDFA, as a whole or in part, without the necessity of obtaining the prior consent of the District. In addition to the rights and remedies assigned by the USDFA to the Trustee, to the extent that the Indenture and this Installment Purchase Agreement confer upon or give or grant to the Trustee any right, remedy or claim under or by reason of the Indenture or this Installment Purchase Agreement, the Trustee is hereby explicitly recognized as being a third party beneficiary hereunder and may enforce any such right, remedy or claim conferred given or granted.

Section 10.08. Net Contract. This Installment Purchase Agreement shall be deemed and construed to be a net contract, and the District shall pay absolutely net during the term hereof the Series 2021A Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

Section 10.09. California Law. THIS INSTALLMENT PURCHASE AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 10.10. Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the District: Union Sanitary District
 5072 Benson Road
 Union City, California 94587
 Attention: General Manager

If to the USDFA: Union Sanitary District Financing Authority
 c/o Union Sanitary District
 5072 Benson Road
 Union City, California 94587
 Attention: Executive Director

If to the Trustee: U.S. Bank National Association
One California Street, Suite 1000
San Francisco, California 94111
Attn: Global Corporate Trust
Reference: Union Sanitary District, Series 2021A

Section 10.11. Effective Date. This Installment Purchase Agreement shall become effective upon its execution and delivery, and shall terminate when the Purchase Price shall have been fully paid (or provision for the payment thereof shall have been made to the written satisfaction of the USDFA).

Section 10.12. Execution in Counterparts. This Installment Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 10.13. Indemnification of USDFA. The District hereby agrees to indemnify and hold harmless the USDFA and its assigns and its officers and directors if and to the extent permitted by law, from and against all claims, advances, damages and losses, including legal fees and expenses, arising out of or in connection with the acceptance or the performance of its duties hereunder and under the Indenture; provided that no indemnification will be made for willful misconduct, negligence or breach of an obligation hereunder or under the Indenture by the USDFA.

Section 10.14. Amendments Permitted.

(a) This Installment Purchase Agreement and the rights and obligations of the USDFA and the District and of the Owners of the 2021A Bonds and of the Trustee may be modified or amended at any time by an amendment hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the 2021A Bonds then Outstanding, exclusive of 2021A Bonds disqualified as provided in Section 11.09 of the Indenture, has been filed with the Trustee. No such modification or amendment may: (1) extend the fixed maturity of any 2021A Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the rate of interest or the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each 2021A Bond so affected; or (2) reduce the aforesaid percentage of 2021A Bonds the consent of the Owners of which is required to affect any such modification or amendment, or permit the creation of any lien on the Gross Revenues and other assets pledged under this Installment Purchase Agreement prior to or on a parity with the lien created by this Installment Purchase Agreement except as permitted herein, or deprive the Owners of the 2021A Bonds of the lien created by the Indenture on such Gross Revenues and other assets except as permitted herein, without the consent of the Owners of all of the 2021A Bonds then Outstanding.

(b) This Installment Purchase Agreement and the rights and obligations of the USDFA and the District and of the Owners of the 2021A Bonds may also be modified or

amended at any time by an amendment hereto which shall become binding upon adoption, without the consent of the Owners of any 2021A Bonds, but only to the extent permitted by law and only for any one or more of the following purposes: (1) to add to the covenants and agreements of the District contained in this Installment Purchase Agreement other covenants and agreements thereafter to be observed, to pledge or assign additional security for the 2021A Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the District; (2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Installment Purchase Agreement, or in regard to matters or questions arising under this Installment Purchase Agreement, as the District may deem necessary or desirable; and (3) to modify, amend or supplement this Installment Purchase Agreement in such manner as to cause interest on the 2021A Bonds to remain excludable from gross income under the Code. No amendment without consent of the Owners may modify any of the rights or obligations of the Trustee without the written consent thereto.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have executed and attested this Installment Purchase Agreement by their officers thereunto duly authorized as of the day and year first written above.

UNION SANITARY DISTRICT

By: _____
President of the Board of Directors

ATTEST:

Board Clerk

UNION SANITARY DISTRICT FINANCING AUTHORITY

By: _____
Chair of the Board of Directors

ATTEST:

Secretary of the Board of Directors

EXHIBIT A

DESCRIPTION OF THE 2021A PROJECT

<i>Component</i>	<i>Estimated Capital Cost</i>
ETSU Phase 1A	\$
Site Drainage Improvements	
WAS Thickeners	
Newark/Irvington PS Improvements	
Plant 12kv Switchgear	
TOTAL	\$

EXHIBIT B

PURCHASE PRICE

1. The principal amount of payments to be made by the District hereunder is \$_____.

2. The Series 2021A Installment Payments of principal and interest are payable in the amounts and on the Series 2021A Installment Payment Dates as follows:

<i>Installment Payment Dates</i>	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest</i>	<i>Total</i>
2/28/2022			
8/31/2022			
2/28/2023			
8/31/2023			
2/29/2024			
8/31/2024			
2/28/2025			
8/31/2025			
2/28/2026			
8/31/2026			
2/28/2027			
8/31/2027			
2/29/2028			
8/31/2028			
2/28/2029			
8/31/2029			
2/28/2030			
8/31/2030			
2/28/2031			
8/31/2031			
2/29/2032			
8/31/2032			
2/28/2033			
8/31/2033			
2/28/2034			
8/31/2034			
2/28/2035			
8/31/2035			
2/29/2036			
8/31/2036			
2/28/2037			
8/31/2037			

<i>Installment Payment Dates</i>	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest</i>	<i>Total</i>
2/28/2038			
8/31/2038			
2/28/2039			
8/31/2039			
2/29/2040			
8/31/2040			
2/28/2041			
8/31/2041			
2/28/2042			
8/31/2042			
2/28/2043			
8/31/2043			
2/29/2044			
8/31/2044			
2/28/2045			
8/31/2045			
2/28/2046			
8/31/2046			
2/28/2047			
8/31/2047			
2/29/2048			
8/31/2048			
2/28/2049			
8/31/2049			
2/28/2050			
8/31/2050			
2/28/2051			
8/31/2051			
Total	\$	\$	\$

EXHIBIT C

FORM OF SUBSTITUTION STATEMENT

Union Sanitary District Financing Authority
5072 Benson Road
Union City, California 94587
Attention: Chair

One California Street, Suite 1000
San Francisco, California 94111
Attn: Global Corporate Trust
Reference: Union Sanitary District, Series 2021A

The undersigned General Manager of the Union Sanitary District (the “District”) hereby states pursuant to Section 3.02 of the Installment Purchase Agreement, dated as of July 1, 2021, by and between Union Sanitary District Financing Authority and the District (the “Installment Purchase Agreement”) that each component of the 2021A Project (as such term is defined in the Installment Purchase Agreement) described in the first column of Exhibit A attached hereto, with an estimated cost set forth in the second column of Exhibit A, will be replaced by the corresponding improvement described in the third column of Exhibit A with an estimated cost set forth in the fourth column of Exhibit A.

Dated: _____, 20__

Paul R. Eldredge, P.E., General Manager

EXHIBIT A

<i>Components of 2021A Project to be Replaced</i>	<i>Cost of Each Components of 2021A Project to be Replaced</i>	<i>Improvements to be Substituted</i>	<i>Cost of Each Improvement to be Substituted</i>
---	--	---	---

EXHIBIT D

FORM OF REQUISITION FROM ACQUISITION FUND

\$ _____

UNION SANITARY DISTRICT FINANCING AUTHORITY
REVENUE BONDS, SERIES 2021A

REQUISITION NO. _ FOR
DISBURSEMENT FROM ACQUISITION FUND

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting General Manager of the Union Sanitary District, a sanitary district that is organized and existing under the Constitution and laws of the State of California (the "District"), and as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that, pursuant to Section 3.05 of that certain Installment Purchase Agreement, dated as of July 1, 2021 (the "Installment Purchase Agreement"), by and between the Union Sanitary District Financing Authority and the District, the undersigned hereby requests the Treasurer to disburse this date the following amounts from the Acquisition Fund established under the Installment Purchase Agreement relating to the above-captioned obligations, to the payees designated on the attached Exhibit A;

(iii) that each obligation mentioned herein has been incurred by the District and is a proper charge against the Acquisition Fund;

(iv) that any approval required under the California Environmental Quality Act, as amended (Division 13 of the California Public Resources Code), prior to the expenditure of such amount for the purpose set forth on the attached Exhibit A has been received and is final; and

(v) that there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the payees named on the attached Exhibit A, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Dated: _____, 20__

UNION SANITARY DISTRICT

By: _____
Paul R. Eldredge, P.E., General Manager

EXHIBIT A

ACQUISITION FUND DISBURSEMENTS

<i>Item Number</i>	<i>Payee Name and Address</i>	<i>Purpose of Obligation</i>	<i>Amount</i>
-------------------------------	--	-------------------------------------	----------------------

INDENTURE OF TRUST

Dated as of July 1, 2021

By and between

**U.S. BANK NATIONAL ASSOCIATION
as Trustee**

and the

UNION SANITARY DISTRICT FINANCING AUTHORITY

Relating to

\$_____

**UNION SANITARY DISTRICT FINANCING AUTHORITY
REVENUE BONDS, SERIES 2021A**

TABLE OF CONTENTS

ARTICLE I

DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

Section 1.01.	Definitions	3
Section 1.02.	Content of Certificates and Opinions	11
Section 1.03.	Interpretation	12

ARTICLE II

THE BONDS

Section 2.01.	Authorization of Bonds	12
Section 2.02.	Terms of the Bonds	13
Section 2.03.	Transfer of Bonds	14
Section 2.04.	Exchange of Bonds	14
Section 2.05.	Registration Books	14
Section 2.06.	Form and Execution of Bonds	15
Section 2.07.	Bonds Mutilated, Lost, Destroyed or Stolen	15
Section 2.08.	Book-Entry System	16

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

Section 3.01.	Issuance of the Bonds	19
Section 3.02.	Application of Proceeds of the Bonds	19
Section 3.03.	Establishment and Application of Costs of Issuance Fund	19
Section 3.04.	Validity of Bonds	19

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01.	Terms of Redemption	20
Section 4.02.	Selection of Bonds for Redemption	21
Section 4.03.	Notice of Redemption	21
Section 4.04.	Partial Redemption of Bonds	22
Section 4.05.	Effect of Redemption	22

TABLE OF CONTENTS

(continued)

ARTICLE V

REVENUES, FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.01.	Pledge and Assignment; 2021A Bond Payment Fund	23
Section 5.02.	Allocation of USDFA Revenues	23
Section 5.03.	Application of Interest Account	24
Section 5.04.	Application of Principal Account.....	24
Section 5.05.	Application of Redemption Fund	24
Section 5.06.	Investments.....	24
Section 5.07.	Rebate Fund	26
Section 5.08.	Application of Funds and Accounts When No Bonds are Outstanding	27

ARTICLE VI

PARTICULAR COVENANTS

Section 6.01.	Punctual Payment	27
Section 6.02.	Extension of Payment of Bonds	28
Section 6.03.	Against Encumbrances.....	28
Section 6.04.	Power to Issue Bonds and Make Pledge and Assignment.....	28
Section 6.05.	Accounting Records and Financial Statements.....	28
Section 6.06.	Tax Covenants	28
Section 6.07.	Payments Under Installment Purchase Agreement	29
Section 6.08.	Waiver of Laws.....	30
Section 6.09.	Further Assurances	30
Section 6.10.	Eminent Domain	30

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

Section 7.01.	Events of Default.....	30
Section 7.02.	Remedies Upon Event of Default.....	31
Section 7.03.	Application of USDFA Revenues and Other Funds After Default	31
Section 7.04.	Trustee to Represent Bond Owners	32
Section 7.05.	Bond Owners' Direction of Proceedings.....	33
Section 7.06.	Suit by Owners	33
Section 7.07.	Absolute Obligation of the USDFA.....	34
Section 7.08.	Remedies Not Exclusive	34
Section 7.09.	No Waiver of Default	34

TABLE OF CONTENTS

(continued)

ARTICLE VIII

THE TRUSTEE

Section 8.01.	Duties, Immunities and Liabilities of Trustee	34
Section 8.02.	Merger or Consolidation	36
Section 8.03.	Liability of Trustee.....	36
Section 8.04.	Right to Rely on Documents	38
Section 8.05.	Preservation and Inspection of Documents	39
Section 8.06.	Compensation and Indemnification	39

ARTICLE IX

MODIFICATION OR AMENDMENT OF THE INDENTURE

Section 9.01.	Amendments Permitted	40
Section 9.02.	Effect of Supplemental Indenture	41
Section 9.03.	Endorsement of Bonds; Preparation of New Bonds.....	41
Section 9.04.	Amendment of Particular Bonds	42

ARTICLE X

DEFEASANCE

Section 10.01.	Discharge of Indenture	42
Section 10.02.	Discharge of Liability on Bonds	43
Section 10.03.	Deposit of Money or Securities with Trustee	43
Section 10.04.	Payment of Bonds After Discharge of Indenture.....	44

ARTICLE XI

MISCELLANEOUS

Section 11.01.	Liability of USDFA Limited to USDFA Revenues.....	44
Section 11.02.	Successor Is Deemed Included in All References to Predecessor	45
Section 11.03.	Limitation of Rights to Parties and Bond Owners.....	45
Section 11.04.	Waiver of Notice; Requirement of Mailed Notice	45
Section 11.05.	Destruction of Bonds	45
Section 11.06.	Severability of Invalid Provisions	45
Section 11.07.	Notices	45
Section 11.08.	Evidence of Rights of Bond Owners.....	46
Section 11.09.	Disqualified Bonds	46
Section 11.10.	Money Held for Particular Bonds.....	46
Section 11.11.	Funds and Accounts	47
Section 11.12.	Waiver of Personal Liability	47

TABLE OF CONTENTS
(continued)

Section 11.13.	Execution in Several Counterparts	47
Section 11.14.	CUSIP Numbers	47
Section 11.15.	Choice of Law	47
Section 11.16.	Notice to Rating Agency.....	47
Signatures	S-1
Exhibit A	Form of Bond	A-1

INDENTURE OF TRUST

THE INDENTURE OF TRUST is made and entered into and dated as of July 1, 2021, by and between the UNION SANITARY DISTRICT FINANCING AUTHORITY, a joint exercise of powers agency that is duly organized and existing under and by virtue of the laws of the State of California (the “**USDFA**”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association that is duly organized and existing under the laws of the United States of America, as trustee hereunder (the “**Trustee**”).

RECITALS

A. The USDFA has been created pursuant to the JPA Agreement with the powers, among others, to issue bonds and to finance wastewater facilities on behalf of its members.

B. Union Sanitary District (the “**District**”), a member of the USDFA, has determined that it is in the best interest of the public to acquire and construct certain improvements to its Wastewater System (the “**2021A Project**”) with the assistance of the USDFA.

C. The USDFA is authorized pursuant to State law, including but not limited to, Section 6588(c) of the Government Code of the State of California (the “**Government Code**”) and pursuant to Sections 5 and 10 of the JPA Agreement to incur indebtedness to finance such improvements, and is authorized pursuant to State law, including but not limited to Section 6588(m) of the Government Code, to assign and pledge to the repayment of such indebtedness amounts payable to the USDFA by its members.

D. The USDFA hereby finds pursuant to Section 6586 of the Government Code that the issuance of the bonds that are authorized pursuant to Section 2.01 hereof (the “**Bonds**”) to finance the 2021A Project will have demonstrable savings in effective interest rate, bond preparation, bond underwriting or bond issuance costs and significant reductions in effective user charges levied by the District.

E. In order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and interest and premium, if any, thereon, the USDFA has authorized the execution and delivery of this Indenture.

F. The USDFA has determined that all acts and proceedings which are required by law and necessary to make the Bonds, when executed by the USDFA, authenticated and delivered by the Trustee, and duly issued, the valid, binding and legal special obligations of the USDFA, and to constitute this Indenture a valid and binding agreement for the uses and purposes set forth herein in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture have been in all respects duly authorized.

GRANTING CLAUSES

The USDFA, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of and the interest and premium (if any) on all Bonds at any time issued and Outstanding under this Indenture, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, does hereby assign and pledge unto, and grant a security interest in, the following (the “**Trust Estate**”) to the Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the USDFA to the Bond Owners hereinafter set forth:

FIRST

All right, title and interest of the USDFA in and to the USDFA Revenues (as such term is defined herein), including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and receipt for any USDFA Revenues which are payable to or receivable by the USDFA under the Constitution of the State, the Government Code and this Indenture and any other applicable laws of this State or otherwise, to bring actions and proceedings thereunder for the enforcement thereof, and to do any and all things which the USDFA is or may become entitled to do thereunder, subject to the terms hereof.

SECOND

All moneys and securities held in funds and accounts of this Indenture, except amounts held in the Rebate Fund, and all other rights of every name and nature from time to time herein or hereafter by delivery or by writing of any kind pledged, assigned or transferred as and for additional security hereunder to the Trustee by the USDFA or by anyone on its behalf, or with its written consent, and to hold and apply the same, subject to the terms hereof.

THIRD

All of the rights, title, and interest of the USDFA in the Installment Purchase Agreement, including all rights of the USDFA to receive payments thereunder and all rights of the USDFA thereunder as may be necessary to enforce compliance with said provisions (including enforcement of payment obligations and rate covenants, if any, contained in the Installment Purchase Agreement) or otherwise to protect the interest of the Owners of the Bonds, subject to the terms hereof, and excepting therefrom any rights to indemnification or to receive notices thereunder.

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its respective successors in trust and assigns forever for the benefit of the Owners, and such pledge shall constitute a lien on and security interest in such Trust Estate;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future owners of the Bonds issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds;

PROVIDED, HOWEVER, that if the USDFA, its successors or assigns shall well and truly pay, or cause to be paid, the principal of and interest and any redemption premium on the Bonds due or to become due thereon, at the times and in the manner provided in the Bonds according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all of the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final payments or deposits as herein provided, this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture shall remain in full force and effect.

THE INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds which are issued and secured hereunder are to be issued, authenticated and delivered, and all sold property, rights and interests, including, without limitation, the USDFA Revenues, hereby assigned and pledged, are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and the USDFA has agreed and covenanted and does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms that are defined in this Section 1.01 shall, for all purposes of this Indenture and of any indenture supplemental hereto and of any certificate, opinion or other document that is mentioned herein, have the meanings that are specified herein, to be equally applicable to both the singular and plural forms of any of the terms that are defined herein. Unless the context otherwise requires, all capitalized terms that are used herein and not defined have the meanings that are ascribed thereto in the Installment Purchase Agreement.

Authorized Representative. The term “Authorized Representative” means with respect to the USDFA, its Chair, Vice Chair, Secretary, Treasurer or Executive Director or any other person designated as an Authorized Representative of the USDFA by a Certificate of the USDFA signed by its Chair, Vice Chair, Secretary, Treasurer or Executive Director and filed with the Trustee.

Bond Counsel. The term “Bond Counsel” means Stradling Yocca Carlson & Rauth, a Professional Corporation or another firm of nationally recognized attorneys experienced in the

issuance of obligations the interest on which is excludable from gross income under Section 103 of the Code.

Bond Year. The term “Bond Year” means the period beginning on the date of issuance of the Bonds and ending on September 1, 2021, and each successive one year or, during the last period prior to maturity, shorter period thereafter until there are no Outstanding Bonds.

Bonds. The term “Bonds” means the Revenue Bonds, Series 2021A issued by the USDFA and at any time Outstanding pursuant to this Indenture.

Business Day. The term “Business Day” means: (i) a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the State, or in any other state in which the Office of the Trustee is located, are closed; or (ii) a day on which the New York Stock Exchange is not closed.

Certificate; Direction; Request; Requisition. The terms “Certificate,” “Direction,” “Request,” and “Requisition” of the USDFA mean a written certificate, direction, request or requisition signed in the name of the USDFA by its Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.02, each such instrument shall include the statements that are provided for in Section 1.02.

Closing Date. The term “Closing Date” means the date on which the Bonds are delivered to the original purchaser thereof.

Code. The term “Code” means the Internal Revenue Code of 1986, as amended.

Costs of Issuance. The term “Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the USDFA and related to the authorization, issuance, sale and delivery of the Bonds, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee and counsel to the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, Rating Agency fees, title insurance premiums, letter of credit fees and bond insurance premiums (if any), fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds.

Costs of Issuance Fund. The term “Costs of Issuance Fund” means the fund by that name established pursuant to Section 3.03.

Depository; DTC. The terms “Depository” and “DTC” mean The Depository Trust Company, New York, New York, a limited purpose trust company that is organized under the laws of the State of New York, in its capacity as securities depository for the Bonds.

District. The term “District” means the Union Sanitary District, a sanitary district that is duly organized and existing under and by virtue of the laws of the State.

Event of Default. The term “Event of Default” means any of the events that are specified in Section 7.01.

Federal Securities. The term “Federal Securities” means any direct, noncallable general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), or noncallable obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by the United States of America.

Fitch. The term “Fitch” means Fitch Ratings, Inc., or any successor thereto.

Government Code. The term “Government Code” means the Government Code of the State.

Health and Safety Code. The term “Health and Safety Code” means the Health and Safety Code of the State.

Indenture. The term “Indenture” means this Indenture of Trust, dated as of July 1, 2021, by and between the USDFA and the Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

Information Services. The term “Information Services” means the Municipal Securities Rulemaking Board; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the USDFA may specify in a certificate to the USDFA and the Trustee.

Installment Purchase Agreement. The term “Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of the date hereof, by and between the USDFA and the District, as amended from time to time.

Interest Account. The term “Interest Account” means the account by that name in the 2021A Bond Payment Fund established pursuant to Section 5.01.

Interest Payment Date. The term “Interest Payment Date” means March 1, 2022 and each September 1 and March 1 thereafter.

Investment Agreement. The term “Investment Agreement” means an investment agreement by a provider, supported by appropriate opinions of counsel, provided that any such Investment Agreement shall: (i) be from a provider rated at the time of initial execution by S&P or Fitch at “A-”, or above; (ii) require the USDFA or the District to terminate such agreement and immediately reinvest the proceeds thereof in other Permitted Investments if the rating assigned to the provider by S&P or Fitch falls to “BBB”, or below; and (iii) expressly permit the withdrawal, without penalty, of any amounts necessary at any time to fund any deficiencies on

account of debt service requirements with respect to the Bonds, together with such amendments as may be approved by the USDFA and the Trustee from time to time.

JPA Agreement. The term “JPA Agreement” means that certain Joint Exercise of Powers Agreement, dated January 13, 2020, by and between the District and California Municipal Finance Authority, a public body, corporate and politic which is duly organized and existing under the laws of the State, as amended from time to time.

Letter of Representations. The term “Letter of Representations” means the letter of the USDFA delivered to and accepted by the Depository on or prior to delivery of the Bonds as book-entry bonds setting forth the basis on which the Depository serves as depository for such book-entry bonds, as originally executed or as it may be supplemented or revised or replaced by a letter from the USDFA delivered to and accepted by the Depository.

Moody’s. The term “Moody’s” means Moody’s Investors Service, Inc. or any successor thereto.

Nominee. The term “Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.08 hereof.

Office. The term “Office” means with respect to the Trustee, the principal corporate trust office of the Trustee at One California Street, Suite 1000, San Francisco, California 94111, Attn: Global Corporate Trust, Reference: Union Sanitary District, Series 2021A, or at such other or additional offices as may be specified in writing by the Trustee to the USDFA, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

Opinion of Counsel. The term “Opinion of Counsel” means a written opinion of counsel (including but not limited to counsel to the USDFA) selected by the USDFA. If and to the extent required by the provisions of Section 1.02, each Opinion of Counsel shall include the statements provided for in Section 1.02.

Outstanding. The term “Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.09) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except: (i) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (ii) Bonds with respect to which all liability of the USDFA shall have been discharged in accordance with Section 10.02, including Bonds (or portions thereof) described in Section 11.10; and (iii) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

Owner; Bond Owner. The terms “Owner” or “Bond Owner,” whenever used herein with respect to a Bond, mean the person in whose name the ownership of such Bond is registered on the Registration Books.

Participants. The term “Participants” means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds book-entry certificates as securities depository.

Permitted Investments. The term “Permitted Investments” means any of the following which at the time are legal investments under the laws of the State for moneys held hereunder and then proposed to be invested therein:

(A) Federal Securities;

(B) for all purposes, including defeasance investments in refunding escrow accounts: (1) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in clause (2) below); (2) direct, non-callable obligations of (including obligations issued or held in book entry form on the books of: the Department of the Treasury of the United States of America; (3) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series); (4) Resolution Funding Corp. strips (only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable); (5) Pre-refunded municipal bonds rated “AAA” by S&P and Fitch. If however, the issue is only rated by S&P (i.e., there is no Fitch rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or “AAA” rated pre-refunded municipals to satisfy this condition; and (6) Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.: a. U.S. Export-Import Bank (Eximbank): Direct obligations or fully guaranteed certificates of beneficial ownership; b. Farmers Home Administration: Certificates of beneficial ownership; c. Federal Financing Bank; d. General Services Administration: Participation Certificates; e. U.S. Maritime Administration: Guaranteed Title XI financing; and f. U.S. Department of Housing and Urban Development: Project Notes, Local USDFA Bonds, New Communities Debentures – U.S. government guaranteed debentures, U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds; and

(C) for all purposes other than defeasance investments in refunding escrow accounts:

(1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations of the principal of and interest on which are unconditionally guaranteed by the United States of America;

(2) obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America: Farmers Home Administration; General Services Administration; United States Maritime Administration; Government National Mortgage Association; United States Department of Housing & Urban Development; Federal Financing Bank; and Federal Housing Administration Debentures;

(3) obligations of any of the following federal agencies which obligations do not represent the full faith and credit of the United States of America, including the Federal Home Loan Bank System; Federal Home Loan Mortgage Corporation (FHLMC); Federal National Mortgage Association (FNMA); Student Loan Marketing Association; Resolution Funding Corp.; and Farm Credit System;

(4) commercial paper which is rated at the time of purchase in the single highest classification, "A-1" by S&P and "F-1" by Fitch;

(5) investments in a money market fund rated "AAAm", "AAAm-G" or "AAAm" or better by S&P, or "AAA-mm", or "AA-mm" or better by Fitch, including any fund for which the Trustee or an affiliate acts as investment advisor or provides other services;

(6) Certificates of deposit secured at all times by collateral described in clauses (A) and/or (B)(1) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks, including the Trustee and its affiliates. The collateral must be held by a third party and the Trustee must have a perfected first security interest in the collateral;

(7) Certificates of deposit (including those of the Trustee, its parent and its affiliates), savings accounts, deposit accounts or money market deposits;

(8) Investment Agreements, including GICs, Forward Purchase Agreements and Reserve Fund Put Agreements;

(9) Federal Funds or bankers acceptances with a maximum term of one year of any bank, including the Trustee and its affiliates, which has an unsecured, uninsured and unguaranteed obligation rating of "F1" or "A" or better by Fitch and "A-1" or "A" or better by S&P;

(10) Repurchase agreements provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee or the District, as applicable, and the transfer of cash from the Trustee or the District, as applicable, to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee or the District, as applicable, in exchange for the securities at a specified date;

1. Repurchase agreements must be between the municipal entity and a dealer bank or securities firm.

a. Primary dealers on the Federal Reserve reporting dealer list which are rated "A" or better by S&P and Fitch; or

b. Banks rated "A" or above by S&P and Fitch.

2. The written contract must include the following:

a. Securities which are acceptable for transfer are: (1) Direct U.S. Government securities; or (2) Federal agency securities that are backed by the full faith and credit of the U.S. government (and FNMA and FHLMC);

b. The term of the repurchase agreement may be up to 30 days;

c. The collateral must be delivered to the Trustee or the District, as applicable, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificates securities).

d. The securities must be valued weekly, marked-to-market at current market price plus accrued interest. The value of collateral must be equal to 104% of the amount of cash transferred by the Trustee or the District, as applicable, to the dealer bank or security firm under the repo plus accrued interest. If the value of the securities held as collateral slips below the 104% of the value of the cash transferred by the Trustee or the District, as applicable, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

3. Legal opinion which must be delivered to the Trustee and the District: the repurchase agreement meets guidelines under state law for legal investment of public funds;

(11) The Local Agency Investment Fund of the State of California created pursuant to Section 16429.1 of the California Government Code;

(12) shares of beneficial interests in investments purchased by the Investment Trust of California, doing business as CalTRUST, a joint powers authority created pursuant to Section 6509.7 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name;

(13) Unsecured certificates of deposit, time deposits, money market deposits, demand deposits and bankers' acceptances of any bank (including those of Trustee, its parent and its affiliates) the short term obligations of which are rated on the date of purchase "A-1" or better by S&P, "P-1" or better by Moody's or "F1" or better by Fitch.

Principal Account. The term "Principal Account" means the account by that name in the 2021A Bond Payment Fund established pursuant to Section 5.01.

Rating. The term "Rating" means any currently effective rating on the Bonds issued by a Rating Agency.

Rating Agency. The term "Rating Agency" means S&P and Fitch.

Rebate Fund. The term "Rebate Fund" means the fund by that name established pursuant to Section 5.07.

Record Date. The term “Record Date” means, with respect to any Interest Payment Date, the fifteenth (15th) day of the calendar month preceding such Interest Payment Date, whether or not such day is a Business Day.

Redemption Date. The term “Redemption Date” means the date fixed for an optional redemption prior to maturity of the Bonds.

Redemption Fund. The term “Redemption Fund” means the fund by that name established pursuant to Section 5.05.

Redemption Price. The term “Redemption Price” means, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion) plus the interest accrued to the applicable Redemption Date and the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and this Indenture.

Registration Books. The term “Registration Books” means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to Section 2.05.

Responsible Officer of the Trustee. The term “Responsible Officer of the Trustee” means any officer within the global corporate trust department (or any successor group or department of the Trustee) including any vice president, assistant vice president, assistant secretary or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, with responsibility for the administration of this Indenture.

S&P. The term “S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, or any successor thereto.

Securities Depositories. The term “Securities Depositories” means The Depository Trust Company; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other securities depositories as the USDFA may designate in a Request of the USDFA deliver to the Trustee.

State. The term “State” means the State of California.

Supplemental Indenture. The term “Supplemental Indenture” means any indenture that is hereafter duly authorized and entered into between the USDFA and the Trustee, supplementing, modifying or amending this Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

Tax Certificate. The term “Tax Certificate” means the Tax Certificate dated the Closing Date, concerning certain matters pertaining to the use and investment of proceeds of the Bonds issued by the USDFA on the date of issuance of the Bonds, including any and all exhibits attached thereto.

Trustee. The term “Trustee” means U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, or its successor, as Trustee hereunder as provided in Section 8.01.

2021A Bond Payment Fund. The term “2021A Bond Payment Fund” means the fund by that name established pursuant to Section 5.01(c).

USDFA. The term “USDFA” means the Union Sanitary District Financing Authority, a public body duly that is organized and existing under the JPA Agreement, and under the Constitution and laws of the State of California.

USDFA Revenues. The term “USDFA Revenues” means: (a) all Series 2021A Installment Payments received by the USDFA or the Trustee pursuant to or with respect to the Installment Purchase Agreement; and (b) all interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder.

Valuation Date. “Valuation Date” means the fifth Business Day preceding the date of redemption.

Value. The term “Value” which shall be determined as of the end of each month, means that the value of any investments shall be calculated as follows:

(a) for the purpose of determining the amount of any fund, all Permitted Investments credited to such fund shall be valued at fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include, but are not limited to, pricing services provided by Financial Times Interactive Data Corporation, Merrill Lynch and Morgan Stanley Smith Barney.

(b) As to certificates of deposit and bankers’ acceptances, the face amount thereof, plus accrued interest.

(c) As to any investment that is not specified above, the value thereof established by prior agreement between the USDFA and the Trustee.

Section 1.02. Content of Certificates and Opinions. Every certificate or opinion that is provided for in this Indenture, except the certificate of destruction that is provided for in Section 11.05 hereof, with respect to compliance with any provision hereof shall include: (1) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such person he or she has made or caused to be made such examination or investigation as is necessary to enable such person to express an informed opinion with respect to the subject matter referred to in the instrument to which such person’s signature is affixed; (4) a statement of the assumptions upon which such certificate or opinion is based, and

that such assumptions are reasonable; and (5) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion that is made or given by an officer of the USDFA may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel or an Independent Certified Public Accountant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel or an Independent Certified Public Accountant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the USDFA) upon a certificate or opinion of or representation by an officer of the USDFA, unless such counsel or Independent Certified Public Accountant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the USDFA, or the same counsel or Independent Certified Public Accountant, as the case may be, need not certify to all of the matters that are required to be certified under any provision of this Indenture, but different officers, counsel or Independent Certified Public Accountants may certify to different matters, respectively.

Section 1.03. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa, and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

THE BONDS

Section 2.01. Authorization of Bonds. The USDFA hereby authorizes the issuance hereunder from time to time of the Bonds, which shall constitute special obligations of the USDFA, for the purpose of financing the 2021A Project. The Bonds are hereby designated the "Union Sanitary District Financing Authority Revenue Bonds, Series 2021A" in the aggregate principal amount of \$_____. This Indenture constitutes a continuing agreement with the

Owners from time to time of the Bonds to secure the full payment of the principal of and interest and premium (if any) on all the Bonds, subject to the covenants, provisions and conditions herein contained.

Section 2.02. Terms of the Bonds. The Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof.

The Bonds shall mature on September 1 in each of the years and in the amounts set forth below and shall bear interest on each Interest Payment Date at the rates set forth below:

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
	\$	%

*

* Term Bond.

Interest on the Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee sent by first class mail on the applicable Interest Payment Date to the Owner at the address of such Owner as it appears on the Registration Books (except that in the case of an Owner of one million dollars (\$1,000,000) or more in principal amount, such payment may, at

such Owner's option, be made by wire transfer of immediately available funds to an account in the United States in accordance with written instructions provided to the Trustee by such Owner prior to the Record Date. Principal of and premium (if any) on any Bond shall be paid by check of the Trustee upon presentation and surrender thereof at maturity or upon the prior redemption thereof, at the Office of the Trustee. Both the principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

Each Bond shall be dated the date of initial delivery, and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless: (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) unless it is authenticated on or before February 15, 2022, in which event it shall bear interest from the date of initial delivery; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Interest on the Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

Section 2.03. Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond at the Office of the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. The Trustee shall not be required to register the transfer of any Bond during the period in which the Trustee is selecting Bonds for redemption and any Bond that has been selected for redemption.

Whenever any Bond or Bonds shall be surrendered for transfer, the USDFA shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds of authorized denomination or denominations for a like series and aggregate principal amount of the same maturity. The Trustee shall require the Bond Owner requesting such transfer to pay any tax or other governmental charge that is required to be paid with respect to such transfer. Following any transfer of Bonds, the Trustee will cancel and destroy the Bonds that it has received.

Section 2.04. Exchange of Bonds. Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of other authorized denominations of the same series and maturity. The Trustee shall not be required to exchange any Bond during the period in which the Trustee is selecting Bonds for redemption and any Bond that has been selected for redemption. The Trustee shall require the Bond Owner requesting such exchange to pay any tax or other governmental charge that is required to be paid with respect to such exchange. Following any exchange of Bonds, the Trustee will cancel and destroy the Bonds that it has received.

Section 2.05. Registration Books. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the

Bonds, which shall upon reasonable notice and at reasonable times be open to inspection during regular business hours by the USDFA, the District and the Owners; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as hereinbefore provided.

The person in whose name any Bond shall be registered shall be deemed the Owner thereof for all purposes hereof, and payment of or on account of the interest on and principal and Redemption Price of such Bonds shall be made only to or upon the order in writing of such registered Owner, which payments shall be valid and effectual to satisfy and discharge liability upon such Bond to the extent of the sum or sums so paid.

Section 2.06. Form and Execution of Bonds. The Bonds shall be in substantially the form set forth in Exhibit A. The Bonds shall be executed in the name and on behalf of the USDFA with the manual or facsimile signature of its Chair, attested by the manual or facsimile signature of its Secretary. The Bonds may carry a seal, and such seal may be in the form of a facsimile of the USDFA's seal and may be reproduced, imprinted or impressed on the Bonds. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the USDFA before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the USDFA, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the USDFA as though those who signed and attested the same had continued to be such officers of the USDFA, and any Bonds may be signed and attested on behalf of the USDFA by those persons who at the actual date of execution of such Bonds are the proper officers of the USDFA although at the nominal date of such Bonds any such person shall not have been such officer of the USDFA.

Only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of or on behalf of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.07. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the USDFA, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor, series and authorized denomination in exchange and substitution for the Bonds so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and upon the written request of the USDFA delivered to, or upon the order of, the USDFA. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the USDFA, at the expense

of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor, series and authorized denomination in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall be about to mature, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof). The USDFA may require payment by the Owner of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the USDFA and the Trustee in the premises. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the USDFA whether or not the Bond so alleged to be lost, destroyed, or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds secured by this Indenture. Notwithstanding any other provision of this Section, in lieu of delivering a new Bond for a Bond which has been mutilated, lost, destroyed or stolen and which has matured or has been selected for redemption, the Trustee may make payment of such Bond upon receipt of indemnity satisfactory to the Trustee.

Section 2.08. Book-Entry System.

(a) Election of Book-Entry System. Prior to the issuance of the Bonds, the USDFA may provide that such Bonds shall be initially issued as book-entry Bonds. If the USDFA shall elect to deliver any Bonds in book-entry form, then the USDFA shall cause the delivery of a separate single fully registered bond (which may be typewritten) for each maturity date of such Bonds in an authorized denomination corresponding to that total principal amount of the Bonds designated to mature on such date. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Registration Books in the name of the Nominee, as nominee of the Depository, and ownership of the Bonds, or any portion thereof may not thereafter be transferred except as provided in Section 2.08(e).

With respect to book-entry Bonds, the USDFA and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book-entry Bonds. Without limiting the immediately preceding sentence, the USDFA and the Trustee shall have no responsibility or obligation with respect to: (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book-entry Bonds; (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Bond Registration Books, of any notice with respect to book-entry Bonds, including any notice of redemption; (iii) the selection by the Depository and its Participants of the beneficial interests in book-entry Bonds to be redeemed in the event that the USDFA redeems the Bonds in part; or (iv) the payment by the Depository or any Participant or any other person of any amount of principal of, premium, if any, or interest on book-entry Bonds. The USDFA and the Trustee may treat and consider the person in whose name each book-entry Bond is registered in the Bond Registration Books as the absolute Owner of such book-entry Bond for the purpose of payment of principal of, premium and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such

Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owner, as shown in the Bond Registration Books, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the USDFA's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond Registration Books, shall receive a Bond evidencing the obligation to make payments of principal of, premium, if any, and interest on the Bonds. Upon delivery by the Depository to the USDFA and the Trustee of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such nominee of the Depository.

(b) Delivery of Letter of Representations. In order to qualify the book-entry Bonds for the Depository's book-entry system, the USDFA shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the USDFA or the Trustee any obligation whatsoever with respect to persons having interests in such book-entry Bonds other than the Owners, as shown on the Registration Books. In addition to the execution and delivery of a Letter of Representations, the USDFA and the Trustee, if necessary, shall take such other actions, not inconsistent with this Indenture, as are reasonably necessary to qualify book-entry Bonds for the Depository's book-entry program.

(c) Selection of Depository. In the event that: (i) the Depository determines not to continue to act as securities depository for book-entry Bonds; or (ii) the USDFA determines that continuation of the book-entry system is not in the best interest of the beneficial owners of the Bonds or the USDFA, then the USDFA will discontinue the book-entry system with the Depository. If the USDFA determines to replace the Depository with another qualified securities depository, the USDFA shall prepare or direct the preparation of a new single, separate, fully registered Bond for each of the maturity dates of such book-entry Bonds, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (e) hereof. If the USDFA fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in such Bond Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of Sections 2.03 and 2.04 hereof.

(d) Payments To Depository. Notwithstanding any other provision of this Indenture to the contrary, so long as all Outstanding Bonds are held in book-entry form and registered in the name of the Nominee, all payments of principal of, redemption premium, if any, and interest on such Bonds and all notices with respect to such Bonds shall be made and given, respectively to the Nominee, as provided in the Letter of Representations or as otherwise instructed by the Depository and agreed to by the Trustee notwithstanding any inconsistent provisions herein.

(e) Transfer of Bonds to Substitute Depository.

(i) The Bonds shall be initially issued as provided in Section 2.01 hereof. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except:

(A) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to clause (B) of subsection (i) of this Section 2.08(e) ("**Substitute Depository**"); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(B) to any Substitute Depository, upon: (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository; or (2) a determination by the USDFA that DTC (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(C) to any person as provided below, upon: (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository; or (2) a determination by the USDFA that DTC or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

(ii) In the case of any transfer pursuant to clause (A) or clause (B) of subsection (i) of this Section 2.08(e), upon receipt of all Outstanding Bonds by the Trustee, together with a written request of the USDFA to the Trustee designating the Substitute Depository, a single new Bond, which the USDFA shall prepare or cause to be prepared, shall be issued for each maturity of Bonds then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the USDFA. In the case of any transfer pursuant to clause (C) of subsection (i) of this Section 2.08(e), upon receipt of all Outstanding Bonds by the Trustee, together with a written request of the USDFA to the Trustee, new Bonds, which the USDFA shall prepare or cause to be prepared, shall be issued in such denominations and registered in the names of such persons as are requested in such written request of the USDFA, subject to the limitations of Section 2.01 hereof, provided that the Trustee shall not be required to deliver such new Bonds within a period of less than sixty (60) days from the date of receipt of such written request from the USDFA.

(iii) In the case of a partial redemption or an advance refunding of any Bonds evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee, all in accordance with the Letter of Representations. The Trustee shall not be liable for such Depository's failure to make such notations or errors in making such notations and the records of the Trustee as to the outstanding principal amount of such Bonds shall be controlling.

(iv) The USDFA and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the Owner thereof for all purposes of this Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the USDFA; and the USDFA and the Trustee shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Bonds. Neither the USDFA nor the Trustee shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any Bonds, and the Trustee may rely conclusively on its records as to the identity of the Owners of the Bonds.

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

Section 3.01. Issuance of the Bonds. At any time after the execution of this Indenture, the USDFA may execute and the Trustee shall authenticate and, upon the Request of the USDFA, deliver the Bonds in the aggregate principal amount of \$_____.

Section 3.02. Application of Proceeds of the Bonds. The proceeds received from the sale of the Bonds shall be deposited in trust with the Trustee, who shall apply such proceeds as follows pursuant to a Direction of the USDFA or the District:

(a) The Trustee shall deposit the amount of \$_____ in the Costs of Issuance Fund.

(b) The Trustee shall transfer, for the District, the amount of \$_____ to the District's account at the State's Local Agency Investment Fund (Account No. ending _____), which amount shall be credited to the Acquisition Fund to finance a portion of the costs of the 2021A Project.

The Trustee may establish temporary funds or accounts in its records to facilitate and record the above transfer of proceeds.

Section 3.03. Establishment and Application of Costs of Issuance Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Costs of Issuance Fund." The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance upon submission of Requisitions of the USDFA stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred, that such payment is a proper charge against said fund and that payment for such charge has not previously been made. On the six month anniversary of the Closing Date, or upon the earlier written direction of the USDFA, all amounts remaining in the Costs of Issuance Fund shall be deposited in the Interest Account and the Costs of Issuance Fund shall be closed.

Section 3.04. Validity of Bonds. The validity of the authorization and issuance of the Bonds is not dependent on and shall not be affected in any way by any proceedings taken by

the USDFA, the District or the Trustee with respect to or in connection with the Installment Purchase Agreement. The recital contained in the Bonds that the same are issued pursuant to the Constitution and laws of the State shall be conclusive evidence of the validity and of compliance with the provisions of law in their issuance.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Terms of Redemption.

(a) The Bonds shall be subject to extraordinary redemption prior to their respective stated maturities, as a whole or in part on any date in the order of maturity and within maturities as directed by the USDFA in a Request provided to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to such date in integral multiples of \$5,000 from Net Proceeds, upon the terms and conditions of, and as provided for in, Sections 6.10 and 6.16 of the Installment Purchase Agreement, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

(b) The Bonds with stated maturities on or after September 1, 20__, shall be subject to redemption prior to their respective stated maturities, as a whole or in part as directed by the USDFA in a Request provided to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) and by lot within each maturity in integral multiples of \$5,000, on _____ 1, 20__ or any date thereafter at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

(c) The Bonds with stated maturities on September 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on September 1, 20__ and each September 1 thereafter, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

***Redemption Date
(September 1)***

***Principal
Amount***

\$

*

* Maturity.

(d) The Bonds with stated maturities on September 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on September 1, 20__ and each September 1 thereafter, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

***Redemption Date
(September 1)***

***Principal
Amount***

\$

*

* Final Maturity.

If some but not all of the Bonds maturing on September 1, 20__ or September 1, 20__ are redeemed pursuant to subsections (a) or (b), above, the principal amount of the Bonds maturing on September 1, 20__ or September 1, 20__, as applicable, to be redeemed pursuant to subsection (c) and (d) above on any subsequent September 1 will be reduced, by \$5,000 or an integral multiple thereof, as designated by the USDFA in a Certificate of the USDFA filed with the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of Bonds maturing on September 1, 20__ or September 1, 20__, as applicable, redeemed pursuant to subsections (a) or (b) above.

Section 4.02. Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds for redemption as a whole or in part on any date as directed by the USDFA and by lot within each maturity in integral multiples of \$5,000 in accordance with Section 4.01 hereof. The Trustee will promptly notify the USDFA in writing of the numbers of the Bonds or portions thereof so selected for redemption.

Section 4.03. Notice of Redemption. Notice of redemption shall be mailed by first class mail not less than twenty (20) days nor more than sixty (60) days before any Redemption Date,

to the respective Owners of any Bonds that are designated for redemption at their addresses appearing on the Registration Books, to the Securities Depositories and the Information Services. Each notice of redemption shall state the date of notice, the redemption date, the place or places of redemption and the Redemption Price, and shall designate the maturities, CUSIP numbers, if any, and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the redemption date there will become due and payable on each of said Bonds or parts thereof that are designated for redemption the Redemption Price thereof or of said specified portion of the principal thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that (provided that moneys for redemption have been deposited with the Trustee) from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered to the Trustee. Neither the failure to receive such notice nor any defect in the notice or the mailing thereof will affect the validity of the redemption of any Bond. Notice of redemption of Bonds shall be given by the Trustee, at the expense of the USDFA, for and on behalf of the USDFA.

With respect to any notice of optional redemption of Bonds, such notice may state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys that are sufficient to pay the principal of, premium, if any, and interest on such Bonds to be redeemed and that, if such moneys shall not have been so received, said notice shall be of no force and effect and the Trustee shall not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made, and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Section 4.04. Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the USDFA shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the USDFA, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered and of the same series, interest rate and maturity.

Section 4.05. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof. The Trustee shall, upon surrender for payment of any of the Bonds to be redeemed on their Redemption Dates, pay such Bonds at the Redemption Price.

All Bonds redeemed pursuant to the provisions of this Article shall be canceled upon surrender thereof.

ARTICLE V

REVENUES, FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.01. Pledge and Assignment; 2021A Bond Payment Fund.

(a) All of the USDFA Revenues and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account that is established pursuant to this Indenture (except the Rebate Fund) are hereby irrevocably pledged to secure the payment of the principal of and interest, and the premium, if any, on the Bonds in accordance with their terms and the provisions of this Indenture. Said pledge shall constitute a lien on and security interest in such amounts and shall attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act and shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the USDFA, irrespective of whether such parties have notice hereof.

(b) The USDFA, for good and valuable consideration in hand received, does hereby irrevocably assign and transfer to the Trustee without recourse, for the benefit of the Owners of the Bonds as set forth herein, all of its rights, title, and interest in all Series 2021A Installment Payments payable by the District pursuant to the Installment Purchase Agreement, including all rights of the USDFA thereunder as may be necessary to enforce compliance with said provisions (including enforcement of payment obligations and rate covenants, if any, contained in the Installment Purchase Agreement, or otherwise to protect the interest of the Owners of the Bonds). Such assignment shall be subject to and limited by the terms of this Indenture.

(c) There is hereby established with the Trustee the 2021A Bond Payment Fund, which the Trustee covenants to maintain and hold in trust separate and apart from other funds held by it so long as any Series 2021A Installment Payments remain unpaid. Except as directed in Sections 5.06 and 5.08, all USDFA Revenues shall be promptly deposited by the Trustee upon receipt thereof into the 2021A Bond Payment Fund; except that all moneys received by the Trustee and required hereunder to be deposited in the Redemption Fund shall be promptly deposited therein. All USDFA Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in this Indenture. The Trustee shall also create and maintain an Interest Account and a Principal Account within the 2021A Bond Payment Fund.

Section 5.02. Allocation of USDFA Revenues. The Trustee shall transfer from the 2021A Bond Payment Fund and deposit into the following respective accounts the following amounts in the following order of priority and at the following times, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of

USDFA Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) Not later than the day preceding each date on which the interest on the Bonds shall become due and payable hereunder, the Trustee shall deposit in the Interest Account that sum, if any, required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such date on all Bonds then Outstanding.

(b) Not later than the day preceding each date on which the principal of the Bonds shall become due and payable hereunder, the Trustee shall deposit in the Principal Account that sum, if any, required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Bonds coming due and payable on such date or subject to mandatory sinking fund redemption on such date.

Section 5.03. Application of Interest Account. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or accelerated prior to maturity pursuant to this Indenture).

Section 5.04. Application of Principal Account. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay the principal amount of the Bonds at maturity, mandatory sinking fund redemption, purchase or acceleration; provided, however, that at any time prior to selection for redemption of any such Bonds, upon written direction of the USDFA, the Trustee shall apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as shall be directed pursuant to a Request of the USDFA, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Bonds.

Section 5.05. Application of Redemption Fund. There is hereby established with the Trustee, when needed, a special fund designated as the "Redemption Fund." All amounts in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and accrued interest on the Bonds to be redeemed on any Redemption Date pursuant to Section 4.01(a) or (b); provided, however, that at any time prior to selection for redemption of any such Bonds, upon the Request of the USDFA, the Trustee shall apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as shall be directed pursuant to a Request of the USDFA, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Bonds.

Section 5.06. Investments. All moneys in any of the funds or accounts that are established with the Trustee pursuant to this Indenture shall be invested by the Trustee solely in Permitted Investments, which will, as nearly as practicable, mature on or before the dates

when such moneys are anticipated to be needed for disbursement. Such investments shall be directed by the USDFA pursuant to a Request of the USDFA filed with the Trustee at least two (2) Business Days in advance of the making of such investments (which directions shall be promptly confirmed to the Trustee in writing). In the absence of any such directions from the USDFA, the Trustee shall invest any such moneys in Permitted Investments that are described in clause (C)(5) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a written direction from the District specifying a specific money market fund and, if no such written direction from the District is so received, the Trustee shall hold such moneys uninvested. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder (except for interest or gain derived from the Permitted Investment described in clause (C)(8) of the definition thereof, which shall be retained in such Permitted Investment) shall be deposited in the Interest Account unless otherwise provided in this Indenture. For purposes of acquiring any investments hereunder, the Trustee may commingle funds (other than the Rebate Fund) held by it hereunder upon the Request of the USDFA. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section 5.06.

The Trustee shall furnish the USDFA with periodic cash transaction statements which include detail for all investment transactions that are effected by the Trustee or brokers that are selected by the USDFA. Upon the USDFA's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The USDFA waives the right to receive brokerage confirmations of security transactions that are effected by the Trustee as they occur, to the extent permitted by law. The USDFA further understands that trade confirmations for securities transactions that are effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee under this Indenture.

The USDFA shall invest, or cause to be invested, all moneys in any fund or accounts established with the Trustee as provided in the Tax Certificate.

For investment purposes, the Trustee may commingle the funds and accounts that are established hereunder, other than the Rebate Fund, but shall account for each separately. In making any valuations of investments hereunder, the Trustee may utilize and rely on computerized securities pricing services that may be available to the Trustee, including those that are available through the Trustee's accounting system.

Section 5.07. Rebate Fund.

(a) Establishment. The Trustee shall establish a separate fund designated the “Rebate Fund” when required in accordance herewith. Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest with respect to the Bonds will not be adversely affected, the USDFA shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund for the Bonds shall be governed by this Section and the Tax Certificate for the Bonds, unless and to the extent that the USDFA delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest with respect to the Bonds will not be adversely affected, if such requirements are not satisfied. Notwithstanding anything to the contrary herein or in the Tax Certificate, the Trustee: (i) shall be deemed conclusively to have complied with the provisions thereof if it follows all Requests of the USDFA; (ii) shall have no liability or responsibility to enforce compliance by the USDFA with the terms of the Tax Certificate; (iii) may rely conclusively on the USDFA’s calculations and determinations and certifications relating to rebate matters; and (iv) shall have no responsibility to independently make any calculations or determinations or to review the USDFA’s calculations or determinations thereunder.

(i) Annual Computation. Within 55 days of the end of each Bond Year (as such term is defined in the Tax Certificate), the USDFA shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and the construction expenditures exception of Section 148(f)(4)(C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the “**1½% Penalty**”) has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Treasury Regulations (the “**Rebatable Arbitrage**”). The USDFA shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(ii) Annual Transfer. Within 55 days of the end of each Bond Year, upon the Request of the USDFA, an amount shall be deposited to the Rebate Fund by the Trustee from any USDFA Revenues legally available for such purpose (as specified by the USDFA in the aforesaid Request), if and to the extent required so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with clause (i) of this subsection (a). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon the Request of the USDFA, the Trustee shall withdraw the excess from the Rebate Fund and then credit the excess to the 2021A Bond Payment Fund.

(iii) Payment to the Treasury. The Trustee shall pay, as directed by Request of the USDFA, to the United States Treasury, out of amounts in the Rebate Fund:

(A) Not later than 60 days after the end of: (X) the fifth Bond Year; and (Y) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year; and

(B) Not later than 60 days after the payment of all the Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code and Section 1.148-3 of the Treasury Regulations.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the USDFA shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this subsection (a) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T (prepared by the USDFA), or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the Bonds and the payments described in subsection (a) above being made may be withdrawn by the USDFA and utilized in any manner by the USDFA.

(c) Survival of Defeasance. Notwithstanding anything in this Section to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance or payment in full of the Bonds.

Section 5.08. Application of Funds and Accounts When No Bonds are Outstanding. On the date on which all Bonds shall be retired hereunder or provision made therefor pursuant to Article X and after payment of all amounts due the Trustee hereunder, all moneys then on deposit in any of the funds or accounts (other than the Rebate Fund) established with the Trustee pursuant to this Indenture shall be withdrawn by the Trustee and paid to the USDFA for distribution in accordance with the Installment Purchase Agreement.

ARTICLE VI

PARTICULAR COVENANTS

Section 6.01. Punctual Payment. The USDFA shall punctually pay or cause to be paid the principal and interest to become due in respect of all of the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof,

but only out of USDFA Revenues and other assets pledged for such payment as provided in this Indenture.

Section 6.02. Extension of Payment of Bonds. The USDFA shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full for the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the USDFA to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Section 6.03. Against Encumbrances. The USDFA shall not create, or permit the creation of, any pledge, lien, charge or other encumbrances upon the USDFA Revenues and other assets pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture. Subject to this limitation, the USDFA expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the JPA Agreement, and reserves the right to issue other obligations for such purposes.

Section 6.04. Power to Issue Bonds and Make Pledge and Assignment. The USDFA is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the USDFA Revenues and other assets that are pledged and assigned under this Indenture in the manner and to the extent that is provided in this Indenture. The Bonds and the provisions of this Indenture are and will be the legal, valid and binding special obligations of the USDFA in accordance with their terms, and the USDFA and the Trustee shall at all times, subject to the provisions of Article VIII and to the extent permitted by law, defend, preserve and protect said pledge and assignment of USDFA Revenues and other assets and all the rights of the Bond Owners under this Indenture against all claims and demands of all persons whomsoever.

Section 6.05. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions that are undertaken by it relating to the proceeds of Bonds, the USDFA Revenues and all funds and accounts that have been established by it pursuant to this Indenture. Such books of record and account shall be available for inspection by the USDFA and the District upon reasonable prior notice during business hours and under reasonable circumstances.

Section 6.06. Tax Covenants. Notwithstanding any other provision of this Indenture or the Installment Purchase Agreement, absent an opinion of Bond Counsel that the exclusion from gross income of the interest on the Bonds will not be adversely affected for federal

income tax purposes, the USDFA covenants to comply with all applicable requirements of the Code that are necessary to preserve such exclusion from gross income with respect to the Bonds and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The USDFA will take no action or refrain from taking any action, and the USDFA will make no use of the proceeds of the Bonds or of any other moneys or property, which would cause the Bonds to be “private activity bonds” within the meaning of Section 141 of the Code;

(b) Arbitrage. The USDFA will make no use of the proceeds of the Bonds or of any other amounts or property, regardless of the source, and the USDFA will not take any action or refrain from taking any action, which will cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(c) Federal Guarantee. The USDFA will make no use of the proceeds of the Bonds, and the USDFA will not take or omit to take any action, that would cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(d) Information Reporting. The USDFA will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code which is necessary to preserve the exclusion of interest on the Bonds pursuant to Section 103(a) of the Code;

(e) Hedge Bonds. The USDFA will make no use of the proceeds of the Bonds or any other amounts or property, regardless of the source, and the USDFA will not take any action or refrain from taking any action, that would cause the Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the USDFA takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes; and

(f) Miscellaneous. The USDFA will not take any action or refrain from taking any action which is inconsistent with its expectations stated in the Tax Certificate executed by the USDFA in connection with the issuance of the Bonds and will comply with the covenants and requirements that are stated therein and incorporated by reference herein.

This Section and the covenants that are set forth herein shall not be applicable to, and nothing that is contained herein shall be deemed to prevent the USDFA from issuing revenue bonds or executing and delivering contracts that are payable on a parity with the Bonds, the interest with respect to which has been determined to be subject to federal income taxation.

Section 6.07. Payments Under Installment Purchase Agreement. The USDFA shall promptly collect all Series 2021A Installment Payments due from the District pursuant to the Installment Purchase Agreement and, subject to the provisions of Article VIII, shall enforce and take all steps, actions and proceedings which the USDFA or the Trustee determines to be reasonably necessary for the enforcement of all of the obligations of the District thereunder.

The USDFA shall not enter into any amendments to the Installment Purchase Agreement except as permitted therein. The Trustee shall give written consent only if: (a) such amendment, modification or termination will not materially adversely affect the interests of the Bond Owners; or (b) the Trustee first obtains the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding to such amendment, modification or termination.

Section 6.08. Waiver of Laws. The USDFA shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the USDFA to the extent permitted by law.

Section 6.09. Further Assurances. The USDFA will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Indenture.

Section 6.10. Eminent Domain. If all or any part of the 2021A Project shall be taken by eminent domain proceedings (or sold to a government entity that is threatening to exercise the power of eminent domain), the Net Proceeds therefrom shall be applied in the manner that is specified in Section 6.16 of the Installment Purchase Agreement.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

Section 7.01. Events of Default. The following events shall be Events of Default hereunder:

(a) Default by the USDFA in the due and punctual payment of the principal of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Default by the USDFA in the due and punctual payment of any installment of interest on any Bonds when and as the same shall become due and payable.

(c) Default by the USDFA in the observance of any of the other covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, if such default shall have continued for a period of sixty (60) days after written notice thereof specifying such default and requiring the same to be remedied shall have been given to the USDFA by the Trustee or by the Owners of not less than a majority in aggregate principal amount of Bonds Outstanding; provided, however, that if in the reasonable opinion of the USDFA the default stated in the notice can be corrected, but not within such sixty (60) day period, and corrective

action is instituted by the USDFA within such sixty (60) day period and diligently pursued in good faith until the default is corrected, such default shall not be an Event of Default hereunder.

(d) The USDFA shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or a court of competent jurisdiction shall approve a petition filed with or without the consent of the USDFA seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the USDFA or of the whole or any substantial part of its property.

Section 7.02. Remedies Upon Event of Default. If any Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and, at the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, shall, in each case, upon notice in writing to the USDFA and the District, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding.

Nothing contained in this Indenture shall permit or require the Trustee or the USDFA to accelerate payments due under the Installment Purchase Agreement if the District, which is a party to such Installment Purchase Agreement, is not in default of its obligation thereunder.

Any such declaration is subject to the condition that if, at any time after such declaration, but before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the USDFA or the District shall deposit with the Trustee an amount that is sufficient to pay all the principal of and installments of interest on the Bonds the payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds to the extent permitted by law, and the reasonable charges and expenses of the Trustee, and any and all other Events of Default known to the Trustee (other than in the payment of principal of and interest on the Bonds that is due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case the Trustee shall on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such Event of Default; but no such rescission and annulment shall extend to or affect any subsequent Event of Default or impair or exhaust any right or power consequent thereon.

Section 7.03. Application of USDFA Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all USDFA Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture (other

than amounts held in the Rebate Fund) shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any expenses that are necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and to the payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under this Indenture; and

(b) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid) in accordance with the provisions of this Indenture, in the following order of priority:

First: To the payment to the persons that are entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount that is available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal at the rate of eight percent (8%) per annum, and, if the amount that is available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

Third: If there shall exist any remainder after the foregoing payments, such remainder shall be paid to the USDFA.

Section 7.04. Trustee to Represent Bond Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney in fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds or this Indenture and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the Bonds or this Indenture or any other law; and upon instituting such proceeding, the Trustee shall be entitled,

as a matter of right, to the appointment of a receiver of the USDFA Revenues and other assets pledged under this Indenture, pending such proceedings. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of this Indenture.

Section 7.05. Bond Owners' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing that are executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction to direct the method of conduct in all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bond Owners who are not parties to such direction.

Section 7.06. Suit by Owners. No Owner of any Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Installment Purchase Agreement, the JPA Agreement or any other applicable law with respect to such Bonds, unless: (a) such Owners shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have failed to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (e) no direction which is inconsistent with such written request shall have been given to the Trustee during such sixty (60) day period by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Bonds, this Indenture, the Installment Purchase Agreement, the JPA Agreement or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

Section 7.07. Absolute Obligation of the USDFA. Nothing in this Section or in any other provision of this Indenture or in the Bonds shall affect or impair the obligation of the USDFA, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the USDFA Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Section 7.08. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.09. No Waiver of Default. No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein.

ARTICLE VIII

THE TRUSTEE

Section 8.01. Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Indenture, and no implied covenants or duties shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The USDFA may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee. The USDFA shall promptly appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the USDFA and by giving the Bond Owners notice of such resignation by mail at the addresses shown on the Registration Books. Upon receiving such notice of resignation, the USDFA shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bond Owner (on behalf of himself and all other Bond Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee that is appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the USDFA and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Request of the USDFA or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all of the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property that is subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the USDFA shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the USDFA shall mail or cause the successor trustee to mail a notice of the succession of such Trustee to the trusts hereunder to the Rating Agency and to the Bond Owners at the addresses shown on the Registration Books. If the USDFA fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the USDFA.

(e) Any Trustee that is appointed under the provisions of this Section in succession to the Trustee shall be a trust company, banking association or bank having the powers of a trust company, having a combined capital and surplus of at least Seventy Five Million Dollars (\$75,000,000), and subject to supervision or examination for federal or state USDFA. If such bank, banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining USDFA that is referred to above, then for the purpose of this subsection, the combined capital and surplus of such trust company, banking association or bank shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this

subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

Section 8.02. Merger or Consolidation. Any trust company, banking association or bank into which the Trustee may be merged or converted or with which it may be consolidated, any trust company, banking association or bank resulting from any merger, conversion or consolidation to which it shall be a party or any trust company, banking association or bank to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such trust company, banking association or bank shall be eligible under Section 8.01(e), shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 8.03. Liability of Trustee.

(a) The recitals of facts herein and in the Bonds shall be taken as statements of the USDFA, and the Trustee shall not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Indenture, the Bonds or the Installment Purchase Agreement, nor shall the Trustee incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become the Owner of Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bond Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee shall not be liable for any error of judgment that is made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority (or such other percentage provided for herein) in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

(e) The Trustee shall not be deemed to have knowledge of any default or Event of Default hereunder or under the Installment Purchase Agreement or any other event which, with the passage of time, the giving of notice, or both, would constitute an Event of Default hereunder or under the Installment Purchase Agreement unless and until a Responsible Officer of the Trustee shall have actual knowledge of such event or the Trustee shall have been notified in writing, in accordance with Section 11.07, of such event by the USDFA or the Owners of not less than twenty-five percent (25%) of the Bonds then Outstanding. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance by the USDFA or the District of any of the terms, conditions, covenants or agreements herein, or under the Installment Purchase Agreement, of any of the documents executed in connection with the Bonds or as to the existence of an Event of Default thereunder or an event which would, with the giving of notice, the passage of time, or both, constitute an Event of Default thereunder. The Trustee shall not be responsible for the validity, effectiveness or priority of any collateral that is given to or held by it.

(f) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, or in the exercise of any of its rights or powers.

(g) The Trustee shall be under no obligation to exercise any of the rights or powers that are vested in it by this Indenture at the request or direction of Owners pursuant to this Indenture unless such Owners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. No permissive power, right or remedy that is conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy.

(h) Whether or not herein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article VIII.

(i) The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(j) The immunities that are extended to the Trustee also extend to its directors, officers, employees and agents.

(k) The Trustee may execute any of the trusts or powers of this Indenture and perform any of its duties through attorneys, agents and receivers and shall not be answerable for the conduct of the same if appointed by it with reasonable care.

(l) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its

fault or negligence, including, but not limited to, acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, pandemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosions, mob violence, riots, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the 2021A Project, malicious mischief, condemnation and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(m) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured electronic mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, for purposes of this Indenture, an electronic mail message does not constitute a notice, request or other communication hereunder but rather the portable document format or similar attachment attached to such electronic mail message shall constitute a notice, request or other communication hereunder; and provided further that the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the USDFA elects to give the Trustee electronic mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding the fact that such instructions conflict or are inconsistent with a subsequent written instruction. The USDFA agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(n) The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

(o) The permissive right of the Trustee to do things enumerated herein shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

Section 8.04. Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion, notes, direction, facsimile transmission, electronic mail or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the USDFA, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and

protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Trustee may treat the Owners of the Bonds appearing in the Trustee's Registration Books as the absolute owners of the Bonds for all purposes and the Trustee shall not be affected by any notice to the contrary.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof is specifically prescribed herein) may be deemed to be conclusively proved and established by a Certificate, Request or Requisition of the USDFA, and such Certificate, Request or Requisition shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, Request or Requisition, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

The Trustee shall have the right to accept and act upon any notice, instruction, or other communication, including any funds transfer instruction, (each, a "Notice") received pursuant to this Indenture by electronic transmission (including by e-mail, facsimile transmission, web portal or other electronic methods) and shall not have any duty to confirm that the person sending such Notice is, in fact, a person authorized to do so. Electronic signatures believed by the Trustee to comply with the ESIGN Act of 2000 or other applicable law (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other digital signature provider identified by any other party hereto and acceptable to the Trustee) shall be deemed original signatures for all purposes. Each other party to this Indenture assumes all risks arising out of the use of electronic signatures and electronic methods to send Notices to the Trustee, including without limitation the risk of the Trustee acting on an unauthorized Notice and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Trustee may in any instance and in its sole discretion require that a Notice in the form of an original document bearing a manual signature be delivered to the Trustee in lieu of, or in addition to, any such electronic Notice.

Section 8.05. Preservation and Inspection of Documents. All documents that are received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the USDFA, the District and any Bond Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Section 8.06. Compensation and Indemnification. The USDFA shall pay to the Trustee from time to time reasonable compensation for all services that are rendered under this Indenture, and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Indenture.

The USDFA shall indemnify, defend and hold harmless the Trustee, its officers, employees, directors and agents from and against any loss, costs, claims, liability or expense (including fees and expenses of its attorneys and advisors) incurred without negligence or bad faith on its part, arising out of or in connection with the execution of this Indenture, acceptance or administration of this trust, including costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder. The rights of the Trustee and the obligations of the USDFA under this Section 8.06 shall survive removal or resignation of the Trustee hereunder or the discharge of the Bonds and this Indenture.

ARTICLE IX

MODIFICATION OR AMENDMENT OF THE INDENTURE

Section 9.01. Amendments Permitted.

(a) This Indenture and the rights and obligations of the USDFA, the Owners of the Bonds and the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto, which the USDFA and the Trustee may enter into when the written consent of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding, exclusive of Bonds that are disqualified as provided in Section 11.09, has been filed with the Trustee. No such modification or amendment may: (1) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the rate of interest or the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each Bond so affected; or (2) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to affect any such modification or amendment, or permit the creation of any lien on the USDFA Revenues and other assets pledged under this Indenture prior to or on a parity with the lien that is created by this Indenture except as permitted herein, or deprive the Owners of the Bonds of the lien created by this Indenture on such USDFA Revenues and other assets except as permitted herein, without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bond Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the USDFA and the Trustee of any Supplemental Indenture pursuant to this subsection (a), the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture, to each Rating Agency and the Owners of the Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(b) This Indenture and the rights and obligations of the USDFA, the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the USDFA and the Trustee may enter into without

the consent of any Bond Owners, if the Trustee shall receive an opinion of Bond Counsel to the effect that the provisions of such Supplemental Indenture shall not materially adversely affect the interests of the Owners of the Outstanding Bonds, including, without limitation, for any one or more of the following purposes:

(1) to add to the covenants and agreements of the USDFA contained in this Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the USDFA;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the USDFA may deem necessary or desirable;

(3) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereunder in effect, and to add such other terms conditions and provisions as may be permitted by said act or similar federal statute; and

(4) to modify, amend or supplement this Indenture in such manner as to cause interest on the Bonds to remain excludable from gross income under the Code.

(c) The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture that is authorized by subsections (a) or (b) of this Section which materially adversely affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

(d) Prior to the Trustee entering into any Supplemental Indenture hereunder, there shall be delivered to the Trustee an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of this Indenture and that the adoption of such Supplemental Indenture will not, in and of itself, adversely affect the exclusion of interest on the Bonds from federal income taxation and from state income taxation.

Section 9.02. Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the USDFA, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced thereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.03. Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if the Trustee so

determines shall, bear a notation by endorsement or otherwise in form approved by the USDFA and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand on the Owner of any Bonds Outstanding at the time of such execution and presentation of his or her Bonds for the purpose at the Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the USDFA and the Trustee, to any modification or amendment that is contained in such Supplemental Indenture, shall be prepared and executed by the USDFA and authenticated by the Trustee, and upon demand on the Owners of any Bonds then Outstanding shall be exchanged at the Office of the Trustee, without cost to any Bond Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amount of the same maturity.

Section 9.04. Amendment of Particular Bonds. The provisions of this Article shall not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by such Bond Owner.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture. The Bonds may be paid by the USDFA in any of the following ways, provided that the USDFA also pays or causes to be paid any other sums payable hereunder by the USDFA:

- (a) by paying or causing to be paid the principal of and interest and redemption premiums (if any) on the Bonds, as and when the same become due and payable;
- (b) by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem all Bonds then Outstanding; or
- (c) by delivering to the Trustee, for cancellation by it, all of the Bonds then Outstanding.

If the USDFA shall also pay or cause to be paid all other sums that are payable hereunder by the USDFA, then and in that case, at the election of the USDFA (as evidenced by a Certificate of the USDFA, filed with the Trustee, signifying the intention of the USDFA to discharge all such indebtedness and this Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, this Indenture and the pledge of USDFA Revenues and other assets under this Indenture and all covenants, agreements and other obligations of the USDFA under this Indenture shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Request of the USDFA, the Trustee shall execute and deliver to the USDFA all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver all moneys

or securities or other property held by it pursuant to this Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption to the USDFA.

Section 10.02. Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem any Outstanding Bonds (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Outstanding Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Article IV or provisions satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the USDFA in respect of such Bonds shall cease, terminate and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities that are deposited with the Trustee as aforesaid for their payment, subject however, to the provisions of Section 10.04.

The USDFA may at any time surrender to the Trustee for cancellation by it any Bonds that were previously issued and delivered, which the USDFA may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 10.03. Deposit of Money or Securities with Trustee. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Indenture and shall be:

(a) lawful money of the United States of America in an amount that is equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Article IV or provisions satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount of such Bonds and all unpaid interest and premium, if any, thereon to the redemption date; or

(b) Permitted Investments that are described in clause (A) and/or (B) of the definition thereof the principal of and interest on which when due will, in the written opinion of an Independent Certified Public Accountant filed with the USDFA and the Trustee, provide money in an amount that is sufficient to pay the principal of and all unpaid interest to maturity, or to the redemption date (with premium, if any), as the case may be, on the Bonds to be paid or redeemed, as such principal, interest and premium, if any, become due, provided that in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that: (i) the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by Request of the USDFA) to apply such money to the payment of such principal, interest and premium, if any, with respect to such Bonds; and (ii) the USDFA shall have delivered to the Trustee an opinion of Bond Counsel addressed to the USDFA and the Trustee to the effect that such Bonds have been discharged in accordance with this Indenture (which opinion may rely upon and assume the accuracy of the Independent Certified Public Accountant's opinion referred to above).

Section 10.04. Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of this Indenture, any moneys which are held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and which remain unclaimed for two (2) years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Indenture), if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the USDFA free from the trusts created by this Indenture upon receipt of an indemnification agreement that is acceptable to the USDFA and the Trustee indemnifying the Trustee with respect to claims of Owners of Bonds which have not yet been paid, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the USDFA as aforesaid, the Trustee shall at the written direction of the USDFA (at the cost of the USDFA) first mail to the Owners of Bonds which have not yet been paid, at the addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the USDFA of the moneys held for the payment thereof.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Liability of USDFA Limited to USDFA Revenues. Notwithstanding anything in this Indenture or the Bonds, the USDFA shall not be required to advance any moneys derived from any source other than the USDFA Revenues and other moneys pledged under this Indenture for any of the purposes of this Indenture, whether for the payment of the principal of or interest on the Bonds or for any other purpose of this Indenture. Nevertheless, the USDFA may, but shall not be required to, advance for any of the purposes hereof any funds of the USDFA which may be made available to it for such purposes.

The Bonds are not a debt of the members of the USDFA, the State or any of its political subdivisions (other than the USDFA) and neither the members of the USDFA, said State nor any of its political subdivisions (other than the USDFA) is liable thereon. The District shall have no liability or obligation herein except with respect to Series 2021A Installment Payments payable under the Installment Purchase Agreement.

Section 11.02. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the USDFA or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all covenants and agreements in this Indenture by or on behalf of the USDFA or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.03. Limitation of Rights to Parties and Bond Owners. Nothing in this Indenture or in the Bonds, express or implied, is intended or shall be construed to give to any person other than the USDFA, the Trustee, the District and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the USDFA, the Trustee, the District and the Owners of the Bonds.

Section 11.04. Waiver of Notice; Requirement of Mailed Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person who is entitled to receive such notice, and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. Whenever in this Indenture any notice shall be required to be given by mail, such requirement shall be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

Section 11.05. Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the USDFA of any Bonds, the Trustee shall destroy such Bonds as may be allowed by law and deliver a certificate of such destruction to the USDFA.

Section 11.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The USDFA hereby declares that it would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 11.07. Notices. Any notice to or demand upon the USDFA or the Trustee shall be deemed to have been sufficiently given or served for all purposes by being sent by facsimile or by being deposited, first class mail, postage prepaid, in a post office letter box, addressed, as the case may be, to the USDFA, c/o Union Sanitary District, 5072 Benson Road, Union City, California 94587, Attention: General Manager (or such other address as may have been filed in writing by the USDFA with the Trustee), or to the Trustee at its Office by first class mail.

Notwithstanding the foregoing provisions of this Section 11.07, the Trustee shall not be deemed to have received, and shall not be liable for failing to act upon the contents of, any notice unless and until the Trustee actually receives such notice.

Section 11.08. Evidence of Rights of Bond Owners. Any request, consent or other instrument that is required or permitted by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bond Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and the USDFA if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The Ownership of Bonds shall be proved by the Registration Books. Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the USDFA in accordance therewith or reliance thereon.

Section 11.09. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are known by the Trustee to be owned or held by or for the account of the USDFA, or by any other obligor on the Bonds, or by any person that is directly or indirectly controlling or controlled by, or under direct or indirect common control with, the USDFA or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person that is directly or indirectly controlling or controlled by, or under direct or indirect common control with, the USDFA or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request, the USDFA shall certify to the Trustee those Bonds that are disqualified pursuant to this Section 11.09 and the Trustee may conclusively rely on such certificate.

Section 11.10. Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of registered Bonds redeemed in part only) shall, on and after

such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 10.04 hereof, but without any liability for interest thereon.

Section 11.11. Funds and Accounts. Any fund or account that is required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with corporate trust industry standards to the extent practicable, and with due regard for the requirements of Section 6.05 and for the protection of the security of the Bonds and the rights of every Owner thereof.

Section 11.12. Waiver of Personal Liability. No member, officer, agent, employee, consultant or attorney of the USDFA or the District shall be individually or personally liable for the payment of the principal of or premium or interest on the Bonds or subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent, employee, consultant or attorney from the performance of any official duty provided by law or by this Indenture.

Section 11.13. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the USDFA and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.14. CUSIP Numbers. Neither the Trustee nor the USDFA shall be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Bondholders and that neither the USDFA nor the Trustee shall be liable for any inaccuracies in such numbers.

Section 11.15. Choice of Law. THE INDENTURE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

Section 11.16. Notice to Rating Agency. The Trustee shall provide the Rating Agency with written notice of each amendment to this Indenture and a copy thereof at least 15 days in advance of its execution.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the USDFA has caused this Indenture to be signed in its name by its Chair and attested by its Secretary, and the Trustee, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

UNION SANITARY DISTRICT FINANCING AUTHORITY

By: _____
Chair

ATTEST:

Secretary

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF BOND

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE INDENTURE) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

UNION SANITARY DISTRICT FINANCING AUTHORITY
REVENUE BOND, SERIES 2021A

INTEREST RATE	MATURITY DATE	ORIGINAL ISSUE DATE	CUSIP
_____%	_____, 20____	_____, 2021	____

REGISTERED OWNER CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The UNION SANITARY DISTRICT FINANCING AUTHORITY, a joint exercise of powers agency that is duly organized and existing under the laws of the State of California (the "USDFA"), for value received, hereby promises to pay to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount specified above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the Interest Payment Date next preceding the date of authentication of this Bond (unless: (i) this Bond is authenticated after the fifteenth day of the calendar month preceding an Interest Payment Date, whether or not such day is a business day, and on or

before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (ii) this Bond is authenticated on or before February 15, 2022, in which event it shall bear interest from the Original Issue Date identified above; provided, however, that if as of the date of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this Bond), at the Interest Rate per annum specified above, payable semiannually on March 1, 2022 and each March 1 and September 1 thereafter, calculated on the basis of a 360 day year composed of twelve 30 day months. Principal hereof and premium, if any, upon early redemption hereof are payable by check of the Trustee upon presentation and surrender hereof at the Office (as defined in the hereinafter described Indenture) of U.S. Bank National Association, as trustee (the "Trustee"). Interest hereon is payable by check of the Trustee sent by first class mail on the applicable Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books of the Trustee as of the close of business on the fifteenth day of the month preceding each Interest Payment Date (except that in the case of a registered owner of one million dollars (\$1,000,000) or more in principal amount, such payment may, at such registered owner's option, be made by wire transfer of immediately available funds to an account in the United States in accordance with written instructions provided to the Trustee by such registered owner prior to the fifteenth (15th) day of the month preceding such Interest Payment Date).

This Bond is not a debt of the members of the USDFA, the State of California, or any of its political subdivisions (other than the USDFA), and neither the members of the USDFA or said State, nor any of its political subdivisions (other than the USDFA), is liable hereon, nor in any event shall this Bond be payable out of any funds or properties of the USDFA other than the USDFA Revenues (as such term is defined in the Indenture of Trust, dated as of July 1, 2021 (the "Indenture")), by and between the USDFA and the Trustee) and other moneys pledged therefor under the Indenture. The obligation of Union Sanitary District (the "District") to make payments in accordance with the Installment Purchase Agreement (as such term is defined in the Indenture) is a limited obligation of the District as set forth in the Installment Purchase Agreement and the District shall have no liability or obligation in connection herewith except with respect to such Series 2021A Installment Payments to be made pursuant to the Installment Purchase Agreement. The Bonds do not constitute an indebtedness of the USDFA in contravention of any constitutional or statutory debt limitation or restriction.

This Bond is one of a duly authorized issue of bonds of the USDFA designated as the "Union Sanitary District Financing Authority Revenue Bonds, Series 2021A" (the "Bonds"), of an aggregate principal amount of _____ Million _____ Thousand Dollars (\$_____), all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers or interest rates) and all issued pursuant to the provisions of the Joint Exercise of Powers Agreement, dated January 13, 2020, by and between the District and California Municipal Finance Authority, a public body, corporate and politic, duly organized and existing under the laws of the State, as amended from time to time (the "JPA Agreement") and the laws of the State of California and pursuant to the Indenture and the resolution

authorizing the issuance of the Bonds. Reference is hereby made to the Indenture (copies of which are on file at the office of the USDFA) and all supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the USDFA Revenues, and the rights thereunder of the Owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the USDFA hereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees. The Bonds have been issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof.

The Bonds have been issued by the USDFA to finance certain public capital improvements and related costs, as more fully described in the Indenture.

This Bond and the interest, premium, if any, hereon and all other Bonds and the interest and premium, if any, thereon (to the extent set forth in the Indenture) are special obligations of the USDFA, and are payable from, and are secured by a pledge and lien on the USDFA Revenues, including all Series 2021A Installment Payments received from the District by the USDFA or the Trustee, and any other amounts on deposit in certain funds and accounts created under the Indenture. As and to the extent set forth in the Indenture, all of the USDFA Revenues are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture, to the payment of the principal of and interest and premium (if any) on the Bonds.

The Indenture and the rights and obligations of the USDFA and the Owners of the Bonds and the Trustee may be modified or amended from time to time and at any time with the written consent of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding, exclusive of Bonds disqualified as set forth in the Indenture, in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment may: (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the owner of each Bond so affected; or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to affect any such modification or amendment, or permit the creation of any lien on the USDFA Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture except as permitted in the Indenture, or deprive the Owners of the Bonds of the lien created by the Indenture on such USDFA Revenues and other assets, except as expressly provided in the Indenture, without the consent of the Owners of all of the Bonds then Outstanding.

The Indenture and the rights and obligations of the USDFA, the Trustee and the Owners of the Bonds may also be modified or amended for certain purposes described more fully in the Indenture at any time in the manner, to the extent and upon the terms provided in the Indenture by a supplemental indenture, which the USDFA and the Trustee may enter into without the consent of any Bond Owners, if the Trustee shall receive an opinion of Bond

Counsel to the effect that the provisions of such supplemental indenture will not materially adversely affect the interests of the Owners of the Outstanding Bonds.

The Bonds are subject to extraordinary redemption prior to their respective stated maturities, as a whole or in part on any date in the order of maturity and within maturities as directed by the USDFA in a Request provided to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to such date in integral multiples of \$5,000 from Net Proceeds, upon the terms and conditions of, and as provided for in, the Installment Purchase Agreement, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

The Bonds with stated maturities on or after September 1, 20__, are subject to redemption prior to their respective stated maturities, as a whole or in part as directed by the USDFA in a Request provided to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) and by lot within each maturity in integral multiples of \$5,000, on _____ 1, 20__ or any date thereafter at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

The Bonds with stated maturities on September 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on September 1, 20__ and each September 1 thereafter, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date (September 1)</i>	<i>Principal Amount</i>
	\$

*

* Maturity.

The Bonds with stated maturities on September 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on September 1, 20__ and each September 1 thereafter, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

***Redemption Date
(September 1)***

***Principal
Amount***

\$

*

* Final Maturity.

As provided in the Indenture, notice of redemption shall be mailed by the Trustee by first class mail not less than twenty (20) days nor more than sixty (60) days prior to the redemption date to the respective Owners of any Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, but neither the failure to receive such notice nor any defect in the notice or the mailing thereof shall affect the validity of the proceedings for redemption or the cessation of accrual of interest thereon from and after the date fixed for redemption.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all of the Bonds and the interest accrued thereon may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

This Bond is transferable by the Registered Owner hereof, in person or by his or her duly authorized attorney in writing, at said office of the Trustee but only in the manner, subject to the limitations and upon payment of the taxes and charges provided in the Indenture and upon surrender and cancellation of this Bond. Upon registration of such transfer, a new Bond or Bonds of the same series, of authorized denomination or denominations, for the same aggregate principal amount of the same maturity will be issued to the transferee in exchange therefor.

Bonds may be exchanged at said office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same series and same maturity, but only in the manner, subject to the limitations and upon payment of the taxes and charges provided in the Indenture.

The Trustee shall not be required to register the transfer or exchange of any Bond during the period in which the Trustee is selecting Bonds for redemption or any Bond that has been selected for redemption.

The USDFA and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the USDFA and the Trustee shall not be affected by any notice to the contrary.

It is hereby certified that all of the things, conditions and acts that are required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the JPA Agreement, and the laws of the State of California and that the amount of this Bond, together with all other indebtedness of the USDFA, does not exceed any limit under any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the USDFA has caused this Bond to be executed in its name and on its behalf with the manual or facsimile signature of its Chair and attested to by the manual or facsimile signature of its Secretary, all as of the Original Issue Date specified above.

UNION SANITARY DISTRICT FINANCING AUTHORITY

By: _____
Chair

Attest:

Secretary of the Board

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
TO APPEAR ON BONDS]

This is one of the Bonds described in the within-mentioned Indenture.

Dated: _____, 2021

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Signatory

[FORM OF LEGAL OPINION]

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation, in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds. A signed copy is on file in my office.

Secretary of the Board of the Union Sanitary District
Financing Authority

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto

(Name, Address and Tax Identification or
Social Security Number of Assignee)

the within registered Bond and hereby irrevocably constitute(s) and appoint(s)
_____ attorney, to transfer the same on the
registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Note: The signature(s) on this Assignment must
correspond with the name(s) as written on
the face of the within Bond in every
particular without alteration or
enlargement or any change whatsoever.

Signature Guaranteed:

Note: Signature guarantee shall be made
by a guarantor institution participating in
the Securities Transfer Agents Medallion
Program or in such other guarantee
program acceptable to the Trustee.

\$ _____
UNION SANITARY DISTRICT FINANCING AUTHORITY
REVENUE BONDS, SERIES 2021A

BOND PURCHASE AGREEMENT

_____, 2021

Union Sanitary District Financing Authority
5072 Benson Road
Union City, California 94587

Union Sanitary District
5072 Benson Road
Union City, California 94587

Ladies and Gentlemen:

RBC Capital Markets, LLC (the “**Underwriter**”) hereby offers to enter into this Bond Purchase Agreement (the “**Purchase Agreement**”) with you, the Union Sanitary District Financing Authority (the “**USDFA**”) and the Union Sanitary District (the “**District**”), for the purchase by the Underwriter and the delivery by the USDFA of the above-referenced Bonds (the “**Bonds**”). The proceeds of the Bonds will be used to: (i) finance improvements to the wastewater system (the “**Wastewater System**”) owned and operated by the District and (ii) pay the costs of issuing the Bonds. This offer is subject to your acceptance prior to 11:59 p.m., California time, on the date hereof and if not so accepted will be subject to withdrawal by the Underwriter upon written notice delivered to the USDFA and the District at any time prior to the acceptance thereof by the USDFA and the District. Upon such acceptance, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon you and the Underwriter. All terms not defined herein shall have the meanings set forth in the Indenture and the Installment Purchase Agreement (each defined below).

The USDFA and the District acknowledge and agree that: (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm’s-length commercial transaction among the District, the USDFA and the Underwriter in which the Underwriter is acting solely as a principal and not as an agent of the USDFA or the District and the Underwriter is not acting as a municipal advisor, financial advisor or fiduciary to the USDFA or the District; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the USDFA or the District with respect to the transaction contemplated by this Purchase Agreement and the discussions, undertakings or procedures leading thereto (irrespective of whether the Underwriter, or any affiliate of the Underwriter has provided other services or is currently providing other services to the USDFA or the District on other matters); (iii) the only obligations the Underwriter has to the USDFA and the

District with respect to the transaction contemplated by this Purchase Agreement are expressly set forth in this Purchase Agreement; and (iv) the USDFA and the District have consulted their own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent the USDFA and the District have deemed appropriate. The USDFA acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the Municipal Securities Rulemaking Board (the “MSRB”).

1. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriter hereby agrees to purchase from the USDFA for offering to the public, and the USDFA hereby agrees to sell and deliver to the Underwriter, all (but not less than all) of the \$_____ aggregate principal amount of the Union Sanitary District Financing Authority Revenue Bonds, Series 2021A to be dated the Closing Date, at a price of \$_____, being the principal amount of the Bonds, plus an original issue premium of \$_____, less an Underwriter’s discount of \$_____.

The Bonds shall mature in the amounts and on the dates, and bear interest at the rates, set forth in Exhibit A hereto. The Bonds shall be as described in and shall be secured under and pursuant to an Indenture of Trust, dated as of July 1, 2021 (the “**Indenture**”), by and between the USDFA and U.S. Bank National Association, as trustee (the “**Trustee**”), substantially in the form previously submitted to the Underwriter with only such changes therein as shall be mutually agreed upon by the USDFA, the District, the Trustee and the Underwriter.

The obligation of the USDFA to pay the principal of and interest on the Bonds is a special obligation of the USDFA, payable solely from USDFA Revenues (as defined in the Indenture), and certain other amounts held under the Indenture. USDFA Revenues consist primarily of Installment Payments made by the District to the USDFA pursuant to the Installment Purchase Agreement (as defined below). The principal of and interest on the Bonds are not required to be paid from any other funds of the USDFA, including any proceeds of any taxes, and does not constitute a debt or pledge of the faith and credit of the USDFA or the State of California (the “**State**”) or any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

The obligation of the District to make Installment Payments under the Installment Purchase Agreement is a special obligation of the District payable solely from and secured by a pledge of Gross Revenues of the Wastewater System on a parity with the District’s obligation to pay installment payments that secure the USDFA’s Revenue Bonds, Series 2020A (the “**2020 Bonds**”).

The USDFA and the District hereby ratify the use by the Underwriter of the Preliminary Official Statement, dated _____, 2021 relating to the Bonds (together with the cover page and all appendices thereto, and any supplements thereof, the “**Preliminary Official Statement**”), and authorizes the Underwriter to use and distribute the Preliminary Official Statement, the Official Statement (as defined below), the Indenture, the Installment Purchase Agreement, dated as of July 1, 2021, between the USDFA and the District (the “**Installment Purchase Agreement**”), the

Continuing Disclosure Certificate as required by Securities and Exchange Commission Rule 15c2-12 (“**Rule 15c2-12**”), and substantially in the form attached as an appendix to the Official Statement, dated _____, 2021 (the “**Continuing Disclosure Certificate**”), executed by the District and this Purchase Agreement, and all information contained therein, and all other documents, certificates and statements furnished by the USDFA and the District to the Underwriter in connection with the offer and sale of the Bonds by the Underwriter. The USDFA and the District have heretofore “deemed final” the Preliminary Official Statement within the meaning of Rule 15c2-12.

The District will undertake pursuant to the Continuing Disclosure Certificate to provide certain annual financial and operating information and notices of the occurrence of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement. This undertaking will be entered into in order to assist the Underwriter in complying with the Rule.

2. The Underwriter agrees to offer all the Bonds to the public initially at the prices (or yields) set forth on the inside cover page of the Official Statement of the USDFA pertaining to the Bonds, dated _____, 2021 (together with all appendices thereto, and with such changes therein and supplements thereto and as are consented to in writing by the Underwriter, and with the Preliminary Official Statement, are herein called the “**Official Statement**”). Subsequent to the initial public offering of the Bonds, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds subject to Section 5 hereof. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices. “Public Offering” shall include an offering to a representative number of institutional investors or registered investment companies, regardless of the number of such investors to which the Bonds are sold. The Underwriter agrees that prior to the time the final Official Statement relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail or electronic distribution (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

3. The USDFA shall also deliver a sufficient number of copies of the Official Statement to enable the Underwriter to distribute a single copy of each Official Statement to any potential customer of the Underwriter requesting an Official Statement during the time period beginning when the Official Statement becomes available and ending on the End Date (defined below). The USDFA shall deliver these copies to the Underwriter no later than the earlier of (i) seven (7) business days after the execution of this Purchase Agreement or (ii) one (1) business day prior to the Closing Date in order to permit the Underwriter to comply with Rule 15c2-12, and the applicable rules of the MSRB, with respect to distribution of the Official Statement. The USDFA and the District shall prepare the Official Statement, including any amendments thereto, in word-searchable PDF format as described in the MSRB’s Rule G-32 and shall provide the electronic copy of the word-searchable PDF format of the Official Statement to the Underwriter no later than one (1) business day prior to the Closing Date to enable the Underwriter to comply with MSRB

Rule G-32. The Underwriter shall inform the District in writing of the End Date, and covenants to file the Official Statement with the MSRB on a timely basis.

The Official Statement, as of its date, as of the Closing Date (as defined herein) and as of the date of any update, amendment or supplement thereto as required hereby subsequent to the Closing, up to and including the date which is twenty-five (25) days following the end (the “**End Date**”) of the Underwriting Period (as hereinafter defined), will be correct and complete in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

If, after the date of this Purchase Agreement and until the earlier of (i) ninety (90) days after the end of the “underwriting period” (as defined in Rule 15c2-12) (the “**Underwriting Period**”), or (ii) twenty-five (25) days following the end of the Underwriting Period if the Official Statement is available to any person from the MSRB as contemplated by Rule 15c2-12(b)(4), any event shall occur or circumstance shall exist of which the USDFA or the District have knowledge that would cause the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the USDFA or the District, as the case may be, shall notify the Underwriter (and for the purpose of this Section provide the Underwriter with such information as it may from time to time reasonably request), and, if in the opinion of the District, the USDFA or the Underwriter such event or circumstance requires the preparation and publication of a supplement or amendment to the Official Statement, the USDFA and the District will, at their expense, supplement or amend the Official Statement in a form and manner jointly approved by the District, the USDFA and the Underwriter and furnish to the Underwriter a reasonable number of copies of such supplement or amendment provided that the Underwriter agrees that it will promptly notify the USDFA and the District of the end of the Underwriting Period.

4. At 8:30 a.m., Pacific Time, on _____, 2021, or at such other time or date as shall be agreed upon by the Underwriter, USDFA and the District (such time and date being herein referred to as the “**Closing Date**”), the USDFA will deliver to the Underwriter, the Bonds, in book-entry form, through the facilities of The Depository Trust Company or its agent (all Bonds having had the CUSIP numbers assigned to them thereon), duly executed by an authorized officer of the USDFA as provided in the Indenture, and the other documents herein mentioned at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California (“**Bond Counsel**”) or another place to be mutually agreed to by the District and the Underwriter and the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 in immediately available funds (such delivery and payment being herein referred to as the “**Closing**”).

Upon initial issuance, the ownership of such Bonds shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as the nominee of The Depository Trust Company.

It is anticipated that CUSIP numbers will be printed on the Bonds, but neither the failure to provide such numbers nor any error with respect thereto shall constitute a cause for failure or refusal by the Underwriter to accept delivery of the Bonds in accordance with the terms of this Purchase Agreement.

5. A. The Underwriter agrees to assist the USDFA in establishing the issue price of the Bonds and shall execute and deliver to the USDFA at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the USDFA and Bond Counsel (as defined herein), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

B. Except as otherwise set forth in Exhibit A attached hereto, the USDFA will treat the first price at which 10% of each maturity of the Bonds (the “**10% test**”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the USDFA the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the USDFA the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) the Underwriter has sold all Bonds of that maturity or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the Underwriter’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the USDFA or Bond Counsel. For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

C. The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “**initial offering price**”), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the Underwriter represents that (i) the 10% test has been satisfied (assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement) and (ii) the 10% test has not been satisfied and for which the USDFA and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the USDFA to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “**hold-the-offering-price rule**”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- a. the close of the fifth (5th) business day after the sale date; or

b. the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the USDFA promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

D. The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be reasonable periodic intervals or otherwise upon request of the Underwriter and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

E. The USDFA acknowledges that, in making the representation set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The USDFA further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

F. The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

a. “public” means any person other than an underwriter or a related party;

b. “underwriter” means (A) any person that agrees pursuant to a written contract with the USDFA (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);

c. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

d. “sale date” means the date of execution of this Purchase Agreement by all parties.

6. The Underwriter represents to and agrees with the USDFA and the District that, as of the date hereof and as of the Closing Date:

(a) The Underwriter is duly authorized to execute this Purchase Agreement and to take any action under this Purchase Agreement required to be taken by it;

(b) The Underwriter is in compliance with MSRB Rule G-37 with respect to the USDFA and the District, and is not prohibited thereby from acting as the underwriter with respect to securities of the USDFA and the District;

(c) The Underwriter has, and has had, no financial advisory relationship, as that term is defined in California Government Code Section 53590 (c) or MSRB Rule G-32, with the District with respect to the Bonds, and no investment firm controlling, controlled by or under common control with such Underwriter have or has had any such financial advisory relationship; and

(d) The Underwriter has reasonably determined that the undertaking to provide continuing disclosure with respect to the Bonds pursuant to the Continuing Disclosure Certificate is sufficient to effect compliance with Rule 15c2-12.

7. The USDFA represents, warrants and covenants to the Underwriter that:

(a) The USDFA is a joint exercise of powers authority duly organized and validly existing pursuant to the laws of the State of California and has all necessary power and authority to enter into and perform its duties under the Indenture, the Installment Purchase Agreement and this Purchase Agreement (collectively, the “**USDFA Documents**”) and, when executed and delivered by the respective parties thereto, the USDFA Documents will constitute the legal, valid and binding obligations of the USDFA in accordance with their respective terms.

(b) Neither the execution and delivery of the USDFA Documents, or the approval and execution of the Official Statement, and compliance with the provisions on the USDFA’s part contained therein, nor the consummation of any other of the transactions herein and therein contemplated, nor the fulfillment of the terms hereof and thereof, conflicts with or constitutes a breach of or default under nor contravenes any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the USDFA is a party or is otherwise subject in any material respect, nor does any such execution, delivery, adoption or compliance result in the security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the USDFA under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the USDFA Documents.

(c) Except as may be required under blue sky or other securities laws of any state, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the USDFA required for the execution and delivery of the Bonds or the consummation by the USDFA of the other transactions contemplated by the Official Statement and this Purchase Agreement.

(d) To the best of the knowledge of the USDFA, there is, and on the Closing there will be, no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the USDFA to restrain or enjoin the delivery of any of the Bonds, or the payments to be made pursuant to the Indenture, or in any way contesting or affecting the validity of the USDFA Documents or of the USDFA to enter into the USDFA Documents or contesting the powers of the USDFA to perform its obligations under any of the foregoing or in any way contesting the powers of the USDFA in connection with any action contemplated by this Purchase Agreement, or in any way questioning or challenging the tax status of the Bonds.

(e) As of the date thereof and at all times subsequent thereto up to and including the End Date, the information relating to the USDFA contained in the Official Statement will be complete and will not contain any untrue or misleading statement of a material fact or omit to state any material fact (unless an event occurs of the nature described in Section 7(j) below) necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of its date and as of the date hereof, the information relating to the USDFA and the Bonds contained in the Official Statement is true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) The USDFA agrees to cooperate with the Underwriter in endeavoring to qualify the Bonds for offering and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the USDFA will not be required to execute a special or general consent to service of process in any jurisdiction in which it is not now so subject or to qualify to do business as a foreign agency in any jurisdiction where it is not so qualified.

(g) By official action of the USDFA prior to or concurrently with the execution hereof, the USDFA has duly approved the distribution of the Official Statement (excepting the information under the captions "THE DISTRICT," "WASTEWATER SYSTEM," "DISTRICT FINANCIAL INFORMATION," "RISK FACTORS RELATING TO THE BONDS," "INVESTMENT OF DISTRICT FUNDS" and "CONTINUING DISCLOSURE" and in Appendices B, D, G and H thereto), and has duly authorized and approved the execution and delivery of, and the performance by the USDFA of the obligations on its part contained in the USDFA Documents and the consummation by it of all other transactions contemplated by the Official Statement and this Purchase Agreement.

(h) The USDFA is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable

judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the USDFA is a party or is otherwise subject in any material respect, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument.

(i) The USDFA is not in default, nor has been in default at any time, as to the payment of principal or interest with respect to an obligation issued by the USDFA or successor of the USDFA or with respect to an obligation guaranteed by the USDFA as guarantor or successor of a guarantor.

(j) If between the date of this Purchase Agreement and the End Date an event occurs, of which the USDFA has knowledge, which might or would cause the information relating to the USDFA or the USDFA's functions, duties and responsibilities contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the USDFA will notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the USDFA will cooperate with the Underwriter in the preparation of an amendment or supplement to the Official Statement in a form and in a manner approved by the Underwriter, provided all expenses thereby incurred will be paid for by the District.

(k) If the information relating to the USDFA, its functions, duties and responsibilities contained in the Official Statement is amended or supplemented pursuant to the immediately preceding subsection, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subsection) at all times subsequent thereto up to and including the date of the Closing, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading.

(l) No consent, approval, authorization or other action by a governmental or regulatory authority that has not been obtained is or will be required of the USDFA for the delivery and sale of the Bonds or the consummation of the other transactions contemplated by this Purchase Agreement and the Official Statement, except as may be required under the state securities or blue sky laws in connection with the sale of the Bonds by the Underwriter.

(m) The USDFA will deliver all opinions, Bonds, letters and other instruments and documents reasonably required to be delivered by the USDFA by the Underwriter and this Purchase Agreement.

(n) Any certificate of the USDFA delivered to the Underwriter shall be deemed a representation and warranty by the USDFA to the Underwriter as to the statements made therein.

(o) Other than as described in the Official Statement, as of the time of acceptance hereof and as of the Closing, the USDFA does not and will not have outstanding any indebtedness which is secured by a lien on the USDFA Revenues superior to or on a parity with the lien of the Bonds thereon.

(p) Between the date of this Purchase Agreement and the date of Closing, the USDFA will not, without the prior written consent of the Underwriter, except as disclosed in the Official Statement, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent.

(q) The USDFA is not presently and as a result of the execution of the USDFA Documents and the sale of the Bonds will not be in violation of any debt limitation, appropriation limitation or any other provision of the California Constitution or statutes or any additional debt or similar provision of any bond, note, contract or other evidence of indebtedness to which the USDFA is a party or to which the USDFA is bound.

(r) The USDFA will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner other than as provided in the USDFA Documents, unless otherwise required by law.

8. The District represents, warrants and covenants to the Underwriter that:

(a) The District is a sanitary district duly organized under the laws of the State of California, and has all necessary power and authority to enter into and perform its duties under the Installment Purchase Agreement, the Continuing Disclosure Certificate, and this Purchase Agreement (collectively, the “**District Documents**”) and, when executed and delivered by the respective parties thereto, the District Documents will constitute the legal, valid and binding obligations of the District in accordance with their respective terms.

(b) Neither the execution and delivery of the District Documents, or the approval and execution of the Official Statement, and compliance with the provisions on the District’s part contained therein, nor the consummation of any other of the transactions herein and therein contemplated, nor the fulfillment of the terms hereof and thereof, conflicts with or constitutes a breach of or default under nor contravenes any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject in any material respect, nor does any such execution, delivery, adoption or compliance result in the security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the District under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the District Documents.

(c) Except as may be required under blue sky or other securities laws of any state, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the District required for the execution and

delivery of the Bonds or the consummation by the District of the other transactions contemplated by the Official Statement and this Purchase Agreement.

(d) To the best of the knowledge of the District, there is, and on the Closing there will be, no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the District to restrain or enjoin the delivery of any of the Bonds, or the payments to be made pursuant to the Installment Purchase Agreement and Indenture, or in any way contesting or affecting the validity of the District Documents or of the District to approve or enter into the District Documents, or in any way questioning or challenging the tax status of the Bonds.

(e) As of the date thereof and at all times subsequent thereto up to and including the End Date, the information relating to the District, the Installment Purchase Agreement and the Wastewater System contained in the Official Statement will be complete and will not contain any untrue or misleading statement of a material fact or omit to state any material fact (unless an event occurs of the nature described in Section 8(j) below) necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of its date and as of the date hereof, the information relating to the District, the Installment Purchase Agreement and the Wastewater System contained in the Official Statement is true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) The District agrees to cooperate with the Underwriter in endeavoring to qualify the Bonds for offering and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the District will not be required to execute a special or general consent to service of process in any jurisdiction in which it is not now so subject or to qualify to do business as a foreign agency in any jurisdiction where it is not so qualified.

(g) By official action of the District prior to or concurrently with the execution hereof, the District has duly approved the distribution of the information in the Official Statement under the captions "THE DISTRICT," "WASTEWATER SYSTEM," "DISTRICT FINANCIAL INFORMATION," "RISK FACTORS RELATING TO THE BONDS," "INVESTMENT OF DISTRICT FUNDS" and "CONTINUING DISCLOSURE" and in Appendices B, D, G and H thereto, and has duly authorized and approved the execution and delivery of, and the performance by the District of the obligations on its part contained in the District Documents and the consummation by it of all other transactions contemplated by the Official Statement and this Purchase Agreement.

(h) The District is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject in any material respect,

and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument.

(i) The District is not in default, nor has been in default at any time, as to the payment of principal or interest with respect to an obligation issued by the District or successor of the District or with respect to an obligation guaranteed by the District as guarantor or successor of a guarantor.

(j) If between the date of this Purchase Agreement and the End Date an event occurs, of which the District has knowledge, which might or would cause the information relating to the District, the Wastewater System or the District's functions, duties and responsibilities contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the District will notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will cooperate with the Underwriter in the preparation of an amendment or supplement to the Official Statement in a form and in a manner approved by the Underwriter, provided all expenses thereby incurred will be paid for by the District.

(k) If the information relating to the Wastewater System, the District, its functions, duties and responsibilities contained in the Official Statement is amended or supplemented pursuant to the immediately preceding subsection, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subsection) at all times subsequent thereto up to and including the date of the Closing, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading.

(l) The District covenants that it will comply with all tax covenants relating to it in the District Documents and the Tax Certificate of the District.

(m) The written information supplied by the District to the Underwriter with respect to the financial information relating to the Wastewater System is true, correct and complete in all material respects for the purposes for which it was supplied.

(n) No consent, approval, authorization or other action by a governmental or regulatory agency that has not been obtained is or will be required of the District for the delivery and sale of the Bonds or the consummation of the other transactions contemplated by this Purchase Agreement and the Official Statement, except for such licenses, certificates, approvals, variances or permits which may be necessary for the construction or operation of the Wastewater System which the District has applied for (or will apply for in the ordinary course of

business) and expects to receive, and except as may be required under the state securities or blue sky laws in connection with the sale of the Bonds by the Underwriter.

(o) The District will not take or omit to take any action which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to that provided in the Indenture and as described in the Official Statement, unless otherwise required by law.

(p) The District will deliver all opinions, certificates, letters and other instruments and documents reasonably required to be delivered by the District by the Underwriter and this Purchase Agreement.

(q) Any certificate of the District delivered to the Underwriter shall be deemed a representation and warranty by the District to the Underwriter as to the statements made therein.

(r) Other than as described in the Official Statement, as of the time of acceptance hereof and as of the Closing, the District does not and will not have outstanding any indebtedness which is secured by a lien on the Revenues superior to or on a parity with the lien of the Bonds thereon.

(s) Between the date of this Purchase Agreement and the date of Closing, the District will not, without the prior written consent of the Underwriter, except as disclosed in the Official Statement, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent payable from the Net Revenues.

(t) The District is not presently and as a result of the execution of the District Documents and the sale of the Bonds will not be in violation of any debt limitation, appropriation limitation or any other provision of the California Constitution or statutes or any additional debt or similar provision of any bond, note, contract or other evidence of indebtedness to which the District is a party or to which the District is bound.

(u) The District will undertake, pursuant to the Continuing Disclosure Certificate to provide annual reports and notices of certain events in accordance with the requirements of Rule 15c2-12.

9. The Underwriter has entered into this Purchase Agreement in reliance upon the representations, warranties and agreements of the USDFA and the District contained herein, and the opinions of Bond Counsel, Disclosure Counsel, Counsel to the Trustee, counsel to the District and counsel to the USDFA required hereby. The Underwriter's obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(a) At the time of Closing, this Purchase Agreement, the Indenture, the Installment Purchase Agreement, and the Continuing Disclosure Certificate (collectively the "**Legal Documents**"), all as described in the Official Statement, shall be in full force and effect as

valid and binding agreements between or among the various parties thereto, and the Legal Documents and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, and there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby.

(b) At or prior to the Closing, the Underwriter shall receive the following documents, in each case satisfactory in form and substance to them:

(1) The unqualified approving opinion of Bond Counsel, dated the date of Closing, addressed to the USDFA, the District and the Underwriter (or a reliance letter to the Underwriter), in substantially the form attached as Appendix E to the Official Statement.

(2) A supplemental opinion of Bond Counsel, dated as of the date of Closing and addressed to the Underwriter, in the form attached hereto as Exhibit C.

(3) The negative assurance letter of Quint & Thimmig LLP, Disclosure Counsel, dated the Closing Date and addressed to the Underwriter, to the effect that, based upon the information made available to them in the course of their participation in the preparation of the Preliminary Official Statement and Official Statement and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the statements in the Official Statement, and having made no independent investigation or verification thereof, no facts have come to their attention that lead them to believe that the Preliminary Official Statement as of its date and as of the date of this Purchase Agreement, and the Official Statement as of its date or as of the Closing Date (except for any CUSIP numbers, financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, the information under the captions "LITIGATION," "RATINGS" and "UNDERWRITING" and in the appendices thereto (excluding Appendix C - "FORM OF THE CONTINUING DISCLOSURE CERTIFICATE,"), information with respect to the USDFA, any information about DTC and its book-entry only system, as to which no opinion or view need be expressed) contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(4) An opinion of counsel to the District, dated as of the date of Closing and addressed to the Underwriter, the District and the Trustee in the form attached hereto as Exhibit D.

(5) An opinion of counsel to the USDFA, dated as of the date of Closing and addressed to the Underwriter, the District and the Trustee in the form attached hereto as Exhibit E.

(6) The opinion of counsel to the Trustee, dated the date of Closing in form and substance satisfactory to the Underwriter and Bond Counsel, and addressed to the USDFA, the District and the Underwriter, to the effect that:

(i) the Trustee is a national banking association duly organized and validly existing under the laws of the United States;

(ii) the Trustee has duly authorized the execution and delivery of the Indenture;

(iii) the Indenture has been duly entered into and delivered by the Trustee and assuming due, valid and binding authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Trustee enforceable against the Trustee in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally, or by general principles of equity;

(iv) the Trustee has duly authenticated and delivered the Bonds in its capacity as trustee under the Indenture;

(v) acceptance by the Trustee of the duties and obligations under the Indenture and compliance with provisions thereof will not conflict with or constitute a breach of or default under any law or administrative regulation to which the Trustee is subject; and

(vi) all approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the performance by the Trustee of its duties and obligations under the Indenture have been obtained and are in full force and effect.

(7) An opinion, dated the date of the Closing and addressed to the Underwriter, of Kutak Rock LLP, counsel to the Underwriter ("**Underwriter's Counsel**"), in such form as may be acceptable to the Underwriter.

(8) A certificate, dated the date of Closing, signed by a duly authorized official of the USDFA satisfactory in form and substance to the Underwriter and Bond Counsel, (a) confirming as of such date the representations and warranties of the USDFA contained in this Purchase Agreement; (b) certifying that the USDFA has complied with all agreements, covenants and conditions to be complied with by the USDFA at or prior to the Closing under the USDFA Documents; and (c) certifying that to the best of such official's knowledge, no event affecting the USDFA has occurred since the date of the Official Statement which either makes

untrue or incorrect in any material respect as of the Closing the statements or information contained in the Official Statement with respect to the USDFA or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein with respect to the USDFA not misleading in any material respect.

(9) A certificate or certificates, dated the date of Closing, signed by a duly authorized official of the District satisfactory in form and substance to the Underwriter and Bond Counsel, (a) confirming as of such date the representations and warranties of the District contained in this Purchase Agreement; (b) certifying that the District has complied with all agreements, covenants and conditions to be complied with by the District at or prior to the Closing under the District Documents; and (c) certifying that to the best of such official's knowledge, no event affecting the District has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing the statements or information contained in the Official Statement with respect to the Wastewater System or the District or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein with respect to the Wastewater System or the District not misleading in any material respect.

(10) A certificate, dated the date of the Preliminary Official Statement, signed by a duly authorized official of the USDFA deeming the Preliminary Official Statement "final" for purposes of Rule 15c2-12 except for the information with respect to the District.

(11) A certificate, dated the date of the Preliminary Official Statement, signed by a duly authorized official of the District deeming the information contained in the Preliminary Official Statement with respect to the District "final" for purposes of Rule 15c2-12.

(12) An executed or certified copy of each of the Legal Documents.

(13) One counterpart original or copy certified by a duly authorized officer of the District of a complete transcript of all proceedings of the District relating to the approval of the District Documents and the authorization, issuance, sale and delivery of the Bonds, together with a certificate dated as of the date of Closing of a duly authorized officer of the District to the effect that each included resolution is a true, correct and complete copy of the one duly adopted by the Board of Directors of the District and that none have been amended, modified or rescinded since adoption (except as reflected in said transcript or as may have been agreed to in writing by the Underwriter) and is in full force and effect as of the date of Closing.

(14) One counterpart original or copy certified by a duly authorized officer of the USDFA of a complete transcript of all proceedings of the USDFA relating to the approval of the USDFA Documents and the authorization, issuance, sale and delivery of the Bonds, together with a certificate dated as of the date of Closing of a duly authorized officer of the USDFA to the effect that each included resolution is a true, correct and complete copy of the one duly adopted by the Board of Directors of the USDFA and that none have been amended, modified or rescinded since adoption (except as reflected in said transcript or as may have been agreed to in writing by the Underwriter) and is in full force and effect as of the date of Closing.

(15) An executed copy of the Official Statement.

(16) A certified copy of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution and delivery of documents such as the Bonds and the Indenture.

(17) A Tax Certificate of the USDFA and the District in form and substance acceptable to Bond Counsel.

(18) A Certificate of the Trustee, dated the Closing Date to the effect that:

(i) the Trustee is duly organized and existing as a national banking association in good standing under the laws of the United States, having the full power and authority to accept and perform its duties under the Indenture;

(ii) subject to the provisions of the Indenture, the Trustee will apply the proceeds from the Bonds to the purposes specified in the Indenture;

(iii) the Trustee has duly authorized and executed the Indenture; and

(iv) the Trustee has duly authenticated and delivered the Bonds in its capacity as trustee under the Indenture.

(19) A certificate as required by the installment purchase agreement for the installment payments securing the 2020 Bonds regarding the execution and delivery of the Installment Purchase Agreement as a Contract.

(20) Evidence that the Bonds have been given the ratings set forth in the Official Statement and that such ratings continue in effect as of the date of Closing.

(21) Evidence that a federal tax information form 8038-G has been prepared for filing with respect to the Bonds.

(22) A copy of the Notice of Final Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855 of the California Government Code.

(23) Such additional legal opinions, certificates, proceedings, instruments and other documents as Bond Counsel, the Underwriter and Underwriter's Counsel may reasonably request to evidence compliance with legal requirements, the truth and accuracy, as of the time of Closing, of the representations contained herein and in the Official Statement and the due performance or satisfaction by the Trustee and the USDFA at or prior to such time of all agreements then to be performed and all conditions then to be satisfied.

If the conditions to the Underwriter's obligations contained in this Purchase Agreement are not satisfied or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and none of the Underwriter, the District nor the USDFA shall have any further obligation hereunder.

10. The Underwriter may terminate its obligation to purchase the Bonds at any time before the Closing Date if the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds shall be materially adversely affected in the reasonable judgment of the Underwriter by the occurrence of any of the following:

(i) Legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to alter, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds, or the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein; or

(ii) Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Bonds, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect; or

(iii) A general suspension of trading in securities on the New York Stock Exchange or any other national securities exchange, the establishment of minimum or maximum prices on any such national securities exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, or any material increase of restrictions now in force (including, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter); or

(iv) A general banking moratorium shall have been established by federal, New York or California authorities; or

(v) Establishment of any new restrictions in securities materially affecting the free market for securities of the same nature as the Bonds (including the imposition of any limitations on interest rates) or the charge to the net capital requirements of the Underwriter established by the New York Stock Exchange, the Securities and Exchange Commission, any other Federal or state agency or the Congress of the United States, or by Executive Order; or

(vi) Any amendment to the federal or California Constitution or action by any federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the USDFA or the District, its property, income or securities (or interest thereon), or the ability of the District to execute the Installment Purchase Agreement or the USDFA to issue the Bonds and pledge the USDFA Revenues as contemplated by the Indenture and the Official Statement; or

(vii) There shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (2) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis; or

(viii) A material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or

(ix) Any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or the Official Statement, or results in the Preliminary Official Statement or the Official Statement containing any untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or

(x) Any fact or event shall exist or have existed that requires or has required an amendment of or supplement to the Official Statement; or

(xi) The suspension by the SEC of the trading in the outstanding bonds of USDFA or the District; or

(xii) Any rating of the Bonds or other obligations of the USDFA or the District by a national rating agency shall have been withdrawn or downgraded or placed on negative outlook or negative watch.

11. Performance by the USDFA and the District of their respective obligations under this Purchase Agreement is conditioned upon (i) performance by the Underwriter of its obligations hereunder, and (ii) receipt by the Underwriter of all opinions and certificates to be delivered at Closing by persons and entities other than the USDFA or the District.

12. After the Closing and until the End Date (a) neither the USDFA nor the District will adopt any amendment of or supplement to the Official Statement to which the Underwriter shall object in writing, and (b) if any event relating to or affecting the USDFA or the District shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to an initial purchaser of the Bonds, and the USDFA will forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered

to an initial purchaser of the Bonds, not misleading. The costs of preparing any necessary amendment or supplement to the Official Statement to be utilized until the End Date shall be borne by the District. For the purposes of this Section, the USDFA and the District will furnish such information with respect to itself as the Underwriter may from time to time request.

13. (a) The Underwriter shall be under no obligation to pay, and the District or USDFA shall pay or cause to be paid out of the proceeds of the Bonds, all expenses incident to the performance of the USDFA's and District's obligations hereunder, including but not limited to: the cost of photocopying and delivering the Bonds to the Underwriter; the cost of preparing, printing (and/or word processing and reproducing), distributing and delivering the District Documents and the USDFA Documents, and the cost of printing, distributing and delivering the Preliminary Official Statement and the Official Statement in such reasonable quantities as requested by the Underwriter; and the fees and disbursements of Bond Counsel, Disclosure Counsel, the Municipal Advisor, any accountants, financial advisors or other engineers or experts or consultants the USDFA or the District have retained in connection with the Bonds and expenses (included in the expense component of the Underwriter's spread) incurred on behalf of the USDFA or District officers or employees which are incidental to implementing this Purchase Agreement, including, but not limited to, meals, transportation, and lodging of those officers or employees.

(b) Whether or not the Bonds are delivered to the Underwriter as set forth herein, neither the USDFA nor the District shall be under any obligation to pay, and the USDFA and the District shall not pay, any expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds (except those specifically enumerated in subsection (a) of this section), including any advertising expenses and the fees of the California Debt and Investment Advisory Commission, CUSIP Services Bureau charges, the cost of preparation of any "blue sky" or legal investment memoranda, and the fees and disbursements of Underwriter's Counsel.

14. Any notice or other communication to be given to the Underwriter may be given by delivering the same to RBC Capital Markets, LLC, Two Embarcadero Center, Suite 1200, San Francisco, California 94111; Attention: Municipal Finance Department. Any notice or other communication to be given to the USDFA or the District may be given by delivering the same to addresses initially provided herein, Attention: Executive Director with respect to the USDFA and Attention: General Manager with respect to the District. The approval of the Underwriter when required hereunder or the determination of satisfaction as to any document referred to herein shall be in writing signed by the Underwriter and delivered to you.

15. This Purchase Agreement is made solely for the benefit of the USDFA, the District and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof.

16. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which such counterparts shall together constitute but one and the same instrument.

17. The representations and warranties of the USDFA and the District set forth in or made pursuant to this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Purchase Agreement and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and warranties of the USDFA and the District and regardless of delivery of and payment for the Bonds.

18. The primary role of the Underwriter, as underwriter, is to purchase the Bonds for resale to investors in an arms-length commercial transaction among the District, the USDFA and the Underwriter. The Underwriter, as underwriter, has financial and other interests that differ from those of the USDFA and the District.

19. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the USDFA, the District and the Underwriter, and shall be valid and enforceable as of the time of such acceptance.

20. This Purchase Agreement shall be governed by the laws of the State of California. This Purchase Agreement shall not be assigned by either party hereto.

21. This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of Bonds by the USDFA and the District and represents the entire agreement of the parties as to the subject matter herein.

22. Any provision of this Purchase Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Purchase Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

RBC CAPITAL MARKETS, LLC

By: _____
Robert L. Williams, Jr.
Managing Director

The foregoing is hereby agreed to and accepted as of the date first above written:

UNION SANITARY DISTRICT FINANCING AUTHORITY

By: _____
Authorized Officer

Time of Execution: _____ p.m. California time

UNION SANITARY DISTRICT

By: _____
Authorized Officer

Time of Execution: _____ p.m. California time

**[EXECUTION PAGE OF BOND PURCHASE AGREEMENT – UNION SANITARY DISTRICT
FINANCING AUTHORITY REVENUE BONDS, SERIES 2021A]**

EXHIBIT A

\$_____

**UNION SANITARY DISTRICT FINANCING AUTHORITY
REVENUE BONDS, SERIES 2021A**

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Price	10% Test Satisfied*	10% Test Not Satisfied	Subject to Hold-The- Offering- Price Rule (marked if used)
2021							
2022							
2023							
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
2036							
2037							
2038							
2039							
2040							
20__ ^(T)							
20__ ^(T)							

^(T) Term Bond.

^(C) Priced to optional call at [par] on September 1, 20__.

* At the time of execution of this Purchase Agreement and assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement.

EXHIBIT B

\$_____

**UNION SANITARY DISTRICT FINANCING AUTHORITY
REVENUE BONDS, SERIES 2021A**

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, on behalf of RBC CAPITAL MARKETS, LLC (“RBC”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) *Issuer* means Union Sanitary District Financing Authority.

(c) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(d) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

3. ***Yield.*** RBC has provided the schedule attached in Schedule B with respect to the arbitrage yield on the Bonds.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents RBC’s interpretation of any laws, including specifically Sections 103 and

148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth, a Professional Corporation in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

RBC CAPITAL MARKETS, LLC

By: _____

Name: _____

Dated: [Closing Date]

SCHEDULE A
SALE PRICES OF THE GENERAL RULE MATURITIES
(Attached)

SCHEDULE B
ARBITRAGE YIELD PROOF
(Attached)

EXHIBIT C

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

[Closing Date]

RBC Capital Markets, LLC
Two Embarcadero Center, Suite 1200
San Francisco, California 94111

Re: \$_____ *Union Sanitary District Financing Authority*
 Revenue Bonds, Series 2021A

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Union Sanitary District Financing Authority (the “USDFA”), a joint exercise of powers agency organized and existing under the laws of the State of California, of \$_____ aggregate principal amount of Union Sanitary District Financing Authority Revenue Bonds, Series 2021A (the “Bonds”), under and pursuant to the provisions relating to the joint exercise of powers found in Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended (the “Act”), and under and pursuant to the Indenture of Trust (the “Indenture”), dated as of July 1, 2021 by and between the USDFA and U.S. Bank National Association., as trustee. Capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Indenture.

On the date hereof, we delivered to the USDFA our opinion relating to, among other things, the validity of the Bonds and the Indenture (the “Approving Opinion”). You are authorized to rely upon the Approving Opinion as if addressed to you.

Based upon the foregoing and our review of such other information, documents and matters of law as we considered necessary and in reliance on the foregoing, as appropriate, we are of the opinion that:

(i) The Bond Purchase Agreement, dated [BPA Date] (the “Purchase Agreement”), by and among the USDFA, the Union Sanitary District and RBC Capital Markets, LLC, as underwriter (the “Underwriter”), relating to the Bonds, has been duly authorized, executed and delivered by the USDFA, and assuming due authorization, execution and delivery by the Underwriter, is a valid and binding agreement of the USDFA enforceable in accordance with its terms;

(ii) The statements contained in the Official Statement dated [OS Date] for the Bonds (the “Official Statement”) under the captions “INTRODUCTION — Security for the Bonds” and

“— Installment Payments,” “THE BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,” “TAX MATTERS,” in APPENDIX A – “SUMMARY OF THE INDENTURE AND THE INSTALLMENT PURCHASE AGREEMENT,” and in APPENDIX E – “FORM OF BOND COUNSEL OPINION,” insofar as such statements purport to summarize certain provisions of the Bonds and certain provisions of the Installment Purchase Agreement, the Indenture and our Approving Opinion with respect to certain federal and state income tax matters related to the Bonds, are accurate in all material respects; and

(iii) The Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

Quint & Thimmig LLP has served as disclosure counsel in connection with the issuance of the Bonds. Other than as set forth in paragraph (ii) above, we express no opinion with respect to the accuracy, completeness, fairness or sufficiency of the Preliminary Official Statement dated [POS Date] for the Bonds, and the Official Statement, including any statistical or financial data contained therein or any appendices or attachments thereto.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Purchase Agreement, the Indenture, the Installment Purchase Agreement and the Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer and other similar laws affecting creditors’ rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California.

By delivering this letter, we are not expressing any opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the Indenture, the Bonds or the Installment Purchase Agreement, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Indenture, the Bonds or the Installment Purchase Agreement or the accuracy or sufficiency of the description of such assets, or the remedies available to enforce liens on, any such assets.

Except as expressly set forth in the Approving Opinion, we express no opinion regarding any tax consequences with respect to the Bonds. No opinion is expressed herein with respect to the compliance with, or applicability of, any “blue sky” laws of any state as they relate to the offer or sale of the Bonds.

This opinion is limited to matters governed by the laws of California and federal securities laws, and we assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

This letter is being furnished to you solely for your benefit in connection with your purchase of the Bonds in accordance with the Purchase Agreement and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person without our prior written consent. This letter is not intended to and may not be relied upon by owners of the Bonds or any beneficial interest therein or any other party to which it is not addressed. The Underwriter has been represented in connection with the purchase of the Bonds by its counsel; and no attorney-client relationship has existed or exists between the Underwriter and our firm in connection therewith or by virtue of this letter.

Respectfully submitted,

EXHIBIT D

FORM OF DISTRICT COUNSEL OPINION

[Closing Date]

RBC Capital Markets, LLC
Two Embarcadero Center, Suite 1200
San Francisco, CA 94111

Union Sanitary District
5072 Benson Road
Union City, CA 94587

U.S. Bank National Association
633 West 5th Street, 24th Floor
Los Angeles, CA 90071

Re: \$_____ Union Sanitary District Financing Authority Revenue Bonds,
 Series 2021A

Ladies and Gentlemen:

This letter is provided to you in our capacity as General Counsel to the Union Sanitary District (the “District”) in connection with proceedings relative to the issuance and delivery of the \$_____ aggregate principal amount of Union Sanitary District Financing Authority Revenue Bonds, Series 2021A (the “Bonds”). All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to such terms in the Bond Purchase Agreement, dated [BPA Date], by and among the District, the Union Sanitary District Financing Authority (the “USDFA”) and RBC Capital Markets, LLC, as underwriter (the “Purchase Agreement”).

In arriving at the opinions expressed below, we have examined and are familiar with: (i) documents relating to the existence, organization and operation of the District; (ii) the District Closing Certificate dated [Closing Date], and executed by the District’s General Manager or other duly authorized officer regarding the District and the above-referenced transaction; (iii) documentation of the District relating to the authorization, execution and delivery of the above referenced transaction; (iv) the District Documents; and (v) such other documents, records and instruments and made such investigations of law and fact as we have deemed necessary to render the opinions expressed herein.

In rendering the opinions herein, we have relied only on our examination of the foregoing documents and we have made no independent verification of the accuracy of the factual matters represented or set forth in such documents. In addition, we have relied on discussions with other

staff members and the General Manager of the District, and information made available in the ordinary course of business in our role as General Counsel to the District. In rendering the opinions expressed below, we have assumed, but not independently verified, that the signatures on all documents which we have examined are genuine. The law firm of Stradling Yocca Carlson & Rauth, a Professional Corporation, has acted as bond counsel with respect to the matters referred to herein, and we have reviewed the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, set forth in their letter to the USDFA dated [Closing Date].

Based upon the foregoing and such other matters of law as we deemed necessary for purposes of rendering this opinion, and subject to the qualifications set forth below, we are of the opinion that:

(a) The District is a sanitary district created in accordance with the laws of the State of California.

(b) The preparation and distribution of the Official Statement and the District Documents have been duly approved by the District.

(c) The resolution of the District approving and authorizing the execution and delivery of the Official Statement and the District Documents was duly adopted at a meeting of the governing body of the District which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and such resolution has not been amended or modified and is in full force and effect.

(d) To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, threatened against or affecting the District, which would adversely impact the District's ability to complete the transactions described in and contemplated by the Official Statement, to restrain or enjoin the payments under the Installment Purchase Agreement, or in any way contesting or affecting the validity of the District Documents, or the transactions described and defined in the Official Statement wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the District Documents.

(e) The execution and delivery of the District Documents and the approval of the Official Statement, and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the District a breach of or default under any agreement or other instrument to which the District is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the District is subject.

(f) The District Documents and the Official Statement have been duly authorized, executed and delivered by the District, and, assuming due authorization, execution and delivery by the other parties thereto, the District Documents constitute legal, valid and binding agreements of the District enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the

enforcement of creditors' rights generally and by the application of equitable principles if sought and by the limitations on legal remedies imposed on actions against public agencies in the State of California.

(g) No authorization, approval, consent, or other order of the State of California or any other governmental authority or agency within the State of California other than the District is required for the valid authorization, execution and delivery of the District Documents and the approval of the Official Statement by the District.

(h) The District's charges and fees with respect to the Wastewater System were duly approved and adopted by the District, and are valid and enforceable at the current levels levied by the District.

(i) Nothing has come to our attention which would lead us to believe that the information relating to the District or the Wastewater System contained in the Official Statement contains an untrue statement or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

This opinion is rendered only with respect to the laws of the State of California and the United States of America and is addressed only to the addressees listed above (the "Addressees"). This letter is furnished to the Addressees in connection with the District Documents and may not be relied upon by the Addressees for any other purpose. This letter is not to be used, circulated, quoted, or otherwise referred to by the Addressees, provided that a copy may be included with the transcript of proceedings relating to the Bonds.

This letter is not intended to and may not be relied upon by any other person to whom it is not explicitly addressed. We disclaim any obligation to update any of the matters addressed in this letter. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the District Documents. No opinion is rendered regarding the availability of equitable remedies in connection with enforcement of the District Documents. Further, no opinion is rendered with respect to state blue sky laws; federal or state securities laws; or federal or state tax laws. Other than the District, no attorney-client relationship has existed or exists between our firm and the Addressees in connection with the Bonds or by virtue of this letter and we are not assuming any professional responsibility to any other person whomsoever. This letter is not intended to and may not be relied upon by owners of the Bonds or any beneficial interest therein or any other party to which it is not addressed.

Respectfully submitted,

EXHIBIT E

FORM OF USDFA COUNSEL OPINION

[Closing Date]

RBC Capital Markets, LLC
Two Embarcadero Center, Suite 1200
San Francisco, CA 94111

Union Sanitary District Financing Authority
5072 Benson Road
Union City, CA 94587

U.S. Bank National Association
633 West 5th Street, 24th Floor
Los Angeles, CA 90071

Re: \$_____ Union Sanitary District Financing Authority Revenue Bonds,
 Series 2021A

Ladies and Gentlemen:

This letter is provided to you in our capacity as General Counsel to the Union Sanitary District Financing Authority (the “USDFA”) in connection with the execution and delivery by the USDFA of that certain Indenture of Trust, dated as of July 1, 2021, by and between U.S. Bank National Association, as Trustee and the USDFA (the “Indenture”) in connection with proceedings relative to the issuance and delivery of the \$_____ aggregate principal amount of Union Sanitary District Financing Authority Revenue Bonds, Series 2021A (the “Bonds”). All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to such terms in the Purchase Agreement, dated [BPA Date], by and among the USDFA, the Union Sanitary District (the “District”) and RBC Capital Markets, LLC, as underwriter (the “Purchase Agreement”).

In arriving at the opinions expressed below, we have examined and are familiar with: (i) documents relating to the existence, organization and operation of the USDFA; (ii) the USDFA Closing Certificate dated [Closing Date], and executed by the USDFA’s Executive Director or other duly authorized officer regarding the USDFA and the above-referenced transaction; (iii) documentation of the USDFA relating to the authorization, execution and delivery of the above referenced transaction; (iv) the USDFA Documents and (v) such other documents, records and instruments and made such investigations of law and fact as we have deemed necessary to render the opinions expressed herein.

In rendering the opinions herein, we have relied only on our examination of the foregoing documents and we have made no independent verification of the accuracy of the factual matters represented or set forth in such documents. In addition, we have relied on discussions with other staff members of the USDFA and the District, and information made available in the ordinary course of business in our role as General Counsel to the USDFA. In rendering the opinions expressed below, we have assumed, but not independently verified, that the signatures on all documents which we have examined are genuine. The law firm of Stradling Yocca Carlson & Rauth, a Professional Corporation, has acted as bond counsel with respect to the matters referred to herein, and we have reviewed the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, set forth in their letter to the USDFA dated [Closing Date].

Based upon the foregoing and such other matters of law as we deemed necessary for purposes of rendering this opinion, and subject to the qualifications set forth below, we are of the opinion that:

(a) The USDFA is a joint powers authority duly organized and validly existing under the laws of the State of California.

(b) The preparation and distribution of the Official Statement and the USDFA Documents have been duly approved by the USDFA.

(c) The resolution of the USDFA approving and authorizing the execution and delivery of the Official Statement and the USDFA Documents was duly adopted at a meeting of the governing body of the USDFA which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and such resolution has not been amended or modified and is in full force and effect.

(d) To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, threatened against or affecting the USDFA, which would adversely impact the USDFA's ability to complete the transactions described in and contemplated by the Official Statement, to restrain or enjoin the payments under, or in any way contesting or affecting the validity of the USDFA Documents, or the transactions described and defined in the Official Statement wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the USDFA Documents.

(e) The execution and delivery of the USDFA Documents and the approval of the Official Statement, and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the USDFA a breach of or default under any agreement or other instrument to which the USDFA is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the USDFA is subject.

(f) The USDFA Documents and the Official Statement have been duly authorized, executed and delivered by the USDFA, and, assuming due authorization, execution and delivery

by the other parties thereto, the USDFA Documents constitute legal, valid and binding agreements of the USDFA enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if sought and by the limitations on legal remedies imposed on actions against public agencies in the State of California.

(g) No authorization, approval, consent, or other order of the State of California or any other governmental authority or agency within the State of California other than the USDFA is required for the valid authorization, execution and delivery of the USDFA Documents and the approval of the Official Statement by the USDFA.

(h) Nothing has come to our attention which would lead us to believe that the information relating to the USDFA contained in the Official Statement contains an untrue statement or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

This opinion is rendered only with respect to the laws of the State of California and the United States of America and is addressed only to the addressees listed above (the "Addressees"). This letter is furnished to the Addressees in connection with the USDFA Documents and may not be relied upon by the Addressees for any other purpose. This letter is not to be used, circulated, quoted, or otherwise referred to by the Addressees, provided that a copy may be included with the transcript of proceedings relating to the Bonds.

This letter is not intended to and may not be relied upon by any other person to whom it is not explicitly addressed. We disclaim any obligation to update any of the matters addressed in this letter. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the USDFA Documents. No opinion is rendered regarding the availability of equitable remedies in connection with enforcement of the USDFA Documents. Further, no opinion is rendered with respect to state blue sky laws; federal or state securities laws; or federal or state tax laws. Other than the USDFA, no attorney-client relationship has existed or exists between our firm and the Addressees in connection with the Bonds or by virtue of this letter and we are not assuming any professional responsibility to any other person whomsoever. This letter is not intended to and may not be relied upon by owners of the Bonds or any beneficial interest therein or any other party to which it is not addressed.

Respectfully submitted,

PRELIMINARY OFFICIAL STATEMENT DATED JULY 27, 2021

NEW ISSUE—FULL BOOK-ENTRY

RATINGS:
Fitch: “ ”
S&P: “ ”
 See “RATINGS” herein

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Sacramento, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in this Official Statement, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Series 2021A Bonds is exempt from State of California personal income taxes. See “TAX MATTERS” herein.



\$ _____ * UNION SANITARY DISTRICT FINANCING AUTHORITY Revenue Bonds, Series 2021A (Alameda County, California)

Dated: As of Date of Delivery

Due: September 1, as shown below

The \$ _____ * Union Sanitary District Financing Authority Revenue Bonds, Series 2021A (the “Bonds”) are being issued by the Union Sanitary District Financing Authority (the “USDFA”), in fully registered form without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). Payments of the principal of and interest on the Bonds will be made by U.S. Bank National Association, as trustee for the Bonds (the “Trustee”), to DTC, which is obligated in turn to remit such principal and interest to DTC participants for subsequent disbursement to the beneficial owners of the Bonds. The Bonds are being issued pursuant to an Indenture, dated as of July 1, 2021 (the “Indenture”), by and between the USDFA and the Trustee. Interest on the Bonds will be payable semi-annually on each March 1 and September 1, commencing on March 1, 2022.

The Bonds are being issued to provide funds to (i) finance improvements to the wastewater system (the “Wastewater System”) owned and operated by the Union Sanitary District (the “District”), and (ii) pay the costs of issuing the Bonds. See “THE FINANCING PLAN” herein. The Bonds are special obligations of the USDFA payable from USDFA Revenues (as defined herein) consisting primarily of installment payments (the “Installment Payments”) payable by the District under an installment purchase agreement, dated as of July 1, 2021, by and between the USDFA, as seller, and the District, as purchaser (the “Installment Purchase Agreement”).

The District is obligated under the Installment Purchase Agreement to make Installment Payments from Net Revenues of the Wastewater System, on a parity with its obligation to make payments under the outstanding installment purchase agreement, dated as of January 1, 2020, by and between the USDFA and the District securing the USDFA’s Union Sanitary District Financing Authority Revenue Bonds, Series 2020A, and obligations of the District hereafter issued or incurred by the District and secured by Gross Revenues on a parity therewith (collectively, “Parity Obligations”). The Installment Payments are scheduled in an amount sufficient to pay, when due, the principal of and interest on the Bonds. The District has covenanted under the Installment Purchase Agreement to fix and prescribe, at the commencement of each Fiscal Year, rates and charges from the services and facilities of the Wastewater System which are reasonably expected to yield Net Revenues equal to at least 1.20 times the aggregate of obligations of the District with respect to the Installment Payments and payments with respect to the Parity Obligations in such Fiscal Year, as further described herein. “Net Revenues” are the Gross Revenues of the Wastewater System, less Operation and Maintenance Costs of the Wastewater System. The Installment Payments are not subject to abatement. **A debt service reserve fund will not be funded for the Bonds.**

THE OBLIGATION OF THE DISTRICT TO MAKE THE INSTALLMENT PAYMENTS DESCRIBED HEREIN IS A SPECIAL OBLIGATION OF THE DISTRICT PAYABLE SOLELY FROM NET REVENUES OF THE WASTEWATER SYSTEM AND DOES NOT CONSTITUTE A DEBT OF THE DISTRICT, ALAMEDA COUNTY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The Bonds are subject to optional redemption, redemption from insurance and condemnation proceeds and redemption from scheduled sinking fund payments, as described herein. See “THE BONDS—Redemption” herein.

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE USDFA, PAYABLE SOLELY FROM AND SECURED SOLELY BY A PLEDGE OF USDFA REVENUES (PRIMARILY DERIVED FROM THE INSTALLMENT PAYMENTS MADE BY THE DISTRICT UNDER THE INSTALLMENT PURCHASE AGREEMENT) AND AMOUNTS HELD IN CERTAIN FUNDS AND ACCOUNTS UNDER THE INDENTURE.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND PRICES

CUSIP† Prefix: _____

Maturity September 1	Principal Amount	Interest Rate	Yield	Price	CUSIP+ Suffix	Maturity September 1	Principal Amount	Interest Rate	Yield	Price	CUSIP+ Suffix
-------------------------	---------------------	------------------	-------	-------	------------------	-------------------------	---------------------	------------------	-------	-------	------------------

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY. IT IS **NOT** A SUMMARY OF THIS ISSUE OF BONDS. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE PURCHASE OF THE BONDS.

The Bonds are offered when, as and if issued and received by the Underwriter and subject to the approval as to their validity by Stradling Yocca Carlson & Rauth, A Professional Corporation, Sacramento, California, Bond Counsel. Certain legal matters will also be passed upon for the District by Quint & Thimmig LLP, Larkspur, California, as Disclosure Counsel, and by Burke, Williams & Sorensen, LLP, Oakland, California, counsel to the District. Certain legal matters will be passed upon for the USDFA by Burke, Williams & Sorensen, LLP, Oakland, California. Certain legal matters will be passed upon for the Underwriter by Kutak Rock LLP, Irvine, California. It is anticipated that the Bonds will be delivered in definitive form through the facilities of DTC on or about August 12, 2021.



**Capital
Markets**

Dated: August __, 2021

*Preliminary, subject to change.

† Copyright 2021, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, operated by S&P Capital IQ. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the USDFA or the District and are included solely for the convenience of the registered owners of the Bonds. None of the USDFA, the District or the Underwriter is responsible for the selection or uses of these CUSIP numbers and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Bonds, nor shall there be any sale of the Bonds in any state or other jurisdiction in which it is unlawful to make such offer, solicitation or sale in such state or jurisdiction.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. No dealer, broker, salesperson or other person has been authorized by the USDFA, the District or the Underwriter to give any information or to make any representations other than as contained herein in connection with the offering of the Bonds, and, if given or made, such other information or representations must not be relied upon as having been authorized by the USDFA, the District or the Underwriter.

All summaries of the documents referred to in this Official Statement are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

The Underwriter has submitted the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts. The information set forth herein has been obtained from sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the USDFA or the District. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder, under any circumstances, shall create any implication that there has been no change in the affairs of any party described herein subsequent to the date as of which such information is presented.

When used in this Official Statement and in any continuing disclosure by the USDFA or the District, in any press release and in any oral statement made with the approval of an authorized officer of the USDFA or the District, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, give rise to any implication that there has been no change in the affairs of the USDFA or the District since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENTS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

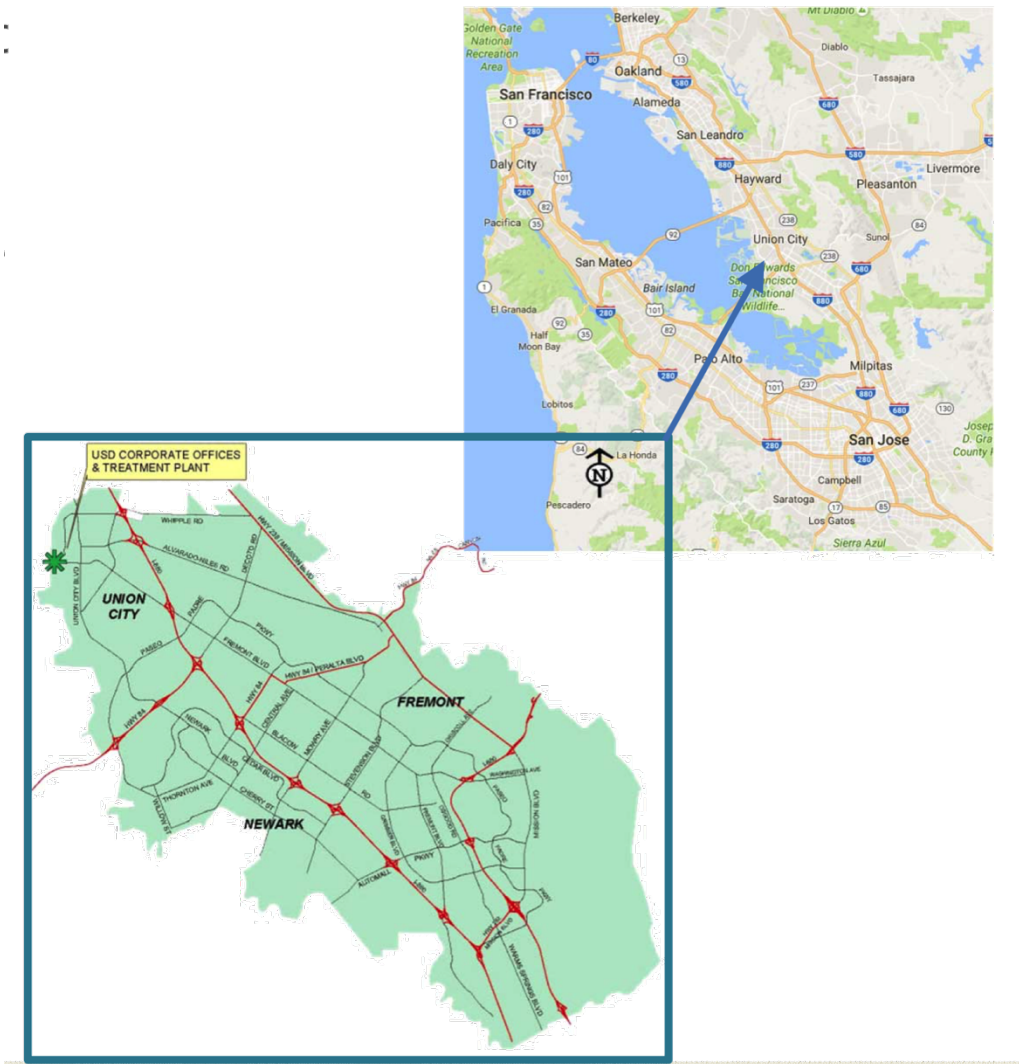
THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The District maintains a website. Unless specifically indicated otherwise, the information presented on such website is **not** incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds.

TABLE OF CONTENTS

INTRODUCTION.....1	DISTRICT FINANCIAL INFORMATION..... 29
Issuance of Bonds.....1	Budget Process 29
Security for the Bonds.....1	Financial Statements 29
Installment Payments.....2	Impact of COVID-19 Pandemic on the District 30
The USDFA4	District Financial Management Policies..... 30
The District.....4	Outstanding Debt 31
The Wastewater System5	Historical Operating Results and Debt Service
District Finances5	Coverage..... 32
Tri-City Area and the County5	Proposed Future Debt 32
Book-Entry System5	Projected Operating Results and Debt Service
Continuing Disclosure6	Coverage..... 34
Tax Matters6	Capital Improvement Program 35
Certain Risk Factors.....6	Risk Management..... 36
Forward-Looking Statements.....6	Employee Retirement Plans 36
Other Information.....7	Defined Contribution Pension Plan 39
ESTIMATED SOURCES AND USES OF FUNDS8	Other Post-Employment Benefits..... 40
THE FINANCING PLAN8	RISK FACTORS RELATING TO THE BONDS 41
2021 Project8	Limited Obligations 41
Costs of Issuance.....8	Gross Revenues; Rate Covenant 42
DEBT SERVICE REQUIREMENTS9	Risks Related to Facilities and Operations..... 42
THE BONDS.....10	Future Land Use Regulations..... 43
General.....10	Limitations on Rate Setting Under the
Transfer and Exchange of Bonds10	California Constitution..... 44
Redemption.....11	Limited Recourse on Default..... 47
SECURITY AND SOURCES OF PAYMENT FOR THE	Limitations on Remedies 47
BONDS.....13	Initiatives..... 48
General.....13	Bankruptcy 48
Installment Purchase Agreement14	Tax Exemption..... 48
THE DISTRICT17	Future Parity Obligations 48
General Background.....17	Secondary Market 48
Service Area and Land Use17	Risks Related to Cyber Security 48
District Board.....18	Natural Calamities and Climate Change 49
Management and Employees19	Pension Benefit Liability..... 50
WASTEWATER SYSTEM20	INVESTMENT OF DISTRICT FUNDS..... 50
Wastewater Treatment Plant20	TAX MATTERS 51
The East Bay Dischargers Authority and	CERTAIN LEGAL MATTERS 52
Regulatory Requirements.....21	MUNICIPAL ADVISOR..... 53
Wastewater Collection System23	LITIGATION 53
Wastewater System Customers.....23	RATINGS 53
Wastewater System Rates25	CONTINUING DISCLOSURE..... 54
Billing and Collection of Wastewater System	UNDERWRITING 54
Charges28	MISCELLANEOUS 55
APPENDIX A: SUMMARY OF THE INDENTURE AND THE INSTALLMENT PURCHASE AGREEMENT	
APPENDIX B: COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED	
JUNE 30, 2020 WITH COMPARATIVE INFORMATION FOR FISCAL YEAR ENDED JUNE 30, 2019	
APPENDIX C: FORM OF THE CONTINUING DISCLOSURE CERTIFICATE	
APPENDIX D: TRI-CITY AREA AND ALAMEDA COUNTY SUPPLEMENTAL INFORMATION	
APPENDIX E: FORM OF BOND COUNSEL OPINION	
APPENDIX F: BOOK-ENTRY ONLY SYSTEM	
APPENDIX G: DISTRICT'S INVESTMENT POLICY	
APPENDIX H: CAPACITY CHARGE ORDINANCE	

DISTRICT LOCATION AND SERVICE AREA MAPS



**UNION SANITARY DISTRICT FINANCING AUTHORITY
UNION SANITARY DISTRICT**

5072 Benson Road
Union City, CA 94587-2508
Phone: (510) 477-7500
<http://www.unionsanitary.com>*

USDFA and District Boards of Directors

Pat Kite, *President, Ward 2 (Newark)*
Anjali Lathi, *Vice President, Ward 3 (Fremont)*
Manny Fernandez, *Secretary, Ward 1 (Union City)*
Jennifer Toy, *Member, Ward 3 (Fremont)*
Tom Handley, *President, Ward 3 (Fremont)*

District Staff and Officials

Paul Eldredge, *General Manager/District Engineer*
Mark Carlson, *Business Services Manager/CFO*
Armando Lopez, *Treatment & Disposal Services Manager*
Robert Simonich, *Fabrication Maintenance & Construction Manager*
Sami Ghossain, *Technical Services Manager*
James Schofield, *Collection Services Manager*
Karen W. Murphy, Esq., *General Counsel*

Special Services

Burke, Williams & Sorensen, LLP
Oakland, California
District Counsel

Fieldman, Rolapp & Associates, Inc.
Irvine, California
Municipal Advisor

Stradling Yocca Carlson & Rauth, A Professional Corporation
Sacramento, California
Bond Counsel

Quint & Thimmig LLP
Larkspur, California
Disclosure Counsel

U.S. Bank National Association
San Francisco, California
Trustee

*Information therein is not incorporated by reference into this Official Statement.

OFFICIAL STATEMENT

\$ _____ *

UNION SANITARY DISTRICT FINANCING AUTHORITY
Revenue Bonds, Series 2021A
(Alameda County, California)

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of, and guide to, and is qualified by, more complete and detailed information contained in the remainder of this Official Statement and the documents summarized or described herein. The offering of the above-captioned Bonds to potential investors is made only by means of the entire Official Statement and potential investors should thoroughly review it prior to purchasing such Bonds.

Unless otherwise defined herein, all capitalized terms used in this Official Statement that are defined in the Indenture (defined below) will have the meanings set forth therein, some of which are set forth in APPENDIX A—SUMMARY OF THE INDENTURE AND THE INSTALLMENT PURCHASE AGREEMENT.

Issuance of Bonds

The \$ _____ * Union Sanitary District Financing Authority Revenue Bonds, Series 2021A (the “Bonds”) are being issued by the Union Sanitary District Financing Authority (the “USDFA”) to provide funds to (a) finance improvements (the “2021 Project”) to the wastewater system (the “Wastewater System”) owned and operated by the Union Sanitary District (the “District”), and (b) pay the costs of issuing the Bonds.

The Bonds will be issued pursuant to an Indenture of Trust, dated as of July 1, 2021 (the “Indenture”), by and between the USDFA and U.S. Bank National Association, as trustee (the “Trustee”). The Bonds will be issued under the provisions of Article 4 of Chapter 5 of Division 7 of Title 1 (commencing with section 6584) of the California Government Code and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (collectively, the “Act”). See “THE BONDS” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

Security for the Bonds

The Bonds are special limited obligations of the USDFA payable from and secured by a pledge of the USDFA Revenues, consisting primarily of installment payments (the “Installment Payments”) payable by the District under an Installment Purchase Agreement, dated as of July 1, 2021, by and between the USDFA, as seller, and the District, as purchaser (the “Installment Purchase Agreement”). See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

* Preliminary, subject to change.

A debt service reserve fund will *not* be funded for the Bonds.

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE USDFA, PAYABLE SOLELY FROM AND SECURED SOLELY BY A PLEDGE OF AMOUNTS HELD IN CERTAIN FUNDS AND ACCOUNTS UNDER THE INDENTURE AND THE USDFA REVENUES DERIVED FROM THE INSTALLMENT PAYMENTS MADE BY THE DISTRICT UNDER THE INSTALLMENT PURCHASE AGREEMENT. THE BONDS DO NOT CONSTITUTE A DEBT OF THE USDFA, THE DISTRICT, THE COUNTY OF ALAMEDA (THE "COUNTY") OR THE STATE OF CALIFORNIA (THE "STATE") OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND THEY DO NOT CONSTITUTE AN OBLIGATION FOR WHICH THE USDFA, THE DISTRICT, THE COUNTY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE USDFA HAS NO TAXING POWER.

Installment Payments

In general, the District is required to pay to the Trustee, as assignee of the USDFA, the Installment Payments which are designed to be sufficient in both time and amount to pay, when due, the principal of and interest on the Bonds.

Pursuant to the Installment Purchase Agreement, the District is obligated to pay the Installment Payments described in the Installment Purchase Agreement. The obligation of the District to make the Installment Payments is a special obligation of the District secured solely from Gross Revenues (as defined below) and other funds described in the Installment Purchase Agreement, and does not constitute a debt of the USDFA, the District or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction and does not constitute an obligation for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation.

The District's obligation to make Installment Payments from Net Revenues is on a parity with its obligation to make payments (the "2020 Installment Payments") under the outstanding installment purchase agreement, dated as of January 1, 2020, by and between the USDFA and the District securing the USDFA's Union Sanitary District Financing Authority Revenue Bonds, Series 2020A (the "2020 USDFA Bonds"), and obligations of the District hereafter issued or incurred by the District and secured by Gross Revenues on a parity therewith.

In order to carry out and effectuate the pledge and lien contained in the Installment Purchase Agreement, the District has agreed and covenanted that all Gross Revenues, will be received by the District in trust thereunder and will be deposited when and as received in the Revenue Fund, which fund the District has agreed and covenanted to maintain so long as any Installment Payments remain unpaid.

All amounts on deposit in the Revenue Fund have been irrevocably pledged to the payment of the Installment Payments as provided in the Installment Purchase Agreement. Such pledge constitutes a first lien on, subject to application of amounts on deposit therein as permitted in the Installment Purchase Agreement, the Revenue Fund for the payment of the Installment Payments and all other Parity Obligations in accordance with the terms of the Installment Purchase Agreement.

“Gross Revenues” means all income, rents, rates, fees, charges and other moneys derived by the District from the ownership or operation of the Wastewater System, including, without limiting the generality of the foregoing: (i) rates and charges collected by the District on the Alameda County, California (the “County”) tax roll in accordance with section 5473 *et seq.* of the California Health and Safety Code (or any successor provisions thereto); (ii) all other income, rents, rates, fees, charges or other moneys derived by the District through the facilities of or in the conduct or operation of the business of the Wastewater System; (iii) the proceeds of any stand-by or availability charges, development fees and connection charges collected by the District; and (iv) the earnings on and income derived from the investment of amounts described in clauses (i), (ii) and (iii) above and from District reserves; but excluding: (1) customers’ deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District; (2) any proceeds of taxes or assessments which are restricted by law to be used by the District to pay bonds or other obligations heretofore or hereafter issued; and (3) gain or loss on the sale of any capital assets as permitted by the Installment Purchase Agreement.

“Gross Revenues” also include all amounts transferred from the Parity Debt Reserve to the Revenue Fund in accordance with the Installment Purchase Agreement. “Gross Revenues” do not include any amounts transferred from the Revenue Fund to the Parity Debt Reserve during any Fiscal Year in accordance with the Installment Purchase Agreement.

“Operation and Maintenance Costs” means (i) costs spent or incurred for maintenance and operation of the Wastewater System calculated in accordance with Generally Accepted Accounting Principles, including (among other things) the reasonable expenses of management and repair and other expenses that are necessary to maintain and preserve the Wastewater System in good repair and working order, and including administrative costs of the District that are charged directly or apportioned to the Wastewater System, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, and including all other reasonable and necessary costs of the District or charges (other than debt service payments) required to be paid by it to comply with the terms of the Installment Purchase Agreement or of the Indenture or any Parity Obligations or of any resolution or indenture authorizing the issuance of any Parity Obligations or of such Parity Obligations; and (ii) costs allocable to the District under the EBDA Joint Powers Agreement which constitutes operation and maintenance costs of the EBDA calculated on accordance with Generally Accepted Accounting Principles; but excluding in all cases (x) depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature, (y) all capital charges, and (z) all amounts allocable to the District under the EBDA Joint Powers Agreement for capital costs thereof, including principal and interest on any bonds, notes or other evidence of indebtedness of EBDA.

“Wastewater System” means the whole and each and every part of the wastewater collection, conveyance, treatment and disposal system of the District, including all real property and buildings, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such wastewater system or any part thereof hereafter acquired or constructed, including recycled water facilities of the District and the District’s interest in the facilities of the EBDA pursuant to the EBDA Joint Powers Agreement and related agreements.

The District has covenanted in the Installment Purchase Agreement to, the fullest extent permitted by law, fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Wastewater Service which are reasonably expected to be at least sufficient to yield during each Fiscal Year (i) Net Revenues equal to one hundred twenty percent (120%) of the Debt Service payable in such Fiscal Year and

(ii) Net Revenues remaining after payment of Debt Service equal to one hundred percent (100%) of Subordinate Debt Service payable in such Fiscal Year.

The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges are reasonably expected to be sufficient to meet the above requirements.

For avoidance of doubt, so long as the District has complied with its obligations set forth above, the failure of Net Revenues to meet the threshold set forth above at the end of a Fiscal Year shall not constitute a default or an Event of Default so long as the District has made required adjustments to rates and charges for the Wastewater Service at the commencement of the succeeding Fiscal Year.

The District may issue additional bonds or notes and may execute additional contracts which are secured by Gross Revenues and payable from Net Revenues on a parity with the Installment Payments and the 2020 Installment Payments. Such additional “Bonds” and “Contracts” (as such terms are defined in Appendix A hereto) are referred to in this Official Statement as “Parity Obligations.”

THE OBLIGATION OF THE DISTRICT TO MAKE THE INSTALLMENT PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE USDFA, THE DISTRICT, THE COUNTY OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE USDFA, THE DISTRICT, THE COUNTY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

The USDFA

The USDFA is a joint exercise of powers entity duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated as of January 13, 2020, between the District and the California Municipal Finance Authority, for the primary purpose of providing financial assistance to the District. The Board of Directors of the USDFA consists of the Board of Directors of the District (the “Board”).

The District

The District was originally formed in 1918 to serve Newark and the Centerville area of what is now the city of Fremont. Between 1949 and 1962, the Niles, Decoto, Irvington and Alvarado Sanitary Districts joined the District. The District provides wastewater collection, treatment and disposal services to the residents and businesses of a service area of approximately 60.2 square miles comprising most of the cities of Fremont, Newark and Union City, an area commonly referred to as the “Tri-City Area.” The District’s service area has a combined population of approximately 360,000. The District’s service area is located along Interstates 680 and 880, between Oakland and San Jose in southern portion of the County.

The District is governed by its five-member Board of Directors (the “Board”). Board members are elected by wards for four-year staggered terms. The Board appoints a General Manager to manage and oversee the District’s day-to-day operations. For additional information, see “THE DISTRICT.”

The Wastewater System

The District owns and operates the Wastewater System consisting of 839 total miles of pipeline, 7 pumping stations and a wastewater treatment plant in order to provide wastewater collection, treatment and disposal services to users in its service area. See “THE WASTEWATER SYSTEM.”

District Finances

Wastewater service charges typically account for approximately 95% of total District operating revenues. Non-operating revenue sources include investment earnings and capital improvement fees. The District charges one-time capacity fees to parcels joining the Wastewater System to recover their proportional share of the District’s infrastructure costs. While the District’s service charges are placed on the County property tax rolls for collection, the District does not receive any property tax revenues.

The District has the power and authority to establish charges for service without the review or approval of any other governmental body. The District’s rates and charges are established by ordinance of the Board. The District can refuse or terminate service to delinquent customers and can require full payment of delinquent amounts and reconnection charges to resume service. Unpaid charges may become a lien on real property by recordation of a notice thereof.

The District has, to date, not experienced material negative impacts to its finances or operations caused by the COVID-19 Pandemic. The District’s operations were not halted by County and State public health directives as the District’s operations are essential infrastructure. As the majority of the District’s operating revenues consist of wastewater service charges billed on the property tax roll and collected on behalf of the District by the County, and due to the County’s participation in the Teeter Program, the District is entitled to complete collection of its wastewater service charges from the County. See “DISTRICT FINANCIAL INFORMATION— Impact of COVID-19 Pandemic on the District.”

For additional discussion of the District’s finances, see “DISTRICT FINANCIAL INFORMATION.”

Tri-City Area and the County

For further information concerning the Tri-City Area and the County, see APPENDIX D—GENERAL INFORMATION CONCERNING THE COUNTY.

Book-Entry System

The Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”) and ultimate purchasers of Bonds will not receive physical certificates representing their interests in the Bonds. Transfers and exchanges of Bonds will be conducted in accordance with DTC procedures. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bondholders or registered owners thereof means Cede & Co. as aforesaid, and not the Beneficial Owners (as defined in Appendix F) of the Bonds. See “THE BONDS—General” and APPENDIX F—BOOK-ENTRY SYSTEM.

Continuing Disclosure

The ultimate security for the payments of principal and interest on the Bonds comes from the Installment Payments to be made by the District, and, therefore, the District, as an obligated person within the meaning of the Rule (defined below), has agreed to undertake the continuing disclosure responsibilities required by the Rule as applicable to the Bonds. The USDFA has not undertaken a commitment to provide any continuing disclosure with respect to the Bonds.

The District has covenanted in a continuing disclosure certificate (the “Continuing Disclosure Certificate”) to provide, or cause to be provided, certain annual financial information and operating data including, but not limited to, its audited financial statements and, in a timely manner, notice of certain enumerated events for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (the “Rule”). See “CONTINUING DISCLOSURE” and APPENDIX C—FORM OF CONTINUING DISCLOSURE CERTIFICATE for a description of the specific nature of the annual reports and notices of certain enumerated events to be provided by the District, and a description of the terms of the Continuing Disclosure Certificate pursuant to which such reports and notices are to be made.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Sacramento, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in this Official Statement, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income taxes. See “TAX MATTERS.”

Certain Risk Factors

Certain events could affect the ability of the USDFA to make payments when due on the Bonds and the ability of the District to make the Installment Payments when due. See “RISK FACTORS” for a discussion of some of the risk factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Bonds.

Forward-Looking Statements

This Official Statement, and particularly the information contained under the headings entitled “THE FINANCING PLAN,” “ESTIMATED SOURCES AND USES OF FUNDS,” “SECURITY FOR THE BONDS,” “THE WASTEWATER SYSTEM” AND APPENDIX D—TRI-CITY AREA AND ALAMEDA COUNTY SUPPLEMENTAL INFORMATION, contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 2000. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

The District is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur. See “RISK FACTORS RELATING TO THE BONDS.”

Other Information

There follows in this Official Statement, which includes the cover page and appendices hereto, a brief description of the USDFA, the District, the Wastewater System, the Bonds, the Indenture, the Installment Purchase Agreement and other documents, risk factors and certain other information relevant to the issuance of the Bonds. All references herein to the Indenture, the Installment Purchase Agreement and other documents, agreements and statutes, and the description of the Bonds included in this Official Statement, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entirety by reference to each such document, agreement or statute, and to the form of the Bonds included in the Indenture. A summary of certain provisions of the Indenture and the Installment Purchase Agreement is included in APPENDIX A—SUMMARY OF THE INDENTURE AND THE INSTALLMENT PURCHASE AGREEMENT. The audited financial statements of the District for fiscal years 2019 and 2020 are included in APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE INFORMATION FOR FISCAL YEAR ENDED JUNE 30, 2019.

During the initial offering period for the Bonds, copies of the Installment Purchase Agreement and the Indenture may be obtained, upon written request and payment of the costs of duplication and mailing, from the USDFA, c/o Union Sanitary District, 5072 Benson Road, Union City, CA 94587-2508, Attention: General Manager. After delivery of the Bonds, copies of such documents may be obtained from the Trustee.

The information set forth herein and in the Appendices hereto has been furnished by the District and the USDFA and includes information which has been obtained from other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the District, the USDFA or the Underwriter (hereinafter defined).

The information and expressions of opinion herein speak only as of the date of this Official Statement and are subject to change without notice. Neither delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement will, under any circumstances, create any implication that there has been no change in the affairs of the District or the USDFA since the date hereof.

All financial and other information presented in this Official Statement has been provided by the District and the USDFA from their records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial or other affairs of the District and the USDFA. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are as follows:

Sources:

Principal Amount of Bonds

Plus: Net Original Issue Premium

TOTAL SOURCES

=====

Uses:

Transfer to District for Deposit to the Acquisition Fund (1)

Costs of Issuance (2)

TOTAL USES

=====

- (1) Amount required to finance the 2021 Project. See “THE FINANCING PLAN—2021 Project.”
- (2) Costs of Issuance include the Underwriter’s discount, legal fees, printing costs, rating agency fees and other miscellaneous expenses.

THE FINANCING PLAN

2021 Project

A portion of the proceeds of the Bonds deposited in the Acquisition Fund will be applied to finance the 2021 Project.

The 2021 Project includes the Phase 1 projects of the District’s Enhanced Treatment and Site Upgrade Program (“ETSU Program”) to serve as a roadmap for the Wastewater System’s infrastructure maintenance and improvements over the next 40 years. The ETSU Program accounts for anticipated regulatory requirements (such as nutrient restrictions), site layout possibilities, and capacity needed to meet the General Plans of Fremont, Newark and Union City.

The remaining proceeds of the Bonds deposited in the Acquisition Fund will be applied to finance other capital projects of the District over the next three years.

See “DISTRICT FINANCIAL INFORMATION—Capital Improvement Program” for a description of the District capital improvement plans including a discussion of the ETSU Program.

Costs of Issuance

In addition, a portion of the proceeds of the Bonds will be applied to pay the costs of issuance of the Bonds.

DEBT SERVICE REQUIREMENTS

Annual debt service on the Bonds (assuming no early redemptions of the Bonds) is presented below.

June 30,	Principal	Interest	Total
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
TOTALS			

Pursuant to the Installment Purchase Agreement, the District is required to make Installment Payments which have been calculated to be sufficient to fund the scheduled principal of and interest on the Bonds. The Installment Payments are due on the last day of the month preceding each Interest Payment Date. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Installment Payments.”

THE BONDS

General

The Bonds will be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The Bonds will mature on September 1 in each of the years and in the amounts, and will bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates set forth on the cover page hereof.

Interest on the Bonds will be payable semiannually on each March 1 and September 1, commencing March 1, 2022 (each, an “Interest Payment Date”), to the persons whose names appear on the Registration Books as the Owners thereof as of the 15th calendar day of the month immediately preceding each such Interest Payment Date (each, a “Record Date”), such interest to be paid by check of the Trustee mailed by first-class mail to the Owners at the respective addresses of such Owners as they appear on the Registration Books; provided, however, that payment of interest may be made by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of \$1,000,000 or more who furnishes written wire instructions to the Trustee before the applicable Record Date. Principal of any Bond and any premium upon redemption will be paid by check of the Trustee upon presentation and surrender thereof at the corporate trust office of the Trustee, except as provided in APPENDIX F—BOOK-ENTRY SYSTEM. Principal of and interest and premium (if any) on the Bonds will be payable in lawful money of the United States of America.

Each Bond will be dated as of its date of authentication and will bear interest from the Interest Payment Date next preceding such date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (b) it is authenticated on or before February 15, 2022, in which event it will bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

The Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company (“DTC,” and together with any successor securities depository, the “Securities Depository”). DTC will act as Securities Depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bondholders or the Owners of the Bonds means Cede & Co. as aforesaid, and not the Beneficial Owners (as defined in Appendix F) of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer of same day funds by the Trustee to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the Participants for subsequent disbursement to the Beneficial Owners. See APPENDIX F—BOOK-ENTRY SYSTEM.

Transfer and Exchange of Bonds

Any Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond at the Office of the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. The Trustee shall not be required to register

the transfer of any Bond during the period in which the Trustee is selecting Bonds for redemption and any Bond that has been selected for redemption.

Whenever any Bond or Bonds shall be surrendered for transfer, the USDFA shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds of authorized denomination or denominations for a like series and aggregate principal amount of the same maturity. The Trustee shall require the Bond Owner requesting such transfer to pay any tax or other governmental charge that is required to be paid with respect to such transfer. Following any transfer of Bonds, the Trustee will cancel and destroy the Bonds that it has received.

Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of other authorized denominations of the same series and maturity. The Trustee shall not be required to exchange any Bond during the period in which the Trustee is selecting Bonds for redemption and any Bond that has been selected for redemption. The Trustee shall require the Bond Owner requesting such exchange to pay any tax or other governmental charge that is required to be paid with respect to such exchange. Following any exchange of Bonds, the Trustee will cancel and destroy the Bonds that it has received.

Redemption

Extraordinary Redemption of Bonds. The Bonds are subject to extraordinary redemption prior to their respective stated maturities, as a whole or in part on any date in the order of maturity and within maturities as directed by the USDFA in a Request provided to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to such date in integral multiples of \$5,000 from Net Proceeds of insurance or condemnation, upon the terms and conditions of, and as provided for in, the Installment Purchase Agreement, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

Optional Redemption of Bonds. The Bonds with stated maturities on or after September 1, ____, are subject to redemption prior to their respective stated maturities, as a whole or in part as directed by the USDFA in a Request provided to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) and by lot within each maturity in integral multiples of \$5,000, on September 1, ____, or any date thereafter at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds maturing on September 1, ____, are subject to mandatory sinking fund redemption in part, by lot, on September 1, ____, and each September 1 thereafter to and including September 1, ____, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

Sinking Account Redemption Date (September 1)	Principal Amount to be Redeemed
---	------------------------------------

†Maturity

The Bonds maturing on September 1, _____, are subject to mandatory sinking fund redemption in part, by lot, on September 1, _____, and each September 1 thereafter to and including September 1, _____, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

Sinking Account Redemption Date (September 1)	Principal Amount to be Redeemed
---	------------------------------------

†Maturity

In the event that the Trustee redeems Bonds maturing on September 1, _____, or September 1, _____, in part but not in whole pursuant to the other redemption provisions of the Indenture, the amount of the Bonds maturing on September 1, _____, or September 1, _____, to be redeemed in each subsequent year as described above will be reduced, by \$5,000 or an integral multiple thereof, as designated by the USDFA in a Certificate of the USDFA filed with the Trustee.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds for redemption as a whole or in part on any date as directed by the USDFA and by lot within each maturity in integral multiples of \$5,000 in accordance with the Indenture. The Trustee will promptly notify the USDFA in writing of the numbers of the Bonds or portions thereof so selected for redemption.

Notice of Redemption. Notice of redemption shall be mailed by first class mail not less than twenty (20) days nor more than sixty (60) days before any Redemption Date, to the respective Owners of any Bonds that are designated for redemption at their addresses appearing on the Registration Books, to the Securities Depositories and the Information Services. Each notice of redemption shall state the date of notice, the redemption date, the place or places of redemption and the Redemption Price, and shall designate the maturities, CUSIP numbers, if any, and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the redemption date there will become due and payable on each of said Bonds or parts thereof that are designated for redemption the Redemption Price thereof or of said specified portion of the principal thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption

date, and that (provided that moneys for redemption have been deposited with the Trustee) from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered to the Trustee. Neither the failure to receive such notice nor any defect in the notice or the mailing thereof will affect the validity of the redemption of any Bond. Notice of redemption of Bonds shall be given by the Trustee, at the expense of the USDFA, for and on behalf of the USDFA.

With respect to any notice of optional redemption of Bonds, such notice may state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys that are sufficient to pay the principal of, premium, if any, and interest on such Bonds to be redeemed and that, if such moneys shall not have been so received, said notice shall be of no force and effect and the Trustee shall not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made, and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the USDFA shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the USDFA, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered and of the same series, interest rate and maturity.

Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof. The Trustee shall, upon surrender for payment of any of the Bonds to be redeemed on their Redemption Dates, pay such Bonds at the Redemption Price.

All Bonds redeemed pursuant to the provisions of the Indenture will be cancelled upon surrender thereof and destroyed.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are special limited obligations of the USDFA payable solely from and secured solely by the USDFA Revenues pledged therefor under the Indenture, together with amounts on deposit from time to time in the funds and accounts (except the Rebate Fund) held by the Trustee under the Indenture. “USDFA Revenues” means (a) all Installment Payments received by the USDFA or the Trustee pursuant to or with respect to the Installment Purchase Agreement; and (b) all interest or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture.

Pursuant to the Indenture, the USDFA, irrevocably assigns and transfers to the Trustee without recourse, for the benefit of the Owners of the Bonds as set forth in the Indenture, all of its rights, title, and interest in all Installment Payments payable by the District pursuant to the Installment Purchase

Agreement, including all rights of the USDFA thereunder as may be necessary to enforce compliance with said provisions (including enforcement of payment obligations and rate covenants, if any, contained in the Installment Purchase Agreement, or otherwise to protect the interest of the Owners of the Bonds).

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE USDFA, PAYABLE SOLELY FROM AND SECURED SOLELY BY A PLEDGE OF AMOUNTS HELD IN CERTAIN FUNDS AND ACCOUNTS UNDER THE INDENTURE AND THE USDFA REVENUES DERIVED FROM THE INSTALLMENT PAYMENTS MADE BY THE DISTRICT UNDER THE INSTALLMENT PURCHASE AGREEMENT. THE BONDS DO NOT CONSTITUTE A DEBT OF THE USDFA, THE DISTRICT, THE COUNTY OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND THEY DO NOT CONSTITUTE AN OBLIGATION FOR WHICH THE USDFA, THE DISTRICT, THE COUNTY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE USDFA HAS NO TAXING POWER.

Installment Purchase Agreement

Special Obligation. The District's obligation to pay the Installment Payments will be a special obligation limited solely to Gross Revenues, subject to the application thereof in accordance with the Installment Purchase Agreement. Under no circumstances will the District be required to advance any moneys derived from any source of income other than the Gross Revenues and other sources specifically identified in the Installment Purchase Agreement for the payment of the Installment Payments, nor will any other funds or property of the District be liable for the payment of the Installment Payments.

Pledge of Gross Revenues. The Gross Revenues, and all amounts that are on deposit in the Revenue Fund, amounts that are transferred from the Parity Debt Reserve to the Revenue Fund and any other amounts (including proceeds of the sale of the Bonds) which are held in any fund or account that is established pursuant to the Installment Purchase Agreement (except the Parity Debt Reserve (other than those amounts which are transferred by the District from the Parity Debt Reserve to the Revenue Fund)), are irrevocably pledged to the payment of the Installment Payments. Except for the payment of the Operation and Maintenance Costs, the Gross Revenues shall not be used for any other purpose while any of the Installment Payments remain unpaid; provided that out of the Gross Revenues there may be apportioned such sums for such purposes as are expressly permitted in the Installment Purchase Agreement.

Deposit to Revenue Fund; Transfer to Pay Installment Payments. In order to carry out and effectuate the pledge and lien contained in the Installment Purchase Agreement, the District agrees and covenants therein that all Gross Revenues shall be received by the District in trust under the Installment Purchase Agreement and shall be deposited when and as received in a special fund designated as the "Revenue Fund."

The District shall withdraw from the Revenue Fund such amounts at such times as shall be required to pay all Operation and Maintenance Costs (including amounts which are reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as they come due and payable.

All remaining moneys in the Revenue Fund shall be set aside by the District at the following times in the following respective special funds in the following order of priority, and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes so authorized:

- (a) **2021A Bond Payment Fund.** On or before each Installment Payment Date, the District shall, from remaining moneys in the Revenue Fund, transfer to the Trustee for deposit in the 2021A Bond Payment Fund an amount that is equal to the interest and principal payable and coming due on the next succeeding Installment Payment Date. The District shall also, from the moneys in the Revenue Fund, transfer to the applicable trustee for deposit in the applicable payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service in accordance with the provisions of the Parity Obligations relating thereto.

Any moneys which are on deposit in the 2021A Bond Payment Fund on each Installment Payment Date (other than amounts required for the payment of past due principal or interest with respect to any Bonds not presented for payment) shall be credited to the payment of the Installment Payments due and payable on such date. No deposit need be made in the 2021A Bond Payment Fund as Installment Payments if the amount in the 2021A Bond Payment Fund is at least equal to the amount of the Installment Payment that is due and payable on the next succeeding Installment Payment Date.

- (b) **Reserve Funds.** On or before each Installment Payment Date, the District shall, from remaining moneys in the Revenue Fund, thereafter, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the applicable trustee for deposit to such reserve fund or account for Parity Obligations an amount that is equal to the amount required to be deposited therein.
- (c) **Surplus.** Moneys on deposit in the Revenue Fund which are not necessary to make any of the payments which are required above may be expended by the District at any time for any purpose permitted by law, including but not limited to payment of Subordinate Debt, or deposited in the Parity Debt Reserve.

Parity Debt Reserve. The District has previously established a special fund designated as the “Parity Debt Reserve,” which shall be held by the District in trust under the Installment Purchase Agreement. The District agrees and covenants to maintain and to hold such fund separate and apart from other funds so long as the Installment Payments and any Parity Obligations remain unpaid.

The District may withdraw all or any portion of the amounts on deposit in the Parity Debt Reserve and transfer such amounts to the Revenue Fund for application in accordance with the Installment Purchase Agreement and described under (a) through (c) under “Deposit to Revenue Fund; Transfer to Pay Installment Payments” above or, in the event that all or a portion of the Installment Payments are discharged in accordance with the prepayment provisions of the Installment Purchase Agreement, transfer all or any portion of such amounts for application in connection with such prepayment; provided that any such withdrawals and transfers may be made up to and including the date that is 270 days after the end of the Fiscal Year or 12 calendar month period for which such withdrawals and transfers will be taken into account in calculating Gross Revenues. Any such amounts withdrawn from the Parity Debt Reserve and transferred to the Revenue Fund constitute Gross Revenues.

There is currently \$2,887,200 on deposit in the Parity Debt Reserve Fund.

Rates, Fees and Charges. To the fullest extent permitted by law, the District will fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Wastewater Service which are reasonably expected to be at least sufficient to yield during each Fiscal Year (i) Net Revenues equal to one hundred twenty percent (120%) of the Debt Service payable in such Fiscal Year and (ii) Net Revenues remaining after payment of Debt Service equal to one hundred percent (100%) of Subordinate Debt Service payable in such Fiscal Year.

The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges are reasonably expected to be sufficient to meet the above requirements.

For avoidance of doubt, so long as the District has complied with its obligations set forth above, the failure of Net Revenues to meet the threshold set forth above at the end of a Fiscal Year shall not constitute a default or an Event of Default so long as the District has made required adjustments to rates and charges for the Wastewater Service at the commencement of the succeeding Fiscal Year.

Incurrence of Parity Obligations. The District may at any time issue or incur Parity Obligations provided that:

(a) The Net Revenues for any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of the bonds or the date of execution of the contract which are Parity Obligations, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Advisor on file with the District, shall have produced a sum equal to at least one hundred twenty percent (120%) of the Debt Service for such twelve month period; and

(b) The Net Revenues for any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of the bonds or the date of execution of the contract which are Parity Obligations, including adjustments to give effect as of the first day of such twelve month period to increases or decreases in rates and charges for the Wastewater Service approved and in effect as of the date of calculation, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Advisor on file with the District, shall have produced a sum equal to at least one hundred twenty percent (120%) of the Debt Service for such twelve month period, plus the Debt Service which would have accrued on any Parity Obligations executed or issued since the end of such twelve month period, assuming that such Parity Obligations had been executed or issued at the beginning of such twelve month period, plus the Debt Service which would have accrued had such proposed additional Parity Obligations been issued at the beginning of such twelve month period.

Notwithstanding the foregoing, Parity Obligations executed to refund the Bonds or Parity Obligations may be delivered without satisfying the conditions set forth above if Debt Service in each Fiscal Year after the Fiscal Year in which such Parity Obligations are issued is not greater than 105% of the Debt Service which would have been payable in each such Fiscal Year prior to the issuance of such Parity Obligations.

Subordinate Debt. The District may at any time execute or issue any Subordinate Debt in accordance herewith; provided that:

(a) The Net Revenues remaining after payment of Debt Service for any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of issuance or execution of such Subordinate Debt, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Advisor on file with the District, shall have produced a sum equal to at least one hundred percent (100%) of the Subordinate Debt Service for such twelve month period.

(b) The Net Revenues remaining after payment of Debt Service for any consecutive twelve calendar month period during the eighteen calendar month period preceding the issuance or the execution of such Subordinate Debt, including adjustments to give effect as of the first day of such twelve month period to increases or decreases in rates and charges for the Wastewater Service approved and in effect as of the date of calculation, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Advisor on file with the District, shall have produced a sum equal to at least one hundred percent (100%) of the Subordinate Debt Service for such twelve month period, plus the Subordinate Debt Service which would have accrued on any Subordinate Debt issued since the end of such twelve month period, assuming that such Subordinate Debt had been issued or executed had been issued at the beginning of such twelve month period, plus the Subordinate Debt Service which would have accrued had such proposed Subordinate Debt been executed or issued at the beginning of such twelve month period.

Notwithstanding the foregoing, Subordinate Debt executed to refund Subordinate Debt may be delivered without satisfying the conditions set forth above if Debt Service and Subordinate Debt Service in each Fiscal Year after the Fiscal Year in which such Subordinate Debt issued or executed is not greater than 105% of the Debt Service and Subordinate Debt which would have been payable in each such Fiscal Year prior to the issuance of or execution of such Subordinate Debt.

THE DISTRICT

General Background

The District was originally formed in 1918 to serve Newark and the Centerville area of what is now Fremont. The District was reorganized in 1923 under sections 6400-6830 of the California Health & Safety Code, the Sanitary District Act of 1923. Between 1949 and 1962, the Niles, Decoto, Irvington, and Alvarado Sanitary Districts joined the District. The District is an independent special district which provides wastewater collection treatment and disposal services to the residents and businesses of the District's service area. The District's service area consists of most of the Tri-City Area of the County and has a population of approximately 360,000 residents. The District's service area is located along Interstates 680 and 880, between Oakland and San Jose in the southern portion of the County.

The District owns and operates the Wastewater System.

Service Area and Land Use

The District service area consists of approximately 60.2 square miles in the Tri-City Area of the County, including most of the area of Fremont and all of the areas of Newark and Union City. The developable portion of the District included 101,056 distinct parcels comprised of a largely residential

community with approximately 90,132 residential parcels (90%), 3,117 non-residential parcels (3%), and 7,807 parcels of vacant land (7%) as of June 30, 2020. The District maintains 839 miles of sewers (including the force main and all gravity sewers) in its service area.

A map of the District's Service area is as follows:

UNION SANITARY DISTRICT SERVICE AREA



Source: Union Sanitary District.

Additional demographic and economic information relating to the Tri-City Area and the County is set forth in APPENDIX D—TRI-CITY AREA AND ALAMEDA COUNTY SUPPLEMENTAL INFORMATION.

District Board

The District is governed by the five-member Board which is independently and elected by ward to staggered four-year terms. Board members must live within the District's service area.

The Board appoints a General Manager to manage and oversee the day-to-day operations. The members of the Board and the expiration date of their terms are as follows:

Name and Office	Ward	Current Term Expires
Pat Kite, <i>President</i>	2 (Newark)	2024
Anjali Lathi, <i>Vice President</i>	3 (Fremont)	2024
Manny Fernandez, <i>Secretary</i>	1 (Union City)	2024
Tom Handley, <i>Boardmember</i>	3 (Fremont)	2022
Jennifer Toy, <i>Boardmember</i>	3 (Fremont)	2022

Management and Employees

The District currently employs approximately 144.50 full-time equivalent staff and operates under the day-to-day direction of Paul Eldredge, the District’s General Manager/District Engineer.

General Manager. Mr. Eldredge was appointed to serve as General Manager of the District in August of 2014 and has continued to serve the District in that capacity. Mr. Eldredge joined the District with more than 19 years of experience in financing, planning, designing, constructing, operating, and maintaining a multitude of engineering and public works projects, which included water, wastewater, and water recycling systems. Mr. Eldredge is a registered Civil Engineer in California, Hawaii, Arizona, Massachusetts and Colorado. Paul holds a bachelor’s degree in Civil Engineering and a minor in Physics from California State University, Sacramento, and a Master of Business Administration from Colorado State University.

Executive Team. In addition to the General Manager, the District’s executive team also includes Mark Carlson CPA, Business Services Manager, James Schofield, Collection Services Manager, Robert Simonich Manager of Fabrication, Maintenance and Construction, Sami Ghossain, Technical Services Manager, and Armando Lopez, Treatment & Disposal Services Manager.

District Organization Structure. District Departments are referred to as Workgroups. There are five Workgroups managed by directors and within the Workgroups there are teams managed by Coaches (mid-managers). The five Workgroups are Business Services (“BS”); Collection Services (“CS”); Fabrication Maintenance and Construction (“FMC”); Technical Support and Customer Service (“TSCS”); and Treatment and Disposal Services (“TDS”).

BS supports the District’s organization, employees and customers through its Finance, Purchasing, Materials Management, Organizational Support, and Human Resources. CS maintains the District’s sewer mains through construction, maintenance, and television-inspection of its lines. The group also provides planning and scheduling services, fleet and equipment maintenance, building and grounds maintenance and data administration support.

FMC provides professional equipment installation, operation, service, and repair that supports the District’s plant, pump stations, and administrative offices and information technology activities. TSCS provides engineering and capital improvement project management services, enforcement of the District’s ordinances and specifications for sewer construction and repairs, calculation of wastewater service charges, and implementation of environmental protection and compliance programs. TDS is responsible for safe,

reliable, and effective operation of the District's wastewater treatment plant and its associated equipment. The group provides plant operations, laboratory, and support services.

WASTEWATER SYSTEM

The District owns and manages the Wastewater System. The District's service area is approximately 60.2 square miles and contains over 360,000 residents and over 3,100 commercial or industrial customers. As of June 30, 2021 there were approximately 116,718 customer connections to the Wastewater System. The District maintains the Wastewater System's 839 miles of gravity flow pipeline, 24 miles of pressurized force main pipeline, 7 remote pump stations and one wastewater treatment plant (the "WWTP"). The WWTP is a 33-acre facility located in Union City. The WWTP has a permitted capacity of 33 million gallons per day ("MGD") and it treated an average of 23.16 MGD of wastewater each day in fiscal year 2019-20.

After treatment at the WWTP, treated wastewater is transported to the East Bay Dischargers Authority ("EBDA") for discharge. EBDA operates an export pumping facility through which all treated wastewater in the area is dechlorinated and pumped through an outfall into the deepest part of San Francisco Bay for discharge. In periods of significant wet weather events where the treated flows from the Wastewater System exceed the District's contracted capacity with EBDA the District is permitted to responsibly discharge excess treated flows in Old Alameda Creek to provide hydraulic relief to the Wastewater System.

Wastewater Treatment Plant

The WWTP is owned and operated by the District. District staff is responsible for the treatment of wastewater in an environmentally safe manner to ensure its discharge meets the NPDES water quality requirements. The WWTP treats approximately eight billion gallons of sewage and beneficially reuses or disposes of 20,000 wet tons of biosolids each year. WWTP staff conduct thousands of laboratory tests each year to monitor the performance of the plant. The Environmental Compliance team administers the Industrial Pre-Treatment Program; and monitors Industrial User Compliance through daily observation and weekly analysis of discharge. WWTP operations are funded by user fees charged to customers for Sanitary Sewer Service.

Treatment involves separating solids from water, then stabilizing them through a biological process. The stabilized solids are dewatered in a high-speed centrifuge, then hauled away in covered trucks for beneficial reuse. The water is further treated, clarified and disinfected before release in the deep waters of San Francisco Bay. The WWTP currently meets the National Pollutant Discharge Elimination System (NPDES) permit requirements for secondary treatment by using activated sludge as its biological liquid treatment process. The District's treatment also includes primary and secondary clarification, and chlorination. The solids are handled on site through sludge thickening, digestion, and dewatering. The WWTP has a cogeneration facility located next to the primary anaerobic digesters, which uses the digesters' biogas to produce electricity and heat.

The following table shows the 12-month (July - June) daily average (in MGD) of influent to the Treatment Plant for each of the last ten years:

Table 1
UNION SANITARY DISTRICT
INFLUENT TO TREATMENT PLANT
(in MGD)

Fiscal Year	Influent Flow (MGD)
2011-12	25.09
2012-13	24.59
2013-14	23.53
2014-15	22.89
2015-16	22.82
2016-17	24.36
2017-18	23.29
2018-19	23.73
2019-20	22.90
2020-21	21.25 ⁽¹⁾

Source: Union Sanitary District FY2019-20 Comprehensive Annual Financial Report and Union Sanitary District.

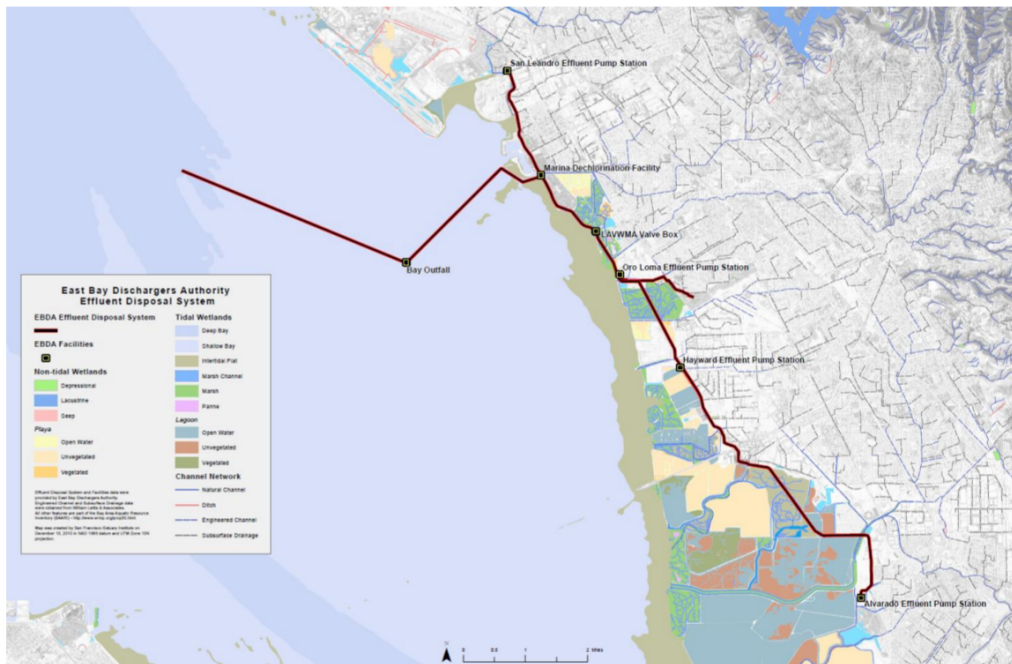
Note: The WWTP is permitted for a capacity of 33.00 MGD.

(1) Data represents the 11-month period July 2020 through May 2021.

The East Bay Dischargers Authority and Regulatory Requirements

EBDA. The District is an agency member of the East Bay Dischargers Authority, a Joint Powers Agency that consists of five local agencies. EBDA was formed in 1974 to collectively manage the wastewater treatment and disposal of the agencies. EBDA also provides contract services to the cities of Pleasanton, Dublin and Livermore through an agreement with the Livermore-Amador Valley Water Management Agency (“LAVWMA”). The combined final effluent from the EBDA and LAVWMA agencies is dechlorinated and discharged from the EBDA Common Outfall to Lower San Francisco Bay. A map of the EBDA’s effluent disposal system can be found below.

EAST BAY DISCHARGE AUTHORITY SYSTEM MAP



EBDA System

Source: Union Sanitary District.

EBDA's discharge capacity is allocated between the agency members according to their ownership percentages in EBDA. The EBDA agency members include the District (42.10% entitlement), the City of Hayward (14.72% entitlement), the City of San Leandro (13.74% entitlement), and the Oro Loma and Castro Valley Sanitary Districts (collectively, 29.44% entitlement).

EBDA's operating costs are also allocated between the agency members according to their discharge capacity usage. The District made payments of \$1,604,047 to EBDA during its 2019-20 fiscal year, primarily to cover the District's share of EBDA's operating costs.

Additional information about EBDA can be found on EBDA's website at <https://ebda.org/> and in Note 5 to APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE INFORMATION FOR FISCAL YEAR ENDED JUNE 30, 2019. Such website is not incorporated herein by this reference.

Regulatory Requirements. Because the District discharges treated wastewater to waters of the state through the EBDA and the Old Alameda Creek Outfall, the District's wastewater operations are subject to many regulatory requirements. These requirements are contained in the Federal Water Pollution Control Act, as amended, (the "Clean Water Act"), and in the State of California Porter Cologne Water Quality Control Act of 1969, as amended. Both federal and State regulations are administered through the California State Water Resources Control Board ("SWRCB"), and generally deal with the quality of effluent discharged from the sewer treatment facilities.

The Environmental Protection Agency works with the SWRCB to enforce applicable water quality objectives by allowing the SWRCB to issue discharge permits called NPDES permits. The District is regulated by two NPDES permits, EBDA Permit (NPDES No. CA0037869) and Old Alameda Creek (Emergency Wet Weather. NPDES No. CA0038733). The District believes it is in compliance with all applicable regulatory requirements related to the Wastewater System.

Excess Treated Flows Above EBDA Capacity. During wet weather, the WWTP can process up to 65 MGD of wastewater. The District is permitted to direct flows above 42.9 MGD from the WWTP to Old Alameda Creek to provide hydraulic relief to the Wastewater System. The District formerly directed excess flows to the Hayward Marsh which is owned and operated by the East Bay Regional Park District (the “Park District”). The Park District is planning to convert the Hayward Marsh to a tidally influenced salt marsh making it no longer suitable for wet weather discharge of treated effluent.

Wastewater Collection System

All domestic, commercial, and light industrial wastewater is collected by the Wastewater System. Any industrial or commercial waste that does not meet District discharge requirements must be pre-treated prior to discharging into the Wastewater System. Most commercial and industrial operations are monitored at various times, depending on their type of discharge.

Everyone in the District is required to connect to the Wastewater System.

The small pipes (typically 4 inches in diameter) that connect homes and businesses to the collection system sewer mains are called service laterals. The portion of the service laterals located within the public right-of-way (from the connection to the sewer main to the property line) in addition to the portion of the service lateral from the back of curb (property line) to the residence are owned by the private property owners who are responsible for their maintenance and repair.

The wastewater generated within the District flows through the collection system to the WWTP. The District maintains approximately 839 miles of sewers (including the force main and all gravity sewers) in its service area with District equipment, including television camera inspection and hydrocleaning.

Wastewater System Customers

Customer Accounts. Residential customers have historically accounted for over 97% of the District’s total number of customer accounts. In fiscal year 2020-21, the Wastewater System had 116,718 active customer accounts, of which 113,601 (97%) were residential, 1,282 (1%) were commercial and 1,344 (1%) were industrial. The remaining 491 (1%) accounts belonged to institutional and other customers.

The following table shows the number of active sewer customer accounts for the most recent five fiscal years.

Table 2
UNION SANITARY DISTRICT
HISTORY OF CUSTOMER ACCOUNTS BY TYPE

	Fiscal Year Ended June 30,				
	2017	2018	2019	2020	2021 ⁽¹⁾
Residential	109,045	109,968	110,953	112,655	113,601
Commercial	1,283	1,283	1,286	1,280	1,282
Industrial	1,351	1,350	1,347	1,344	1,344
Institutional	234	232	228	229	231
Other	257	256	254	255	260
Total Accounts	<u>112,170</u>	<u>113,089</u>	<u>114,068</u>	<u>115,763</u>	<u>116,718</u>

Source: Union Sanitary District.

(1) The 2021 data is estimated.

Wastewater Service Charges by Customer. Residential customers historically have generated approximately 75% of the District's total wastewater service charge revenues in any given year. Industrial customers make up the second largest category of wastewater service charge revenues. The table below show the totals of wastewater service charge billings generated by each category of Wastewater System customer for the most recent five fiscal years.

Table 3
UNION SANITARY DISTRICT
SERVICE CHARGE REVENUES BY CUSTOMER CATEGORY⁽¹⁾

	Fiscal Year Ended June 30,				
	2017	2018	2019	2020	2021 ⁽²⁾
Residential	\$38,868,654	\$40,572,233	\$42,194,986	\$44,306,365	\$44,702,102
Commercial	3,925,805	3,975,571	4,345,016	4,551,973	5,156,469
Industrial	5,512,630	5,594,399	6,195,125	6,564,574	6,956,862
Institutional	1,118,060	1,112,227	1,169,004	1,281,747	1,305,764
Other	2,970,483	3,039,532	3,438,272	3,577,876	4,227,345
Total Revenues	<u>\$52,395,633</u>	<u>\$54,293,962</u>	<u>\$57,342,403</u>	<u>\$60,282,535</u>	<u>\$62,348,542</u>

Source: Union Sanitary District.

(1) The data in this table is compiled by District staff and does not directly correlate to the totals in the audited financial statements.

(2) The 2021 data is estimated

Top Industrial Rate Payers. In fiscal year 2020-21 the District's single largest wastewater service charge ratepayer was Tesla, which accounted for 1.89% of the District's total wastewater service charge revenues. The following table lists the top ten fiscal year 2020-21 industrial rate payers of the Wastewater System, including their percentage of the total fiscal year 2020-21 Wastewater System billings. The top ten rate payers collectively represented 4.86% of the total Wastewater System wastewater service charges for fiscal year 2020-21.

Table 4
UNION SANITARY DISTRICT
TEN LARGEST INDUSTRIAL RATE PAYERS
Fiscal Year Ending June 30, 2021

	Customer	Total Annual Billing	% of Total Billings ⁽¹⁾
1.	Tesla	\$1,176,212	1.89%
2.	Mission Linen Supply	243,523	0.39
3.	Western Digital	224,028	0.36
4.	Washington Hospital	213,400	0.34
5.	Ranch 99 Warm Springs Shopping Center	213,196	0.34
6.	Union Square Shopping Center	212,278	0.34
7.	Lam Research	204,684	0.33
8.	US Pipe	194,164	0.31
9.	Ranch 99 Newark	181,779	0.29
10.	Boehringer Ingeheim	168,826	0.27
	Total Top 10	<u>\$3,032,090</u>	<u>4.86%</u>

Source: Union Sanitary District.

(1) The 2021 data is estimated. The District estimates it will collect \$62,348,542 in total customer billings for fiscal year 2020-21.

Wastewater System Rates

The District receives its revenue from four primary sources: wastewater service charges; capacity fees; other minor operating revenues such as permits, inspections and outside work that is performed in cooperation with other municipalities; and interest earnings on reserve funds.

The wastewater service charges and capacity fees are established by ordinance adopted by a majority vote of the District Board. Prior to rate increases being implemented they must be presented to the rate payers through a Proposition 218 protest hearing process. This process has been completed for the rate increases associated with this financing. See "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND FEES."

Wastewater Service Charges. The District's wastewater service charge is divided into four primary categories of customers: residential, commercial, institutional, and industrial. On May 11, 2020, the District Board adopted Ordinance No. 31.40, which set wastewater service charges to be charged in the District beginning in Fiscal Year 2020-21 through Fiscal Year through 2024-25 to the amounts specified in the ordinance.

Residential Customers. Wastewater service charges for single-family and multi-family residential customers are based on flat rates.

Commercial and Industrial Customers. Charges for commercial and industrial customers are based on the larger of either a fixed minimum charge or a charge based on the volume and pollutant strength of the wastewater being treated. The volume of wastewater is determined from water meter records obtained from the Alameda County Water District. Credit is given for water used that is not discharged to the sanitary sewer, such as landscape irrigation. Due to the lead time involved to get yearly charges placed on the County property tax statements, the Wastewater service charges on the current year's tax statement reflect services already provided. Water use for purposes of computing the service charge is measured from March through February of the previous year. The Wastewater service charge for this period is then placed on the property tax statement that is mailed out in October, with the first installment due December 10th and the second payment due on April 10th.

Pollutant strength is measured in samples of wastewater for two components: chemical oxygen demand ("COD"), and suspended solids ("SS"). Wastewater with high strength is more expensive to treat. For example, wastewater with high levels of suspended solids require more treatment and produces more biosolids (a by-product of treatment). Therefore, rates for commercial and industrial customers are structured to bill those customers based on the volume of their inflows to the system.

Most commercial and industrial customers, or properties that include several different types of businesses, are calculated by the General Assignment method. With this method, commercial and industrial customers are assigned a general strength of strong, moderate or weak. The three rate components, volume, COD, and SS are combined into one rate per 1,000 gallons of wastewater discharged.

Charges for certain industrial customers with industrial discharge permits are calculated using a direct assessment method. Under this method, samples of wastewater are collected and sent to a laboratory for analysis. Both COD and SS are measured and then averaged with other samples taken that year to determine an average strength for use in calculating Wastewater service charges. The sum of three components determines the total charge.

The following table lists wastewater service charge rate table for Wastewater System customers as approved in Ordinance 31.40 and currently in effect:

Table 5
UNION SANITARY DISTRICT
WASTEWATER SERVICE CHARGE RATE TABLE
Fiscal Years 2020-21 through 2024-25

	Fiscal Year Ending June 30,				
	2021	2022	2023	2024	2025
RESIDENTIAL (\$/dwelling unit)					
Single family residences	\$454.57	\$490.93	\$530.21	\$569.97	\$611.58
Multifamily residences	400.58	432.63	467.24	502.28	538.95
COMMERCIAL⁽¹⁾ (\$/1,000 gals)					
Fast-Food Restaurant	12.62	13.63	14.72	15.83	16.98
Full-Service Restaurant	12.64	13.65	14.74	15.85	17.01
Strong	12.53	13.53	14.61	15.71	16.85
Moderate	6.06	6.54	7.07	7.60	8.15
Weak	5.08	5.49	5.93	6.37	6.83
INDUSTRIAL⁽¹⁾					
Volume (\$/1,000 gals)	2.99	3.22	3.48	3.74	4.02
COD (\$/1,000 lbs)	338.87	365.98	395.26	424.91	455.92
SS (\$/1,000 lbs)	909.90	982.69	1,061.30	1,140.90	1,224.19

Source: Union Sanitary District Ordinance No. 31.40.

(1) The District imposes a minimum charge per account for all non-residential customers equal to the charge for a multifamily residential dwelling unit.

Single-Family Rate Comparison. The following table shows the District's fiscal year 2020-21 wastewater service charge rates for a single-family residence as compared to other agencies in the region.

Table 6
UNION SANITARY DISTRICT
FY2020-21 SINGLE-FAMILY ANNUAL WASTEWATER RATE COMPARISON

Agency	Annual Charges
EBMUD/Oakland	\$890
Livermore	676
Pleasanton	512
San Jose	500
Palo Alto	496
Dublin San Ramon Services District	469
San Leandro	466
Castro Valley Sanitary District	458
Union Sanitary District	455
Hayward	430
Oro Loma	296

Source: Union Sanitary District.

Note: Assumes 195 gpd flow, small lot.

Capacity Fees. New customers are charged a one-time capacity fee to recover costs for existing and future facilities that is of proportional benefit to the property being charged as they connect to the Wastewater System. On May 24, 2021, the Union Sanitary District Board of Directors adopted Ordinance No. 35.23, which set Capacity Charges to be charged in the District beginning in fiscal year 2021-22 through fiscal year 2025-26. The ordinance sets forth the Capacity Charges for new and existing users to buy a share of the District's system's capacity for the discharge of their wastewater. The Capacity Charges will increase each fiscal year from 2021-22 through fiscal year 2025-26 to the amounts specified in the ordinance.

The following table lists capacity charge rate table for residential Wastewater System customers as approved in Ordinance 35.23 and currently in effect. As they pertain to residential Wastewater System customers, capacity charges are applied to new construction only and do not apply to additions or repairs. Residential capacity charges are applied per dwelling unit.

Table 7
UNION SANITARY DISTRICT
PER DWELLING UNIT CAPACITY CHARGE RATE TABLE
FOR RESIDENTIAL CUSTOMERS
Fiscal Years 2021-22 through 2025-26

	Fiscal Year Ending June 30,				
	2022	2023	2024	2025	2026
Single Family (<= 4,500 square feet)	\$9,331	\$10,027	\$10,755	\$11,514	\$12,307
Single Family (> 4,500 square feet) ⁽¹⁾	9,331	10,027	10,755	11,514	12,307
Multi-Family	8,030	8,661	9,321	10,009	10,728

Source: Union Sanitary District Ordinance No. 35.23.

(1) Dwelling units greater than 4,500 square feet are charged the per-unit charge plus a proportionate charge for per square foot above 4,500 square feet (ex. Capacity charge for 4,600 square feet unit is 4,600/4,500 * unit charge).

Capacity charges for commercial, industrial, and institutional customers are based on square footage, estimated wastewater flows, strength concentrations and other factors as detailed in Ordinance No. 35.23. A copy of Ordinance No. 35.23 which includes the complete rate table for capacity charges applicable to all Wastewater System customers is attached to this Official Statement as APPENDIX H—CAPACITY CHARGE ORDINANCE.

The District's capacity charge revenues can vary widely from year to year based on growth. Over the past decade revenues have ranged from roughly \$2.5 million during lower-growth years that followed the 2008 recession to over \$23 million in FY2017-18. Capacity charge revenues have increased in recent years due to a resurgence of growth within the District's service area.

Billing and Collection of Wastewater System Charges

Billing Procedures. Each year the District transmits its wastewater service charges to the County Treasurer-Tax Collector for collection on the County property tax roll. The property tax billings are due in two equal installments on December 10 and April 10. The District generally receives the first and second installments from the County in December and April, respectively, with final reconciliation payments in June and July.

Delinquent Charges. The Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in section 4701 et seq. of the California Revenue and Taxation Code. Under the Teeter Plan, each taxing entity receives 100% of the taxes and assessments levied, without regard to delinquencies.

The District’s wastewater rates and charges are currently covered under the County’s Teeter Plan. *However, there can be no assurance that the County will not choose to discontinue the Teeter Plan in the future, or modify its Teeter Plan to exclude or limit the coverage for sanitary districts, or choose to remove the District from its Teeter Plan coverage. At the date of this Official Statement, no such discontinuation or removal is under consideration.*

No Information Regarding Delinquencies. No information is available from the County regarding actual delinquency rates. All enforcement and collection is handled by the County. The District has no independent procedure for enforcing the collection of its rates and charges.

DISTRICT FINANCIAL INFORMATION

Budget Process

The District holds a mid-year workshop with the Board in February or March. The purpose of this workshop is to provide current year-to-date budget vs. actual information, projections for the end of the year, and a first look at budget issues for the upcoming fiscal year. In April or May there is a subsequent workshop, providing the upcoming fiscal year’s projected budget, including revenue estimates, operating costs, capital projects, rates, and special projects. The budget workshops give the Board the opportunity to comment, ask questions, make recommendations for changes, and provide direction to staff. At the second Board meeting in May, the preliminary (draft) budget is brought to the Board as an information item, noting any changes since the workshop. The final budget is typically reviewed and considered at the second Board meeting in June.

Budgetary controls are maintained by the District to ensure compliance with the annual budget adopted by the Board. All financial activities for the fiscal year are included in the annual budget, along with the 20-year capital improvement budget. Budgetary control is maintained at the Work Group level for administrative and operating budgets, and at the project level for capital improvements. Monthly budget reports are provided to the Executive Team and the Board.

Financial Statements

APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE INFORMATION FOR FISCAL YEAR ENDED JUNE 30, 2019, includes the audited financial statements of the District (the “Financial Statements”) for Fiscal Year 2019-20 prepared by the District and audited by Lance, Soll & Lunghard, LLP, Sacramento, California (the “Auditor”). The audited combined financial statements of the District for prior years are available upon request or by visiting the District website.

The Auditor’s letter concludes that the Financial Statements present fairly, in all material respects, the financial position of the District as of June 30, 2020, and the results of its operations and the cash flows

for the Fiscal Year then ended in conformity with accounting principles generally accepted in the United States of America. The Financial Statements should be read in their entirety. The District has not requested nor did the District obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the District. In addition, the Auditor has not reviewed this Official Statement.

See APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE INFORMATION FOR FISCAL YEAR ENDED JUNE 30, 2019 for a more complete summary of the District’s accounting policies.

Impact of COVID-19 Pandemic on the District

The District has, to date, not experienced material negative impacts to its finances or operations caused by the COVID-19 Pandemic. The District’s operations were not halted by County and State public health directives as the District’s operations are essential infrastructure. A majority of the District’s operating revenues consist of wastewater service charges billed on the property tax roll and collected on behalf of the District by the County. The District is entitled to complete collection of its wastewater service charges from the County due to the County’s participation in the Teeter Program. District staff continues to monitor the intermediate and long-term potential impacts of the COVID-19 Pandemic on the District’s customers and operations.

District Financial Management Policies

The District Board has adopted financial management policies to provide for: (i) establishing targeted General Fund reserves; (ii) the prudent investment of District funds, and (iii) management of debt.

Reserve Policy. In accordance with the District’s debt covenants and District Policy No. 2090, the District maintains several reserves, including reserves for cash flow, structural and system renewal and replacement, liability insurance deductibles and an emergency reserve. The District’s actual emergency reserves for fiscal year 2020-21 were \$6,500,000. The District did not draw on its emergency reserve in response to the COVID-19 Pandemic. The District’s goal is to increase its emergency reserve by \$750,000 per year until the emergency reserve reaches \$9,500,000. The District’s fiscal year 2021-22 budget anticipates making the \$750,000 contribution to the emergency reserve, bringing to the total emergency reserve to \$7,250,000.

Investment Policy. The investment of funds of the District (except pension and retirement funds) is made in accordance with the District’s Investment Policy, most recently approved on December 18, 2020 (the “Investment Policy”), and section 53601 *et seq.* of the California Government Code. The Investment Policy is subject to revision at any time and is reviewed at least annually to ensure compliance with the stated objectives of safety, liquidity, yield, and current laws and financial trends.

Debt Management Policy. In accordance with section 8855(i) of the California Government Code the District adopted a debt management policy on January 14, 2020 to establish conditions for the use of debt; to ensure that debt capacity and affordability are adequately considered; to minimize the District’s interest and issuance costs; to maintain the highest possible credit rating; to provide complete financial disclosure and reporting; and to maintain financial flexibility for the District.

Outstanding Debt

The District's only outstanding debt relates to the 2020 Installment Payments under the 2020 Installment Payment Agreement. The following table shows the District annual payment requirements under the 2020 Installment Purchase Agreement:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 2,575,000	\$ 2,236,900.00	\$ 4,811,900.00
2023	2,670,000	2,132,000.00	4,802,000.00
2024	2,780,000	2,023,000.00	4,803,000.00
2025	2,010,000	1,927,200.00	3,937,200.00
2026	2,090,000	1,845,200.00	3,935,200.00
2027	2,175,000	1,759,900.00	3,934,900.00
2028	2,260,000	1,671,200.00	3,931,200.00
2029	2,290,000	1,580,200.00	3,870,200.00
2030	2,385,000	1,486,700.00	3,871,700.00
2031	2,485,000	1,389,300.00	3,874,300.00
2032	2,585,000	1,287,900.00	3,872,900.00
2033	2,690,000	1,182,400.00	3,872,400.00
2034	2,800,000	1,072,600.00	3,872,600.00
2035	2,915,000	958,300.00	3,873,300.00
2036	1,280,000	874,400.00	2,154,400.00
2037	1,335,000	822,100.00	2,157,100.00
2038	1,390,000	767,600.00	2,157,600.00
2039	1,445,000	710,900.00	2,155,900.00
2040	1,505,000	651,900.00	2,156,900.00
2041	1,565,000	590,500.00	2,155,500.00
2042	1,620,000	534,900.00	2,154,900.00
2043	1,670,000	485,550.00	2,155,550.00
2044	1,725,000	434,625.00	2,159,625.00
2045	1,775,000	382,125.00	2,157,125.00
2046	1,830,000	328,050.00	2,158,050.00
2047	1,885,000	272,325.00	2,157,325.00
2048	1,945,000	214,875.00	2,159,875.00
2049	2,000,000	155,700.00	2,155,700.00
2050	2,065,000	94,725.00	2,159,725.00
2051	2,125,000	31,875.00	2,156,875.00
TOTALS	<u>\$61,870,000</u>	<u>\$29,904,950.00</u>	<u>\$91,774,950.00</u>

Historical Operating Results and Debt Service Coverage

The following two tables provide a history and projection of the operating results and debt service coverage of the District. The following table presents the Historical Summary of Operating Revenues, Operating Expenses and Debt Service Coverage for the past five fiscal years. Data for fiscal years 2016-17 through 2019-20 are based on figures from the District's Audited Financial Statements. Data for fiscal year 2020-21 are projected results.

Table 8
UNION SANITARY DISTRICT
HISTORICAL SUMMARY OF OPERATING REVENUES,
OPERATING EXPENSES AND DEBT SERVICE COVERAGE

	Fiscal Year Ended June 30,				
	2017	2018	2019	2020	2021 ⁽⁴⁾
OPERATING REVENUES					
Charges for Services	\$52,384,709	\$54,260,096	\$57,330,651	\$60,216,149	\$62,348,542
Other Revenues	2,154,364	1,631,870	2,188,027	1,460,111	1,343,500
Total Operating Revenues	54,539,073	55,891,966	59,518,678	61,676,260	63,692,042
NON-OPERATING REVENUES					
Developer Connection Fees ⁽¹⁾	12,595,637	23,623,947	16,158,027	14,179,465	5,712,200
Investment Earnings ⁽²⁾	720,067	1,436,216	2,657,356	3,115,507	952,795
Total Non-Operating Revenues	13,315,704	25,060,163	18,815,383	\$17,294,972	6,664,995
TOTAL REVENUES	67,854,777	80,952,129	78,334,061	78,971,232	70,357,037
OPERATION & MAINTENANCE COSTS⁽³⁾	34,676,761	36,405,454	38,594,477	43,922,938	47,585,596
NET REVENUES AVAILABLE FOR DEBT SERVICE					
FOR DEBT SERVICE	33,178,016	44,546,675	39,739,584	35,048,294	22,771,441
SWRCB Agreements Debt Service	3,127,111	3,902,080	3,902,104	—	—
2020 Installment Payments	—	—	—	—	4,684,772
TOTAL DEBT SERVICE	3,127,111	3,902,080	3,902,104	4,021,267	4,684,772
DEBT SERVICE COVERAGE	10.61x	11.42x	10.18x	8.72x	4.86x

Source: Union Sanitary District.

(1) Excludes contributed capital amounts which are non-cash items.

(2) Excludes unrealized gains/losses in investments which are non-cash items.

(3) Excludes depreciation, amortization, debt service and capital expenditures. Operating expenses exclude non-cash items in connection with GASB 75 and GASB 68.

(4) The 2021 data is estimated.

Proposed Future Debt

The District plans to incur additional indebtedness in 2021, 2025 and 2026.

The District plans to borrow approximately \$180.9 million from the United States Environmental Protection Agency (the "EPA") in 2021 to fund portions of the ETSU Program (the "WIFIA Loan") pursuant to the Water Infrastructure Finance and Innovation Act (the "WIFIA"). The District can make no assurances that such WIFIA Loan will be executed as outlined in the finance plan. See "Capital Improvement Program—ETSU Program Overview" below. The District's payment obligation with respect to the WIFIA Loan will be subordinate to the District's payment obligation with respect to the

Installment Purchase Agreement, the 2020 Installment Purchase Agreement and the 2025 Installment Purchase Agreement (hereinafter defined) if entered into by the District.

The District plans to either borrow from the SWRCB (see below) or request the issuance of bonds by the USDFA of approximately \$106.5 million in 2025 to fund projects related to the ETSU program and other certain improvements to the wastewater system.

If bonds are issued by the USDFA, the District will enter into an installment purchase agreement (the “2025 Installment Purchase Agreement”) to make the debt service payment on such bonds. The District’s payment obligation with respect to the 2025 Installment Purchase Agreement will be on a parity with the District’s payment obligation with respect to the Installment Purchase Agreement, the 2020 Installment Purchase Agreement and other future parity indebtedness.

The District’s plans to borrow approximately \$28.8 million from the SWRCB in 2021 or 2022 to finance the standby power generation system upgrade (the “SWRCB Loan”). The SWRCB Loan is expected to be executed and delivery by the District and the SWRCB by the end of the calendar with an initial repayment beginning in fiscal year 2026. The District’s payment obligation with respect to the SWRCB Loan will be on a parity with the District’s payment obligation with respect to the Installment Purchase Agreement, the 2020 Installment Purchase Agreement, the 2025 Installment Purchase Agreement and other future parity indebtedness.

See “Capital Improvement Program” below.

Projected Operating Results and Debt Service Coverage

The following table presents the Projected Summary of Operating Revenues, Operating Expenses and Debt Service Coverage for the fiscal years 2021-22 through 2025-26 based upon certain assumptions which the District believes are reasonable. However, the District cannot guarantee that its actual results will not differ.

Table 9
UNION SANITARY DISTRICT
SUMMARY OF PROJECTED OPERATING REVENUES,
OPERATING EXPENSES AND DEBT SERVICE COVERAGE

	Fiscal Year Ending June 30,				
	2022	2023	2024	2025	2026
OPERATING REVENUES					
Charges for Services ⁽¹⁾	\$74,716,000	\$76,915,066	\$83,013,608	\$89,429,367	\$95,623,061
Other Revenues	1,310,900	1,310,900	1,310,900	1,310,900	1,310,900
Total Operating Revenues	\$76,026,900	\$78,225,966	\$84,324,508	\$90,740,267	\$96,933,961
NON-OPERATING REVENUES					
Developer Connection Fees	\$4,949,820	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000
Interest Earnings ⁽²⁾	1,617,357	1,840,146	1,778,370	1,754,045	2,730,130
Total Non-Operating Revenues	\$6,567,177	\$4,840,146	\$4,778,370	\$4,754,045	\$5,730,130
TOTAL REVENUES	\$82,594,077	\$83,066,112	\$89,102,879	\$95,494,312	\$102,664,091
OPERATION & MAINTENANCE COSTS ⁽³⁾	\$52,396,908	\$52,942,302	\$54,701,654	\$57,337,566	\$59,378,031
NET REVENUES AVAILABLE FOR SENIOR DEBT SERVICE	\$30,197,169	\$30,123,810	\$34,401,225	\$38,156,746	\$43,286,060
SENIOR DEBT SERVICE					
2020 Installment Payments	\$4,811,900	\$4,802,000	\$4,803,000	\$3,937,200	\$3,935,200
2021 Installment Payments ⁽⁴⁾	\$2,000,282	\$5,176,800	\$5,176,900	\$5,179,300	\$5,178,900
2025 Installment Payments ⁽⁵⁾	—	—	—	\$6,926,920	\$6,926,920
SWRCB Loan ⁽⁶⁾	—	—	—	\$0	\$1,200,989
Total Senior Debt Service	\$6,812,182	\$9,978,800	\$9,979,900	\$16,043,420	\$17,242,008
SENIOR DEBT SERVICE COVERAGE	4.43x	3.02x	3.45x	2.38x	2.51x
NET REVENUES AVAILABLE FOR SUBORDINATE DEBT SERVICE	\$23,384,987	\$20,145,010	\$24,421,325	\$22,113,327	\$26,044,051
SUBORDINATE DEBT SERVICE					
2021 WIFIA Loan ⁽⁷⁾	—	—	—	—	—
Total Subordinate Debt Service	—	—	—	—	—
SUBORDINATE DEBT SERVICE COVERAGE	—	—	—	—	—
TOTAL DEBT SERVICE	\$6,812,182	\$9,978,800	\$9,979,900	\$16,043,420	\$17,242,008
ALL-IN DEBT SERVICE COVERAGE	4.43x	3.02x	3.45x	2.38x	2.51x

Source: Union Sanitary District.

- (1) The projected revenues assumes the overall increase in new sewer accounts is less than 1%. The projected revenues for fiscal year 2021-22 are based on the District's budget.
- (2) The projections assume interest earnings on revenues and fund balances are 0.90% in fiscal year 2021-22, 1% annually through fiscal year 2024-25 and 1.6% annually thereafter.
- (3) Excludes depreciation, amortization, debt service and capital expenditures. The projections assume annual Operation and Maintenance Costs of the Wastewater System will increase an average of 4% annually, primarily as a result of inflation, increased pension costs and increased costs for operations and maintenance. The projected expenses for fiscal year 2021-22 are based on the District's budget.
- (4) Assumes the 2021 Installment Payments are issued in the par amount of \$90,465,000 at an assumed true interest cost of 2.45%.
- (5) Assumes the USDFA issues approximately \$106.5 million of additional bonds in fiscal year 2024-25 at an assumed true interest cost of 5.0%.
- (6) Assumes the District enters into a loan with the SWRCB in the approximate amount of \$28.8 million by the end of Calendar year 2021. The repayment is not expected to begin until fiscal year 2025-26 at an assumed interest rate of 1.50%.
- (7) Assumes the District enters into the 2021 WIFIA Loan with EPA for the approximate amount of \$180.9 million. The 2021 WIFIA Loan is not expected to begin repayment until fiscal year 2028.

Capital Improvement Program

The Capital Improvement Program, or CIP, is a 20-year plan that identifies capital projects, budget amounts and sources, as well as planning schedule and priority. Funding sources for the CIP program are usually through long-term financing, low interest loans from the California State Water Resources Board or pay-as-you-go from the charges for service, connection fees and reserves. For FY2021-22, the CIP budget represents about 39% of the overall District budget. Capital projects are identified from studies and master plans, as well as customer needs and regulatory requirements.

A five-year projection of the costs of each type of improvement and the sources for payment are described in the following table:

Table 10
UNION SANITARY DISTRICT
FIVE YEAR CAPITAL IMPROVEMENT PLAN

IMPROVEMENT TYPE	Fiscal Year Ending June 30,				
	2022	2023	2024	2025	2026
Transport	\$ 2,520,000	\$ 8,713,800	\$ 4,590,000	\$ 10,918,800	\$ 4,159,800
Treatment	27,869,665	77,958,167	109,909,213	106,072,070	51,615,481
Admin	14,962,495	41,822,213	19,797,675	180,000	270,000
Collection	2,610,000	3,627,000	1,528,200	684,000	3,606,300
Total	<u>\$47,962,161</u>	<u>\$132,121,180</u>	<u>\$135,825,087</u>	<u>\$117,854,870</u>	<u>\$59,651,581</u>
FUNDING SOURCE					
Reserves (PayGo)	\$ 7,335,000	\$ 14,558,400	\$ 22,603,500	\$ 31,771,800	\$25,475,400
Bonds	40,177,161	65,742,840	5,310,000	43,452,853	33,186,181
WIFIA	—	37,419,940	97,021,587	40,560,217	—
SRF	450,000	14,400,000	10,890,000	2,070,000	990,000
Total	<u>\$47,962,161</u>	<u>\$132,121,180</u>	<u>\$135,825,087</u>	<u>\$117,854,870</u>	<u>\$59,651,581</u>

Source: Union Sanitary District.

ETSU Program Overview. The District adopted the Enhanced Treatment and Site Upgrade Program (“ETSU Program”) to serve as a roadmap for the WWTP’s infrastructure maintenance and improvements over the next 40 years. The ETSU Program accounts for anticipated regulatory requirements (such as nutrient restrictions), site layout possibilities, and capacity needed to meet the General Plans of Fremont, Newark and Union City.

ETSU Phase 1 Projects. The District has submitted the Phase 1 Projects in the ETSU Program (the “Phase 1 Projects”) to the EPA for review and is currently in the process of negotiating the WIFIA Loan. Approximately \$80 million of proceeds from the Bonds will provide funding for the Phase 1 Projects. The Phase 1 Projects address critical infrastructure needs for the WWTP over the next 5 to 7 years.

Key goals for the Phase 1 Projects include addressing aging infrastructure, nutrient removal upgrades, and hardening of infrastructure to support resiliency efforts to manage extreme wet weather.

The Phase 1 Projects consist of a combination of projects to be constructed in three phases: Phase 1A, Phase 1B, and Phase 1C (as described below). The Phase 1 Projects are estimated to cost approximately \$350 million over the next 7 years.

Phase 1A: Modifications to existing aeration basins, step feed for wet weather management, one new aeration basin, new odor control facilities, and demolition and replacement of existing administration and operation buildings to prepare the site for the construction of Phase 1B.

Phase 1B: Construction of new secondary clarifiers to allow for nutrient removal, new chlorine disinfection and effluent pumping facilities to provide adequate pumping capacity to manage wet weather events.

Phase 1C: Retrofit of existing secondary clarifiers for equalization of primary effluent to manage wet weather events and improve nutrient removal performance.

ETSU Phase 2 Projects. The ETSU Program includes plans for Phase 2 Projects (the “Phase 2 Projects”) consisting primarily of additional and/or enhanced nutrient removal projects. The Phase 2 Projects are anticipated to cost approximately \$226 million. The District does not expect to begin construction on the Phase 2 Projects until Fiscal Year 2036 at the earliest. However, this timeline could be much later depending upon regulatory requirements being implemented at a later date. These are regulatory driven improvements. The District will be reviewing all potential funding options for the Phase 2 Projects including but not limited to the issuance of bonds. No assurances can be made on the approximate amount or estimate timeframe for completion of the Phase 2 Projects.

Risk Management

The District is a member of the California Sanitation Risk Management Authority (“CSRMA”). CSRMA covers general liability and workers’ compensation claims. In addition, commercial insurance is purchased for excess liability, property, and employee dishonesty coverage. The District has a \$500,000 deductible for general liability coverage, and no deductible for workers’ compensation coverage.

Claims and judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed above, the District has coverage for such claims, but it has retained the risk for the deductible or uninsured portion of these claims. The District’s liability for uninsured claims is limited to general liability claims, as discussed above. Settled claims have not exceeded coverage in any of the past three years.

Employee Retirement Plans

The information set forth below regarding the California Public Employees’ Retirement System (“CalPERS”) program, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not be construed as a representation by either the District or the Underwriter.

Plan Description. All qualified permanent and probationary employees are eligible to participate in the District’s Miscellaneous Plan (the “Plan”), an agent multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (“CalPERS”), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan is established by State statute and District resolution. CalPERS issues publicly available

reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided. CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five (5) years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Employees Covered. At June 30, 2020, the following employees were covered by the benefit terms for the Plan.

Table 11
UNION SANITARY DISTRICT
CALPERS MISCELLANEOUS PLAN MEMBERSHIP

Inactive employee or beneficiaries currently receiving benefits	178
Inactive employees entitled to but not yet receiving benefits	68
Active employees	<u>140</u>
Total	<u>386</u>

Source: Union Sanitary District FY2019-20 Comprehensive Annual Financial Report.

Section 115 Pension Trust and Pension Funding Policy. In May of 2021, the District Board adopted Pension and OPEB Policy 2095, which sets a goal of reaching and maintaining the Plan's funding status of between 90% and 100% of the Plan's total pension liabilities. The District will be creating a Pension 115 Trust to set aside funds for early retirement of the Plan's Unfunded Pension Liability. The District's fiscal year 2021-22 budget includes a \$3 million dollar contribution to the Pension 115 Trust and anticipates annual contributions of \$3 million dollars annually (subject to Board approval) through fiscal year 2032-33, at which time the Plan is expected to be fully funded. Amounts in the Pension Plan Trust will be irrevocably committed to funding the Plan's actuarially determined liabilities.

Contributions. Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Changes in the Net Pension Liability. The District's net pension liability for the Plan is measured as the total pension liability, less the plan's fiduciary net position. As of June 30, 2020, the District reported a net pension liability for the Plan of \$51,055,879.

The following table shows the changes in net pension liability recognized over the measurement period for the Plan.

Table 12
UNION SANITY DISTRICT
CHANGES IN NET PENSION LIABILITY
During FY2019-20

Service costs	\$ 2,910,836
Interest on total pension liability	10,488,921
Difference between actual and expected experience	2,872,889
Changes in assumptions	-
Contribution – employer	(4,156,261)
Contribution – employee	(1,343,915)
Net investment income	(6,526,074)
Administrative expenses	70,995
Benefit payments (incl. refunds of employee contributions)	-
Net changes	<u>4,317,160</u>
Balance at June 30, 2019	<u>46,738,719</u>
Balance at June 30, 2020	<u><u>\$51,055,879</u></u>

Source: Union Sanitary District FY2019-20 Comprehensive Annual Financial Report.

Deferred Outflows and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2020, the District recognized pension expense of \$9,655,748. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Table 13
UNION SANITY DISTRICT
DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

	Deferred Outflows of Resources	Deferred inflows of Resources
Contributions subsequent to measurement date	\$ 4,970,336	\$ -
Difference between actual and expected experience	2,562,580	-
Changes in Assumptions	892,880	(544,680)
Net difference between projected and actual earnings on plan investments	-	(553,572)
Total	<u><u>\$8,425,826</u></u>	<u><u>\$(1,098,252)</u></u>

Source: Union Sanitary District FY2019-20 Comprehensive Annual Financial Report.

Funded Status. The following table sets forth a summary of the funding progress for the District's Plan the five most recent actuarial valuation dates.

Table 14
UNION SANITY DISTRICT
HISTORICAL PENSION FUNDING PROGRESS

Date June 30,	Accrued Liability	Market Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll
2016	\$ 120,938,176	\$ 88,861,075	\$ 32,007,101	73.48%	\$ 13,896,353
2017	127,008,243	87,151,779	39,856,464	68.62%	14,229,298
2018	141,136,606	94,385,347	46,751,259	66.88%	15,017,486
2019	146,223,869	99,485,150	46,738,719	68.04%	15,174,379
2020	154,788,548	103,732,669	51,055,879	67.02%	17,036,713

Source: Union Sanitary District 2019-20 Comprehensive Annual Financial Report.

For more information, including actuarial assumptions, a discussion of the discount rate used, and schedules of funding progress for the District's pension plan, see APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE INFORMATION FOR FISCAL YEAR ENDED JUNE 30, 2019—Notes to Basic Financial Statements—NOTE 7.

Coronavirus Impacts on Pension Obligations. Recent volatility in the CalPERS portfolio as a result of the COVID-19 Pandemic may result in increases in the District's required contributions in future years. The District cannot predict the level of such increases, if any.

CalPERS Amortization Period Reform Amortization Period Reform. On February 13, 2018, the CalPERS Board voted to shorten the period over which actuarial gains and losses are amortized from 30 years to 20 years for new pension liabilities. The new 20-year amortization period begins with new gains or losses accrued starting with the June 30, 2020 actuarial valuations. The first payments on the new 20-year amortization schedule will take place in 2021.

A shorter amortization period will increase annual Unfunded Accrued Liability ("UAL") contributions for public agencies that participate in CalPERS so long as CalPERS remains underfunded. The shortened amortization period will also lead to reductions of periods of negative amortization of the UAL, interest cost savings, and faster recoveries of funded status after market downturns.

Public agencies that participate in CalPERS will also see additional volatility in their future UAL contributions due to market performance as gains or losses will be amortized faster under the new amortization period.

The District cannot currently estimate the impact the shorter amortization period will have on its required contributions for the Plan.

Defined Contribution Pension Plan

District employees may defer a portion of their compensation under a District sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this plan,

participants are not taxed on the deferred portion of their compensation until distributed to them; distribution may be made only at termination, retirement, death or in an emergency as defined by the plan.

Other Post-Employment Benefits

Plan Description. The District's defined benefit postemployment healthcare plan provides medical benefits to employees who satisfy the requirements for retirement under CalPERS (attained age 50 with five years of service or satisfaction of the requirements for a disability retirement.) The amount of the retiree's medical benefit is dependent upon both years of service with the District and the year the employee retires.

The District contracts with CalPERS to administer its retiree health benefit plan (an agent multiple-employer plan) and to provide an investment vehicle, the California Employers' Retiree Benefit Trust Fund, to prefund future OPEB costs. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. The District chooses among the menu of benefit provisions and adopts certain benefit provisions by Board resolution. CalPERS issues a separate Comprehensive Annual Financial Report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, CA, 95814.

Section 115 Pension Trust and Pension Funding Policy. In May of 2021, the District Board adopted Pension and OPEB Policy 2095, which sets a goal of reaching and maintaining the Plan's funding status of between 90% and 100% of the Plan's total OPEB liabilities.

Employees Covered. Membership of the OPEB Plan as of June 30, 2020 consisted of 106 inactive employees or beneficiaries currently receiving benefits, 39 inactive employees entitled to but not yet receiving benefits, and 141 active employees.

Funding Policy. The OPEB Plan and its contribution requirements are established by a Memorandum of Understanding with the applicable employee bargaining unit. The annual contribution is based on the actuarially determined contribution. For the year ended June 30, 2020 the District's cash contributions were \$1,546,756 in total payments, which were recognized as a reduction to the OPEB liability.

OPEB Plan Section 115 Trust. The District has formed a Section 115 Trust for its OPEB Plan. Amounts in the OPEB Plan Trust are irrevocably committed to funding the OPEB Plan's actuarially determined liabilities.

Net OPEB Liability. The following table shows the amount contributed to the plan, and changes in the District's net OPEB liability in fiscal year 2019-20:

Table 15
UNION SANITARY DISTRICT
CHANGES IN NET OPEB LIABILITY
During Fiscal Year 2019-20

Service cost	\$ 401,584
Interest on OPEB Liability	808,836
Plan experience	(401,695)
Changes in assumptions	(390,123)
Employer contribution	(1,546,756)
Net investment income	(457,085)
Administrative expenses	1,324
Change in Fund Balance	<u>(1,583,915)</u>
Balance at June 30, 2019	<u>6,164,897</u>
Balance at June 30, 2020	<u><u>\$4,580,982</u></u>

Source: Union Sanitary District FY2019-20 Comprehensive Annual Financial Report.

For additional information about the District's OPEB Plan, see APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE INFORMATION FOR FISCAL YEAR ENDED JUNE 30, 2019, Note 8.

RISK FACTORS RELATING TO THE BONDS

The following section describes certain special considerations and risk factors affecting the risk of nonpayment or the security for the Bonds. The following discussion is not meant to be an exhaustive or definitive description of the risks associated with a purchase of any Bond and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following special factors regarding the Bonds, together with all other information in this Official Statement in order to make an informed investment decision with respect to the Bonds. There can be no assurance that other risk factors are not or will not become material in the future.

Payment of principal of and interest on the Bonds depends primarily upon the revenues derived from operation of the Wastewater System. Some of the events which could affect the revenues received by the Wastewater System are set forth below. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the Bonds and the order in which the risks are discussed does not necessarily reflect the relative importance of the various risks.

Limited Obligations

The Bonds are special, limited obligations of the USDFA and are not secured by a legal or equitable pledge or charge or lien upon any property of the District or any of its income or receipts, except the USDFA Revenues.

The District is obligated under the Installment Purchase Agreement to make Installment Payments solely from Net Revenues. The obligation of the District to make Installment Payments from Net Revenues does not constitute an obligation of the District to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. There is no assurance that the District can succeed in operating the Wastewater System such that the Net Revenues in the future will be sufficient for that purpose.

Gross Revenues; Rate Covenant

Gross Revenues are dependent upon the demand for wastewater services, which can be affected by population factors, more stringent wastewater standards, wastewater regulations, water conservation, water shortages, problems with the District's wastewater collection and other factors, and increases in operation and maintenance expenses. There can be no assurance that wastewater service demand will be consistent with the levels contemplated in this Official Statement. A decrease in demand could require an increase in rates or charges in order generate sufficient Gross Revenues to pay the Installment Payments and comply with the rate covenant contained in the Installment Purchase Agreement.

The District's ability to meet its rate covenant and make Installment Payments may be dependent upon its ability to increase rates in the future to levels sufficient to make Installment Payments and payments with respect to any Parity Obligations. There can be no assurance that the District will be able to raise rates in the future in amounts sufficient to pay debt service or to meet the rate covenant. While the District has covenanted to comply with the rate covenant, the rate covenant is not a guarantee that there will be sufficient Net Revenues to make Installment Payments.

Risks Related to Facilities and Operations

The operation of the Wastewater System and physical condition of the Wastewater System facilities are subject to a number of risk factors that could adversely affect the reliability of sewer service or increase the operating expenses of the Wastewater System. Prolonged damage to the Wastewater System could interrupt the ability of the District to realize Net Revenues sufficient to make the Installment Payments, require substantial increases in rates or charges in order to make the Installment Payments and comply with the rate covenant in the Installment Purchase Agreement (which could drive down demand for wastewater and related services), or require the District to increase expenditures for repairs significantly enough to adversely impact the District's ability to make the Installment Payments.

These factors could include, among others, the following:

Aging Facilities. The Wastewater System's facilities are aging and in need of repair or replacement. Long-lived facilities result in decreased reliability due to unplanned outages and place a greater maintenance burden on District operations.

Private Sewer Laterals. Private sewer laterals are not owned or operated by the District; however, faulty private sewer laterals can increase inflow and infiltration into the District's facilities. Excessive inflow and infiltration into the facilities due to faulty sewer laterals may cause damage to the District's facilities.

Operation and Maintenance Expenses. There can be no assurance that operation and maintenance expenses of the District related to the Wastewater System will be consistent with the levels contemplated in this Official Statement.

Seismic Hazards and Natural Disasters. The Wastewater System is located in a seismically active region. From time to time, the service area of the District may be subject to other natural disasters, including without limitation wildfires, flooding and landslides, tsunamis, or manmade disasters that could interrupt operation of the Wastewater System or its wastewater treatment and disposal service provider, CMSA, or adversely affect economic activity in the District's service area. See "THE WASTEWATER SYSTEM – Environmental Hazards."

There can be no assurance that the occurrence of any natural calamity would not cause substantial damage to the Wastewater System, including exacerbated infiltration and/or inflow of ground and other waters into the Wastewater System, or that the District would have insurance or other resources available to make repairs in order to generate sufficient Net Revenues to pay make the Installment Payments when due. The casualty and liability insurance maintained by the District may not cover damages and losses to the Wastewater System due to earthquake, fire or flood.

Statutory and Regulatory Compliance. The operation of the Wastewater System is subject to a variety of federal and State statutory and regulatory requirements. Any failure by the District to comply with applicable laws and regulations could result in significant fines and penalties. See "— Risk of Additional Fines and Litigation." Further, compliance with these laws and regulations may result in significant increases in the capital and operating costs of the District. In the future, state and federal agencies could impose additional statutory or regulatory requirements on the operation of the Wastewater System. Such could result in the District being required to construct facilities or alter operations to meet such requirements. At this time the District is not aware of any requirements to be imposed in the near or distant future.

Casualty Losses. The Installment Purchase Agreement obligates the District to obtain and keep in force various forms of insurance or self-insurance, subject to deductibles, for repair or replacement of a portion of the Wastewater System in the event of damage or destruction to such portion of the Wastewater System. No assurance can be given as to the adequacy of any such self-insurance or any additional insurance to fund necessary repair or replacement of any other portion of the Wastewater System.

Future Land Use Regulations

Development within the District's service area is contingent upon the future construction and acquisition of a number of public improvements such as arterial streets, water distribution facilities, sewage collection and transmission facilities, drainage facilities and street lighting, as well as the necessary local in-tract improvements. The installation of the necessary infrastructure improvements and the construction of the residential development are subject to the receipt of discretionary approvals from a number of public agencies concerning the layout and design of the development, the nature and extent of the improvements, land use, health and safety requirements and other matters. The failure to obtain any such approval could adversely affect the planned land development within the District.

In addition, there can be no assurance that land development operations within the District will not be adversely affected by future government policies, including, but not limited to, governmental policies to restrict or control development.

Limitations on Rate Setting Under the California Constitution

On November 5, 2005, the voters of the State approved Proposition 218, a constitutional initiative, entitled the “Right to Vote on Taxes Act” (“Proposition 218”). Proposition 218 added Articles XIIC and XIID to the California Constitution and contained a number of interrelated provisions affecting the ability of local governments, including the District, to levy and collect both existing and future taxes, assessments, fees and charges.

Section 3 of Article XIIC expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed. Section 3 expands the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Article XIIC to fees imposed after November 6, 2005, the effective date of Proposition 218, and absent other legal authority could result in the reduction in any existing taxes, assessments or fees and charges imposed prior to November 6, 2005.

“Fees” and “charges” are not expressly defined in Article XIIC or in SB 919, the Proposition 218 Omnibus Implementation Act enacted in 1997 to prescribe specific procedures and parameters for local jurisdictions in complying with Article XIIC and Article XIID (“SB 919”). However, on July 24, 2006, the California Supreme Court ruled in *Bighorn-Desert View Water Agency v. Virgil (Kelley)* (the “*Bighorn Decision*”) that charges for ongoing water delivery are property-related fees and charges within the meaning of Article XIID and are also fees or charges within the meaning of Section 3 of Article XIIC. The California Supreme Court held that such water service charges may, therefore, be reduced or repealed through a local voter initiative pursuant to Section 3 of Article XIIC.

In the *Bighorn Decision*, the Supreme Court did state that nothing in Section 3 of Article XIIC authorizes initiative measures that impose voter-approval requirements for future increases in fees or charges for water delivery. The Supreme Court stated that water providers may determine rates and charges upon proper action of the governing body and that the governing body may increase a charge which was not affected by a prior initiative or impose an entirely new charge.

The Supreme Court further stated in the *Bighorn Decision* that it was not holding that the initiative power is free of all limitations and was not determining whether the initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay debt service on bonded debt and operating expenses. Such initiative power could be subject to the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution. Additionally, SB 919 provides that the initiative power provided for in Proposition 218 “shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after [the effective date of Proposition 218] assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights” protected by the United States Constitution. No assurance can be given that the voters of the District will not, in the future, approve initiatives which repeal, reduce or prohibit the future imposition or increase of assessments, fees or charges, including the District’s sewer

service fees and charges, which are the source of Net Revenues pledged to the payment of the Installment Payments, which secure debt service on the Bonds or any additional Parity Obligations.

Notwithstanding the fact that wastewater service charges may be subject to reduction or repeal by voter initiative undertaken pursuant to Section 3 of Article XIII C, the District has covenanted to levy and charge rates which meet the requirements of the Installment Purchase Agreement in accordance with applicable law.

Article XIII D defines a “fee” or “charge” as any levy other than an *ad valorem* tax, special tax, or assessment imposed upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property-related service. A “property-related service” is defined as “a public service having a direct relationship to a property ownership.” In the *Bighorn Decision*, the California Supreme Court held that a public water agency’s charges for ongoing water delivery are fees and charges within the meaning of Article XIII D. Article XIII D requires that any agency imposing or increasing any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a result, the local government’s ability to increase such fee or charge may be limited by a majority protest.

The District has ratified prior sewer rate measures and otherwise complied with the applicable notice and protest procedures of Article XIII D for its current sewer rates and charges. There has not been nor is there any pending challenge to any of the District’s sewer fees and charges approved since the effective date of Proposition 218. While the District’s counsel is of the opinion, based upon the judicial precedent in place during the period of these rate increases, that a reviewing court could reasonably uphold the validity of those increases, neither the District nor the District’s counsel can predict with certainty the outcome of a challenge to the increases in the District’s sewer rates and charges that were not approved in accordance with the notice and hearing requirements of Article XIII D if one were brought.

In addition, Article XIII D also includes a number of limitations applicable to fees and charges including provisions to the effect that (i) revenues derived from the fee or charge shall not exceed the funds required to provide the property-related service; (ii) such revenues shall not be used for any purpose other than that for which the fee or charge was imposed; (iii) the amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel; and (iv) no such fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property-related fees or charges based on potential or future use of a service are not permitted.

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4)

a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Article XIID establishes procedural requirements for the imposition of assessments, which are defined as any charge upon real property for a special benefit conferred upon the real property. Standby charges are classified as assessments. Procedural requirements for assessments under Article XIID include conducting a public hearing and mailed protest procedure, with notice to the record owner of each parcel subject to the assessment. The assessment may not be imposed if a majority of the ballots returned oppose the assessment, with each ballot weighted according to the proportional financial obligation of the affected parcel.

Existing, new or increased assessments are subject to the procedural provisions of Proposition 218. However, certain assessments existing on November 6, 2005, are classified as exempt from the procedures and approval process of Article XIID. Expressly exempt assessments include (i) an assessment imposed exclusively to finance capital costs or Operation and Maintenance expenses for sewers, water, flood control and drainage systems, but subsequent increases are subject to the procedures and approval requirements; (ii) an assessment imposed pursuant to a petition signed by all affected landowners (but subsequent increases are subject to the procedural and approval requirements); (iii) assessments, the proceeds of which are used exclusively to pay bonded indebtedness, where failure to pay would violate the U.S. Constitution's prohibition against the impairment of contracts; and (iv) any assessment which has previously received approval by a majority vote of the voters (but subsequent increases are subject to the procedural and approval requirements).

On July 14, 2008, the California Supreme Court ruled in *Silicon Valley Taxpayers Association, Inc. v. Santa Clara County Open Space City* (the "SCCOSA Decision") that the Santa Clara County Open Space District's county-wide assessment which was designed to fund the acquisition and maintenance of unspecified open-space lands in the County was invalid under Proposition 218. The Court held that deference should not be accorded to local agencies when Proposition 218 legislative acts are challenged. Under Proposition 218, courts must make an independent review of whether the assessment and formation of an assessment district meet the "special benefit" and proportionality requirements of Article XIID. Further, while an assessment will not be invalidated because it confers a benefit upon the public at large, the "special benefit" must affect the assessed property in a distinct and particular manner not shared by other parcels and the public at large. Specifically, in the SCCOSA Decision the assessment did not meet the requirements of a "special benefit" and the assessment was not proportional to the special benefits conferred. Finally, the Court held that the Santa Clara Open Space District did not meet the proportionality requirement of Article XIID because it did not specifically identify the improvements to be financed by the assessment and failed to sufficiently connect any costs of and benefits received from the open space assessment to the specific assessed parcels.

The District and the District's counsel are of the opinion that current sewer fees and charges that are subject to Proposition 218 comply with the provisions thereof. The District and the District's counsel

are also of the opinion that current sewer capacity fees are not subject to Proposition 218. Should it become necessary to increase the sewer fees and charges above current levels, the District would be required to comply with the requirements of Article XIII D in connection with such proposed increase. To date, there have been no legal challenges to sewer rate increases implemented by the District pursuant to Proposition 218 or otherwise. It is unclear whether under existing standards, rates and charges may be established at levels which would permit deposits to a rate stabilization fund or maintenance of uncommitted cash reserves.

The interpretation and application of Proposition 218 will ultimately be determined by the courts or through implementing legislation with respect to a number of the matters described above, and it is not possible at this time to predict with certainty the outcome of such determination or the nature or scope of any such legislation.

Limited Recourse on Default

Failure by the USDFA to pay debt service on the Bonds constitutes an event of default under the Indenture and the Trustee is permitted to pursue remedies at law or in equity to enforce the USDFA's obligation to make such payments. Failure by the District to make the Installment Payments constitutes an event of default under the Installment Purchase Agreement and the Trustee, as assignee of the USDFA, is permitted to pursue remedies at law or in equity to enforce the District's obligation to make such payments. Although the Trustee has the right to accelerate the total unpaid principal amount of the Bonds, there is no assurance that the District would have sufficient funds to pay the accelerated amounts.

Limitations on Remedies

The ability of the District to comply with its covenants under the Installment Purchase Agreement and to generate Net Revenues sufficient to make Installment Payments to pay principal of and interest on the Bonds may be adversely affected by actions and events outside of the control of the District and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or persons obligated to pay assessments, fees and charges. Furthermore, the remedies available to the owners of the Bonds upon the occurrence of an event of default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on remedies contained in the Indenture and the Installment Purchase Agreement, the rights and obligations under the Indenture and the Installment Purchase Agreement may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against governmental entities in the State of California. The opinions to be delivered by Bond Counsel concurrently with the issuance of the Bonds will be subject to such limitations and the various other legal opinions to be delivered concurrently with the issuance of the Bonds will be similarly qualified. See APPENDIX E—FORM OF BOND COUNSEL OPINION. If the District fails to comply with its covenants in the Installment Purchase Agreement or fails to make Installment Payments to pay principal of and interest due on the Bonds, there can be no assurance of the availability of remedies adequate to protect the interest of the holders of the Bonds.

Initiatives

In recent years several initiative measures have been proposed or adopted which affect the ability of local governments to increase taxes and rates. There is no assurance that the electorate or the State legislature will not at some future time approve additional limitations which could affect the ability of the District to implement rate increases which could reduce Net Revenues and adversely affect the security for the Bonds.

Bankruptcy

The rights and remedies provided in the Indenture and the Installment Purchase Agreement may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California. The various opinions of counsel to be delivered with respect to the Bonds and the Indenture, including the opinion of Bond Counsel, will be similarly qualified. If the District were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners of the Bonds and the District could be prohibited from taking any steps to enforce their rights under the Indenture.

Tax Exemption

The District has covenanted in the Installment Purchase Agreement that it will take all actions permitted by law and the Indenture to assure that interest paid on the Bonds is excluded from gross income for purposes of federal income taxes and that it will take no action that could result in such interest not being excluded from gross income for purposes of federal income taxes. Future actions or omissions of the District could cause the interest on the Bonds to be included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. See "TAX MATTERS."

Future Parity Obligations

The Installment Purchase Agreement permits the District to issue Parity Obligations, under which its obligations would be secured by Gross Revenues and payable from Net Revenues on a parity with the payment of the Installment Payments.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

Risks Related to Cyber Security

The District relies on computers and technology to conduct its operations. The District faces cyber threats from time to time including, but not limited to, hacking, viruses, malware and other forms of technology attacks. The District owns and operates its own network. The District has retained information

technology professionals to support, maintain and protect these operations locally in a purpose-built and physically secure environment. This network and its operations are governed by and in compliance with all applicable governmental regulations as well as the District's own administrative regulations. Within the District's operations and guidance is an active cyber-security program designed to protect from, and to quickly identify and mitigate, a multitude of complex security threats. While no network is completely immune from all possible compromise, the District exercises its due diligence in protecting the data it possesses and the systems it operates. To date, there have been no significant cyber-attacks on the District's computers and technologies.

The District adopted formal cybersecurity policies that became effective in November 13, 2018. The goal of the District's cybersecurity policies are to protect the District's computer and communication systems; to ensure a reasonable level of security; to establish an understanding of privacy and accepted uses; to protect information generated by or stored on any District-owned computer or communication system; and to protect the District's investment in technology.

While the District routinely maintains its technology systems and continuously implements new information security controls, no assurances can be given that the District's security and operational control measures will be successful in guarding against all cyber threats and attacks. The results of any attack on the District's computers and technology could negatively impact the District's operations, and the costs related to such attacks could be substantial.

Natural Calamities and Climate Change

General. From time to time, the District's service area has been and could be subject to natural calamities, including, but not limited to, earthquake, flood or wildfire, that may adversely affect economic activity in the District's service area, and which could have a negative impact on the District and its customers. There can be no assurance that the occurrence of any natural calamity would not cause substantial interference to the Wastewater System.

Seismic. Like most regions in California, the District's service area is in an area of significant seismic activity. There are numerous earthquake faults near the District, including particularly the Hayward fault. The Hayward fault covers the hills on the east side of the San Francisco Bay and into San Pablo Bay. Numerous other faults are capable of producing damaging earthquakes similar in magnitude to the 1989 Loma Prieta earthquake. Soils in lowland areas away from major faults may also be unable to support buildings during major earthquakes. Landslides are likely on hillsides during major earthquakes. Coastal areas are also at risk of tsunamis, generated from earthquakes on local faults or across the Pacific.

If there were to be an occurrence of severe seismic activity in the District's service area, there could be substantial damage to and interference to the District's customers, to EBDA's facilities or to the Wastewater System itself. Damage resulting from such an event could have a material adverse effect on the District's financial condition as well, through unexpected recovery costs and reduced wastewater service charges and other revenues.

Flood. Like most of the State, the District's service area is subject to unpredictable seasonal rainfall, with periods of intense and sustained precipitation occurring every few years.

Climate Change/Sea Level Rise. The District's service area directly abuts the San Francisco Bay. While the District's facilities are not at risk, certain District customers are vulnerable to property damage

as a result of future sea level rise in the San Francisco Bay or other negative impacts resulting from climate change.

The predictions for sea level rise in the San Francisco Bay vary. Local impacts of climate change are not definitive, but the District's service area could experience changes to local and regional weather patterns, rising bay water levels, increased risk of flooding, changes in salinity and tidal patterns of San Francisco Bay, coastal erosion, water restrictions and vegetation changes.

In May of 2020, the California Coastal Commission adopted "Making California's Coast Resilient to Sea Level Rise: Principles for Aligned State Action," indicating there is a significant risk of up to 0.8 feet of sea level rise by 2030 and 6.9 feet by 2100 in the San Francisco Bay region. Pending site-specific analyses, the Coastal Commission's guidance recommends planning for a sea level rise target of 3.5 feet by 2050. The California Environmental Protection Agency, including the State Water Resources Control Board, has endorsed such planning principles. The District has embraced the Coastal Commission's planned guidance and will continue to monitor and plan for sea level rise to protect its facilities. The District has not formally adopted the Coastal Commission's guidance but is using the findings District specific planning.

Wildfire. In recent years, wildfires have caused extensive damage to cities throughout the State. In some instances, entire neighborhoods have been destroyed. Areas effected by wildfires may be more prone to flooding and mudslides. In addition to the direct impact of wildfires on health and safety and property damage, the smoke from wildfires has negatively impacted the quality of life in the Bay Area and the District's service area and may have short-term and future impacts on residential and commercial activity in the District's service area.

Impact of Natural Calamity Generally. If there were to be a natural calamity in the District's service area there could be substantial damage to and interference with the District's operations. Damage resulting from such an event could have a material adverse effect on the District's financial condition as well, through unexpected recovery costs and reduced tax and other revenues.

Pension Benefit Liability

Many factors influence the amount of the District's pension benefit liabilities, including, without limitation, inflationary factors, changes in statutory provisions of CalPERS retirement system laws, changes in the level of benefits provided or in the contribution rates of the District, increases or decreases in the number of covered employees, changes in actuarial assumptions or methods (including but not limited to the assumed rate of return), and differences between actual and anticipated investment experience of CalPERS. Any of these factors could give rise to additional liability of the District to its pension plans as a result of which the District would be obligated to make additional payments to its pension plans in order to fully fund the District's obligations to its pension plans. It is expected that required contributions to CalPERS will go up in future years.

INVESTMENT OF DISTRICT FUNDS

Moneys held by the District, including Wastewater System moneys, will be invested in accordance with the District's adopted investment policies. See APPENDIX G—DISTRICT'S INVESTMENT POLICY.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Sacramento, California, Bond Counsel (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to the Beneficial Owner of the Bond before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Beneficial Owner of a Bond will increase the Beneficial Owner’s basis in the applicable Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Beneficial Owner of a Bond is excluded from the gross income of such Beneficial Owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Beneficial Owner of a Bond is exempt from State of California personal income tax.

Bond Counsel’s opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the USDFA, the District and others and is subject to the condition that the USDFA and the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The USDFA and the District will covenant to comply with all such requirements.

The amount by which a Beneficial Owner’s original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Beneficial Owner’s basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Beneficial Owner realizing a taxable gain when a Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Beneficial Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

Bond Counsel’s opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture, the Installment Purchase Agreement and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted

if a favorable opinion of a bond counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on any Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the USDFA and the District continue to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

The Internal Revenue Service (the “IRS”) has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

A copy of the proposed form of opinion of Bond Counsel with respect to the Bonds is attached hereto in APPENDIX E—FORM OF BOND COUNSEL OPINION.

CERTAIN LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, Sacramento, California, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX E—FORM OF BOND COUNSEL OPINION. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will also be passed upon for the District by Quint & Thimmig LLP, Larkspur, California, as Disclosure Counsel. Certain legal matters will be passed upon for

the USDFA and the District by Burke Williams & Sorensen, LLP, Oakland, California, and for the Underwriter by Kutak Rock LLP, Irvine, California. *Payment of the fees and expenses of Bond Counsel, Disclosure Counsel and counsel to the Underwriter is contingent upon issuance of the Bonds.* Bond Counsel represents the USDFA and the District in connection with the execution and delivery of the Bonds. Bond Counsel represents the Underwriter from time-to-time on other financings and matters unrelated to the USDFA, the District and the Bonds. Bond Counsel does not represent the Underwriter or any other party with respect to the issuance of the Bonds other than the District and the USDFA.

MUNICIPAL ADVISOR

The District has retained Fieldman, Rolapp & Associates, Inc. of Irvine, California, as its municipal advisor (the “Municipal Advisor”) in connection with the authorization, issuance and sale of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

The Municipal Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. The payment of the fees of the Municipal Advisor is contingent upon the authorization, issuance and sale of the Bonds.

LITIGATION

To the best knowledge of the District, there is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the District to restrain or enjoin the authorization, execution or delivery of the Bonds, or the pledge of the Net Revenues or the collection of the payments to be made pursuant to the Indenture, or in any way contesting or affecting validity of the Bonds, the Indenture or the agreement for the sale of the Bonds, or in any way contesting or affecting the transactions described in this Official Statement.

RATINGS

Fitch Ratings (“Fitch”) and S&P Global Ratings, a Standard & Poor’s Financial Services LLC business (“S&P”), have assigned the ratings of “_____” and “_____,” respectively, to the Bonds. Such ratings reflects only the view of Fitch and S&P and any desired explanation of the significance of such rating should be obtained from Fitch and S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by Fitch and/or S&P if in the judgment of Fitch and/or S&P, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price for the Bonds.

In providing a rating on the Bonds, certain rating agencies may have performed independent calculations of coverage ratios using their own internal formulas and methodology which may not reflect the provisions of the Installment Purchase Agreement. Neither the USDFA nor the District makes any representations as to any such calculations, and such calculations should not be construed as a

representation by the USDFA or the District as to past or future compliance with any bond covenants, the availability of particular revenues for the payment of debt service on the Bonds or for any other purpose.

The District has covenanted in a Continuing Disclosure Certificate for the Bonds to file on EMMA, notices of any ratings changes on the Bonds. See the caption “CONTINUING DISCLOSURE” below and Appendix C. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the ratings agencies and their respective websites and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance of the Bonds.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of owners and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Wastewater System by not later than nine months following the end of the District’s fiscal year (currently ending June 30) (the “Annual Report”), commencing with the report for the fiscal year ended June 30, 2021, and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the District with the Municipal Securities Rulemaking Board through the Electronic Municipal Access (EMMA) System. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is summarized below under the caption APPENDIX C—FORM OF CONTINUING DISCLOSURE CERTIFICATE. These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the “Rule”).

The District’s continuing disclosure obligations began with the issuance of the 2020 USDFA Bond, the first filing being for the fiscal year ended June 30, 2020. The District is in full compliance with such filing obligation.

UNDERWRITING

The Bonds are being purchased by RBC Capital Markets, LLC (the “Underwriter”) at a price of \$_____ (consisting of \$_____ aggregate principal amount of the Bonds, plus \$_____ of original issue premium, less \$_____ of Underwriter’s discount). The Underwriter may offer and sell the Bonds to certain dealers and others at prices different from the prices stated on the cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

The initial public offering prices stated on the cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate

swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the District. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion, assumptions, projections, anticipated events or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and actual results may differ substantially from those set forth herein. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the owners of the Bonds.

The summaries of certain provisions of the Bonds, statutes and other documents or agreements referred to in this Official Statement do not purport to be complete, and reference is made to each of them for a complete statement of their provisions. Copies are available for review by making requests to the District.

The Appendices are an integral part of this Official Statement and must be read together with all other parts of this Official Statement. The audited financial statements of the District, including a summary of significant accounting policies, for the fiscal year ended June 30, 2020, are contained in APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE INFORMATION FOR FISCAL YEAR ENDED JUNE 30, 2019.

The execution of this Official Statement and its delivery have been authorized by the USDFA and the District.

UNION SANITARY DISTRICT FINANCING
AUTHORITY

By _____
Paul R. Eldredge, P.E.
Executive Director

UNION SANITARY DISTRICT

By _____
Paul R. Eldredge, P.E.
General Manager

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX A

**SUMMARY OF THE INDENTURE AND THE
INSTALLMENT PURCHASE AGREEMENT**

[TO COME]

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX B

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE INFORMATION FOR FISCAL YEAR ENDED JUNE 30, 2019

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX C

FORM OF THE CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (the “Disclosure Certificate”) is executed and delivered by the UNION SANITARY DISTRICT (the “District”) in connection with the issuance by the Union Sanitary District Financing Authority (the “USDFA”) of its \$ _____* Union Sanitary District Financing Authority Revenue Bonds, Series 2021A (the “Bonds”). The Bonds are being issued pursuant to an indenture of trust, dated as of July 1, 2021, by and between the USDFA and U.S. Bank National Association, as trustee (the “Indenture”), and a resolution adopted by the Board Directors of the USDFA on July 26, 2021. The District covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth above and, in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means March 31 after the end of the District’s fiscal year.

“*Dissemination Agent*” shall mean, initially, the District or any successor Dissemination Agent designed in writing by the District and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

“*Fiscal Year*” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the District as its official fiscal year period under a Certificate of the District filed with the Trustee.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the District in connection with the issuance of the Bonds.

“*Participating Underwriter*” means the original underwriter of the Bonds.

“*Rule*” means Rule 15c2–12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

“*Significant Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

* Preliminary, subject to change.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2- 12(b)(5).

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2022, with the report for fiscal year 2020-21 provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(b). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District in a timely manner shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) The District's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for Annual Reports provided for in Section 3 above, financial information and operating data with respect to the District for preceding fiscal year, substantially similar to that provided in the Official Statement, as follows:

- (i) Revenues by User Category;
- (ii) Ten Largest Rate Payers; and
- (iii) Historical Debt Service Coverage.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Significant Events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the District or other obligated person;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the District or an obligated person, or the sale of all or substantially all of the assets of the District or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) The incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect security holders, if material; or

(xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Significant Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The District acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a)(xv) of this Section 5 contain the qualifier “if material.” The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the District determines the event’s occurrence is material for purposes of U.S. federal securities law. The District intends that the words used in paragraphs (xv) and (xvi) and the definition of “financial obligation” to have the meanings ascribed thereto in SEC Release No. 34-83885 (November 8, 2018) and/or any further guidance or releases provided by the SEC.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Significant Event under Section 5(b).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days’ written notice to the District.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

The Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations hereunder.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Significant Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Significant Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) When the District is not the Dissemination Agent, Article VIII of the Indenture is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the District hereunder and shall not be deemed to be acting in any fiduciary capacity for the District, the Bond holders or

any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the owners and Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

Date: [Closing Date]

UNION SANITARY DISTRICT, as Dissemination
Agent

By _____
Authorized Officer

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Union Sanitary District Financing Authority
Name of Obligor: Union Sanitary District
Name of Issue: Union Sanitary District Financing Authority Revenue Bonds, Series 2021A
Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate, dated [Closing Date], furnished by the Obligor in connection with the Issue. The Obligor anticipates that the Annual Report will be filed by _____.

Dated: _____

UNION SANITARY DISTRICT

By _____
Authorized Officer

cc: Trustee

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX D

TRI-CITY AREA AND ALAMEDA COUNTY SUPPLEMENTAL INFORMATION

The following information concerning the Tri-City Area and Alameda County is included only for the purpose of supplying general information regarding the community. The Bonds are not a debt of the cities of Fremont, Newark or Union City, the County, the State or any of its political subdivisions, and neither the cities of Fremont, Newark and Union City, the County, the State nor any of its political subdivisions is liable therefor.

Although reasonable efforts have been made to include up-to-date information in this Appendix D, some of the information is not current due to delays in reporting of information by various sources. It should not be assumed that the trends indicated by the following data would continue beyond the specific periods reflected herein.

Introduction

The area consisting of the cities of Fremont, Newark (an enclave of Fremont), and Union City (formed from the communities of Alvarado and Decoto), is known as the Tri-City Area.

The City of Fremont has a population of around 234,239. It is the fourth most populous city in the San Francisco Bay Area, and the largest suburb in the Tri-City Area. The City of Newark has a population of around 48,859 residents and is an enclave, surrounded by the city of Fremont. The City of Union City has over 72,779 residents. All of the Tri-City Area cities sit at the edge of Silicon Valley and shares in its economic pattern.

Alameda County (the "County") is located in the East San Francisco Bay Area of the State of California. The County seat is Oakland. The County was formed on March 25, 1853 from a large portion of Contra Costa County and a smaller portion of Santa Clara County. The County has a total area of 821 square miles (2,130 km²), of which 739 square miles (1,910 km²) is land and 82 square miles (210 km²) (10.0%) is water.

The San Francisco Bay borders the County on the west, and the city and county of San Francisco, California has a small land border with the city of Alameda due to land filling. The crest of the Berkeley Hills form part of the northeastern boundary and reach into the center of the County. A coastal plain several miles wide lines the bay; it is home to Oakland and the most populous regions. Livermore Valley lies in the eastern part of the County.

Population

The table below summarizes population of the Cities of the Tri-City Area, the County, and the State of California for the last five years.

FREMONT, NEWARK, UNION CITY, ALAMEDA COUNTY, and CALIFORNIA

Population

Year	City of Fremont	City of Newark	City of Union City	Alameda County	State of California
2017	231,713	42,286	73,301	1,644,303	39,352,398
2018	232,107	46,765	72,889	1,651,760	39,519,539
2019	232,601	48,079	73,375	1,659,608	39,605,361
2020	233,132	48,603	73,248	1,663,114	39,648,938
2021	234,239	48,859	72,779	1,656,591	39,466,855

Source: California Department of Finance, E-4 Population Estimate for Cities, Counties, and the State, 2011-21, with 2010 Census Benchmark.

Employment

The following table summarizes historical employment and unemployment for the County, the State of California and the United States:

ALAMEDA COUNTY, CALIFORNIA, and UNITED STATES Civilian Labor Force, Employment, and Unemployment (Annual Averages)

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate ⁽¹⁾
2016	Alameda County	837,900	802,400	35,500	4.2%
	California	19,102,700	18,065,000	1,037,700	5.4
	United States	159,187,000	151,436,000	7,751,000	4.9
2017	Alameda County	848,500	817,600	30,900	3.6
	California	19,312,000	18,393,100	918,900	4.8
	United States	160,320,000	153,337,000	6,982,000	4.4
2018	Alameda County	848,200	822,800	25,400	3.0
	California	19,398,200	18,582,800	815,400	4.2
	United States	162,075,000	155,761,000	6,314,000	3.9
2019	Alameda County	844,400	819,700	24,700	2.9
	California	19,411,600	18,627,400	784,200	4.0
	United States	163,539,000	157,538,000	6,001,000	3.7
2020 ⁽²⁾	Alameda County	813,800	742,400	71,400	8.8
	California	18,821,200	16,913,100	1,908,100	10.1
	United States	160,742,000	147,795,000	12,947,000	8.1

Source: California Employment Development Department, Monthly Labor Force Data for Counties, Annual Average 2010-2020, and US Department of Labor.

- (1) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures available in this table.
- (2) Latest available full-year data.

Major Employers

The following table lists the top 10 employers within the County as of June 30, 2020.

ALAMEDA COUNTY Top 10 Employers as of June 30, 2020

Employer	Employees	% of Total
Kaiser Permanente	34,819	4.25%
Tesla	10,000	1.22
Safeway Inc.	9,796	1.20
County of Alameda	9,588	1.17
Sutter Health	9,377	1.15
John Muir Health	6,012	.73
Chevron Corp.	5,186	.63
PG&E Corp.	5,100	.62
Wells Fargo Bank	4,589	.56
Workday	4,565	.56
Total Top 10	99,032	12.09

Source: Alameda County fiscal year 2019-20 Comprehensive Annual Financial Report.

Construction Activity

The following table reflects the five-year history of building permit valuation for the County:

ALAMEDA COUNTY Building Permits and Valuation (Dollars in Thousands)

	2015	2016	2017	2018	2019 ⁽¹⁾
Permit Valuation:					
New Single-family	\$ 576,948	\$ 791,891	\$ 763,677	\$ 689,529	\$ 675,129
New Multi-family	456,361	497,341	1,307,093	1,431,985	782,536
Res. Alterations/Additions	344,975	466,239	501,276	469,158	512,409
Total Residential	1,378,285	1,755,471	2,572,048	2,590,673	1,970,076
Total Nonresidential	1,146,437	1,332,034	1,587,834	1,762,395	1,794,925
Total All Building	2,524,722	3,087,506	4,159,882	4,353,068	3,765,001
New Dwelling Units:					
Single Family	1,671	2,348	2,175	1,867	1,871
Multiple Family	3,370	3,171	6,889	6,540	4,145
Total	5,041	5,519	9,064	8,407	6,016

Source: Construction Industry Research Board: "Building Permit Summary."

Note: Columns may not sum to totals due to independent rounding.

(1) Last available full-year data.

Median Household Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the median household effective buying income for the Cities of the Tri-City Area, the County, the State of California, and the nation for the past five years.

UNION CITY, ALAMEDA COUNTY, STATE OF CALIFORNIA AND UNITED STATES Median Household Effective Buying Income

	2016	2017	2018	2019	2020
Fremont	\$ 88,392	\$ 94,649	\$ 101,688	\$ 110,407	\$ 115,895
Newark	76,872	81,833	87,798	92,618	99,654
Union City	74,907	80,767	85,990	91,021	96,659
Alameda County	67,631	73,633	79,446	84,835	88,389
California	55,681	59,646	62,637	65,870	67,956
United States	48,043	50,735	52,841	55,303	56,790

Source: Nielsen, Inc.

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX E

FORM OF BOND COUNSEL OPINION

Upon issuance of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

[Closing Date]

Union Sanitary District Financing Authority
5072 Benson Road
Union City, California 94587

Re: \$ _____ * Union Sanitary District Financing Authority Revenue Bonds, Series 2021A

Members of the Board of Directors:

We have acted as Bond Counsel in connection with the issuance by the Union Sanitary District Financing Authority (the “USDFA”), a joint exercise of powers agency organized and existing under the laws of the State of California, of \$ _____ * aggregate principal amount of Union Sanitary District Financing Authority Revenue Bonds, Series 2021A (the “Bonds”), under and pursuant to the provisions relating to the joint exercise of powers found in Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended (the “Act”), and under and pursuant to the Indenture of Trust (the “Indenture”), dated as of July 1, 2021 by and between the USDFA and U.S. Bank National Association, as trustee. Capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Indenture.

Our services as Bond Counsel were limited to a review of the legal proceedings required for the authorization and issuance of the Bonds. We have reviewed originals or copies identified to our satisfaction as being true copies of (i) the Indenture; (ii) the Installment Purchase Agreement (the “Installment Purchase Agreement”), dated as of July 1, 2021, between the USDFA and the Union Sanitary District (the “District”); and (iii) certain other records of the USDFA and the District. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of Authority and District officers and other officials of public agencies furnished to us without undertaking to verify the same by independent investigations.

Based upon the foregoing and after the examination described above, and after examination of such questions of law as we have deemed relevant in the circumstances, but subject to the limitations set forth above, we are of the opinion that:

1. The USDFA has lawful authority under the Act to enter into the Indenture and the Installment Purchase Agreement, the USDFA has duly authorized, executed and delivered the Indenture and the Installment Purchase Agreement and, assuming due authorization, execution and delivery by the respective other parties thereto, the Indenture and the Installment Purchase Agreement are legal, valid and binding obligations of the USDFA enforceable in accordance with their terms. The Indenture creates a valid pledge of the USDFA Revenues, subject to the provisions thereof permitting the application thereof for the purposes and on the terms and conditions set forth therein.

2. The USDFA has lawful authority to issue the Bonds and the Bonds have been duly and validly authorized and issued by the USDFA in accordance with the Constitution and statutes of the State of California, including the Act and the Indenture. The Bonds constitute legal, valid and binding special obligations of the USDFA enforceable in accordance with their terms. The Bonds are special obligations of the USDFA payable solely from

* Preliminary, subject to change.

USDFA Revenues and amounts on deposit in certain funds and accounts held under the Indenture. The Bonds are not an obligation of the State of California, any public agency thereof (other than the USDFA) or any member of the USDFA; and neither the faith and credit nor the taxing power of the State of California or any public agency thereof, or any member of the USDFA is pledged for the payment of the Bonds.

3. Under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond Owner will increase the Bond Owner's basis in the applicable Bond. Original issue discount that accrues to the Bond Owner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and is exempt from State of California personal income tax.

6. The amount by which a Bond owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bond owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond owner realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner.

The opinions expressed herein as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is subject to the condition that the USDFA and the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The USDFA and the District have covenanted to comply with all such requirements.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or occur. The Indenture, the Installment Purchase Agreement and the Tax Certificate permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest on the Bonds (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the opinion or advice of counsel other than ourselves. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Indenture, the Installment Purchase Agreement and the Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California.

By delivering this letter, we are not expressing any opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the Indenture, the Bonds or the Installment Purchase Agreement, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Indenture, the Bonds or the Installment Purchase Agreement or the accuracy or sufficiency of the description of such assets, or the remedies available to enforce liens on, any such assets.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement (the "Official Statement") relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement.

Respectfully submitted,

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix F, concerning The Depository Trust Company, New York, New York (“DTC”), and DTC’s book-entry system, has been furnished by DTC for use in official statements and the District takes no responsibility for the completeness or accuracy thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of principal or interest on the Bonds, (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix F. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC. Information Furnished by DTC Regarding its Book-Entry Only System

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds (as used in this Appendix F, the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit the notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the paying agent or bond trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the paying agent or bond trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the paying agent or bond trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or the paying agent or bond trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

APPENDIX G

DISTRICT'S INVESTMENT POLICY

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX H

CAPACITY CHARGE ORDINANCE

THIS PAGE INTENTIONALLY LEFT BLANK

**Directors**

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

**JULY 26, 2021
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 11**

TITLE: Consider a Resolution to Open LAIF Account for Investment of 2021A Bond Proceeds (This is a Motion Item)

SUBMITTED: Paul R. Eldredge, General Manager/District Engineer
Mark Carlson, CFO, Work Group Manager

Recommendation

Consider and adopt a resolution authorizing staff to open a new account for the investment of bond proceeds in the Local Agency Investment Fund (LAIF); and identifying and authorizing incumbents holding appropriate job titles within the District to order the withdrawal of monies in the Local Agency Investment Fund (LAIF), pursuant to Government Code section 16429.1

Discussion

The Union Sanitary District Financing Authority (USDFA) will be considering the issuance of the 2021A bonds in an amount not to exceed \$110,000,000. The funds will be utilized, in part , for the construction of ETSU Phase 1A and other District CIP projects. The USDFA has elected to authorize US Bank, the trustee for this bond transaction, to disburse the proceeds from the issuance directly to the Union Sanitary District for investment and management. Staff believes it is in the best interests of the District to open a separate, bond proceeds (only) investment account per the LAIF guidelines, to maximize returns on the proceeds from this revenue bond until such funds are fully disbursed for the intended CIP projects.

Background

The District recently placed the 2020A bond proceeds with LAIF for investment, and in addition, has invested other available funds with LAIF for many years. The utilization of a LAIF account to

hold the bond funds conforms with the allowable investment options provided for in the bond documents.

Previous Board Action

None

Attachment

Resolution

UNION SANITARY DISTRICT

RESOLUTION NO. _____

**RESOLUTION OF THE BOARD OF DIRECTORS OF UNION SANITARY DISTRICT AUTHORIZING
INVESTMENT OF BOND PROCEEDS IN THE LOCAL AGENCY INVESTMENT FUND (LAIF)**

WHEREAS, the Local Agency Investment Fund is established in the State Treasury under Government Code section 16429.1 et. seq. for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Board of Directors hereby finds that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with Government Code section 16429.1 et. seq for the purpose of investment as provided therein is in the best interests of the Union Sanitary District; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors hereby authorizes the deposit and withdrawal of Union Sanitary District monies in the Local Agency Investment Fund in the State Treasury in accordance with Government Code section 16429.1 et. seq. for the purpose of investment as provided therein; and

BE IT FURTHER RESOLVED, as follows:

Section 1. The following Union Sanitary District officers holding the title(s) specified below or their successors in office are each hereby authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund and may execute and deliver any and all documents necessary or advisable in order to effectuate the purposes of this resolution and the transactions contemplated hereby:

Paul R. Eldredge, General Manager/District Engineer
Mark Carlson, Business Services Manager/Chief Financial Officer
Laurie Brenner Finance & Acquisition Services Coach
Virginia Holslag, Accounting & Financial Analyst II

Section 2. This resolution shall; remain in full force and effect until rescinded by the board of Directors by resolution and a copy of the resolution rescinding this resolution is filed with the State Treasurer's Office.

I hereby certify that the foregoing resolution was duly and regularly adopted and passed by the Board of Directors of the UNION SANITARY DISTRICT, Alameda County, California, at a meeting thereof held on the 26th day of July 2021.

AYES:

NOES:

ABSENT:

ABSTAIN:

Pat Kite
President, Board of Directors
Union Sanitary District

Attest:

Manny Fernandez
Secretary, Board of Directors
Union Sanitary District



Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers
Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

**JULY 14, 2021
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 12**

TITLE: Review and Consider Approval of Updates to Policy 2060 Debt Management Policy. (This is a Motion Item)

SUBMITTED: Paul R. Eldredge, General Manager/District Engineer
Mark Carlson, CFO, Work Group Manager

Recommendation

Review and Consider approval of updates to policy 2060, Debt Management Policy.

Discussion

The District is currently working with the State Water Resource Control Board (SWRCB) on a low interest loan for the Standby Power Generation System Upgrade Project. The loan amount is currently estimate at \$33.4 million. It was recently brought to the Districts attention that the SWRCB has modified its terms and conditions regarding early repayment of SRF loans since the District last received an SRF loan.

In 2017 the SWRCB added terms to its loans that only allows for early repayment or refinancing of SRF loans with their prior approval. Given this language, if the District desired to refinance or repay an SRF loan early, the SWRCB could deny the request.

The language in the Districts current Debt Management policy states *"The District should not enter into any long-term debt that does not include a reasonable and flexible prepayment option"*. Given the more restrictive SRF terms, staff recommends adding additional language to the policy so that the Board is able consider adopting SRF loans in the future. The proposed language is as follows:

Regarding SRF loans, the State Water Resource Control Board changed their loan terms and conditions in 2017 to restrict prepayments of SRF loans without their prior consent. Given the advantageous loan rates that generally accompany SRF loans, the District Board may accept these prepay restrictions when the SRF loan is approved.

Staff is asking the Board to consider modifying Policy 2060 Debt Management Policy to incorporate the language above.

Background

This policy was last updated on January 13, 2020 as part of the three year renewal cycle.

Previous Board Action

None

Attachments

Debt Management policy 2060 – Red Line Version

Debt Management policy 2060 – Clean Line Version

Union Sanitary District Policy
Policy and Procedure Manual

Effective: January 13, 2020	Debt Management Policy	Policy No. 2060 Page 1 of 12
-----------------------------	-------------------------------	---------------------------------

Policy

This policy provides guidelines for the issuance of bonds and other forms of debt to finance capital improvements and other eligible expenditures. These guidelines will assist the District in determining if, when, how much, and what type of debt is appropriate. The guidelines are also designed to help the District issue debt in a cost-effective manner while preserving the District's credit quality and financial flexibility. This Policy should be periodically reviewed and amended to ensure it remains up-to-date and supports the District's financial objectives.

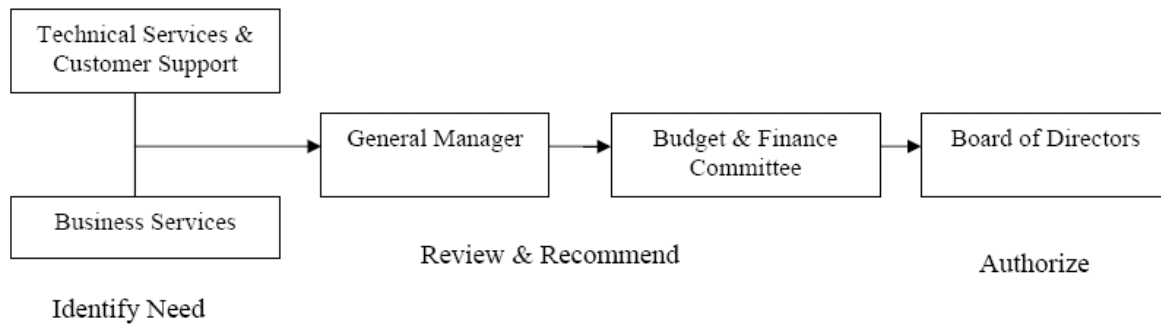
Objectives

Key objectives of this policy are to ensure the District:

- Updates its financial plan and evaluates financing alternatives prior to issuing debt;
- Adopts adequate rates and charges to support debt;
- Issues debt only when needed or when the District deems beneficial;
- Issues the most appropriate type and amount of debt, when needed;
- Issues debt in a cost-effective and prudent manner with competitive interest rates;
- Secures debt with favorable legal covenants that will preserve the District's financial flexibility;
- Understands the financial impacts, legal obligations, and potential benefits and risks of each proposed debt issue;
- Remains in compliance with California Government Code requiring issuers of debt to have an adopted debt policy;
- Remains in compliance with the Internal Revenue Service ("IRS"), Securities Exchange Commission ("SEC") and the Municipal Securities Rulemaking Board ("MSRB") rules and regulations governing the issuance of debt.

Oversight & Authorization Process

The Board of Directors shall have the sole authority to authorize debt on behalf of the District. The following flow chart summarizes the general process for approving and authorizing debt.



Purposes for Which Debt Proceeds May be Used – Eligible Projects

The District can use debt to fund capital improvement projects, equipment purchases, land purchases, and other qualified expenditures, or to refund prior debt. Generally, a bond counsel or other legal counsel will need to verify that the anticipated expenditures can be funded by debt. Project costs may include the actual costs of construction labor and materials as well as related soft costs such as planning, engineering and design, environmental and/or legal review, permitting, project administration, and construction management. Debt can generally be issued for up to three years of anticipated project costs but must meet expected spend-down provisions governed by the IRS. Debt proceeds will not be used to finance operating costs or normal, ongoing maintenance costs.

Reimbursement for Prior Expenditures

The District can use proceeds from debt to reimburse itself for project-related expenditures made prior to debt issuance, subject to certain limitations. Without adoption of a Reimbursement Resolution, an agency can generally reimburse itself for a) soft costs such as planning and design costs provided the amount does not exceed 20% of the debt size, and b) capital expenditures incurred within 60 days prior to debt issuance.

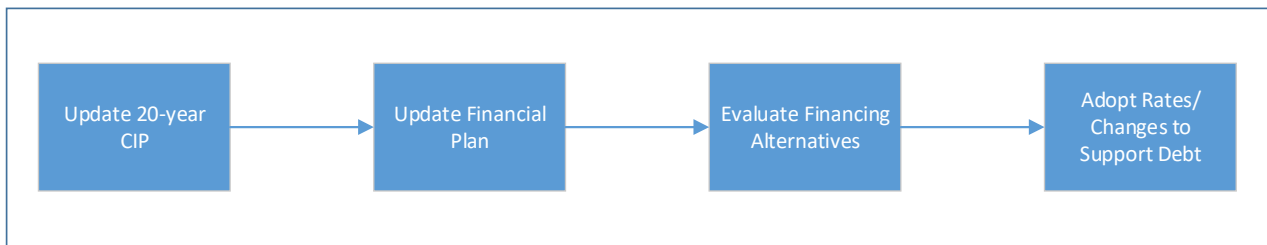
If the District anticipates the need for additional reimbursement, the Board should adopt a Reimbursement Resolution. A Reimbursement Resolution authorizes the District to reimburse itself for capital project expenditures incurred prior to a future issue of debt. The Resolution allows reimbursement for project expenditures made up to 60 days prior to the Resolution's adoption. Debt must be issued within the later of a) 18 months after the date the expenditure is made, or b) 18 months after the date the project is placed in service, but in no case later than 3 years after the date of the expenditure.

Key Steps to Take Prior to Issuing Debt

Prior to issuing debt, the District should review and/or update its long-term Capital Improvement Plan and its Financial Plan to help determine if and how much debt is appropriate. The Financial Plan can be used to evaluate debt alternatives and potential impacts

on rates and finances.

Subsequently, the District should evaluate financing alternatives and identify the revenue streams that will repay the debt. Generally, the District should adopt rates and charges necessary to support debt repayment prior to the issuance of debt. This can include adopting a multi-year rate increase, even if none or only part of the increase is actually in effect when debt is issued.



Rates & Charges

Rates and charges for wastewater service should be established at levels adequate to:

- Support the full cost (direct and indirect) of District operations, including preventive maintenance to keep infrastructure in good working condition and maximize its useful life
- Ensure the timely payment of outstanding debt and comply with outstanding debt covenants
- Fund a reasonable portion of the long-term Capital Improvement Plan on a pay-as-you-go basis
- Ensure adequate levels of liquidity and fund reserves to help maintain the District's long-term financial health and bond credit ratings

Rates and charges should be reviewed at least annually.

Independent Financial Advisor

The District should retain the services of an independent financial advisor on all debt issues. An independent financial advisor can assist the District by developing a capital financing plan, evaluating financing alternatives, and coordinating the sale of debt. The advisor should also assist the District in ensuring debt is issued cost-effectively with favorable legal covenants that will protect the District's financial flexibility. The advisor should have a fiduciary responsibility to solely represent the interests of the District throughout the debt issuance process. Retaining an independent financial advisor is not applicable to State and Federal Grants and Loans. In consultation with the General Manager, CIP and Finance will coordinate in evaluating and administering loans and grants with respect to compliance with debt targets, meeting terms and conditions, tracking proceeds and participating in Single Audits. The use of Bond Counsel may be advisable during the issuance of State or Federal Loans to ensure compliance with existing financial and legal covenants.

Debt Service Coverage

District should plan to achieve minimum debt service coverage ratio of 150% of annual payments due on outstanding debt unless specified otherwise in a bond indenture or loan agreement. This is higher than the standard 120% coverage requirement typically used to secure revenue bonds but is a prudent minimum target for financial planning.

Capital Funding Sources & Financing Options

Basic Capital Funding Sources

The District has a number of options for funding its capital projects, including:

Pay-As-You-Go Financing - The District anticipates funding a substantial portion of its capital projects on a pay-as-you-go basis using annual revenues and reserves. This is the District's preferred approach for funding capital projects.

Bonds and Other Types of Long-Term Debt – Long-term debt may be issued if the District determines that is necessary or beneficial to finance capital improvements over time and not from current revenues or reserves. Long-term debt can enable the District to fund a project over its useful life and recover costs from future project beneficiaries. Long-term debt will not be used to finance operating costs or normal, ongoing maintenance costs.

Short-Term Debt – Short-term debt may be issued if the District determines that it is necessary or beneficial to a) provide interim financing for capital projects, such as in anticipation of a grant or debt, or b) to mitigate short-term cash flow emergencies. Prior to issuing any short-term debt, the District will develop a plan to repay the debt, including a plan to repay any long-term debt used to refinance the short-term debt.

Inter-Fund Borrowing – The Board of Directors may approve inter-fund loans between the Sewer Service Charge Fund and the Capacity Fund. These loans shall be structured to include a market rate of interest and a defined principal repayment schedule.

State and Federal Grants & Loans – There are a number of state and federal financing programs that offer subsidized interest rate loans and/or grants for eligible projects. To the extent federal and state loans or grants are available, the District will appropriately evaluate and pursue such funding sources.

Types of Debt

If the District chooses to issue debt, the District should evaluate the full range of options and select the most appropriate and cost-effective type of financing mechanism. General types of financing available to help fund District projects include:

- JPA Revenue Bonds or Refunding Revenue Bonds
- Certificates of Participation (COPs)
- State and Federal Grants
- Water Infrastructure Finance and Innovation Act (WIFIA) Loans
- State Revolving Fund (SRF) Loans
- Bank Loans, Leases, and Private Placements
- Lines of Credit
- Short-Term Notes
- General Obligation Bonds
- Assessment District Bonds
- Community Facilities District (Mello-Roos) Bonds
- Commercial Paper

Tax-Exempt & Taxable Debt

The District should issue tax-exempt debt, which provides the lowest interest rates, unless it determines that taxable debt is legally necessary to meet the District's financial needs or objectives. Prior to approving the issuance of any debt, the District shall comply with Government Code Section 5852.1 by disclosing specified good faith estimates in a public meeting prior to the authorization of the issuance of bonds.

Fixed & Variable Rate Debt

Debt can be issued with either fixed or variable interest rates. With fixed rate debt, interest rates are locked in for the duration of the borrowing, which provides budget certainty that is important for financial planning. Fixed rate debt does not have to be held through final maturity; it can be paid off early or refinanced according to its legal provisions to achieve savings. Unless the District has compelling reasons to issue variable rate debt, the District should generally issue fixed rate debt.

The District may consider variable rate debt in certain instances. Variable rate debt, if any, should not exceed 25% of total outstanding debt. Additionally, the total amount of variable rate debt should generally never exceed 150% of the District's anticipated level of long-term fund reserves. Maintaining adequate fund reserves provides a hedge against variable rate debt since the interest rate earned on investments generally moves in line with the interest rate of variable rate debt.

Interest Rate Swaps

The District should not enter into any swap agreement without a) fully understanding all the risks and potential costs involved, b) determining that the financing method provides a substantial economic benefit that outweighs the risks, c) review by an independent financial advisor representing the District's interests, and d) commitment to monitor the debt instrument and related risks and be able to respond to changing market conditions. To the

extent the District is considering entering into a swap agreement, the District will engage the services of a qualified independent swap advisor to provide advice on the terms of any potential swap agreement.

Refinancing Debt

The District may refinance outstanding debt if deemed cost-effective and/or beneficial for other District objectives. The general rule of thumb is that a refunding debt issue should not be undertaken unless:

- a) Current refunding results in reasonable net overall present value savings of outstanding principal refunded by the new issue
- b) District needs to terminate legal covenants securing outstanding debt or restructure debt.

Tax-exempt advance refundings (i.e. refunding bonds prior to 90 days before the call date) are prohibited under current tax law and the District will not pursue tax-exempt advance refundings unless there is a change to current law.

Bond Issuance

Method of Bond Issuance

District should generally issue debt via a competitive sale process to ensure it obtains the lowest cost financing. The debt issue should be marketed to a wide range of potential underwriters and lenders. Negotiated sales should only be used if, in the determination of the District in consultation with its independent financial advisor, the potential debt issue is too complicated or not conducive to a competitive sale process. The underwriter should a) have substantial experience with similar types of debt issues, b) have a substantial retail distribution network, c) have a history of obtaining market interest rates, and d) should indicate all costs and fees that may be charged.

Hiring Financial Service Providers

Financial service providers can be selected based on an RFP process. As an alternative to engaging in an RFP process, the District can solicit a proposal from a preferred provider and check with an independent financial advisor to ensure the cost for services is reasonable. An independent financial advisor can assist with selecting and/or negotiating with potential service providers in order to ensure the District receives high-quality services at a reasonable cost.

Debt Structure & Term

Debt should be structured to meet the District's long-term financial needs and objectives. An independent financial advisor can assist the District in determining an appropriate debt

structure and term. Utility revenue bonds are typically issued for terms up to 30 years. The term of the debt should generally not exceed the estimated useful life of the project being funded – technically, the weighted average maturity of the debt should not exceed 120% of the expected life of the project. Unless expressly approved by the Board at the recommendation of Finance after consultation with the Financial Advisor and Bond Counsel the final maturity of fixed rate debt should be no longer than 40 years and the final maturity of variable rate debt should be no longer than 40 years. Factors to be considered to determine the final maturity of debt include: the average useful life of the capital assets being financed, relative level of interest rates, intergenerational equity and the year-to-year differential in interest rates. The District may not issue taxable debt with a final maturity longer than 50 years unless expressly approved by the Board at the recommendation of the Business Services Manager/Chief Financial Officer (“CFO”) after consultation with the Financial Advisor and Bond Counsel.

Debt issued to finance new projects is most-commonly structured to generate level annual debt service payments. In some cases, debt is structured around pre-existing debt obligations in order to provide aggregate level annual debt service accounting for all outstanding issues combined. Subject to federal tax code limitations, refunding debt generally cannot have a term or a weighted average maturity that exceeds the debt being refunded.

Capitalized Interest

If needed or deemed beneficial, the District can set aside debt proceeds in a Capitalized Interest Fund to pay debt service interest payments for up to 3 years after the debt issuance date, or one year after the project is expected to be placed in service. Capitalizing interest requires the issuance of additional debt and results in a) lower debt service payments during the capitalized interest period, and b) higher debt service payments thereafter. In general, the District should not capitalize interest unless needed to meet cash flow requirements or legal covenants.

Bond Insurance / Credit Enhancement

Bond insurance provides investors with additional repayment security and can result in higher credit ratings (the insurance provider’s ratings) and lower interest rates. Bond insurance should be used whenever the debt service savings from the bond insurance is greater than the cost of the bond insurance premium. In general, most investment grade utility revenue bonds are issued with bond insurance since the savings almost always outweighs the cost of bond insurance. Bond insurance is only available at the insurer’s determination.

Bond insurance can be issued at bidder’s option (the option of the underwriter on a competitive sale) or purchased directly by the District prior to a bond sale. If purchasing bond insurance directly, the District should solicit bids from highly rated bond insurers and only use insurance if such credit enhancement results in a lower total cost of borrowing for the District or otherwise furthers the District’s financial objectives.

Legal Covenants for Revenue-Secured Debt

The District is a self-supporting utility enterprise and relies predominantly on revenues from rates and fees to fund all operating and capital expenditures, including debt repayment. The most common type of debt issued by utility enterprises is revenue secured debt. Revenue secured debt should generally be issued with the following legal covenants:

- Debt service coverage pledge should generally be set at 120% for legal purposes. (Total revenues less operating and maintenance expenses must equal at least 120% of outstanding debt service due per fiscal year.)
- Allowance of a rate stabilization fund to meet the debt service coverage requirement.
- Additional debt test should account for adopted (but not yet necessarily effective) rate increases. This would enable the District to phase in future rate increases if ever needed to secure debt.
- Permit issuance of debt with or without a debt service reserve fund, as market conditions warrant, and in the case where a debt service reserve fund is deemed beneficial, allowance to use a reserve surety bond to satisfy the debt service reserve requirement.
- Special language may need to be incorporated to account for potential future SRF Loans and/or other state and federal financing programs.

Prepayment Options

The District should not enter into any long-term debt that does not include a reasonable and flexible prepayment option. Some general guidelines for prepayment options include:

- Long-term debt, such as 25 to 30-year bonds, should include a call-protection period not-to-exceed 10 years. Earlier call provisions provide more financial flexibility for refunding debt but may result in higher interest rates if the bonds are not redeemed on the call date. Shorter-term debt should have shorter call protection periods. For example, a 10-year loan should generally be able to be refunded after 5 years.
- The prepayment penalty or premium for refunding long-term debt should generally not exceed 2% of the outstanding principal amount on the first call date and should decline to 0% within a few years thereafter. It is typical in the current market to see 10-year calls with no premium on the first call date.
- In some cases, the District should also consider including special prepayment provisions if it anticipates refunding debt within a shorter timeframe, such as if a potential grant may be awarded after the project is constructed.
- Regarding SRF loans, the State Water Resource Control Board changed their loan terms and conditions in 2017 to restrict prepayments of SRF loans without their prior consent. Given the advantageous loan rates that generally accompany SRF loans, the District Board may accept these prepay restrictions when the SRF loan is approved.

Debt Service Reserve Fund

A debt service reserve fund may be beneficial to help provide additional security for revenue-supported debt such as revenue bonds. The reserve requirement cannot exceed the lesser of a) 10% of the principal amount of debt issued, b) 125% of average annual debt service, or c) maximum annual debt service on outstanding debt.

The District may satisfy the reserve requirement with cash, such as from bond proceeds. Alternatively, the District should retain the legal authority to satisfy the reserve requirement with a reserve surety bond instead of cash. An independent financial advisor can assist in determining whether a reserve fund is necessary and an appropriate method for meeting the reserve requirement.

Internal Control Procedures Relating to Bond Proceeds

All debt transactions must be approved by the Board of Directors. The proceeds of bond sales will be invested until used for the intended project(s) in order to maximize utilization of the public funds.

Bond proceeds will be deposited and recorded in separate accounts to ensure funds are not comingled with other forms of District funds. The District's bond trustee will administer the disbursement of bond proceeds pursuant to provisions set forth in bond legal documents. To ensure proceeds from bond sales are used in accordance with legal requirements invoices are submitted by the appropriate Program or Work Group Manager and approved by the Business Services Work Group Manager or General Manager for payment. Requisition for the disbursement of bond funds will be approved by the District's CFO, General Manager, or designated alternate.

- In the case of an issue of bonds, the proceeds of which will be used by a governmental entity other than the District, the District may rely upon certification by such other governmental entity that it has adopted the policies described in SB 1029.

Investment of Debt Proceeds

The District can invest and earn money on its debt proceeds subject to certain legal limitations. The District should evaluate its investment options for each debt issue. The District can select the investment(s) based on recommendations by staff or a qualified investment advisor, or can use an investment agent to bid out the investment subject to pre-established limitations, such as those imposed by the District's Investment Policy or those imposed by the bond insurer.

The District is not generally allowed to earn arbitrage by investing debt proceeds at an interest rate that exceeds the interest rate of the debt. However, the District will not necessarily

be penalized for doing so; if bond funds are invested at an interest rate that exceeds the Arbitrage Yield Limit of the bonds, the District is required to reimburse the federal government for amounts earned in excess of the allowed yield.

Arbitrage Rebate Compliance

The District shall establish a system of recordkeeping and reporting to meet the arbitrage rebate compliance requirements of the federal tax code. This will include tracking investment earnings on bond proceeds, using outside experts to assist in calculating rebate payments and preparing necessary filings, and making payments in a timely manner in order to preserve the tax-exempt status of the District's outstanding debt issues. Investment earnings in excess of the allowable Arbitrage Yield Limit must be refunded to the federal government within approximately five years of the date of debt issuance. Tax-exempt bonds will not be issued unless it can be demonstrated that 85% of the proceeds can reasonably be expected to be expended within the three-year temporary period.

State Reporting Requirements

State reporting requirements Pursuant to Government Code 8855(k), the District will submit annual debt transparency reports for any debt issued on or after January 1, 2017 every year until the later date on which the debt is no longer outstanding or proceeds have been fully spent by no later than January 31 each year.

Pursuant to the Government Code Section 6599.1(b) of the Marks-Roos Local Bond Pooling Act of 1985, as amended (Section 6584 et seq.) the District will submit the Marks-Roos yearly fiscal status reports, if required, annually to California Debt and Investment Advisory Commission ("CDIAC") until the final maturity of the bonds by no later than October 30 each year.

Continuing Disclosure

The District will meet its continuing disclosure obligations for each debt issue by providing annual financial statements and other required information in a timely manner to the Nationally Recognized Municipal Securities Information Repositories (NRMSIRs) and other parties as required. In addition, the District will provide financial and other information to the rating agencies, bond insurers, trustee, and others upon request. The CFO shall be responsible for providing ongoing disclosure information, meeting disclosure requirements, and for maintaining compliance with disclosure standards dictated by state and national regulatory bodies. In the event a 'material event' occurs requiring immediate disclosure, the Business Services Work Group Manager or General Manager will ensure information flows to the appropriate disclosure notification parties in a timely manner.

Effective February 27, 2019, Rule 15c2-12 was amended to add two events to the required disclosure by issuers with respect to any “financial obligation” as defined in Rule 15c2-12. For purposes of Rule 15c2-12, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12.

Under the first of the added events, the District must disclose any default, event of acceleration, termination event, modification of terms, or other similar events with respect to any “financial obligation” as defined in Rule 15c2-12. To assist in complying with this added event, the General Counsel, General Manager, or other senior staff, or other executive positions within the District, will provide written notice to the CFO of receipt by the District of any default, event of acceleration, termination event, modification of terms or other similar events (collectively, a “Potentially Reportable Event”) under any agreement or obligation to which the District is a party and which may be a “financial obligation” as defined above. Such written notice should be provided by General Counsel to the CFO as soon as the General Counsel is placed on written notice by District staff, consultants, or external parties of such event or receives written notice of such event so that the CFO can determine, with the assistance of disclosure counsel, whether notice of such Potentially Reportable Event is required to be filed on the Electronic Municipal Market Access (“EMMA”) pursuant to the disclosure requirements of Rule 15c2-12. If filing on EMMA is required, the filing is due within 10 business days of such Potentially Reportable Event to comply with continuing disclosure undertakings for debt obligations of the District issued after February 27, 2019.

Under the second of the added events, the District must disclose the incurrence of a “financial obligation” of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders. To assist in complying with this added event, the General Counsel, General Manager, or other senior staff or other executive positions within the District, as applicable, will report to the CFO the execution by the District of any agreement or other obligation entered into after February 27, 2019 which might constitute a “financial obligation” for purposes of Rule 15c2-12 and any amendments to existing District agreements or obligations which might constitute a “financial obligation” for purposes of Rule 15c2-12 which relate to covenants, events of default, remedies, priority rights, or other similar terms. Such report to the CFO should be made as soon as the General Counsel, General Manager, or such other senior staff is placed on written notice by District staff, consultants, or external parties of such event or receives a written notice of such amendment requests. Notice to the CFO is necessary so that the CFO can determine, with the assistance of Disclosure Counsel, whether such agreement or other obligation constitutes a material “financial obligation” for purposes of Rule 15c2-12. If such agreement or other obligation is determined to be a material “financial obligation” or a material amendment to a “financial obligation”, notice thereof would be required to be filed on EMMA within 10 business days of incurrence or amendment.

The types of agreements or other obligations which could constitute a “financial obligation” under the Rule and which may need to be reported on EMMA include:

- 1 Bank loans or other obligations which are privately placed; and
- 2 State or federal loans; and
- 3 Commercial paper or other short-term indebtedness for which no offering document has been filed on EMMA; and
- 4 Letters of credit, surety policies or other credit enhancement with respect to the District’s publicly offered debt; and
- 5 Letters of credit, including letters of credit which are provided to third parties to secure the District’s obligation to pay or perform (an example of this is a standby letter of credit delivered to secure the District’s obligations for performance under a mitigation agreement); and
- 6 Capital leases for property, facilities, fleet or equipment; and
- 7 Agreements which guarantee the payment or performance obligations of a third party (regardless of whether the agreements constitute guarantees under California law); and
- 8 Payment agreements which obligate the District to pay a share of another public agency’s debt service (for example, an agreement with a joint powers agency whereby the District agrees to pay a share of the joint powers agency’s bonds, notes or other obligations); and
- 9 Service contracts with a public agency or a private party pursuant to which the District is obligated to pay a share of such public agency or private party’s debt service obligation (for example, certain types of public/private partnership arrangements); and
- 10 Any agreement the payments under which are not characterized as an operation and maintenance expenses for accounting purposes if such agreement could be characterized as the borrowing of money.

The CFO will continue to work with the General Counsel and Disclosure Counsel to refine the definition of “financial obligation” going forward based on future SEC guidance.

Approved by:	Board of Directors
Author/owner:	Business Services Manager
Reviewers:	Executive Team, Board of Directors
Notify Person:	Business Services Manager
Revision frequency:	Every 3 years
Next Review:	January 13, 2023

Union Sanitary District Policy
Policy and Procedure Manual

Effective: January 13, 2020	Debt Management Policy	Policy No. 2060 Page 1 of 12
-----------------------------	-------------------------------	---------------------------------

Policy

This policy provides guidelines for the issuance of bonds and other forms of debt to finance capital improvements and other eligible expenditures. These guidelines will assist the District in determining if, when, how much, and what type of debt is appropriate. The guidelines are also designed to help the District issue debt in a cost-effective manner while preserving the District's credit quality and financial flexibility. This Policy should be periodically reviewed and amended to ensure it remains up-to-date and supports the District's financial objectives.

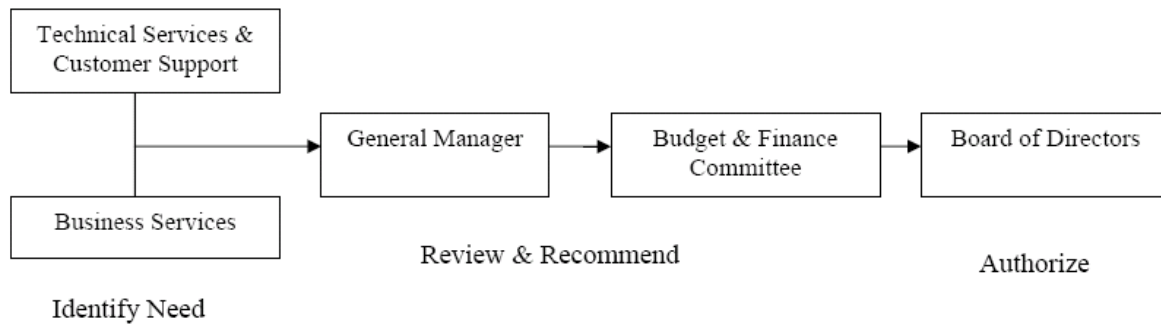
Objectives

Key objectives of this policy are to ensure the District:

- Updates its financial plan and evaluates financing alternatives prior to issuing debt;
- Adopts adequate rates and charges to support debt;
- Issues debt only when needed or when the District deems beneficial;
- Issues the most appropriate type and amount of debt, when needed;
- Issues debt in a cost-effective and prudent manner with competitive interest rates;
- Secures debt with favorable legal covenants that will preserve the District's financial flexibility;
- Understands the financial impacts, legal obligations, and potential benefits and risks of each proposed debt issue;
- Remains in compliance with California Government Code requiring issuers of debt to have an adopted debt policy;
- Remains in compliance with the Internal Revenue Service ("IRS"), Securities Exchange Commission ("SEC") and the Municipal Securities Rulemaking Board ("MSRB") rules and regulations governing the issuance of debt.

Oversight & Authorization Process

The Board of Directors shall have the sole authority to authorize debt on behalf of the District. The following flow chart summarizes the general process for approving and authorizing debt.



Purposes for Which Debt Proceeds May be Used – Eligible Projects

The District can use debt to fund capital improvement projects, equipment purchases, land purchases, and other qualified expenditures, or to refund prior debt. Generally, a bond counsel or other legal counsel will need to verify that the anticipated expenditures can be funded by debt. Project costs may include the actual costs of construction labor and materials as well as related soft costs such as planning, engineering and design, environmental and/or legal review, permitting, project administration, and construction management. Debt can generally be issued for up to three years of anticipated project costs but must meet expected spend-down provisions governed by the IRS. Debt proceeds will not be used to finance operating costs or normal, ongoing maintenance costs.

Reimbursement for Prior Expenditures

The District can use proceeds from debt to reimburse itself for project-related expenditures made prior to debt issuance, subject to certain limitations. Without adoption of a Reimbursement Resolution, an agency can generally reimburse itself for a) soft costs such as planning and design costs provided the amount does not exceed 20% of the debt size, and b) capital expenditures incurred within 60 days prior to debt issuance.

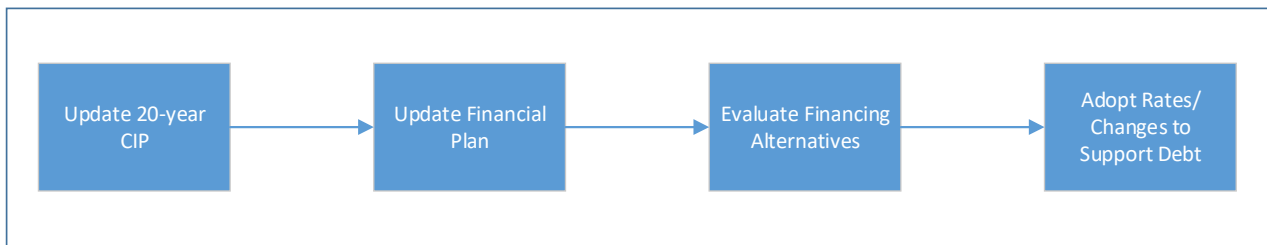
If the District anticipates the need for additional reimbursement, the Board should adopt a Reimbursement Resolution. A Reimbursement Resolution authorizes the District to reimburse itself for capital project expenditures incurred prior to a future issue of debt. The Resolution allows reimbursement for project expenditures made up to 60 days prior to the Resolution's adoption. Debt must be issued within the later of a) 18 months after the date the expenditure is made, or b) 18 months after the date the project is placed in service, but in no case later than 3 years after the date of the expenditure.

Key Steps to Take Prior to Issuing Debt

Prior to issuing debt, the District should review and/or update its long-term Capital Improvement Plan and its Financial Plan to help determine if and how much debt is appropriate. The Financial Plan can be used to evaluate debt alternatives and potential impacts

on rates and finances.

Subsequently, the District should evaluate financing alternatives and identify the revenue streams that will repay the debt. Generally, the District should adopt rates and charges necessary to support debt repayment prior to the issuance of debt. This can include adopting a multi-year rate increase, even if none or only part of the increase is actually in effect when debt is issued.



Rates & Charges

Rates and charges for wastewater service should be established at levels adequate to:

- Support the full cost (direct and indirect) of District operations, including preventive maintenance to keep infrastructure in good working condition and maximize its useful life
- Ensure the timely payment of outstanding debt and comply with outstanding debt covenants
- Fund a reasonable portion of the long-term Capital Improvement Plan on a pay-as-you-go basis
- Ensure adequate levels of liquidity and fund reserves to help maintain the District's long-term financial health and bond credit ratings

Rates and charges should be reviewed at least annually.

Independent Financial Advisor

The District should retain the services of an independent financial advisor on all debt issues. An independent financial advisor can assist the District by developing a capital financing plan, evaluating financing alternatives, and coordinating the sale of debt. The advisor should also assist the District in ensuring debt is issued cost-effectively with favorable legal covenants that will protect the District's financial flexibility. The advisor should have a fiduciary responsibility to solely represent the interests of the District throughout the debt issuance process. Retaining an independent financial advisor is not applicable to State and Federal Grants and Loans. In consultation with the General Manager, CIP and Finance will coordinate in evaluating and administering loans and grants with respect to compliance with debt targets, meeting terms and conditions, tracking proceeds and participating in Single Audits. The use of Bond Counsel may be advisable during the issuance of State or Federal Loans to ensure compliance with existing financial and legal covenants.

Debt Service Coverage

District should plan to achieve minimum debt service coverage ratio of 150% of annual payments due on outstanding debt unless specified otherwise in a bond indenture or loan agreement. This is higher than the standard 120% coverage requirement typically used to secure revenue bonds but is a prudent minimum target for financial planning.

Capital Funding Sources & Financing Options

Basic Capital Funding Sources

The District has a number of options for funding its capital projects, including:

Pay-As-You-Go Financing - The District anticipates funding a substantial portion of its capital projects on a pay-as-you-go basis using annual revenues and reserves. This is the District's preferred approach for funding capital projects.

Bonds and Other Types of Long-Term Debt – Long-term debt may be issued if the District determines that is necessary or beneficial to finance capital improvements over time and not from current revenues or reserves. Long-term debt can enable the District to fund a project over its useful life and recover costs from future project beneficiaries. Long-term debt will not be used to finance operating costs or normal, ongoing maintenance costs.

Short-Term Debt – Short-term debt may be issued if the District determines that it is necessary or beneficial to a) provide interim financing for capital projects, such as in anticipation of a grant or debt, or b) to mitigate short-term cash flow emergencies. Prior to issuing any short-term debt, the District will develop a plan to repay the debt, including a plan to repay any long-term debt used to refinance the short-term debt.

Inter-Fund Borrowing – The Board of Directors may approve inter-fund loans between the Sewer Service Charge Fund and the Capacity Fund. These loans shall be structured to include a market rate of interest and a defined principal repayment schedule.

State and Federal Grants & Loans – There are a number of state and federal financing programs that offer subsidized interest rate loans and/or grants for eligible projects. To the extent federal and state loans or grants are available, the District will appropriately evaluate and pursue such funding sources.

Types of Debt

If the District chooses to issue debt, the District should evaluate the full range of options and select the most appropriate and cost-effective type of financing mechanism. General types of financing available to help fund District projects include:

- JPA Revenue Bonds or Refunding Revenue Bonds
- Certificates of Participation (COPs)
- State and Federal Grants
- Water Infrastructure Finance and Innovation Act (WIFIA) Loans
- State Revolving Fund (SRF) Loans
- Bank Loans, Leases, and Private Placements
- Lines of Credit
- Short-Term Notes
- General Obligation Bonds
- Assessment District Bonds
- Community Facilities District (Mello-Roos) Bonds
- Commercial Paper

Tax-Exempt & Taxable Debt

The District should issue tax-exempt debt, which provides the lowest interest rates, unless it determines that taxable debt is legally necessary to meet the District's financial needs or objectives. Prior to approving the issuance of any debt, the District shall comply with Government Code Section 5852.1 by disclosing specified good faith estimates in a public meeting prior to the authorization of the issuance of bonds.

Fixed & Variable Rate Debt

Debt can be issued with either fixed or variable interest rates. With fixed rate debt, interest rates are locked in for the duration of the borrowing, which provides budget certainty that is important for financial planning. Fixed rate debt does not have to be held through final maturity; it can be paid off early or refinanced according to its legal provisions to achieve savings. Unless the District has compelling reasons to issue variable rate debt, the District should generally issue fixed rate debt.

The District may consider variable rate debt in certain instances. Variable rate debt, if any, should not exceed 25% of total outstanding debt. Additionally, the total amount of variable rate debt should generally never exceed 150% of the District's anticipated level of long-term fund reserves. Maintaining adequate fund reserves provides a hedge against variable rate debt since the interest rate earned on investments generally moves in line with the interest rate of variable rate debt.

Interest Rate Swaps

The District should not enter into any swap agreement without a) fully understanding all the risks and potential costs involved, b) determining that the financing method provides a substantial economic benefit that outweighs the risks, c) review by an independent financial advisor representing the District's interests, and d) commitment to monitor the debt instrument and related risks and be able to respond to changing market conditions. To the

extent the District is considering entering into a swap agreement, the District will engage the services of a qualified independent swap advisor to provide advice on the terms of any potential swap agreement.

Refinancing Debt

The District may refinance outstanding debt if deemed cost-effective and/or beneficial for other District objectives. The general rule of thumb is that a refunding debt issue should not be undertaken unless:

- a) Current refunding results in reasonable net overall present value savings of outstanding principal refunded by the new issue
- b) District needs to terminate legal covenants securing outstanding debt or restructure debt.

Tax-exempt advance refundings (i.e. refunding bonds prior to 90 days before the call date) are prohibited under current tax law and the District will not pursue tax-exempt advance refundings unless there is a change to current law.

Bond Issuance

Method of Bond Issuance

District should generally issue debt via a competitive sale process to ensure it obtains the lowest cost financing. The debt issue should be marketed to a wide range of potential underwriters and lenders. Negotiated sales should only be used if, in the determination of the District in consultation with its independent financial advisor, the potential debt issue is too complicated or not conducive to a competitive sale process. The underwriter should a) have substantial experience with similar types of debt issues, b) have a substantial retail distribution network, c) have a history of obtaining market interest rates, and d) should indicate all costs and fees that may be charged.

Hiring Financial Service Providers

Financial service providers can be selected based on an RFP process. As an alternative to engaging in an RFP process, the District can solicit a proposal from a preferred provider and check with an independent financial advisor to ensure the cost for services is reasonable. An independent financial advisor can assist with selecting and/or negotiating with potential service providers in order to ensure the District receives high-quality services at a reasonable cost.

Debt Structure & Term

Debt should be structured to meet the District's long-term financial needs and objectives. An independent financial advisor can assist the District in determining an appropriate debt

structure and term. Utility revenue bonds are typically issued for terms up to 30 years. The term of the debt should generally not exceed the estimated useful life of the project being funded – technically, the weighted average maturity of the debt should not exceed 120% of the expected life of the project. Unless expressly approved by the Board at the recommendation of Finance after consultation with the Financial Advisor and Bond Counsel the final maturity of fixed rate debt should be no longer than 40 years and the final maturity of variable rate debt should be no longer than 40 years. Factors to be considered to determine the final maturity of debt include: the average useful life of the capital assets being financed, relative level of interest rates, intergenerational equity and the year-to-year differential in interest rates. The District may not issue taxable debt with a final maturity longer than 50 years unless expressly approved by the Board at the recommendation of the Business Services Manager/Chief Financial Officer (“CFO”) after consultation with the Financial Advisor and Bond Counsel.

Debt issued to finance new projects is most-commonly structured to generate level annual debt service payments. In some cases, debt is structured around pre-existing debt obligations in order to provide aggregate level annual debt service accounting for all outstanding issues combined. Subject to federal tax code limitations, refunding debt generally cannot have a term or a weighted average maturity that exceeds the debt being refunded.

Capitalized Interest

If needed or deemed beneficial, the District can set aside debt proceeds in a Capitalized Interest Fund to pay debt service interest payments for up to 3 years after the debt issuance date, or one year after the project is expected to be placed in service. Capitalizing interest requires the issuance of additional debt and results in a) lower debt service payments during the capitalized interest period, and b) higher debt service payments thereafter. In general, the District should not capitalize interest unless needed to meet cash flow requirements or legal covenants.

Bond Insurance / Credit Enhancement

Bond insurance provides investors with additional repayment security and can result in higher credit ratings (the insurance provider’s ratings) and lower interest rates. Bond insurance should be used whenever the debt service savings from the bond insurance is greater than the cost of the bond insurance premium. In general, most investment grade utility revenue bonds are issued with bond insurance since the savings almost always outweighs the cost of bond insurance. Bond insurance is only available at the insurer’s determination.

Bond insurance can be issued at bidder’s option (the option of the underwriter on a competitive sale) or purchased directly by the District prior to a bond sale. If purchasing bond insurance directly, the District should solicit bids from highly rated bond insurers and only use insurance if such credit enhancement results in a lower total cost of borrowing for the District or otherwise furthers the District’s financial objectives.

Legal Covenants for Revenue-Secured Debt

The District is a self-supporting utility enterprise and relies predominantly on revenues from rates and fees to fund all operating and capital expenditures, including debt repayment. The most common type of debt issued by utility enterprises is revenue secured debt. Revenue secured debt should generally be issued with the following legal covenants:

- Debt service coverage pledge should generally be set at 120% for legal purposes. (Total revenues less operating and maintenance expenses must equal at least 120% of outstanding debt service due per fiscal year.)
- Allowance of a rate stabilization fund to meet the debt service coverage requirement.
- Additional debt test should account for adopted (but not yet necessarily effective) rate increases. This would enable the District to phase in future rate increases if ever needed to secure debt.
- Permit issuance of debt with or without a debt service reserve fund, as market conditions warrant, and in the case where a debt service reserve fund is deemed beneficial, allowance to use a reserve surety bond to satisfy the debt service reserve requirement.
- Special language may need to be incorporated to account for potential future SRF Loans and/or other state and federal financing programs.

Prepayment Options

The District should not enter into any long-term debt that does not include a reasonable and flexible prepayment option. Some general guidelines for prepayment options include:

- Long-term debt, such as 25 to 30-year bonds, should include a call-protection period not-to-exceed 10 years. Earlier call provisions provide more financial flexibility for refunding debt but may result in higher interest rates if the bonds are not redeemed on the call date. Shorter-term debt should have shorter call protection periods. For example, a 10-year loan should generally be able to be refunded after 5 years.
- The prepayment penalty or premium for refunding long-term debt should generally not exceed 2% of the outstanding principal amount on the first call date and should decline to 0% within a few years thereafter. It is typical in the current market to see 10-year calls with no premium on the first call date.
- In some cases, the District should also consider including special prepayment provisions if it anticipates refunding debt within a shorter timeframe, such as if a potential grant may be awarded after the project is constructed.
- Regarding SRF loans, the State Water Resource Control Board changed their loan terms and conditions in 2017 to restrict prepayments of SRF loans without their prior consent. Given the advantageous loan rates that generally accompany SRF loans, the District Board may accept these prepay restrictions when the SRF loan is approved.

Debt Service Reserve Fund

A debt service reserve fund may be beneficial to help provide additional security for revenue-supported debt such as revenue bonds. The reserve requirement cannot exceed the lesser of a) 10% of the principal amount of debt issued, b) 125% of average annual debt service, or c) maximum annual debt service on outstanding debt.

The District may satisfy the reserve requirement with cash, such as from bond proceeds. Alternatively, the District should retain the legal authority to satisfy the reserve requirement with a reserve surety bond instead of cash. An independent financial advisor can assist in determining whether a reserve fund is necessary and an appropriate method for meeting the reserve requirement.

Internal Control Procedures Relating to Bond Proceeds

All debt transactions must be approved by the Board of Directors. The proceeds of bond sales will be invested until used for the intended project(s) in order to maximize utilization of the public funds.

Bond proceeds will be deposited and recorded in separate accounts to ensure funds are not comingled with other forms of District funds. The District's bond trustee will administer the disbursement of bond proceeds pursuant to provisions set forth in bond legal documents. To ensure proceeds from bond sales are used in accordance with legal requirements invoices are submitted by the appropriate Program or Work Group Manager and approved by the Business Services Work Group Manager or General Manager for payment. Requisition for the disbursement of bond funds will be approved by the District's CFO, General Manager, or designated alternate.

- In the case of an issue of bonds, the proceeds of which will be used by a governmental entity other than the District, the District may rely upon certification by such other governmental entity that it has adopted the policies described in SB 1029.

Investment of Debt Proceeds

The District can invest and earn money on its debt proceeds subject to certain legal limitations. The District should evaluate its investment options for each debt issue. The District can select the investment(s) based on recommendations by staff or a qualified investment advisor, or can use an investment agent to bid out the investment subject to pre-established limitations, such as those imposed by the District's Investment Policy or those imposed by the bond insurer.

The District is not generally allowed to earn arbitrage by investing debt proceeds at an interest rate that exceeds the interest rate of the debt. However, the District will not necessarily

be penalized for doing so; if bond funds are invested at an interest rate that exceeds the Arbitrage Yield Limit of the bonds, the District is required to reimburse the federal government for amounts earned in excess of the allowed yield.

Arbitrage Rebate Compliance

The District shall establish a system of recordkeeping and reporting to meet the arbitrage rebate compliance requirements of the federal tax code. This will include tracking investment earnings on bond proceeds, using outside experts to assist in calculating rebate payments and preparing necessary filings, and making payments in a timely manner in order to preserve the tax-exempt status of the District's outstanding debt issues. Investment earnings in excess of the allowable Arbitrage Yield Limit must be refunded to the federal government within approximately five years of the date of debt issuance. Tax-exempt bonds will not be issued unless it can be demonstrated that 85% of the proceeds can reasonably be expected to be expended within the three-year temporary period.

State Reporting Requirements

State reporting requirements Pursuant to Government Code 8855(k), the District will submit annual debt transparency reports for any debt issued on or after January 1, 2017 every year until the later date on which the debt is no longer outstanding or proceeds have been fully spent by no later than January 31 each year.

Pursuant to the Government Code Section 6599.1(b) of the Marks-Roos Local Bond Pooling Act of 1985, as amended (Section 6584 et seq.) the District will submit the Marks-Roos yearly fiscal status reports, if required, annually to California Debt and Investment Advisory Commission ("CDIAC") until the final maturity of the bonds by no later than October 30 each year.

Continuing Disclosure

The District will meet its continuing disclosure obligations for each debt issue by providing annual financial statements and other required information in a timely manner to the Nationally Recognized Municipal Securities Information Repositories (NRMSIRs) and other parties as required. In addition, the District will provide financial and other information to the rating agencies, bond insurers, trustee, and others upon request. The CFO shall be responsible for providing ongoing disclosure information, meeting disclosure requirements, and for maintaining compliance with disclosure standards dictated by state and national regulatory bodies. In the event a 'material event' occurs requiring immediate disclosure, the Business Services Work Group Manager or General Manager will ensure information flows to the appropriate disclosure notification parties in a timely manner.

Effective February 27, 2019, Rule 15c2-12 was amended to add two events to the required disclosure by issuers with respect to any “financial obligation” as defined in Rule 15c2-12. For purposes of Rule 15c2-12, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12.

Under the first of the added events, the District must disclose any default, event of acceleration, termination event, modification of terms, or other similar events with respect to any “financial obligation” as defined in Rule 15c2-12. To assist in complying with this added event, the General Counsel, General Manager, or other senior staff, or other executive positions within the District, will provide written notice to the CFO of receipt by the District of any default, event of acceleration, termination event, modification of terms or other similar events (collectively, a “Potentially Reportable Event”) under any agreement or obligation to which the District is a party and which may be a “financial obligation” as defined above. Such written notice should be provided by General Counsel to the CFO as soon as the General Counsel is placed on written notice by District staff, consultants, or external parties of such event or receives written notice of such event so that the CFO can determine, with the assistance of disclosure counsel, whether notice of such Potentially Reportable Event is required to be filed on the Electronic Municipal Market Access (“EMMA”) pursuant to the disclosure requirements of Rule 15c2-12. If filing on EMMA is required, the filing is due within 10 business days of such Potentially Reportable Event to comply with continuing disclosure undertakings for debt obligations of the District issued after February 27, 2019.

Under the second of the added events, the District must disclose the incurrence of a “financial obligation” of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders. To assist in complying with this added event, the General Counsel, General Manager, or other senior staff or other executive positions within the District, as applicable, will report to the CFO the execution by the District of any agreement or other obligation entered into after February 27, 2019 which might constitute a “financial obligation” for purposes of Rule 15c2-12 and any amendments to existing District agreements or obligations which might constitute a “financial obligation” for purposes of Rule 15c2-12 which relate to covenants, events of default, remedies, priority rights, or other similar terms. Such report to the CFO should be made as soon as the General Counsel, General Manager, or such other senior staff is placed on written notice by District staff, consultants, or external parties of such event or receives a written notice of such amendment requests. Notice to the CFO is necessary so that the CFO can determine, with the assistance of Disclosure Counsel, whether such agreement or other obligation constitutes a material “financial obligation” for purposes of Rule 15c2-12. If such agreement or other obligation is determined to be a material “financial obligation” or a material amendment to a “financial obligation”, notice thereof would be required to be filed on EMMA within 10 business days of incurrence or amendment.

The types of agreements or other obligations which could constitute a “financial obligation” under the Rule and which may need to be reported on EMMA include:

- 1 Bank loans or other obligations which are privately placed; and
- 2 State or federal loans; and
- 3 Commercial paper or other short-term indebtedness for which no offering document has been filed on EMMA; and
- 4 Letters of credit, surety policies or other credit enhancement with respect to the District’s publicly offered debt; and
- 5 Letters of credit, including letters of credit which are provided to third parties to secure the District’s obligation to pay or perform (an example of this is a standby letter of credit delivered to secure the District’s obligations for performance under a mitigation agreement); and
- 6 Capital leases for property, facilities, fleet or equipment; and
- 7 Agreements which guarantee the payment or performance obligations of a third party (regardless of whether the agreements constitute guarantees under California law); and
- 8 Payment agreements which obligate the District to pay a share of another public agency’s debt service (for example, an agreement with a joint powers agency whereby the District agrees to pay a share of the joint powers agency’s bonds, notes or other obligations); and
- 9 Service contracts with a public agency or a private party pursuant to which the District is obligated to pay a share of such public agency or private party’s debt service obligation (for example, certain types of public/private partnership arrangements); and
- 10 Any agreement the payments under which are not characterized as an operation and maintenance expenses for accounting purposes if such agreement could be characterized as the borrowing of money.

The CFO will continue to work with the General Counsel and Disclosure Counsel to refine the definition of “financial obligation” going forward based on future SEC guidance.

Approved by:	Board of Directors
Author/owner:	Business Services Manager
Reviewers:	Executive Team, Board of Directors
Notify Person:	Business Services Manager
Revision frequency:	Every 3 years
Next Review:	January 13, 2023

**Directors**

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

**JULY 26, 2021
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 13**

TITLE: Consider approval of the Resolution Designating Authorized Representatives for FEMA and State OES Disaster Assistance (*This is a Motion Item*)

SUBMITTED: Paul R. Eldredge, General Manager/District Engineer
Mark Carlson, Business Services Manager
Gene Boucher, Human Resources Manager
Karoline Terrazas, Organizational Performance Manager

Recommendation

Approve the attached Resolution, Designation of Authorized Representative for FEMA, and State OES Disaster Assistance.

Discussion

It is requested that the Board designate the General Manager, Fabrication, Maintenance, and Construction Manager, and the Business Services Manager/CFO as authorized representatives to receive, process, and coordinate all inquiries and requirements necessary to obtain available Federal Emergency Management Agency (FEMA) and Offices of Emergency Services (OES) disaster assistance.

Background

The Federal Emergency Management Agency (FEMA) administers the federal disaster assistance programs, and the State Office of Emergency Services (OES) administers state disaster assistance programs. All applicants applying for federal and/or state aid must submit paperwork related to disaster assistance to the OES. Every three years the District is asked by OES to complete and submit the Cal OES 130 "Designation of Applicant's Agent Resolution for Non-State Agencies" which names the current authorized District representatives. This must be approved by the governing body to authorize signatures for the District. Funding will not be provided until Form 130 has been approved by the state and on file.

It is recommended that titles are used rather than names so that the form does not have to be submitted each time an authorized representative changes positions or leaves the District. Along with the form sent to OES, a cover letter must be attached which lists the names of the current authorized representatives.

Previous Board Action

02/26/2018 Board Meeting – Approval of a Resolution to Designate Authorized Representatives for FEMA and State OES Disaster Assistance

02/26/2018 Board Meeting – Adopted Resolution No. 2826 to Designate Authorized Representatives for FEMA and State OES Disaster Assistance

Attachments

Board Resolution

Cover Letter

OES Form 130 “Designation of Applicant’s Agent Resolutions For Non-State Agencies”

RESOLUTION NO.

**RESOLUTION DESIGNATING AUTHORIZED REPRESENTATIVES
FOR FEMA AND STATE OES DISASTER ASSISTANCE**

WHEREAS, the Board of Directors of the UNION SANITARY DISTRICT, Alameda County, California, intends to designate authorized representatives for FEMA and the Governor's Office of Emergency Services Disaster Assistance; and

WHEREAS, the Board intends to be prepared to the best of its ability in the event of a disaster;
and

WHEREAS, the Office of Emergency Services requires the Grantee to certify by Designation of Applicant's Agent Resolution (OES Form 130), Union Sanitary District Agents, by title, to be passed and approved by the Board of Directors with a certified copy to the Governor's Office of Emergency Services.

NOW, THEREFORE, BE IT RESOLVED that the General Manager, or the Fabrication, Maintenance, and Construction Manager, or the Business Services Manager is hereby authorized to execute for and on behalf of the Union Sanitary District, a public entity established under the laws of the State of California, this application and to file it in the Governor's Office of Emergency Services for the purpose of obtaining certain federal assistance under P.L. 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or state financial assistance under the California Disaster Assistance Act; and

BE IT FURTHER RESOLVED that the Union Sanitary District, a public entity established under the laws of the State of California, hereby authorizes its agent(s) to provide to the Governor's Office of Emergency Services for all matters pertaining to such state disaster assistance, the assurances and agreements required.

On motion duly made and seconded, this resolution was adopted by the Board of Directors of UNION SANITARY DISTRICT, Alameda County, California, by the following vote on _____:

AYES:
NOES:
ABSENT:
ABSTAIN:

PAT KITE
President, Board of Directors
Union Sanitary District

Attest:

MANNY FERNANDEZ
Secretary, Board of Directors
Union Sanitary District

**Directors**

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

July 26, 2021

Governor's Office of Emergency Services
Grants Processing Unit (PA GPU)
3650 Schriever Ave.
Mather, CA 95655

Re: Cal OES Form 130

Dear Ms. Robin Shepard,

Union Sanitary District wishes to submit its Designation of Applicant's Agent Resolution, OES Form 130, with the State of California, Emergency Management Agency.

Attached is an original, certified copy of the resolution and form. Titles of agents authorized to execute for and in behalf of Union Sanitary District are indicated on the form. Listed below are the names of the employees currently holding these positions and therefore, authorized at this time to execute for and in behalf of Union Sanitary District.

General Manager/District Engineer
Fabrication, Maintenance, and Construction Manager
Business Services Manager

Paul R. Eldredge
Robert Simonich
Mark Carlson

Please contact me at (510) 477-7547 or karolinet@unionsanitary.ca.gov if you have any questions or require further information.

Sincerely,

Karoline Terrazas

Karoline Terrazas
Organizational Performance Manager
Business Services
Union Sanitary District

**DESIGNATION OF APPLICANT'S AGENT RESOLUTION
FOR NON-STATE AGENCIES**

BE IT RESOLVED BY THE Board of Directors OF THE Union Sanitary District
(Governing Body) (Name of Applicant)

THAT General Manager/ District Engineer, OR
(Title of Authorized Agent)

Fabrication, Maintenance, and Construction Manager, OR
(Title of Authorized Agent)

Business Services Manager/CFO
(Title of Authorized Agent)

is hereby authorized to execute for and on behalf of the Union Sanitary District, a public entity
(Name of Applicant)

established under the laws of the State of California, this application and to file it with the California Governor's Office of Emergency Services for the purpose of obtaining certain federal financial assistance under Public Law 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or state financial assistance under the California Disaster Assistance Act.

THAT the Union Sanitary District, a public entity established under the laws of the State of California,
(Name of Applicant)

hereby authorizes its agent(s) to provide to the Governor's Office of Emergency Services for all matters pertaining to such state disaster assistance the assurances and agreements required.

Please check the appropriate box below:

☒ This is a universal resolution and is effective for all open and future disasters up to three (3) years following the date of approval below.

☐ This is a disaster specific resolution and is effective for only disaster number(s) _____

Passed and approved this _____ day of _____, 20 _____

(Name and Title of Governing Body Representative)

(Name and Title of Governing Body Representative)

(Name and Title of Governing Body Representative)

CERTIFICATION

I, Regina McEvoy, duly appointed and Board Clerk of
(Name) (Title)

Union Sanitary District, do hereby certify that the above is a true and correct copy of a
(Name of Applicant)

Resolution passed and approved by the Board of Directors of the Union Sanitary District
(Governing Body) (Name of Applicant)

on the 26th day of July, 2021.

(Signature)

(Title)

Cal OES Form 130 Instructions

A Designation of Applicant's Agent Resolution for Non-State Agencies is required of all Applicants to be eligible to receive funding. A new resolution must be submitted if a previously submitted Resolution is older than three (3) years from the last date of approval, is invalid or has not been submitted.

When completing the Cal OES Form 130, Applicants should fill in the blanks on page 1. The blanks are to be filled in as follows:

Resolution Section:

Governing Body: This is the group responsible for appointing and approving the Authorized Agents.

Examples include: Board of Directors, City Council, Board of Supervisors, Board of Education, etc.

Name of Applicant: The public entity established under the laws of the State of California. Examples include: School District, Office of Education, City, County or Non-profit agency that has applied for the grant, such as: City of San Diego, Sacramento County, Burbank Unified School District, Napa County Office of Education, University Southern California.

Authorized Agent: These are the individuals that are authorized by the Governing Body to engage with the Federal Emergency Management Agency and the Governor's Office of Emergency Services regarding grants applied for by the Applicant. There are two ways of completing this section:

1. **Titles Only:** If the Governing Body so chooses, the titles of the Authorized Agents would be entered here, not their names. This allows the document to remain valid (for 3 years) if an Authorized Agent leaves the position and is replaced by another individual in the same title. If "Titles Only" is the chosen method, this document must be accompanied by a cover letter naming the Authorized Agents by name and title. This cover letter can be completed by any authorized person within the agency and does not require the Governing Body's signature.
2. **Names and Titles:** If the Governing Body so chooses, the names **and** titles of the Authorized Agents would be listed. A new Cal OES Form 130 will be required if any of the Authorized Agents are replaced, leave the position listed on the document or their title changes.

Governing Body Representative: These are the names and titles of the approving Board Members.

Examples include: Chairman of the Board, Director, Superintendent, etc. The names and titles **cannot** be one of the designated Authorized Agents, and a minimum of two or more approving board members need to be listed.

Certification Section:

Name and Title: This is the individual that was in attendance and recorded the Resolution creation and approval.

Examples include: City Clerk, Secretary to the Board of Directors, County Clerk, etc. This person **cannot** be one of the designated Authorized Agents or Approving Board Member (if a person holds two positions such as City Manager and Secretary to the Board and the City Manager is to be listed as an Authorized Agent, then the same person holding the Secretary position would sign the document as Secretary to the Board (not City Manager) to eliminate "Self Certification."

**Directors**

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

**JULY 26, 2021
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 14**

TITLE: **Authorize the General Manager to Execute Amendment No. 1 to Task Order No. 1 with ENGEO Incorporated for the Alameda Creek-Force Main Crossing Geotechnical Investigation Project (*This is a Motion Item*)**

SUBMITTED: Paul R. Eldredge, General Manager/District Engineer
Sami E. Ghossain, Technical Services Work Group Manager
Raymond Chau, CIP Team Coach
Andrew Baile, Assistant Engineer

Recommendation

Staff recommends the Board authorize the General Manager to execute Amendment No. 1 to Task Order No. 1 with ENGEO Incorporated (ENGEO) in the amount of \$19,892 for the Alameda Creek-Force Main Crossing Geotechnical Investigation Project (Project).

Discussion

The purpose of Amendment No. 1 is to authorize ENGEO and their subconsultant, Archeo-Tec to conduct the following archaeological services during the Project:

- Perform an archaeological testing program which consists of a series of manual auger borings to determine the presence or absence of prehistoric cultural resources within or near Pothole No. 5 and Pothole No. 6 (see Figure 1).
- Provide archaeological monitoring to accompany the vacuum potholing, cone-penetration testing (CPT), and boring activities to be performed by ENGEO at specific locations within the Coyote Hills Regional Park in Fremont, CA.
- Perform a focused records search at the Northwest Information Center at Sonoma State University regarding archaeological site CA-ALA-13.
- Prepare an executive summary of results.

- Provide tribal monitoring services during all ground disturbance activities near Pothole Nos. 5 and 6.

During the permitting process under Task Order No. 1, the East Bay Regional Park District (EBRPD) raised concerns that the proposed locations of vacuum potholing, CPTs, and boring activities within the Coyote Hills Regional Park are very close to a known archaeological site, CA-ALA-13. Due to the proximity of the geotechnical activities to the known site, the EBRPD required that ENGEO's encroachment permit include archaeological testing to be conducted to clear the areas of the proposed activities. If no significant cultural materials are encountered, the geotechnical investigation can proceed.

The EBRPD also required that the archaeologist be present to monitor the geological investigation activities at Pothole Nos. 5 and 6, CPT Nos. 1 through 5, and the boring location 1-B1 and examine the soils in accordance with archaeological survey protocols. A tribal representative was also requested by the EBRPD to provide monitoring services for both the testing and monitoring activities.

ENGEO's scope of services and fee for Amendment No.1 to Task Order No. 1 are summarized below:

Task	Task Description	Amount
6	Archaeological Services	\$19,892
Total Not to Exceed Amount		\$19,892

Staff believes the fee is reasonable for the level of effort needed to meet the permit requirements. The task order amounts for the Project's agreement with ENGEO are summarized below:

Task Order / Amendment	Amount
Task Order No. 1 – Geotechnical Investigation Project	\$99,980
Amendment No. 1 to Task Order No. 1 – Archaeological Services	\$19,892
Total Not to Exceed Amount	\$119,872

Staff originally anticipated the Project to be completed in March 2021. However, the permitting process has taken longer than anticipated due to the archaeological concerns that the EBRPD raised. Pending the results of the archaeological testing, the Project is anticipated to be complete in fall 2021.

Background

The District's service area is divided into three drainage basins: Alvarado, Newark, and Irvington. The wastewater from the Newark and Irvington basins is collected into the Newark Pump Station (PS) and Irvington PS, respectively. Both pump stations transport the wastewater to the

wastewater treatment plant (WWTP) via the twin force main system that was constructed in 1982 with 12-foot segments of reinforced concrete pipe (RCP) with single bell-and-spigot gasketed joints.

The twin force main system consists of two distinct segments. The segment between Irvington PS and Newark PS is approximately 40,500 feet of twin 33-inch diameter RCP. The segment between Newark PS and the Alvarado WWTP is approximately 26,200 feet of twin 39-inch diameter RCP. The 39-inch twin force main section that crosses the Alameda Creek is approximately 940 feet in length and encompasses a total of 1,880 feet of pipe. Please refer to Figure 2 for the location where the twin force main crosses Alameda Creek.

The District is in a seismically active region that could see strong ground shaking from earthquakes on the Hayward, San Andreas, and Calaveras faults. In 2016, the District completed a Seismic Vulnerability Assessment, which identified the Alameda Creek crossing as an area of concern due to the potential liquefaction and lateral spread during a strong seismic event. In addition, the force main corridor just south of Alameda Creek (approximately 1850 feet) appears to be susceptible to liquefaction and lateral spreading. As the assessment was based on limited information, it was recommended that a detailed geotechnical investigation of the crossing at the Alameda Creek be performed to determine the extent and characteristics of the liquefiable material in the area, assess potential impacts to the force mains, and identify possible mitigation alternatives and recommendations.

Task Order No. 1 – Geotechnical Investigation Project

Staff selected ENGEO through a Request for Proposal process. On November 25, 2020, staff executed an agreement and Task Order No. 1 with ENGEO in the amount of \$99,980 to conduct geotechnical engineering services. The geotechnical engineering services included the following:

- Vacuum Pothole to locate the force mains prior to the geotechnical investigation,
- Perform ten (10) cone penetration tests, extending to depths of 30 feet to 80 feet deep,
- Perform four (4) mud-rotary borings, extending to depths of 30 feet to 80 feet,
- Perform laboratory testing on soil samples collected during the mud-rotary borings, and
- Prepare a geotechnical report of the findings.

Staff recommends the Board authorize the General Manager to execute Amendment No. 1 to Task Order No. 1 with ENGEO in the amount of \$19,892 for the Alameda Creek-Force Main Crossing Geotechnical Investigation Project.

Previous Board Action

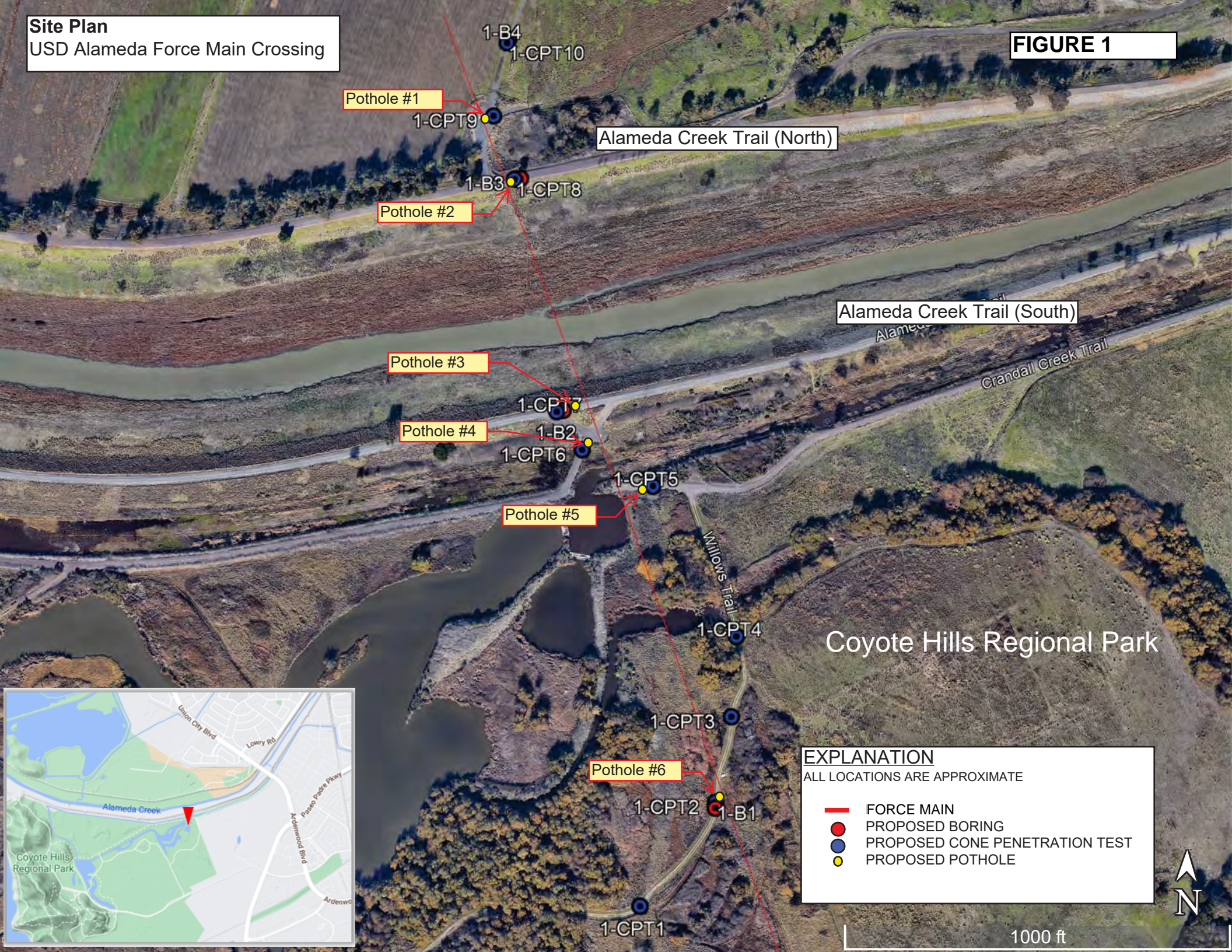
None.

PRE/SEG/RC/AB:mb

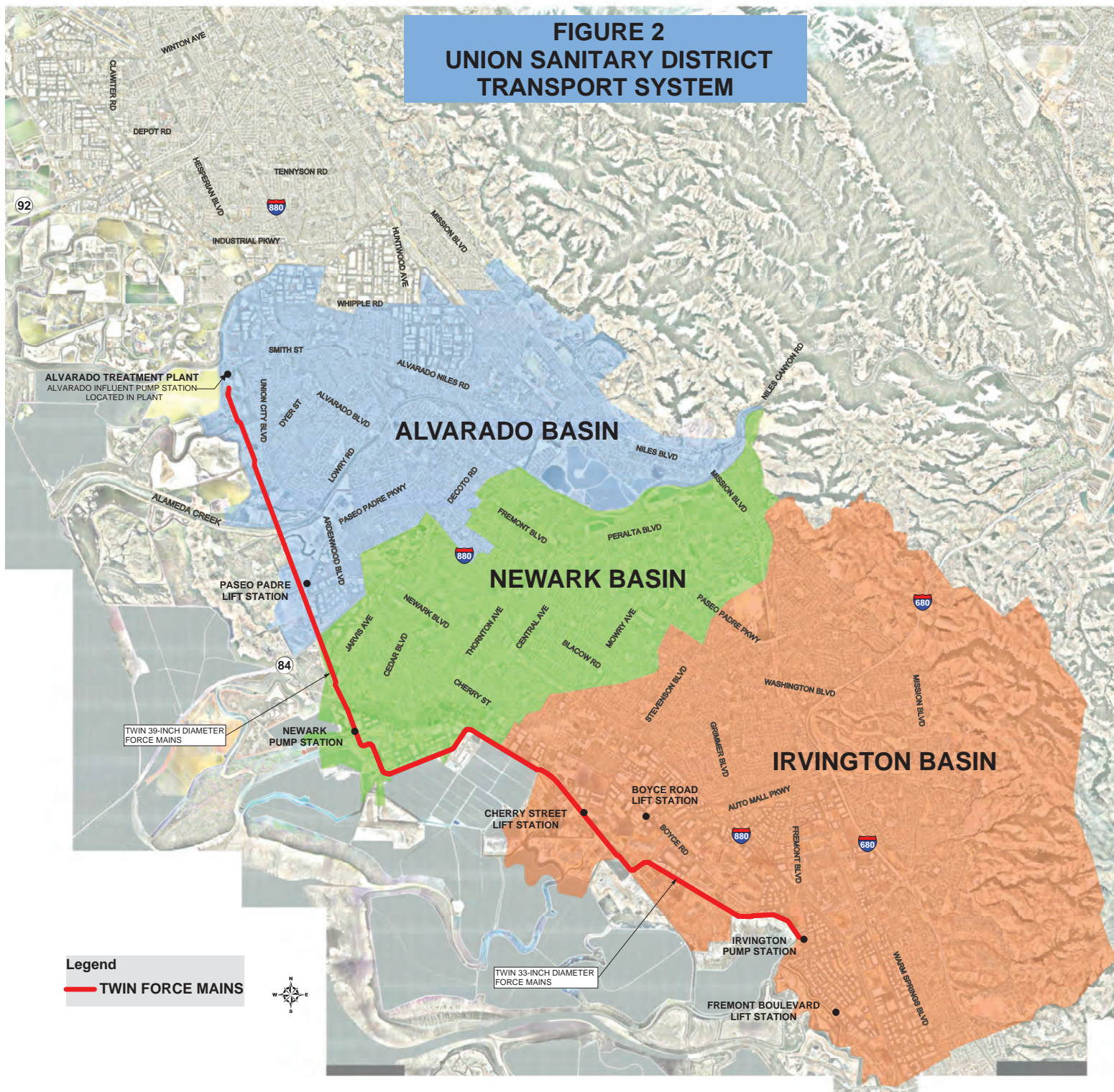
Attachments: Figure 1 – Site Plan – USD Alameda Force Main Crossing
 Figure 2 – USD Transport System
 Amendment No. 1 to Task Order No. 1

Site Plan
USD Alameda Force Main Crossing

FIGURE 1



**FIGURE 2
UNION SANITARY DISTRICT
TRANSPORT SYSTEM**



**ALAMEDA CREEK-FORCE MAIN CROSSING
GEOTECHNICAL INVESTIGATION PROJECT**

AMENDMENT NO. 1

TO

TASK ORDER NO. 1

TO

AGREEMENT BETWEEN

UNION SANITARY DISTRICT

AND

ENGEO INCORPORATED

FOR

PROFESSIONAL SERVICES

Dated November 25, 2020

1. PURPOSE

The purpose of this amendment to Task Order No. 1 is to revise the scope of work and budget for the Alameda Creek-Force Main Crossing Geotechnical Investigation Project. This amendment will modify the scope of work to provide provide archaeological services for the geotechnical study.

2. PROJECT COORDINATION

All work related to this task order shall be coordinated through the Union Sanitary District's (District's) Project Manager, Andrew Baile.

3. SCOPE OF SERVICES

Task 6: Archaeological Services

Engineer's subconsultant, Archeo-Tec shall perform an archaeological testing program which will consist of a series of manual auger borings, to determine the presence or absence of prehistoric cultural resources within

or near Pothole #5 and Pothole #6 (see attachment 1). Each auger boring will retrieve subsurface samples which the Engineer's subconsultant, Archeo-Tec shall examine, document, and assess for presence or absence of cultural materials.

Engineer's subconsultant, Archeo-Tec shall provide an archaeological monitor to accompany the vacuum potholing, cone-penetration, and boring activities to be performed by the Engineer for the Project locations identified on the boring plan (Attachment 1) as: 1-CPT1, 1-CPT2, 1-CPT3, 1-CPT4, 1-CPT5, 1-B1, Pothole #5, and Pothole #6. The Engineer's subconsultant, Archeo-Tec shall coordinate with the geological investigation activities to allow for examination of soils in accordance with archaeological survey protocols.

At the conclusion of the testing and monitoring activities if no significant or potentially significant cultural remains are encountered, Engineer's subconsultant, Archeo-Tec shall prepare an executive summary of results and submit it to the District. Prior to preparation of a final report, Engineer's subconsultant, Archeo-Tec shall perform a focused records search at the Northwest Information Center at Sonoma State University to ensure that all known information on archaeological site CA-ALA-13 is up to date.

Assumptions

- At the request of the EBRPD, Tribal Monitor, Ramona Garibay, shall provide monitoring services during the all ground disturbance activities testing due to the proximity of a known archaeological site.
- Archaeological testing is expected to be completed in two (2) days.
- Archaeological monitoring is expected to take a total of four (4) days.
- If no significant artifacts, features, or human remains are encountered, the geotechnical investigation can proceed with the vacuum potholing and geotechnical investigations that are to be monitored .
- If significant or potentially significant cultural materials are encountered during archaeological testing the geological investigation may not proceed until the Consultant, in consultation with the EBRPD and District, may determine the need for a plan of mitigation and/or avoidance of impacts prior to any further ground disturbance, additional data recovery procedures, and/or a more detailed final report of findings. Neither of those services are included in this task order.

- If significant or potentially significant cultural remains are encountered, all work in the vicinity of the find must cease until the remains are evaluated and an archaeological mitigation plan is in place. In the case of such occurrence, the archaeological monitor shall be empowered to temporarily direct construction activities to other portions of the site.
- If significant or potentially significant cultural remains are encountered, Engineer's subconsultant, Archeo-Tec, in consultation with the EBRPD, ENGEO, and the District, may determine the need for additional data recovery procedures and/or a more detailed final report of findings.
- The archaeological mitigation plan, additional recovery procedures, and a more detailed final report of findings are not included in the proposed budget.

4. DELIVERABLES

The deliverable provided in this amendment shall include the following:

Task 6:

- Draft executive summary of results (Word format)
- Final executive summary of results (PDF format)

5. PAYMENT TO THE ENGINEER

Payment to the Engineer shall be as called for in Article 2 of the Agreement shall be on a time and materials cost basis for services provided, and shall be in accordance with the Fee Schedule contained in Exhibit A (updated Annually). The not-to-exceed amount shall be \$19,892. Ownership of work products prepared by the Engineer will be transferred to the District upon full payment of monies owed to the Engineer.

The following table summarizes the proposed task orders and amendments under the Agreement:

Task Order / Amendment	Not to Exceed Amount	Board Authorization Required?	District Staff Approval
Task Order No. 1 – Geotechnical Investigation Project	\$99,980	No	Paul R. Eldredge
Amendment No. 1 to Task Order No. 1 – Archaeological Services	\$19,892	Yes	Paul R. Eldredge
Total	\$119,872		

6. TIME OF COMPLETION

All work defined in this amendment shall be complete in 30 calendar days after the execution of this amendment and subject to the conditions of Article 3 of this Agreement.

7. KEY PERSONNEL

Engineer's personnel as defined in Task Order No. 1 has changed as follows:

<u>Role</u>	<u>Key Person to be Assigned</u>
Project Manager	Kavin Khatri, PE
Principal-in-Charge	Ted Bayham, GE

Key personnel shall not be changed except in accordance with Article 8 of the Agreement.

IN WITNESS WHEREOF, the parties hereto have made and executed this Amendment No. 1 to Task Order No. 1 of _____ and therewith incorporate it as part of the Agreement.

DISTRICT

ENGINEER

Union Sanitary District

ENGEO Incorporated

By: _____
Paul R. Eldredge, P.E.
General Manager/District Engineer

By: _____
Ted Bayham, P.E.
Principal

Date: _____

Date: _____



EXPLANATION
ALL LOCATIONS ARE APPROXIMATE

- PROJECT SITE
- PROPOSED BORING
- PROPOSED CONE PENETRATION TEST
- PROPOSED POTHOLE



EXHIBIT A
Budget

July 16, 2021

USD Alameda Creek-Force Main Crossing		Labor Rate (2020 rates)	Labor Hours	Labor Subtotal	Outside Direct Cost or Reimbursables	TOTAL FEE
ENGEO INCORPORATED						
Date: July 16, 2021						
Task 6		Archaeological Services - Testing and Monitoring				
NAME	TITLE					
Ted Bayham	Principal	315	2	\$ 630.00	\$ -	
Kavin Khatri	Senior Engineer/Project Manager	230	12	\$ 2,760.00	\$ -	\$ 19,892.00
Testing and Monitoring				\$ -	\$ 16,502.00	
PROJECT TOTAL				\$ 3,390	\$ 16,502	\$ 19,892

Proposed Schedule/Assumptions
Based on 2021 ENGEO rates.



Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers
Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

**JULY 26, 2021
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 15**

TITLE: **Solar and Cogeneration Facilities Operational Update (*This is an Information Item*)**

SUBMITTED: Paul R. Eldredge, General Manager/District Engineer
 Sami E. Ghossain, Technical Services Work Group Manager
 Raymond Chau, CIP Team Coach
 Somporn Boonsalat, Associate Engineer

Recommendation

This is an information item.

Discussion

Alvarado Wastewater Treatment Plant Solar Carport

Through June 30, 2021, the Solar Carport facility has generated a total of 2,112,946 kWh of power, which equates to \$406,901 in energy savings at the Plant. Additionally, the District received \$276,030 or approximately 109% of the estimated CSI incentive rebate from PG&E. The total benefit of the Solar Carport is \$682,931, which represents 76.7% of simple payback for the initial construction and ongoing maintenance costs of the facility.

Irvington Pump Station Solar Facility

Through June 30, 2021, the solar facility has generated a total of 7,726,847 kWh of power, which equates to \$2,647,964 in energy savings at the Irvington Pump Station. Additionally, the District received \$680,632 or 109% of the estimated CSI incentive rebate from PG&E. The total benefit of the solar facility is \$3,328,596, which represents 116.1% of simple payback for the initial construction and ongoing maintenance costs of the facility.

Cogeneration Facility

Through June 30, 2021, the facility has generated a total of 69,251,420 kWh of power, which equates to approximately \$6,842,835 in energy savings at the plant. Additionally, the District received \$3,114,556 or 92.1% of the SGIP incentive rebate from PG&E. The total benefit of the cogeneration facility is \$9,957,391, which represents 71.2% of simple payback for the initial construction and maintenance costs of the facility.

USD labor and equipment costs have not been factored into the maintenance costs of these facilities. The rationale is that no personnel or equipment has been acquired specifically for the maintenance and the work has been accommodated to date with existing resources.

Staff will provide the Board with an operational update of the solar and cogeneration facilities on a semi-annual basis. The attached Table 1 summarizes the operational data that was discussed in this update.

Background

Alvarado Wastewater Treatment Plant Solar Carport

The District completed construction of the solar carport facility located at the Alvarado Wastewater Treatment Plant at a cost of \$884,000 and began operation in September 2011. The original system consisted of 637 solar panels and was rated at 125 kilowatt (kW). The system rating was based on the California Energy Commission's calculation that accounted for the number of panels, the rating of each panel, and the inverter efficiency.

In February 2020, as part of the construction of the Primary Digester No. 7 Project, the western portion of the solar carport facility was demolished to allow the contractor to install the shoring system and to excavate and construct the digester tank. This resulted in the removal of 195 solar panels from the solar carport facility. The current system consists of 442 solar panels and is rated at 86 kW.

The District applied for the California Solar Initiative (CSI) incentive that would rebate \$0.2568 per kilowatt-hour (kWh) of power generated by the system for a period of five years from September 2011 through August 2016. PG&E, the administrator of the CSI program, approved an estimated incentive amount of \$252,850. In September 2016, the District received its final CSI incentive disbursement.

Irvington Pump Station Solar Facility

The District completed construction of the solar facility located at the Irvington Pump Station at a cost of \$2.85 million and began operation in April 2012. The system consists of 1,680 solar panels and is rated at 408 kW.

The District applied for the CSI incentive that would rebate \$0.15 per kWh of power generated by the system for a period of five years from June 2012 through May 2017. PG&E approved an estimated incentive amount of \$623,370. In February 2017, the District received its final CSI incentive disbursement.

Cogeneration Facility

The District completed construction of the Cogeneration Facility located at the Alvarado Wastewater Treatment Plant at a construction cost of \$11.8 million and the facility was fully operational in late November 2014. The facility consists of two 850-kW biogas-fueled engine generators and a packaged biogas conditioning system.

The District applied for the Self-Generation Incentive Program (SGIP) that provides financial incentives for the installation of new, qualifying self-generation equipment installed to meet all or a portion of the electric energy needs of a facility. PG&E, the administrator of the SGIP in Northern California, approved the District's application for a maximum rebate of \$3.38 million. The District received half of the total rebate from PG&E in 2015 upon successful operational testing of the facility. The other half was paid to the District annually over the next five years and was dependent on the actual electric energy generated by the facility and the actual amount of engine and exhaust heat recovered and utilized to heat the biosolids in the primary digesters. In June 2020, the District received its final SGIP incentive disbursement.

Previous Board Action

None.

PRE/SEG/RC/SB/mb

Attachment: Table 1 – Solar and Cogeneration Facilities Operational Data

Union Sanitary District
Table 1 - Solar and Cogeneration Facilities Operational Data

Facility	System Rating ¹ (kW)	Energy Generated This Period ² (kWh)	Total Energy Generated To Date (kWh)	Value of Energy Generated To Date (\$)	Rebates Received To Date (\$)	Total Received or Generated (\$)	Construction Cost (\$)	Maintenance Costs To Date ⁴ (\$)	Total Costs Incurred To Date (\$)	Simple Payback To Date (%)	Simple Payback Term (Years)	Original Payback Term ⁵ (Years)	Comments
Alvarado WWTP Solar Carport ⁶	86	74,844	2,112,946	406,901	276,030	682,931	884,000	6,225	890,225	76.7%	13.9		System began operation in September 2011. Values are current through June 30, 2021.
Irrington Pump Station Solar Facility	408	352,562	7,726,847	2,647,964	680,632	3,328,596	2,850,000	16,934	2,866,934	116.1%	8.2	10.0	System began operation in April 2012. Values are current through June 30, 2021.
Cogeneration Facility ³	1,700	6,242,105	69,251,420	6,842,835	3,114,556	9,957,391	11,800,000	2,192,099	13,992,099	71.2%	12.8	8.9	System began operation in late November 2014. Values are current through June 30, 2021.

1) System Rating for the solar facilities is based on the number of panels, the rating of each panel, and the inverter efficiency.

2) Period is from January 2021 through June 2021.

3) The cogeneration equipment consists of two 850-kW engine generators.

4) Maintenance costs do not include USD labor or equipment costs.

5) Original payback terms for the Irrington Pump Station Solar Facility and Cogeneration Facility were calculated during the design phase. A payback period was not calculated for the Alvarado WWTP Solar Carport at the time the project was designed.

6) Due to the construction of Primary Digester No. 7, the number of panels at the Alvarado WWTP Solar Carport was reduced from 637 to 442, and the system rating was reduced from 125 kW to 86 kW.



Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers
Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

**JULY 26, 2021
BOARD OF DIRECTORS
MEETING AGENDA ITEM # 16**

TITLE: CAL-Card Quarterly Merchant Activity Report *(This is an Information Item)*

SUBMITTED: Paul R. Eldredge, General Manager/District Engineer
Mark Carlson, Work Group Manager
Laurie Brenner, Team Coach
Skip Calvo, Purchasing Agent

Recommendation

Information only.

Discussion

Information only.

Background

The attached CAL-Card Merchant Spend Analysis details the CAL-Card activity for the fourth quarter of FY 2021. This covers transactions from the CAL-Card billing period April 23, 2021 through June 22, 2021. During this quarter, we had 253 transactions totaling \$81,920.17.

Attachments: Merchant Spend Analysis Report

Previous Board Action

None.

Merchant Spend Analysis - Detail

MCCG	Merchant Category Code Group Description	MCC	Merchant Name	Merchant City	Merchant State/ Province	Debit Amount	Nbr of Debit Trans	Average Spend per Debit Trans	Credit Amount	Nbr of Credit Trans	Total Spend	% of Total Spend	Nbr of Trans	Total Sales Tax
47979	WHOLESALE TRADE	5169	APPLIED MATERIAL SOLUTIO	262-723-6595	WI	\$13,170.00	2	\$ 6,585.00	\$ 0.00	0	\$13,170.00	16.08%	2	\$ 686.68
373183	misc	7399	IN *WATER AMERICA LLC	941-2865808	NV	3,507.85	3	1,169.28	0.00	0	3,507.85	4.28%	3	0.00
47963	BUSINESS EXPENS	9399	CITY OF FREMONT ACC WEB	510-494-4790	CA	3,240.00	3	1,080.00	0.00	0	3,240.00	3.96%	3	0.00
47979	WHOLESALE TRADE	5200	HOMEDEPOT.COM	800-430-3376	GA	3,108.42	8	388.55	0.00	0	3,108.42	3.79%	8	276.15
47979	WHOLESALE TRADE	5085	ZORO TOOLS INC	855-2899676	IL	3,000.88	3	1,000.29	0.00	0	3,000.88	3.66%	3	0.00
373694	8699	8699	CALIFORNIA WATER ENVIRON	510-382-7800	CA	2,672.00	14	190.86	0.00	0	2,672.00	3.26%	14	226.27
373694	8699	8699	AMERICAN PAYROLL ASSOC	210-226-4600	TX	2,504.00	4	626.00	0.00	0	2,504.00	3.06%	4	0.00
373183	misc	5099	TOOLTOPIA	800-794-6793	FL	2,425.46	1	2,425.46	0.00	0	2,425.46	2.96%	1	0.00
47979	WHOLESALE TRADE	5200	LOWES #01132*	UNION CITY	CA	1,829.38	9	203.26	20.26	1	1,809.12	2.21%	10	163.20
289779	COMPUTER	5968	SMK*SURVEYMON KEY.COM	971-2311154	CA	1,800.00	1	1,800.00	0.00	0	1,800.00	2.20%	1	0.00
47979	WHOLESALE TRADE	5261	DOMYOWN.COM	770-840-8831	GA	1,760.13	1	1,760.13	0.00	0	1,760.13	2.15%	1	0.00
47979	WHOLESALE TRADE	5085	DYSTAR	704-561-2917	NC	1,752.80	1	1,752.80	0.00	0	1,752.80	2.14%	1	0.00
388846	Olivia	8299	WWW.AMANET.ORG	518-8911500	NY	1,695.00	1	1,695.00	0.00	0	1,695.00	2.07%	1	0.00
373183	misc	5047	IDEXX DISTRIBUTION INC	800-814-1147	ME	1,563.24	4	390.81	0.00	0	1,563.24	1.91%	4	128.49
47979	WHOLESALE TRADE	5039	ALAN STEEL & SUPPLY CO	REDWOOD CITY	CA	1,503.58	2	751.79	0.00	0	1,503.58	1.84%	2	0.00
47978	VEHICLE EXPENSE	5533	ALLDATA	800-859-3282	CA	1,500.00	1	1,500.00	0.00	0	1,500.00	1.83%	1	0.00
47979	WHOLESALE TRADE	5200	THE HOME DEPOT 635	UNION CITY	CA	1,372.66	4	343.17	0.00	0	1,372.66	1.68%	4	121.67
373183	misc	5046	PAPE MATERIAL HANDLING	916-565-5650	OR	1,228.29	1	1,228.29	0.00	0	1,228.29	1.50%	1	0.00

Merchant Spend Analysis - Detail

MCCG	Merchant Category Code Group Description	MCC	Merchant Name	Merchant City	Merchant State/ Province	Debit Amount	Nbr of Debit Trans	Average Spend per Debit Trans	Credit Amount	Nbr of Credit Trans	Total Spend	% of Total Spend	Nbr of Trans	Total Sales Tax
47979	WHOLESALE TRADE	5085	THE LINCOLN ELECTRIC CO	216-383-2202	OH	\$ 1,058.20	1	\$ 1,058.20	\$ 0.00	0	\$ 1,058.20	1.29%	1	\$ 89.60
47972	OTHER	5977	MPX*SEPHORA	800-421-4655	IL	1,000.00	5	200.00	0.00	0	1,000.00	1.22%	5	0.00
47963	BUSINESS EXPENS	4814	ZOOM.US 888-799-9666	WWW.ZOOM.US	CA	976.32	3	325.44	0.00	0	976.32	1.19%	3	0.00
47970	OFFICE SERVICES	7361	ZIPRECRUITER, INC.	855-747-5493	CA	957.00	3	319.00	0.00	0	957.00	1.17%	3	0.00
47971	OFFICE SUPPLIES	5734	WISTIA, INC.	WWW.WISTIA.CO	MA	950.40	1	950.40	0.00	0	950.40	1.16%	1	0.00
289779	COMPUTER	5968	SP * SUBSCRIPTION OFFI	HTTPSSUBSCRIP	CT	945.00	1	945.00	0.00	0	945.00	1.15%	1	0.00
47970	OFFICE SERVICES	7394	PETERSON SAN LEANDRO	510-357-6200	CA	853.89	1	853.89	0.00	0	853.89	1.04%	1	0.00
47979	WHOLESALE TRADE	5211	GRANITE ROCK 211	831-768-2019	CA	823.13	1	823.13	0.00	0	823.13	1.00%	1	73.13
373183	misc	5046	MUNICIPAL MAINTENANCE EQU	916-9221101	CA	767.86	1	767.86	0.00	0	767.86	0.94%	1	0.00
373183	misc	5099	MSASAFETYSALES LLC	800-672-2222	PA	679.42	1	679.42	0.00	0	679.42	0.83%	1	60.17
47972	OTHER	5732	BESTBUYCOM8064 56717101	RICHFIELD	MN	658.47	1	658.47	0.00	0	658.47	0.80%	1	42.36
388846	Olivia	8299	CAPIO CONFERENCE REG	WWW.CAPIO.ORG	CA	635.00	1	635.00	0.00	0	635.00	0.78%	1	0.00
47971	OFFICE SUPPLIES	5734	SOURCEGEAR DBA ZUMERO	ZUMERO.COM	IL	630.00	1	630.00	0.00	0	630.00	0.77%	1	0.00
388846	Olivia	8641	CALIFORNIA SPECIAL DISTRI	916-442-7887	CA	625.00	1	625.00	0.00	0	625.00	0.76%	1	0.00
373694	8699	8699	NACWA	202-5331804	DC	597.00	3	199.00	0.00	0	597.00	0.73%	3	0.00
47978	VEHICLE EXPENSE	5533	FLEETPRIDE720	HAYWARD	CA	595.24	5	119.05	0.00	0	595.24	0.73%	5	52.88
373694	8699	8699	CALIFORNIA ASSOCIATION OF	916-4460388	CA	595.00	1	595.00	0.00	0	595.00	0.73%	1	0.00
47970	OFFICE	2741	RIVAL BRANDING	HTTPSWWW.RIVA	KS	565.00	2	282.50	0.00	0	565.00	0.69%	2	0.00

MCCG	Merchant Category Code Group Description	MCC	Merchant Name	Merchant City	Merchant State/ Province	Debit Amount	Nbr of Debit Trans	Average Spend per Debit Trans	Credit Amount	Nbr of Credit Trans	Total Spend	% of Total Spend	Nbr of Trans	Total Sales Tax
47970	SERVICES													
373183	misc	5047	ENVIRONMENTAL EXPRESS	999-9999999	SC	561.95	1	561.95	0.00	0	561.95	0.69%	1	0.00
384466	Computer	5045	CDW GOVT #F590028	800-808-4239	IL	547.37	1	547.37	0.00	0	547.37	0.67%	1	48.63
47962	BUILDING SERVIC	7349	A AND M'S TOOL REPAIR	SAN JOSE	CA	537.25	1	537.25	0.00	0	537.25	0.66%	1	0.00
47979	WHOLESALE TRADE	5074	MORSE HYDRAULICS USA L	FREMONT	CA	536.13	1	536.13	0.00	0	536.13	0.65%	1	0.00
373183	misc	8999	DAILY JOURNAL CORP	213-2295300	CA	515.84	2	257.92	0.00	0	515.84	0.63%	2	0.00
397200	SPATT	5311	EBAY O*11-06872-67259	408-3766151	CA	506.94	1	506.94	0.00	0	506.94	0.62%	1	0.00
47979	WHOLESALE TRADE	5072	ALLFILTERS.COM	801-953-0070	UT	468.55	1	468.55	0.00	0	468.55	0.57%	1	0.00
47978	VEHICLE EXPENSE	5532	AMERICAS-TIRE-C O CAN-14	UNION CITY	CA	467.95	1	467.95	0.00	0	467.95	0.57%	1	40.95
47971	OFFICE SUPPLIES	5734	FS *TECHSMITH	877-3278914	CA	419.97	1	419.97	0.00	0	419.97	0.51%	1	0.00
47979	WHOLESALE TRADE	5065	BURLINGTON SAFETY LABORAT	888-8171412	CA	402.99	1	402.99	0.00	0	402.99	0.49%	1	0.00
373183	misc	8999	IN *LEACH MICROBIAL CONSU	215-3274306	PA	400.00	1	400.00	0.00	0	400.00	0.49%	1	0.00
47979	WHOLESALE TRADE	5200	THE HOME DEPOT #6964	NEWARK	CA	382.29	2	191.15	0.00	0	382.29	0.47%	2	33.95
373183	misc	7399	NATEC INTERNATIONAL	714-678-2750	CA	381.10	1	381.10	0.00	0	381.10	0.47%	1	27.41
373183	misc	5046	KLEEN RITE CORP	717-684-6721	PA	375.80	2	187.90	0.00	0	375.80	0.46%	2	30.79
47979	WHOLESALE TRADE	5085	ANDRITZ SEPERATION INC	518-745-2778	TX	367.27	1	367.27	0.00	0	367.27	0.45%	1	0.00
235401	REGISTRATION	8111	LIEBERTCASS	310-981-2000	CA	360.09	1	360.09	0.00	0	360.09	0.44%	1	0.00
373526	Redwing 7372	7372	PAYPAL *THINKSCAPE	35314369001		327.00	1	327.00	0.00	0	327.00	0.40%	1	0.00
397986	Hydrogen Fuel	5542	CHEVRON 0097526	FREMONT	CA	325.57	4	81.39	0.00	0	325.57	0.40%	4	46.54

Merchant Spend Analysis - Detail

MCCG	Merchant Category Code Group Description	MCC	Merchant Name	Merchant City	Merchant State/ Province	Debit Amount	Nbr of Debit Trans	Average Spend per Debit Trans	Credit Amount	Nbr of Credit Trans	Total Spend	% of Total Spend	Nbr of Trans	Total Sales Tax
47979	WHOLESALE TRADE	5200	THE HOME DEPOT 1017	HAYWARD	CA	\$ 324.79	2	\$ 162.40	\$ 0.00	0	\$ 324.79	0.40%	2	\$ 28.85
384466	Computer	5045	CDW GOVT #D966530	800-808-4239	IL	318.08	1	318.08	0.00	0	318.08	0.39%	1	0.00
47961	AUTO/RV DEALERS	5511	FREMONT CDJR	510-342-5283	CA	311.14	1	311.14	0.00	0	311.14	0.38%	1	21.78
47965	HOTELS	3504	HILTON HOTEL SAN DIEGO	619-5643333	CA	309.98	1	309.98	0.00	0	309.98	0.38%	1	0.00
47971	OFFICE SUPPLIES	5942	AMZN MKTP US*2X4KG6C22	AMZN.COM/BILL	WA	307.70	1	307.70	0.00	0	307.70	0.38%	1	27.30
47963	BUSINESS EXPENS	9399	CITY OF NEWARK CASHIER	510-5784310	CA	300.00	1	300.00	0.00	0	300.00	0.37%	1	0.00
47971	OFFICE SUPPLIES	5942	AMAZON.COM*KL3 UQ7EL3	AMZN.COM/BILL	WA	290.16	1	290.16	0.00	0	290.16	0.35%	1	25.78
373694	8699	8699	GOVERNMENT FINANCE OFFIC	CHICAGO	IL	280.00	1	280.00	0.00	0	280.00	0.34%	1	0.00
47966	MAIL/TELEPHONE	5964	PRINT-2-MAIL	866-667-2861	CA	274.82	2	137.41	0.00	0	274.82	0.34%	2	0.00
373183	misc	5047	TELEDYNE INSTRUMENTS INC	402-4640231	CA	274.38	1	274.38	0.00	0	274.38	0.33%	1	0.00
47966	MAIL/TELEPHONE	5964	ALLIED ELECTRONICS INC	800-433-5700	TX	272.62	1	272.62	0.00	0	272.62	0.33%	1	23.33
371673	8398	8398	ISA	919-549-8411	NC	269.00	1	269.00	0.00	0	269.00	0.33%	1	0.00
47978	VEHICLE EXPENSE	5533	AUTOZONE #3338	UNION CITY	CA	261.71	3	87.24	0.00	0	261.71	0.32%	3	23.25
47979	WHOLESALE TRADE	5085	GIH*GLOBALINDUS TRIALEQ	800-645-2986	FL	252.41	1	252.41	0.00	0	252.41	0.31%	1	22.42
47972	OTHER	5999	MPX*WALMART.COM	800-421-4655	IL	250.00	1	250.00	0.00	0	250.00	0.31%	1	0.00
47972	OTHER	5732	BESTBUYCOM8064 52828398	RICHFIELD	MN	230.44	1	230.44	0.00	0	230.44	0.28%	1	14.83
388846	Olivia	4899	AUTOPAY/DISH NTKW	800-333-3474	CO	227.79	3	75.93	0.00	0	227.79	0.28%	3	0.00
373183	misc	7392	EVENT*	WWW.CVENT.CO	VA	225.00	1	225.00	0.00	0	225.00	0.27%	1	0.00

Merchant Spend Analysis - Detail

MCCG	Merchant Category Code Group Description	MCC	Merchant Name	Merchant City	Merchant State/ Province	Debit Amount	Nbr of Debit Trans	Average Spend per Debit Trans	Credit Amount	Nbr of Credit Trans	Total Spend	% of Total Spend	Nbr of Trans	Total Sales Tax
373183	misc		72NB2NC3Q35	M										
373183	misc	8999	SOCIETYFORHUMANRESOURCE	800-2837476	VA	219.00	1	219.00	0.00	0	219.00	0.27%	1	0.00
47971	OFFICE SUPPLIES	5734	NEOGOV	HTTPSWWW.NEOG	CA	214.00	1	214.00	0.00	0	214.00	0.26%	1	0.00
397200	SPATT	5311	EBAY O*03-07181-46579	408-3766151	CA	208.51	1	208.51	0.00	0	208.51	0.25%	1	0.00
47979	WHOLESALE TRADE	5039	OWEN EQUIPMENT COMPANY	503-2559055	OR	195.20	1	195.20	0.00	0	195.20	0.24%	1	15.25
47971	OFFICE SUPPLIES	5942	AMZN MKTP US*528C61413	AMZN.COM/BILL	WA	192.05	1	192.05	0.00	0	192.05	0.23%	1	17.06
47971	OFFICE SUPPLIES	5942	AMZN MKTP US*AG2K495B3	AMZN.COM/BILL	WA	192.02	1	192.02	0.00	0	192.02	0.23%	1	17.06
47971	OFFICE SUPPLIES	5942	AMZN MKTP US*4K2JT4U63	AMZN.COM/BILL	WA	175.48	1	175.48	0.00	0	175.48	0.21%	1	15.56
47979	WHOLESALE TRADE	5072	C H BULL COMPANY	6508378400	CA	171.71	1	171.71	0.00	0	171.71	0.21%	1	0.00
47979	WHOLESALE TRADE	5169	ENVIRONMENTAL RESOURCE	303-431-8454	CO	165.86	1	165.86	0.00	0	165.86	0.20%	1	10.54
47971	OFFICE SUPPLIES	5942	DEVTRA INC.	OAKVILLE	ON	164.09	1	164.09	0.00	0	164.09	0.20%	1	0.00
289779	COMPUTER	4816	DROPBOX*VRC7G9GB3Q8Z	DROPBOX.COM	CA	158.88	1	158.88	0.00	0	158.88	0.19%	1	0.00
47979	WHOLESALE TRADE	5169	SILICONE SOLUTIONS	330-920-3125	OH	149.34	1	149.34	0.00	0	149.34	0.18%	1	7.47
388846	Olivia	8299	FREDPRYOR CAREERTRACK	800-5563012	KS	149.00	1	149.00	0.00	0	149.00	0.18%	1	0.00
371673	8398	8398	AMERICAN RED CROSS	800-733-2767	DC	148.90	1	148.90	0.00	0	148.90	0.18%	1	0.00
47972	OTHER	7299	IN *D&D COMPRESSOR INC	408-9470491	CA	143.30	2	71.65	0.00	0	143.30	0.17%	2	0.00
47979	WHOLESALE TRADE	5085	CREATIVE SAFETY SUPPLY, L	866-7771360	OR	143.30	1	143.30	0.00	0	143.30	0.17%	1	0.00
47971	OFFICE	5942	AMAZON.COM*PY9	AMZN.COM/BILL	WA	131.66	1	131.66	0.00	0	131.66	0.16%	1	11.70

Merchant Spend Analysis - Detail

MCCG	Merchant Category Code Group Description	MCC	Merchant Name	Merchant City	Merchant State/ Province	Debit Amount	Nbr of Debit Trans	Average Spend per Debit Trans	Credit Amount	Nbr of Credit Trans	Total Spend	% of Total Spend	Nbr of Trans	Total Sales Tax
47971	SUPPLIES		TF68B3											
373694	8699	8699	NATIONAL PROCUREMENT INST	702-9898095	NV	130.00	1	130.00	0.00	0	130.00	0.16%	1	10.05
47971	OFFICE SUPPLIES	5942	AMAZON.COM*2X99 68OB2 AMZN	AMZN.COM/BILL	WA	129.46	1	129.46	0.00	0	129.46	0.16%	1	10.96
47971	OFFICE SUPPLIES	5942	AMZN MKTP US*2L9LY6M90	AMZN.COM/BILL	WA	120.67	1	120.67	0.00	0	120.67	0.15%	1	10.72
47971	OFFICE SUPPLIES	5942	AMZN MKTP US*6L1GY1AX3	AMZN.COM/BILL	WA	118.47	1	118.47	0.00	0	118.47	0.14%	1	10.53
47979	WHOLESALE TRADE	5085	GRAINGER	877-2022594	IL	116.54	1	116.54	0.00	0	116.54	0.14%	1	9.06
47979	WHOLESALE TRADE	5200	THE HOME DEPOT #1017	HAYWARD	CA	113.00	1	113.00	0.00	0	113.00	0.14%	1	10.04
342849	Postage Stamps	9402	USPS.COM POSTAL STORE	800-782-6724	MO	111.85	1	111.85	0.00	0	111.85	0.14%	1	0.00
47979	WHOLESALE TRADE	5192	BNP MEDIA SUB ENR-AR-NEWS	248-362-3700	MI	108.00	1	108.00	0.00	0	108.00	0.13%	1	0.00
47979	WHOLESALE TRADE	5072	DWYER INSTRUMENTS, INC	219-879-8868	IN	103.20	1	103.20	0.00	0	103.20	0.13%	1	0.00
47979	WHOLESALE TRADE	5200	THE HOME DEPOT #0635	UNION CITY	CA	103.13	1	103.13	0.00	0	103.13	0.13%	1	9.07
373183	misc	8999	QUICK SEARCH	214-358-2880	TX	103.05	1	103.05	0.00	0	103.05	0.13%	1	0.00
373183	misc	7399	FREMONT RECYCLING AND TRA	FREMONT	CA	102.00	1	102.00	0.00	0	102.00	0.12%	1	0.00
373694	8699	8699	CITY CLERKS ASSOCIATION O	650-5227042	CA	100.00	2	50.00	0.00	0	100.00	0.12%	2	0.00
47971	OFFICE SUPPLIES	5942	AMZN MKTP US*8L7WA7JD3	AMZN.COM/BILL	WA	98.72	1	98.72	0.00	0	98.72	0.12%	1	8.77
397986	Hydrogen Fuel	5542	CHEVRON 0209937	FREMONT	CA	90.74	1	90.74	0.00	0	90.74	0.11%	1	12.97
47978	VEHICLE EXPENSE	5533	FLOSCAN INC	714-557-3805	WA	82.50	1	82.50	0.00	0	82.50	0.10%	1	0.00
47979	WHOLESALE	5072	SNAP ON-CHRIS	UNION CITY	CA	80.67	1	80.67	0.00	0	80.67	0.10%	1	0.00

Merchant Spend Analysis - Detail

MCCG	Merchant Category Code Group Description	MCC	Merchant Name	Merchant City	Merchant State/ Province	Debit Amount	Nbr of Debit Trans	Average Spend per Debit Trans	Credit Amount	Nbr of Credit Trans	Total Spend	% of Total Spend	Nbr of Trans	Total Sales Tax
47979	TRADE		JOHNSON											
47971	OFFICE SUPPLIES	5734	CBI*CLEVERBRIDGE.NET	800-799-9570	IL	79.90	1	79.90	0.00	0	79.90	0.10%	1	0.00
397986	Hydrogen Fuel	5542	CHEVRON 0206357	FREMONT	CA	79.55	1	79.55	0.00	0	79.55	0.10%	1	11.37
47970	OFFICE SERVICES	2741	TECHNOLOGY PUBLISHING CO	412-431-8313	PA	78.00	1	78.00	0.00	0	78.00	0.10%	1	5.10
47971	OFFICE SUPPLIES	5942	AMAZON.COM*0V7FU0TG3 AMZN	AMZN.COM/BILL	WA	76.30	1	76.30	0.00	0	76.30	0.09%	1	6.78
47972	OTHER	5999	PACIFIC STATES FELT	HAYWARD	CA	72.16	1	72.16	0.00	0	72.16	0.09%	1	0.06
47979	WHOLESALE TRADE	5039	DEL CITY	800-6544757	WI	68.60	1	68.60	0.00	0	68.60	0.08%	1	0.00
47970	OFFICE SERVICES	7311	FACEBK 5AB2UZJ4A2	650-5434800	CA	65.83	1	65.83	0.00	0	65.83	0.08%	1	0.00
47972	OTHER	5732	BESTBUYCOM806438649612	RICHFIELD	MN	65.82	1	65.82	0.00	0	65.82	0.08%	1	4.24
47971	OFFICE SUPPLIES	5942	AMZN MKTP US*H67500KF3	AMZN.COM/BILL	WA	65.51	1	65.51	0.00	0	65.51	0.08%	1	5.82
373694	8699	8699	MISAC	714-738-5309	CA	65.00	1	65.00	0.00	0	65.00	0.08%	1	5.23
47971	OFFICE SUPPLIES	5734	DRI*MSP360(TM)	MYORD.COM	MN	60.00	1	60.00	0.00	0	60.00	0.07%	1	0.12
373694	8699	8699	CAL CHAMBER OF COMMERCE	800-331-8877	CA	59.74	1	59.74	0.00	0	59.74	0.07%	1	0.00
47971	OFFICE SUPPLIES	5942	AMZN MKTP US*219366GG1	AMZN.COM/BILL	WA	58.01	1	58.01	0.00	0	58.01	0.07%	1	5.15
373183	misc	7399	EB NEOCON	801-413-7200	CA	58.00	1	58.00	0.00	0	58.00	0.07%	1	0.00
47971	OFFICE SUPPLIES	5734	CBI*TRIAL*WINZIP	800-799-9570	IL	57.50	1	57.50	0.00	0	57.50	0.07%	1	0.00
47961	AUTO/RV DEALERS	5511	KTEC E-STORE	217-592-5312	IL	55.33	1	55.33	0.00	0	55.33	0.07%	1	0.00
47978	VEHICLE EXPENSE	4784	FASTRAK CSC	415-486-8655	CA	50.00	2	25.00	0.00	0	50.00	0.06%	2	0.00
47979	WHOLESALE TRADE	5200	LOWES #01895*	FREMONT	CA	49.70	2	24.85	0.00	0	49.70	0.06%	2	4.21

Merchant Spend Analysis - Detail

MCCG	Merchant Category Code Group Description	MCC	Merchant Name	Merchant City	Merchant State/ Province	Debit Amount	Nbr of Debit Trans	Average Spend per Debit Trans	Credit Amount	Nbr of Credit Trans	Total Spend	% of Total Spend	Nbr of Trans	Total Sales Tax
47970	OFFICE SERVICES	7311	FACEBK S64LP274A2	650-5434800	CA	\$ 48.49	1	\$ 48.49	\$ 0.00	0	\$ 48.49	0.06%	1	\$ 0.00
47961	AUTO/RV DEALERS	5511	ANYTHINGTRUCK.C OM	309-757-1200	IL	48.10	1	48.10	0.00	0	48.10	0.06%	1	0.00
47970	OFFICE SERVICES	7311	FACEBK RXZWZYN4A2	650-5434800	CA	48.00	1	48.00	0.00	0	48.00	0.06%	1	0.00
47972	OTHER	5732	ATLAS SOUND LP	815-3673000	TX	45.98	1	45.98	0.00	0	45.98	0.06%	1	0.00
47963	BUSINESS EXPENS	9399	ALAMEDA CNTY CLERK REC	510-2726362	CA	45.50	1	45.50	0.00	0	45.50	0.06%	1	0.00
47979	WHOLESALE TRADE	5399	CHEMETRICS.COM	540-7889026	VA	45.35	1	45.35	0.00	0	45.35	0.06%	1	0.00
47971	OFFICE SUPPLIES	5942	AMZN MKTP US*2R2UV29U2	AMZN.COM/BILL	WA	43.88	1	43.88	0.00	0	43.88	0.05%	1	3.90
47970	OFFICE SERVICES	8911	CA SURVEYING & DRAFTNG	559-275-0513	CA	43.60	1	43.60	0.00	0	43.60	0.05%	1	2.65
47971	OFFICE SUPPLIES	5942	AMAZON.COM*215BI 5AZ0	AMZN.COM/BILL	WA	43.44	1	43.44	0.00	0	43.44	0.05%	1	3.86
47971	OFFICE SUPPLIES	5942	AMZN MKTP US*2K5BO06N3	AMZN.COM/BILL	WA	42.76	1	42.76	0.00	0	42.76	0.05%	1	0.00
47978	VEHICLE EXPENSE	5533	O'REILLY AUTO PARTS 2571	UNION CITY	CA	41.69	1	41.69	0.00	0	41.69	0.05%	1	3.70
373694	8699	8699	CAPIO - CA ASSOCIATION OF	530-9245444	CA	40.00	2	20.00	0.00	0	40.00	0.05%	2	0.00
47971	OFFICE SUPPLIES	5942	AMZN MKTP US*TD52F9NX3	AMZN.COM/BILL	WA	38.41	1	38.41	0.00	0	38.41	0.05%	1	3.41
47979	WHOLESALE TRADE	5251	EREPLACEMENTPA RTS.COM	866-3229842	FL	34.88	2	17.44	0.00	0	34.88	0.04%	2	0.00
47971	OFFICE SUPPLIES	5942	AMZN MKTP US*2X4JO0Y30	AMZN.COM/BILL	WA	32.22	1	32.22	0.00	0	32.22	0.04%	1	2.86
378973	4899	5310	WALMART.COM AY	800-966-6546	AR	32.19	2	16.09	0.00	0	32.19	0.04%	2	0.00
47971	OFFICE SUPPLIES	5942	AMZN MKTP US*214AZ2EU0	AMZN.COM/BILL	WA	30.72	1	30.72	0.00	0	30.72	0.04%	1	2.73
47961	AUTO/RV DEALERS	5511	FREMONT FORD	NEWARK	CA	28.84	1	28.84	0.00	0	28.84	0.04%	1	0.00

Merchant Spend Analysis - Detail

MCCG	Merchant Category Code Group Description	MCC	Merchant Name	Merchant City	Merchant State/ Province	Debit Amount	Nbr of Debit Trans	Average Spend per Debit Trans	Credit Amount	Nbr of Credit Trans	Total Spend	% of Total Spend	Nbr of Trans	Total Sales Tax
47971	OFFICE SUPPLIES	5942	AMZN MKTP US*4U57E7VL3	AMZN.COM/BILL	WA	\$ 28.52	1	\$ 28.52	\$ 0.00	0	\$ 28.52	0.03%	1	\$ 2.53
47972	OTHER	4215	FEDEX 786593056443	MEMPHIS	TN	27.59	1	27.59	0.00	0	27.59	0.03%	1	0.00
47971	OFFICE SUPPLIES	5942	AMAZON.COM*EA7 FV9Q73	AMZN.COM/BILL	WA	26.66	1	26.66	0.00	0	26.66	0.03%	1	2.37
47971	OFFICE SUPPLIES	5942	AMAZON.COM*LJ3L Y4L83 AMZN	AMZN.COM/BILL	WA	25.23	1	25.23	0.00	0	25.23	0.03%	1	2.24
47971	OFFICE SUPPLIES	5942	AMAZON.COM*590 R05E93 AMZN	AMZN.COM/BILL	WA	24.12	1	24.12	0.00	0	24.12	0.03%	1	2.14
47971	OFFICE SUPPLIES	5734	DRI*MSP360TM	952-9084084	MN	24.00	1	24.00	0.00	0	24.00	0.03%	1	0.05
378973	4899	5310	WAL-MART #2031	UNION CITY	CA	22.88	2	11.44	0.00	0	22.88	0.03%	2	2.04
47971	OFFICE SUPPLIES	5942	AMZN MKTP US*SE97N5X63	AMZN.COM/BILL	WA	21.94	1	21.94	0.00	0	21.94	0.03%	1	0.00
47971	OFFICE SUPPLIES	5942	AMZN MKTP US*176SH3D93	AMZN.COM/BILL	WA	21.48	1	21.48	0.00	0	21.48	0.03%	1	1.90
47971	OFFICE SUPPLIES	5942	AMZN MKTP US*8G0MF75S3 AM	AMZN.COM/BILL	WA	18.64	1	18.64	0.00	0	18.64	0.02%	1	1.66
47971	OFFICE SUPPLIES	5942	AMZN MKTP US*B84W70JC3	AMZN.COM/BILL	WA	18.60	1	18.60	0.00	0	18.60	0.02%	1	1.65
47979	WHOLESALE TRADE	5085	SP * SOURCE4INDUSTRI ES	HTTPSSOURCE4I	NV	16.65	1	16.65	0.00	0	16.65	0.02%	1	0.00
47971	OFFICE SUPPLIES	5942	AMZN MKTP US*5T2BZ8K43	AMZN.COM/BILL	WA	15.27	1	15.27	0.00	0	15.27	0.02%	1	1.36
289779	COMPUTER	5968	AMAZON PRIME*2R5M03OF2	AMZN.COM/BILL	WA	14.26	1	14.26	0.00	0	14.26	0.02%	1	1.27
		5968	AMAZON PRIME*MO0HA1FC3	AMZN.COM/BILL	WA	14.26	1	14.26	0.00	0	14.26	0.02%	1	1.27
		5968	AMAZON PRIME*Y02X84J83	AMZN.COM/BILL	WA	14.26	1	14.26	0.00	0	14.26	0.02%	1	1.27
47979	WHOLESALE TRADE	5251	HARBOR FREIGHT TOOLS 494	HAYWARD	CA	12.06	1	12.06	0.00	0	12.06	0.01%	1	1.07

MCCG	Merchant Category Code Group Description	MCC	Merchant Name	Merchant City	Merchant State/ Province	Debit Amount	Nbr of Debit Trans	Average Spend per Debit Trans	Credit Amount	Nbr of Credit Trans	Total Spend	% of Total Spend	Nbr of Trans	Total Sales Tax
47971	OFFICE SUPPLIES	5734	DRI*JABRABLUPEA RROTT	ORDERFIND.COM	MN	\$ 10.98	1	\$ 10.98	\$ 0.00	0	\$ 10.98	0.01%	1	\$ 0.98
47971	OFFICE SUPPLIES	5942	AMAZON.COM*2LOX Q19U2	AMZN.COM/BILL	WA	8.58	1	8.58	0.00	0	8.58	0.01%	1	0.76
47963	BUSINESS EXPENS	9399	GOVTELLERCONVE NFEE	800-3290961	CA	2.00	1	2.00	0.00	0	2.00	0.00%	1	0.00
47979	WHOLESALE TRADE	5072	TOOLDISCOUNTER.COM	877-6638665	MN	2,142.91	1	2,142.91	2,142.91	1	0.00	0.00%	2	0.00
373694	8699	8699	CITY CLERKS ASSOCIATION O	SACRAMENTO	CA	0.00	0	0.00	30.00	1	(30.00)	0.00%	1	0.00
373183	misc	7399	NATEC INTERNATIONAL	ANAHEIM	CA	0.00	0	0.00	190.55	1	(190.55)	0.00%	1	13.71
47972	OTHER	5999	MPX*WALMART.CO M	800-421-4655	IL	0.00	0	0.00	250.00	1	(250.00)	0.00%	1	0.00
47972	OTHER	5977	MPX*SEPHORA	800-421-4655	IL	0.00	0	0.00	1,000.00	5	(1,000.00)	(1.22%)	5	0.00
Total						\$85,553.89			\$3,633.72		\$81,920.17		253	\$ 2,632.68

Total Number of Records: 167

End of Report

Merchant Spend Analysis - Detail Output Parameter Page

Cycle Close Date Range: 04/2021 to 06/2021
Report Type: Detail
Merchant Profile Source: Association
Merchant Names: All
Merchant Category Code Group: All
Merchant States: All

Sort Report By: (1) Total Spend, (2) No Sort, (3) No Sort, (4) No Sort
Break/Subtotal Level: No Break/Subtotal

Processing Hierarchy Position:	<u>Bank</u>	<u>Agent</u>	<u>Company</u>	<u>Division</u>	<u>Department</u>
	1425	3135	51756	All	All



Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers
Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

**JULY 26, 2021
BOARD OF DIRECTORS MEETING
AGENDA ITEM #17**

TITLE: **Board Expenses for 4th Quarter of Fiscal Year 2021 (*This is an Information Item*)**

SUBMITTED: Paul R. Eldredge, General Manager/District Engineer
Mark Carlson, Business Services Manager/CFO
Laurie Brenner, FAST Team Coach

Recommendation

Information only.

Previous Board Action

None

Background

Please see attached the Board of Directors Quarterly Travel and Training Expenditure Report for the 4th quarter of Fiscal Year 2021.

BOARD OF DIRECTORS

QUARTERLY TRAVEL AND TRAINING EXPENDITURE REPORT

4TH QTR, FISCAL YEAR 2021

Board Members	Description	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Beginning Balance	Y-T-D Expense	Balance Available
FERNANDEZ, MANNY								
	TOTAL	0.00	0.00	0.00	0.00	5000.00	0.00	5000.00
HANDLEY, TOM								
	Virtual State of the City - Fremont Chamber of Commerce		25.00					
	TOTAL	0.00	25.00	0.00	0.00	5000.00	25.00	4975.00
HARRISON, JENNIFER								
	TOTAL	0.00	0.00	0.00	0.00	5000.00	0.00	5000.00
KITE, PAT								
	Lorman All Access Education Pass			489.30				
	TOTAL	0.00	0.00	489.30	0.00	5000.00	489.30	4510.70
LATHI, ANJALI								
	2020 Virtual Special Districts Legislative Days	150.00						
	2020 Annual CASA Conference Registration	125.00						
	Lorman All Access Education Pass	699.00						
	Virtual State of the City - Fremont Chamber of Commerce		25.00					
	CWEA Association Membership			192.00				
	Registraion - Annual CASA Conference				475.00			
	TOTAL	974.00	25.00	192.00	475.00	5000.00	1,666.00	3334.00
GRAND TOTAL		974.00	50.00	681.30	475.00	25000.00	2,180.30	22819.70

The Board of Directors' Quarterly Expenditure Report is attached as part of the check register in accordance with Board Member Business Expense policy adopted September 5, 1991



Summary of the EBDA Commission Meeting
Thursday, June 17, 2021, at 9:30 a.m.

- Commissioners Cutter, Duncan, Johnson, Lamnin, and Toy were present. This meeting was conducted telephonically and the dial-in information for the meeting was provided in the agenda.
- Commissioner Cutter moved to approve the Commission Meeting Minutes of May 20, 2021; List of Disbursements for May 2021; and Treasurer's Report for May 2021. The motion was seconded by Commissioner Duncan and carried 5-0.
- The Commission unanimously approved the reports from the Managers Advisory, Financial Management, Operations & Maintenance, and Personnel Committees. The following items were discussed:
- **General Managers Report**
The General Manager (GM) provided an update on the Bruce Wolfe memorial options. The GM mentioned a SF Chronicle series regarding sea level rise that will include a story on the Hayward Shoreline. At the July Commission Meeting, Angela Stiegler will give a presentation on the Oro Loma Horizontal Levee project. The Regional Water Board adopted a basin plan amendment removing the requirement to maintain 0.0 mg/L chlorine residual. Regional Water Board staff is currently in the process of developing a blanket NPDES permit amendment to implement this change. When adopted, this will greatly reduce EBDA's SBS dosing. Lastly, the General Manager thanked Commissioner Lamnin for her contributions to the EBDA Commission.
- **Managers Advisory Committee (MAC)**
The GM provided updates on the draft Reserve Policy and the biosolids management discussion.
- **Financial Management Committee**
The GM reported on the Financial Management Committee, which met on June 15, 2021, noting that the Treasurer's Report no longer includes CD data. EBDA has redeemed the last of its laddered CDs, and given the current investment climate there is no intention to invest in CDs at this time. The Committee reviewed the proposed agreements with Meyers Nave and Cropper Accountancy and recommended approval.
- **Motion Authorizing the General Manager to Execute Amendment No. 9 to the Fee Contract By and Between East Bay Dischargers Authority and Meyers Nave, a Professional Corporation**
Commissioner Toy moved to approve the item. The motion was seconded by Commissioner Lamnin and carried unanimously 5-0, by roll call vote.

Ayes: Commissioners Toy, Duncan, Cutter, Lamnin, Chair Johnson

Noes: None

Absent: None

Abstain: None

- **Motion Authorizing the General Manager to Execute an Agreement with Cropper Accountancy Corporation for Financial Audit Services in the Amount of \$36,750**

Commissioner Toy moved to adopt the resolution. The resolution was seconded by Commissioner Cutter and carried unanimously, 5-0 by roll call vote.

Ayes: Commissioners Toy, Duncan, Cutter, Lamnin, Chair Johnson

Noes: None

Absent: None

Abstain: None

- **Operations and Maintenance Committee**

The O&M Manager reported on the Operations and Maintenance Committee, which met on June 15, 2021, and discussed the status of EBDA facilities. The O&M Manager reviewed NPDES compliance data and provided an overview of current projects. The scheduled shutdown for the OLEPS Electrical System Upgrade successfully took place on June 3. Balraj Hehar was congratulated on his upcoming retirement from the City of San Leandro and thanked for his dedication to the EBDA force main. The Committee reviewed the Renewal and Replacement Fund project list for FY 2021/2022 and the proposed purchase order for Univar and recommended approval. Additionally, the Committee reviewed the Ascent Environmental agreement and recommended approval.

- **Motion to Approve the Renewal and Replacement Fund Project List for Fiscal Year 2021/2022**

Commissioner Cutter moved to approve the item. The motion was seconded by Commissioner Toy and carried unanimously 5-0, by roll call vote.

Ayes: Commissioners Toy, Duncan, Cutter, Lamnin, Chair Johnson

Noes: None

Absent: None

Abstain: None

- **Motion Authorizing the General Manager to Issue a Purchase Order to Univar Solutions USA, Inc. for Sodium Bisulfite 25% Solution for Fiscal Year 2021/2022 in the Amount of \$235,000**

Commissioner Duncan moved to approve the item. The motion was seconded by Commissioner Cutter and carried unanimously 5-0, by roll call vote.

Ayes: Commissioners Toy, Duncan, Cutter, Lamnin, Chair Johnson

Noes: None

Absent: None

Abstain: None

- **Motion Authorizing the General Manager to Execute an Agreement with Ascent Environmental for CEQA Consulting Services for the Cargill Mixed Sea Salt Brine Discharge Project in the Amount of \$54,540**

Commissioner Lamnin moved to approve the item. The motion was seconded by Commissioner Toy and carried unanimously 5-0, by roll call vote.

Ayes: Commissioners Toy, Duncan, Cutter, Lamnin, Chair Johnson

Noes: None
Absent: None
Abstain: None

- **Personnel Committee**

The GM reported on the Personnel Committee, which met on June 14, 2021, and provided an update on the Administrative Support Specialist recruitment. The GM advised that USD reappointed Jennifer Toy to the EBDA Commission for the next fiscal year. Staff provided an updated schedule, reflecting proposed Committee assignments.

- **Motion to Accept Fiscal Year 2021/2022 Committee Appointments and Schedule**

Commissioner Cutter moved to adopt the resolution. The resolution was seconded by Commissioner Lamnin and carried unanimously, 5-0 by roll call vote.

Ayes: Commissioners Toy, Duncan, Cutter, Lamnin, Chair Johnson
Noes: None
Absent: None
Abstain: None

- **Motion to Approve Fiscal Year 2021/2022 Commission Chairperson and Vice Chairperson**

Commissioner Cutter moved to approve the item, with Commissioner Cutter as Chair and incoming Commissioner Andrews as Vice Chair. The motion was seconded by Commissioner Toy and carried unanimously 5-0, by roll call vote.

Ayes: Commissioners Toy, Duncan, Cutter, Lamnin, Chair Johnson
Noes: None
Absent: None
Abstain: None

- **Items from Commission and Staff**

Commissioner Lamnin expressed her thanks to the Commission and staff and welcomed Angela Andrews as Hayward's incoming Commissioner.

Chair Johnson thanked Balraj Hehar and wished him well in retirement. He also wished Eric Casher and Pauline Cutter the best with their health. Lastly, Chair Johnson welcomed incoming Commissioner Angela Andrews.

**Directors**

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

**JULY 26, 2021
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 19**

TITLE: COVID-19 Update (*This is an Information Item*)

SUBMITTED: Paul R. Eldredge, General Manager/District Engineer

Recommendation

Information only.

Discussion

None.

Background

General Manager Eldredge will provide an update on the District's COVID-19 response and staffing levels.

Previous Board Action

None.

**UNION SANITARY DISTRICT
CHECK REGISTER
07/03/2021-07/16/2021**

Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
178044	7/15/2021	143	173455	PSOMAS CORP	AERATION BASIN MODIFICATIONS	\$86,491.50	\$86,491.50
178018	7/15/2021	143	11899	CAROLLO ENGINEERS	WAS THICKENERS	\$83,108.91	\$83,108.91
177975	7/8/2021	143	11481	CAROLLO ENGINEERS	PRIMARY DIGESTER NO. 2 REHABILITATION	\$1,719.07	\$76,464.32
	7/8/2021	143	11058		PRIMARY DIGESTER NO. 7	\$74,745.25	
178007	7/8/2021	121	47736	WECO INDUSTRIES LLC	1 TRACTOR	\$11,662.78	\$49,935.11
	7/8/2021	121	47737		1 TRACTOR	\$11,662.78	
	7/8/2021	121	47797		360 GAL SANAFOAM VAPOROOTER	\$26,609.55	
178041	7/15/2021	110	1553632	POLYDYNE INC	44,800 LBS CLARIFLOC C-6267	\$49,871.10	\$49,871.10
177976	7/8/2021	173	715642	CDW GOVERNMENT LLC	OFFSITE STORAGE 6/11/21 - 6/10/22	\$44,373.00	\$44,373.00
178052	7/15/2021		533620210622	US BANK CORP PAYMENT SYSTEM	MONTHLY CAL-CARD REPORT - JUN 2021	\$22,514.14	\$22,514.14
177972	7/8/2021		1681066	ALLIANT INSURANCE SERVICES INC	PHYSICAL DAMAGE ANNUAL PREMIUM RENEWAL 7/21-7/22	\$21,050.00	\$21,050.00
178004	7/8/2021	110	70765	VALLEY OIL COMPANY	1492 GALS DYED DIESEL	\$4,496.49	\$15,871.72
	7/8/2021	170	547881		BULK OIL	\$11,375.23	
178014	7/15/2021	173	516371	AVERTIUM LLC	IT SECURITY ASSESSMENT	\$14,995.00	\$14,995.00

**UNION SANITARY DISTRICT
CHECK REGISTER
07/03/2021-07/16/2021**

Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
178050	7/15/2021	110	49250034	UNIVAR SOLUTIONS USA INC	4548.6 GALS SODIUM HYPOCHLORITE	\$3,285.81	\$13,895.81
	7/15/2021	110	49253552		4898.9 GALS SODIUM HYPOCHLORITE	\$3,538.86	
	7/15/2021	110	49243219		4898.9 GALS SODIUM HYPOCHLORITE	\$3,538.86	
	7/15/2021	110	49239914		4889.8 GALS SODIUM HYPOCHLORITE	\$3,532.28	
178002	7/8/2021	170	35361	TRANSPORT PRODUCTS UNLIMITED	1 STORAGE CONTAINER	\$13,554.13	\$13,554.13
177980	7/8/2021	136	26272	FIELDMAN ROLAPP & ASSOCIATES	FINANCIAL ADVISORY SERVICES	\$13,490.50	\$13,490.50
177989	7/8/2021	113	2437	MG LAB SOLUTIONS INC	1 MIELE GLASSWARE WASHER	\$10,936.73	\$10,936.73
178000	7/8/2021	143	221138	TANNER PACIFIC INC	AERATION BLOWER 11 & CENTRIFUGE BLDG IMPROV	\$9,685.00	\$9,685.00
178036	7/15/2021		37432220210701	LINCOLN NATIONAL LIFE INS COMP	LIFE & DISABILITY INSURANCE - JUL 2021	\$9,592.95	\$9,592.95
177985	7/8/2021	123	127377	JACK DOHENY SUPPLIES INC	ASTD IBAK CAMERA PARTS	\$8,373.92	\$8,413.92
	7/8/2021	123	127524		ASTD IBAK CAMERA PARTS	\$40.00	
177997	7/8/2021	170	128415	SHAPE INCORPORATED	1 SUMP PUMP	\$7,684.70	\$7,684.70
177992	7/8/2021	130	52124338	PFM ASSET MANAGEMENT LLC	INVESTMENT MANAGEMENT / ADVISORY SERVICES	\$4,153.39	\$4,153.39
177968	7/8/2021	170	2000506572	AECOM TECHNICAL SERVICES INC	HAZMAT CONSULTING SERVICES	\$4,105.77	\$4,105.77
178012	7/15/2021		20210610	AMAZON.COM LLC	06/21 - ASTD OFFICE SUPPLIES	\$3,646.76	\$3,778.36
	7/15/2021		464755348964		40 NECK GAITERS	\$131.60	
177983	7/8/2021	132	43647	HSI WORKPLACE COMPLIANCE	ONLINE SDS ANNUAL LICENSE 2/26/21 - 2/25/22	\$3,500.00	\$3,500.00
178008	7/8/2021	143	2045189	WEST YOST ASSOCIATES	GRAVITY SEWER REHAB/REPLACEMENT	\$571.00	\$3,474.00
	7/8/2021	143	2045190		GRAVITY SEWER REHAB/REPLACEMENT	\$2,903.00	

**UNION SANITARY DISTRICT
CHECK REGISTER
07/03/2021-07/16/2021**

Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
178046	7/15/2021	120	916004604278	REPUBLIC SERVICES #916	RECYCLE & ROLL OFF - JULY 2021	\$3,376.03	\$3,376.03
178005	7/8/2021		9882389103	VERIZON WIRELESS	WIRELESS SERV 05/21/21-06/20/21	\$3,100.23	\$3,100.23
177982	7/8/2021	170	9921562121	GRAINGER INC	ASTD PARTS & MATERIALS	\$1,987.87	\$3,078.00
	7/8/2021	111	9915914114		ASTD PARTS & MATERIALS	\$13.39	
	7/8/2021	170	9914357166		ASTD PARTS & MATERIALS	\$516.43	
	7/8/2021	170	9916993000		ASTD PARTS & MATERIALS	\$541.41	
	7/8/2021		9918592412		2 FILTERS	\$18.90	
178043	7/15/2021	111	274490	PRESTIGE LENS LAB	SAFETY GLASSES - SOTH	\$221.69	\$2,910.63
	7/15/2021	172	274500		SAFETY GLASSES - HOVEY	\$263.89	
	7/15/2021	171	274573		SAFETY GLASSES - SEPULVEDA	\$300.00	
	7/15/2021	171	274478		SAFETY GLASSES - CHAPARRO	\$273.27	
	7/15/2021	111	274497		SAFETY GLASSES - FARSAI, M	\$300.00	
	7/15/2021	121	274690		SAFETY GLASSES - POWELL	\$216.20	
	7/15/2021	173	274519		SAFETY GLASSES - TAI	\$239.75	
	7/15/2021	123	274574		SAFETY GLASSES - MEDEIROS	\$273.27	
	7/15/2021	121	274488		SAFETY GLASSES - PORTEOUS	\$333.09	
	7/15/2021	144	274669		SAFETY GLASSES - SOTO	\$216.20	
	7/15/2021	141	274668		SAFETY GLASSES - SCHURMAN	\$273.27	

**UNION SANITARY DISTRICT
CHECK REGISTER
07/03/2021-07/16/2021**

Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
178047	7/15/2021	110	21062304	S&S TRUCKING	GRIT HAULING 06/17/2021	\$938.25	\$2,655.47
	7/15/2021	110	21061751		GRIT HAULING 06/07 & 06/11/2021	\$1,717.22	
178040	7/15/2021		28181	CITY OF NEWARK	REFUND # 38784	\$2,500.00	\$2,500.00
178009	7/8/2021	170	4246079	WESTERN ENERGY SYSTEMS	1 CONTROL VALVE	\$2,484.40	\$2,484.40
177991	7/8/2021	170	134235	NEW IMAGE LANDSCAPING CO	LANDSCAPE MAINTENANCE - FMC - JUN 2021	\$2,385.68	\$2,385.68
178017	7/15/2021	121	156108	BRENNTAG PACIFIC INC	3828 LBS SODIUM HYDROXIDE	\$1,135.08	\$2,286.21
	7/15/2021	121	154121		1276 LBS SODIUM HYDROXIDE	\$380.09	
	7/15/2021	120	154505		2552 LBS SODIUM HYDROXIDE	\$771.04	
178015	7/15/2021	141	441E1004	BARTLE WELLS ASSOCIATES	CAPACITY FEE UPDATE	\$2,193.00	\$2,193.00
177988	7/8/2021	170	45469	METROMOBILE COMMUNICATIONS INC	2 PORTABLE RADIOS	\$2,043.31	\$2,043.31
178020	7/15/2021		124064912	COLORADO WASHINGTON INC COMCAST OF	FIBER INTERNET BACKUP - JUN 2021	\$2,010.36	\$2,010.36
178016	7/15/2021	114	16226670	BLAISDELL'S	1 TONER	\$471.87	\$1,676.14
	7/15/2021	110	16213570		ASTD OFFICE SUPPLIES	\$497.22	
	7/15/2021	110	16213571		ASTD OFFICE SUPPLIES	\$21.12	
	7/15/2021	110	16213572		ASTD OFFICE SUPPLIES	\$20.95	
	7/15/2021	114	16223560		1 TONER	\$193.11	
	7/15/2021	114	16223610		1 TONER	\$471.87	
177974	7/8/2021		3655	CAL SANITATION RISK MNGT AUTH	CLAIM: SALAZAR FILE# 3003357	\$1,667.20	\$1,667.20
177971	7/8/2021		314	ALLIANT INSURANCE SERVICES INC	07/21-07/22 CRIME RENEWAL	\$1,266.00	\$1,266.00

**UNION SANITARY DISTRICT
CHECK REGISTER
07/03/2021-07/16/2021**

Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
177990	7/8/2021	171	2154983	MOBILE MODULAR MANAGEMENT CORP	FMC TRAILER RENTAL - JULY 2021	\$1,245.43	\$1,245.43
177987	7/8/2021	123	59801714	MCMaster SUPPLY INC	ASTD PARTS & MATERIALS	\$601.65	\$1,202.56
	7/8/2021	123	59787772		ASTD PARTS & MATERIALS	\$451.24	
	7/8/2021	121	59775437		ASTD PARTS & MATERIALS	\$149.67	
178031	7/15/2021	170	95920293	H & E EQUIPMENT SERVICES INC	EQUIPMENT RENTAL 06/09/2021 - 06/22/2021	\$1,149.51	\$1,149.51
178010	7/15/2021		27162.1	A2Z BAY BUILDERS & PLUMBING	REFUND # 38782	\$500.00	\$1,000.00
	7/15/2021		27162		REFUND # 38781	\$500.00	
178049	7/15/2021		26084	STREAMLINE PLUMBING & DRAIN	REFUND # 38778	\$500.00	\$1,000.00
	7/15/2021		20907		REFUND # 38779	\$500.00	
177984	7/8/2021	132	32975	ICE SAFETY SOLUTIONS INC	FIRST AID KIT & AED SERVICING	\$220.00	\$984.83
	7/8/2021	132	32976		FIRST AID & AED SUPPLIES	\$764.83	
177986	7/8/2021	110	20210629	MARCUS LEE	EXP REIMB: OFFICE CHAIR	\$982.27	\$982.27
177993	7/8/2021	170	305	PRIME MECHANICAL SERVICE INC	MONTHLY MAINTENANCE - JUN 21	\$915.00	\$915.00
178026	7/15/2021	173	524441	DLT SOLUTIONS, LLC	AWS CLOUD STORAGE - MAY 2021	\$879.93	\$879.93
178013	7/15/2021		1102560715	ARAMARK	UNIFORM LAUNDERING & RUGS	\$465.66	\$864.87
	7/15/2021		1102560726		UNIFORM LAUNDERING SERVICE	\$351.89	
	7/15/2021		1102560691		ASTD DUST MOPS, WET MOPS & TERRY	\$47.32	
177995	7/8/2021	110	21061121	S&S TRUCKING	GRIT HAULING 06/04/2021	\$794.34	\$794.34

**UNION SANITARY DISTRICT
CHECK REGISTER
07/03/2021-07/16/2021**

Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
178030	7/15/2021	111	9928411512	GRAINGER INC	ASTD PARTS & MATERIALS	\$33.76	\$760.92
	7/15/2021		9922703724		ASTD PARTS & MATERIALS	\$231.66	
	7/15/2021		9924930440		ASTD PARTS & MATERIALS	\$473.33	
	7/15/2021	170	9924086656		ASTD PARTS & MATERIALS	\$19.63	
	7/15/2021	111	9929176890		ASTD PARTS & MATERIALS	\$2.54	
178021	7/15/2021	170	20211598	COMPACTOR MANAGEMENT COMPANY	HEADWORKS RAG COMPACTOR MAINTENANCE	\$700.00	\$700.00
178032	7/15/2021	123	2259383	HANSON AGGREGATES INC	8.22 TONS 1/2 MAX HMA TYPE A-R	\$684.18	\$684.18
178006	7/8/2021	113	8805014499	VWR INTERNATIONAL LLC	LAB SUPPLIES	\$207.78	\$665.67
	7/8/2021	113	8805045870		LAB SUPPLIES	\$457.89	
177970	7/8/2021		5249284	ALL INDUSTRIAL ELECTRIC SUPPLY	ASTD PARTS & MATERIALS	\$649.57	\$649.57
178019	7/15/2021		29218	CHALLENGE ROOTER	REFUND # 38783	\$500.00	\$500.00
178027	7/15/2021		12734	ELITE ROOTER INC	REFUND # 38777	\$500.00	\$500.00
178039	7/15/2021		22995	MR. ROOTER	REFUND # 38776	\$500.00	\$500.00
178048	7/15/2021		13763	SRIKANTH SALLAKA	REFUND # 38775	\$500.00	\$500.00
178034	7/15/2021	122	235426	JACK JAMES TOWING INC	TOW SERVICE: T3324 PLANT TO FREMONT	\$450.00	\$450.00
177994	7/8/2021	123	29937	R&B COMPANY	ASTD PARTS & MATERIALS	\$417.93	\$417.93
178023	7/15/2021	120	89896	COPYMAT NEW BAY	ASTD DOORHANGERS & 450 WORK ORDERS	\$404.12	\$404.12
177979	7/8/2021		20210702	AUSTIN FARSAI	TUITION REIMB - SPRING 2021	\$381.00	\$381.00

**UNION SANITARY DISTRICT
CHECK REGISTER
07/03/2021-07/16/2021**

Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
178037	7/15/2021		60575978	MCMaster Supply Inc	ASTD PARTS & MATERIALS	\$675.62	\$358.35
	7/15/2021	170	60404711		ASTD PARTS & MATERIALS	\$92.61	
	7/15/2021	170	61162152		ASTD PARTS & MATERIALS	\$90.84	
	7/15/2021	121	60085052		CREDIT: ASTD PARTS & MATERIALS	\$-269.44	
	7/15/2021	121	60085191		CREDIT: ASTD PARTS & MATERIALS	\$-253.30	
	7/15/2021	170	60489610		ASTD PARTS & MATERIALS	\$576.69	
	7/15/2021		60085053		CREDIT: ASTD PARTS & MATERIALS	\$-554.67	
178045	7/15/2021	122	43116	R & S ERECTION OF S ALAMEDA	SERVICE: ROLL UP DOOR REPAIR	\$353.50	\$353.50
178024	7/15/2021	173	82079942	CORELOGIC INFORMATION SOLUTION	METROSCAN ONLINE SERVICE	\$339.90	\$339.90
178042	7/15/2021		167693	PREFERRED ALLIANCE INC	MAY 2021 SERVICE FEE	\$327.18	\$327.18
178033	7/15/2021	173	202355943	IRON MOUNTAIN	OFF-SITE STORAGE AND SERVICE - MAY 2021	\$322.46	\$322.46
177978	7/8/2021	170	904942839	EVOQUA WATER TECHNOLOGIES	DI WATER SYSTEM	\$297.10	\$297.10
178038	7/15/2021	170	24113727	MOTION INDUSTRIES INC	ASTD PARTS & MATERIALS	\$270.04	\$270.04
178054	7/15/2021	121	47841	WECO INDUSTRIES LLC	CAMERA REPAIRS	\$266.60	\$266.60
178001	7/8/2021		20210623	ARIEL TEIXEIRA	TUITION REIMB - SPRING 2021	\$263.00	\$263.00
177973	7/8/2021	111	16207740	BLAISDELL'S	ASTD OFFICE SUPPLIES	\$128.09	\$253.17
	7/8/2021	111	16207742		ASTD OFFICE SUPPLIES	\$76.80	
	7/8/2021	111	16207741		ASTD OFFICE SUPPLIES	\$48.28	
177996	7/8/2021	170	85340220210622	SAN FRANCISCO WATER DEPT	SERVICE 05/20/2021 - 06/18/21	\$242.27	\$242.27

**UNION SANITARY DISTRICT
CHECK REGISTER
07/03/2021-07/16/2021**

Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
178029	7/15/2021	120	1841094851	GOODYEAR COMM TIRE & SERV CTRS	DISPOSAL OF 32 TIRES	\$239.50	\$239.50
177998	7/8/2021	141	20210529	SPOK INC	JUNE 2021 PAGER SERVICE	\$171.09	\$171.09
177981	7/8/2021	136	2120606	GFOA-GOV FIN OFFICERS ASSOC	MEMBERSHIP RENEWAL - V HOLSLAG	\$150.00	\$150.00
177999	7/8/2021	111	20210706	SWRCB - STATE WATER RESOURCES	GRADE III OPERATOR CERTIFICATE RENEWAL - M. FARSAI	\$150.00	\$150.00
178025	7/15/2021	130	3480050	DAILY JOURNAL CORPORATION	AD: NOTICE OF HEARING	\$143.36	\$143.36
178053	7/15/2021	113	8805206017	VWR INTERNATIONAL LLC	LAB SUPPLIES	\$57.42	\$142.06
	7/15/2021	113	8805170206		LAB SUPPLIES	\$84.64	
178051	7/15/2021	136	98XW53251	UPS - UNITED PARCEL SERVICE	SHIPPING CHARGES W/E 06/19/21	\$114.90	\$114.90
177977	7/8/2021	113	20210628	CWEA	CERTIFICATION RENEWAL: A. HERNANDEZ	\$106.00	\$106.00
177969	7/8/2021	170	4088644120210623	ALAMEDA COUNTY WATER DISTRICT	SERV TO: 06/23/21 - BOYCE ROAD	\$70.40	\$70.40
178022	7/15/2021	132	71767082	CONCENTRA MEDICAL CENTERS	1 DOT PHYSICAL	\$63.00	\$63.00
178011	7/15/2021	143	20210709	ALAMEDA COUNTY TREASURER	FILING FEE - CHERRY ST. PS	\$50.00	\$50.00
178028	7/15/2021	136	742281794	FEDERAL EXPRESS CORPORATION	SHIPPING SERVICE - BS	\$38.65	\$38.65
178035	7/15/2021	170	62600000229595	KELLY-MOORE PAINT COMPANY	ASTD PAINTING SUPPLIES	\$31.68	\$31.68
178003	7/8/2021	136	98XW53241	UPS - UNITED PARCEL SERVICE	SHIPPING CHARGES W/E 06/12/21	\$13.21	\$13.21

**UNION SANITARY DISTRICT
CHECK REGISTER
07/03/2021-07/16/2021**

Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
Invoices:					Checks:		
			Credit Memos :	3	-1,077.41		
			\$0 - \$1,000 :	92	30,100.90	\$0 - \$1,000 :	46 19,312.05
			\$1,000 - \$10,000 :	30	104,018.18	\$1,000 - \$10,000 :	27 93,618.25
			\$10,000 - \$100,000 :	15	496,440.60	\$10,000 - \$100,000 :	14 516,551.97
			Over \$100,000 :	0		Over \$100,000 :	
			Total:	140	629,482.27	Total:	87 629,482.27

Bathroom byproduct will supplement DSRSD irrigation water supply

Sewage diversion project aims to 'address peak summer recycled water irrigation demands'

by **Julia Baum** / Pleasanton Weekly

Uploaded: Wed, Jul 7, 2021, 6:16 pm 1

Time to read: about 1 minutes

Dublin San Ramon Services District's new temporary supplemental recycled water supply project not only aims to boost their irrigation water, but it also doesn't let anything go to waste -- especially human waste.



DSRSD Operations staff open a sewage manhole cover along the Iron Horse Trail in San Ramon for the new Central San diversion project. (Courtesy image)

Putting a new spin on the old adage "one man's trash is another man's treasure," DSRSD recently launched a program to divert one to two million pounds of sewage a day for three years from its sister agency Central Contra

Costa Sanitary District to the Jeffrey G. Hansen Water Recycling Plant in Pleasanton, according to a statement from DSRSD.

DSRSD plans to create more irrigation water for parks, school grounds, and golf courses in its service area, as well as those for Central San and East Bay Municipal Utility District, using the sewage waste as a temporary supply.

The previous five days leading up to the project's launch on June 21, officials said "our water recycling plant used every drop of sewage to make irrigation water. Sewage from Central San is a temporary supply during consecutive hot summer days, so we can make more irrigation water when it is needed most."

Spokesperson Lea Blevins told the Weekly that the daily diversion "will help address peak summer recycled water irrigation demands typically during the months of July through September" for the district.

The two agencies "worked together to find a way to make use of this resource in the interim and to assure there would be no impact on the Central San system," according to Blevins, starting with building a manhole to allow a temporary bypass of flow during project construction, which took a couple of months.

Approximately 80 feet of gravity sewer pipeline ranging from 18 inches to 36 inches in diameter plus a vault with gates and a weir structure with flow meter to divert the untreated wastewater from Central San's system to DSRSD's system were all built.

Central San will also benefit from the project, "as they plan to expand their recycled water program in the future," Blevins said.

The \$490,000 project costs are covered by the San Ramon Valley Recycled Water Program, a partnership between DSRSD and EBMUD.



17 million gallons of sewage spills into ocean; beaches between El Segundo, Dockweiler closed

By FOX 11 Digital Team
Published 7/13/21
[California](#) [FOX 11](#)

LOS ANGELES - Approximately 17 million gallons of untreated sewage discharged into the ocean on Sunday night, prompting the closure of beaches between El Segundo and the Dockweiler RV Park, Los Angeles County Supervisor Janice Hahn said Monday.

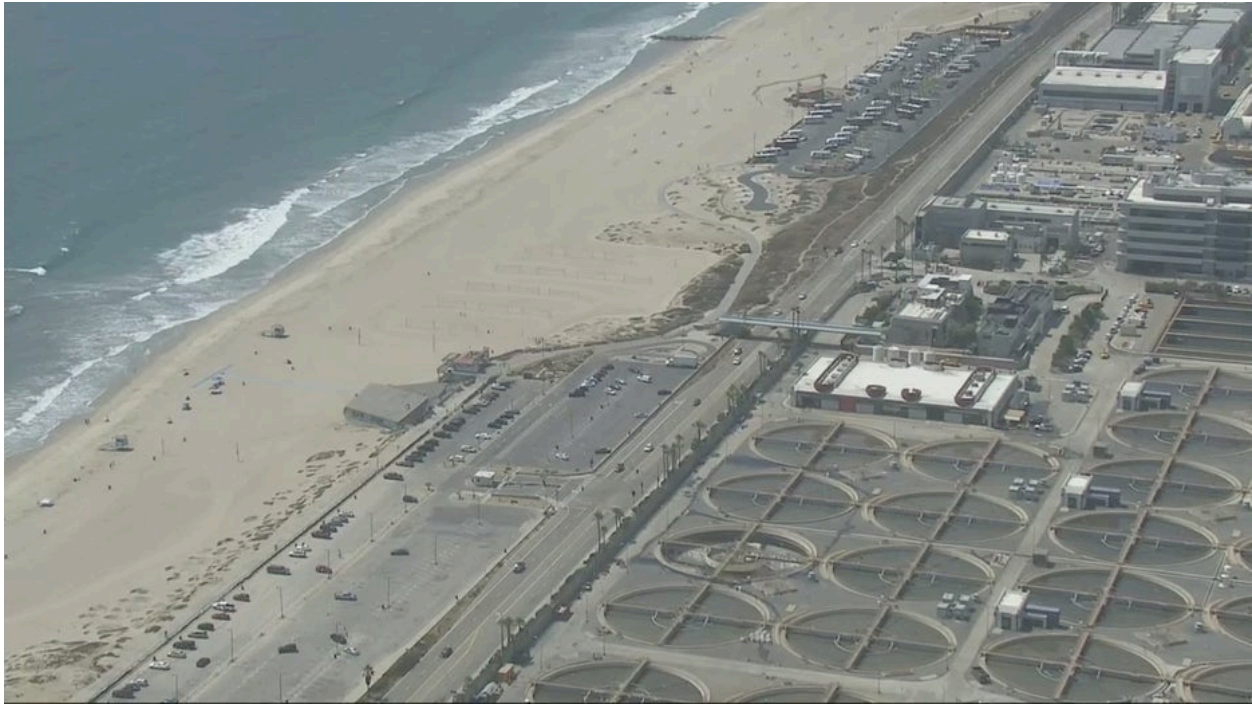
The beaches remained closed for the third day in a row, officials said Wednesday.

How did this happen?

The sewage discharge was a result of excessive debris which caused a backup Sunday night at the Hyperion Treatment Plant.

According to a statement from Timeyin Dafeta, Hyperion Executive Plant Manager, the plant became inundated with overwhelming quantities of debris, causing backup of the headworks facilities. This caused the plant's relief system to be triggered and "sewage flows were controlled through the plant's one-mile outfall and discharge of untreated sewage into Santa Monica Bay".

The plant manager says during eight hours of discharge, approximately 17 million gallons of sewage was discharged. Dafeta says this was done in order to prevent the plant from going completely offline and discharging more raw sewage.



Aerial photo from SkyFOX over the Hyperion Water Reclamation Plant near Dockweiler State Beach.

"Protocols for notifying regulatory agencies and the State's Office of Emergency Services were followed, plant staff was onsite all night and resolved the issue early this morning. Water quality sampling and testing of shoreline (beach) samples are currently being conducted, and our monitoring vessel traveled to both outfalls to make observations and take samples for analyses following regulatory permit protocols," read a statement from the plant.

Dafeta says all flows are being treated through its standard treatment process.

How much sewage was spilled?

Hyperion Plant says roughly 17 million gallons of raw sewage was spilled. This is roughly 6% of their daily load.

The plant is currently investigating the cause of the debris and repairs are being made to any damaged equipment.

Which beaches are closed?

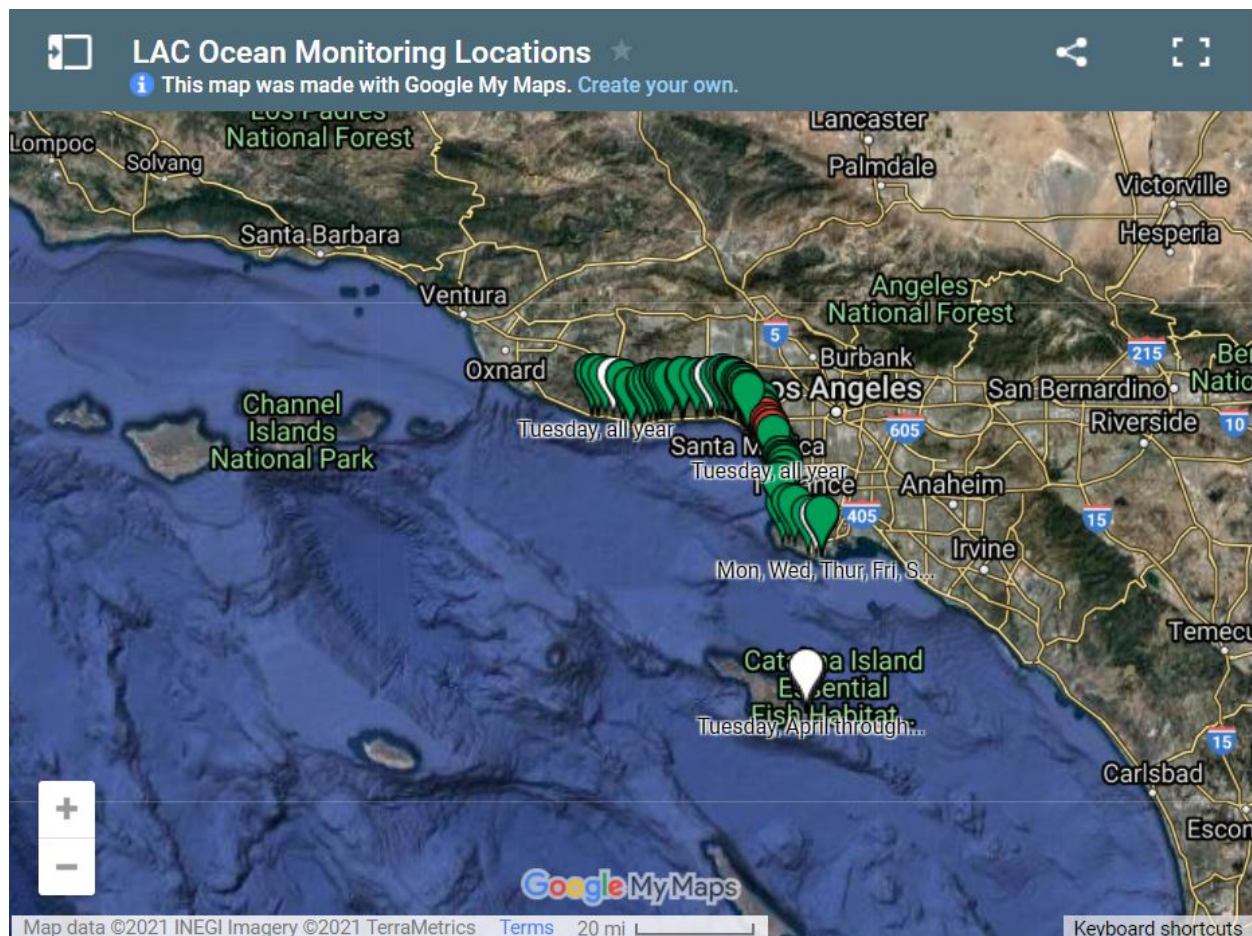
The spillage caused the closure of local beaches.

The Los Angeles County Department of Public Health advised people to avoid contact with the ocean in the following areas:

- Dockweiler State Beach at Water Way Extension; and
- Dockweiler State Beach at Hyperion Plant; and
- El Segundo Beach; and
- Grand Avenue Storm Drain.

It was unclear when they would reopen. The public is urged to avoid the water near the Santa Monica Bay.

Water samples are currently being tested. On Tuesday, Los Angeles County Health Officer Dr. Muntu Davis told the Board of Supervisors that initial tests showed non-hazardous levels of bacteria in the water. A second test is required within 24-hours before beaches can safely reopen.



The plant is the largest sewage treatment facility in the Los Angeles Metropolitan Area and one of the largest plants in the world.

FOR THE EXCLUSIVE USE OF PAULE@UNIONSANITARY.CA.GOV

From the San Francisco Business Times:
<https://www.bizjournals.com/sanfrancisco/news/2021/07/14/sana-biotechnology-cell-therapy-manufacturing.html>

Another fast-growing cell therapy company snags big East Bay manufacturing space

Jul 14, 2021, 2:50pm PDT

Coming off a \$675 billion IPO earlier this year, a fast-growing Seattle-based gene and cell therapy company will pay nearly \$15 per square foot for 163,193 square feet of manufacturing space in a Fremont industrial park.

Sana Biotechnology Inc. (NASDAQ: SANA) said in a Securities and Exchange Commission filing Wednesday that it signed a 10-year lease, with two additional five-year options, for the space in Pacific

Commons South on Cushing Parkway, two miles from I-880. It will pay about \$200,000 a month in rent to Pacific Commons Owner LP.

The deal is one of a growing number in the cell and gene therapies space. Nkarta Inc. (NASDAQ: NKTX) earlier Wednesday said it will take 88,000 square feet for commercial-scale cell therapy manufacturing and a new headquarters on Veterans Boulevard in South San Francisco. National Resilience Inc. last year subleased



REDSTONE

Steve Harr is the CEO of Sana Biotechnology.

153,000 square feet in Fremont to make cell therapies and viral vectors used in vaccines and gene therapies, and Allogene Therapeutics Inc. (NASDAQ: ALLO) this summer plans to open a 118,000-square-foot facility in Newark to make off-the-shelf cell therapies.

What's more, Bayer AG hopes to rebuild much of its Berkeley campus for emerging cell therapy products and soon-to-go-public Tenaya Therapeutics Inc. of South San Francisco leased 94,000 square feet in Union City for its gene therapy manufacturing. The University of California, San Francisco, last month said it and Thermo Fisher Scientific Inc. (NYSE: TMO) will convert a 44,000-square-foot warehouse in Mission Bay into a cell therapy manufacturing center.

Company leaders have said that the higher-cost Bay Area rises above other regions because the expertise for making cell and gene therapies is here, and they need those experts focused on ever-changing manufacturing processes.

Sana will use the Fremont site to make allogeneic, or ready-for-patients, off-the-shelf chimeric antigen receptor T cells — known as CAR-Ts — gene therapies and stem cell-derived therapies for clinical trials and early commercial launches.

"Manufacturing remains a key bottleneck to the development and broad accessibility of cell- and gene-based medicines," Sana President and CEO Steve Harr said in a statement. "This facility is a key component in enabling our aspirations to rapidly innovate, consistently manufacture and scale production of these medicines."

The company said in its SEC filing that it will receive a tenant improvement allowance of \$1.6 million.

Sana will take more than half of the 271,840-square-foot Class A warehouse and industrial building at 5567 Cushing Parkway. The structure was built last year as part of developer Overton Moore Properties' spec buildout of more than 1.7 million square feet in a joint venture with Invesco Real Estate, the project's equity partner.

The development received an early commitment from e-commerce giant Amazon Inc.

Sana, which has facilities in South San Francisco and Cambridge, Massachusetts, was launched by veterans of Genentech Inc., UCSF and Juno Therapeutics. Its work involves fine-tuning genes in cells as well as replacing damaged cells in the body. Its therapies are aimed broadly at cancer, central nervous system diseases, heart disease and genetic disorders.

Before its \$675.6 million IPO in February, Sana raised venture capital from [ARCH Venture Partners](#), Flagship Pioneering, Baillie Gifford, the Alaska Permanent Fund and others, including Amazon founder [Jeff Bezos](#)' personal venture capital fund, Bezos Expeditions, and GV, the former Google Ventures.

Ron Leuty

Staff Reporter

San Francisco Business Times





Your Local News Source Since 1963

SERVING DUBLIN, LIVERMORE, PLEASANTON, SUNOL

Water District to Submit Offer on The N3 Ranch

By Aly Brown July 14, 2021

Alameda County — The Alameda County Water District (ACWD) on Thursday last week directed staff to proceed with a backup offer for the purchase of the N3 Ranch, currently listed at \$68 million.

While the 50,500-acre property — which spans the counties of Alameda, Santa Clara, San Joaquin and Stanislaus — has a “sale pending” status due to another offer on the table, the district will put one forward for consideration should a sale not be constituted.

“It’s not uncommon for a sale of a property like this — which can be very complex — it’s possible that it may not go through,” said Ed Stevenson, ACWD manager of engineering and technology services.

The district’s primary interests in obtaining the property include watershed protection. It covers portions of four sub-watersheds in the Alameda Creek Watershed, which provides the district with 40% of its water supply.

“We want to ensure that whatever happens with this watershed is going to maintain the quality of the water that ultimately serves the district and our customers,” he continued.

Stevenson noted that ACWD has worked with other agencies with the goal of protecting the environment and open space of N3 Ranch and possibly developing it as a park. However, during an interview with The Independent after the meeting, he said ACWD must be cautious when naming other agencies — also referred to as partners — as it's a particularly sensitive time from a negotiation standpoint.

“ACWD has been working with a number of local and state entities to protect the property and to try and maximize the public benefit of a multi-agency acquisition, if possible,” he said. “There hasn't been anything formally executed amongst these entities.”

During the July 8 meeting, Jon Wunderland, ACWD manager of finance, explained that while the property is currently listed at \$68 million, the actual price would be negotiated. Ongoing operations and maintenance (O&M) is projected to cost \$3 million per year. In consultation with the district's financial advisor, Wunderland said ACWD could obtain a rate as low as 2.3% for a 30-year, fixed rate bond to finance the purchase.

Staff evaluated three financial scenarios. In the first scenario, the district would put \$5 million toward the purchase and \$1 million in annual O&M — which would result in a 1% rate impact to customers. The second: \$34 million toward the purchase and \$2 million in annual O&M — a 3% rate impact. The third option would be \$68 million toward the purchase and \$3 million for annual O&M — a 5.2% rate impact.

“There is significant uncertainty in the amount of funding that might be contributed by partners,” Wunderland warned. “The more that ACWD contributes toward the purchase, the more likely it will be responsible for ongoing O&M, because that suggests a greater portion of the ownership of the property.”

Those who spoke in favor of the ACWD's land acquisition focused on the preservation of open space, the prevention of urban sprawl and the creation of public access to the recreational area.

Jeff Miller, director of the Alameda Creek Alliance, said his organization strongly supported the ACWD purchase of the N3 Ranch.

“This is a significant chunk of the watershed, and it does contain some important, large, contiguous wildlife habitat,” Miller said. “Obviously, your interest is the fact that this property is in the watersheds that drain down to the critical water supply facilities ... This is the largest current landholding for sale in California, and it’s supposed to be a pretty significant conservation effort if this land was purchased by a public agency and protected for water supply, water quality and public open space.”

Miller went on to say that since there already is an offer from an unknown source, the threat of development is real. He saw the land’s proximity to the Silicon Valley as an opportunity for wealthy individuals to purchase remote properties and build trophy homes.

In addition, ACWD President Aziz Akbari, Vice President John Weed, and board members Jim Gunther and Paul Sethy spoke in support of submitting an offer.

However, some public speakers and ACWD Board Member Judy Huang expressed concerns about the uncertainty of partner contributions, leaving the district to pay the full cost of the land purchase; they questioned whether the purchase was the best use of funds.

“Alameda County Water District’s mission is to provide clean and reliable water at a reasonable cost for our customers in Fremont, Newark and Union City. In my opinion, we should not and cannot spend our customers’ funds to purchase a piece of property that does not provide additional water supply,” Huang said. “Twenty-seven percent of the N3 Ranch is outside of the Alameda Creek Watershed, and there are also significant business risks and liabilities associated with the purchase of this property that have not been fully evaluated.”

While she agreed with those who supported protecting limited open space and watersheds, Huang stressed that ACWD customers should not be asked to carry the entire financial burden when other local agencies like Zone 7 will also benefit from the district's purchase. She wondered if Zone 7 Board Member Sarah Palmer, who Huang said submitted a letter urging ACWD to submit the backup offer, would urge her board to contribute financially. Palmer did not respond for comment at press time.

"It is unfair to ask our customers in Newark to pay for property that will benefit the residents of San Ramon, whose median household income is 38% higher," Huang added.

In addition, she said the purchase wouldn't guarantee the preservation of open space.

"ACWD is not a land-use agency or an open space agency. ACWD is a water supply agency," she continued. "If you have been following ACWD's board meetings, you will have known that there is at least one director on this board that would like to build a dam on the N3 Ranch property and flood the valuable habitats. You will also know that there is at least one director on this board that believes water supply should always override open space protection and public access."

During the staff report, Stevenson explained that the water rights on the property are indeed minimal — "single digit to low double-digit gallons per day." However, in conversation after the meeting, he noted that the focus of acquiring the land rests more with protecting the watersheds.

"The Alameda Creek is really, really important to our water agency and all of our customers," Stevenson said. "It's a very significant part of that critical water supply to ACWD, and that's why we're so heavily interested in this ... About 73% of the ranch is within the Alameda Creek Watershed."

Heather Gately, The Nature Conservancy (TNC) communications director, said that while "TNC is not involved in ACWD's potential offer for the N3 Ranch property, we

will always be supportive of an outcome where N3 Ranch is protected by multiple public agencies and provides numerous public benefits, including water and habitat conservation, cultural resources protection, and recreational access."

Akbari said that given the engagement that ACWD has had with the partners, he believed they would financially participate.

I don't think there's a solid enough case to be made for our customers to take on the full responsibility for this purchase and for the ongoing maintenance, but that's why we've had such extensive discussions with other partners," Akbari said. "Given where we are right now, and given that we do have the opportunity to take the lead in this negotiation and to put in a backup offer, I would certainly be in support of that. But again, with the understanding that my support would be to continue to work with the partnership for the purchase and the O&M cost."