



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

**Monday, November 8, 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

This meeting will be held pursuant to Government Code Section 54953 (as amended by AB 361), which authorizes teleconferenced meetings under the Brown Act during a proclaimed state of emergency. The Governor of California proclaimed a State of Emergency related to COVID-19 on March 4, 2020. Consistent with Government Code Section 54953, this 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: 896 4167 7606 #

Participant ID: #

Click the Zoom link below to watch and listen:

<https://us02web.zoom.us/j/89641677606>

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 October 25, 2021.

- Information 5. September 2021 Monthly Operations Report *(to be reviewed by the Budget & Finance and Legal/Community Affairs Committees)*.

6. Written Communications.

7. 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.

UNION SANITARY DISTRICT FINANCING AUTHORITY

- | | |
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| USDFA Motion | 8. Authorizing the Execution and Delivery of a WIFIA Loan Agreement in Accordance with the Term Sheet, a WIFIA Note, an Installment Purchase Agreement and Certain Other Documents in Connection Therewith and Certain Other Matters <i>(to be reviewed by the Budget & Finance Committee)</i> . |
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| Motion | 9. Authorizing Execution and Delivery of an Installment Purchase Agreement in Connection with a Water Infrastructure Finance and Innovation Act Loan, 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> . |
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| Motion | 10. Receive Presentation of the Fiscal Year 2020/21 Annual Comprehensive Financial Report <i>(to be reviewed by the Audit Committee)</i> . |
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| Motion | 11. Consider Adoption of a Resolution Authorizing the Use of Teleconference Meetings in Compliance with AB 361. |
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| Motion | 12. Authorize the General Manager to Execute Contract Change Order No. 32 with C. Overaa and Co. for the Primary Digester No. 7 Project <i>(to be reviewed by the Engineering and Information Technology Committee)</i> . |
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| Motion | 13. Authorize the General Manager to Execute an Agreement and Task Order No. 1 with Hazen and Sawyer for the Pump Station Asset Condition Assessment Study <i>(to be reviewed by the Engineering and Information Technology Committee)</i> . |
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- Motion 14. Authorize the General Manager to Execute Contract Change Order No. 2 with Garney Pacific, Inc. for the Emergency Outfall Improvements Project *(to be reviewed by the Engineering and Information Technology Committee)*.
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- Information 15. Status of Priority 1 Capital Improvement Program Projects *(to be reviewed by the Engineering and Information Technology Committee)*.
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- Information 16. First Quarterly Report on the Capital Improvement Program for FY22 *(to be reviewed by the Engineering and Information Technology Committee)*.
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- Information 17. COVID-19 Update.
-
- Information 18. Check Register.
-
- Information 19. Committee Meeting Reports. *(No Board action is taken at Committee meetings)*:
- a. Audit Committee – Tuesday, November 2, 2021, at 1:00 p.m.
 - Director Handley and Director Kite
 - b. Budget & Finance Committee – Wednesday, November 3, 2021, at 10:30 a.m.
 - Director Lathi and Director Toy
 - c. Engineering and Information Technology Committee – Friday, November 5, 2021, at 10:00 a.m.
 - Director Kite and Director Fernandez
 - d. Legal/Community Affairs Committee – Friday, November 5, 2021, at 11:00 a.m.
 - Director Handley and Director Lathi
 - e. Legislative Committee – will not meet.
 - f. Personnel Committee – will not meet.
-
- Information 20. General Manager’s Report. *(Information on recent issues of interest to the Board)*.
-
21. Other Business:
- a. Comments and questions. *Directors can share information relating to District business and are welcome to request information from staff.*
 - b. Scheduling matters for future consideration.
-
22. Adjournment – The Board will adjourn to the Board Campus Workshop #3 to be held virtually on Wednesday, November 10, 2021, at 4:00 p.m.
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23. Adjournment – The Board will then adjourn to a Special Meeting Closed Session to be held virtually on Thursday, November 11, 2021, at 4:00 p.m.
-
24. Adjournment – The Board will then adjourn to the next Regular Board Meeting to be held virtually on Monday, December 13, 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.



AUDIT COMMITTEE MEETING
Committee Members: Director Handley and Director Kite

AGENDA

Tuesday, November 2, 2021

1:00 P.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

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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 November 8, 2021:

- Receive Presentation of the Fiscal Year 2020/21 Annual Comprehensive Financial Report
-

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.

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

Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

AGENDA
Wednesday, November 3, 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

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1. Call to Order

2. Roll Call

3. Public Comment

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4. Items to be reviewed for the Regular Board meeting of November 8, 2021:

- September 2021 Monthly Operations Report – Financial Reports
 - Union Sanitary District Financing Authority Authorizing the Execution and Delivery of a WIFIA Loan Agreement in Accordance with the Term Sheet, a WIFIA Note, an Installment Purchase Agreement and Certain Other Documents in Connection Therewith and Certain Other Matters
 - Authorizing Execution and Delivery of an Installment Purchase Agreement in Connection with a Water Infrastructure Finance and Innovation Act Loan, Authorizing the Execution and Delivery of Certain Documents in Connection Therewith and Authorizing Certain Other Actions
-

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.

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**ENGINEERING AND INFORMATION TECHNOLOGY
COMMITTEE MEETING**
Committee Members: Director Kite and Director Fernandez

Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

AGENDA
Friday, November 5, 2021
10:00 A.M.

Alvarado Conference Room
5072 Benson Road
Union City, CA 94587

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

Karen W. Murphy
Attorney

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1. Call to Order

2. Roll Call

3. Public Comment

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4. Items to be reviewed for the Regular Board meeting of November 8, 2021:

- Authorize the General Manager to Execute Contract Change Order No. 32 with C. Overaa and Co. for the Primary Digester No. 7 Project
 - Authorize the General Manager to Execute an Agreement and Task Order No. 1 with Hazen and Sawyer for the Pump Station Asset Condition Assessment Study
 - Authorize the General Manager to Execute Contract Change Order No. 2 with Garney Pacific, Inc. for the Emergency Outfall Improvements Project
 - Status of Priority 1 Capital Improvement Program Projects
 - First Quarterly Report on the Capital Improvement Program for FY22
-

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.

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**LEGAL/COMMUNITY AFFAIRS
COMMITTEE MEETING**

Committee Members: Director Handley and Director Lathi

Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

AGENDA
Friday, November 5, 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

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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 November 8, 2021:

- September 2021 Monthly Operations Report – Odor and Work Group Reports
-

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
October 25, 2021**

This meeting was held pursuant to Government Code Section 54953 (as amended by AB 361), which authorizes teleconferenced meetings under the Brown Act during a proclaimed state of emergency. The Governor of California proclaimed a State of Emergency related to COVID-19 on March 4, 2020. Consistent with Government Code Section 54953, this 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
Armando Lopez, Treatment and Disposal Services Manager
Jose Rodrigues, Collection Services Manager
Robert Simonich, Fabrication, Maintenance, and Construction Manager
Ric Pipkin, Enhanced Treatment and Site Upgrade Program Manager
Rollie Arbolante, Customer Service Team Coach
Marcus Lee, Treatment and Disposal Services Coach
Curtis Bosick, Enhanced Treatment and Site Upgrade Program Coordinator
May Bautista, Administrative Specialist

VISITOR: Rachel Jones, Alameda Local Agency Formation Commission Executive Officer
April Raffel, Alameda Local Agency Formation Commission Clerk

APPROVE MINUTES OF THE UNION SANITARY DISTRICT SPECIAL BOARD MEETING OF OCTOBER 5, 2021

It was moved by Vice President Lathi, seconded by Secretary Fernandez, to Approve the Minutes of the Special Board Meeting of October 5, 2021. Motion carried with the following vote:

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

APPROVE MINUTES OF THE UNION SANITARY DISTRICT BOARD MEETING OF OCTOBER 11, 2021

It was moved by Secretary Fernandez, seconded by Director Toy, to Approve the Minutes of the Board Meeting of October 11, 2021. Motion carried with the following vote:

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

WRITTEN COMMUNICATIONS

There were no written communications.

PUBLIC COMMENT

There was no public comment.

MUNICIPAL SERVICE REVIEW OF COUNTYWIDE WATER, WASTEWATER, FLOOD CONTROL, AND STORMWATER SERVICES PRESENTATION BY THE ALAMEDA LOCAL AGENCY FORMATION COMMISSION

Alameda Local Agency Formation Commission (LAFCO) Executive Officer Jones presented the Municipal Service Review of Countywide Water, Wastewater, Flood Control, and Stormwater Services and responded to questions from the Board and staff.

DESIGNATE AND APPOINT THE PRESIDENT AND VICE PRESIDENT TO THE ANNUAL AD HOC SUBCOMMITTEE ON GENERAL MANAGER CONTRACT NEGOTIATIONS

District Counsel Murphy stated the Board's annual performance evaluation and review of the General Manager's employment contract requires two Board members serve as Board representatives for contract review and compensation negotiations with the General Manager. For the past few years, the Boardmember serving as President at the time of the annual review has served on the ad hoc subcommittee. Staff recommended the Board designate and appoint the President and Vice President to the annual ad hoc subcommittee on the General Manager's contract negotiations.

It was moved by Vice President Lathi, seconded by Director Toy, to Designate and Appoint the President and Vice President to the Annual Ad Hoc Subcommittee on the General Manager's Contract Negotiations. Motion carried with the following vote:

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

CONSIDER FIFTH AMENDED AND RESTATED EMPLOYMENT AGREEMENT BETWEEN UNION SANITARY DISTRICT AND PAUL R. ELDRIDGE

District Counsel Murphy stated the Board appointed an ad hoc subcommittee of President Kite and Secretary Fernandez to negotiate any contract amendments with Mr. Eldredge. The Board of Directors conducted Mr. Eldredge's 2021 annual performance evaluation and the Board met with its designated ad hoc subcommittee on October 5, 2021. The following amendment was agreed upon: an increase to the General Manager's salary to \$309,986.61, or approximately 3.25%. Staff recommended the Board approve the Fifth Amended and Restated Employment Agreement between Union Sanitary District and Paul R. Eldredge.

It was moved by Secretary Fernandez, seconded by Vice President Lathi, to Approve the Fifth Amended and Restated Employment Agreement Between Union Sanitary District and Paul R. Eldredge. Motion carried with the following vote:

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

CONSIDER ADOPTION OF A RESOLUTION AUTHORIZING THE USE OF TELECONFERENCE MEETINGS IN COMPLIANCE WITH AB 361

This item was reviewed by the Legal/Community Affairs Committee. District Counsel Murphy stated a Desk Item was prepared to include additional text detailing the requirements of AB 361 and further stated the additional text would be included in future staff reports for this item. AB 361 requires public agencies to make findings by majority vote within 30 days of the first teleconferenced meeting under AB 361 and every 30 days thereafter that a state of emergency still exists and continues to directly impact the ability of the members to meet safely in person, or that officials continue to impose or recommend measures to promote social distancing. As directed by the Board on September 27, 2021, the District is continuing to hold teleconferenced meetings as allowed under AB 361 due to the ongoing public health threat of COVID-19. The proposed resolution includes findings required by AB 361 to allow the District to hold teleconferenced meetings. Staff recommended the Board adopt a resolution authorizing the use of teleconference meetings in compliance with AB 361.

It was moved by Director Toy, seconded by Director Handley, to Adopt Resolution No. 2937 Authorizing the Use of Teleconference Meetings in Compliance with AB 361. Motion carried with the following vote:

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

CONSIDER A RESOLUTION TO ACCEPT A SANITARY SEWER EASEMENT FOR TRACT 8286 – INNOVATION VILLAGE PHASE 1, LOCATED AT FREMONT BOULEVARD AND SOUTH GRIMMER BOULEVARD, IN THE CITY OF FREMONT

This item was reviewed by the Legal/Community Affairs Committee. Customer Service Team Coach Arbolante stated Tract 8286 was one of the residential parcels to be developed by Lennar Homes of California, Inc. Sanitary sewer service for the residential development will be provided by new sewer mains in the development’s roadways. With the exception of Insight Street, the roadways within Tract 8286 have been designated as private. Lennar Homes of California, Inc. has constructed the new sewer mains within the development and granted the District a sanitary sewer easement to provide for access and maintenance of the sewer mains in the private roadways. Staff recommended the Board consider and adopt a resolution to accept a sanitary sewer easement for Tract 8286 – Innovation Village Phase 1, located at Fremont Boulevard and South Grimmer Boulevard in the City of Fremont.

It was moved by Vice President Lathi, seconded by Secretary Lathi, to Adopt Resolution No. 2938, Accepting a Sanitary Sewer Easement for Tract 8286 – Innovation Village Phase 1, Located at Fremont Boulevard and South Grimmer Boulevard, in the City of Fremont, California. Motion carried with the following vote:

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

INFORMATION ITEMS:

First Quarterly Report on the Enhanced Treatment and Site Upgrade Program for FY22

This item was reviewed by the Engineering and Information Technology Committee. Enhanced Treatment and Site Upgrade Program Manager Pipkin stated staff and its consultants developed the “Alvarado Wastewater Treatment Plant (WWTP) Enhanced Treatment and Site Upgrade (ETSU) Quarterly Program Management (PM) Report” to provide an overview document for tracking the progress of the ETSU program. The format for the Alvarado WWTP ETSU Quarterly PM Report was developed with input from both the ETSU Steering Committee and the ETSU Ad Hoc Board Committee.

Legislative Update on Issues of Interest to the Board

This item was reviewed by the Legislative Committee. General Manager Eldredge provided an overview of the legislative report and responded to Boardmember questions.

Board Expenses for 1st Quarter of FY22

This item was reviewed by the Budget & Finance Committee. General Manager Eldredge provided an overview of Board expenses included in the Board meeting packet.

CAL-Card 1st Quarter Activity Report

This item was reviewed by the Budget & Finance Committee. General Manager Eldredge provided an overview of the Report included in the Board meeting packet.

Report on the East Bay Dischargers Authority Meeting of September 23, 2021

Director Toy provided an overview of the EBDA Commission meeting minutes included in the Board meeting packet.

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 Budget & Finance, Legislative, Legal/Community Affairs, and Engineering and Information Technology Committees met.

GENERAL MANAGER'S REPORT:

- General Manager Eldredge stated the new monthly operations report format will be presented at the next Board meeting on November 8, 2021 for feedback and consideration.
- The past 24-hours had heavy rains and our flows peaked at 55 MGD, EBDA did a great job accommodating all member agencies. Staff did a great job monitoring the flows.
- The N3 Cattle Ranch (50,000-acre property) has been purchased by a private party; ACWD had placed a bid that was not successful.
- The pipe cleaning device, aka "pig", recently launched into the transport system for cleaning purposes was found in Control Box 1. A second "pig" will be launched at Irvington Pump Station and a time travel test will be conducted to see how long until it arrives at the Plant. Staff will provides updates to the Board.
- General Manager Eldredge stated he will be out of the office, November 3-5, 2021.

OTHER BUSINESS:

- President Kite inquired if there were any responses on the District newsletter. Staff will provide an update to the Board.

ADJOURNMENT:

The meeting was adjourned at 5:15 p.m. to the next Regular Board Meeting to be held virtually on Monday, November 8, 2021, at 4:00 p.m.

SUBMITTED:

ATTEST:

MAY BAUTISTA
ADMINISTRATIVE SPECIALIST

MANNY FERNANDEZ
SECRETARY

APPROVED:

PAT KITE
PRESIDENT

Adopted this 8th day of November 2021



Union Sanitary District

Monthly Operations Report
September 2021



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2021 MONTHLY OPERATIONS REPORT

The September 2021 Monthly Operations Reports highlights the District's performance in the following areas:

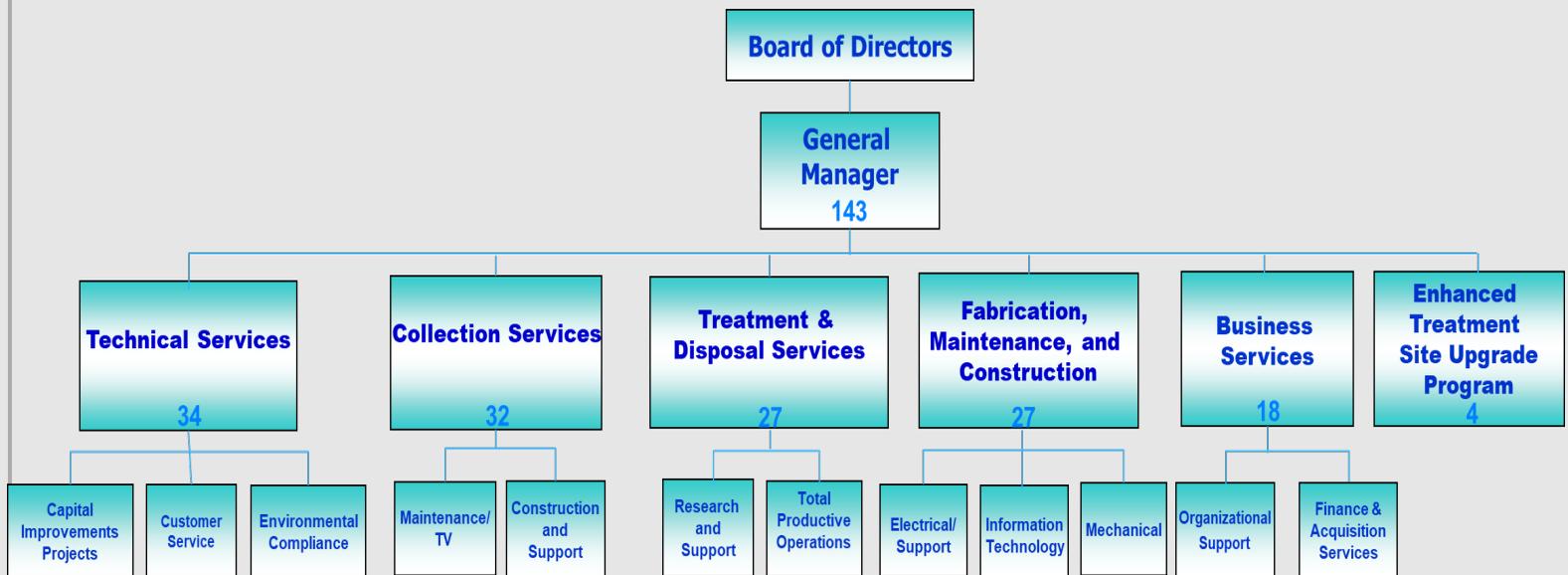
- **Organizational Overview**
- **Customer Relations**
 - Odor Investigations and Response
 - Service Request and Response
 - Communication and Outreach
- **Financial Reports**
 - Budget and Finance Report
 - Investment Portfolio
 - Portfolio Holdings by Asset Class and by Maturity Range
- **Plant Operations**
- **Maintenance Report**
 - Collection System
 - Plant and Pump Stations
 - Information Technology
- **Capital Improvement Projects (CIP) Report**
 - Current Construction Projects
 - Studies and Designs
- **Permitting and Inspections**
- **Staffing and Personnel**



Organizational Overview

2021 MONTHLY OPERATIONS REPORT

Union Sanitary District operates a 33-acre wastewater treatment facility in Union City and provides collection, treatment, and disposal services to a total population of over 356,000 in Fremont, Newark and Union City, California. The District maintains over 839 miles of underground pipeline in its service area.



Executive Team

Paul Eldredge	General Manager/District Engineer	Oversees District operations and liaison to the Board of Directors
Mark Carlson	Business Services/CFO	Includes Finance, Purchasing, Human Resources, and Safety
James Schofield	Collection Services	Maintains, and repairs the sewer lines and manholes throughout the service area
Sami Ghossain	Technical Services	Permits and inspections, pretreatment program, and capital improvements
Armando Lopez	Treatment and Disposal Services	Operates the treatment plant, process and analyze wastewater samples
Robert Simonich	Fabrication, Maintenance, and Construction	Information technology, equipment installation, service, repair for the plant and pump stations

Union Sanitary District Odor Map and Report

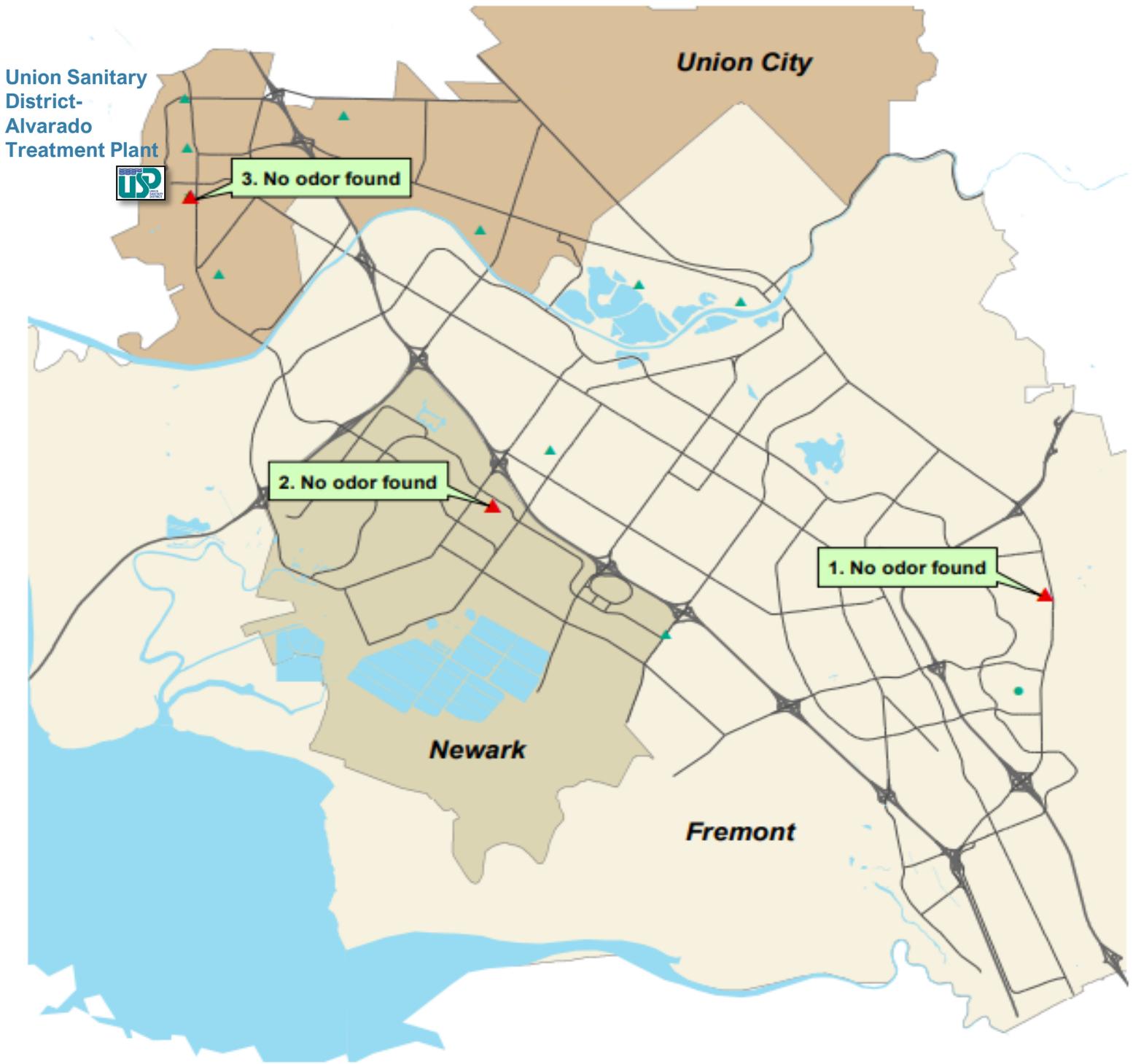
During the recording period between September 1, 2021, through September 30, 2021, there were 3 odor related service request(s) received by the District.

City		Newark		Response and Follow-Up
District Related:	No	Date/Time:	9/7/2021 3:14 PM	USD staff responded to a report of an odor outside of a residence. No odor was detected upon arrival. USD staff checked the USD mains and the storm drain inlets in the vicinity of the location. An additional check was conducted with the gas detector. No odors or gases were found. The inspector's findings were shared with the homeowner.
Location:	Greenpoint Street	Reported by:	Houy Nguyen	
Wind (from):	Northwest	Wind Speed:	Sunny	
Temperature:	76 F	Weather:	Clear	

City		Union City		Response and Follow-Up
District Related:	No	Date/Time:	9/20/2021 10:54 AM	USD staff responded to a report of an odor outside of a residence. No odor was detected upon arrival. USD staff checked the USD mains and the storm drain inlets in the vicinity of the location. An additional check was conducted with the gas detector. No odors or gases were found. The inspector's findings were shared with the homeowner.
Location:	Mackinaw Street	Reported by:	Sam Dua	
Wind (from):	Southwest	Wind Speed:	6.48 mph	
Temperature:	71 F	Weather:	Clear	

City		Fremont		Response and Follow-Up
District Related:	No	Date/Time:	9/27/2021 3:14 PM	USD staff responded to a report of a foul odor coming from private cleanout. Staff checked the nearby USD mains, storm drains, and the homeowner's cleanout. No odor was present and USD lines appeared to be flowing normally. No further follow up is needed at this time.
Location:	Ellsworth Street	Reported by:	Ryan Seco	
Wind (from):	West	Wind Speed:	5 mph	
Temperature:	72 F	Weather:	Sunny	

Union Sanitary District Odor Map and Report



Legend

Odor Complaints: September 2021

- ★ Odor found, USD resolved (0)
- Odor found, not related to USD (0)
- ▲ No odor found (3)

Odor Complaints: Oct. 2020 to Aug. 2021

- ★ Odor found, USD resolved (1)
- Odor found, not related to USD (1)
- ▲ No odor found (13)

Location of Odor Reports October 2020 to September 2021





CUSTOMER RELATIONS

2021 MONTHLY OPERATIONS REPORT

Customer Service Response

Front Desk Trouble Calls

Service calls that require immediate attention to support customer needs. Dispatched from the Front Desk during business hours.

Total Calls	Fremont	Newark	Union City	Total
Sep-21	17	2	1	20
Aug-21	9	1	1	11
Jul-21	9	4	4	17
Jun-21	13	2	2	17
May-21	12	2	1	15
Apr-21	9	1	0	10
6 Month Total				90
Sep-20	8	1	0	9

Communication and Outreach

Includes participation in local events, social media communication, plant tours, and school outreach events.



Social Media Posts:

- Labor Day Office Closure
- Shared Assemblymember Alex Lee's post of USD Plant Tour
- Keep coffee grounds out of drains
- Pollution Prevention Week – safely dispose of medicines
- Release of Notice Inviting Bids for ETSU Aeration Basin Modifications Project (included link to ETSU video)

Events:

- None

Other Activities:

- Participated as member of Union City Chamber of Commerce Board of Directors



FINANCIAL REPORT

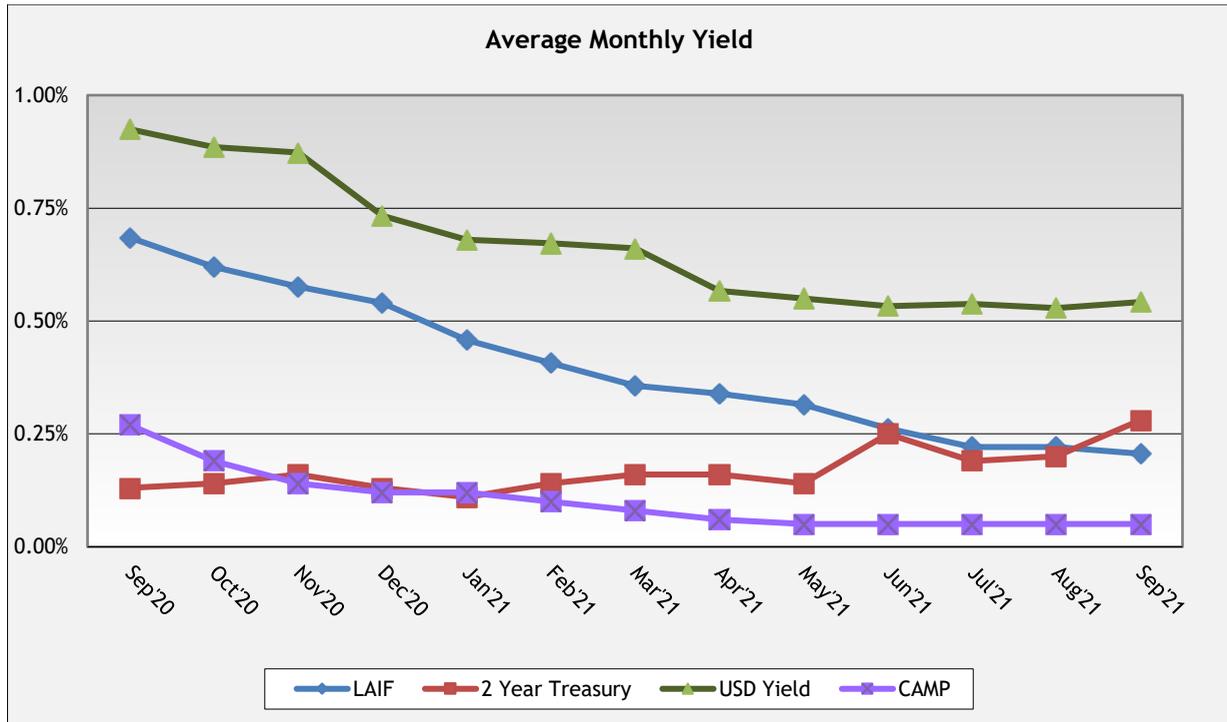
2021 MONTHLY OPERATIONS REPORT

Total Revenues and Expenditures

FY 2022	Year-to-date as of 9/30/21		25% of year elapsed	Unaudited Last Year Actuals 6/30/21
<u>Revenues</u>	Budget	Actual	% of Budget Rec'd	
Capacity Fees	\$ 4,949,820	\$ 2,760,937	56%	\$ 9,358,209
Sewer Service Charges	74,716,000	1,534	0%	59,094,030
Operating (Includes work groups and fund 85)	1,260,900	223,741	18%	1,184,594
Interest	1,085,000	223,437	21%	1,435,090
Misc. (Annex fees, forfeited deposits)	50,000	1,538	3%	17,720
Subtotal Revenues	\$ 82,061,720	\$ 3,211,187	4%	\$ 71,089,643
Bond Proceeds	110,000,000	110,626,705	100.6%	-
Total Revenues + Bond Proceeds	\$ 192,061,720	\$ 113,837,892	59%	\$ 71,089,643
<u>Expenses</u>	Budget	Actual	% of Budget Used	Last Year Actuals
Capital Improvement Program:				
Capacity Proj.	\$ 14,949,000	\$ 2,030,281	14%	\$ 20,219,226
Renewal & Repl. Proj.	28,240,200	2,552,854	9%	10,853,853
Operating (includes fund 85)	46,905,403	10,869,950	23%	41,179,295
Special Projects	3,960,104	73,525	2%	628,782
Retiree Medical (ADC)	1,421,401	1,032,897	73%	1,201,194
115 Pension Trust	3,000,000	-	0%	-
Vehicle & Equipment	125,000	-	0%	144,181
Information Systems	940,000	65,093	7%	765,728
Plant & Pump Stat. R&R	400,000	195,210	49%	162,400
Emerg. Fund	-	-	0%	-
Cty Fee for SSC Admin.	115,000	-	0%	111,142
Debt Servicing:				
SRF Loans	-	-		-
Bonds	12,019,092	4,336,534	36%	4,684,772
WIFIA	-	-	0%	100,000
Total Expenses	\$ 112,075,200	\$ 21,156,344	19%	\$ 80,050,573
Total Revenue & Proceeds less Expenses	\$ 79,986,520	\$ 92,681,548		(8,960,930)

Investment Portfolio

Performance Measures for the USD Investment Portfolio



	May'21	Jun'21	Jul'21	Aug'21	Sep'21
LAIF	0.32%	0.26%	0.22%	0.22%	0.21%
2 Year Treasury	0.14%	0.25%	0.19%	0.20%	0.28%
USD Yield	0.55%	0.53%	0.54%	0.53%	0.54%
CAMP	0.05%	0.05%	0.05%	0.05%	0.05%

LAIF: Local Agency Investment Fund Yield

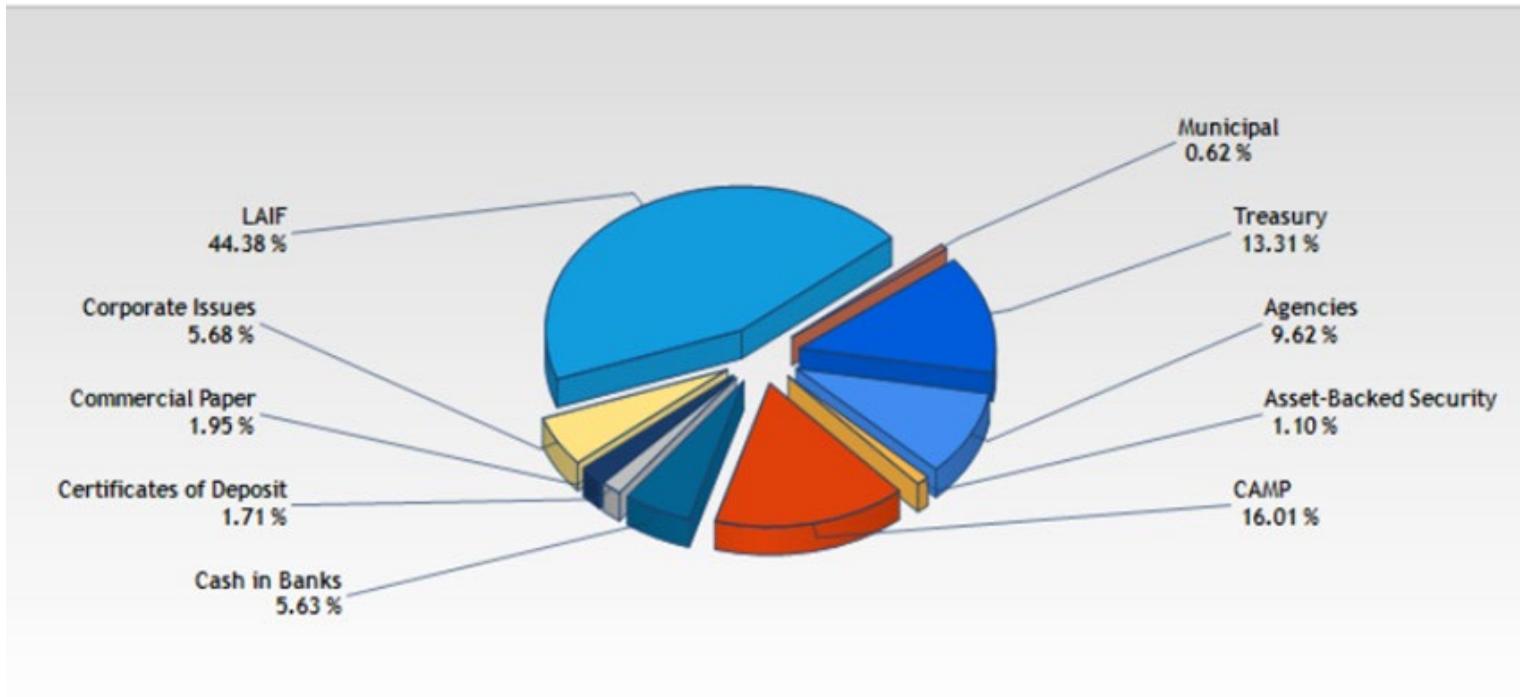
2 Year Treasury: Yield for investing in 2-Year U.S. Treasury security

USD Yield: Summarizes USD portfolio's yield

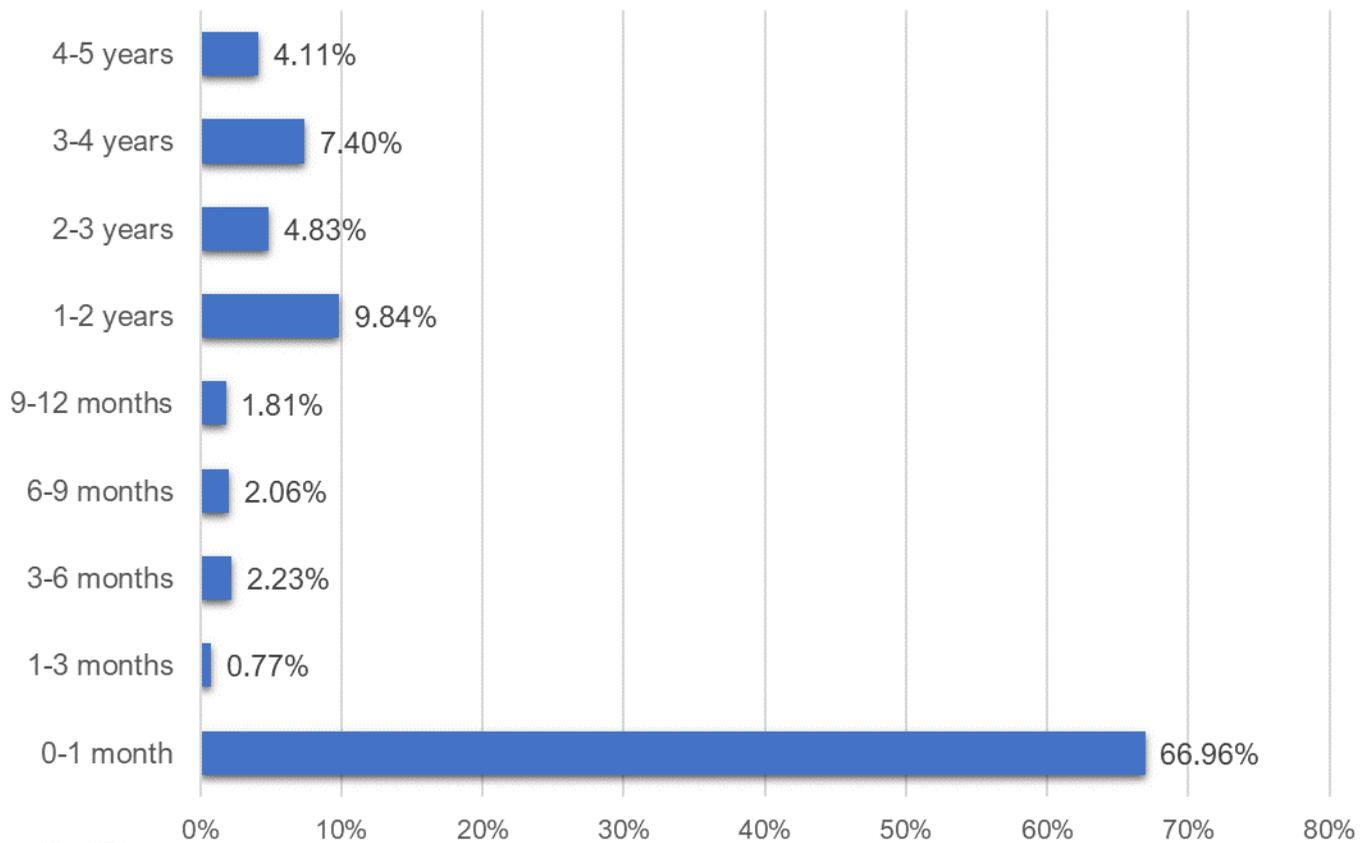
CAMP: California Asset Management Program Yield

Portfolio Holdings by Asset Class and by Maturity Range

Portfolio Holdings Distribution by Asset Class



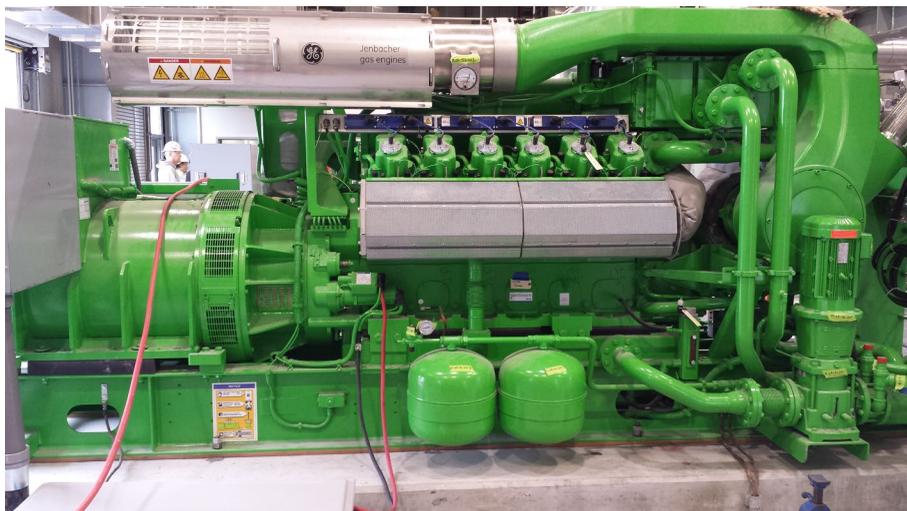
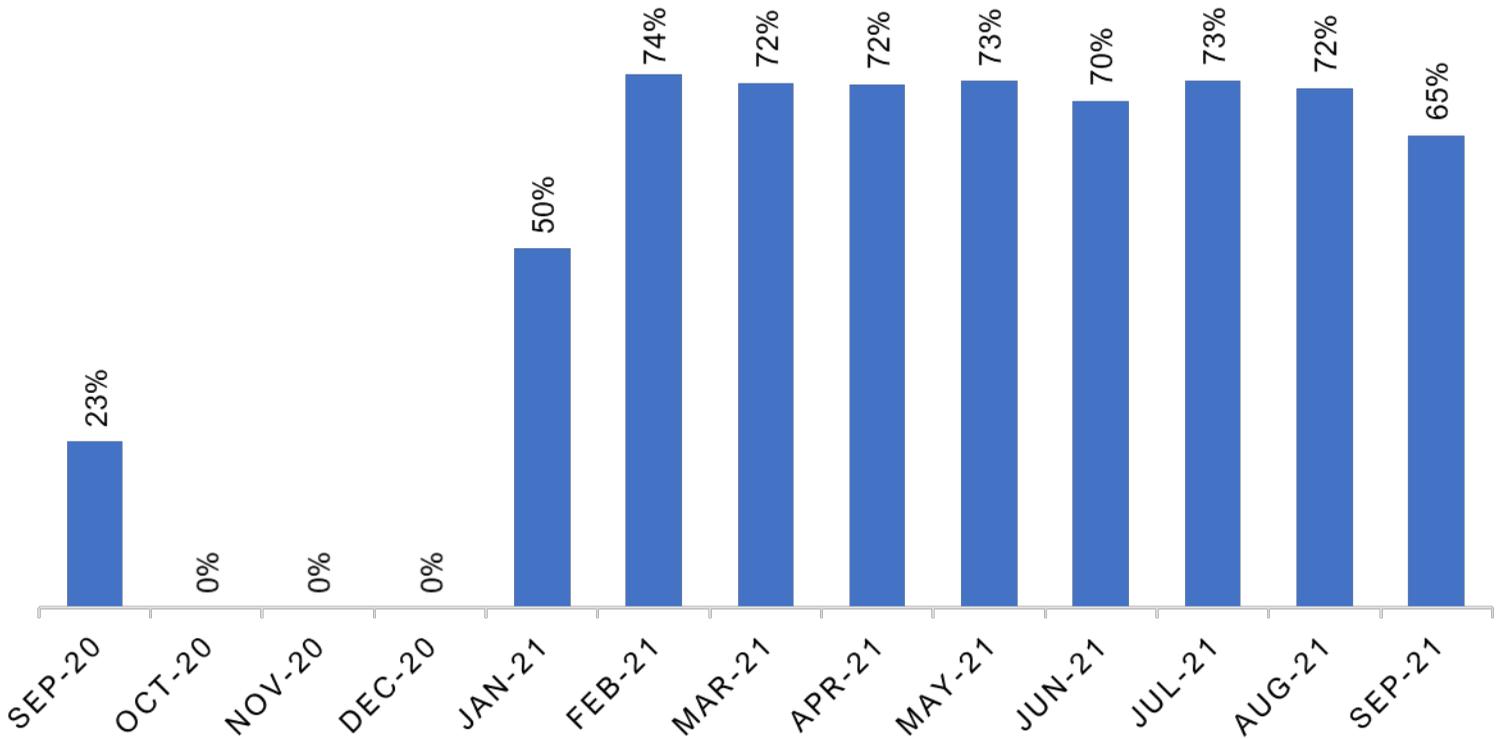
Portfolio Holdings Distribution by Maturity Range



Cogeneration Engines at USD's Wastewater Treatment Plant

The chart below shows the percentage of Plant power usage generated by the District's cogeneration (cogen) engines monthly. The engines use biogas produced by the wastewater treatment process to generate power for the District's treatment plant and lower energy costs.

Cogen Power Produced (% of total Plant load)





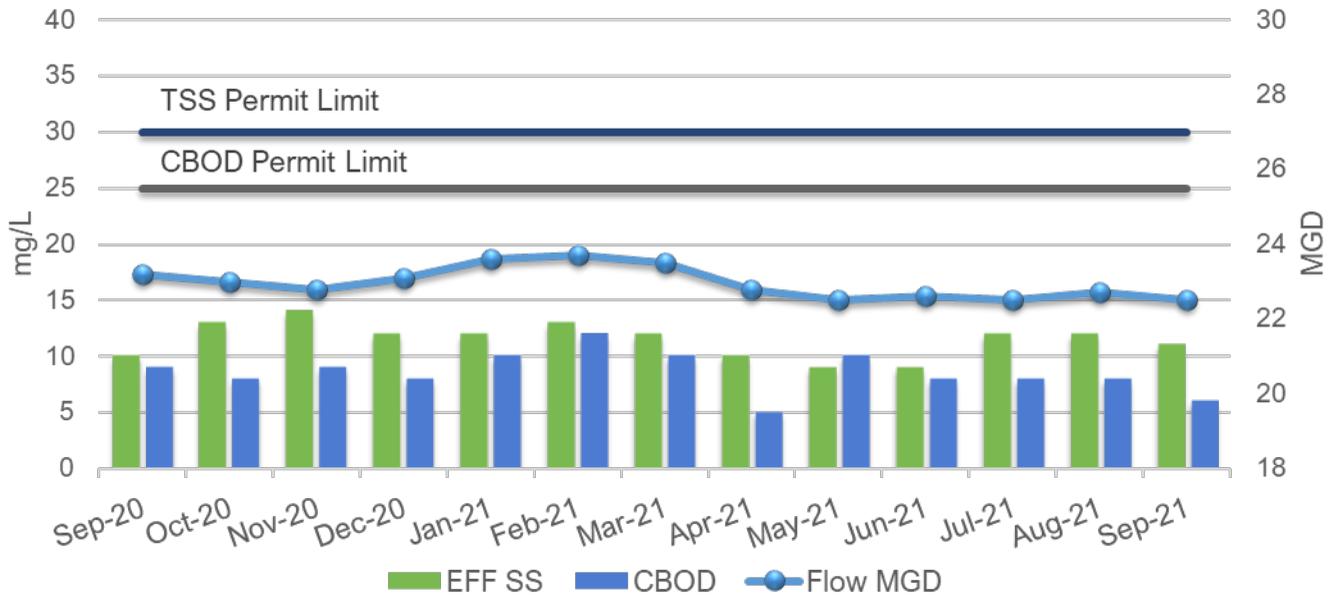
PLANT OPERATIONS

2021 MONTHLY OPERATIONS REPORT

Lab Monitoring Results

USD's laboratory staff process over 6,200 samples and perform about 17,000 analyses every year to ensure discharges from the plant meet necessary standards.

Lab Results and Effluent Flow



EFF SS: Effluent Suspended Solids

CBOD: Carbonaceous Biochemical Oxygen Demand

MGD: Million Gallons per Day

USD's Final Effluent Monthly Monitoring Results

Parameter	Permit Limit	Jul-21	Aug-21	Sep-21
Copper, µg/l	78	4.4	4.1	3.9
Mercury, µg/l	0.066	0.0032	0.0021	0.0021
Cyanide, µg/l	42	E 1.3	E 1.3	E 1.5
Ammonia- N, mg/L (Range)	130	40.0 - 44.1	42 - 47.4	41.6 - 44.7
Fecal Coliform, MPN/100ml (Range)				
• 5-Day Geometric Mean	500	42 - 63	38 - 64	22 - 32
• 11-Sample 90th Percentile	1100	78 - 96	155 - 155	72 - 155
Enterococci				
• Monthly Geometric Mean	240	21	13.2	10

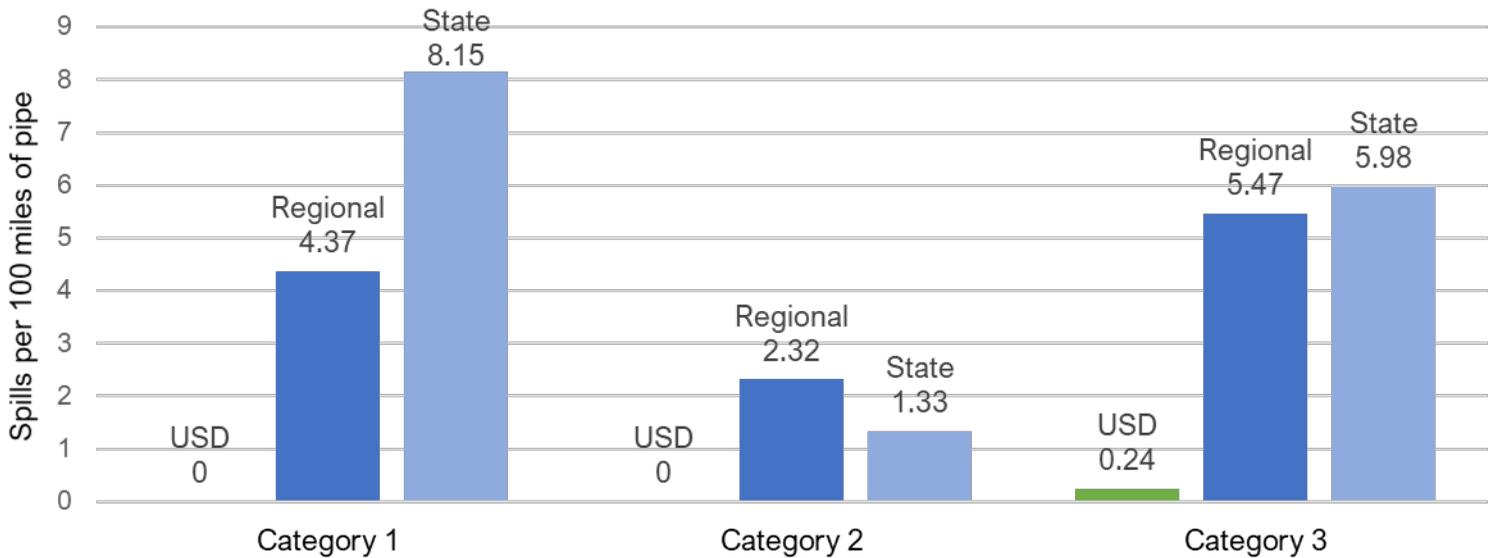
E = Estimated value, concentration outside calibration range. For SIP, E = DNQ, estimated concentration.



Collection System Maintenance Work Completed

The Collection Services Workgroup maintains over 839 miles of gravity sewer through cleaning and televised inspection. They also service 63 District vehicles and maintain 3 buildings. Maintenance of equipment is completed by staff through sewer line repairs and work orders.

**Average Spills per 100 Miles of Sewer Over the Last 12 Months
USD vs. Regional vs. State**



Definition of Spill Categories

- 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 water, not fully captured.
- Category 3: 1,000 gallons or less. Does not reach surface water, fully captured.

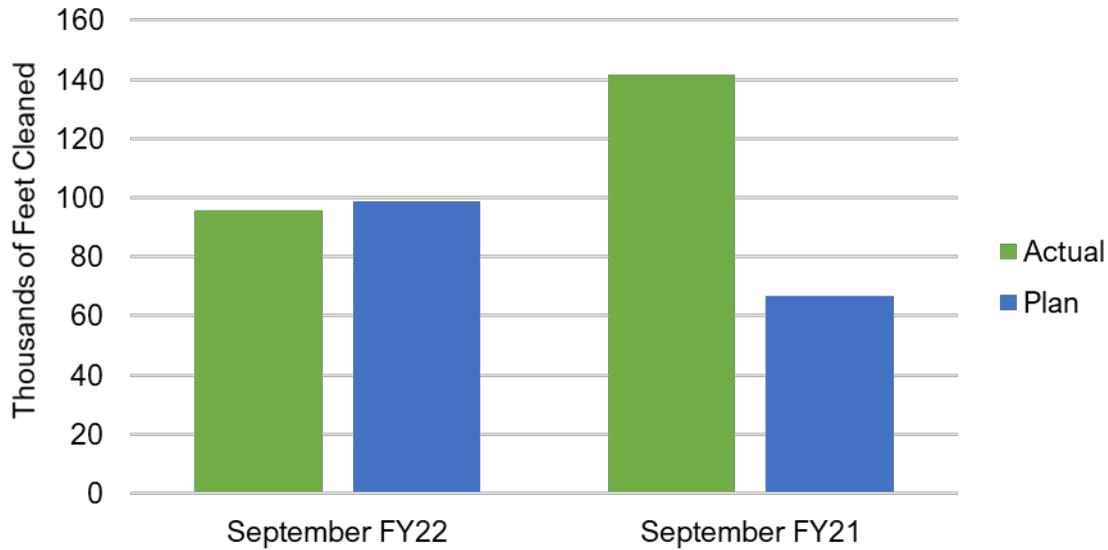
	This Month	Fiscal Year to Date	Historical Monthly Average
Sewer Line Repairs- # of Open Trench	0	4	2
Sewer Line Repairs- # of Trenchless	17	54	14
Work Orders Completed on Vehicles and Buildings	178	250	171



MAINTENANCE REPORT

2021 MONTHLY OPERATIONS REPORT

Sewer Line Cleaning



Cleaning Cost per Foot=\$0.92

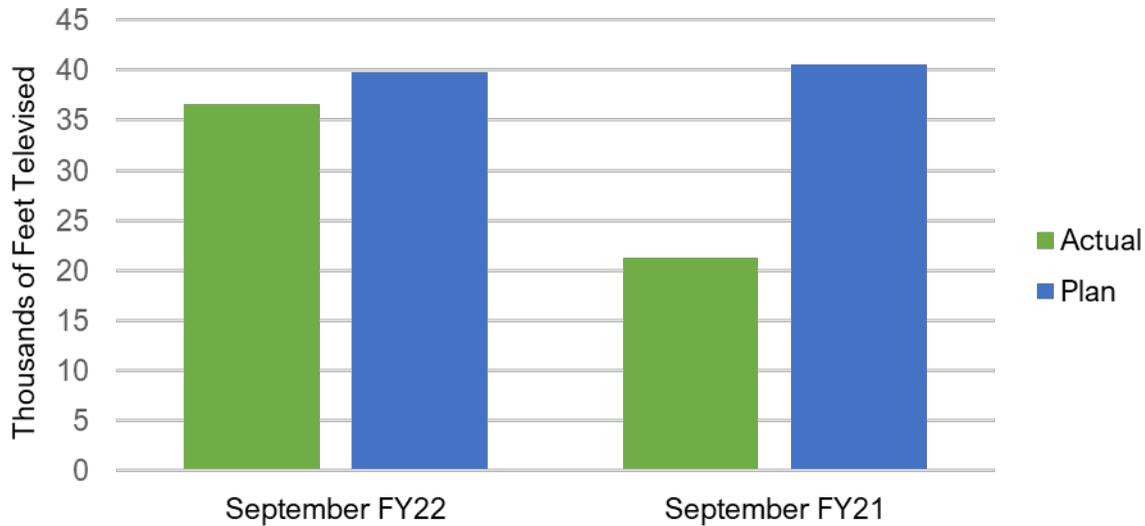
Description	July-21 Footage	Aug-21 Footage	Sept-21 Footage	FY 22 Q1 Footage	FY22 YTD Footage	Historical FY21 Footage	FY22 Goal	% Completed to Plan
84 Month Hydro-Jet Clean	77,637	24,994	42,837	145,468	145,468	537,616	634,499	22.9%
Selective Line Cleaning	3,554	37,871	8,333	49,758	49,758	200,764	193,168	25.8%
Special Condition Clean (not in total)	1,691	-	1,417	3,108	3,108	23,622	24,124	12.9%
Root Control/ Chemical Clean	5,314	8,463	44,440	58,217	58,217	338,555	354,820	16.4%
Totals	86,505	71,328	95,610	253,443	253,443	1,081,602	1,182,487	21.4%



MAINTENANCE REPORT

2021 MONTHLY OPERATIONS REPORT

Sewer Line Inspection and Televising



Televising Cost per Foot=\$2.47

Description	July-21 Footage	Aug-21 Footage	Sept-21 Footage	FY 22 Q1 Footage	FY22 YTD Footage	Historical FY21 Footage	FY22 Goal	% Completed to Plan
84 Month TV Inspection	54,694	49,240	15,362	119,296	119,296	481,639	423,311	28.2%
84 Month Manhole Inspection Count	129	136	177	442	442	1,163	2,351	18.8%
Visual/Condition, Pre/Post Cnst TV (not in total)	-	-	182	182	182	1,793	17,347	1.0%
Visual Manhole Inspection Count	24	49	65	138	138	329	-	-
New Development, CIP, Misc (not in total)	1,627	2,370	1,244	5,241	5,241	33,140	39,736	13.2%
QA/QC Line Condition	-	-	-	-	-	19,201	19,317	0.0%
QA/QC Root Control	-	6,031	21,278	27,309	27,309	22,270	35,482	77.0%
Totals	54,694	55,271	36,640	146,605	146,605	523,110	478,110	30.7%

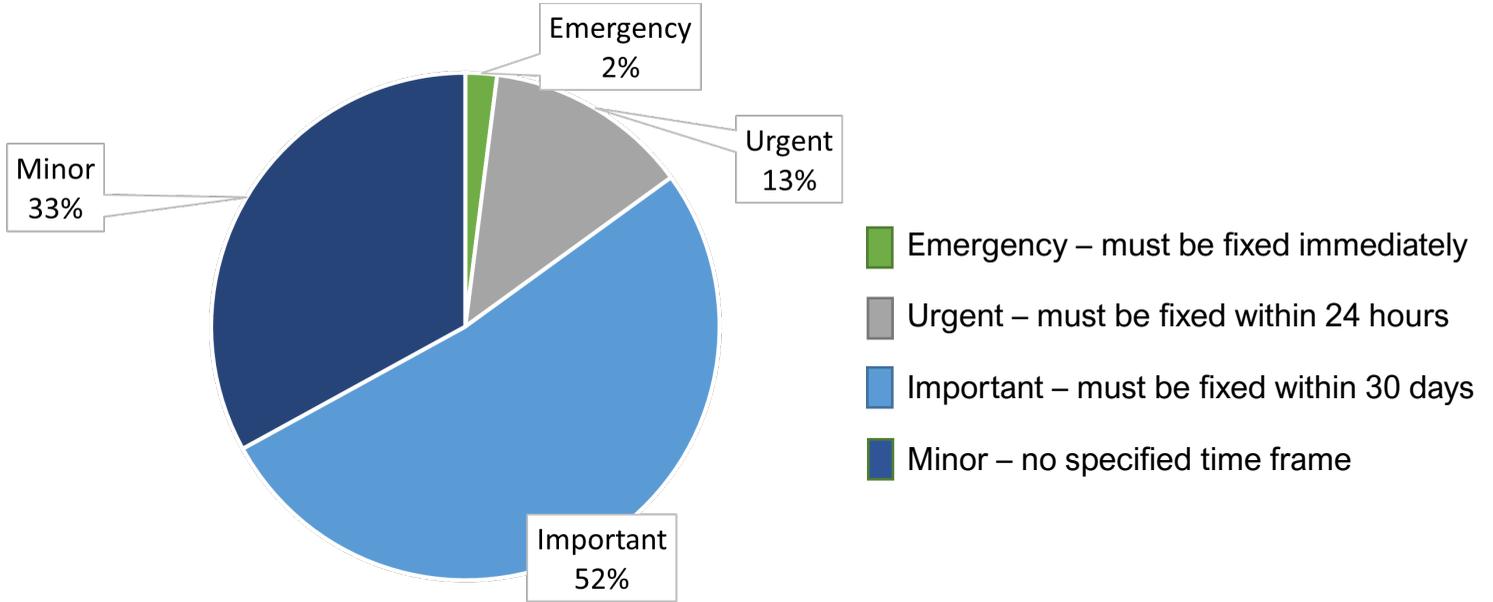


MAINTENANCE REPORT

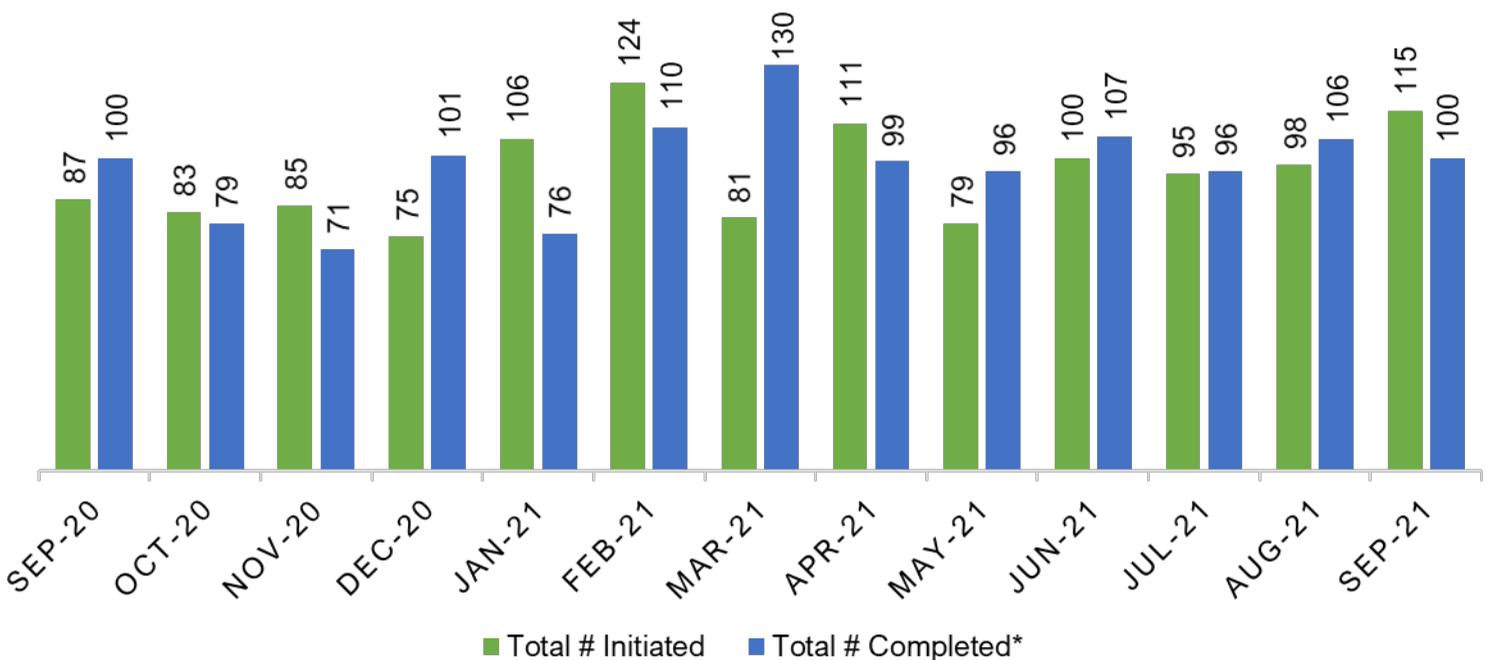
2021 MONTHLY OPERATIONS REPORT

Plant and Pump Stations Maintenance Work Completed

Equipment at our Plant and Pump/Lift stations is maintained by mechanics and other staff through completion of work orders. Staff completed 98.95% of preventative maintenance activities for the month in addition to the following shown below.



Work Orders Initiated and Completed



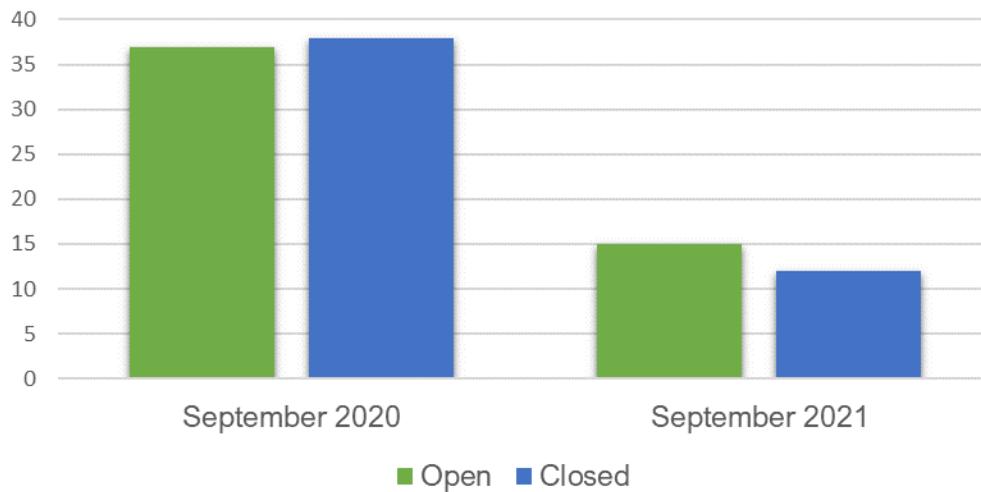
*The number of work orders completed in a month is dependent upon several factors including the availability of necessary parts and the amount of time required by staff to accomplish a given task.



Information Technology

USD’s Information Technology (IT) staff install, upgrade, and maintain District computers and software systems. IT staff responsibilities include ongoing maintenance of systems critical to operation of our wastewater treatment plant and pump stations.

IT Help Desk Tickets



Managed and Hosted IT Asset Uptime

Asset Name	USD Managed or Hosted by Third Party	% Up time
USD Website	Hosted	99.981%
Email Server	Hosted	100.000%
Newark Pump Station	USD Managed	99.998%
Boyce Pump Station	USD Managed	99.884%
Irvington Pump Station	USD Managed	99.898%
SCADA	USD Managed	100.000%
Total Average of All USD Servers	USD Managed	99.974%

The majority of our IT network assets are maintained onsite by IT staff with an uptime target of 99.90%. Additional assets, such as the USD website, are hosted externally by a third party.



Capital Improvement Project (CIP) Activities

Our engineers manage and coordinate project activities including completion of studies, designing of future projects, and project management of construction work at our Plant, Pump Stations, gravity sewer network, and Force Mains.

Current CIP Projects – Budget and % complete

Current (FY22) CIP Projects	Budget (\$1,000)	Spent to Date (\$1,000)	Scheduled Completion	Completed Scope
1 - Aeration Blower No. 11 Project	\$1,652	\$143	12/21	38%
2 - Alvarado Influent Pump Station Improvements Project	\$8,890	\$5,590	10/21	72%
3 - Cathodic Protection System Improvements Project	\$483	\$106	1/22	23%
4 - Centrifuge Building Improvements Project	\$688	\$13	10/21	40%
5 - Emergency Outfall Improvements Project	\$1,399	\$0	1/22	30%
6 - FY21 Cast Iron/Pipe Lining Project	\$307	\$220	5/21	100%
7 - FY21 Gravity Sewer Rehabilitation/Replacement Project – Phase VII	\$595	\$116	10/21	88%
8 - Headworks Screens Replacement Project	\$1,822	\$1,741	7/21	98%
9 - Primary Digester No. 7 Project	\$23,602	\$21,843	12/21	93%
10 - Wet Weather Flow Management – Calcium Thiosulfate Chemical Feed System	\$624	\$408	6/21	76%



Design Phase – Budget and % of Completed Scope

Current (FY22) Design Phase	Budget (\$1,000)	Spent to Date (\$1,000)	Scheduled Completion	Completed Scope
1 - Cherry Street Pump Station Improvements Project	\$72	\$71	6/21	100%
2 - Force Main Corrosion Repairs Project Phase 3	\$60	\$14	12/21	75%
3 - Irvington Basin Reinforced Concrete Pipe Rehabilitation Project	\$271	\$162	10/21	90%
4 - Plant Miscellaneous Improvements Project	\$185	\$20	3/22	20%
5 - Pump Stations Chemical System Improvements Project	\$738	\$385	10/21	80%
6 - Standby Power Generation System Upgrade Project	\$2,281	\$2,134	01/21	92%
7 - WAS Thickener Replacement Project	\$807	\$801	06/21	100%

Study Phase – Budget and % of Completed Scope

Current (FY22) Study Phase	Budget (\$1,000)	Spent to Date (\$1,000)	Scheduled Completion	Completed Scope
1 - Force Main Condition Assessment	\$121	\$32	10/22	60%
2 - Irvington Basin Masterplan Update	\$378	\$256	11/21	91%
3 - Odor Control Alternatives Study	\$465	\$465	12/20	99%
4 - Odor Control Pilot Study	\$99	\$99	12/21	99%



Digester #7 Project
[Click here to see time lapse video](#)



PERMITTING AND INSPECTIONS

2021 MONTHLY OPERATIONS REPORT

Sewer Permits Issued

Permits issued upon approved completed plans.

Month	Repairs	Mains	New Laterals	Secondary Units	Restaurants	Other	Total
Sep 2021	25	1	49	6	0	4	85
Aug 2021	16	1	58	8	0	4	87
Jul 2021	23	0	52	5	0	6	86

*New Laterals- New residential lateral connections

**Other- Non-residential construction (except restaurants)

Storm Water Inspections (City of Fremont)

Under contract with City of Fremont's Environmental Services Group, our inspectors conduct routine inspections and document enforcement actions.

Total Inspections		Total Monthly Enforcements						
Current Month	Fiscal Year to Date	Verbal Warning	Warning Letter	Notice of Violation	Admin Fine	Legal Action	Notice of Deficiency	Total
80	234	1	0	2	11	0	0	14

Sewer Inspections

Environmental Compliance conducts pollution prevention inspections at restaurants, car wash businesses, and other commercial facilities.

Total Inspections		Total Monthly Enforcements						
Current Month	Fiscal Year to Date	Verbal Warning	Warning Letter	Notice of Violation	Admin Fine	Legal Action	Notice of Deficiency	Total
46	129	7	0	0	0	0	0	7

Permitted Industrial Businesses

City	Industrial Permits
Fremont	59
Newark	15
Union City	12

Examples of Permitted Industrial Businesses:

- Tesla
- Washington Hospital
- US Pipe
- Western Digital
- Lam Research



STAFFING AND PERSONNEL

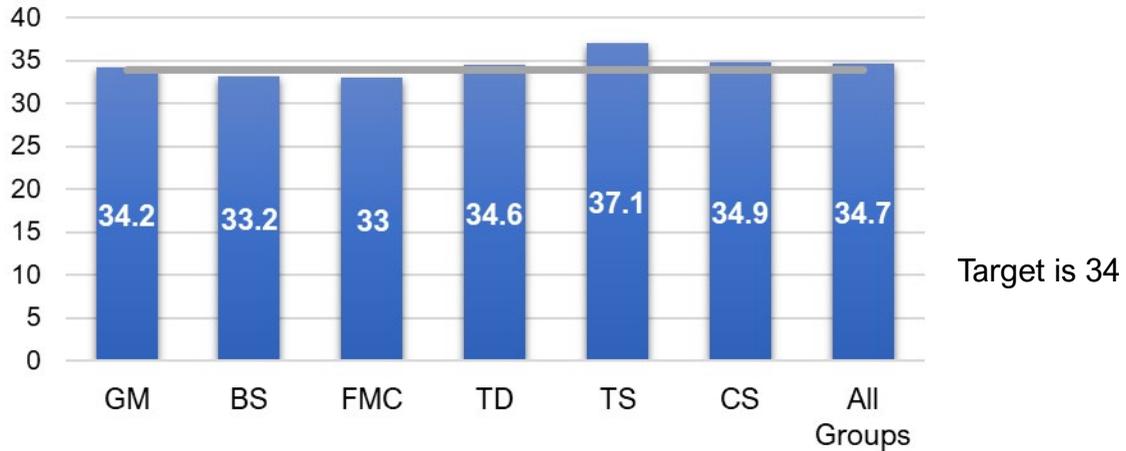
2021 MONTHLY OPERATIONS REPORT

Hours Worked and Leave Time by Work Group

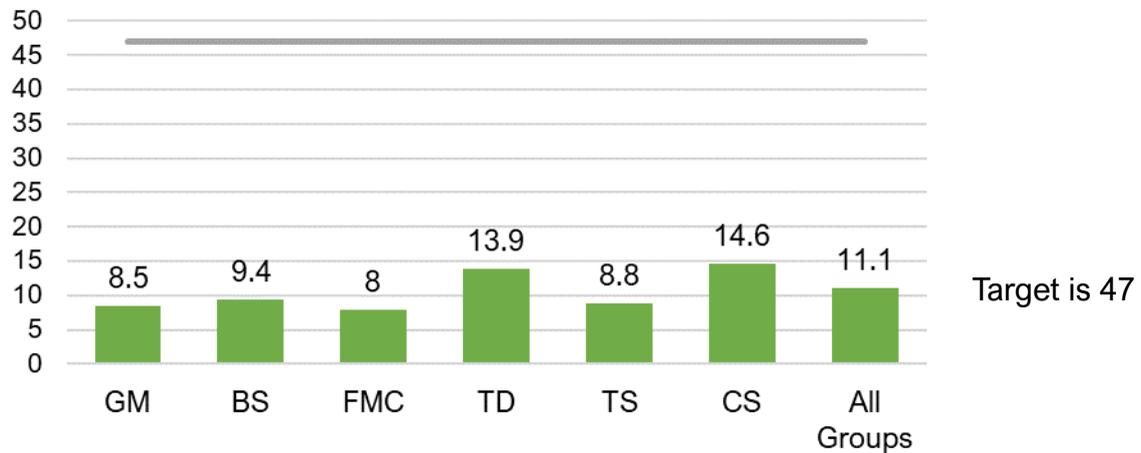
June 24, 2021 through September 29, 2021

Weeks to Date 14 out of 52 (26.92%)

At-Work Hours Per Employee Per Week



Average Annual Sick Leave Used Per Employee Per Date



Recruitments

Position	Position Posted	Status
CIP Engineering Tech I/II	8/10/2021	Internal Transfer - Start Date 10/25/2021
Collection Services Manager	7/7/2021	Promotion - Start Date 10/10/2021
Administrative Specialist I	8/26/2021	Promotion - Start Date 10/25/2021
IT Analyst/Sr IT Analyst	10/1/2021	Closes 10/31/2021. In progress.

ATTACHMENT FOR REFERENCE



Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

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

Karen W. Murphy
Attorney

**SEPTEMBER 27, 2021
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 6**

TITLE: Monthly Operations Report for August 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 August 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

ATTACHMENT FOR REFERENCE

ODOR COMPLAINTS:

During the month of August 2021, there were two odor complaints received by the District. Details of the odor complaints can be found in the August 2021 Odor Report in the Board meeting packet.

STAFFING & PERSONNEL:

Completed Recruitments Resulting in Promotions:

- Customer Service Fee Analyst – replacement for Theresa Vasquez – Liz LeDoan – Promotion 8/16/2021.

Other Completed Recruitments:

- Plant Operation III Trainee – Limited Duration. Negin Tootian date of hire 8/30/2021.

Recruitments Opened:

- Engineering Technician I/II – replacement for Mohammad Ghoury – resignation 8/5/2021.
- Administrative Specialist I – replacement for Liz LeDoan – promotion 8/16/2021

Continuing Recruitments:

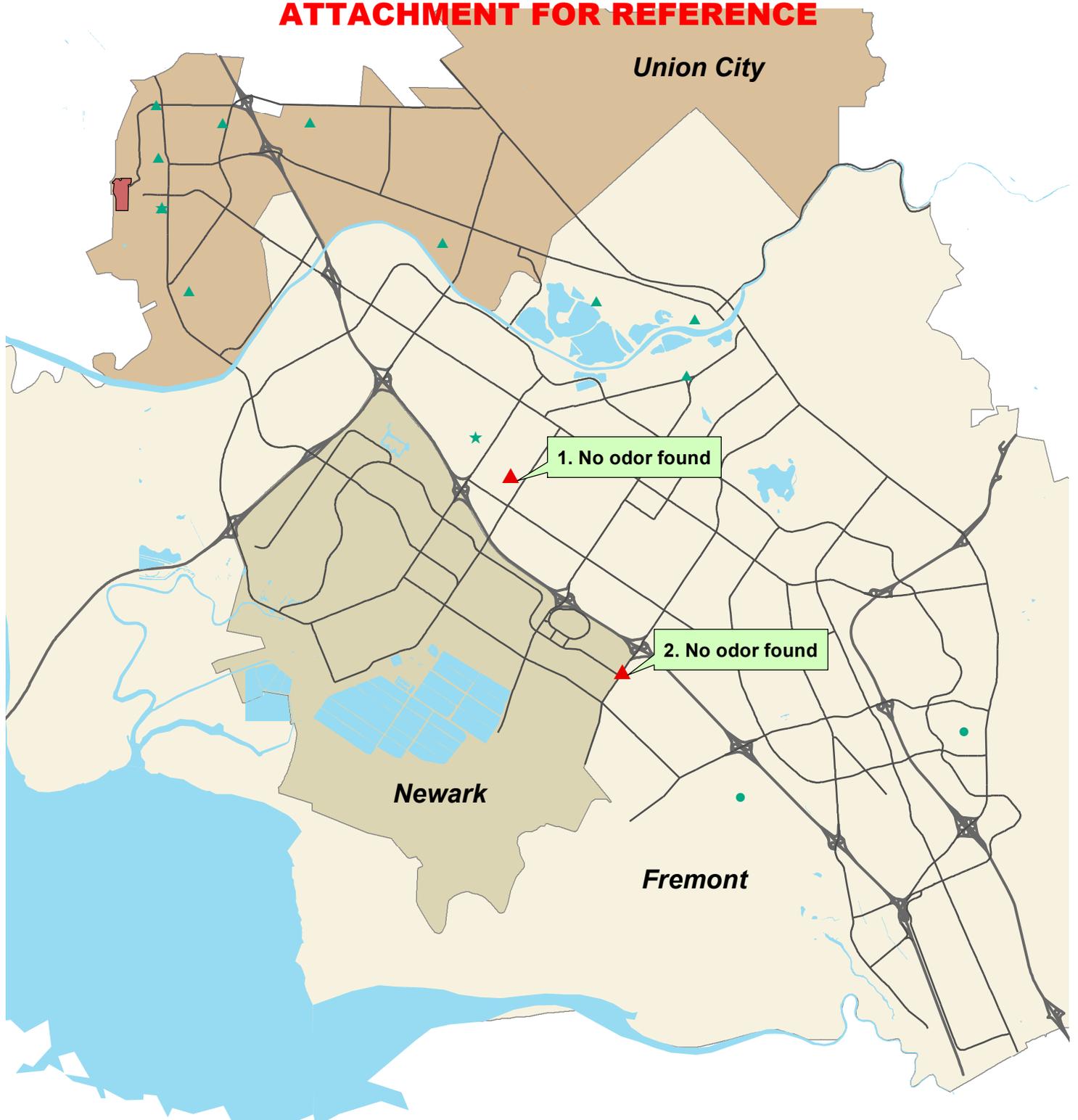
- Collection Services Workgroup Manager – replacement for James Schofield – retirement 10/22/2021.

Separations:

- Mohammad Ghoury – Resignation 8/5/2021.
- Todd Jacob – Retirement – last day at work 8/27/2021 (actual retirement date 11/15/2021.)

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

ATTACHMENT FOR REFERENCE



Legend

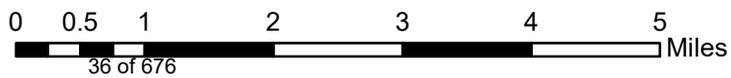
Odor Complaints: August 2021

- ★ Odor found, USD resolved (0)
- Odor found, not related to USD (0)
- ▲ No odor found (2)

Odor Complaints: Sep. 2020 to Jul. 2021

- ★ Odor found, USD resolved (2)
- Odor found, not related to USD (2)
- ▲ No odor found (13)

Location of Odor Reports September 2020 to August 2021



ATTACHMENT FOR REFERENCE



ODOR REPORT August 2021

During the recording period from August 01, 2021 through August 31, 2021, there were two odor related service requests received by the District.

City: Fremont

1.

Complaint Details:

Date: 8/13/21

Location: ROCKWOOD DR

Wind (from): North West

Temperature: 64 F

Time: 8:22 am

Reported By: Anonymous Caller

Wind Speed: 5mph

Weather: Sunny

Response and Follow-up:

A report of an odor was shared with the Collection Services Coach, Shawn Nesgis. USD staff was dispatched to investigate the odor. Upon arrival, no odor was present. USD staff inspected the USD main, nearby storm drains, and checked readings with a gas detector. They additionally tried to make contact with the resident, but there was no answer at the residence.

At this time, no further follow up is needed. No odor was detected.

City: Fremont

2.

Complaint Details:

Date: 8/31/21

Location: STEVENSON BL

Wind (from): West

Temperature: 79 F

Time: 8:45 am

Reported By: Matt Holand

Wind Speed: <5mph

Weather: Sunny

Response and Follow-up:

USD staff responded to a report of a foul odor outside of a commercial building. No odor was detected upon arrival. USD staff conducted a routine inspection of the area. The nearby manholes and storm drain inlets were inspected; everything appeared to be flowing normal. Large amount of garbage was seen in the area, as well as a pile of bark in parking spot.

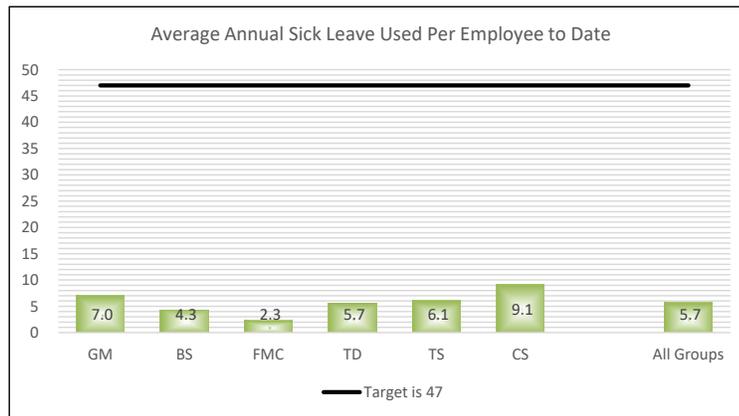
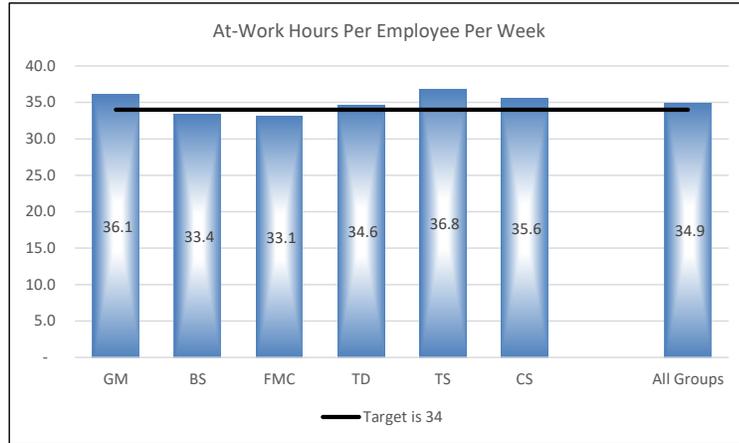
No odor found. Info shared with reporting party.

ATTACHMENT FOR REFERENCE

HOURS WORKED AND LEAVE TIME BY WORK GROUP

June 24, 2021 through August 18, 2021

Weeks to Date: 8 out of 52 (15.4%)



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.

ATTACHMENT FOR REFERENCE

HOURS WORKED AND LEAVE TIME BY WORK GROUP

June 24, 2021 through August 18, 2021

Weeks to Date: 8 out of 52 (15.4%)

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	566.00	0.50	36.1	60.00	-	-	14.00	-	-	7.0	2	34.9	35.9
BS	18	4,588.00	130.67	33.4	687.25	-	246.50	77.25	-	1.00	4.3	17	36.6	36.8
FMC	27	7,021.00	9.50	33.1	4,336.75	43.00	2.00	62.25	-	13.00	2.3	28	34.2	33.0
TD	31	8,332.17	100.83	34.6	1,284.25	97.29	1.33	175.46	-	61.50	5.7	27	35.4	48.8
TS	31	8,958.00	15.67	36.8	892.57	-	-	189.44	-	-	6.1	33	35.0	48.5
CS	31	8,285.40	380.89	35.6	1,308.25	15.55	-	282.80	-	28.00	9.1	31	33.9	91.2
All Groups	140	37,750.57	638.06	34.9	8,569.07	155.84	249.83	801.20	-	103.50	5.7	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 ATTACHMENT FOR REFERENCE

FY 2022

Year-to-date as of 8/31/21

16.7% of year elapsed

<u>Revenues</u>	Budget	Actual	% of Budget Rec'd	Unaudited Last Year Actuals 6/30/21
Capacity Fees	\$ 4,949,820	\$ 1,928,595	39%	\$ 9,358,209
Sewer Service Charges	74,716,000	1,102	0%	59,094,030
Operating (Includes work groups and fund 85)	1,260,900	144,061	11%	1,184,594
Interest	1,085,000	168,244	16%	1,435,090
Misc. (Annex fees, forfeited deposits)	50,000	268	1%	17,720
Subtotal Revenues	\$ 82,061,720	\$ 2,242,269	3%	\$ 71,089,643
Bond Proceeds	110,000,000	110,626,705	100.6%	-
Total Revenues + Bond Proceeds	\$ 192,061,720	\$ 112,868,973	59%	\$ 71,089,643

<u>Expenses</u>	Budget	Actual	% of Budget Used	Last Year Actuals
Capital Improvement Program:				
Capacity Proj.	\$ 14,949,000	\$ 1,002,017	7%	\$ 20,219,226
Renewal & Repl. Proj.	28,240,200	1,300,918	5%	10,853,853
Operating (includes fund 85)	46,905,403	6,543,068	14%	41,179,295
Special Projects	3,960,104	3,163	0%	628,782
Retiree Medical (ADC)	1,421,401	910,000	64%	1,201,194
115 Pension Trust	3,000,000	-	0%	-
Vehicle & Equipment	125,000	-	0%	144,181
Information Systems	940,000	41,287	4%	765,728
Plant & Pump Stat. R&R	400,000	60,153	15%	162,400
Emerg. Fund	-	-	0%	-
Cty Fee for SSC Admin.	115,000	-	0%	111,142
Debt Servicing:				
SRF Loans	-	-	-	-
Bonds	12,019,092	617,334	5%	4,684,772
WIFIA Fees	-	-	0%	100,000
Total Expenses	\$ 112,075,200	\$ 10,477,941	9%	\$ 80,050,573
Total Revenue & Proceeds less Expenses	\$ 79,986,520	\$ 102,391,032		(8,960,930)

<u>Operating (Work Group) Expenses</u>	Budget	Actual	% of Budget Used	Unaudited Last Year Actuals
Board of Directors	\$ 187,043	\$ 16,934	9%	\$ 134,716
General Manager/Admin.	1,194,988	98,808	8%	956,457
Business Services	4,339,093	510,155	12%	3,723,670
Collection Services	7,710,953	1,010,911	13%	7,301,802
Technical Services	7,208,954	934,024	13%	6,584,979
Treatment & Disposal Services	15,921,122	2,572,821	16%	13,302,716
Fabrication, Maint. & Construction	9,332,350	1,022,267	11%	8,562,667
Non-Departmental	1,010,900	377,149	37%	612,289
Total	\$ 46,905,403	\$ 6,543,068	14%	\$ 41,179,295

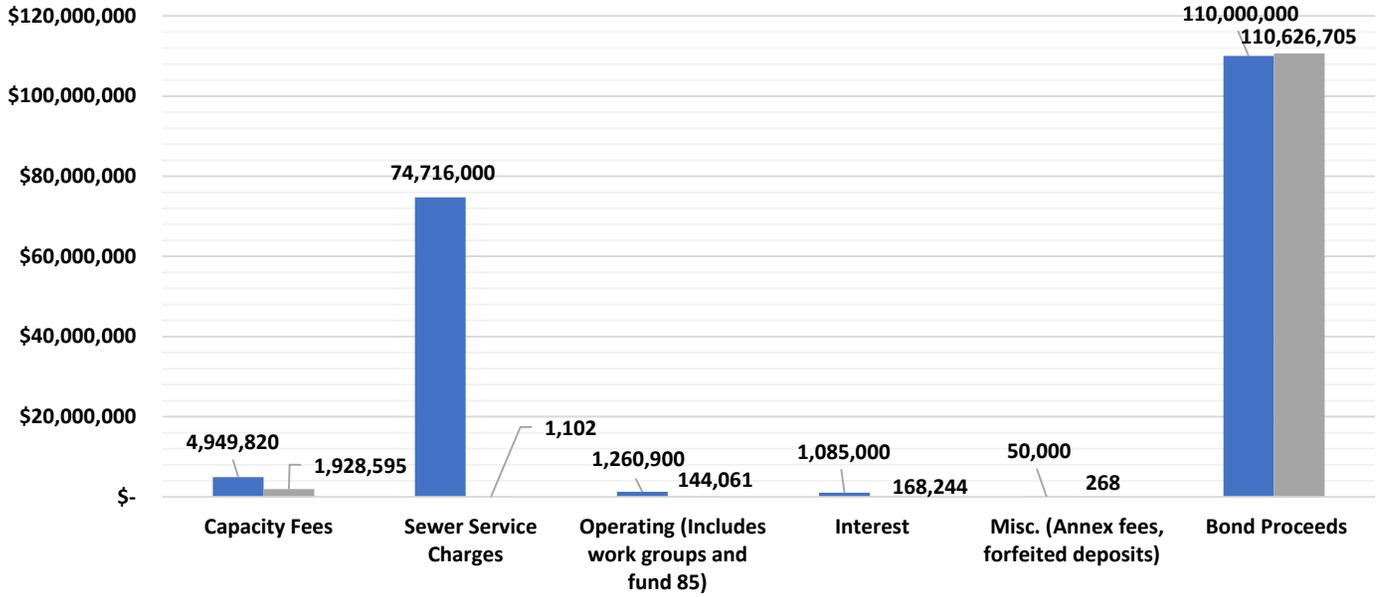
<u>Operating (Work Group) Expenses by Type</u>	Budget	Actual	% of Budget Used	Last Year Actuals
Personnel (incl D&E)	\$ 32,219,329	\$ 4,063,082	13%	\$ 29,243,463
Repairs & Maintenance	2,258,500	216,443	10%	2,044,050
Supplies & Matis (chemicals, small tools)	3,593,992	330,002	9%	2,725,130
Outside Services (utilities, biosolids, legal)	8,503,082	1,922,605	23%	6,877,123
Fixed Assets	330,500	10,937	3%	289,529
Total	\$ 46,905,403	\$ 6,543,068	14%	\$ 41,179,295

ATTACHMENT FOR REFERENCE

REVENUES AND EXPENSES REPORT as of 8/31/21

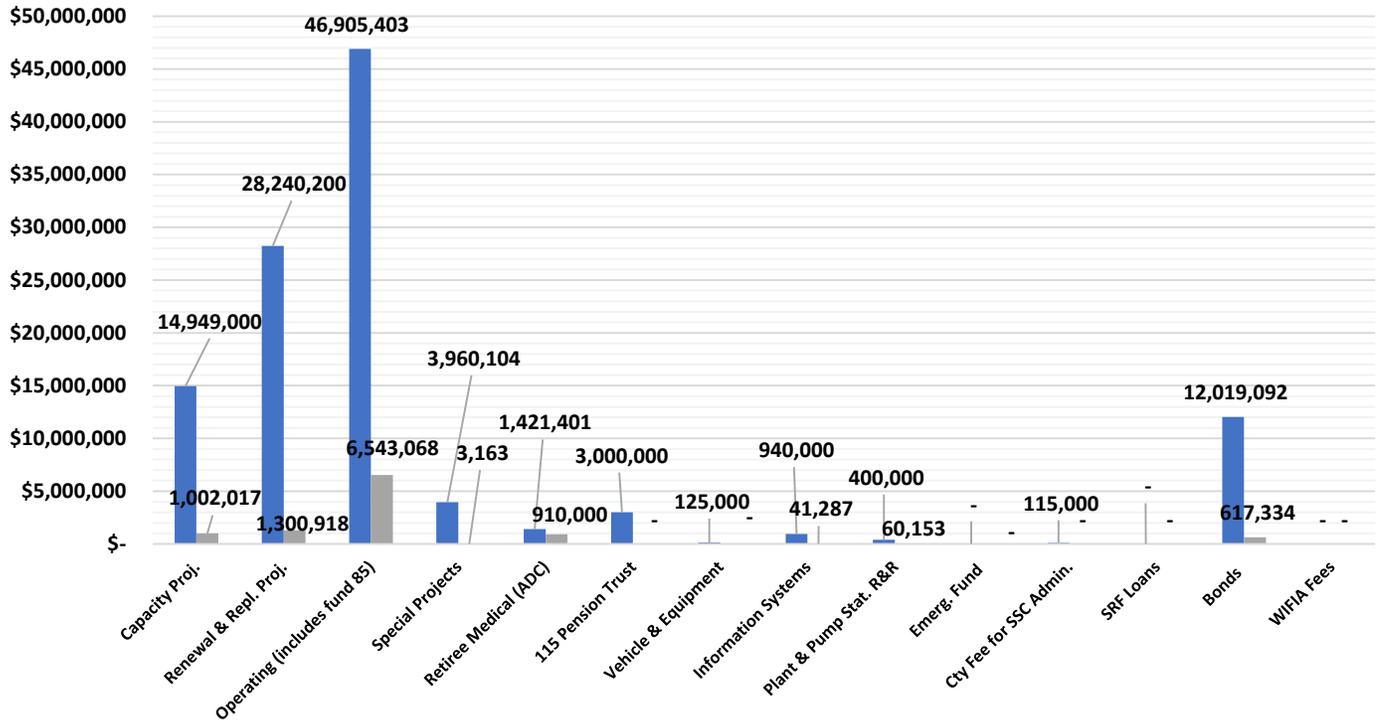
Total Revenues

■ Budget ■ Actual



Total Expenses

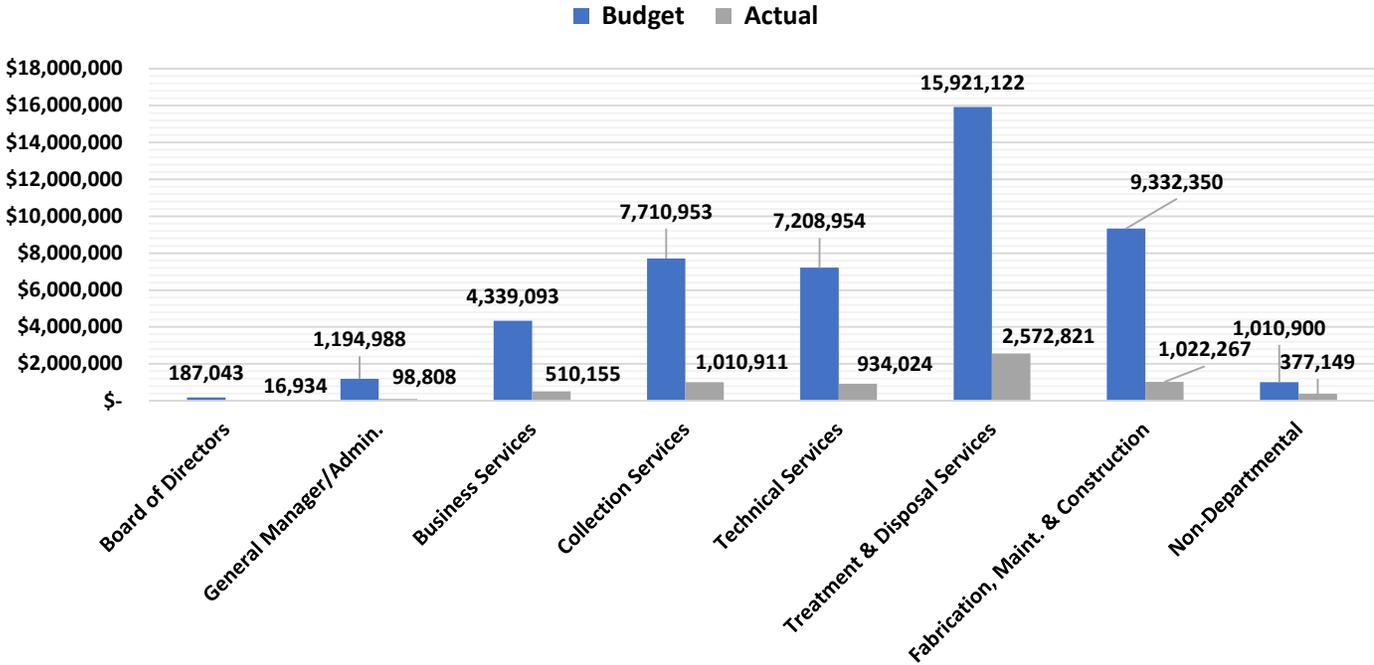
■ Budget ■ Actual



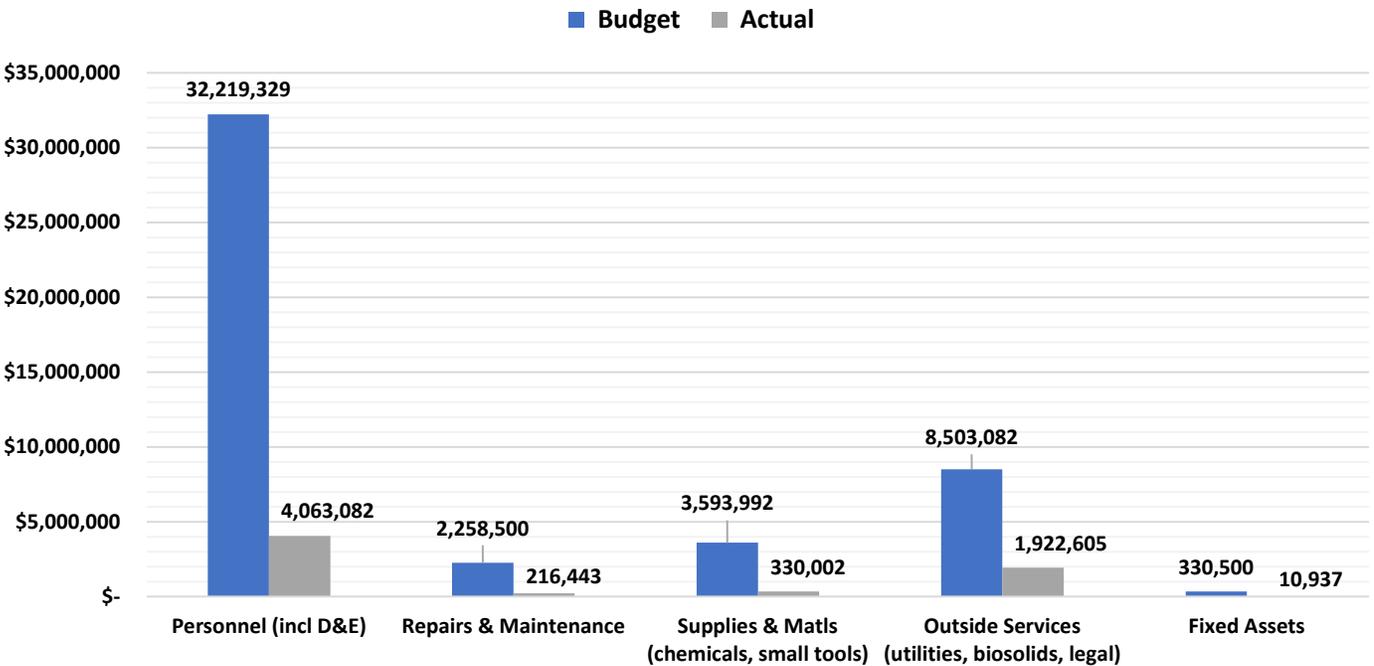
ATTACHMENT FOR REFERENCE

REVENUES AND EXPENSES REPORT as of 8/31/21

Operating Expenses by Work Group



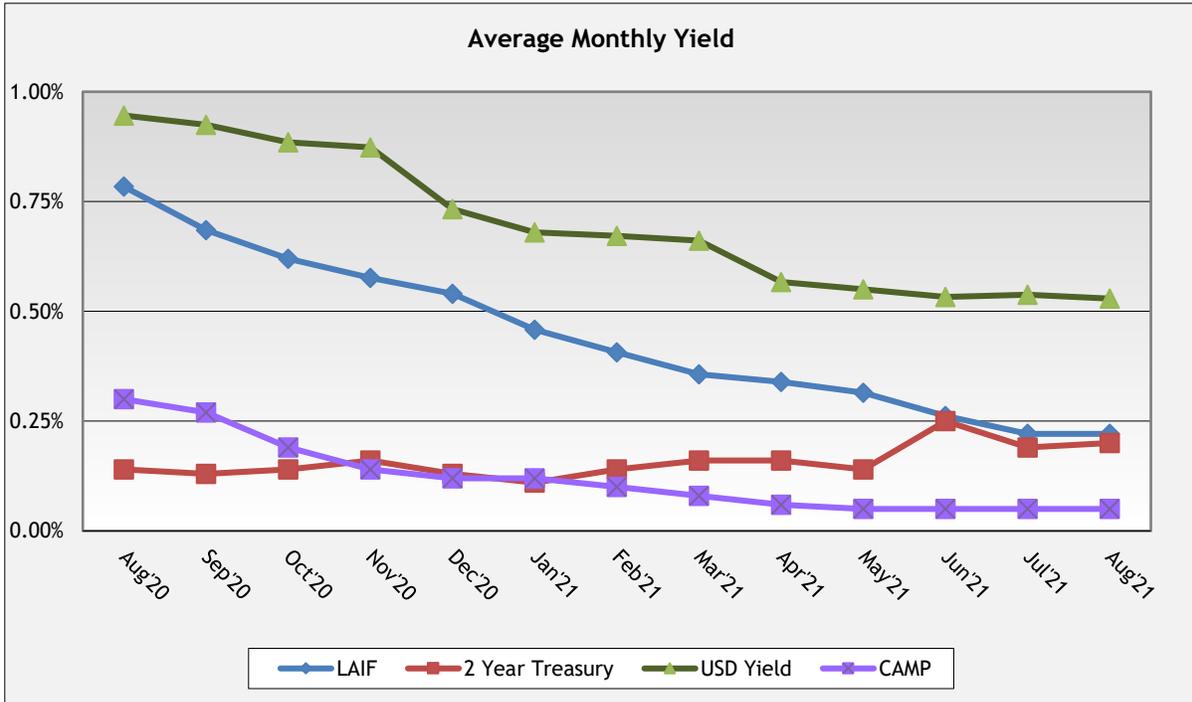
Operating Expenses by Type



ATTACHMENT FOR REFERENCE

Business Services Group
August 2021

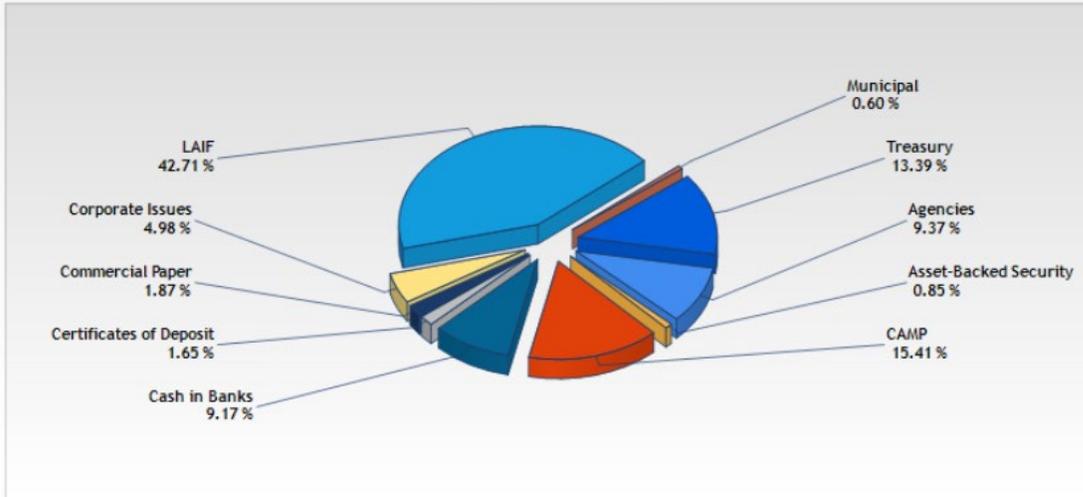
Performance Measures for the USD Investment Portfolio



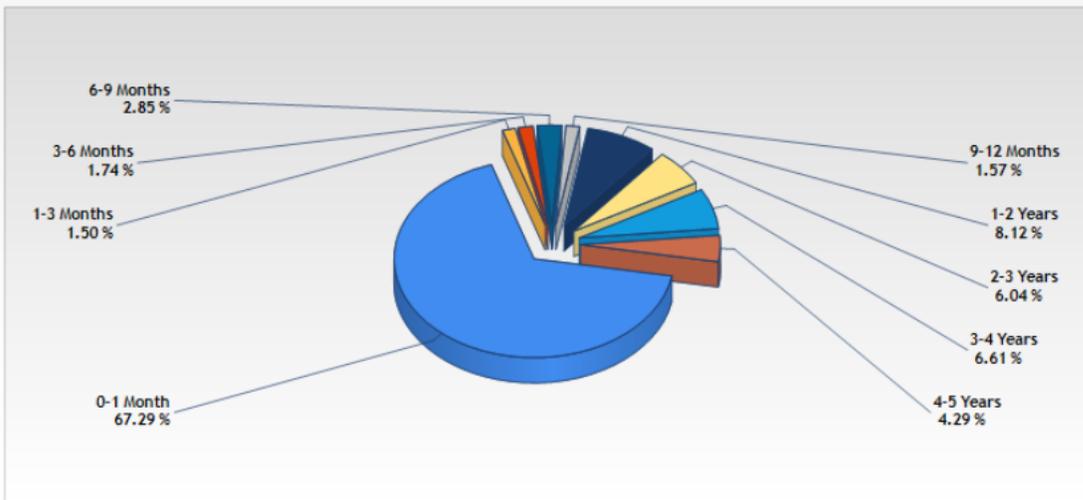
	Apr'21	May'21	Jun'21	Jul'21	Aug'21
LAIF	0.34%	0.32%	0.26%	0.22%	0.22%
2 Year Treasury	0.16%	0.14%	0.25%	0.19%	0.20%
USD Yield	0.57%	0.55%	0.53%	0.54%	0.53%
CAMP	0.06%	0.05%	0.05%	0.05%	0.05%

ATTACHMENT FOR REFERENCE

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	113,829,591.79	0.152	113,829,591.79	1	67.29	113,829,591.79	113,829,591.79	0.00
1-3 Months	2,535,000.00	0.886	2,533,444.13	60	1.50	2,537,694.66	2,534,557.72	0.16
3-6 Months	2,926,000.00	0.689	2,936,991.30	148	1.74	2,933,800.27	2,927,052.25	0.40
6-9 Months	4,777,000.00	1.948	4,817,845.54	208	2.85	4,833,821.47	4,785,361.66	0.57
9-12 Months	2,670,000.00	2.019	2,662,957.75	308	1.57	2,708,970.14	2,668,164.39	0.84
1-2 Years	13,810,000.00	1.676	13,733,087.17	595	8.12	14,091,319.13	13,785,435.80	1.60
2-3 Years	10,289,000.00	1.729	10,213,890.53	866	6.04	10,593,677.46	10,259,183.01	2.33
3-4 Years	11,135,000.00	0.702	11,187,880.64	1,351	6.61	11,211,957.55	11,178,277.90	3.65
4-5 Years	7,243,000.00	0.652	7,255,410.01	1,597	4.29	7,245,177.77	7,251,871.18	4.31
TOTAL / AVERAGE	169,214,591.79	0.529	169,171,098.86	273	100	169,986,010.24	169,219,495.70	0.74

ATTACHMENT FOR REFERENCE

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 8/31/2021

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	1,624,756.25	0.308	9/21/2022	9/21/2023	0.96
FHLB 0.5 4/14/2025	3130AJHU6	None	4/16/2020	560,000.00	557,222.40	0.500	558,381.60	0.601		4/14/2025	0.33
FHLB 1.375 2/17/2023	3130AJ7E3	None	2/21/2020	775,000.00	773,574.00	1.375	789,267.75	1.438		2/17/2023	0.46
FHLB 2 10/26/2021-19	3130AB3D6	None	4/26/2017	1,000,000.00	1,000,000.00	2.000	1,002,960.00	2.000		10/26/2021	0.59
FHLMC 0.25 12/4/2023	3137EAFA2	S&P-AA+	12/4/2020	190,000.00	189,811.90	0.250	189,939.20	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	780,507.00	0.348		6/26/2023	0.46
FHLMC 0.25 8/24/2023	3137EAEV7	None	8/21/2020	520,000.00	519,469.60	0.250	520,161.20	0.284		8/24/2023	0.31
FHLMC 0.375 5/5/2023	3137EAER6	S&P-AA	5/29/2020	220,000.00	220,305.80	0.375	220,677.60	0.327		5/5/2023	0.13
FHLMC 0.375 7/21/2025	3137EAEU9	None	7/23/2020	525,000.00	522,385.50	0.375	520,595.25	0.476		7/21/2025	0.31
FHLMC 0.375 9/23/2025	3137EAEX3	None	9/25/2020	795,000.00	792,607.05	0.375	786,747.90	0.436		9/23/2025	0.47
FHLMC 1.5 2/12/2025	3137EAEP0	None	2/14/2020	1,035,000.00	1,034,203.05	1.500	1,070,438.40	1.516		2/12/2025	0.61
FNMA 0.25 5/22/2023	3135G04Q3	None	5/22/2020	865,000.00	862,396.35	0.250	866,228.30	0.351		5/22/2023	0.51
FNMA 0.25 7/10/2023	3135G05G4	None	7/10/2020	795,000.00	793,290.75	0.250	795,731.40	0.322		7/10/2023	0.47
FNMA 0.31 1/26/2024-22	3136G46V0	S&P-AA+	10/26/2020	259,000.00	258,896.40	0.310	259,416.99	0.322	10/26/2022	1/26/2024	0.15
FNMA 0.375 8/25/2025	3135G05X7	None	8/27/2020	555,000.00	552,402.60	0.375	550,165.95	0.470		8/25/2025	0.33
FNMA 0.375 8/25/2025	3135G05X7	None	10/22/2020	415,000.00	412,754.85	0.375	411,385.35	0.488		8/25/2025	0.24
FNMA 0.5 11/7/2025	3135G06G3	None	11/12/2020	520,000.00	518,138.40	0.500	516,812.40	0.573		11/7/2025	0.31
FNMA 0.5 6/17/2025	3135G04Z3	None	6/19/2020	865,000.00	863,209.45	0.500	862,880.75	0.542		6/17/2025	0.51
FNMA 0.5 6/17/2025	3135G04Z3	None	10/28/2020	1,010,000.00	1,011,494.80	0.500	1,007,525.50	0.468		6/17/2025	0.60
FNMA 0.5 8/14/2025-23	3135G05S8	S&P-AA+	8/24/2020	1,000,000.00	998,400.00	0.500	998,940.00	0.533	8/14/2023	8/14/2025	0.59
FNMA 0.625 4/22/2025	3135G03U5	None	4/24/2020	455,000.00	454,062.70	0.625	456,310.40	0.667		4/22/2025	0.27
FNMA 0.625 4/22/2025	3135G03U5	None	4/28/2020	125,000.00	124,763.75	0.625	125,360.00	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	980,398.40	0.678		4/5/2022	0.59
Sub Total / Average Agencies				15,859,000.00	15,852,968.75	0.695	15,895,587.59	0.668			9.37
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	89,945.32	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	180,291.02	0.525	3/15/2025	2/17/2026	0.11

ATTACHMENT FOR REFERENCE

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	187,738.30	1.895		12/16/2024	0.11
Honda Auto Receivables 2020-1 1.61 4/22/2024-23	43813RAC1	None	2/26/2020	305,000.00	304,940.22	1.610	308,723.17	1.615	5/21/2023	4/22/2024	0.18
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	149,978.60	0.270	5/21/2024	4/21/2025	0.09
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	119,991.38	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	419,445.90	1.662	10/15/2023	5/15/2024	0.25
Sub Total / Average Asset-Backed Security				1,445,000.00	1,444,802.03	1.204	1,456,113.69	1.207			0.85
CAMP											
CAMP LGIP	LGIP4000	None	5/31/2011	26,061,310.62	26,061,310.62	0.050	26,061,310.62	0.050	N/A	N/A	15.41
Sub Total / Average CAMP				26,061,310.62	26,061,310.62	0.050	26,061,310.62	0.050			15.41
Cash in Banks											
Union Bank Cash	LGIPUNIONBANK	None	12/31/2016	15,515,414.92	15,515,414.92	0.000	15,515,414.92	0.000	N/A	N/A	9.17
Sub Total / Average Cash in Banks				15,515,414.92	15,515,414.92	0.000	15,515,414.92	0.000			9.17
Certificates of Deposit											
American Expr Centurion 2.45 4/5/2022	02587DN38	None	4/5/2017	247,000.00	247,000.00	2.450	250,401.73	2.450		4/5/2022	0.15
Belmont Savings Bank 2.15 3/22/2022	080515BV0	None	3/20/2017	248,000.00	248,000.00	2.150	250,780.77	2.150		3/22/2022	0.15
BMW Bank 2.15 3/10/2022	05580AGR9	None	3/10/2017	247,000.00	247,000.00	2.150	249,618.87	2.150		3/10/2022	0.15
Credit Suisse 0.59 3/17/2023	22552G3C2	None	3/23/2021	435,000.00	435,000.00	0.590	437,209.02	0.590		3/17/2023	0.26
Discover Bank 2.25 12/29/2021	254672Y36	None	12/29/2016	247,000.00	247,000.00	2.250	248,760.94	2.250		12/29/2021	0.15
DNB Nor Bank ASA 2.04 12/2/2022	23341VZT1	NR	12/6/2019	430,000.00	430,000.00	2.040	439,791.96	2.040		12/2/2022	0.25
State Bank of India 2.25 1/26/2022	8562846A7	None	1/26/2017	247,000.00	247,000.00	2.250	249,151.30	2.250		1/26/2022	0.15
Sumitomo Mitsui Bank NY 0.7 7/8/2022	86565CKU2	None	7/14/2020	435,000.00	435,000.00	0.700	436,864.89	0.700		7/8/2022	0.26
Synchrony Bank 2.3 2/24/2022	87165ELT2	None	2/28/2017	247,000.00	247,000.00	2.300	249,621.26	2.300		2/24/2022	0.15
Sub Total / Average Certificates of Deposit				2,783,000.00	2,783,000.00	1.720	2,812,200.74	1.720			1.65
Commercial Paper											
Collateralized Coml Paper 0 2/15/2022	19424JBF2	S&P-A1	7/9/2021	1,635,000.00	1,633,594.81	0.000	1,633,962.27	0.143		2/15/2022	0.97
LMA AMERICAS 0 10/1/2021	53944QX13	S&P-A1	5/19/2021	535,000.00	534,719.13	0.000	534,942.06	0.140		10/1/2021	0.32

ATTACHMENT FOR REFERENCE

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
MUFG Bank LTD/NY 0 11/19/2021	62479LYK5	S&P-A1	2/22/2021	1,000,000.00	998,725.00	0.000	999,792.60	0.170		11/19/2021	0.59
Sub Total / Average Commercial Paper				3,170,000.00	3,167,038.94	0.000	3,168,696.93	0.151			1.87
Corporate Issues											
Amazon.com Inc. 2.4 2/22/2023	023135AW6	Fitch-A+	4/15/2019	675,000.00	668,499.75	2.400	695,371.50	2.664		2/22/2023	0.40
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	1,010,510.00	2.406		3/3/2022	0.60
American Honda Finance 1.95 5/10/2023	02665WDH1	None	1/10/2020	415,000.00	414,846.45	1.950	426,105.40	1.962		5/10/2023	0.25
Apple Inc 0.75 5/11/2023	037833DV9	S&P-AA+	5/11/2020	325,000.00	324,116.00	0.750	327,785.25	0.842		5/11/2023	0.19
Bank of America Corp 4.1 7/24/2023	06053FAA7	Fitch-A	3/22/2019	500,000.00	520,405.00	4.100	535,295.00	3.087		7/24/2023	0.31
BB&T Corporation 3.05 6/20/2022-22	05531FBG7	Fitch-A+	3/22/2019	525,000.00	525,714.00	3.050	535,620.75	3.006	5/20/2022	6/20/2022	0.31
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	199,733.70	0.982	10/13/2025	11/13/2025	0.12
Citigroup Inc 0.981 5/1/2025-24	172967MX6	None	5/4/2021	145,000.00	145,384.25	0.981	145,675.70	0.913	5/1/2024	5/1/2025	0.09
Citigroup Inc 0.981 5/1/2025-24	172967MX6	None	5/4/2021	135,000.00	135,000.00	0.981	135,629.10	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	1,015,948.70	2.256		3/1/2023	0.59
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	414,268.40	0.940	2/22/2025	5/22/2025	0.25
JP Morgan Chase & Co 0.653 9/16/2024-23	46647PBS4	None	9/16/2020	110,000.00	110,000.00	0.653	110,312.40	0.653	9/16/2023	9/16/2024	0.07
JP Morgan Chase & Co 0.768 8/9/2025-24	46647PCM6	None	8/10/2021	120,000.00	120,000.00	0.768	119,710.80	0.768	8/9/2024	8/9/2025	0.07
JP Morgan Chase & Co 2.7 5/18/2023-23	46625HRL6	Fitch-A+	3/22/2019	525,000.00	517,970.25	2.700	544,341.00	3.045	3/18/2023	5/18/2023	0.31
Morgan Stanley 0.731 4/5/2024-23	61772BAA1	None	4/22/2021	70,000.00	70,000.00	0.731	70,214.20	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	205,627.30	0.688	4/5/2023	4/5/2024	0.12
Paccar Financial Corp 2.65 5/10/2022	69371RP83	None	5/10/2019	580,000.00	579,686.80	2.650	589,906.40	2.669		5/10/2022	0.34
Toyota Motor Credit Corp 1.8 2/13/2025	89236TGT6	S&P-AA-	5/26/2020	180,000.00	181,758.60	1.800	185,616.00	1.584		2/13/2025	0.11
Toyota Motor Credit Corp 1.8 2/13/2025	89236TGT6	S&P-AA-	5/26/2020	250,000.00	252,442.50	1.800	257,800.00	1.584		2/13/2025	0.15
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	996,130.90	0.701	1/11/2023	4/11/2023	0.60
Sub Total / Average Corporate Issues				8,291,000.00	8,424,989.36	2.439	8,521,602.50	1.957			4.98

ATTACHMENT FOR REFERENCE

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											
LAIF LGIP	LGIP1002	None	4/30/2011	72,252,866.25	72,252,866.25	0.221	72,252,866.25	0.221	N/A	N/A	42.71
Sub Total / Average LAIF				72,252,866.25	72,252,866.25	0.221	72,252,866.25	0.221			42.71
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	1,012,850.00	1.938		4/1/2022	0.60
Sub Total / Average Municipal				1,000,000.00	1,010,000.00	2.152	1,012,850.00	1.938			0.60
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	1,007,811.00	0.605		5/31/2025	0.59
T-Note 0.25 8/31/2025	91282CAJ0	S&P-AA+	8/2/2021	500,000.00	494,433.59	0.250	492,635.00	0.526		8/31/2025	0.29
T-Note 0.25 8/31/2025	91282CAJ0	S&P-AA+	8/16/2021	410,000.00	403,417.58	0.250	403,960.70	0.653		8/31/2025	0.24
T-Note 0.375 1/31/2026	91282CBH3	S&P-AA+	7/7/2021	590,000.00	578,660.94	0.375	581,704.60	0.804		1/31/2026	0.34
T-Note 0.375 12/31/2025	91282CBC4	S&P-AA+	1/25/2021	755,000.00	752,847.07	0.375	745,147.25	0.434		12/31/2025	0.45
T-Note 0.375 12/31/2025	91282CBC4	S&P-AA+	4/7/2021	535,000.00	522,314.65	0.375	528,018.25	0.888		12/31/2025	0.31
T-Note 0.375 12/31/2025	91282CBC4	S&P-AA+	5/3/2021	137,000.00	134,629.26	0.375	135,212.15	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	592,170.00	0.728		12/31/2025	0.35
T-Note 0.5 2/28/2026	91282CBQ3	S&P-AA+	3/5/2021	1,260,000.00	1,242,970.31	0.500	1,248,685.20	0.777		2/28/2026	0.73
T-Note 0.75 4/30/2026	912828CBW0	S&P-AA+	5/28/2021	245,000.00	244,387.50	0.750	245,220.50	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	500,195.00	0.815		5/31/2026	0.29
T-Note 1.25 7/31/2023	912828S92	Fitch-AAA	4/2/2019	1,035,000.00	990,365.62	1.250	1,056,020.85	2.302		7/31/2023	0.59
T-Note 1.375 6/30/2023	912828S35	Fitch-AAA	3/20/2019	1,385,000.00	1,325,867.00	1.375	1,415,248.40	2.431		6/30/2023	0.78
T-Note 1.375 9/30/2023	912828T26	Fitch-AAA	3/20/2019	1,545,000.00	1,475,112.89	1.375	1,581,693.75	2.436		9/30/2023	0.87
T-Note 1.5 10/31/2024	912828YM6	S&P-AA+	1/12/2021	1,005,000.00	1,049,479.10	1.500	1,038,838.35	0.327		10/31/2024	0.62
T-Note 1.5 3/31/2023	912828Q29	Fitch-AAA	3/20/2019	175,000.00	168,799.81	1.500	178,711.75	2.428		3/31/2023	0.10
T-Note 1.75 11/30/2021	912828U65	S&P-AA+	6/16/2020	550,000.00	562,396.49	1.750	552,304.50	0.199		11/30/2021	0.33
T-Note 1.75 7/15/2022	9128287C8	Fitch-AAA	7/31/2019	1,000,000.00	998,789.06	1.750	1,014,450.00	1.792		7/15/2022	0.59
T-Note 1.75 9/30/2022	912828L57	Fitch-AAA	3/20/2019	835,000.00	816,016.80	1.750	849,804.55	2.426		9/30/2022	0.48
T-Note 1.875 2/28/2022	912828W55	Fitch-AAA	4/2/2019	485,000.00	479,259.57	1.875	489,355.30	2.298		2/28/2022	0.28
T-Note 2 4/30/2024	912828X70	Fitch-AAA	6/7/2019	590,000.00	592,996.09	2.000	616,201.90	1.891		4/30/2024	0.35
T-Note 2 6/30/2024	912828XX3	Fitch-AAA	7/3/2019	355,000.00	358,660.94	2.000	371,308.70	1.783		6/30/2024	0.21
T-Note 2.125 12/31/2022	912828N30	Fitch-AAA	3/20/2019	1,170,000.00	1,157,340.24	2.125	1,200,981.60	2.426		12/31/2022	0.68
T-Note 2.125 2/29/2024	912828W48	Fitch-AAA	3/20/2019	2,000,000.00	1,970,625.00	2.125	2,090,860.00	2.442		2/29/2024	1.16
T-Note 2.125 3/31/2024	912828W71	S&P-AA+	3/2/2020	730,000.00	767,412.50	2.125	763,850.10	0.844		3/31/2024	0.45
T-Note 2.125 6/30/2022	912828XG0	Fitch-AAA	3/20/2019	710,000.00	703,454.69	2.125	722,034.50	2.418		6/30/2022	0.42
T-Note 2.25 12/31/2023	912828V23	Fitch-AAA	3/20/2019	2,000,000.00	1,982,968.75	2.250	2,091,640.00	2.439		12/31/2023	1.17
T-Note 2.625 1/31/2026	9128286A3	S&P-AA+	2/4/2021	715,000.00	791,164.26	2.625	775,303.10	0.463		1/31/2026	0.47

ATTACHMENT FOR REFERENCE

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
Sub Total / Average Treasury				22,837,000.00	22,658,707.99	1.448	23,289,367.00	1.600			13.39
Total / Average				169,214,591.79	169,171,098.86	0.534	169,986,010.24	0.529			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:

ATTACHMENT FOR REFERENCE

Union Sanitary District
 Transactions Summary
 Board Report - Activity
 Group By: Action
 Portfolio / Report Group: All Portfolios
 Begin Date: 07/31/2021, End Date: 08/31/2021

Description	CUSIP/Ticker	Face Amount/Shares	Principal	Interest/Dividends	Coupon Rate	YTM @ Cost	Settlement Date	Total
Buy								
JP Morgan Chase & Co 0.768 8/9/2025-24	46647PCM6	120,000.00	120,000.00	0.00	0.768	0.768	8/10/2021	120,000.00
T-Note 0.25 8/31/2025	91282CAJ0	410,000.00	403,417.58	470.72	0.250	0.653	8/16/2021	403,888.30
T-Note 0.25 8/31/2025	91282CAJ0	500,000.00	494,433.59	526.49	0.250	0.526	8/2/2021	494,960.08
Sub Total / Average Buy		1,030,000.00	1,017,851.17	997.21				1,018,848.38
Deposit								
CAMP LGIP	LGIP4000	1,411.09	1,411.09	0.00	N/A	0.000	8/31/2021	1,411.09
Union Bank Cash	LGIPUNIONBANK	15,515,414.92	15,515,414.92	0.00	N/A	0.000	8/31/2021	15,515,414.92
Sub Total / Average Deposit		15,516,826.01	15,516,826.01	0.00				15,516,826.01
Interest								
Amazon.com Inc. 2.4 2/22/2023	023135AW6	0.00	0.00	8,100.00	2.400	0.000	8/23/2021	8,100.00
CAMP LGIP	LGIP4000	0.00	0.00	1,411.09	N/A	0.000	8/31/2021	1,411.09
Carmax Auto Owner Trust 0.34 12/15/2025-25	14316NAC3	0.00	0.00	25.50	0.340	0.000	8/16/2021	25.50
Carmax Auto Owner Trust 0.52 2/17/2026-25	14314QAC8	0.00	0.00	78.00	0.520	0.000	8/16/2021	78.00
Carmax Auto Owner Trust 1.89 12/16/2024	14315XAC2	0.00	0.00	291.38	1.890	0.000	8/16/2021	291.38
FHLB 1.375 2/17/2023	3130AJ7E3	0.00	0.00	5,328.13	1.375	0.000	8/17/2021	5,328.13
FHLMC 0.25 8/24/2023	3137EA EV7	0.00	0.00	650.00	0.250	0.000	8/24/2021	650.00
FHLMC 1.5 2/12/2025	3137EA EP0	0.00	0.00	7,762.50	1.500	0.000	8/12/2021	7,762.50
FNMA 0.375 8/25/2025	3135G05X7	0.00	0.00	1,818.75	0.375	0.000	8/25/2021	1,818.75
FNMA 0.5 8/14/2025-23	3135G05S8	0.00	0.00	2,500.00	0.500	0.000	8/16/2021	2,500.00
Honda Auto Receivables 2020-1 1.61 4/22/2024-23	43813RAC1	0.00	0.00	409.21	1.610	0.000	8/23/2021	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	8/23/2021	33.75
Hyundai Auto Receivables Trust 2021-A A3 0.38 9/15	44933LAC7	0.00	0.00	38.00	0.380	0.000	8/16/2021	38.00
Synchrony Bank 2.3 2/24/2022	87165ELT2	0.00	0.00	2,817.15	2.300	0.000	8/24/2021	2,817.15
T-Note 0.25 8/31/2025	91282CAJ0	0.00	0.00	1,137.50	0.250	0.000	8/31/2021	1,137.50
T-Note 0.375 1/31/2026	91282CBH3	0.00	0.00	1,106.25	0.375	0.000	8/2/2021	1,106.25
T-Note 0.5 2/28/2026	91282CBQ3	0.00	0.00	3,150.00	0.500	0.000	8/31/2021	3,150.00
T-Note 1.25 7/31/2023	912828S92	0.00	0.00	6,468.75	1.250	0.000	8/2/2021	6,468.75
T-Note 1.875 2/28/2022	912828W55	0.00	0.00	4,546.88	1.875	0.000	8/31/2021	4,546.88
T-Note 2.125 2/29/2024	912828W48	0.00	0.00	21,250.00	2.125	0.000	8/31/2021	21,250.00

ATTACHMENT FOR REFERENCE

Description	CUSIP/Ticker	Face Amount/Shares	Principal	Interest/Dividends	Coupon Rate	YTM @ Cost	Settlement Date	Total
T-Note 2.625 1/31/2026	9128286A3	0.00	0.00	9,384.38	2.625	0.000	8/2/2021	9,384.38
T-Note 2.75 8/15/2021	9128284W7	0.00	0.00	5,500.00	2.750	0.000	8/15/2021	5,500.00
Toyota Auto Receivables 2020-A A3 1.66 5/15/2024-2	89232HAC9	0.00	0.00	574.08	1.660	0.000	8/16/2021	574.08
Toyota Motor Credit Corp 1.8 2/13/2025	89236TGT6	0.00	0.00	3,870.00	1.800	0.000	8/13/2021	3,870.00
Victor Valley College General Obligation Bond 2.35	92603PER9	0.00	0.00	4,740.00	2.350	0.000	8/1/2021	4,740.00
Sub Total / Average Interest		0.00	0.00	92,991.30				92,991.30
Matured								
T-Note 2.75 8/15/2021	9128284W7	400,000.00	400,000.00	0.00	2.750	0.000	8/15/2021	400,000.00
Victor Valley College General Obligation Bond 2.35	92603PER9	500,000.00	500,000.00	0.00	2.350	0.000	8/1/2021	500,000.00
Sub Total / Average Matured		900,000.00	900,000.00	0.00				900,000.00
Sell								
T-Note 2 6/30/2024	912828XX3	115,000.00	120,287.30	256.25	2.000	0.000	8/10/2021	120,543.55
Sub Total / Average Sell		115,000.00	120,287.30	256.25				120,543.55
Withdraw								
CAMP LGIP	LGIP4000	6,500,000.00	6,500,000.00	0.00	N/A	0.000	8/24/2021	6,500,000.00
CAMP LGIP	LGIP4000	3,000,000.00	3,000,000.00	0.00	N/A	0.000	8/12/2021	3,000,000.00
Union Bank Cash	LGIPUNIONBANK	7,136,144.60	7,136,144.60	0.00	N/A	0.000	8/30/2021	7,136,144.60
Sub Total / Average Withdraw		16,636,144.60	16,636,144.60	0.00				16,636,144.60

ATTACHMENT FOR REFERENCE

MONTHLY OPERATIONS REPORT FOR THE MONTH AUGUST 2021 TECHNICAL SUPPORT WORK GROUP SUMMARY

Capital Improvement Program

Aeration Blower No. 11 Project – Conduit installation in the East Blower Room was in progress.

Alvarado Influent Pump Station Improvements Project – Operational test of the new Pump 3 was not completed due to oil leak. The pump was shipped to the manufacturer for repair. Installation of Pumps 1 and 2 piping and conduits continued.

Cathodic Protection System Improvements Project – Submittals review was in progress.

Centrifuge Building Improvements Project - Submittals review was in progress. New sludge conveyors have been delivered and are onsite.

Emergency Outfall Improvements Project – Contractor completed pre-construction biological survey, survey of the work site, and began locating the existing Emergency Outfall pipe within the plant property.

FY21 Cast Iron/Pipe Lining Project - Contractor completed corrective action items to achieve substantial completion. Project close out in progress.

FY21 Gravity Sewer Rehabilitation/Replacement Project – Phase VII – Contractor completed rehabilitation work on the Pine Street Easement retaining wall and began repairing the sewer main by the Gurdwara Road/Terrace Drive Easement.

Headworks Screens Replacement Project – Replacement of the 3/8” screen components with 1/4” on Mechanical Screen No. 3 is anticipated to take place in October.

Primary Digester No. 2 Rehabilitation Project – The Board accepted the project.

Primary Digester No. 7 Project – Installation of exterior piping, valves, and electrical conduits for Digester No. 7 was in progress. Operational testing of the heating, mixing, and conveyance equipment is scheduled for September.

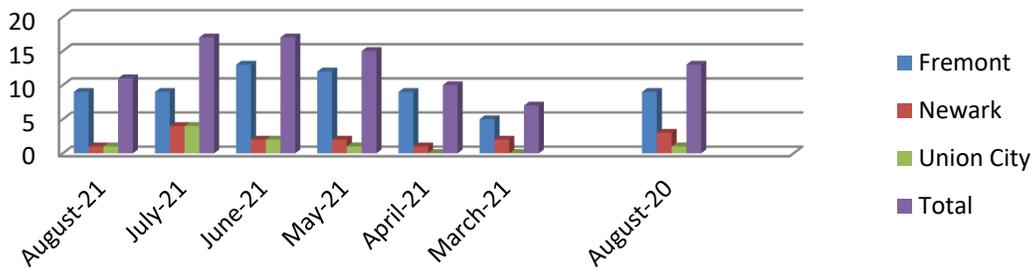
Wet Weather Flow Management – Calcium Thiosulfate Chemical Feed System – Installation of chemical pumps, above-ground piping, and appurtenances is complete. Pump local-control panels have been delivered to the jobsite, and electricians continued to install conduit and conductors.

ATTACHMENT FOR REFERENCE

Customer Service

Trouble Calls dispatched from the Front Desk during business hours:

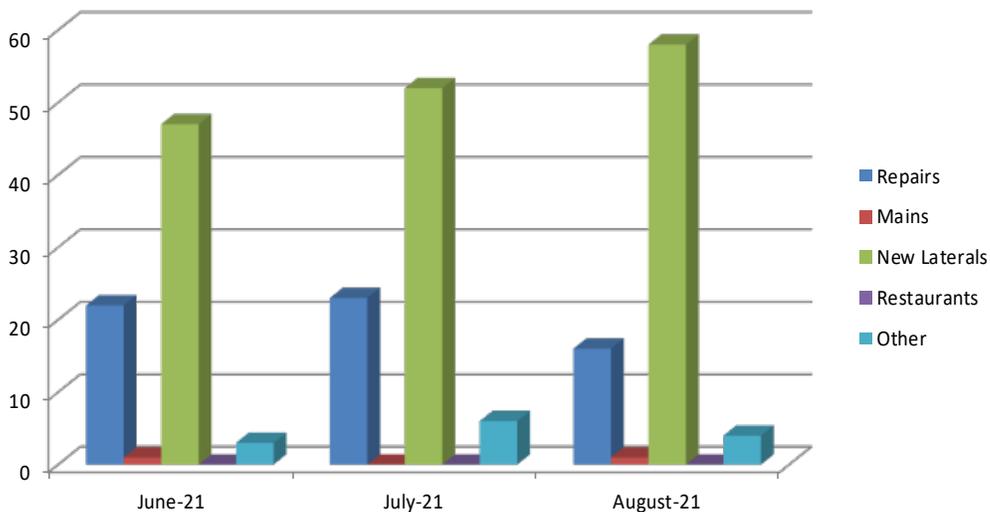
Month	Fremont	Newark	Union City	Total
August-21	9	1	1	11
July-21	9	4	4	17
June-21	13	2	2	17
May-21	12	2	1	15
April-21	9	1	0	10
March-21	5	2	0	7
<i>August-20</i>	<i>9</i>	<i>3</i>	<i>1</i>	<i>13</i>
6-Month Total				77



Sewer Permits Issued

Month	Repairs	Mains	New Laterals	Restaurants	Other
August-21	16	1	58	0	4
July-21	23	0	52	0	6
June-21	22	1	47	0	3

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



ATTACHMENT FOR REFERENCE

Communication

- Social Media Posts
 - Engineering Technician I/II recruitment
 - Oro Loma Sanitary District birthday congratulations
 - Administrative Specialist I/II recruitment
 - Wipes Clog Pipes Environmental post
- Website Updates:
 - USD Issues Bond to Finance Infrastructure Projects on News and Events web page
 - Uploaded Press release to Press Releases Archives web page
- Participated as member of Union City Chamber Board of Directors:
 - Participated in Chamber/City of Union City Human Relations Commission Smith Street Cleanup event August 7, 2021

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 83 Stormwater (Urban Runoff), and 51 FOG (restaurant) inspections. During this reporting period, Inspectors identified 29 Stormwater and 11 FOG enforcement actions. Twenty-four (24) of the Stormwater enforcements resulted in administrative fines ranging from \$100 to \$1,000 for each violation. None of the administrative fines were issued for illicit discharge violations.

Urban Runoff (UR) Inspections and Enforcements

August 2021	Number of UR Inspection	VW	WL	NOV	AF	LA	NOD	Total Enforcements	No. of Illicit Discharge/s	0
	83	2	0	3	24	0	0	29	% Enforcement	35%

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

August 2021	Number of FOG Inspections	VW	WL	NOV	AF	LA	NOD	Total Enforcements	% Enforcement	22%
	51	11	0	0	0	0	0	11		

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

ATTACHMENT FOR REFERENCE

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 NEW 100	
Membrane Technology Research	
Sonova	
Estuary LLC	
Tenaya Therapeutics, LLC	

Permits Issued

Company Name	Date Permit Issued
Bionova Scientific LLC	8/2/2021

Industrial Permit Closures

Company Name	Date of Closure
None	

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

Report Name	Date Report Completed and Submitted
Pollution Prevention Annual Report FY 20-21	8/19/21

Enforcement Action

Industrial User Name & Nature of Business	Comments	City	Parameter Violated	Discharge concentration (mg/L)	USD/Fed Limit Violated(mg/L)	Enforcement
Allogene Therapeutics, Inc.		Newark	Copper	2.71	2.0	NOV21-009
Vishay-Applied Thin-Film Products	Self-reported notification of Slug Discharge of solvent to the sanitary sewer	Fremont	NA	NA	Permit Condition G2.14 Discharge of Hazardous Waste	WL21-002

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

(1) WL – Warning Letter,

NOV – Notices of Violation,

AO – Administrative Order

C&D – Cease and Desist Order,

SNC – Significant Non-Compliance,

EM – Enforcement Meeting

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

Activity	Date of Event	Organization & Attendees
CWEA Toolbelt Training: FOG and Industrial Permitting	8/18	Doug Dattawalker, Alex Paredes
BAPPG Pollutant Prioritization Meeting	8/18	Doug Dattawalker

ATTACHMENT FOR REFERENCE

Engineering/Construction

No. of projects under construction: **11**

	Construction Projects	Capital (\$1000)	Scheduled Completion	Completed Scope	Completed Time	Comments for August 2021 Activities
1.	Aeration Blower No. 11 Project - Derek	\$1,652	12/21	35%	76%	Conduit installation in the East Blower Room in progress.
2.	Alvarado Influent Pump Station Improvements Project – Thomas	\$8,890	10/21	70%	92%	Operational test of the new Pump 3 was not completed due to oil leak. The pump was shipped to the manufacturer for repair. Installation of Pumps 1 and 2 piping and conduits continued.
3.	Cathodic Protection System Improvements Project - Thomas	\$483	1/22	5%	40%	Submittals review in progress.
4.	Centrifuge Building Improvements Project – Somporn	\$688	10/21	40%	79%	Submittals review in progress. New sludge conveyors are onsite.
5.	Emergency Outfall Improvements Project – Andrew	\$1,399	1/22	10%	40%	Contractor completed pre-construction biological survey, survey of the work stie, and began locating the existing Emergency Outfall pipe within the plant property.
6.	FY21 Cast Iron/Pipe Lining Project – Andrew	\$307	5/21	100%	100%	Contractor completed corrective action items to achieve substantial completion. Project close out in progress.
7.	FY21 Gravity Sewer Rehabilitation/Replacement Project – Phase VII	\$595	10/21	24%	60%	Contractor completed rehabilitation work on the Pine Street Easement retaining wall and began spot repairs of the sewer main by the Gurdwara Road/Terrace Drive Easement.
8.	Headworks Screens Replacement Project – Thomas	\$1,822	7/21	98%	98%	Replacement of the 3/8” screen components with 1/4” on Mechanical Screen No. 3 is anticipated to take place in October.
9.	Primary Digester No. 2 Rehabilitation Project – Derek	\$3,058	10/20	100%	100%	The Board accepted the project.
10.	Primary Digester No. 7 Project – Curtis	\$23,460	12/21	91%	90%	Installation of exterior piping, valves, and electrical conduits for Digester No. 7 in progress.

ATTACHMENT FOR REFERENCE

	Construction Projects	Capital (\$1000)	Scheduled Completion	Completed Scope	Completed Time	Comments for August 2021 Activities
11.	Wet Weather Flow Management – Calcium Thiosulfate Chemical Feed System – Kevin/Blake	\$624	06/21	65%	136%	Installation of local-control panels and above ground conduit/conductors in progress. Startup and testing estimated to start late September to early October.

ATTACHMENT FOR REFERENCE

Design/Study

No. of projects in design/study phase: **11**

	Design/Study Projects	Capital (\$1000)	Scheduled Completion	Completed Scope	Completed Time	Comments for August 2021 Activities
1.	Cherry Street Pump Station Improvements Project – Derek	\$72	06/21	100%	100%	100% design submittal was received.
2.	Force Main Condition Assessment – Andrew	\$121	10/22	60%	87%	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%	89%	Project construction is pending the completion of Force Main Relocation Project.
4.	Irvington Basin Masterplan Update - Andrew	\$378	11/21	89%	86%	Meeting to discuss capacity deficiencies and future projects held on August 12 th . Continued analysis of pollutant travel times for Irvington Basin.
5.	Irvington Basin Reinforced Concrete Pipe Rehabilitation Project - Andrew	\$271	10/21	45%	66%	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	99%	100%	Draft Final Report was received. Consultant working on incorporating District comments.
8.	Plant Miscellaneous Improvements Project – Derek	\$185	03/22	0%	5%	Kickoff meeting was held on August 11 th .
9.	Pump Stations Chemical System Improvements Project - Thomas	\$738	10/21	60%	84%	90% design submittal in progress.
10.	Standby Power Generation System Upgrade Project – Kevin	\$2,281	01/21	89%	89%	Preparation of 100% design submittal in progress. Revised Addendum to IS/NMD circulated for public comment.
11.	WAS Thickener Replacement Project – Derek	\$807	06/21	100%	100%	100% design submittal was received.

ATTACHMENT FOR REFERENCE

COLLECTION SERVICES ACTIVITIES REPORT AUGUST 2021

Progress/Accomplishments

- No stoppages/no spills in August
- Completed 13.51 miles of sewer main cleaning in August
- Completed 10.92 miles of sewer main inspection in August
- Responded to 18 service request calls in August
- Completed a total of 31 sewer main repairs in August

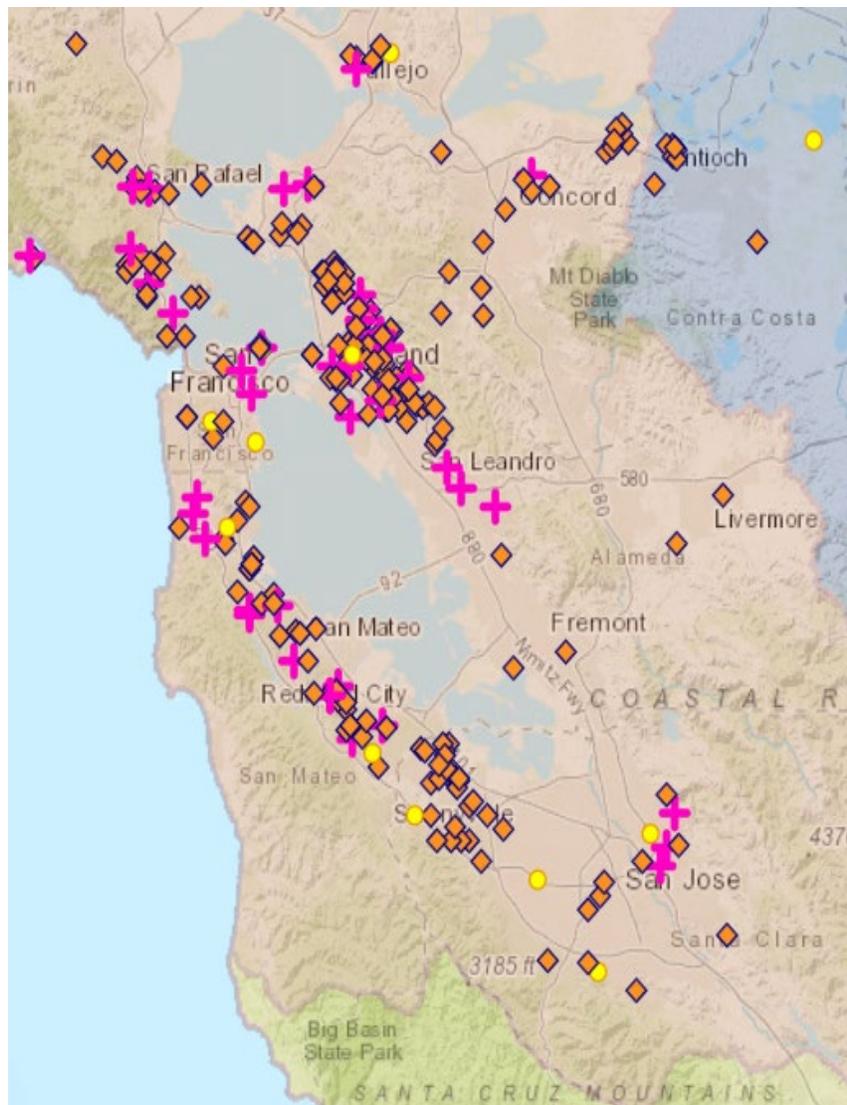
Trainings/Significant Events

- CPR
- Haz Mat Training

Reported Bay Area Spills August 31, 2020 to August 31, 2021

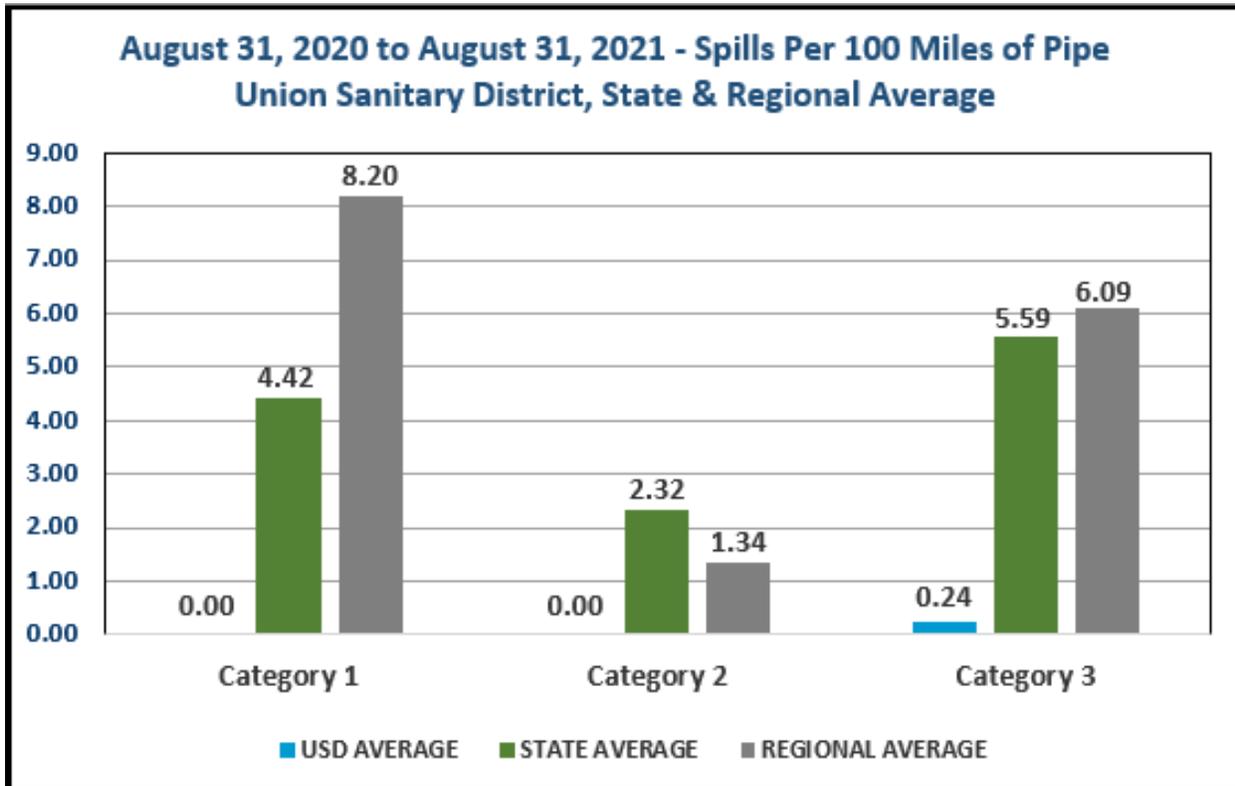
MAP LEGEND

	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



ATTACHMENT FOR REFERENCE

August 31, 2020 to August 31, 2021 Spills Per 100 Miles of Pipe Union Sanitary District, State & Regional Average



Spill Rate Statistics - August 31, 2020 to August 31 2021

Spills per 100 Miles of Pipe

	Category 1	Category 2	Category 3
USD AVERAGE	0.00	0.00	0.24
STATE AVERAGE	4.42	2.32	5.59
REGIONAL AVERAGE	8.20	1.34	6.09

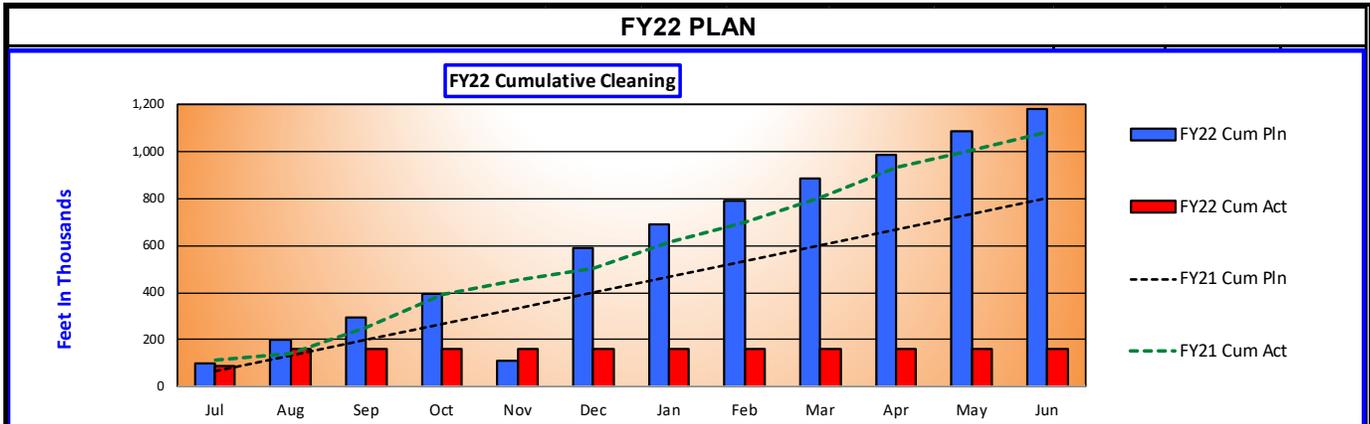
Category 1 - 1,000 gallons or more. Discharges to surface water, not fully captured

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

ATTACHMENT FOR REFERENCE

Performance Measures

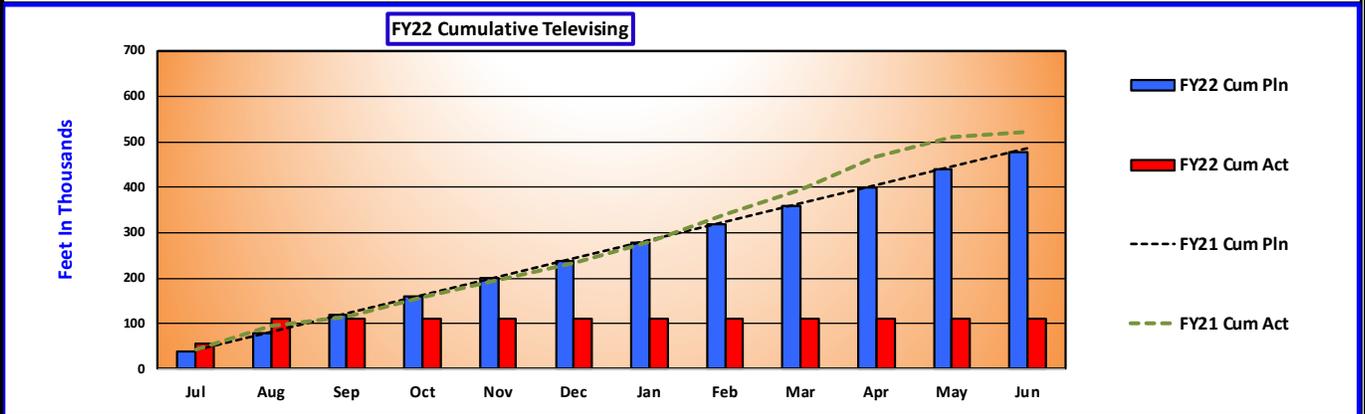


Cleaning Actual Footages/Costs

August-21 Clean Cost/Ft = \$1.07

Description	Jul-21 Footage	Aug-21 Footage	Sept-21 Footage	FY22 Q1 Footage	FY22 YTD Footage	FY21 Footage	FY22 YE Goal	% Cmpl to Plan
84 Month Hydro-Jet Clean	77,637	24,994		102,631	102,631	537,616	634,499	16.2%
Selective Line Cleaning	3,554	37,871		41,425	41,425	200,764	193,168	21.4%
Special Condition Clean (NIC in Total)	1,691	0		1,691	1,691	23,622	24,124	7.0%
Root Control/Chemical Cln	5,314	8,463		13,777	13,777	338,555	354,820	3.9%
Other Special Projects (NIC in Total)	0	0		0	0	0	0	0.0%
Spills/Stoppages (NIC in Total)	0	0		0	0	0	0	0.0%
Totals	86,505	71,328	0	157,833	157,833	1,081,602	1,182,487	13.3%

FY22 PLAN



Televising Actual Footages/Costs

August-21 TVCost/Ft = \$1.81

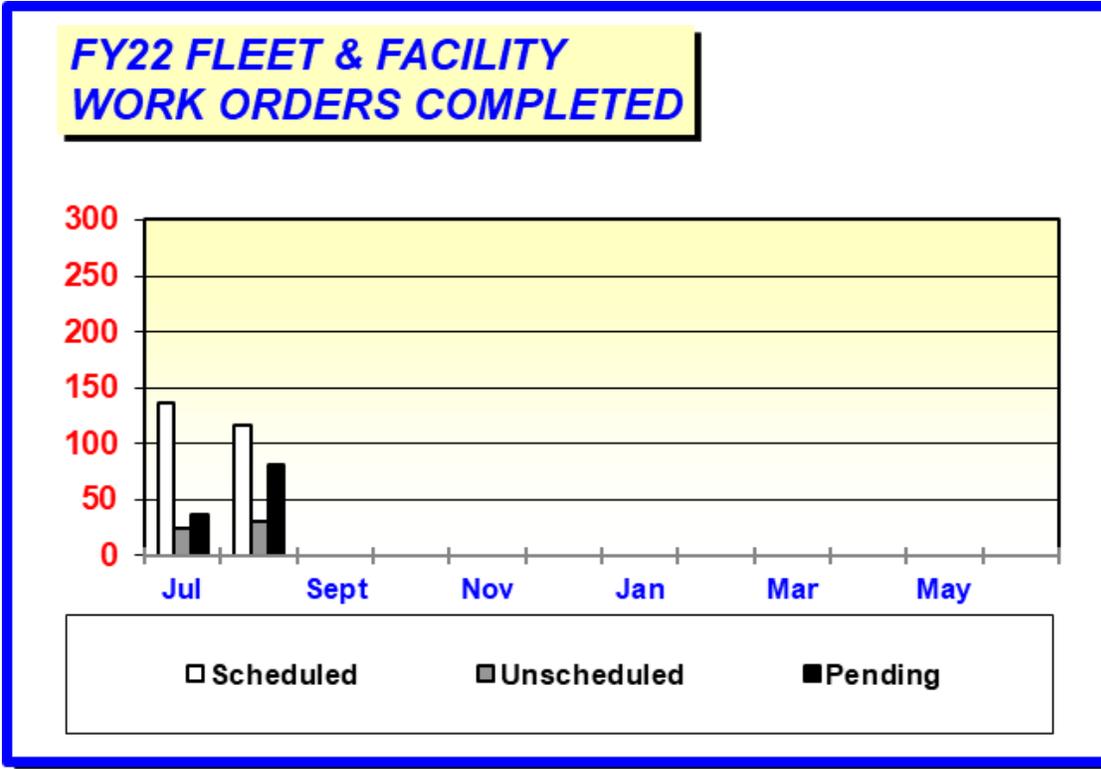
Description	Jul-21 Footage	Aug-21 Footage	Sept-21 Footage	FY22 Q1 Footage	FY22 YTD Footage	FY21 Footage	FY22 YE Goal	% Cmpl to Plan
84 Month TV Inspection	54,694	49,240		103,934	103,934	481,639	423,311	24.6%
84 Month Manhole Inspection Count	129	136		265	265	1,163	2,351	11.3%
Visual/Condition, Pre/Post Cnst TV (NIC in total)	0	0		0	0	1,793	17,347	0.0%
Visual Manhole Inspection Count	24	49		73	73	329	-	-
New Development, CIP, Misc. (NIC in total)	1,627	2,370		3,997	3,997	33,140	39,736	10.1%
QA/QC Line Condition	0	0		0	0	19,201	19,317	0.0%
QA/QC Root Control	0	6,031		6,031	6,031	22,270	35,482	17.0%
Totals	54,694	55,271	0	109,965	109,965	523,110	478,110	23.0%

ATTACHMENT FOR REFERENCE

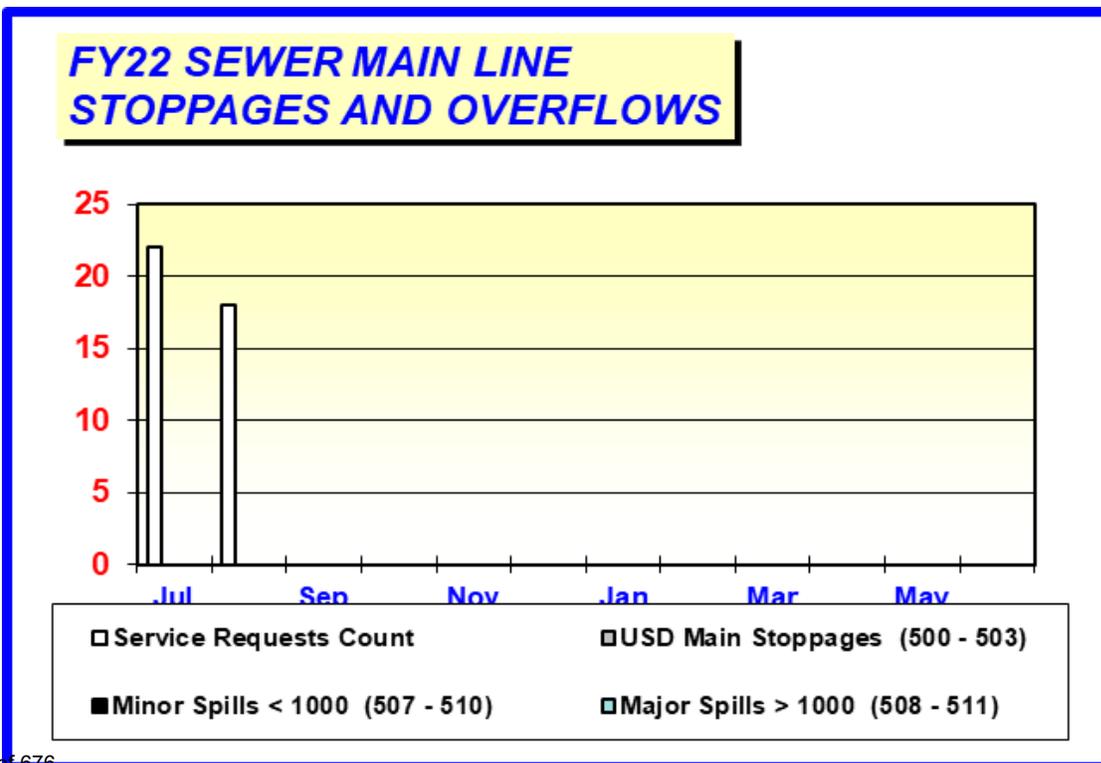
Other Collection Services Status Data:

Support Team Work Order Status:

C/S



Maintenance Status:



ATTACHMENT FOR REFERENCE

Fabrication, Maintenance and Construction Activities Report August 2021

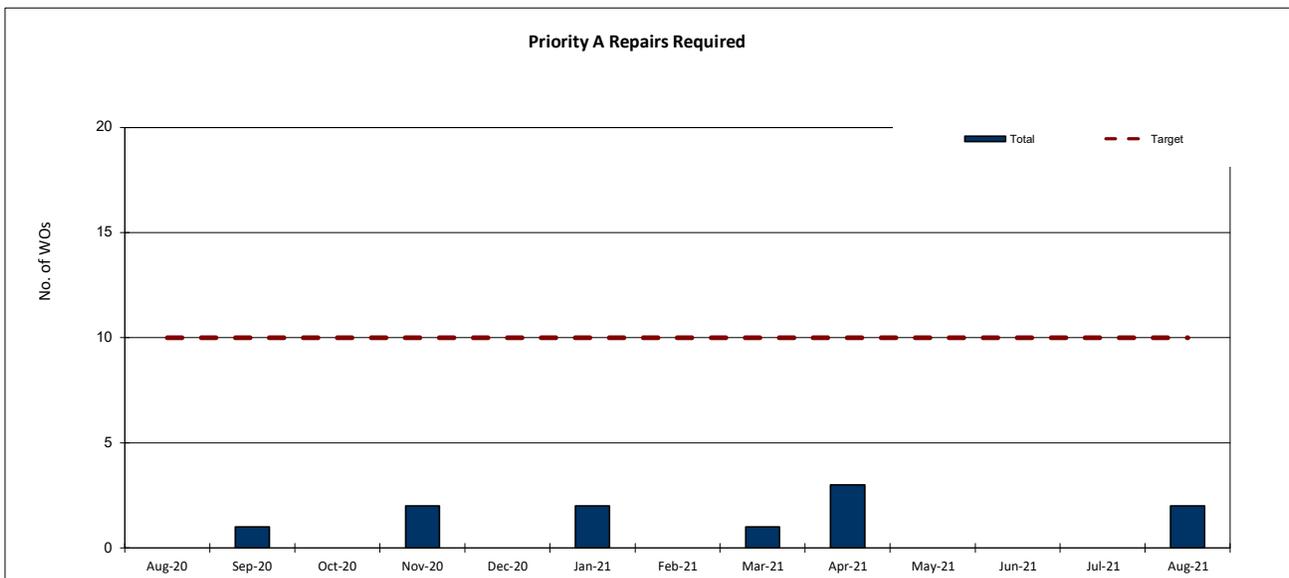
Progress/Accomplishments

- Completed 98.76% of preventive maintenance activities for the month of August
- Completed 100 corrective maintenance work orders for the month of August
- East Force Main layup for replacement
- East Force Main start up thru bypass
- Secondary Clarifier's 1 and 2 annual services
- Odor Scrubber 18 overhaul
- SOSR support for Force Main replacement, Digester 7, APS upgrade, Centrifuge conveyor replacement.

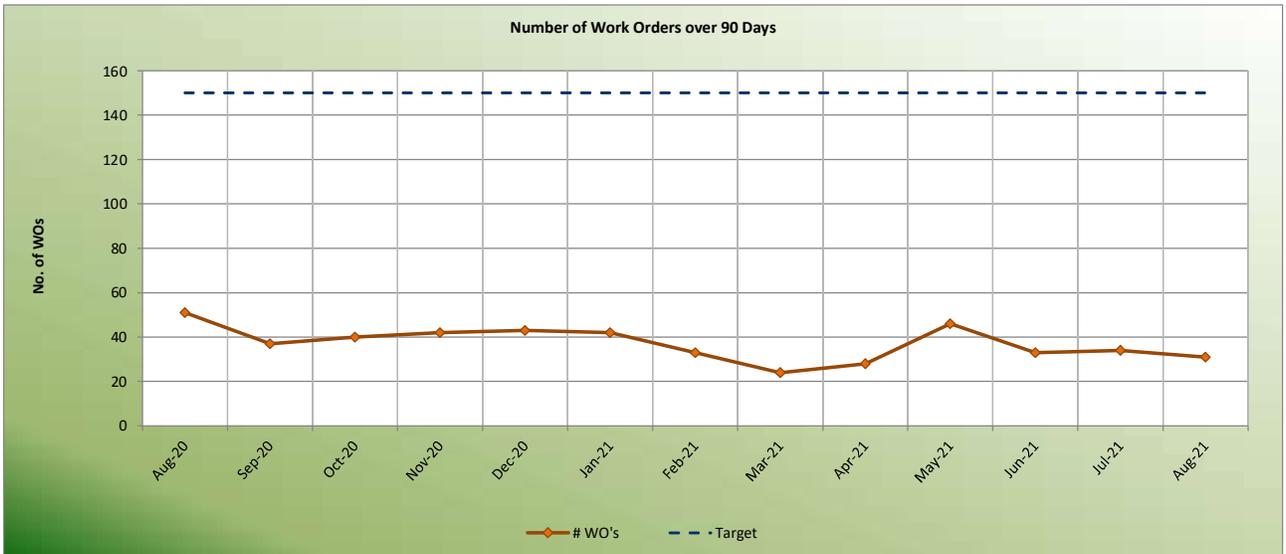
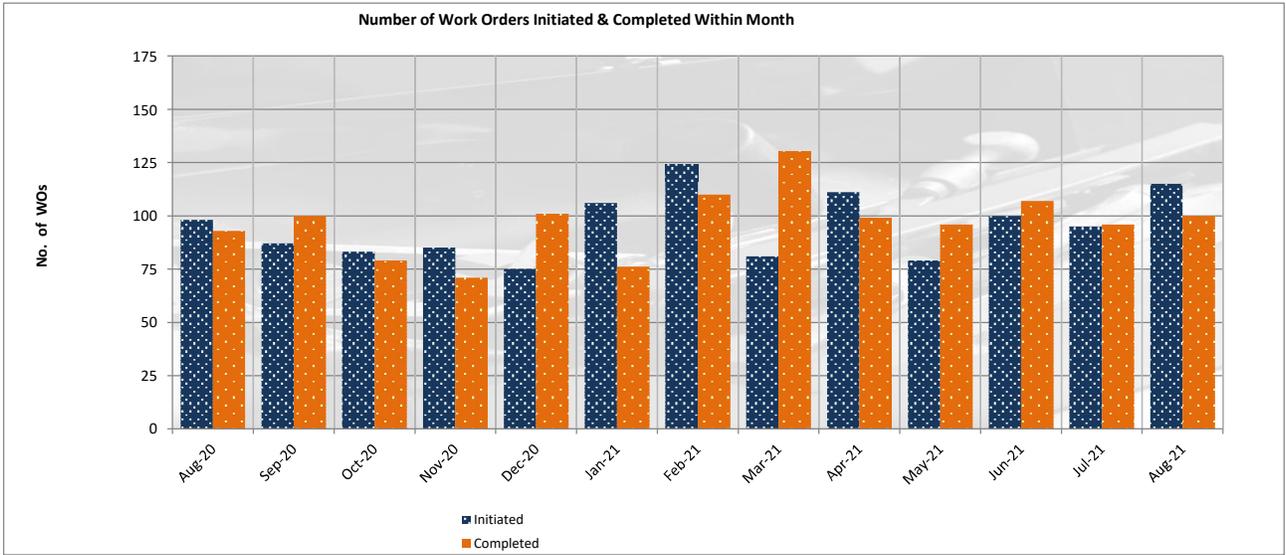
Future Planning

- Co-gen 1 10K service
- Co-gen 2 valve adjustment
- Thickener pump 6 check valve replacement
- Dewatering and grit removal of Headworks channel 3
- Shutdown for Calcium Thiosulfate project
- Take east force main offline to allow for connection on new east force main.

Performance Measurements



ATTACHMENT FOR REFERENCE



ATTACHMENT FOR REFERENCE

Treatment & Disposal Activities Report August 2021

Progress/Accomplishments

- Maintained 100% compliance with National Pollutant Discharge Elimination System (NPDES) permits
- Completed 98% preventive maintenance activities for the month of August
- Issued a final offer and onboarded the new Limited Duration Plant Operator III Trainee
- Successfully completed annual performance testing for Environmental Laboratory Accreditation Program (ELAP) certification for chemistry and microbiology
- Attended the BACWA Nutrient Strategy Team meeting

Future Planning

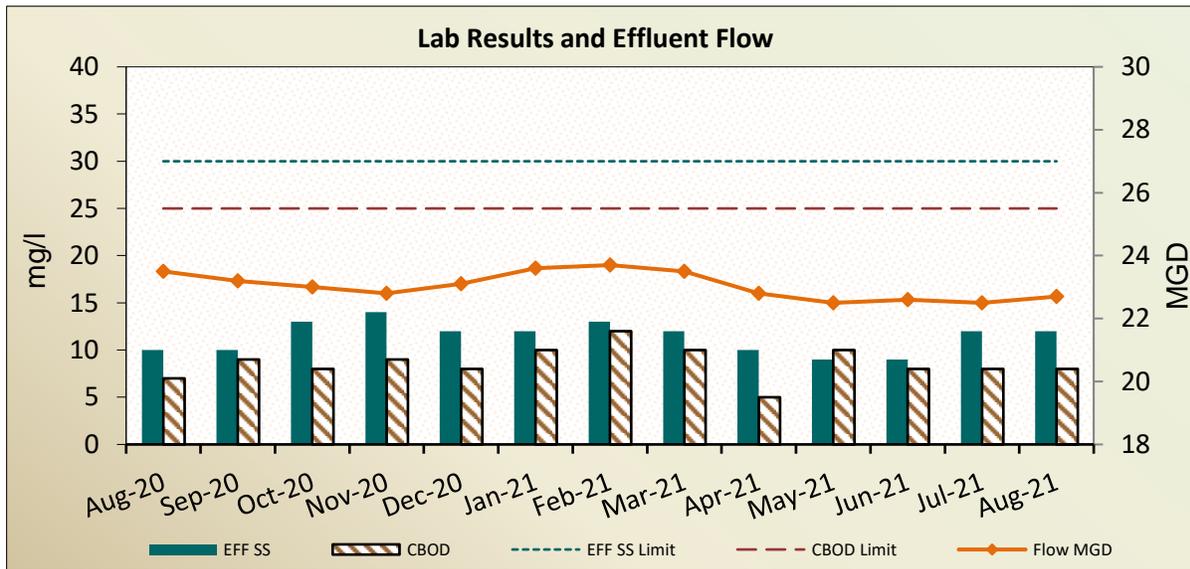
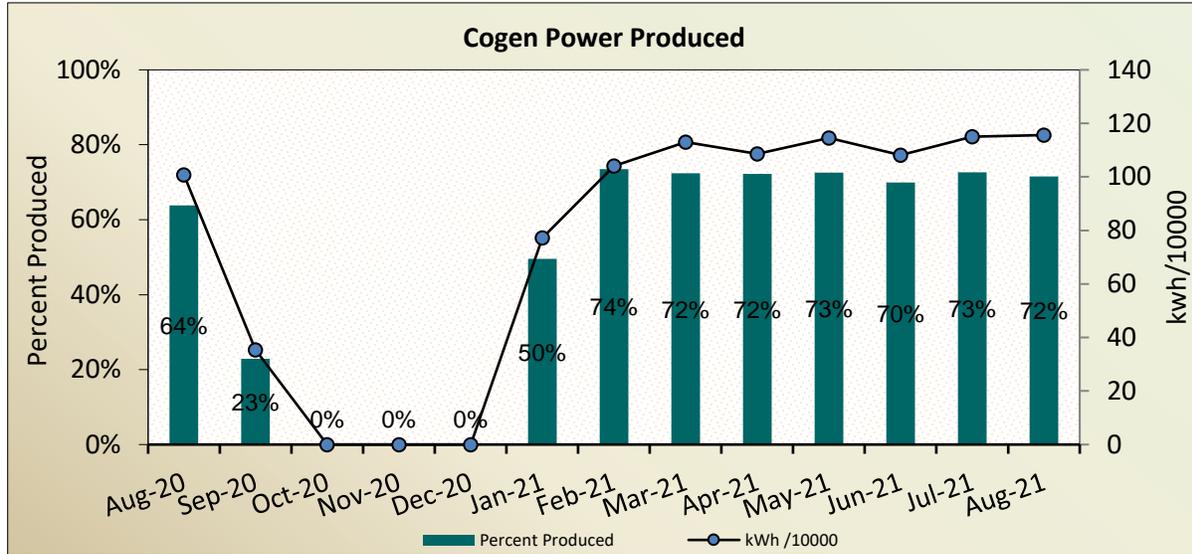
- Complete review for NPDES permit application for the East Bay Discharger's Authority (EBDA)
- Complete Bay Area Air Quality Management District (BAAQMD) info updates for Newark Pump Station (NPS) and Irvington Pump Station (IPS)

Other

- Cogeneration system produced 72% of power consumed for the month of August

ATTACHMENT FOR REFERENCE

Performance Measurements



USD's Final Effluent Monthly Monitoring Results				
Parameter	EBDA Limit	Jun-21	Jul-21	Aug-21
Copper, µg/l	78	4.0	4.4	4.1
Mercury, µg/l	0.066	0.0022	0.0032	0.0021
Cyanide, µg/l	42	E 0.94	E 1.3	E 1.3
Ammonia- N, mg/L (Range)	130	40.6 - 43.8	40.0 - 44.1	42 - 47.4
Fecal Coliform, MPN/100ml (Range)				
• 5-Day Geometric Mean	500	52 - 70	42 - 63	38 - 64
• 11-Sample 90th Percentile	1100	71 - 78	78 - 96	155 - 155
Enterococci				
• Monthly Geometric Mean	240	20.6	21.0	13.2

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

**NOVEMBER 8, 2021
UNION SANITARY DISTRICT FINANCING AUTHORITY
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 8**

TITLE: AUTHORIZING THE EXECUTION AND DELIVERY OF A WIFIA LOAN AGREEMENT IN ACCORDANCE WITH THE TERM SHEET, A WIFIA NOTE, AN INSTALLMENT PURCHASE AGREEMENT AND CERTAIN OTHER DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS (This is a Motion Item)

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

Recommendation

Staff recommends the Board of Directors of the Union Sanitary District Financing Authority (USDFA) adopt the attached resolution authorizing execution and delivery of a WIFIA Loan Agreement in support of the fixed-rate WIFIA Loan up to \$188,758,204 to partially fund the ETSU projects and authorizing the execution and delivery of certain documents and other actions in connection therewith.

Discussion

Staff submitted an Environmental Protection Agency (EPA) Water Infrastructure Finance and Innovation Act (WIFIA) loan application on April 30, 2021. The WIFIA loan will be used to fund 49% of the current estimated costs of the design and construction of the ETSU project.

Attached is a substantially final draft of the WIFIA Loan Agreement, Installment Purchase Agreement and the WIFIA Term Sheet for consideration by the Board.

Since April 30, 2021, District staff, bond counsel, and financial advisor have been working with the EPA and their consultants to develop the final draft loan agreement and term sheet contained in this packet for the Boards consideration and approval and prepare the necessary legal documentation.

Benefits of the WIFIA loan includes:

- A single fixed interest rate is established at loan closing and is fixed for the term of the construction period and loan repayment. The District may receive multiple disbursements over several years at the same fixed interest rate or a single draw can be made within one year following substantial completion of the project.
- The WIFIA loan will be subordinated to existing District senior debt.
- WIFIA loan payments may be deferred up to five years after the project's substantial completion.
- WIFIA loans can be combined with various funding sources such as cash, State Revolving Fund loans or bonds.
- The loan can be prepaid once annually in an amount not less than \$500,000 and there is no prepayment penalty with the WIFIA loan.
- The WIFIA loan can be used to retire interim debt (e.g. short term notes, commercial paper or short term loans) used to finance the ETSU project during construction to take advantage of lower short-term interest rate, if applicable. This may allow the District to reduce the cost of funding ETSU assuming interest rates and yields are favorable.

Based upon estimates of interest rates as of October 27, 2021, the 35-year WIFIA loan, which has a rate of 2.15%, has significant net present value (NPV) savings of approximately \$37 million over the life of the WIFIA Loan versus a tax-exempt debt issuance to finance the ETSU project which has a rate of 2.67%. The WIFIA program sets its interest rate based on a U.S. Treasury rate plus one basis point on the date of loan closing. The rate is calculated using the weighted average life (WAL) of the loan rather than the loan maturity date. The WAL is generally shorter than the loan's actual length resulting in a lower interest rate. The WAL of the WIFIA loan is about 21 years versus the loan maturity of 35 years. The District will have the ability to use interim obligations, if economically beneficial, or an SRF Loan to fund construction needs of the WIFIA portion of the ETSU project and begin paying debt service after substantial completion.

The current plan to finance the remaining balance of the ETSU program includes the following:

1. \$80 million dollars from the 2021A Revenue Bonds issued in July of 2021.
2. \$88 million dollars in future debt from either the State Revolving Fund (SRF) loan or a Revenue Bond issuance.

USDFA Resolution

The resolution presented for consideration authorizes the execution and delivery of the Loan and authorizes staff to finalize and execute, as applicable, the following documents in the forms attached, with any changes recommended by General Counsel or Bond Counsel and approved by the person that executes the document, namely the Chair, the Vice Chair or the Executive Director:

1. Installment Purchase Agreement - between the District and the USDFA which establishes the specific terms and conditions under which the District is obligated to pay installment payments to the USDFA, which installments are assigned by the USDFA to the EPA to repay the WIFIA Loan. The Installment Purchase Agreement contains certain financial covenants of the District to provide security for the funds to be applied to repay the WIFIA Loan (i.e. setting rates and charges and conditions required in order to incur additional debt).
2. WIFIA Loan Agreement – between the USDFA and EPA that governs various terms and conditions of the WIFIA Loan including, but not limited to, the term and interest rate, security for the WIFIA Loan, conditions to loan disbursements, covenants of the USDFA and the District, terms of repayment and prepayment and events of defaults and remedies.

Good Faith Estimates

Set forth below are good faith estimates of Fieldman, Rolapp & Associates, Inc., the Municipal Advisor, as required under Section 5852.1 of the California Government Code (the “Code”).

- a) The true interest cost of the WIFIA Loan is estimated at 2.15%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.
- b) The finance charge of the WIFIA Loan, including all fees and charges paid to third parties, is estimated at \$530,000 (inclusive of the application fee). The annual servicing fee paid to the EPA is estimated at \$15,970 before substantial completion of the project and \$7,990 upon reaching substantial completion.
- c) Proceeds of the WIFIA Loan to be received by the District for the execution and delivery of the loan, including the estimated principal amount of the proposed loan of \$188,758,204, will be available to fund \$188,758,204 of the project costs and the applicable deferred interest, if any. The finance charges set forth in (b) above are not included in the loan proceeds.
- d) The total payment amount of the WIFIA Loan calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at \$271,062,803.

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 loan and authorizes staff and the finance team to execute certain actions in connection therewith.

Background

The ETSU Program is the culmination of the District’s planning efforts and is based on the outcomes and findings of the Plant Solids System/Capacity Assessment – Phases 1 and 2, Administration/Control/FMC Buildings Evaluation, the Effluent Management Study and the Secondary Treatment Process Improvements evaluation. The program includes projects recommended for implementation that will be phased to address both immediate drivers (poor sludge settleability, treatment capacity, effluent disposal and aging infrastructure), while preparing for future requirements such as nutrient regulations for discharge in the Bay that are currently being considered by the Regional Water Quality Control Board.

The Phase 1 and 2 projects included in this program were presented to the Board during the workshop held on May 8, 2019 and are summarized in the Final Report which was approved by the Board on August 26, 2019. A third phase of projects was briefly outlined that covered the timeframe from 2040 to 2058 and included potentially stricter nutrient limits in the more distant future. The projects identified in the ETSU Program and modified by the 30% design report to be implemented in the near-term (the next seven to ten years) are included in Phase 1 and are summarized in the table below.

Phase 1A	Aeration Basin Modifications	Retrofitting existing Aeration Basins 1 through 7 and construction of an 8 th aeration basin with the flexibility to operate initially with an anaerobic selector during the implementation phase and transitioning to a biological nutrient removal (BNR) process following completion of the Phase 1B Project.
Phase 1A	Campus Building (Admin, FMC, Ops)	Construction of a new combined Campus Building, including associated site and utility improvements.
Phase 1B	Secondary Clarifiers	Construction of four new 160-foot diameter secondary clarifiers, mixed liquor control box, and centralized RAS pump station.
Phase 1B	Effluent Facilities	Construction of new chlorination/dechlorination contact basins, effluent pump stations, and relocation of existing effluent force main.
Phase 1C	Plant Equalization Storage	Retrofitting existing Secondary Clarifiers 1 through 4 to operate as primary effluent equalization basins.

The full version of the ETSU Program report, including appendices, can be found at the following link: <https://unionsanitary.ca.gov/ETSU>.

Previous Board Action

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 loan will be issued by the USD Financing Authority and 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 loan will be governed by the Installment Purchase Agreement in the form presented at this meeting.

On October 8, 2020, staff submitted a Letter of Interest, for the financial assistance program with the EPA WIFIA program for an estimated \$188 million loan to partially fund the ETSU projects. The EPA notified the District on January 6, 2021, that the ETSU project was selected to submit an application for credit assistance. The application was submitted to the EPA on April 30, 2021.

On March 8, 2021, the Board adopted a resolution authorizing the preparation and submission of an EPA WIFIA application for the ETSU Phase 1 Project.

Attachments:

USDFA Resolution

Installment Purchase Agreement

WIFIA Loan Agreement

WIFIA Term Sheet

UNION SANITARY DISTRICT FINANCING AUTHORITY

RESOLUTION NO. __

**A RESOLUTION OF THE BOARD OF DIRECTORS OF UNION
SANITARY DISTRICT FINANCING AUTHORITY AUTHORIZING THE
EXECUTION AND DELIVERY OF A WIFIA LOAN AGREEMENT, A
WIFIA NOTE, AN INSTALLMENT PURCHASE AGREEMENT AND
CERTAIN OTHER 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 notes 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 "Project"); and

WHEREAS, in order to provide for the financing and/or refinancing for the Project, the District has submitted an Application for Financial Assistance to the United States Environmental Protection Agency ("EPA") for a loan under the authority of the Water Infrastructure Finance and Innovation Act (the "WIFIA Loan") to be made to USDFA by the EPA, acting by and through the Administrator of the Environmental Protection Agency (the "WIFIA Lender"); and

WHEREAS, USDFA and the WIFIA Lender have negotiated the terms of the proposed WIFIA Loan which are set forth in a term sheet (the "WIFIA Term Sheet") and a WIFIA loan agreement (the "WIFIA Loan Agreement"), and such documents have been approved by the District; and

WHEREAS, USDFA's obligation to repay the WIFIA Loan will be evidenced by the issuance and delivery by USDFA to the WIFIA Lender of a promissory note (the "WIFIA Note"); and

WHEREAS, USDFA is authorized under the provisions of the joint powers agreement creating USDFA, to enter into the WIFIA Loan Agreement and execute and deliver the WIFIA Note and to pledge payments received by USDFA from the District to secure the WIFIA Loan Agreement and the WIFIA Note; and

WHEREAS, the WIFIA Loan will be payable from revenues of USDFA consisting primarily of payments made to USDFA by the District under an installment purchase agreement between USDFA and the District (the "Installment Purchase Agreement"); and

WHEREAS, the Board of Directors of USDFA (the “Board of Directors”) wishes to take its action at this time authorizing the execution and delivery of the WIFIA Term Sheet, the WIFIA Note, the Installment Purchase Agreement and the WIFIA Loan Agreement and approving related financing documents and official actions; and

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. WIFIA Loan. The Board of Directors hereby authorizes the incurrence of the WIFIA Loan in accordance with the terms of the WIFIA Term Sheet, the WIFIA Note and the WIFIA Loan Agreement, which documents are authorized to be finalized and executed in accordance with Sections 3 and 4 below; provided, however, that the WIFIA Term Sheet, the WIFIA Note and the WIFIA Loan Agreement shall only be executed if the total principal amount authorized to be drawn thereunder does not exceed \$190,000,000 (excluding capitalized interest).

SECTION 3. Installment Purchase Agreement. The proposed form of the Installment Purchase Agreement, 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”) is authorized and directed to execute and deliver the Installment Purchase Agreement, in substantially the form approved herein, with any changes recommended by USDFA General Counsel or Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel (“Bond Counsel”), and approved by the Authorized Officer executing the Installment Purchase Agreement, with execution being conclusive evidence of such approval.

SECTION 4. The WIFIA Term Sheet, WIFIA Note and the WIFIA Loan Agreement. The WIFIA Term Sheet, the WIFIA Note and the WIFIA Loan Agreement, as made available to the Board of Directors, are hereby approved. Any Authorized Officer is authorized and directed to execute and deliver the WIFIA Term Sheet, the WIFIA Note and the WIFIA Loan Agreement, with any changes recommended by General Counsel or Bond Counsel and approved by the Authorized Officer executing the same, with execution being conclusive evidence of such approval.

SECTION 5. 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 6. Debt Management Policy. The Board of Directors hereby finds that the proposed financing of the 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 Project is inconsistent with any provisions of the Policy, such provisions of the Policy are hereby waived.

SECTION 7. 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 Installment Purchase Agreement, WIFIA Term Sheet, the WIFIA Note and the WIFIA Loan Agreement and otherwise effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

SECTION 8. Definitions. Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given such terms in the WIFIA Loan Agreement unless the context otherwise clearly requires.

SECTION 9. Effect. This Resolution shall take effect immediately.

SECTION 10. 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 8th day of November, 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 November __, 2021

Relating to

\$ _____

**UNION SANITARY DISTRICT FINANCING AUTHORITY
WIFIA LOAN AGREEMENT**

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INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT, is entered into and dated as of November __, 2021, 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 “**2021B Project**”).

B. The USDFA has agreed to assist the District in financing the 2021B 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. USDFA, the District and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (the “**Authority Lender**”), have entered into a WIFIA Loan Agreement dated November __, 2021 (the “**WIFIA Loan Agreement**”), secured, inter alia, by the payments to be made by the District to USDFA under this Installment Purchase Agreement, to finance the WIFIA Portion of the 2021B Project.

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 WIFIA Loan Agreement.

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 3.04.

Authority Lender

The term "Authority Lender" has the meaning provided in the fifth WHEREAS clause herein.

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.

Event of Default

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

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.

Installment Purchase Agreement

The term “Installment Purchase Agreement” means this Installment Purchase Agreement, by and between the District and the USDFA, dated November __, 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.

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 continued pursuant to Section 5.02.

Series 2021B Installment Payment Date

The term “Series 2021B Installment Payment Date” has the same meaning as “WIFIA Installment Payment Date” as defined in the WIFIA Loan Agreement.

Series 2021B Installment Payments

The term “Series 2021B Installment Payments” means the installment payments of principal and interest 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 5.02(c) and Section 5.02(e) hereof.

Treasurer

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

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.

2021 Installment Purchase Agreement

The term “2021 Installment Purchase Agreement” means the 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 therewith.

2021B Project

The term “2021B Project” means the additions, betterments, extensions and improvements to the District’s Wastewater System facilities described as the “Project” in the WIFIA Loan Agreement, as such 2021B Project may be modified in accordance with any modification to the definition of “Project” in the WIFIA Loan Agreement.

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.

WIFIA Debt Service Account

The term “WIFIA Debt Service Account” means the account by that name created and maintained by the District in accordance with Section 5.05 hereof and the WIFIA Loan Agreement.

WIFIA Loan Agreement

The term “WIFIA Loan Agreement” has the meaning provided in the fifth WHEREAS clause herein.

WIFIA Loan Amount

The term “WIFIA Loan Amount” means the amount equal to the total disbursements of the WIFIA Loan under the WIFIA Loan Agreement and any interest accrued on disbursements of the WIFIA Loan and capitalized therein in accordance with the terms of the WIFIA Loan Agreement.

WIFIA Portion of the 2021B Project

The term “WIFIA Portion of the 2021B Project” means the portion of the 2021B Project financed by USDFA from the proceeds of the WIFIA Loan, which portion shall be not more than 49% of the Eligible Project Costs associated with the 2021B Project.

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 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 2021B 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.

ARTICLE III

THE 2021B PROJECT

Section 3.01. Acquisition and Construction of the 2021B Project. The USDFA hereby agrees to cause the 2021B 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 2021B Project in accordance with the WIFIA Loan Agreement and all applicable laws. The District hereby agrees that it will cause the construction, acquisition and installation of the 2021B Project to be diligently performed. The District agrees to deposit the WIFIA Loan Amount (or the relevant portion thereof) (other than any funds to be applied to the prepayment or redemption of any interim financing with respect to the WIFIA Portion of the 2021B Project) into the Acquisition Fund, 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 2021B Project to be substantially completed by December 31, 2029, 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 WIFIA Portion of the 2021B Project and that all such costs and expenses shall be paid by the District.

Section 3.02. Purchase of WIFIA Portion of the 2021B Project. In consideration for the Series 2021B 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 WIFIA Portion of the 2021B 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 3.03. Title. Each component of the 2021B 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 3.04. Acquisition Fund. The District shall establish, maintain and hold in trust a separate general ledger account designated as the "Acquisition Fund" and as of the Effective Date is numbered _____. Such account number may change as the District designates from time to time provided that the District must promptly notify the Authority Lender in writing of any such change and the lien on and security interest in the Acquisition Fund pursuant to Section 5.01 shall continue to apply to 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 WIFIA Portion of the 2021B 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 B 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 2021B 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 and the Authority Lender 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 Authority Lender for deposit in the WIFIA Debt Service Account.

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 A.

(c) The interest to accrue on the unpaid principal amount of the Purchase Price shall be equal to the interest payable with respect to the principal portion of the WIFIA Loan as provided in the WIFIA Loan Agreement, and shall be paid by the District as and constitute interest paid on the principal amount of the District's obligations hereunder, as set forth in Exhibit A hereto.

(d) USDFA and the District acknowledge and agree that the Series 2021B Installment Payments set forth in Exhibit A hereto are initially equal to the payments of principal and interest set forth on the Loan Amortization Schedule in Exhibit F (WIFIA Debt Service) to the WIFIA Loan Agreement (as of the effective date thereof) in all respects, other than with respect to the relevant payment dates. USDFA and the District agree that (i) upon any modification to Exhibit F (WIFIA Debt Service) to the WIFIA Loan Agreement, Exhibit A hereto shall be deemed modified mutatis mutandis, (ii) the District will provide to USDFA a revised Exhibit A which USDFA and the District agree will replace the then current Exhibit A (such replacement being a ministerial act and not an amendment or supplement to this Agreement), (iii) no modification to Exhibit A hereto shall otherwise be made without the consent of the Authority Lender and (iv) the District's failure to provide or delay in providing USDFA with such revised Exhibit A shall not affect the modifications deemed to be made thereto or the obligation of the District to make the Series 2021B Installment Payments as so modified.

Section 4.02. Series 2021B 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 2021B Installment Payment Dates as set forth in Exhibit A.

Each Series 2021B 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 (including the Default Rate) then applicable to the remaining unpaid principal balance of the Series 2021B Installment Payments if paid in accordance with their terms.

The obligation of the District to make the Series 2021B Installment Payments is absolute and unconditional, and until such time as the Purchase Price shall have been paid in full, the District will not discontinue or suspend any Series 2021B 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 2021B 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.

On each Payment Date occurring on or after the Debt Service Payment Commencement Date, the District, as agent of USDFA, shall transfer to the Authority Lender on the USDFA's behalf the Series 2021B Installment Payments from the WIFIA Debt Service Account in accordance with the terms of the WIFIA Loan Agreement.

ARTICLE V

SECURITY

Section 5.01. Pledge of Gross Revenues. The Gross Revenues, all amounts that are on deposit in the Revenue Fund and amounts that are transferred from the Parity Debt Reserve to the Revenue Fund as described in Section 5.04, and the Acquisition Fund (including all amounts on deposit therein), the WIFIA Debt Service Account (including all amounts on deposit therein), and any other fund or account that is established pursuant to this Installment Purchase Agreement (including all amounts on deposit therein) (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 2021B Installment Payments, and this pledge shall constitute a lien on such Gross Revenues, funds, accounts, and amounts for the payment of the Series 2021B 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 2021B 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.

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 Obligations 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 and fees and expenses described in Section 10 of the WIFIA Loan Agreement) 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) Senior Obligations. The District shall, 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 Debt Service in accordance with the provisions of the Contract, Bond, resolution or indenture relating thereto. Following the occurrence of a Bankruptcy Related Event, the District shall deposit into the WIFIA Debt Service Account the Series 2021B Installment Payments due and payable on such Series 2021B Installment Payment Date on a pro rata basis with other Debt Service.

(b) Reserve Funds for Senior Obligations. On or before each Series 2021B 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 any reserve fund or account for Senior Obligations an amount that is equal to the amount required to be deposited therein.

(c) Subordinate Obligations. From remaining moneys in the Revenue Fund after the transfers described in clauses (a) and (b) above, the District shall (i) during any period when a Bankruptcy Related Event has not occurred, on or before each Series 2021B Installment Payment Date, deposit into the WIFIA Debt Service Account the Series 2021B Installment Payments due and payable on such Series 2021B Installment Payment Date and (ii) on or before the applicable payment date, transfer to the applicable trustee for deposit into the applicable payment fund any other Subordinate Debt Service that is on a pari passu basis with the Series 2021B Installment Payments in accordance with the provisions of the Obligation Documents relating thereto, in each case of clauses (i) and (ii) above, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference.

(d) Reserve Funds for Subordinate Obligations. On or before each Series 2021B 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, deposit to any reserve fund or account for any Subordinate Obligation an amount that is equal to the amount required to be deposited therein.

(e) 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 that is subordinate to the Series 2021B Installment Payments and deposits into the Parity Debt Reserve.

The Series 2021B Installment Payments shall constitute a Subordinate Obligation for purposes of this Section 5.02 except following the occurrence of a Bankruptcy Related Event, at which time the Series 2021B Installment Payments shall constitute a Senior Obligation.

Section 5.03. Investments. All moneys which are held by the District in the Revenue Fund, the Acquisition Fund, the WIFIA Debt Service Account 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 5.04. 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(e) 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 2021B 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.

Section 5.05. WIFIA Debt Service Account. The District, as agent of USDFA, shall establish, maintain and hold in trust a separate general ledger account within the District's debt service group, which account shall be designated as the "WIFIA Debt Service Account" and as of the Effective Date is numbered _____. Such account number may change as the District designates from time to time provided that the District must promptly notify the Authority Lender in writing of any such change and the lien on and security interest in the WIFIA Debt Service Account pursuant to Section 5.01 shall continue to apply to the WIFIA Debt Service Account. Moneys in the WIFIA Debt Service Account shall be held by the District in trust and applied to the payment of the Series 2021B Installment Payments hereunder in accordance with Section 8(a)(i) and Section 17(i) of the WIFIA Loan Agreement. Any investment earnings thereon shall be transferred by the District to the Revenue Fund no later than the last day of the District's Fiscal Year.

ARTICLE VI

COVENANTS OF THE DISTRICT

Section 6.01. Compliance with Installment Purchase Agreement, the WIFIA Loan Agreement and Ancillary Agreements. The District will punctually pay the Series 2021B 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 2021B 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.

It is expressly understood and agreed by and among the parties to this Agreement that, subject to Section 9.06 hereof, each of the agreements, conditions, covenants and terms contained in this Agreement is an essential and material term of the purchase of and payment for the 2021B Project by the District pursuant to, and in accordance with, and as authorized under the Law and other applicable laws.

The District will faithfully observe and perform all the agreements, conditions, covenants and terms required to be observed and performed by it pursuant to all outstanding Obligation Documents, including the WIFIA Loan Agreement, provided that nothing herein shall obligate the District to pay principal of or interest on the WIFIA Loan or the WIFIA Note, which obligation is solely the responsibility of USDFA as borrower under the WIFIA Loan Agreement.

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 and subject to the restrictions agreed to by the District in the WIFIA Loan Agreement. 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) in accordance herewith and the WIFIA Loan Agreement, provided that such pledge and lien shall be subordinate in all respects to the pledge of and lien thereon provided herein. The District will not make any pledge of, place a lien on, or otherwise encumber (a) the Acquisition Fund (including the moneys on deposit therein) or the WIFIA Debt Service Account (including the moneys on deposit therein) except as set forth in the WIFIA Loan Agreement or (b) the Series 2021B Installment Payments without the Authority Lender's prior written consent.

Section 6.03. Prompt Acquisition and Construction. The District will take all necessary and appropriate steps to acquire and construct the 2021B 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 6.04. 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 6.05. 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 on any funds in the hands of the District pledged to pay Obligations, or which might impair the security of the Series 2021B Installment Payments.

Section 6.06. 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 USDFA, including agents and assignees of and lenders to USDFA (including the Authority Lender), 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.

Section 6.07. Protection of Security and Rights of the USDFA. The District will preserve and protect the security hereof and the rights of the USDFA and the Authority Lender to the Series 2021B Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 6.08. 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 and the Authority Lender the rights and benefits provided to USDFA and the Authority Lender herein.

Section 6.09. Enforcement of Contracts. 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 2021B Installment Payments.

ARTICLE VII

PREPAYMENT OF SERIES 2021B 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 2021B Installment Payments and the WIFIA Loan 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. Any such prepayment shall occur substantially concurrently with the prepayment of the WIFIA Loan by USDFA pursuant to the terms of Section 9(a) of the WIFIA Loan Agreement.

(b) The District shall prepay the Series 2021B Installment Payments on the same dates as USDFA makes optional prepayments of the WIFIA Loan in accordance with the WIFIA Loan Agreement and shall not optionally prepay the Series 2021B Installment Payments at any other time; provided, that any such prepayment shall be in a minimum principal amount of \$500,000 or any integral multiple of \$1.00 in excess thereof.

(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 Authority Lender describing such event and specifying the date on which the prepayment will be paid, which date shall be not less than ten (10) nor more than (thirty) 30 days from the date that such notice is given.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF USDFA

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 2021B Installment Payment or any other Obligation 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 Obligation is accelerated in accordance with its terms; or

(5) if an "Event of Default" under and as defined in the WIFIA Loan Agreement shall have occurred;

then USDFA shall immediately notify the Authority Lender of an Event of Default and follow any written directions of the Authority Lender, which may include a direction to declare the entire principal amount of the unpaid Series 2021B 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; provided that the unpaid Purchase Price shall automatically become due and payable without the action of USDFA or any other person if the unpaid principal amount of the WIFIA Loan shall have become immediately due and payable. Notwithstanding anything to the contrary set forth herein, USDFA shall not have the right to (i) declare the unpaid Purchase Price immediately due and payable or (ii) exercise any other rights or remedies hereunder following the occurrence of an Event of Default in each case without the prior written direction of the Authority Lender. This section, however, is subject to the condition that if at any time after the entire principal amount of the unpaid Series 2021B 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 2021B Installment Payments or the unpaid payment of any other Obligation 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 2021B Installment Payments or such Obligation 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 2021B 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 (or automatic, as applicable) 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 USDFA, the Authority Lender and any agents and assignees of each of the forgoing 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 2021B 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 2021B Installment Payments and such Bonds and Contracts if paid in accordance with their respective terms;

provided, that unless and until a Bankruptcy Related Event has occurred, any accelerated Series 2021B Installment Payments hereunder shall remain subject to the prior payment of Outstanding Senior Obligations, including Bonds and Contracts, and the Series 2021B Installment Payments (excluding any such accelerated amounts) shall continue to be paid on each Series 2021B Installment Payment Date following the payment of principal and interest then due and payable with respect to Senior Obligations.

Section 8.03. Other Remedies of the USDFA. Upon the occurrence of an Event of Default, the USDFA shall have the right (but only following the prior written direction of the Authority Lender):

(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;

(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;

(d) to apply the Default Rate to the unpaid balance of the Purchase Price; or

(e) USDFA may suspend or terminate all of its obligations hereunder with respect to the allocation of any undisbursed amounts of the WIFIA Loan.

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

Section 8.04. Remedies of the Authority Lender. Upon the occurrence of an Event of Default, the Authority Lender, as assignee of USDFA pursuant to the WIFIA Loan Agreement, shall be entitled and empowered to institute any actions or proceedings at law or in equity against the District for the collection of any sums due to USDFA from the District and unpaid hereunder, and may prosecute any such judgment or final decree against the District and collect in the manner provided by law the moneys adjudged or decreed to be payable, may take such other actions at law or in equity as may appear necessary or desirable to collect all amounts payable by the District to USDFA under this Agreement then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the District under this Agreement.

Section 8.05. 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 2021B 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 or the Authority Lender, 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 or the Authority Lender 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 or the Authority Lender 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 or the Authority Lender 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 or the Authority Lender, as applicable.

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

Section 8.06. Remedies Not Exclusive. No remedy that is conferred upon or reserved to the USDFA or the Authority Lender 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

MISCELLANEOUS

Section 9.01. 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 2021B 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 9.02. 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, USDFA or the Authority Lender 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, the USDFA or the Authority Lender shall be for the sole and exclusive benefit of the other party.

Section 9.03. Successor Is Deemed Included in all References to Predecessor. Whenever either the District, the USDFA or the Authority Lender 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, the USDFA or the Authority Lender, and all agreements and covenants which are required hereby to be performed by or on behalf of the District, the USDFA or the Authority Lender shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 9.04. Waiver of Personal Liability. No director, officer or employee of the District shall be individually or personally liable for the payment of the Series 2021B 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 9.05. 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 9.06. 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 9.07. Assignment. This Installment Purchase Agreement and any rights hereunder may be assigned by USDFA, as a whole or in part, to the Authority Lender without the necessity of obtaining the prior consent of the District. The Authority Lender shall be a third-party beneficiary of this Installment Purchase Agreement for purposes of directly enforcing its rights hereunder.

Section 9.08. 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 2021B Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

Section 9.09. California Law. THIS INSTALLMENT PURCHASE AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 9.10. 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 Authority Lender: Environmental Protection Agency
[WJC-W 6201A]
1200 Pennsylvania Avenue NW
Washington, D.C. 20460
Attention: WIFIA Director
Email: WIFIA_Portfolio@epa.gov

Section 9.11. Effective Date. This Installment Purchase Agreement shall become effective upon its execution and delivery, and shall terminate only when (a) the Purchase Price shall have been fully paid and (b) the WIFIA Loan Agreement shall have terminated in accordance with its terms.

Section 9.12. 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 9.13. Indemnification of USDFA. The District hereby agrees to indemnify and hold harmless the USDFA, the Authority Lender and the assigns and officers and directors thereof 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 or to the extent provided in the WIFIA Loan Agreement, under the WIFIA Loan Agreement.

Section 9.14. Amendments Permitted. This Agreement and the rights and obligations of USDFA and the District, may be modified or amended at any time by an amendment hereto which shall become binding only (a) following the execution and delivery of such amendment by USDFA and the District and (b) with the prior written consent of the Authority Lender.

[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

PURCHASE PRICE

1. The principal amount of payments to be made by the District hereunder is \$_____ (excluding capitalized interest).

2. The Series 2021B Installment Payments of principal and interest are payable in the amounts and on the Series 2021B 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>
---	--	---	---------------------

***Installment
Payment Dates***

***Amount Attributable
to Principal***

***Amount Attributable
to Interest***

Total

Total

\$

\$

\$

EXHIBIT B

FORM OF REQUISITION FROM ACQUISITION FUND

\$ _____
UNION SANITARY DISTRICT FINANCING AUTHORITY
WIFIA LOAN AGREEMENT

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 3.04 of that certain Installment Purchase Agreement, dated November __, 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>
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**UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY**

WIFIA LOAN AGREEMENT

For Up to [\$188,758,204]

With

UNION SANITARY DISTRICT FINANCING AUTHORITY and

UNION SANITARY DISTRICT

For the

**ENHANCED TREATMENT AND SITE UPGRADE PHASE 1 PROJECTS
(WIFIA – N20104CA)**

Dated as of [_____], 2021

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WIFIA LOAN AGREEMENT

THIS WIFIA LOAN AGREEMENT (this “**Agreement**”), dated as of [_____], 2021, is by and among **UNION SANITARY DISTRICT FINANCING AUTHORITY**, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State, with an address at 5072 Benson Road, Union City, CA 94587 (the “**Borrower**”), **UNION SANITARY DISTRICT**, a sanitary district duly organized and existing under and by virtue of the laws of the State of California (the “**State**”), with an address at 5072 Benson Road, Union City, CA 94587 (the “**District**”), and the **UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency (the “**Administrator**”), with an address at 1200 Pennsylvania Avenue NW, Washington, DC 20460 (the “**WIFIA Lender**”).

RECITALS:

WHEREAS, the Congress of the United States of America enacted the Water Infrastructure Finance and Innovation Act, as amended by Section 1445 of the Fixing America’s Surface Transportation Act of 2015, as further amended by Section 5008 of the Water Infrastructure Improvements For the Nation Act of 2016 and by Section 4201 of America’s Water Infrastructure Act of 2018 (collectively, as the same may be amended from time to time, the “**Act**” or “**WIFIA**”), which is codified as 33 U.S.C. §§ 3901-3914;

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

WHEREAS, the Borrower is a joint exercise of powers authority duly organized and existing under and pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State, as amended (the “**JPA Act**”);

WHEREAS, the JPA Act authorizes and empowers the Borrower to issue revenue bonds and notes to assist the District in acquiring public capital improvements;

WHEREAS, the District desires to acquire the Project (as defined herein);

WHEREAS, the Borrower and the District have determined that the acquisition of the Project is necessary and proper for the District and is in the public interest, and the Borrower has determined to assist the District in the foregoing;

WHEREAS, the District has requested that the WIFIA Lender make the WIFIA Loan (as defined herein) to the Borrower in a principal amount not to exceed \$[188,758,204] (excluding capitalized interest) to be used to pay a portion of the Eligible Project Costs (as defined herein) related to the Project pursuant to the application for WIFIA financial assistance dated April 30, 2021 (the “**Application**”);

WHEREAS, the District and the Borrower have entered into an Installment Purchase Agreement, dated as of January 1, 2020 (as amended, modified or supplemented from time to time, the “**2020 Installment Purchase Agreement**”), and an Installment Purchase Agreement, dated as

of July 1, 2021 (as amended, modified or supplemented from time to time, the “**2021 Installment Purchase Agreement**”), for the purpose of financing and refinancing certain improvements, betterments, renovations and expansions of facilities within the Wastewater System (as defined herein), including, with respect to the 2021 Installment Purchase Agreement, the Project;

WHEREAS, the District and the Borrower have entered into that certain Installment Purchase Agreement, dated as of October [___], 2021 (as amended, modified or supplemented from time to time, the “**WIFIA Installment Purchase Agreement**”) pursuant to which the District will purchase the Project from the Borrower in exchange for the payment of installment payments by the District to the Borrower, such installment payments being secured by a pledge of the Gross Revenues (as defined herein) and certain other amounts;¹

WHEREAS, in order to achieve the foregoing, the Borrower has authorized the issuance of the WIFIA Note (as defined herein), pursuant to the JPA Act, in the aggregate principal amount of \$188,758,204 (excluding capitalized interest);

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

WHEREAS, based on the Application and the representations, warranties and covenants set forth herein, the WIFIA Lender proposes to make funding available to the Borrower through the purchase of the WIFIA Note, upon the terms and conditions set forth herein;

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

WHEREAS, the Borrower has agreed to pledge and assign to the WIFIA Lender and grant to the WIFIA Lender certain Liens (as defined herein) for the benefit of the WIFIA Lender on (i) all of the Borrower’s right, title and interest to receive the Authority Revenues (as defined herein), (ii) all of its rights with respect to the WIFIA Debt Service Account (as defined herein) and (iii) all of its rights and remedies to enforce the WIFIA Installment Purchase Agreement upon an event of default thereunder, in each case for the purpose of securing (x) the payment of all sums due and owing by the Borrower to the WIFIA Lender under this Agreement and (y) the observance, performance and discharge of each agreement, condition, covenant and term of the Borrower and the District hereunder and of the District under the WIFIA Installment Purchase Agreement; and

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

¹ **Note to the District:** Do the 2021 Installment Purchase Agreement and WIFIA Installment Purchase Agreement both provide for the purchase of the same equipment and facilities by the District or do they each provide for the purchase of a distinct set of equipment and facilities associated with the Project?

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

ARTICLE I DEFINITIONS AND INTERPRETATION

Section 1. Definitions.

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

“2020 Bonds” means the Union Sanitary District Financing Authority Revenue Bonds, Series 2020A, issued pursuant to the 2020 Indenture, originally issued in the aggregate principal amount of \$64,160,000, payable from the 2020 Installment Payments.

“2020 Installment Payments” means the installment payments scheduled to be paid by the District under the 2020 Installment Purchase Agreement.

“2020 Installment Purchase Agreement” has the meaning provided in the recitals hereto.

“2020 Indenture” means that certain Indenture of Trust, dated January 1, 2020, between the Borrower and the Trustee, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

“2021A Bonds” means the Union Sanitary District Financing Authority Revenue Bonds, Series 2021A, issued pursuant to the 2021 Indenture, originally issued in the aggregate principal amount of \$99,505,000, payable from the 2021 Installment Payments.

“2021 Installment Payments” means the installment payments scheduled to be paid by the District under the 2021 Installment Purchase Agreement.

“2021 Installment Purchase Agreement” has the meaning provided in the recitals hereto.

“2021 Indenture” means that certain Indenture of Trust, dated July 1, 2021, between the Borrower and the Trustee, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

“Acceptable Credit Rating” means, with respect to any Person, the rating of its unsecured, senior long-term indebtedness (or, if such Person has no such rating, then its issuer rating or corporate credit rating) is no lower than (a) at the time such Person executes, delivers or issues a Qualified Hedge, a Credit Facility, or a repurchase agreement, ‘A+’, ‘A1’ or the equivalent rating from each Nationally Recognized Rating Agency that provides a rating on such Person’s unsecured, senior long-term indebtedness or that provides an issuer rating or corporate credit rating for such Person, as applicable; and (b) at any time thereafter, ‘A’, ‘A2’ or the equivalent rating

from each Nationally Recognized Rating Agency that provides a rating on such Person's unsecured, senior long-term indebtedness or that provides an issuer rating or corporate credit rating for such Person, as applicable.

“**Act**” means the Act as defined in the recitals hereto.

“**Additional Obligations**” means Additional Senior Obligations and Additional Subordinate Obligations.

“**Additional Construction Contract**” means each Construction Contract entered into after the Effective Date.

“**Additional Senior Obligations**” means any Senior Obligations permitted under Section 18(a) (*Negative Covenants of the District – Additional Obligations*), which Senior Obligations are issued or incurred on or after the Effective Date.

“**Additional Subordinate Obligations**” means any Subordinate Obligations permitted under Section 18(a) (*Negative Covenants of the District – Additional Obligations*), which Subordinate Obligations are issued or incurred on or after the Effective Date.

“**Administrator**” has the meaning provided in the preamble hereto.

“**Agreement**” has the meaning provided in the preamble hereto.

“**Anticipated WIFIA Loan Disbursement Schedule**” means the schedule set forth in **Exhibit B** (*Anticipated WIFIA Loan Disbursement Schedule*), reflecting the anticipated disbursement of proceeds of the WIFIA Loan, as such schedule may be amended from time to time pursuant to Section 4(d) (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*).

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

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

“**Application**” has the meaning provided in the recitals hereto.

“**Authority Revenues**” means all WIFIA Installment Payments received by the Borrower pursuant to or with respect to the WIFIA Installment Purchase Agreement and all interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder or thereunder.

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

“**Bankruptcy Related Event**” means, with respect to either the Borrower or the District, (a) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking

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

“Base Case Financial Model” means a financial model prepared by the District forecasting the capital costs of the Wastewater System (including the Project) and the rates, revenues, operating expenses and major maintenance requirements of the Wastewater System for the Forecast Period and based upon assumptions and methodology provided by the District and acceptable to the WIFIA Lender as of the Effective Date, which model shall be provided to the WIFIA Lender as a fully functional Microsoft Excel-based financial model or such other format requested by the WIFIA Lender.

“**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 2020 Installment Payments and 2021 Installment Payments and which are secured by a pledge of and lien on Gross Revenues.

“**Borrower**” has the meaning provided in the preamble hereto.

“**Borrower Closing Certificate**” has the meaning provided in Section 11(a)(ix) (*Conditions Precedent – Conditions Precedent to Effectiveness*).

“**Borrower Event of Default**” has the meaning provided in Section 21(a) (*Events of Default*).

“**Borrower Financial Statements**” means the audited income statement and balance sheet of the Borrower as of the end of the Borrower Fiscal Year and the related audited statements of operations and of cash flow of the Borrower for such Borrower Fiscal Year; provided, however, that so long as the Borrower is included as a component unit of the District in the District Financial Statements in accordance with GAAP, the term “Borrower Financial Statements” shall refer to the description of the Borrower’s financial activities, if any, included in the District Financial Statements.

“**Borrower Fiscal Year**” means (a) as of the Effective Date, a fiscal year of the Borrower commencing on July 1 of any calendar year and ending on June 30 of the immediately succeeding calendar year or (b) such other fiscal year as the Borrower may hereafter adopt after giving thirty (30) days’ prior written notice to the WIFIA Lender in accordance with Section 16(c) (*Negative Covenants of the Borrower – Borrower Fiscal Year*).

“**Borrower Material Adverse Effect**” means a material adverse effect on (a) the Authority Revenues, (b) the business, operations, properties, condition (financial or otherwise) or prospects of the Borrower, (c) the legality, validity or enforceability of any material provision of any WIFIA Loan Document to which the Borrower is a party, (d) the ability of the Borrower to enter into, perform or comply with any of its material obligations under any WIFIA Loan Document to which it is a party, (e) the validity, enforceability or priority of the Liens provided under the WIFIA Loan Documents on the Authority Revenues or (f) the WIFIA Lender’s rights or remedies available under any WIFIA Loan Document to which the Borrower is a party.

“**Borrower Payment Default**” has the meaning provided in Section 21(a)(i) (*Events of Default and Remedies – Borrower Payment Default*).

“**Borrower’s Authorized Representative**” means any Person who shall be designated as such pursuant to Section 25 (*Borrower’s Authorized Representative*).

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

“**Capitalized Interest Period**” means the period from (and including) the Effective Date to (but excluding) the date that is six (6) months prior to the Debt Service Payment Commencement Date, subject to earlier termination as set forth in Section 8(b) (*Payment of Principal and Interest – Capitalized Interest Period*).

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

“**Congress**” means the Congress of the United States of America.

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

“**Construction Contractor**” means any Person (other than the Borrower or the District) party to a Construction Contract.

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

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

“**Construction Schedule**” means (a) the initial schedule or schedules on which the construction timetables for the Project are set forth, attached as **Schedule II** (*Construction Schedule*), and (b) any updates thereto included in the periodic reports submitted to the WIFIA Lender pursuant to Section 20(c) (*Reporting Requirements of the District – Construction Reporting*) most recently approved by the WIFIA Lender.

“**Contracts**” means the 2020 Installment Purchase Agreement, 2021 Installment Purchase Agreement and 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 2020 Installment Payments and 2021 Installment Payments and which are secured by a pledge and lien on Gross Revenues, but excluding contracts entered into for operation and maintenance of the Wastewater System.

“**Control**” means, when used with respect to any particular Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or partnership or other ownership interests, by contract or otherwise, and the terms “**Controlling**” and “**Controlled by**” have meanings correlative to the foregoing.

“**CPI**” means the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for All Items, 1982-84=100 (not seasonally adjusted) or its successor, published by

the Bureau of Labor Statistics and located (as of the Effective Date) at <https://www.bls.gov/news.release/cpi.t01.htm>.

“**Credit Facility**” means any letter of credit, standby bond purchase agreement, line of credit, policy of bond insurance, surety bond, guarantee or similar instrument, or any agreement relating to the reimbursement of any payment thereunder (or any combination of the foregoing), which is obtained by the Borrower or the District and is issued by a financial institution, insurance provider or other Person and which provides security or liquidity in respect of any Permitted Obligations.

“**Debt Management Policy**” means that certain Debt Management Policy of the District, adopted by the Board of Directors of the District on January 13, 2020, as amended on July 26, 2021, and as it may be further amended by the District from time to time.

“**Debt Service**” means, for any period of calculation, the sum of:

- (a) 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);
- (b) those portions of the principal amount of all outstanding serial Bonds maturing in such period (but excluding Excluded Principal);
- (c) those portions of the principal amount of all outstanding term Bonds required to be paid in such period (but excluding Excluded Principal); and
- (d) 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 Senior Obligations;

provided that, as to any such Senior Obligations 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 Senior Obligation plus one percent (1%); and (2) the highest variable rate borne over the preceding three (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 Senior Obligations 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 Senior Obligations 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 Senior Obligations or portions thereof which bear no interest but which are sold at a discount and which discount accretes with respect to such Senior Obligations or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service; and

provided further that if the Senior Obligations constitute interest rate swap agreements or other paired obligations, the interest rate on such Senior Obligations 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 Senior Obligation 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.

“Debt Service Payment Commencement Date” means the earlier to occur of (a) if the Capitalized Interest Period ends pursuant to Section 8(b) (*Payment of Principal and Interest – Capitalized Interest Period*) due to the occurrence of an Event of Default, the first March 1 or September 1 immediately following the end of the Capitalized Interest Period, or (b) the first March 1 or September 1 occurring closest to, but not later than, the fifth anniversary of the Substantial Completion Date.

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

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

“Development Default” means (a) the District abandons work or fails, in the reasonable judgment of the WIFIA Lender, to diligently prosecute the work related to the Project or (b) the District fails to achieve Substantial Completion of the Project by December 31, 2029.

“District” has the meaning provided in the preamble hereto.

“**District Closing Certificate**” has the meaning provided in Section 11(a)(x) (*Conditions Precedent – Conditions Precedent to Effectiveness*).

“**District Collateral**” means the Gross Revenues, all amounts that are on deposit in the Revenue Fund and amounts that are transferred from the Parity Debt Reserve to the Revenue Fund under the WIFIA Installment Purchase Agreement, the Acquisition Fund (including all amounts on deposit therein), the WIFIA Debt Service Account (including all amounts on deposit therein), and any other fund or account that is established or maintained pursuant to the WIFIA Installment Purchase Agreement (including all amounts on deposit therein) (except the Parity Debt Reserve (other than those amounts which are transferred by the District from the Parity Debt Reserve to the Revenue Fund)).

“**District Event of Default**” has the meaning provided in Section 21(b) (*Events of Default and Remedies*).

“**District Financial Statements**” means the audited income statement and balance sheet of the District as of the end of the District Fiscal Year and the related audited statements of operations and of cash flow of the District for such District Fiscal Year.

“**District Fiscal Year**” means (a) as of the Effective Date, a fiscal year of the District commencing on July 1 of any calendar year and ending on June 30 of the immediately succeeding calendar year or (b) such other fiscal year as the District may hereafter adopt after giving thirty (30) days’ prior written notice to the WIFIA Lender in accordance with Section 18(f) (*Negative Covenants of the District – District Fiscal Year*).

“**District Material Adverse Effect**” means a material adverse effect on (a) the Wastewater System, the Project or the Gross Revenues, (b) the business, operations, properties, condition (financial or otherwise) or prospects of the District, (c) the legality, validity or enforceability of any material provision of any WIFIA Loan Document to which the District is a party, (d) the ability of the District to enter into, perform or comply with any of its material obligations under any WIFIA Loan Document to which it is a party, (e) the validity, enforceability or priority of the Liens on the District Collateral provided under the WIFIA Loan Documents to which the District is a party or (f) the WIFIA Lender’s rights or remedies available under any WIFIA Loan Document to which the District is a party.

“**District Payment Default**” has the meaning provided in Section 21(b)(i) (*Events of Default and Remedies – District Payment Default*).

“**District’s Authorized Representative**” means any Person who shall be designated as such pursuant to Section 26 (*District’s Authorized Representative*).

“**Dollars**” and “**\$**” means the lawful currency of the United States of America.

“**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**” 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.

“**Effective Date**” means the date of this Agreement.

“**Eligible Project Costs**” means amounts in the Project Budget (as of the Effective Date) approved by the WIFIA Lender, which are paid by or for the account of the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, in connection with the Project (including, as applicable, Project expenditures incurred prior to the receipt of WIFIA credit assistance, or the repayment of amounts borrowed to make such expenditures prior to the receipt of WIFIA credit assistance), which shall arise from the following:

- (a) development-phase activities, including planning, feasibility analysis (including any related analysis necessary to carry out an eligible project), revenue forecasting, environmental review, permitting, preliminary engineering and design work and other preconstruction activities;
- (b) construction, reconstruction, rehabilitation, and replacement activities;
- (c) the acquisition of real property or an interest in real property (including water rights, land relating to the Project and improvements to land), environmental mitigation (including acquisitions pursuant to Section 3905(8) of Title 33 of the United States Code), construction contingencies, and acquisition of equipment; or
- (d) capitalized interest (with respect to Obligations other than the WIFIA Loan) necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses, and other carrying costs during construction;

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

“**Eligible Project Costs Documentation**” has the meaning provided in Section 1 of **Exhibit D-1** (*Requisition Procedures*).

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

“**Environmental Laws**” has the meaning provided in Section 13(o) (*Representations and Warranties of the District – Environmental Matters*).

“**EPA**” means the United States Environmental Protection Agency.

“**Event of Default**” means any District Event of Default or any Borrower Event of Default.

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

“**Excluded Principal**” means each payment of principal of applicable Obligations for which there is on file with the WIFIA Lender (i) a certificate of an Independent Municipal Consultant to the effect that such Obligation 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 the District’s Authorized Representative to the effect that the District intends to pay such principal from the proceeds of Obligations or other bonds, notes or other obligations of the District. No such determination shall affect the security for such Obligations or the obligation of the District to pay such Obligations from Net Revenues.

“**Existing Construction Contracts**” means each Construction Contract existing as of the Effective Date, as set forth in Part A of **Schedule 13(m)** (*Construction Contracts*).

“**Existing Indebtedness**” means all (a) Obligations and indebtedness of the District and (b) indebtedness of the Borrower, in each case that has been issued or incurred prior to the Effective Date, as listed and described in **Schedule III** (*Existing Indebtedness*).

“**Existing Senior Obligations**” means the indebtedness of the District listed and described in Part A of **Schedule III** (*Existing Indebtedness*).

“**Existing Subordinate Obligations**” means the Subordinate Obligations of the District listed and described in Part B of **Schedule III** (*Existing Indebtedness*).

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

“**Federal Securities**” means any 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.

“**Final Disbursement Date**” means the earliest of (a) the date on which the WIFIA Loan has been disbursed in full; (b) the last anticipated date of disbursement set forth in the then-current Anticipated WIFIA Loan Disbursement Schedule; (c) the date on which the Borrower has certified to the WIFIA Lender that it will not request any further disbursements under the WIFIA Loan; (d) the date on which the WIFIA Lender terminates its obligations relating to disbursements of any undisbursed amounts of the WIFIA Loan in accordance with Section 21 (*Events of Default and Remedies*); and (e) the date that is one (1) year after the Substantial Completion Date.

“**Final Maturity Date**” means the earlier of (a) March 1, 2063 (or such earlier date as is set forth in an updated **Exhibit F** (*WIFIA Debt Service*) pursuant to Section 8(e) (*Payment of Principal and Interest – Adjustments to Loan Amortization Schedule*)); and (b) the Payment Date

immediately preceding the date that is thirty-five (35) years following the Substantial Completion Date.

“**Fitch**” means Fitch Ratings, Inc., or any successor thereto.

“**Flow of Funds**” means the requirements specified in Section 5.02 (*Allocation of Gross Revenues*) of the WIFIA Installment Purchase Agreement.

“**Flow of Funds Following Acceleration**” means the requirements specified in [Section 8.02 (*Application of Funds Upon Acceleration*)] of the WIFIA Installment Purchase Agreement.

“**Forecast Period**” means, as of any date, the time period with the later ending date of the following: (a) the time period from and including the current District Fiscal Year and each of the immediately succeeding five (5) District Fiscal Years and (b) the time period from and including the current District Fiscal Year and ending on the last date of the forecast periods covered in the District’s currently effective capital improvement plan for the Wastewater System.

“**GAAP**” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or of 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.

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

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

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

“**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:

- (a) 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);
- (b) 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;

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

(d) the earnings on and income derived from the investment of amounts described in clauses (a), (b) and (c) above and from District reserves;

but excluding:

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

(ii) 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

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

“**Hedging Agreement**” means (a) any ISDA Master Agreement(s) and any related credit support annex, schedules and confirmations, to be entered into by the District or the Borrower on behalf of the District and a Hedging Bank, (b) any other agreement entered into, or to be entered into, by the District or the Borrower and a Hedging Bank for a Hedging Transaction, and (c) any other documentation directly relating to the foregoing.

“**Hedging Bank**” means any Qualified Hedge Provider that becomes a party to a Hedging Agreement and its permitted successors (to the extent such successors are also Qualified Hedge Providers).

“**Hedging Transaction**” means any interest rate protection agreement, interest rate swap transaction, interest rate “cap” transaction, interest rate future, interest rate option or other similar interest rate hedging arrangement commonly used in loan transactions to hedge against interest rate increases; provided that in no event shall any such transaction be for any speculative purpose.

“**Indemnitee**” has the meaning provided in Section 37 (*Indemnification*).

“**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**” 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.

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

“Interest Component” means (a) with respect to a WIFIA Installment Payment, the interest component of such WIFIA Installment Payment due and payable on the applicable WIFIA Installment Payment Date, which relates to the interest component of the corresponding payment on the WIFIA Note as set forth on the Loan Amortization Schedule, as adjusted to include interest at the Default Rate as set forth in Section 6 (*Interest Rate*) of this Agreement and the corresponding section of the WIFIA Installment Purchase Agreement, and (b) with respect to the aggregate WIFIA Installment Payments, all payments of the interest components of the WIFIA Installment Payments required to be paid by the District on any date under the WIFIA Installment Purchase Agreement corresponding to payments on the WIFIA Note under Section 8 (*Payment of Principal and Interest*) of this Agreement and the corresponding section of the WIFIA Installment Purchase Agreement, as adjusted to include interest at the Default Rate as set forth in Section 6 (*Interest Rate*) of this Agreement and the corresponding section of the WIFIA Installment Purchase Agreement.

“Interest Payment Date” means each March 1 and September 1, commencing on the Debt Service Payment Commencement Date.

“Interim Financing” means interim bond anticipation notes, commercial paper or other short-term temporary financing, in each case with a redemption or maturity occurring on or up to one (1) year following the Projected Substantial Completion Date in effect as of the Effective Date.

“Investment Grade Rating” means a public rating no lower than ‘BBB-’, ‘Baa3’, ‘bbb-’, ‘BBB (low)’, from a Nationally Recognized Rating Agency.

“Investment Policy” means that certain Investment Policy of the District, adopted by the Board of Directors of the District in February 2021, as may be amended by the District from time to time.

“ISDA Master Agreement” means a master agreement, entered into by the District or the Borrower and a Hedging Bank, in the form published by the International Swaps and Derivatives Association, Inc.

“JPA Act” has the meaning provided in the recitals hereto.

“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 Borrower is established, as such JPA Agreement may be amended and supplemented from time-to-time in accordance therewith

“Lien” means any mortgage, pledge, hypothecation, assignment, mandatory deposit arrangement, encumbrance, attachment, lien (statutory or other), charge or other security interest, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever, including any sale-leaseback arrangement, any conditional sale or other title retention agreement, any financing lease having substantially the same effect as any of the foregoing, and

the filing of any financing statement or similar instrument under the UCC or any other applicable law.

“**Loan Amortization Schedule**” means the Loan Amortization Schedule reflected in the applicable column of **Exhibit F** (*WIFIA Debt Service*), as amended from time to time in accordance with Section 8(e) (*Payment of Principal and Interest – Adjustments to Loan Amortization Schedule*).

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

“**Material Adverse Effect**” means a material adverse effect on (a) the Wastewater System, the Project, the Gross Revenues or the Authority Revenues, (b) the business, operations, properties, condition (financial or otherwise) or prospects of either the Borrower or the District, (c) the legality, validity or enforceability of any material provision of any WIFIA Loan Document, (d) the ability of either the Borrower or the District to enter into, perform or comply with any of its material obligations under any WIFIA Loan Document to which it is a party, (e) the validity, enforceability or priority of the Liens provided under the WIFIA Loan Documents on District Collateral or the Authority Revenues or (f) the WIFIA Lender’s rights or remedies available under any WIFIA Loan Document.

“**Moody’s**” means Moody’s Investors Service, Inc. or any successor thereto.

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

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

“**NEPA Determination**” means the [_____] for the Project issued by EPA on [_____] in accordance with NEPA.

“**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**” means for any District Fiscal Year, the Gross Revenues for such District Fiscal Year less the Operation and Maintenance Costs for such District Fiscal Year.

“**Non-Debarment Certificate**” means a certificate, signed by the Borrower’s Authorized Representative or the District’s Authorized Representative, as applicable, as to the absence of debarment, suspension or voluntary exclusion from participation in Government contracts, procurement and non-procurement matters with respect to the Borrower or the District, as applicable, and its principals (as defined in 2 C.F.R. § 180.995 and supplemented by 2 C.F.R. 1532.995), substantially in the form attached hereto as **Exhibit C** (*Form of Non-Debarment Certificate*).

“Non-Lobbying Certificate” means a certificate, signed by the Borrower’s Authorized Representative or the District’s Authorized Representative, as applicable, with respect to the prohibition on the use of appropriated funds for lobbying pursuant to 49 C.F.R. § 20.100(b), substantially in the form attached hereto as **Exhibit E** (*Form of Non-Lobbying Certificate*).

“Obligation Document” means any indenture, bond, credit agreement, note, reimbursement agreement, letter of credit, guarantee, Hedging Agreement, Credit Facility, or any other agreement, instrument or document pursuant to which any Obligation is incurred by the District and any of the foregoing entered into by the Borrower in connection with Obligations of the District.

“Obligations” means, collectively, the Senior Obligations and the Subordinate Obligations.

“OFAC” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“Operating Period Servicing Fee” has the meaning provided in Section 10(a)(iii) (*Fees and Expenses – Fees*).

“Operation and Maintenance Costs” means: (i) costs spent or incurred for maintenance and operation of the Wastewater System calculated in accordance with GAAP, 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 WIFIA Installment Purchase Agreement, the 2020 Installment Purchase Agreement, the 2020 Indenture, the 2021 Installment Purchase Agreement, the 2021 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 GAAP; 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.

“Organizational Documents” means (a) with respect to the District, Section 6400 et. seq. of the Health and Safety Code of the State of California, and (b) with respect to the Borrower, the JPA Act and the JPA Agreement.

“Outstanding” means, with respect to Obligations, Obligations that have not been cancelled or legally defeased or discharged.

“Outstanding WIFIA Loan Balance” means (a) the aggregate principal amount of the WIFIA Loan drawn by the Borrower *plus* (b) capitalized interest added to the principal balance of the WIFIA Loan *minus* (c) the aggregate principal amount of the WIFIA Loan repaid by the Borrower, as determined in accordance with Section 8(e) (*Payment of Principal and Interest – Adjustments to Loan Amortization Schedule*).

“Parity Debt Reserve” means the fund by that name that is continued pursuant to the WIFIA Installment Purchase Agreement.

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

“Payment Date” means each Interest Payment Date and each Principal Payment Date.

“Payment Default” means any Borrower Payment Default or any District Payment Default.

“Permitted Investment” 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: (i) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in clause (ii) below); (ii) 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; (iii) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series); (iv) 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); (v) 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 (vi) 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, 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:

(i) 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;

(ii) 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;

(iii) 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;

(iv) 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;

(v) investments in a money market fund rated “AAAm”, “AAAm-G” or “AAAm” or better by S&P, or “AAA-mm”, or “AAA-mf” or better by Fitch, including any fund for which the Trustee or an affiliate acts as investment advisor or provides other services;

(vi) certificates of deposit secured at all times by collateral described in clauses (a) and/or (b)(i) above; provided that such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks;

(vii) Certificates of deposit, savings accounts, deposit accounts or money market deposits;

(viii) Investment Agreements, including GICs, Forward Purchase Agreements and Reserve Fund Put Agreements;

(ix) Federal Funds or bankers acceptances with a maximum term of one year of any bank, 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;

(x) Repurchase agreements providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the District and the transfer of cash from the District 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 District in exchange for the securities at a specified date, subject to the following:

A. Repurchase agreements must be between the District and a dealer bank or securities firm which is

(1) A primary dealer on the Federal Reserve reporting dealer list which is rated “A” or better by S&P and Fitch; or

(2) A bank rated “A” or above by S&P and Fitch.

B. The written contract must include the following:

(1) Securities which are acceptable for transfer are: (x) Direct U.S. Government securities; or (y) Federal agency securities that are backed by the full faith and credit of the U.S. government (and FNMA and FHLMC);

(2) The term of the repurchase agreement may be up to 30 days;

(3) The collateral must be delivered to the District before/simultaneously with payment (perfection by possession of certificates securities).

(4) 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 District to the dealer bank or security firm under the repurchase agreement 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 District, 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%,

C. Legal opinion which must be delivered to the District: the repurchase agreement meets guidelines under state law for legal investment of public funds;

(xi) The Local Agency Investment Fund of the State of California created pursuant to Section 16429.1 of the California Government Code;

(xii) shares of beneficial interests in investments purchased by the Investment Trust of California, doing business as CaITRUST, 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; and

(xiii) Unsecured certificates of deposit, time deposits, money market deposits, demand deposits and bankers’ acceptances of any bank the short term obligations of which are rated on the date of purchase “A-1” or better by S&P, or “F1” or better by Fitch.

“Permitted Liens” means:

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

(b) Liens imposed by law, including Liens for taxes that are not yet due or are being contested in compliance with Section 15(g) (*Affirmative Covenants of the Borrower*

– *Material Obligations; Payment of Claims*) and Section 17(k) (*Affirmative Covenants of the District – Material Obligations; Payment of Claims*);

(c) carriers’, warehousemen’s, mechanics’, materialmen’s, repairmen’s and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than thirty (30) days or are being contested in compliance with Section 15(g) (*Affirmative Covenants of the Borrower – Material Obligations; Payment of Claims*) and Section 17(k) (*Affirmative Covenants of the District – Material Obligations; Payment of Claims*);

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

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

(f) judgment Liens in respect of judgments that do not constitute an Event of Default under Section 21(a)(v) (*Events of Default and Remedies – Borrower Material Adverse Judgment*) or Section 21(b)(vi) (*Events of Default and Remedies – District Material Adverse Judgment*); and

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

“Permitted Obligations” means:

(a) Existing Indebtedness;

(b) the WIFIA Loan;

(c) Additional Senior Obligations that satisfy the requirements of Section 18(a) (*Negative Covenants of the District – Indebtedness*) and of the other WIFIA Loan Documents;

(d) Additional Subordinate Obligations (including obligations of the District subordinate to the WIFIA Installment Payments) that satisfy the applicable requirements of Section 18(a) (*Negative Covenants of the District – Indebtedness*) and of the other WIFIA Loan Documents;² and

² **Note to District:** Any obligations intended to be included in the deleted clause (f) would be permitted under this clause (d). In order to be consistent with the 2020 Installment Purchase Agreement and the 2021 Installment Purchase Agreement, Subordinate Obligations is defined as all obligations which are secured by Gross Revenues and are subordinate to Senior Obligations. This clause (d) permits Additional Subordinate Obligations, including obligations

(e) indebtedness incurred in respect of Qualified Hedges.

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

“**Principal Component**” means (a) with respect to a WIFIA Installment Payment, the principal component of such WIFIA Installment Payment due and payable on the applicable WIFIA Installment Payment Date, which relates to the principal component of the corresponding payment on the WIFIA Note as set forth on the Loan Amortization Schedule, and (b) with respect to the aggregate WIFIA Installment Payments, all payments of the principal components of the WIFIA Installment Payments required to be paid by the District on any date under the WIFIA Installment Purchase Agreement corresponding to payments on the WIFIA Bond under Section 8 (*Payment of Principal and Interest*) of this Agreement.

“**Principal Payment Date**” means each March 1, commencing on the first March 1 occurring on or after the Debt Service Payment Commencement Date..

“**Project**” means certain improvements to the District’s Alvarado Wastewater Treatment Plant, which consist of the following components:

- (a) aeration basin modifications and the replacement of existing buildings, including construction of a new campus building;
- (b) construction of a secondary clarifier and new chlorine disinfection and effluent pumping facilities; and
- (c) retrofitting of the existing secondary clarifiers for plant equalization and storage.

“**Project Budget**” means the budget for the Project attached to this Agreement as **Schedule I** (*Project Budget*) showing a summary of Total Project Costs with a breakdown of all Eligible Project Costs and the estimated sources and uses of funds for the Project, as amended from time to time with the approval of the WIFIA Lender.

“**Projected Substantial Completion Date**” means June 30, 2028, as such date may be adjusted in accordance with Section 20(c) (*Reporting Requirements of the District – Construction Reporting*).

“**Public Benefits Report**” has the meaning provided in Section 20(e) (*Reporting Requirements of the District – Public Benefits Report*).

subordinate to the WIFIA Installment Payments, that are permitted in accordance with Section 18(a). The debt service coverage required in Section 18(a)(ii) only applies to Additional Subordinate Debt on parity with the WIFIA Installment Payments, so the only requirement in Section 18(a) applicable to Subordinate Debt that is subordinate to the WIFIA Installment Payments is delivery of the certificate under Section 18(a)(iii) and the requirements in Section 18(a)(iv), if the sub-sub debt constitutes Tender Option Obligations.

“Qualified Hedge” means, to the extent from time to time permitted by law, with respect to Permitted Obligations any Hedging Transaction entered into with a Qualified Hedge Provider.

“Qualified Hedge Provider” means any bank or trust company, or an affiliate thereof, authorized to engage in the banking business that is organized under or licensed as a branch or agency under the laws of the United States of America or any state thereof, that has an Acceptable Credit Rating.

“Rate Covenant” means the requirements specified in Section 17(a)(i) (*Affirmative Covenants of the District – Rate Covenant*).

“Related Documents” means the WIFIA Loan Documents, the Construction Contracts and each other Obligation Document.

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

“Revenue Fund” means the fund by that name maintained pursuant to the WIFIA Installment Purchase Agreement.

“S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, or any successor thereto.

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

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

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

“Senior Obligations” means Existing Senior Obligations and Additional Senior Obligations, if any, including all Bonds and Contracts (and the obligations of the District thereunder).

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

“Servicing Fee” means the Servicing Set-Up Fee and any Construction Period Servicing Fee or Operating Period Servicing Fee.

“Servicing Set-Up Fee” has the meaning provided in Section 10(a)(i) (*Fees and Expenses – Fees*).

“**State**” has the meaning provided in the preamble hereto.

“**Subordinate Debt Service**” means debt service on Subordinate Obligations calculated in the same manner as under the definition of Debt Service except with respect to Subordinate Obligations instead of Senior Obligations.

“**Subordinate Obligations**” means all obligations of the District which are secured by a pledge of and lien on the Gross Revenues and are fully subordinated in right of payment and right of security only to the Senior Obligations, including the Existing Subordinate Obligations and any Additional Subordinate Obligations.

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

“**Substantial Completion Date**” means the date on which the District certifies to the WIFIA Lender, with evidence satisfactory to the WIFIA Lender, that Substantial Completion has occurred.

“**Tender Option Obligations**” means any obligation which by its terms may be tendered by and at the option of the holder thereof for payment prior to the stated maturity or redemption date thereof to either the Borrower, the District, the trustee under any Obligation Document, a tender agent or a remarketing agent.

“**Total Project Costs**” means (a) the costs paid or incurred or to be paid or incurred by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, in connection with or incidental to the acquisition, design, construction and equipping of the Project, including legal, administrative, engineering, planning, design, insurance and financing (including costs of issuance); (b) amounts, if any, required by the WIFIA Loan Documents to be paid into any fund or account upon the incurrence of the WIFIA Loan or any other Obligation, in each case in respect of the Project; (c) payments when due (whether at the maturity of principal, the due date of interest, or upon optional or mandatory prepayment) during the Construction Period in respect of any obligations of the District in connection with the Project (other than the WIFIA Loan); and (d) costs of equipment and supplies and initial working capital and reserves required by the District for the commencement of operation of the Project, including general administrative expenses and overhead of the District.

“**Trustee**” means U.S. Bank National Association, acting in its capacity as Trustee under and pursuant to the 2020 Indenture and 2021 Indenture, and its successors and assigns.

“**Uncontrollable Force**” means any cause beyond the control of the Borrower and the District, including: (a) a hurricane, tornado, flood or similar occurrence, landslide, earthquake, fire or other casualty, strike or labor disturbance, freight embargo, act of a public enemy, explosion, war, blockade, terrorist act, insurrection, riot, general arrest or restraint of government and people, civil disturbance or similar occurrence, sabotage, or act of God (provided that neither the Borrower nor the District shall be required to settle any strike or labor disturbance in which it may be involved) or (b) the order or judgment of any federal, state or local court, administrative agency or governmental officer or body, if it is not also the result of willful or negligent action or a lack of reasonable diligence of the Borrower or the District and neither the Borrower nor the District

controls the administrative agency or governmental officer or body; provided that the diligent contest in good faith of any such order or judgment shall not constitute or be construed as a willful or negligent action or a lack of reasonable diligence of the Borrower or the District.

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

“Updated Financial Model” means the Base Case Financial Model, updated in accordance with Section 20(a) (*Reporting Requirements of the District – Updated Financial Model*).

“Variable Interest Rate” means a variable interest rate to be borne by any Obligations. The method of computing such variable interest rate shall be specified in the Obligation Document pursuant to which such Obligations are incurred. Such Obligation Document shall also specify either (a) the particular period or periods of time for which each value of such variable interest rate shall remain in effect or (b) the time or times upon which any change in such variable interest rate shall become effective.

“Variable Interest Rate Obligations” means Obligations which bear a Variable Interest Rate but does not include any Obligations for which the interest rate has been fixed during the remainder of the term thereof to maturity; *provided* that a Permitted Obligation bearing a fixed rate of interest shall be deemed a Variable Interest Rate Obligation to the extent that the District or the Borrower has entered into a Hedging Transaction pursuant to which the District or the Borrower, as applicable, is obligated to pay a floating rate of interest and receives a fixed rate of interest and shall be deemed to bear interest at the lesser of (a) the then-current variable rate *plus* such additional basis points as may be reasonably determined by the District or the Borrower, as applicable, (but not less than 100 basis points) as may reasonably reflect future rate changes or (b) the maximum interest rate, if any, payable pursuant to such Hedging Transaction.

“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” 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.

“WIFIA” has the meaning provided in the recitals hereto.

“WIFIA Borrower Documents” means this Agreement, the WIFIA Note, and the WIFIA Installment Purchase Agreement.

“WIFIA Borrower Resolution” means Resolution No. [____], adopted by the Borrower on [____], 2021, authorizing the execution and delivery of this Agreement, the WIFIA Installment

Purchase Agreement, and the WIFIA Note and certain related actions by the Borrower in connection with the issuance of the WIFIA Loan.

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

“**WIFIA Debt Service Account**” means the [*insert name of applicable fund/account*] established and maintained by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, pursuant to Section 17(i) (*Affirmative Covenants of the District – WIFIA Debt Service Account*).

“**WIFIA District Documents**” means this Agreement and the WIFIA Installment Purchase Agreement.

“**WIFIA District Resolution**” means Resolution No. [____], adopted by the District on [____], 2021, authorizing the execution and delivery of this Agreement and the WIFIA Installment Purchase Agreement and certain related actions by the District in connection therewith.

“**WIFIA Installment Payments**” individually, means with respect to any WIFIA Installment Payment Date occurring on or after the Debt Service Payment Commencement Date, the sum of the Principal Component and the Interest Component (as adjusted to include interest at the Default Rate as set forth in Section 6 (*Interest Rate*) of this Agreement) due and payable on such WIFIA Installment Payment Date and “**WIFIA Installment Payments**” collectively, means all payments required to be paid by the District on any date under the WIFIA Installment Purchase Agreement corresponding to payments under Section 8 (*Payment of Principal and Interest*) of this Agreement, including any amounts payable upon delinquent installments and including any prepayment thereof under the WIFIA Installment Purchase Agreement. The Principal Component and Interest Component of each WIFIA Installment Payment shall correspond in all respects to the principal payment and interest payment, respectively, due on the WIFIA Note on the corresponding Payment Date.

“**WIFIA Installment Payment Date**” means, with respect to any Payment Date, the fifth (5th) Business Day immediately preceding that Payment Date.

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

“**WIFIA Installment Purchase Agreement**” has the meaning provided in the recitals.

“**WIFIA Lender**” has the meaning provided in the preamble hereto.

“**WIFIA Lender’s Authorized Representative**” means the Administrator and any other Person who shall be designated as such pursuant to Section 27 (*WIFIA Lender’s Authorized Representative*).

“**WIFIA Loan**” means the secured loan made by the WIFIA Lender to the Borrower on the terms and conditions set forth herein, pursuant to the Act, in a principal amount not to exceed \$[188,758,204] (excluding capitalized interest) *plus* any interest capitalized pursuant to Section 8(b) (*Payment of Principal and Interest – Capitalized Interest Period*), to be used in respect of Eligible Project Costs.

“**WIFIA Loan Documents**” means this Agreement, the WIFIA Note, the WIFIA Installment Purchase Agreement and the WIFIA Resolutions.

“**WIFIA Note**” means the note delivered by the Borrower in substantially the form of **Exhibit A** (*Form of WIFIA Note*).

“**WIFIA Resolutions**” means, collectively, the WIFIA District Resolution and the WIFIA Borrower Resolution.

Section 2. Interpretation.

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

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

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

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

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

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

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

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

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

(j) Every request, order, demand, application, appointment, notice, statement, certificate, consent or similar communication or action hereunder by any party shall, unless otherwise specifically provided, be delivered in writing in accordance with Section 36 (*Notices*) and signed by a duly authorized representative of such party.

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

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

ARTICLE II THE WIFIA LOAN

Section 3. WIFIA Loan Amount. The principal amount of the WIFIA Loan shall not exceed \$[188,758,204] (excluding capitalized interest). WIFIA Loan proceeds available to be drawn shall be disbursed from time to time in accordance with Section 4 (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*) and Section 11(b) (*Conditions Precedent – Conditions Precedent to Disbursements*).

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

(a) Pursuant to the WIFIA Installment Purchase Agreement, the Borrower has appointed the District as its agent to request funds from time to time under this Agreement and the District has accepted such appointment and assumed all rights, liabilities, duties and responsibilities of the Borrower under this Agreement regarding the requisition of funds from time to time under this Agreement. WIFIA Loan proceeds shall be disbursed solely in respect of Eligible Project Costs paid or incurred and approved for payment by or on behalf of the Borrower in connection with the Project, including for the purpose of paying or redeeming, in whole or in part, amounts owed by the District or the Borrower under any Interim Financing the proceeds of which were applied to pay Eligible Project Costs. If the Borrower intends to utilize the WIFIA Loan proceeds to make progress payments for Project construction work performed under the Construction Contracts, the District, as agent of the Borrower pursuant to the WIFIA Installment

Purchase Agreement, shall demonstrate to the satisfaction of the WIFIA Lender that such progress payments are commensurate with the cost of the work that has been completed. Each disbursement of the WIFIA Loan shall be made pursuant to a requisition and certification (a “**Requisition**”) in the form set forth in **Appendix One** (*Form of Requisition*) to **Exhibit D-1** (*Requisition Procedures*), along with all documentation and other information required thereby, submitted by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, to, and approved by, the WIFIA Lender, all in accordance with the procedures of **Exhibit D-1** (*Requisition Procedures*) and subject to the requirements of this Section 4 and the conditions set forth in Section 11(b) (*Conditions Precedent – Conditions Precedent to Disbursements*); provided that no disbursements of WIFIA Loan proceeds shall be made after the Final Disbursement Date.

(b) Each Requisition shall include a certification by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, certifying as to the following: (i) whether reimbursement or payment is being requested with respect to (A) Eligible Project Costs that have been submitted by it pursuant to Section 4(e) and approved by the WIFIA Lender pursuant to Section 4(f) or (B) other Eligible Project Costs incurred by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement; (ii) the amount for which reimbursement or payment is being requested has not been reimbursed or paid by any previous disbursement of WIFIA Loan proceeds; and (iii) to the extent any Eligible Project Costs described in clause (i)(B) above are included in the Requisition, that such Eligible Project Costs have not and will not be submitted by the District for approval pursuant to Section 4(e) and Section 4(f).

(c) The District shall deliver copies of each Requisition to the WIFIA Lender and the Servicer (if any) on or before the first (1st) Business Day of each month for which a disbursement is requested. If the WIFIA Lender shall expressly approve a Requisition or shall not expressly deny a Requisition, disbursements of funds shall be made on the fifteenth (15th) day of the month for which a disbursement has been requested, or on the next succeeding Business Day if such fifteenth (15th) day is not a Business Day. Express WIFIA Lender approval or denial shall be substantially in the form annexed hereto as **Appendix Three** (*[Approval/Disapproval] of the WIFIA Lender*) to **Exhibit D-1** (*Requisition Procedures*). In no event shall disbursements be made more than once each month.

(d) At the time of any disbursement, the sum of all prior disbursements of WIFIA Loan proceeds and the disbursement then to be made shall not exceed the cumulative disbursements through the end of the then-current Federal Fiscal Year set forth in the Anticipated WIFIA Loan Disbursement Schedule, as the same may be amended from time to time in accordance with the terms of this Agreement. Subject to this Section 4, any scheduled disbursement (as reflected in the Anticipated WIFIA Loan Disbursement Schedule) that remains undrawn at the end of any Federal Fiscal Year shall automatically roll forward to be available in the succeeding Federal Fiscal Year up to the last anticipated date of disbursement set forth in the Anticipated WIFIA Loan Disbursement Schedule, having the effect of automatically updating the Anticipated WIFIA Loan Disbursement Schedule without need for the WIFIA Lender’s approval. The District may also request an amendment of the Anticipated WIFIA Loan Disbursement Schedule by submitting a revised version thereof to the WIFIA Lender no later than thirty (30) days prior to the proposed effective date of such amendment, together with a detailed explanation of the reasons for such revisions. Such revised Anticipated WIFIA Loan Disbursement Schedule

shall become effective upon the WIFIA Lender's approval thereof, which approval shall be granted in the WIFIA Lender's sole discretion.

(e) On a quarterly basis, the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, shall submit to the WIFIA Lender, and any Servicer, Eligible Project Costs Documentation, satisfactory to the WIFIA Lender in form and substance, with respect to any costs incurred by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, in respect of the Project (to the extent Eligible Project Costs Documentation with respect to such costs has not previously been provided to the WIFIA Lender) evidencing that such costs are Eligible Project Costs, or, if the District elects in any quarter not to submit Eligible Project Costs Documentation, a written statement indicating such election; provided that no such submission shall be required (x) before the date that is sixty (60) days after the Effective Date or (y) for any costs incurred prior to the Effective Date.

(f) The Eligible Project Costs Documentation and the related statement submitted pursuant to Section 4(e) shall contain sufficient detail to enable the WIFIA Lender to verify that any costs submitted by the District for reimbursement are Eligible Project Costs. Each time the District delivers Eligible Project Costs Documentation to the WIFIA Lender, and any Servicer, the District shall also deliver to such entities a certificate, substantially in the form of **Exhibit D-2** (*Certification of Eligible Project Costs Documentation*) and duly executed by the District's Authorized Representative.

(g) Within thirty (30) days following the receipt of the Eligible Project Costs Documentation and the accompanying statement, the WIFIA Lender shall deliver a notice to the District confirming (i) which Eligible Project Costs incurred by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, set forth in the statement have been approved or denied (and, if denied, the reasons therefor) and (ii) the cumulative amount of Eligible Project Costs that have been approved with respect to the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement. Any approved amounts of Eligible Project Costs shall be disbursed at such time as the District submits a Requisition in respect of such approved amounts in accordance with Section 4(a), Section 4(b), and Section 4(c). The District shall not submit a Requisition that seeks reimbursement of Eligible Project Costs for which the related Eligible Project Costs Documentation was not delivered to the WIFIA Lender and the Servicer (if any) at least one (1) month prior to the date such Requisition is submitted.

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

Section 6. Interest Rate. The interest rate with respect to the Outstanding WIFIA Loan Balance (and for calculating the corresponding Interest Components of the WIFIA Installment Payments) (the "**WIFIA Interest Rate**") shall be [____] and [____] hundredths percent ([____]%) per annum, as adjusted to include interest at the Default Rate as set forth below, as applicable. Interest will accrue and be computed on the Outstanding WIFIA Loan Balance (and the corresponding unpaid Principal Components of the WIFIA Installment Payments) (as well as on any past due interest or Interest Components of the WIFIA Installment Payments) from time to time on the basis of a three hundred sixty (360) day year of twelve (12) thirty (30) day months;

provided that, upon the occurrence of an Event of Default, the Borrower shall pay interest on the Outstanding WIFIA Loan Balance (and the District shall pay the Interest Components of the WIFIA Installment Payments) at the Default Rate, (a) in the case of any Payment Default, from (and including) its due date to (but excluding) the date of actual payment and (b) in the case of any other Event of Default, from (and including) the date of such occurrence to (but excluding) the earlier of the date on which (i) such Event of Default has been cured or waived (if applicable) in accordance with the terms of this Agreement and (ii) the Outstanding WIFIA Loan Balance (and the corresponding unpaid Principal Components of the WIFIA Installment Payments) have been irrevocably paid in full by the Borrower in immediately available funds. For the avoidance of doubt, interest on the WIFIA Loan and the WIFIA Note shall accrue and be payable only on those amounts for which a Requisition has been submitted and funds (or such portion of funds as have been approved by the WIFIA Lender) have been disbursed to the Borrower for use on the Project in accordance with Section 4 (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*).

Section 7. Security and Priority; Flow of Funds.

(a) Pursuant to the WIFIA Installment Purchase Agreement, as security for the WIFIA Installment Payments, and concurrently with the issuance and delivery of this Agreement, the District has pledged, assigned and granted to the Borrower for its benefit, Liens on the District Collateral, including the Gross Revenues and the WIFIA Debt Service Account. The WIFIA Installment Payments are and shall (i) be secured by the Liens on the District Collateral, (ii) not be subordinate in right of payment (other than with respect to Operation and Maintenance Costs) or in right of security, during any period when a Bankruptcy Related Event has not occurred, to any Lien on any of the District Collateral other than (except as otherwise required by law) the Liens on any of the District Collateral for the benefit of the holders of the Senior Obligations (and ordinary scheduled payment obligations under any hedging arrangements related thereto, but senior to any applicable hedging termination obligations), and (iii) be *pari passu* in right of payment and right of security, during any period when a Bankruptcy Related Event has not occurred, with the Liens on any of the District Collateral for the benefit of the holders of the Subordinate Obligations. Upon the occurrence of a Bankruptcy Related Event, the WIFIA Installment Payments and the WIFIA Note shall be secured by a valid and binding pledge and Lien on the District Collateral on a parity with the Senior Obligations (and ordinary scheduled payment obligations under any hedging arrangements related thereto, but senior to any applicable hedging termination obligations) automatically and without the need for any notice to or from any Person, physical delivery, recordation, filing or further act. The District's obligations under the WIFIA Installment Purchase Agreement constitute (x) a Subordinate Obligation during any period when a Bankruptcy Related Event has not occurred and (y) a Senior Obligation during any period when a Bankruptcy Related Event has occurred.

(b) Except (i) for Permitted Liens, or (ii) to the extent otherwise provided in Section 7(a), the District Collateral shall be free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto, that is of equal rank with or senior to the pledge of the Borrower created under the WIFIA Loan Documents for the benefit of the WIFIA Lender, and all organizational, regulatory or other necessary action on the part of the District with respect to the foregoing has been duly and validly taken.

(c) The Borrower hereby unconditionally pledges and assigns to the WIFIA Lender and grants to the WIFIA Lender Liens for its benefit on (i) all of its right, title and interest to receive the Authority Revenues, (ii) all of its rights with respect to the WIFIA Debt Service Account and (iii) all of its rights and remedies to enforce the WIFIA Installment Purchase Agreement upon an event of default thereunder, in each case for the purpose of securing (x) the payment of all sums due and owing to the WIFIA Lender under this Agreement and (y) the observance, performance and discharge of each agreement, condition, covenant and term of the Borrower and the District hereunder and of the District under the WIFIA Installment Purchase Agreement. The District hereby consents to such pledge, assignment and grant. Said pledge shall constitute a lien on and security interest in such amounts and shall be valid and binding from and after the Effective 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 Borrower, irrespective of whether such parties have notice hereof. Notwithstanding anything in this Agreement or any other WIFIA Loan Document to the contrary, the Borrower does not and shall not assign, and the WIFIA Lender does not and shall not assume, any obligation, duty or liability of the Borrower under the WIFIA Installment Purchase Agreement. The WIFIA Loan is and shall be secured by the Liens on the Authority Revenues. The Authority Revenues shall be free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto other than the Liens with respect to the WIFIA Loan. The WIFIA Debt Service Account shall be free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto other than the Liens with respect to the WIFIA Installment Payments.

(d) The District shall not use any Gross Revenues to make any payments or satisfy any obligations other than in accordance with the Flow of Funds, the provisions of this Section 7 and the Related Documents and shall not apply any portion of the Gross Revenues in contravention of this Agreement or the other Related Documents. The District shall not use any amounts on deposit in the WIFIA Debt Service Account to make any payments or satisfy any obligations other than the payment of WIFIA Debt Service on the Borrower's behalf.

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

(f) All Gross Revenues shall, immediately upon receipt thereof, be deposited by the District into the Revenue Fund. Amounts deposited in the Revenue Fund shall be applied in the order of priority described in, and in accordance with, the Flow of Funds.

(g) Following the acceleration of amounts payable by the Borrower hereunder or payable by the District under the WIFIA Installment Purchase Agreement pursuant to Section 21(c) (*Events of Default and Remedies*), Section 21(d) (*Events of Default and Remedies*) or Section 21(e)(vi) (*Events of Default and Remedies*), amounts deposited in the Revenue Fund shall be applied in the order of priority described in, and in accordance with, the Flow of Funds Following Acceleration.

Section 8. Payment of Principal and Interest.

(a) Payment of WIFIA Debt Service.

(i) Pursuant to the WIFIA Installment Purchase Agreement, not later than each WIFIA Installment Payment Date, the District shall, from moneys in the Revenue Fund, transfer to the WIFIA Debt Service Account the WIFIA Installment Payment due and payable on such WIFIA Installment Payment Date. All WIFIA Installment Payments shall be paid directly by the District to the WIFIA Debt Service Account for the benefit of the WIFIA Lender. All WIFIA Installment Payments and any other amounts deposited into the WIFIA Debt Service Account shall be held by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, in trust for the benefit of the WIFIA Lender until the immediately succeeding Payment Date, whereupon such money shall be applied to the payment of WIFIA Debt Service.

(ii) On each Payment Date occurring on or after the Debt Service Commencement Date, the Borrower shall pay, or the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, shall transfer from the WIFIA Debt Service Account on the Borrower's behalf, WIFIA Debt Service by making (A) semi-annual payments of interest on each Interest Payment Date, (B) annual payments of principal on each Principal Payment Date, and (C) payments of any other amounts on each other date on which payment thereof is required to be made hereunder (including the Final Maturity Date and any date on which payment is due by reason of the mandatory redemption or prepayment or the acceleration of the maturity of the WIFIA Loan or otherwise); provided that if any such date is not a Business Day, payment shall be made on the next Business Day following such date. Payments of WIFIA Debt Service shall be made in the amounts and on the Payment Dates as set forth in **Exhibit F** (*WIFIA Debt Service*), as the same may be revised pursuant to Section 8(e) (*Payment of Principal and Interest – Adjustments to Loan Amortization Schedule*), and shall be calculated by the WIFIA Lender in such manner that each such payment shall be approximately equal in amount, in order for the WIFIA Loan Balance to be reduced to \$0 on the Final Maturity Date.

(iii) Notwithstanding anything herein to the contrary, the Outstanding WIFIA Loan Balance and any accrued interest thereon shall be due and payable in full on the Final Maturity Date (or on any earlier date on which the WIFIA Loan and WIFIA Note are subject to mandatory redemption or prepayment prior to the maturity thereof or accelerated pursuant to Section 21 (*Events of Default and Remedies*)).

(b) Capitalized Interest Period. No payment of the principal of or interest on the WIFIA Loan is required to be made during the Capitalized Interest Period. Interest on amounts capitalized pursuant to this Section 8(b) shall commence on the date such interest is added to the principal balance of the WIFIA Loan (and corresponding WIFIA Bond) during the Capitalized Interest Period. On each March 1 and September 1 occurring during the Capitalized Interest Period, interest accrued on the WIFIA Loan in the six (6) month period ending immediately prior to such date shall be capitalized and added to the Outstanding WIFIA Loan Balance. Within thirty (30) days after the end of the Capitalized Interest Period, the WIFIA Lender shall give written notice to the Borrower stating the Outstanding WIFIA Loan Balance as of the close of business on the last day of the Capitalized Interest Period, which statement thereof shall be deemed conclusive absent manifest error; *provided, however*, that no failure to give or delay in giving such notice shall affect any of the obligations of the Borrower hereunder or under any of the other WIFIA

Loan Documents. Notwithstanding the foregoing, the Capitalized Interest Period shall end immediately upon written notification to the Borrower by the WIFIA Lender that an Event of Default has occurred, in which case the provisions of this Section 8(b) shall no longer apply and payments of principal and interest shall be currently due and payable in accordance with the terms hereof and interest shall no longer be capitalized. For purposes of this subsection, an Event of Default under Section 21(b)(v) (*Events of Default and Remedies – Cross Default with Obligation Documents*) shall be deemed to have occurred upon the occurrence of any nonpayment of principal of, interest on or redemption price of Obligations when due, regardless of whether the holders of the applicable Obligations or any trustee for the applicable obligations, or any legal order, has waived, permitted deferral of, or forgiven any such payment.

(c) WIFIA Note. As evidence of the Borrower's obligation to repay the WIFIA Loan, the Borrower shall issue and deliver to the WIFIA Lender, on or prior to the Effective Date, the WIFIA Note substantially in the form of **Exhibit A** (*Form of WIFIA Note*), having a maximum principal amount (excluding capitalized interest) of \$[188,758,204], bearing interest at the WIFIA Interest Rate and having principal and interest payable on the same dates set forth herein. Any payment in respect of the WIFIA Note shall be treated as a payment in respect of the WIFIA Loan and any prepayment of principal in respect of the WIFIA Loan shall be treated as a redemption in respect of the WIFIA Note. Payments of amounts due under the WIFIA Note shall be secured as set forth in Section 7 (*Security and Priority; Flow of Funds*).

(d) Manner of Payment. The Borrower hereby assigns all its right and interest in and to the WIFIA Installment Payments to the WIFIA Lender and directs the District to transfer, on the Borrower's behalf, all amounts on deposit in the WIFIA Debt Service Account to the WIFIA Lender by wire transfer on or before each Payment Date in Dollars and in immediately available funds (without counterclaim, offset or deduction) in accordance with the payment instructions set forth in **Schedule IV-A** (*WIFIA Loan Payment Instructions*), as may be modified in writing from time to time by the WIFIA Lender; provided that neither the assignment of such rights by the Borrower nor such direction by the Borrower to the District with respect to payments hereunder shall affect in any manner any payment obligation or other obligation of the Borrower hereunder or under any other WIFIA Loan Document to which the Borrower is a party, or any payment obligation of the District under the WIFIA Installment Purchase Agreement or other obligation of the District hereunder or under any WIFIA Loan Document to which the District is a party.

(e) Adjustments to Loan Amortization Schedule.

(i) The Outstanding WIFIA Loan Balance (and the corresponding Principal Components of the WIFIA Installment Payments) will be (A) increased on each occasion on which the WIFIA Lender disburses loan proceeds hereunder, as applicable, by the amount of such disbursement of loan proceeds; (B) increased on each occasion on which interest on the WIFIA Loan is capitalized pursuant to the provisions of Section 8(b) (*Payment of Principal and Interest – Capitalized Interest Period*), by the amount of interest so capitalized; and (C) decreased upon each payment or prepayment of the Outstanding WIFIA Loan Balance (and the corresponding Principal Components of the WIFIA Installment Payments), by the amount of principal so paid (and the corresponding Principal Components of the WIFIA Installment Payments). The WIFIA Lender may in its discretion at any time and from time to time, or when so requested by the Borrower or the

District, advise the Borrower or the District by written notice of the amount of the Outstanding WIFIA Loan Balance (and the corresponding Principal Components of the WIFIA Installment Payments) as of the date of such notice, and its determination of such amount in any such notice shall be deemed conclusive absent manifest error.

(ii) The WIFIA Lender is hereby authorized by the District and the Borrower to modify, and the District and the Borrower agree to be bound by such modifications, the Loan Amortization Schedule included in **Exhibit F** (*WIFIA Debt Service*) (and the corresponding schedule of WIFIA Installment Payments) from time to time, in accordance with the principles set forth below in this Section 8(e), to reflect (A) any change to the Outstanding WIFIA Loan Balance, (B) any change to the date and amount of any principal or interest due and payable or to become due and payable by the Borrower under this Agreement, and (C) such other information as the WIFIA Lender may determine is necessary for administering the WIFIA Loan, this Agreement, and the WIFIA Installment Purchase Agreement. Any calculations described above shall be rounded up to the nearest whole cent. Any adjustments or revisions to the Loan Amortization Schedule (and the corresponding changes to the schedule of WIFIA Installment Payments) as a result of changes in the Outstanding WIFIA Loan Balance shall be applied to reduce future payments due with respect to the WIFIA Loan in inverse order of maturity, other than prepayments which shall be applied in accordance with Section 9(d) (*Prepayment – General Prepayment Instructions*). Absent manifest error, the WIFIA Lender's determination of such matters as set forth on **Exhibit F** (*WIFIA Debt Service*) shall be conclusive evidence thereof; provided that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner any payment obligation or other obligation of the Borrower hereunder or under any other WIFIA Loan Document to which the Borrower is a party, or any payment obligation of the District under the WIFIA Installment Purchase Agreement or other obligation of the District hereunder or under any WIFIA Loan Document to which the District is a party. The WIFIA Lender shall provide the Borrower and the District with a copy of **Exhibit F** (*WIFIA Debt Service*) as revised, but no failure to provide or delay in providing the Borrower or the District with such copy shall affect any of the obligations of the Borrower or the District under this Agreement or the other WIFIA Loan Documents.

(f) WIFIA Loan Not District Indebtedness. The WIFIA Loan and the WIFIA Note are limited obligations of the Borrower, payable solely from the Authority Revenues, and do not constitute a debt of the members of the Borrower, the State or any of its political subdivisions (including the District), except the Borrower. Notwithstanding anything to the contrary set forth in this Agreement, the District is not a borrower with respect to the WIFIA Loan, the WIFIA Note, or this Agreement and the District has no obligation to make any payment or provision for payment of the WIFIA Loan or the WIFIA Note except for any payments on behalf of the Borrower contemplated in the WIFIA Installment Purchase Agreement and payments of fees and expenses described in Section 10 (*Fees and Expenses*). This Agreement does not constitute a contract between the District and the WIFIA Lender by which the District has incurred an indebtedness.

Section 9. Prepayment.

(a) Mandatory Prepayment from Net Proceeds or Eminent Domain Proceeds. The Borrower, or the District as agent of the Borrower, shall prepay the WIFIA Loan from and in the amount of any prepayments of the WIFIA Installment Payments received from the District pursuant to the WIFIA Installment Purchase Agreement and Section 17(f)(v) (*Affirmative Covenants of the District – Insurance; Net Proceeds*) or Section 17(t)(ii) (*Affirmative Covenants of the District – Eminent Domain Proceeds*). The amount of any such prepayment shall be equal to the portion of the Outstanding WIFIA Loan Balance required to be prepaid hereunder plus accrued interest thereon to the date of prepayment. All such prepayments shall be paid to the WIFIA Lender by the District as agent of the Borrower substantially concurrently with the receipt of such amount by the Borrower and applied against the Outstanding WIFIA Loan Balance in accordance with Section 9(d) (*Prepayment – General Prepayment Instructions*).

(b) Optional Prepayments. The Borrower (or the District as agent of the Borrower) may prepay the WIFIA Loan in whole or in part (and, if in part, the amounts thereof to be prepaid shall be determined by the Borrower; provided that such prepayments shall be in principal amounts of \$500,000 or any integral multiple of \$1.00 in excess thereof), from time to time, but not more than annually, without penalty or premium, by paying to the WIFIA Lender such principal amount of the WIFIA Loan to be prepaid, together with the unpaid interest accrued on the amount of principal so prepaid to the date of such prepayment, which shall be a Payment Date unless otherwise agreed by the WIFIA Lender, and shall further include payment of all fees and expenses then due and payable hereunder and under the WIFIA Installment Purchase Agreement. Each prepayment of the WIFIA Loan pursuant to this Section 9(b) shall be made on such Payment Date and in such principal amount as shall be specified by the Borrower in a written notice delivered to the WIFIA Lender not less than ten (10) days or more than thirty (30) days prior to the date set for prepayment, unless otherwise agreed by the WIFIA Lender. At any time between delivery of such written notice and the applicable optional prepayment, the Borrower may, without penalty or premium, rescind its announced optional prepayment by further written notice to the WIFIA Lender. Each such optional prepayment of the WIFIA Loan shall be treated as an optional prepayment by the District of the corresponding unpaid Principal Components of the WIFIA Installment Payments, together with the unpaid Interest Components of the WIFIA Installment Payments accrued on the Principal Components of the WIFIA Installment Payments so prepaid to the date of such prepayment, and shall further include payment of all fees and expenses then due and payable hereunder and under the WIFIA Installment Purchase Agreement. Anything in this Section 9(b) to the contrary notwithstanding, the failure by the Borrower to make any optional prepayment shall not constitute a breach or default under this Agreement.

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

(d) General Prepayment Instructions. Upon the WIFIA Lender's receipt of confirmation that payment in full in immediately available funds of the entire Outstanding WIFIA Loan Balance and any unpaid interest, fees and expenses with respect thereto has occurred as a result of a mandatory or optional prepayment, the WIFIA Lender shall surrender the WIFIA Note

to the Borrower or its representative at the principal office of the WIFIA Lender. If the Borrower prepays only part of the unpaid balance of principal of the WIFIA Loan, the WIFIA Lender may make a notation on **Exhibit F** (*WIFIA Debt Service*) indicating the amount of principal of and interest on the WIFIA Loan then being prepaid. Absent manifest error, the WIFIA Lender's determination of such matters as set forth on **Exhibit F** (*WIFIA Debt Service*) shall be conclusive evidence thereof; provided that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner any payment obligation or other obligation of the Borrower hereunder or under any other WIFIA Loan Document to which the Borrower is a party, or any payment obligation of the District under the WIFIA Installment Purchase Agreement or any other obligation of the District hereunder or under any WIFIA Loan Document to which the District is a party. All partial prepayments of principal shall be applied to reduce future payments due on the WIFIA Loan in inverse order of maturity. If such funds have not been so paid on the prepayment date, such principal amount of the WIFIA Loan shall continue to bear interest until payment thereof at the rate provided for in Section 6 (*Interest Rate*).

Section 10. Fees and Expenses.

(a) Fees. The District shall pay, on behalf of the Borrower, to the WIFIA Lender:

(i) a servicing set-up fee equal to \$15,970 (the “**Servicing Set-Up Fee**”), which shall be due and payable within thirty (30) days after receipt of an invoice from the WIFIA Lender with respect thereto (or, if earlier, the first disbursement date of the WIFIA Loan);

(ii) an annual construction period servicing fee equal to \$15,970 (the “**Construction Period Servicing Fee**”), which shall accrue on the first Business Day of the then-current Federal Fiscal Year and shall be due and payable on or prior to each November 15 during the Construction Period (including the Federal Fiscal Year during which the Substantial Completion Date occurs); provided that the initial Construction Period Servicing Fee shall be due and payable within thirty (30) days after receipt of an invoice from the WIFIA Lender with respect thereto (or, if earlier, the first disbursement date of the WIFIA Loan), in a pro-rated amount equal to \$14,630³; and

(iii) an annual operating period servicing fee equal to \$7,990 (the “**Operating Period Servicing Fee**”), which shall accrue on the first Business Day of the then-current Federal Fiscal Year and shall be due and payable on or prior to each November 15, beginning with the first November 15 following the end of the Federal Fiscal Year during which the Substantial Completion Date occurs, until (and including) the Final Maturity Date or such earlier date as the WIFIA Loan, including all accrued but unpaid interest thereon and all other amounts payable hereunder, has been irrevocably paid in full in accordance with this Agreement; provided that the Operating Period Servicing Fee due and payable with respect to the Federal Fiscal Year during which the Final Maturity Date (or such earlier date as the WIFIA Loan, including all accrued but unpaid interest thereon

³ **NTD:** This assumes an October closing.

and all other amounts payable hereunder, has been irrevocably paid in full in accordance with this Agreement) occurs shall be equal to the pro-rata monthly portion of the then applicable Operating Period Servicing Fee multiplied by the number of partial or whole months remaining between October 1 and the Final Maturity Date or, if applicable, such earlier date as the WIFIA Loan, including all accrued but unpaid interest thereon and all other amounts payable hereunder, has been irrevocably paid in full in accordance with this Agreement.

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

(c) Expenses. The District agrees, whether or not the transactions hereby contemplated shall be consummated, to reimburse the WIFIA Lender on demand from time to time, within thirty (30) days after receipt of any invoice from the WIFIA Lender, for any and all fees, costs, charges, and expenses incurred by it (including the fees, costs, and expenses of its legal counsel, financial advisors, auditors and other consultants and advisors) in connection with the negotiation, preparation, execution, delivery, and performance of this Agreement and the other WIFIA Loan Documents and the transactions hereby and thereby contemplated, including attorneys', and engineers' fees and professional costs, including all such fees, costs, and expenses incurred as a result of or in connection with: (i) the enforcement of or attempt to enforce, or the protection or preservation of any right or claim under, the Authority Revenues, the Gross Revenues, the WIFIA Debt Service Account, or any provision of this Agreement or any other WIFIA Loan Document or the rights of the WIFIA Lender thereunder; (ii) any amendment, modification, waiver, or consent with respect to this Agreement or any other Related Document; and (iii) any work-out, restructuring, or similar arrangement of the obligations of the Borrower or the District under this Agreement or the other WIFIA Loan Documents, including during the pendency of any Event of Default; provided that nothing in this Section 10(c) shall obligate the District to pay principal or interest on the WIFIA Loan or WIFIA Note.

(d) The obligations of the District under this Section 10 shall survive the payment or prepayment in full in accordance with Section 8 or Section 9, respectively, of the WIFIA Note, the enforcement of any provision of this Agreement or the other WIFIA Loan Documents, any such amendments, waivers or consents, any Event of Default, and any such workout, restructuring, or similar arrangement.

ARTICLE III CONDITIONS PRECEDENT

Section 11. Conditions Precedent.

(a) Conditions Precedent to Effectiveness. Notwithstanding anything in this Agreement to the contrary, this Agreement shall not become effective until each of the following

conditions precedent has been satisfied or waived in writing by the WIFIA Lender in its sole discretion:

(i) The Borrower and the District shall each have duly executed and delivered to the WIFIA Lender this Agreement and the WIFIA Installment Purchase Agreement and the Borrower shall have duly executed and delivered to the WIFIA Lender the WIFIA Note, each in form and substance satisfactory to the WIFIA Lender.

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

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

(iv) The District shall have delivered to the WIFIA Lender a copy of the WIFIA District Resolution, along with a certification that the WIFIA District Resolution is in full force and effect, and no further instruments or documents (including any resolutions, ordinances, and supplements) are necessary for the District to execute and deliver, and to perform its obligations under, the WIFIA Loan Documents to which it is a party and to consummate and implement the transactions contemplated by the WIFIA Loan Documents to which it is a party.

(v) The Borrower shall have delivered to the WIFIA Lender a copy of the WIFIA Borrower Resolution, along with a certification that the WIFIA Borrower Resolution is in full force and effect, and no further instruments or documents (including any resolutions, ordinances, and supplements) are necessary for the Borrower to execute and deliver, and to perform its obligations under, the WIFIA Loan Documents to which it is a party and to consummate and implement the transactions contemplated by the WIFIA Loan Documents to which it is a party.

(vi) (A) Counsel to the Borrower shall have rendered to the WIFIA Lender legal opinions satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth on **Exhibit G-1** (*Opinions Required from Counsel to Borrower*)), (B) bond counsel to the Borrower shall have rendered to the WIFIA Lender legal opinions satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth on **Exhibit G-2** (*Opinions Required from Borrower Bond Counsel*)), (C) counsel to the District shall have rendered to the WIFIA Lender legal opinions satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth on **Exhibit G-3** (*Opinions*

*Required from Counsel to District)), and (D) bond counsel to the District shall have rendered to the WIFIA Lender legal opinions satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth on **Exhibit G-4** (*Opinions Required from District Bond Counsel*)).*

(vii) The Borrower and the District shall each have delivered to the WIFIA Lender the Non-Debarment Certificate.

(viii) The Borrower and the District shall each have delivered to the WIFIA Lender the Non-Lobbying Certificate.

(ix) The Borrower shall have delivered to the WIFIA Lender a certificate, signed by the Borrower's Authorized Representative, substantially in the form attached hereto as **Exhibit H-1** (*Form of Closing Certificate of Borrower*) (the "**Borrower Closing Certificate**"), designating the Borrower's Authorized Representative, confirming such person's position and incumbency, and certifying as to the satisfaction of the following conditions precedent (and, if requested by the WIFIA Lender, shall have provided evidence satisfactory to the WIFIA Lender of such compliance):

(A) the Borrower has obtained all Governmental Approvals necessary to execute and deliver, and perform its obligations under the WIFIA Loan Documents to which it is a party, and all such Governmental Approvals are final, non-appealable, and in full force and effect (and are not subject to any notice of violation, breach, or revocation);

(B) as of the Effective Date, (x) the maximum principal amount of the WIFIA Loan, together with the amount of any other credit assistance provided under the Act to the Borrower, does not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs and (y) the total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan, does not exceed eighty percent (80%) of Total Project Costs;

(C) the Borrower has (x) obtained a Federal Employer Identification Number, (y) obtained a Data Universal Numbering System number, and (z) registered with, and obtained confirmation of active registration status from, the federal System for Award Management (www.SAM.gov);

(D) the Borrower has obtained a CUSIP number for the WIFIA Loan for purposes of monitoring through EMMA;

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

(F) no Borrower Material Adverse Effect, or any event or condition that could reasonably be expected to have a Borrower Material Adverse Effect, has occurred or arisen since April 30, 2021.

(x) The District shall have delivered to the WIFIA Lender a certificate, signed by the District's Authorized Representative, substantially in the form attached hereto as **Exhibit H-2** (*Form of Closing Certificate of District*) (the "**District Closing Certificate**"), designating the District's Authorized Representative, confirming such person's position and incumbency, and certifying as to the satisfaction of the following conditions precedent (and, if requested by the WIFIA Lender, shall have provided evidence satisfactory to the WIFIA Lender of such compliance):

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

(B) the District has obtained all Governmental Approvals necessary (x) as of the Effective Date in connection with the Project and (y) to execute and deliver, and perform its obligations under the WIFIA Loan Documents to which it is a party, and all such Governmental Approvals are final, non-appealable, and in full force and effect (and are not subject to any notice of violation, breach, or revocation);

(C) as of the Effective Date, (x) the maximum principal amount of the WIFIA Loan (excluding any interest that is capitalized in accordance with the terms hereof), together with the amount of any other credit assistance provided under the Act to the Borrower, does not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs and (y) the total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan (excluding any interest that is capitalized in accordance with the terms hereof), does not exceed eighty percent (80%) of Total Project Costs;

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

(E) the District has developed, and identified adequate revenues to implement, a plan for operating, maintaining and repairing the Project during its useful life;

(F) the District has (x) obtained a Federal Employer Identification Number, (y) obtained a Data Universal Numbering System number, and (z) registered with, and obtained confirmation of active registration status from, the federal System for Award Management (www.SAM.gov);

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

(H) no District Material Adverse Effect, or any event or condition that could reasonably be expected to have a District Material Adverse Effect, has occurred or arisen since April 30, 2021.

(xi) The Borrower shall have provided evidence to the WIFIA Lender's satisfaction, no more than thirty (30) days prior to the Effective Date, of the assignment by at least two (2) Nationally Recognized Rating Agencies of a public Investment Grade Rating to the Senior Obligations then Outstanding (or any indebtedness of the Borrower incurred in connection with Senior Obligations then Outstanding) and any Senior Obligations and Subordinate Obligations proposed to be issued for the Project (or any indebtedness of the Borrower proposed to be incurred in connection with Senior Obligations and Subordinate Obligations for the Project, including indebtedness evidenced by the WIFIA Note), along with a certification in the Borrower Closing Certificate that no such rating has been reduced, withdrawn or suspended as of the Effective Date.

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

(xiii) The District shall have delivered to the WIFIA Lender (A) certificates of insurance, along with a certification in the District Closing Certificate that such insurance certificates are true and correct and demonstrate compliance with the requirements of Section 17(f) (*Affirmative Covenants of the District – Insurance; Net Proceeds*) and (B) at the WIFIA Lender's request, copies of such insurance policies and/or, if applicable, documents pertaining to the District's self-insurance program.

(xiv) The District shall have delivered to the WIFIA Lender the Public Benefits Report.

(xv) The District shall have provided the WIFIA Lender records of any Eligible Project Costs incurred prior to the Effective Date, in form and substance satisfactory to the WIFIA Lender.

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

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

(xviii) The District shall have delivered to the WIFIA Lender copies of (A) the Investment Policy and (B) the Debt Management Policy.

(xix) The Borrower shall have delivered such other agreements, documents, instruments, opinions and other items required by the WIFIA Lender to be provided by the Borrower, all in form and substance satisfactory to the WIFIA Lender.

(xx) The District shall have delivered such other agreements, documents, instruments, opinions and other items required by the WIFIA Lender to be provided by the District, all in form and substance satisfactory to the WIFIA Lender.

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

(i) The District shall have provided to the WIFIA Lender evidence satisfactory to the WIFIA Lender that (A) the aggregate amount of all disbursements of the WIFIA Loan (including the requested disbursement) will not exceed (1) the maximum principal amount of the WIFIA Loan, (2) the aggregate amount of Eligible Project Costs paid or incurred by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, or (3) the cumulative disbursements through the end of the current Federal Fiscal Year as set forth in the Anticipated WIFIA Loan Disbursement Schedule; (B) the District has sufficient available funds committed to the Project, which together with funds that remain available and not yet drawn under the WIFIA Loan, will be sufficient to pay the reasonably anticipated remaining Total Project Costs; and (C) the total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan, does not exceed eighty percent (80%) of Total Project Costs.

(ii) The District shall have provided an Updated Financial Model in compliance with the requirements of Section 20(a) (*Reporting Requirements of the District – Updated Financial Model*).

(iii) The District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, shall have delivered to the WIFIA Lender a Requisition that complies with the provisions of Section 4 (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*) (including satisfactory Eligible Project Costs Documentation relating to such Requisition), and the WIFIA Lender shall have approved

(or be deemed to have approved in accordance with Section 4(c) (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*)) such Requisition. The District's Authorized Representative shall also certify in such Requisition that:

(A) all Governmental Approvals necessary as of the time of such disbursement for the development, construction, operation and maintenance of the Project have been issued and are in full force and effect (and are not subject to any notice of violation, breach or revocation);

(B) each of the insurance policies obtained by the District in satisfaction of the requirements of Section 17(f) (*Affirmative Covenants of the District – Insurance; Net Proceeds*) is in full force and effect, and no notice of termination thereof has been issued by the applicable insurance provider;

(C) at the time of, and immediately after giving effect to, any disbursement of WIFIA Loan proceeds then currently requested, (1) no Default or Event of Default hereunder and no event of default under any other Related Document to which the District is a party shall have occurred and be continuing and (2) no event that, with the giving of notice or the passage of time or both, would constitute an event of default under any other Related Document to which the District is a party shall have occurred and be continuing;

(D) no District Material Adverse Effect, or any event or condition that could reasonably be expected to result in a District Material Adverse Effect, shall have occurred since April 30, 2021;

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

(F) the representations and warranties of the District set forth in this Agreement (including Section 13 (*Representations and Warranties of the District*)) and in each other WIFIA Loan Document to which the District is a party shall be true and correct as of each date on which any disbursement of the WIFIA Loan is made, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties shall be true and correct as of such earlier date).

(iv) To the extent necessary to make the corresponding representations and warranties true, correct and complete as of the date of the applicable disbursement, the District shall have delivered a schedule, in form and substance satisfactory to the WIFIA

Lender, listing any exceptions with respect to the representations and warranties set forth in Section 13(o) (*Environmental Matters*).

(v) The Borrower's Authorized Representative shall have delivered to the WIFIA Lender a certificate in the form of **Appendix Two** (*Form of Borrower Disbursement Certificate*) to **Exhibit D** (*Requisition Procedures*) certifying that:

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

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

(C) the representations and warranties of the Borrower set forth in this Agreement (including Section 12 (*Representations and Warranties of the Borrower*)) and in each other WIFIA Loan Document to which the Borrower is a party shall be true and correct as of each date on which any disbursement of the WIFIA Loan is made, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties shall be true and correct as of such earlier date).

(vi) To the extent not previously delivered to the WIFIA Lender, the District shall have delivered to the WIFIA Lender copies of any Related Document (including any amendment, waiver, modification or supplement thereto) entered into after the Effective Date, along with a certification in the Requisition that each such document is complete, fully executed and in full force and effect.

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

ARTICLE IV REPRESENTATIONS AND WARRANTIES

Section 12. Representations and Warranties of the Borrower. The Borrower hereby represents and warrants that, as of the Effective Date and, as to each of the representations and warranties other than those (x) contained in Section 12(b) (*Representations and Warranties of the Borrower – Officers' Authorization*), Section 12(k) (*Representations and Warranties of the Borrower – Credit Ratings*) and the first sentence of Section 12(f) (*Representations and*

Warranties of the Borrower – Litigation), as of each date on which any disbursement of the WIFIA Loan is requested or made:

(a) Organization; Power and Authority. The Borrower is a joint exercise of powers authority duly organized and validly existing under its Organizational Documents and the laws of the State, has full legal right, power and authority to do business in the State and to enter into the Related Documents then in existence to which it is a party, to execute and deliver this Agreement, the WIFIA Installment Purchase Agreement, and the WIFIA Note, and to carry out and consummate all transactions contemplated hereby and thereby, and has duly authorized the execution, delivery and performance of this Agreement, the WIFIA Note, and the other Related Documents to which it is a party.

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

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

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

(e) Consents and Approvals. No consent or approval of any trustee, holder of any obligations of the Borrower, or of any other Person, and no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Authority is necessary in connection with (i) the execution and delivery by the Borrower of the Related Documents to which it is a party, except as have been obtained or made and as are in full force and effect, or (ii) (A) the consummation of any transaction contemplated by any of the Related Documents to which the Borrower is a party, or (B) the fulfillment of or compliance by the Borrower with the terms and

conditions of any of the Related Documents to which the Borrower is a party, except as have been obtained or made and as are in full force and effect or as are ministerial in nature and can reasonably be expected to be obtained or made in the ordinary course on commercially reasonable terms and conditions when needed. The Borrower is not in default (and no event has occurred and is continuing that, with the giving of notice or the passage of time or both, could constitute a default) with respect to any Governmental Approval, which default could reasonably be expected to result in a Borrower Material Adverse Effect.

(f) Litigation. There is no action suit, proceeding or, to the knowledge of the Borrower, any inquiry or investigation, in any case before or by any court or other Governmental Authority pending or, to the knowledge of the Borrower, threatened against or affecting the Wastewater System (including the Project) or the ability of the Borrower to execute, deliver and perform its obligations under the Related Documents to which the Borrower is a party. As of the Effective Date and as of each other date on which the representations and warranties herein are made or confirmed, there is no action, suit, proceeding or, to the knowledge of the Borrower, any inquiry or investigation before or by any court or other Governmental Authority pending, or to the knowledge of the Borrower, threatened against or affecting the Wastewater System (including the Project), the Borrower or the assets, properties or operations of the Borrower, that in any case could reasonably be expected to result in a Borrower Material Adverse Effect. To the Borrower's knowledge, there are no actions of the type described above pending or, threatened against or affecting any of the Construction Contractors, except for matters arising after the Effective Date that could not reasonably be expected to (i) result in a Borrower Material Adverse Effect or (ii) adversely affect the Borrower's ability to receive Authority Revenues in amounts sufficient to meet the financial projections contained in the Base Case Financial Model (or any Updated Financial Model, to the extent any Updated Financial Model has been approved by the WIFIA Lender).

(g) Security Interests. (i) This Agreement and Section 5451 of the California Government Code establish, and (ii) the Borrower has taken all necessary action to pledge, assign, and grant, in each case in favor of the WIFIA Lender, legal, valid, binding and enforceable Liens on the Authority Revenues and the Borrower's rights with respect to the WIFIA Debt Service Account purported to be created, pledged, assigned, and granted pursuant to and in accordance with this Agreement, irrespective of whether any Person has notice of the pledge and without the need for any physical delivery, recordation, filing, or further act. Such Liens are in full force and effect and are the only Liens in respect of the Authority Revenues or the Borrower's rights with respect to the WIFIA Debt Service Account. The Borrower has taken all necessary action to assign to the WIFIA Lender all of its rights (A) to receive the Authority Revenues, (B) with respect to the WIFIA Debt Service Account and (C) to enforce the WIFIA Installment Purchase Agreement upon an event of default thereunder without the need for any further act. The Borrower is not in breach of any covenant set forth in Section 15(a) (*Affirmative Covenants of the Borrower – Securing Liens*) or in any other WIFIA Loan Document to which the Borrower is a party with respect to the matters described in Section 15(a) (*Affirmative Covenants of the Borrower – Securing Liens*). As of the Effective Date and as of each other date this representation and warranty is made, (1) all documents and instruments have been recorded or filed for record in such manner and in such places as are required and all other action as is necessary or desirable has been taken to establish a legal, valid, binding, and enforceable Lien on the Authority Revenues for the benefit of the WIFIA Lender, and (2) all taxes and filing fees that are due and payable in connection with

the execution, delivery or recordation of any WIFIA Loan Document or any instruments, certificates or financing statements in connection with the foregoing, have been paid. Neither the attachment, validity, enforceability or priority of the security interest in the Authority Revenues or the Borrower's rights with respect to the WIFIA Debt Service Account is governed by Article 9 of the UCC.

(h) No Debarment. The Borrower has fully complied with its verification obligations under 2 C.F.R. § 180.320 and confirms, based on such verification, that, to its knowledge, neither the Borrower nor any of its principals (as defined in 2 C.F.R. § 180.995 and supplemented by 2 C.F.R. § 1532.995) is debarred, suspended or voluntarily excluded from participation in Government contracts, procurement or non-procurement matters or delinquent on a Government debt as more fully set forth in the certificate delivered pursuant to Section 11(a)(vii) (*Conditions Precedent – Conditions Precedent to Effectiveness*).

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

(j) Compliance with Laws.

(i) The Borrower has complied with all applicable laws, rules, regulations and requirements.

(ii) No notices of violation of any applicable law have been issued, entered or received by the Borrower other than notices of violations that are immaterial.

(iii) The Borrower is not (A) a Sanctioned Person or (B) in violation of or, since the date that is five (5) years prior to the Effective Date, has violated: (1) any applicable Anti-Money Laundering Laws; (2) any applicable Sanctions; (3) any applicable Anti-Corruption Laws; or (4) any applicable anti-drug trafficking, anti-terrorism, or anti-corruption laws, civil or criminal. There are no pending or, to the knowledge of the Borrower, threatened claims or investigations by any Governmental Authority against, or any internal investigations conducted by, the Borrower with respect to any possible or alleged violations of any Sanctions, Anti-Money Laundering Laws, Anti-Corruption Laws, or any anti-drug trafficking or anti-terrorism laws. No use of proceeds of the WIFIA Loan or any other transaction contemplated by this Agreement or any other Related Document will violate any applicable Sanctions, Anti-Money Laundering Laws, or Anti-Corruption Laws, or any applicable anti-drug trafficking or anti-terrorism laws.

(k) Credit Ratings. The WIFIA Loan and the Senior Obligations (or any indebtedness of the Borrower incurred in connection with Senior Obligations then Outstanding) then Outstanding have received a public Investment Grade Rating from at least two (2) Nationally Recognized Rating Agencies, written evidence of such ratings has been provided to the WIFIA Lender prior to the Effective Date, and no such rating has been reduced, withdrawn or suspended as of the Effective Date.

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

(m) Information. Neither the WIFIA Loan Documents to which the Borrower is a party, nor any documents, certificates or statements provided to the WIFIA Lender by representatives of the Borrower in connection with the transactions contemplated thereby, which for purposes of this Section 12(m) shall consist of all documents or statements related to the Application or the Project, cash flow schematics, responses to due diligence interrogatories or requests from the WIFIA Lender or its advisors, and documents uploaded to the online WIFIA SharePoint data room made accessible to the Borrower by the WIFIA Lender, to the extent such documents, certificates, statements or other materials relate to the Borrower (including its finances or operations) or the Project, contains any untrue statement of any material fact or omits to state any material fact necessary so as to make such WIFIA Loan Documents, documents, certificates, statements or other materials so provided to the WIFIA Lender, in light of the circumstances under which they were made, not misleading.

(n) Insurance. The Borrower is in compliance with all insurance obligations applicable to the Borrower required under each Related Document to which the Borrower is a party as of the date on which this representation and warranty is made. To the extent the Borrower self-insures, the Borrower's self-insurance program is actuarially sound and the Borrower has received an opinion from an accredited actuary within the last twelve (12) months, which opinion confirms that the Borrower's self-insurance program is actuarially sound.

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

(p) Borrower Financial Statements. Each Borrower Financial Statement delivered to the WIFIA Lender by the Borrower pursuant to Section 19(a) (*Reporting Requirements of the Borrower – Annual Financial Statements*) has been prepared in accordance with GAAP and presents fairly, in all material respects, the financial condition of the Borrower as of the respective dates of the balance sheets included therein and the results of operations of the Borrower for the respective periods covered by the statements of income included therein, if any such balance sheets and statements are prepared. Except as reflected in such Borrower Financial Statements, there are no liabilities or obligations of the Borrower of any nature whatsoever for the periods to which such Borrower Financial Statements relate that are required to be disclosed in accordance with GAAP.

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

(f) Taxes. The Borrower is not required to file tax returns with any Governmental Authority.

(s) Sovereign Immunity. The Borrower either has no immunity from the jurisdiction of any court of competent jurisdiction or from any legal process therein which could be asserted in any action to enforce the obligations of the Borrower under any of the Related Documents to which the Borrower is a party or the transactions contemplated hereby or thereby, including the obligations of the Borrower hereunder and thereunder, or, to the extent that the Borrower has such immunity, the Borrower has waived such immunity pursuant to Section 15(j) (*Affirmative Covenants of the Borrower – Immunity*).

(t) Patriot Act. The Borrower is not required to establish an anti-money laundering compliance program pursuant to the Patriot Act.⁴

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

Section 13. Representations and Warranties of the District. The District hereby represents and warrants that, as of the Effective Date and, as to each of the representations and warranties below other than those contained in Section 13(b) (*Representations and Warranties of the District – Officers’ Authorization*) the first sentence of Section 13(f) (*Representations and Warranties of the District – Litigation*) and the first sentence of Section 13(m) (*Representations and Warranties of the District – Construction Contracts*), as of each date on which any disbursement of the WIFIA Loan is requested or made:

(a) Organization; Power and Authority. The District is a sanitary district duly organized and validly existing under its Organizational Documents and the laws of the State, has full legal right, power and authority to do business in the State and to enter into the Related Documents then in existence to which it is a party, to execute and deliver this Agreement and the WIFIA Installment Purchase Agreement, and to carry out and consummate all transactions contemplated hereby and thereby, and has duly authorized the execution, delivery and performance of this Agreement and the other Related Documents to which it is a party.

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

(c) Due Execution; Enforceability. Each of the Related Documents in effect as of any date on which this representation and warranty is made, and to which the District is a party has been duly authorized, executed and delivered by the District and constitutes the legal, valid and binding agreement of the District enforceable against the District in accordance with its terms,

⁴ **Note to the Borrower:** Please confirm that USDFA is not required to establish an anti-money laundering compliance program.

except as such enforceability (i) may be limited by applicable bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or similar laws affecting the rights of creditors generally and (ii) is subject to general principles of equity, the exercise of judicial discretion and the limitation on legal remedies against governmental entities imposed by the laws of the State (regardless of whether enforceability is considered in equity or at law).

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

(e) Consents and Approvals. No consent or approval of any trustee, holder of any obligations (including any Obligations and any Installment Payment obligations) of the District or of any other Person, and no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Authority is necessary in connection with (i) the execution and delivery by the District of the Related Documents to which it is a party, except as have been obtained or made and as are in full force and effect, or (ii) (A) the consummation of any transaction contemplated by any of the Related Documents to which the District is a party, or (B) the fulfillment of or compliance by the District with the terms and conditions of any of the Related Documents to which the District is a party, except as have been obtained or made and as are in full force and effect or as are ministerial in nature and can reasonably be expected to be obtained or made in the ordinary course on commercially reasonable terms and conditions when needed. The District is not in default (and no event has occurred and is continuing that, with the giving of notice or the passage of time or both, could constitute a default) with respect to any Governmental Approval, which default could reasonably be expected to result in a District Material Adverse Effect.

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

affecting any of the Construction Contractors, except for matters arising after the Effective Date that could not reasonably be expected to (i) result in a District Material Adverse Effect or (ii) adversely affect the District's ability to receive Gross Revenues and Net Revenues in amounts sufficient to meet the financial projections contained in the Base Case Financial Model (or any Updated Financial Model, to the extent any Updated Financial Model has been approved by the WIFIA Lender) or to pay the WIFIA Installment Payments.

(g) Security Interests. (i) The WIFIA Installment Purchase Agreement and Section 5451 of the California Government Code establish, and (ii) the District has taken all necessary action to pledge, assign, and grant, in each case in favor of the Borrower, legal, valid, binding and enforceable Liens on the District Collateral purported to be created, pledged, assigned, and granted pursuant to and in accordance with the WIFIA Installment Purchase Agreement, irrespective of whether any Person has notice of the pledge and without the need for any physical delivery, recordation, filing, or further act. The Liens on the District Collateral in favor of the Borrower are in full force and effect and are (A) not subordinate or junior to any other Liens in respect of the Gross Revenues other than the Liens on the Gross Revenues for the benefit of the Senior Obligations, and (B) not *pari passu* with any Liens in respect of the Gross Revenues other than the Liens on the Gross Revenues for the benefit of the Subordinate Obligations. The Lien on the WIFIA Debt Service Account in favor of the Borrower is the only Lien with respect to the WIFIA Debt Service Account. The District is not in breach of any covenant set forth in Section 17(b) (*Affirmative Covenants of the District – Securing Liens*) or in any WIFIA Loan Document to which the District is a party with respect to the matters described in Section 17(b) (*Affirmative Covenants of the District – Securing Liens*). As of the Effective Date and as of each other date this representation and warranty is made, (1) all documents and instruments have been recorded or filed for record in such manner and in such places as are required and all other action as is necessary or desirable has been taken to establish a legal, valid, binding, and enforceable Lien on the District Collateral for the benefit of the Borrower, and (2) all taxes and filing fees that are due and payable in connection with the execution, delivery or recordation of any WIFIA Loan Document or any instruments, certificates or financing statements in connection with the foregoing, have been paid. Neither the attachment, validity, enforceability or priority of the security interest in the District Collateral granted pursuant to the WIFIA Installment Purchase Agreement is governed by Article 9 of the UCC.

(h) No Debarment. The District has fully complied with its verification obligations under 2 C.F.R. § 180.320 and confirms, based on such verification, that, to its knowledge, neither the District nor any of its principals (as defined in 2 C.F.R. § 180.995 and supplemented by 2 C.F.R. § 1532.995) is debarred, suspended or voluntarily excluded from participation in Government contracts, procurement or non-procurement matters or delinquent on a Government debt as more fully set forth in the certificate delivered pursuant to Section 11(a)(vii) (*Conditions Precedent – Conditions Precedent to Effectiveness*).

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

(j) Compliance with Laws.

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

(ii) To ensure such compliance, the District has included in all contracts with respect to the Project (A) the contract clauses relating to the Davis-Bacon Act requirements that are set forth in the Code of Federal Regulations, Title 29 Part 5.5 and (B) requirements that its contractors (1) shall comply with all applicable laws, rules, regulations, and requirements set forth in this Section 13(j) and follow applicable federal guidance and (2) incorporate in all subcontracts (and cause all subcontractors to include in lower tier subcontracts) such terms and conditions as are required to be incorporated therein by any applicable laws, rules, regulations and requirements set forth in this Section 13(j) (including with respect to the Davis-Bacon Act requirements).

(iii) No notices of violation of any applicable law have been issued, entered or received by the District or, to the District's knowledge and solely in respect of the Project or any Construction Contract, any Construction Contractor, other than, in each case, notices of violations that are immaterial.

(iv) The District is not and, to the knowledge of the District, no Construction Contractor is, (A) a Sanctioned Person or (B) in violation of or, since the date that is five (5) years prior to the Effective Date, has violated: (1) any applicable Anti-Money Laundering Laws; (2) any applicable Sanctions; (3) any applicable Anti-Corruption Laws; or (4) any applicable anti-drug trafficking, anti-terrorism, or anti-corruption laws, civil or criminal. There are no pending or, to the knowledge of the District, threatened claims or investigations by any Governmental Authority against, or any internal investigations conducted by, the District or any Construction Contractor, with respect to any possible or alleged violations of any Sanctions, Anti-Money Laundering Laws, Anti-Corruption Laws, or any anti-drug trafficking or anti-terrorism laws. No use of proceeds of the WIFIA Loan or any other transaction contemplated by this Agreement or any other Related Document will violate any applicable Sanctions, Anti-Money Laundering Laws, or Anti-Corruption Laws, or any applicable anti-drug trafficking or anti-terrorism laws.

(k) No Defaults. No Default or Event of Default, and no default or event of default by the District under any other Related Document (excluding Construction Contracts) to which the District is a party, has occurred and is continuing.

(l) Governmental Approvals. All Governmental Approvals required as of the Effective Date and required as of any subsequent date on which this representation is made (or deemed made) for the undertaking and completion by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, of the Project, and for the operation and management thereof, have been obtained or effected and are in full force and effect and there is no

basis for, nor proceeding that is pending or threatened that could reasonably be expected to result in, the revocation of or a default under any such Governmental Approval.

(m) Construction Contracts. Attached as **Schedule 13(m)** (*Construction Contracts*) is a list of the Existing Construction Contracts and all Additional Construction Contracts that are expected to be entered into. With respect to each Construction Contract that has been entered into on or prior to any date on which this representation and warranty is made, (x) it is in full force and effect, (y) all conditions precedent to the obligations of the respective parties under each such Construction Contract have been satisfied and (z) the District has delivered to the WIFIA Lender a fully executed, complete and correct copy of each such Construction Contract, including any amendments or modifications thereto and any related credit support instruments or side letters. No event has occurred that gives the District or, to the District's knowledge, any Construction Contractor, the right to terminate any such Construction Contract. The District is not in breach of any material term in or in default under any Construction Contract, and to the knowledge of the District no party to any Construction Contract is in breach of any material term therein or in default thereunder.

(n) Information. Neither the WIFIA Loan Documents to which the District is a party, nor any documents, certificates or statements provided to the WIFIA Lender by representatives of the District in connection with the transactions contemplated thereby, which for purposes of this Section 13(n) shall consist of all financial models, project budgets, documents or statements related to the Application or the Project, cash flow schematics, responses to due diligence interrogatories or requests from the WIFIA Lender or its advisors, and documents uploaded to any data room made accessible to the District by the WIFIA Lender (or its advisors) or provided to the WIFIA Lender in an electronic written communication, to the extent such documents, certificates, statements or other materials relate to the District (including its finances or operations) or the Project, contains any untrue statement of any material fact or omits to state any material fact necessary so as to make such WIFIA Loan Documents, documents, certificates, statements or other materials so provided to the WIFIA Lender, in light of the circumstances under which they were made, not misleading.

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

material information in the possession of or reasonably available to the District regarding the District's or the Project's compliance with (A) Environmental Laws and (B) Governmental Approvals that are required for the Project and relate to Environmental Laws.

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

(q) Insurance. The District is in compliance with all insurance obligations required under each Related Document to which the District is a party as of the date on which this representation and warranty is made. To the extent the District self-insures, the District's self-insurance program is actuarially sound and the District has received an opinion from an accredited actuary within the last twelve (12) months, which opinion confirms that the District's self-insurance program is actuarially sound.

(r) No Prohibited Liens. Except for Permitted Liens, the District has not created, and is not under any obligation to create, and has not entered into any transaction or agreement that would result in the imposition of, any Lien on the Gross Revenues, the Wastewater System, the WIFIA Debt Service Account, the Project or the properties or assets in relation to the Project.

(s) District Financial Statements. Each District Financial Statement delivered to the WIFIA Lender by the District pursuant to Section 20(b) (*Reporting Requirements of the District – Annual Financial Statements*) has been prepared in accordance with GAAP and presents fairly, in all material respects, the financial condition of the District as of the respective dates of the balance sheets included therein and the results of operations of the District for the respective periods covered by the statements of income included therein. Except as reflected in such District Financial Statements, there are no liabilities or obligations of the District of any nature whatsoever for the periods to which such District Financial Statements relate that are required to be disclosed in accordance with GAAP.

(t) Taxes. The District is not required to file tax returns with any Governmental Authority.

(u) Sufficient Funds. The amount of the WIFIA Loan, when combined with all other funds committed for the development and construction of the Project as set forth under the various sources of funds in the Base Case Financial Model and the Project Budget will be sufficient to carry out the Project, pay all Total Project Costs anticipated for the development and construction of the Project and achieve Substantial Completion by the Projected Substantial Completion Date.

(v) Sovereign Immunity. The District either has no immunity from the jurisdiction of any court of competent jurisdiction or from any legal process therein which could be asserted in any action to enforce the obligations of the District under any of the Related Documents to which the District is a party or the transactions contemplated hereby or thereby, including the obligations of the District hereunder and thereunder, or, to the extent that the District has such immunity, the District has waived such immunity pursuant to Section 17(n) (*Affirmative Covenants of the District – Immunity*).

(w) Patriot Act. The District is not required to establish an anti-money laundering compliance program pursuant to the Patriot Act.⁵

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

Section 14. Representations and Warranties of WIFIA Lender. The WIFIA Lender represents and warrants that:

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

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

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

ARTICLE V COVENANTS

Section 15. Affirmative Covenants of the Borrower. The Borrower covenants and agrees as follows until the date the WIFIA Note and all of the obligations of the Borrower under this Agreement (other than contingent indemnity obligations) are irrevocably paid in full by the Borrower in immediately available funds, unless the WIFIA Lender waives compliance in writing:

(a) Securing Liens. The Borrower shall at any and all times, to the extent permitted by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable in connection with assuring, conveying, granting, assigning, securing and confirming the Liens on the Authority Revenues (whether now existing or hereafter arising) and the

⁵ **Note to the District:** Please confirm that USD is not required to establish an anti-money laundering compliance program.

Borrower's rights with respect to the WIFIA Debt Service Account granted to the WIFIA Lender for its benefit pursuant to the WIFIA Loan Documents to which the Borrower is a party, or intended so to be granted pursuant to the WIFIA Loan Documents to which the Borrower is a party, or which the Borrower may become bound to grant, and the Borrower shall at all times maintain the Authority Revenues and its rights with respect to the WIFIA Debt Service Account free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto other than the Liens with respect to the WIFIA Loan, and all organizational, regulatory or other necessary action on the part of the Borrower to that end shall be duly and validly taken at all times. The Borrower shall at all times, to the extent permitted by law, defend, preserve and protect the Liens on the Authority Revenues granted pursuant to the WIFIA Loan Documents and for the benefit of the WIFIA Lender under the WIFIA Loan Documents against all claims and demands of all Persons whomsoever.

(b) Use of Proceeds. The Borrower shall use, and shall cause the District pursuant to the WIFIA Installment Purchase Agreement to use, the proceeds of the WIFIA Loan solely for purposes permitted by applicable law and as otherwise permitted by this Agreement.

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

(d) Operation of the Borrower. The Borrower shall at all times do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in full force and effect the Governmental Approvals and any other rights, licenses, franchises, and authorizations material to the conduct of its business.

(e) Maintain Legal Structure. The Borrower shall maintain its existence as a joint exercise of powers authority organized and existing under its Organizational Documents and the laws of the State.

(f) Compliance with Laws.

(i) The Borrower shall comply with all applicable laws, rules, regulations and requirements.

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

(g) Material Obligations; Payment of Claims.

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

(ii) The Borrower shall pay and discharge promptly all taxes, assessments and governmental charges or levies imposed upon it or upon the Authority

Revenues, before the same shall become delinquent or in default; provided that such payment and discharge shall not be required with respect to any such tax, assessment, charge, levy, claim or Lien so long as the validity or amount thereof shall be contested by the Borrower in good faith by appropriate proceedings and so long as the Borrower shall have set aside adequate reserves with respect thereto in accordance with and to the extent required by GAAP, applied on a consistent basis.

(iii) The Borrower will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a Lien on the Authority Revenues.

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

(i) DUNS Number. The Borrower shall (i) obtain prior to the Effective Date (and provide such number to the WIFIA Lender) and maintain from Dun & Bradstreet (or a successor entity) a Data Universal Numbering System Number (a “**DUNS Number**”) and (ii) within sixty (60) days prior to each anniversary of the Effective Date, provide to the WIFIA Lender evidence of the continuing effectiveness of such DUNS Number, in each case until the Final Maturity Date or to such earlier date as all amounts due or to become due to the WIFIA Lender under this Agreement have been irrevocably paid in full in immediately available funds.

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

(k) Accounting and Audit Procedures.

(i) The Borrower shall establish fiscal controls and accounting procedures sufficient to assure proper accounting for Authority Revenues, debt issued and outstanding and debt payments. The Borrower shall use accounting, audit and fiscal procedures conforming to GAAP, including, with respect to the WIFIA Loan, accounting of principal and interest payments, disbursements, prepayments and calculation of interest and principal amounts Outstanding.

(ii) The Borrower shall have a single or program-specific audit conducted in accordance with 2 C.F.R. Part 200 Subpart F and 31 U.S.C. § 7502 from (and including) the first Borrower Fiscal Year in which there is a disbursement of WIFIA Loan proceeds and annually thereafter to the extent required by applicable law, except to the extent biennial audits are permitted for the Borrower pursuant to 2 C.F.R. § 200.504 and 31 U.S.C. § 7502(b). Upon reasonable notice, the Borrower shall cooperate fully in the

conduct of any periodic or compliance audits conducted by the WIFIA Lender, or designees thereof, pursuant to 40 C.F.R. Part 35, 31 U.S.C. § 7503(b), or 31 U.S.C. § 6503(h) and shall provide full access to any books, documents, papers or other records that are pertinent to the WIFIA Loan, to the WIFIA Lender, or the designee thereof, for any such project or programmatic audit.

(l) Access; Records.

(i) So long as the WIFIA Loan or any portion thereof shall remain outstanding and until five (5) years after the WIFIA Loan shall have been paid in full, the WIFIA Lender shall have the right, upon reasonable prior notice, to examine books of account and records of the Borrower relating to the Project, to make copies and extracts therefrom at the District's expense, and to discuss the Borrower's affairs, finances and accounts relating to the WIFIA Loan with, and to be advised as to the same by, its officers and employees and its independent public accountants (and by this provision the Borrower irrevocably authorizes its independent public accountants to discuss with the WIFIA Lender the affairs, finances and accounts of the Borrower, whether or not any representative of the Borrower is present, it being understood that nothing contained in this Section 15(l) is intended to confer any right to exclude any such representative from such discussions), all at such reasonable times and intervals as the WIFIA Lender may request.

(ii) The Borrower shall maintain and retain all files relating to the WIFIA Loan until five (5) years after the later of the date on which (A) all rights and duties under this Agreement and under the WIFIA Note (including payments) have been fulfilled and any required audits have been performed and (B) any litigation relating to the Project, the WIFIA Loan or this Agreement is finally resolved or, if the WIFIA Lender has reasonable cause to extend such date, a date to be mutually agreed upon by the WIFIA Lender and the Borrower.

(m) Compliance with Contracts. The Borrower will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be performed by it contained in all contracts affecting or involving the Wastewater System, to the extent that the Borrower is a party thereto.

(n) Further Assurances. The Borrower 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 WIFIA Lender the rights and benefits provided to it herein.

Section 16. Negative Covenants of the Borrower. The Borrower covenants and agrees as follows until the date the WIFIA Note and all of the obligations of the Borrower under this Agreement (other than contingent indemnity obligations) are irrevocably paid in full by the Borrower in immediately available funds, unless the WIFIA Lender waives compliance in writing:

(a) No Lien Extinguishment or Adverse Amendments. The Borrower shall not, and shall not permit any Person to, without the prior written consent of the WIFIA Lender, (i) extinguish or impair the Liens on the Authority Revenues or the Borrower's rights with respect to

the WIFIA Debt Service Account granted pursuant to this Agreement, (ii) amend, modify, terminate, assign, replace or supplement, or permit a waiver of any provision of, the WIFIA Installment Purchase Agreement, (iii) amend, modify, replace or supplement any Related Document to which the Borrower is a party (other than the WIFIA Installment Purchase Agreement) or permit a waiver of any provision thereof in a manner that could adversely affect the WIFIA Lender or could reasonably be expected to result in a Borrower Material Adverse Effect, or (iv) terminate, assign or replace any Related Document to which the Borrower is a party (other than the WIFIA Installment Purchase Agreement) in a manner that could adversely affect the WIFIA Lender or could reasonably be expected to have a Borrower Material Adverse Effect. The Borrower shall not take or omit to take any action under any contract if the effect of such act or failure to act would in any manner impair or adversely affect the ability of the District to secure adequate Net Revenues to meet the requirements of the WIFIA Loan Documents.

(b) No Prohibited Liens. Except for the Liens with respect to the WIFIA Loan for the benefit of the WIFIA Lender, the Borrower shall not create, incur, assume or permit to exist any Lien on the Authority Revenues or its rights with respect to the WIFIA Debt Service Account.

(c) Borrower Fiscal Year. The Borrower shall not at any time adopt any fiscal year other than the Borrower Fiscal Year, except with thirty (30) days' prior written notice to the WIFIA Lender.

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

(e) Hedging. Other than Qualified Hedges, the Borrower shall not enter into any swap or hedging transaction, including inflation indexed swap transactions, "cap" or "collar" transactions, futures, or any other hedging transaction without the prior written consent of the WIFIA Lender.

(f) Variable Interest Rate Obligations. The Borrower shall not, on behalf of the District, issue any obligation that is to bear interest at a Variable Interest Rate if such issuance would cause the principal amount of all Outstanding Variable Interest Rate Obligations to exceed twenty-five percent (25%) of the principal amount of all Outstanding Obligations.

(g) Mergers and Acquisitions. The Borrower shall not, and shall not agree to, reorganize, consolidate with or merge into another Person unless (i) such reorganization, merger or consolidation is with or into another entity established by State law and such reorganization, merger or consolidation is mandated by State law, and in each case, does not adversely affect or impair to any extent or in any manner (A) the Authority Revenues or (B) the availability of the Authority Revenues for the payment and security of the obligations of the Borrower under this Agreement or this Agreement, (ii) the Borrower provides to the WIFIA Lender, no later than sixty (60) days prior to the date of reorganization, consolidation or merger, prior written notice of such reorganization, consolidation or merger and the agreements and documents authorizing the reorganization, consolidation or merger, satisfactory in form and substance to the WIFIA Lender,

and (iii) either (A) any surviving entity as a result of such reorganization, merger or consolidation that is not the Borrower immediately prior to the reorganization, merger or consolidation executes, acknowledges, and delivers to the WIFIA Lender an agreement satisfactory to the WIFIA Lender in form and substance whereby such surviving entity assumes the Borrower's obligations under this Agreement, or (B) the Borrower delivers to the WIFIA Lender the statute implementing such reorganization, merger or consolidation or an order or other document of the State or local agency with statutory jurisdiction over such reorganization, merger or consolidation, in either case containing a provision requiring the surviving entity to assume the Borrower's obligations with respect to bonds, notes and other obligations, including the WIFIA Installment Purchase Agreement and this Agreement. In addition, the Borrower shall provide all information concerning such reorganization, consolidation or merger as shall have been reasonably requested by the WIFIA Lender.

Section 17. Affirmative Covenants of the District. The District covenants and agrees as follows until the date the WIFIA Note and all of the obligations of the Borrower under this Agreement (other than contingent indemnity obligations) are irrevocably paid in full by the Borrower in immediately available funds, unless the WIFIA Lender waives compliance in writing:

(a) Rate Covenant.

(i) To the fullest extent permitted by law, the District shall fix and prescribe, at the commencement of each District Fiscal Year, rates and charges for the Wastewater Service which are reasonably expected to be at least sufficient to yield during each District Fiscal Year (A) Net Revenues equal to one hundred twenty percent (120%) of the Debt Service payable in such District Fiscal Year and (B) Net Revenues remaining after payment of Debt Service equal to one hundred ten percent (110%) of Subordinate Debt Service payable in such District 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 17(a)(i).

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

(b) Securing Liens. The District shall at any and all times, to the extent permitted by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable in connection with assuring, conveying, granting, assigning, securing and confirming the Liens on the District Collateral (whether now existing or hereafter arising) granted to the Borrower for its benefit pursuant to the WIFIA Installment Purchase Agreement, or intended so to be granted pursuant to the WIFIA Installment Purchase Agreement, or which the District may become bound to grant, and the District shall at all times maintain the District Collateral and the

WIFIA Debt Service Account free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto that has priority over, or equal rank with, the Liens created by the WIFIA Installment Purchase Agreement (except with respect to the WIFIA Debt Service Account, free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto, regardless of priority), other than as permitted by this Agreement and the WIFIA Installment Purchase Agreement, and all organizational, regulatory or other necessary action on the part of the District to that end shall be duly and validly taken at all times. The District shall at all times, to the extent permitted by law, defend, preserve and protect the Liens on the District Collateral granted for the benefit of the Borrower pursuant to the WIFIA Installment Purchase Agreement against all claims and demands of all Persons whomsoever, subject to Permitted Liens.

(c) Use of Proceeds. The District shall use the proceeds of the WIFIA Loan solely for purposes permitted by applicable law and as otherwise permitted under this Agreement, the WIFIA Installment Purchase Agreement and the other Related Documents to which the District is a party.

(d) Prosecution of Work; Verification Requirements.

(i) The District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, shall diligently prosecute the work relating to the Project and complete the Project in accordance with the Construction Schedule, the Governmental Approvals in connection with the Project, and the highest standards of the District's industry.

(ii) The District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, shall ensure that each Construction Contractor complies with all applicable laws and legal or contractual requirements with respect to any performance security instrument delivered by such Construction Contractor to the District and shall ensure that any letter of credit provided pursuant to any Construction Contract meets the requirements therefor set forth in such Construction Contract.

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

(e) Maintenance and Operation of the Wastewater System. The District shall (i) operate and maintain the Wastewater System (including, but not limited to, the Project) in a reasonable and prudent manner and (ii) maintain the Wastewater System (including the Project) in good repair, working order and condition and in accordance with the requirements of all applicable laws and each applicable Related Document. The District shall at all times do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in full force and effect the Governmental Approvals and any other rights, licenses, franchises, and authorizations material to the conduct of its business.

(f) Insurance; Net Proceeds.

(i) The District will procure and maintain or cause to be procured and maintained insurance on the Wastewater System with responsible insurers in such amounts and against such risks (including damage to or destruction of the Wastewater System) as are customarily maintained with respect to works and properties of like character against accident to, loss of, or damage to such works or properties. The District shall cause each Construction Contractor to obtain and maintain builders risk and casualty and liability insurance in accordance with the requirements of the applicable Construction Contract.

(ii) The District shall (by self-insuring or maintaining with responsible insurers or by a combination thereof) provide for workers' compensation insurance for District's workers and insurance against public liability and property damage to the District Operations (including the Project) to the extent reasonably necessary to protect the District and the WIFIA Lender.

(iii) The District shall cause all liability insurance policies that it maintains (and, during the Construction Period, all liability insurance policies that are maintained by any Construction Contractor), other than workers' compensation insurance, to reflect the WIFIA Lender as an additional insured to the extent of its insurable interest.

(iv) 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.

(v) If such Net Proceeds exceed the costs of such reconstruction, repair or replacement, then the remaining excess Net Proceeds, after any prepayment therefrom of the Senior Obligations in accordance their Obligation Documents, shall be applied in part to the prepayment of the WIFIA Loan as provided in Section 9(a) (*Prepayment – Mandatory Prepayment from Net Proceeds or Eminent Domain Proceeds*) and in part to such other funds or accounts as may be appropriate and used for the retirement of the Subordinate Obligations (other than the WIFIA Loan) in the same proportion which the Outstanding WIFIA Loan Balance then bears to the aggregate unpaid principal amount of the Subordinate Obligations (other than the WIFIA Loan). If such Net Proceeds are sufficient to discharge all obligations under this Agreement, the WIFIA Note, and the WIFIA Installment Purchase Agreement and all other Outstanding Obligations, 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 the Outstanding WIFIA Loan Balance as provided in Section 9(a) (*Prepayment – Mandatory Prepayment from Net Proceeds or Eminent Domain Proceeds*) and to the retirement of such other Outstanding Obligations.

(vi) The District will procure and maintain such other insurance as it shall deem advisable or necessary to protect its interests and the interests of the Borrower, 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.

(vii) Any insurance required to be maintained by Section 17(f)(i) and, if the District determines to procure and maintain insurance pursuant to Section 17(f)(vi), 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.

(viii) All policies of insurance required to be maintained herein shall provide that the Borrower and the WIFIA Lender shall be given thirty (30) days written notice of any intended cancellation thereof or reduction of coverage provided thereby.

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

(g) Maintain Legal Structure. The District shall maintain its existence as a sanitary district organized and existing under its Organizational Documents and the laws of the State.

(h) Accounts; Permitted Investments.

(i) The District shall maintain the Revenue Fund in accordance with the terms hereof and the other WIFIA Loan Documents. All Gross Revenues received shall be deposited in the Revenue Fund when and as received in trust for the benefit of the holders of the Obligations, subject to the application of Gross Revenues to Operation and Maintenance Costs. The District shall maintain and hold separate and apart from other funds the Revenue Fund so long as any Obligations remain unpaid. Moneys in the Revenue Fund shall be used and applied by the District as provided in the Flow of Funds.

(ii) All moneys held by the District in the Revenue Fund shall be invested in Permitted Investments and the investment earnings thereon shall remain on deposit in such fund, except as otherwise provided herein.

(iii) The District shall maintain the Parity Debt Reserve, if any, in accordance with the terms of the WIFIA Installment Purchase Agreement.

(i) WIFIA Debt Service Account. The District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, shall (i) establish the WIFIA Debt Service Account on or prior to the first WIFIA Installment Payment Date and (ii) maintain the WIFIA Debt Service Account in accordance with the WIFIA Installment Purchase Agreement for the

benefit of the Borrower. The WIFIA Debt Service Account shall be subject to a Lien and has been pledged by the District to the Borrower as security solely for the benefit of the Borrower and shall not be subject to any security interest in favor of any Person other than the Borrower and the WIFIA Lender, as assignee of the Borrower's rights therein. Amounts on deposit in the WIFIA Debt Service Account shall be applied by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, solely to pay WIFIA Debt Service and other amounts due with respect to the WIFIA Loan or the WIFIA Note.

(j) Compliance with Laws.

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

(ii) To ensure such compliance, the District shall include in all contracts with respect to the Project (A) the contract clauses relating to the Davis-Bacon Act requirements that are set forth in the Code of Federal Regulations, Title 29 Part 5.5 and (B) requirements that its contractors (1) shall comply with all applicable laws, rules, regulations, and requirements set forth in this Section 17(j) and follow applicable federal guidance and (2) incorporate in all subcontracts (and cause all subcontractors to include in lower tier subcontracts) such terms and conditions as are required to be incorporated therein by any applicable laws, rules, regulations and requirements set forth in this Section 17(j) (including with respect to the Davis-Bacon Act requirements).

(k) Material Obligations; Payment of Claims.

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

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

(iii) The District shall pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a Lien on the Wastewater System (or any part thereof), the WIFIA Debt Service Account, the Project, the Gross Revenues or any fund or account of the District pledged to pay Obligations.

(l) SAM Registration. The District shall (i) obtain prior to the Effective Date (and provide such registration information to the WIFIA Lender) and maintain through the Final Disbursement Date an active registration status with the federal System for Award Management

(www.SAM.gov) (or any successor system or registry) and (ii) within sixty (60) days prior to each anniversary of the Effective Date until the Final Disbursement Date, provide to the WIFIA Lender evidence of such active registration status with no active exclusions reflected in such registration.

(m) DUNS Number. The District shall (i) obtain prior to the Effective Date (and provide such number to the WIFIA Lender) and maintain from Dun & Bradstreet (or a successor entity) a Data Universal Numbering System Number (a “**DUNS Number**”) and (ii) within sixty (60) days prior to each anniversary of the Effective Date, provide to the WIFIA Lender evidence of the continuing effectiveness of such DUNS Number, in each case until the Final Maturity Date or to such earlier date as all amounts due or to become due to the WIFIA Lender under this Agreement have been irrevocably paid in full in immediately available funds.

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

(o) Accounting and Audit Procedures.

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

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

(p) Access; Records.

(i) So long as the WIFIA Loan or any portion thereof shall remain outstanding and until five (5) years after the WIFIA Loan shall have been paid in full by the Borrower, the WIFIA Lender shall have the right, upon reasonable prior notice, to visit and inspect any portion of the Project, to examine books of account and records of the District relating to the Project, to make copies and extracts therefrom at the District's expense, and to discuss the District's affairs, finances and accounts relating to the Project with, and to be advised as to the same by, its officers and employees and its independent public accountants (and by this provision the District irrevocably authorizes its independent public accountants to discuss with the WIFIA Lender the affairs, finances and accounts of the District, whether or not any representative of the District is present, it being understood that nothing contained in this Section 17(p) is intended to confer any right to exclude any such representative from such discussions), all at such reasonable times and intervals as the WIFIA Lender may request. The District agrees to pay all out-of-pocket expenses incurred by the WIFIA Lender in connection with the WIFIA Lender's exercise of its rights under this Section 17(p) at any time when an Event of Default shall have occurred and be continuing.

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

(q) Compliance with Contracts. The District will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be performed by it contained in all contracts affecting or involving the Wastewater System, to the extent that the District is a party thereto.

(r) Protection of Security and Rights of the Borrower. The District will preserve and protect the security and the rights of the Borrower to the WIFIA Installment Payments and the WIFIA Debt Service Account under the WIFIA Installment Purchase Agreement and will warrant and defend such rights against all claims and demands of all persons.

(s) 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 System and providing for the billing thereof and for a due date and a delinquency date for each bill.

(t) 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:

(i) If (A) the District files with the Borrower and the WIFIA Lender a certificate showing (1) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the District by reason of such eminent domain proceedings, (2) a general description of the additions, betterments, extensions or improvements to the Wastewater System proposed to be acquired and constructed by the District from such Net Proceeds, and (3) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements, and (B) the District, on the basis of such certificate filed with the Borrower and the WIFIA Lender, 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.

(ii) If any of the conditions set forth in Section 17(t)(i) is not met, then the remaining Net Proceeds, after any prepayment therefrom of the Senior Obligations in accordance their Obligation Documents, shall be applied by the District in part to the prepayment of the WIFIA Loan as provided in Section 9(a) (*Prepayment – Mandatory Prepayment from Net Proceeds or Eminent Domain Proceeds*) and in part to such other funds or accounts as may be appropriate and used for the retirement of the Subordinate Obligations (other than the WIFIA Loan) in the same proportion which the Outstanding WIFIA Loan Balance then bears to the aggregate unpaid principal amount of such Subordinate Obligations (other than the WIFIA Loan).

(u) 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 WIFIA Lender the rights and benefits provided to it herein.

(v) Senior Obligations Documents and Subordinated Obligations Documents. Each Obligation Document for Senior Obligations and each Obligation Document for Subordinate Obligations entered into by the District shall contain a flow of funds substantively the same as the flow of funds set forth in Section 7 (*Security and Priority; Flow of Funds*).

Section 18. Negative Covenants of the District. The District covenants and agrees as follows until the date the WIFIA Note and all of the obligations of the Borrower under this Agreement (other than contingent indemnity obligations) are irrevocably paid in full by the Borrower in immediately available funds, unless the WIFIA Lender waives compliance in writing:

(a) Additional Obligations. The District shall not create, incur or suffer to exist any Additional Obligations unless the conditions described below are satisfied:

(i) The District may not issue or incur any Senior Obligations during the term of the WIFIA Loan Agreement unless all of the following conditions are satisfied:

(A) The Net Revenues for the last audited District Fiscal Year, or for any consecutive twelve (12) calendar month period during the eighteen (18) calendar month period preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Senior Obligation or the date of the Contract execution of such Senior Obligation, as the case may be, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Consultant 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 District Fiscal Year or other twelve (12) month period; and

(B) The Net Revenues for the last audited District Fiscal Year, or for any consecutive twelve (12) calendar month period during the eighteen (18) calendar month period preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Senior Obligation or the date of the Contract execution of such Senior Obligation, as the case may be, including adjustments to give effect as of the first day of such District Fiscal Year or other twelve (12) 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 Consultant 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 District Fiscal Year or other twelve (12) month period, plus the Debt Service which would have accrued on any executed or issued Senior Obligations since the end of such District Fiscal Year or other twelve (12) month period, assuming that such Senior Obligations had been executed or issued, as applicable, at the beginning of such District Fiscal Year or other twelve (12) month period, plus the Debt Service which would have accrued had such proposed additional Senior Obligation been executed or issued, as applicable, at the beginning of such District Fiscal Year or other twelve (12) month period.

Notwithstanding Sections 18(a)(i)(A) and (B), any Senior Obligation to refund or prepay Senior Obligations may be delivered without satisfying the conditions set forth above if Debt Service in each District Fiscal Year after the District Fiscal Year in which such new senior obligation is issued or executed is not greater than one hundred five percent (105%) of the Debt Service which would have been payable in each such District Fiscal Year prior to the issuance or execution of such new Senior Obligation.

For the avoidance of doubt, the WIFIA Installment Purchase Agreement shall be treated as a Senior Obligation for purposes of Sections 18(a)(i)(A) and (B).

(ii) The District shall not create, incur or suffer to exist any Additional Subordinate Debt on parity with the WIFIA Installment Payments unless:

(A) The Net Revenues remaining after payment of Debt Service for the last audited District Fiscal Year or any consecutive twelve (12) calendar month period during the eighteen (18) 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 Consultant on file with the District, shall have produced a sum equal to at least one hundred ten percent (110%) of the Subordinate Debt Service for such District Fiscal Year or other twelve (12) month period; and

(B) The Net Revenues remaining after payment of Debt Service for the last audited District Fiscal Year or any consecutive twelve (12) calendar month period during the eighteen (18) 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 District Fiscal Year or other twelve (12) 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 Consultant on file with the District, shall have produced a sum equal to at least one hundred ten percent (110%) of the Subordinate Debt Service for such District Fiscal Year or other twelve (12) month period, plus the Subordinate Debt Service which would have accrued on any Subordinate Debt issued since the end of such District Fiscal Year or other twelve (12) month period, assuming that such Subordinate Debt had been issued or executed, as applicable, at the beginning of such District Fiscal Year or other twelve (12) month period, plus the Subordinate Debt Service which would have accrued had such proposed Subordinate Debt been executed or issued, as applicable, at the beginning of such District Fiscal Year or other twelve (12) month period.

Notwithstanding Sections 18(a)(ii)(A) and (B), any Subordinate Debt on parity with the WIFIA Installment Payments that is executed to refund or prepay Senior Obligations or other Subordinate Debt on parity with the WIFIA Installment Payments may be delivered without satisfying the conditions set forth above if Debt Service and Subordinate Debt Service in each District Fiscal Year after the District Fiscal Year in which such new Subordinate Debt is issued or executed is not greater than one hundred five percent (105%) of the Debt Service and Subordinate Debt Service which would have been payable in each such District Fiscal Year prior to the issuance of or execution of such Subordinate Debt.

(iii) Upon the incurrence of any Additional Obligations, the District shall provide to the WIFIA Lender a certificate signed by the District's Authorized Representative (x) specifying the closing date with respect to such Additional Obligations and (y) confirming that such Additional Obligations are authorized pursuant to, and satisfy the applicable requirements under, this Section 18(a).

(iv) To the extent any Permitted Obligation consists of Tender Option Obligations, the District must maintain a Credit Facility that will pay any amounts payable by the District or the Borrower in respect of such Tender Option Obligations.

(b) No Lien Extinguishment or Adverse Amendments. The District shall not, and shall not permit any Person to, without the prior written consent of the WIFIA Lender, (i) extinguish or impair the Liens on the Gross Revenues or the WIFIA Debt Service Account granted pursuant to the WIFIA Installment Purchase Agreement, (ii) amend, modify, terminate, assign, replace or supplement, or permit a waiver of any provision of, the WIFIA Installment Purchase Agreement, (iii) amend, modify, replace or supplement any Related Document to which the District is a party (other than the WIFIA Installment Purchase Agreement) or permit a waiver of any provision thereof in a manner that could adversely affect the WIFIA Lender, including with respect to the WIFIA Lender's entitlement to a first priority security interest upon the occurrence of a Bankruptcy Related Event pursuant to Section 7(a) (*Security and Priority; Flow of Funds*) and Section 21(d) (*Events of Default and Remedies*), or could reasonably be expected to result in a Material Adverse Effect, or (iv) terminate, assign or replace any Related Document to which the District is a party (other than (A) the WIFIA Installment Purchase Agreement and (B) Obligation Documents relating to Subordinate Obligations) in a manner that could adversely affect the WIFIA Lender or could reasonably be expected to have a Material Adverse Effect. The District shall not take or omit to take any action under any contract if the effect of such act or failure to act would in any manner impair or adversely affect the ability of the District to secure adequate Net Revenues to meet the requirements of the WIFIA Installment Purchase Agreement.

(c) No Prohibited Sale, Lease or Assignment. The Borrower shall not sell, lease or assign its rights in and to the Wastewater System, a substantial portion of the assets included in the Wastewater System, or its rights and obligations under any Construction Contract, in each case unless such sale, lease or assignment (i) could not reasonably be expected to have a Material Adverse Effect and (ii) is made by the Borrower in the ordinary course of business.

(d) Restricted Payments and Transfers. The District shall not permit Gross Revenues or other assets of the Wastewater System, or any funds in any fund or account held pursuant to the WIFIA Installment Purchase Agreement or any ancillary agreement related thereto, or in any other fund or account held by or on behalf of the District, to be paid or transferred or otherwise applied for purposes other than ownership, construction and improvement, operation or maintenance of the Wastewater System.

(e) Against Sale or Other Disposition of Property.

(i) The District shall not enter into any agreement or lease which impairs the operation of the Wastewater System or any part thereof necessary to secure adequate Net Revenues to meet the requirements of the WIFIA Installment Purchase Agreement, or which would otherwise impair the rights of the Borrower under the WIFIA Installment Purchase Agreement 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 impair the ability of the District to pay the WIFIA Installment Payments and if the proceeds of such sale are deposited in the Revenue Fund.

(ii) 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.

(f) District Fiscal Year. The District shall not at any time adopt any fiscal year other than the District Fiscal Year, except with thirty (30) days' prior written notice to the WIFIA Lender.

(g) 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 system competitive with the Wastewater System.

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

(i) Hedging. Other than Qualified Hedges, the District shall not enter into any swap or hedging transaction, including inflation indexed swap transactions, "cap" or "collar" transactions, futures, or any other hedging transaction without the prior written consent of the WIFIA Lender.

(j) Variable Interest Rate Obligations. The District shall not issue any Additional Obligation that is to bear interest at a Variable Interest Rate if such issuance would cause the principal amount of all Outstanding Variable Interest Rate Obligations to exceed twenty-five percent (25%) of the principal amount of all Outstanding Obligations.

(k) Mergers and Acquisitions. The District shall not, and shall not agree to, reorganize, consolidate with or merge into another Person unless (i) such reorganization, merger or consolidation is with or into another entity established by State law and such reorganization, merger or consolidation is mandated by State law, and in each case, does not adversely affect or impair to any extent or in any manner (A) the Gross Revenues and the WIFIA Debt Service Account or (B) the availability of the Gross Revenues for the payment and security of the obligations of the District under the WIFIA Installment Purchase Agreement or this Agreement; and (ii) the District provides to the WIFIA Lender, no later than sixty (60) days prior to the date of reorganization, consolidation or merger, prior written notice of such reorganization, consolidation or merger and the agreements and documents authorizing the reorganization, consolidation or merger, satisfactory in form and substance to the WIFIA Lender. In addition, the District shall provide all information concerning such reorganization, consolidation or merger as shall have been reasonably requested by the WIFIA Lender.

Section 19. Reporting Requirements of the Borrower.

(a) Annual Financial Statements. The Borrower shall deliver to the WIFIA Lender, as soon as available, and within one hundred eighty (180) days after the end of each Borrower Fiscal Year:

(i) to the extent the Borrower is not treated as a component unit of the District in accordance with GAAP, a copy of the audited Borrower Financial Statements as of the end of such Borrower Fiscal Year, (A) setting forth in each case in comparative form the figures for the previous fiscal year, (B) certified without qualification or exception, or qualification as to the scope of the audit, by an independent public accounting firm selected by the Borrower and (C) which shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein (except for changes approved or required by the independent public accountants certifying such statements and disclosed therein); and

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

provided, that the failure of the Borrower to deliver to the WIFIA Lender the financial statements required by this Section 19(a) within such 180-day period shall not constitute a Default or an Event of Default so long as the Borrower delivers such financial statements within one hundred twenty (120) days after the end of such period.

(b) Notices.

(i) The Borrower shall, within fifteen (15) days after it learns of the occurrence, give the WIFIA Lender notice of any of the following events or receipt of any of the following notices, as applicable, setting forth details of such event (provided that the Borrower shall not be obligated to provide such notice to the WIFIA Lender if notice of such event has already been provided to the WIFIA Lender by the District):

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

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

(2) any judgments against the Borrower that could reasonably be expected to have a Borrower Material Adverse Effect, either individually or in the aggregate;

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

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

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

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

(G) Postings on EMMA: the posting of any document on EMMA in accordance with the requirements of any Continuing Disclosure Agreement with respect to any Outstanding Obligations relating to annual financial information and operating data and the reporting of significant events; *provided* that such notice can be accomplished through an email to the WIFIA Lender that includes a link to the posting of the relevant document on EMMA; and

(H) Other Adverse Events: the occurrence of any other event or condition that could reasonably be expected to result in a Material Adverse Effect.

(ii) Within thirty (30) calendar days after the Borrower learns of the occurrence of an event specified in clause (i) above (other than sub-clauses (C) (*Amendments*) or (F) (*Issuance of Indebtedness*)), the Borrower's Authorized Representative shall provide a statement to the WIFIA Lender setting forth the actions the Borrower proposes to take with respect thereto; provided that the Borrower shall not be required to provide such information if and to the extent such information has been provided by the District. The Borrower shall also provide the WIFIA Lender with any

further information reasonably requested by the WIFIA Lender from time to time concerning the matters described in clause (i) above.

(c) Requested Information. The Borrower shall, at any time while the WIFIA Loan remains outstanding, promptly deliver to the WIFIA Lender such additional information regarding the business, financial, legal or organizational affairs of the Borrower or the Authority Revenues as the WIFIA Lender may from time to time reasonably request.

Section 20. Reporting Requirements of the District.

(a) Updated Financial Model. The District shall provide to the WIFIA Lender not later than one hundred eighty (180) days after the end of each District Fiscal Year, an Updated Financial Model demonstrating to the satisfaction of the WIFIA Lender that the District (i) has developed and identified adequate revenues to implement a plan for operating, maintaining and repairing the Wastewater System and (ii) is, and is projected to remain, in compliance with the Rate Covenant for the current District Fiscal Year and a minimum of each of the immediately succeeding District Fiscal Years through the end of the Forecast Period. The Updated Financial Model must include the District's capital improvement plan, major maintenance plan, projected rates and charges, projected Net Revenues, projected debt outstanding and annual debt service, projected operation and maintenance costs of the Wastewater System. The delivery of any Updated Financial Model by the District to the WIFIA Lender shall constitute a representation and warranty by the District, as of the date of such delivery, that such Updated Financial Model, including the assumptions and supporting documentation, as of its date, is accurate and reasonable to the best of the District's knowledge and belief and reflects the District's reasonable expectations, using assumptions that the District believes to be reasonable, of the expected District operations.

(b) Annual Financial Statements. The District shall deliver to the WIFIA Lender, as soon as available, and within one hundred eighty (180) days after the end of each District Fiscal Year:

(i) a copy of the audited District Financial Statements as of the end of such District Fiscal Year, (A) setting forth in each case in comparative form the figures for the previous fiscal year, (B) certified without qualification or exception, or qualification as to the scope of the audit, by an independent public accounting firm selected by the District and (C) which shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein (except for changes approved or required by the independent public accountants certifying such statements and disclosed therein); and

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

provided, that the failure of the District to deliver to the WIFIA Lender the financial statements required by this Section 20(b) within such 180-day period shall not constitute a Default or an Event of Default so long as the District delivers such financial statements within one hundred twenty (120) days after the end of such period.

(c) Final Design Specifications. The District shall deliver to the WIFIA Lender, no later than thirty (30) days prior to any notice to proceed, the final designs, plans and specifications relating to the development and construction of the Project.

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

(e) Public Benefits Report. The District shall deliver to the WIFIA Lender a report, in the form of **Exhibit K** (*Form of Public Benefits Report*) (the "**Public Benefits Report**"), (i) prior to the Effective Date, (ii) within ninety (90) days following the Substantial Completion Date and (iii) within ninety (90) days following the fifth (5th) anniversary of the Substantial Completion Date. The District agrees that information described under this Section 20(e) may be made publicly available by the WIFIA Lender at its discretion.

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

ratios or covenants included therein), and could not reasonably be expected to result in a Material Adverse Effect.

(g) Operations and Maintenance. The WIFIA Lender shall have the right, in its sole discretion, to monitor (or direct its agents to monitor) the Project's operations and, as the WIFIA Lender may request from time to time, to receive reporting on the operation and management of the Project, and copies of any contracts relating to the operation and maintenance of the Project. The District agrees to cooperate in good faith with the WIFIA Lender in the conduct of such monitoring by promptly providing the WIFIA Lender with such reports, documentation, or other information requested by the WIFIA Lender. The WIFIA Lender has the right, in its sole discretion, to retain such consultants or advisors, to carry out the provisions of this Section 20(g). On or prior to the Substantial Completion Date, the District shall deliver to the WIFIA Lender an operations and maintenance manual with respect to the Project, in form and substance reasonably acceptable to the WIFIA Lender.

(h) Notices.

(i) The District shall, within fifteen (15) days after it learns of the occurrence, give the WIFIA Lender notice of any of the following events or receipt of any of the following notices, as applicable, setting forth details of such event (provided that the District shall not be obligated to provide such notice to the WIFIA Lender if notice of such event has already been provided to the WIFIA Lender by the Borrower):

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

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

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

(D) Delayed Governmental Approvals: any failure to receive or delay in receiving any Governmental Approval or making any required filing, notice, recordation or other demonstration to or with a Governmental Authority, in each case to the extent such failure or delay will or could reasonably be expected to result in a delay to any major milestone date (including the Projected Substantial Completion Date) set forth in the Construction Schedule, together with a written

explanation of the reasons for such failure or delay and the District's plans to remedy or mitigate the effects of such failure or delay;

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

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

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

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

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

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

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

(L) Issuance of Obligations: copies of any final issuing instrument (together with any continuing disclosure documents, ordinances, official statement, certifications or cash flow projections in connection therewith), prepared in connection with the incurrence of any Additional Obligations (including any

Variable Interest Rate Obligations); provided that such notice can be accomplished through an email to the WIFIA Lender that includes a link to the posting of the relevant documents on EMMA;

(M) Amendments to Policies: any material amendment or modification to the Investment Policy or the Debt Management Policy, along with a copy of such amendment or modification; and

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

(ii) Within thirty (30) calendar days after the District learns of the occurrence of an event specified in clause (i) above (other than sub-clauses (A) (*Substantial Completion*), (F) (*Amendments*), (I) (*Ratings Changes*) (in the case of a ratings upgrade), (K) (*Additional Construction Contracts*), (L) (*Issuance of Obligations*), or (M) (*Amendments to Policies*)), the District's Authorized Representative shall provide a statement to the WIFIA Lender setting forth the actions the District proposes to take with respect thereto. The District shall also provide the WIFIA Lender with any further information reasonably requested by the WIFIA Lender from time to time concerning the matters described in clause (i) above.

(i) Requested Information. The District shall, at any time while the WIFIA Loan remains outstanding, promptly deliver to the WIFIA Lender such additional information regarding the business, financial, legal or organizational affairs of the District or regarding the Wastewater System (including the Project), the WIFIA Debt Service Account or the Gross Revenues as the WIFIA Lender may from time to time reasonably request.

ARTICLE VI EVENTS OF DEFAULT

Section 21. Events of Default and Remedies.

(a) A “**Borrower Event of Default**” shall exist under this Agreement if any of the following occurs:

(i) Borrower Payment Default. The Borrower shall fail to pay when due any part of the principal amount of or interest on the WIFIA Loan (including WIFIA Debt Service required to have been paid pursuant to the provisions of Section 8 (*Payment of Principal and Interest*)), when and as the payment thereof shall be required under this Agreement or the WIFIA Note or on the Final Maturity Date (each such failure, a “**Borrower Payment Default**”).

(ii) Borrower Covenant Default. The Borrower shall fail to observe or perform any covenant, agreement or obligation of the Borrower under this Agreement, the WIFIA Note or any other WIFIA Loan Document to which the Borrower is a party (other

than in the case of any Borrower Payment Default), and such failure shall not be cured within thirty (30) days after the earlier to occur of (A) receipt by the Borrower from the WIFIA Lender of written notice thereof or (B) the Borrower's knowledge of such failure; provided that if such failure is capable of cure but cannot reasonably be cured within such thirty (30) day cure period, then no Borrower Event of Default shall be deemed to have occurred or be continuing under this Section 21(a)(ii), and such thirty (30) day cure period shall be extended by up to one hundred fifty (150) additional days, if and so long as (x) within such thirty (30) day cure period the Borrower shall commence actions reasonably designed to cure such failure and shall diligently pursue such actions until such failure is cured and (y) such failure is cured within one hundred eighty (180) days of the date specified in either (A) or (B) above, as applicable.

(iii) Borrower Misrepresentation Default. Any of the representations, warranties or certifications of the Borrower made in or delivered pursuant to any WIFIA Loan Document to which the Borrower is a party (or in any certificates delivered by the Borrower in connection with any WIFIA Loan Document to which the Borrower is a party) shall prove to have been false or misleading in any material respect when made or deemed made (or any representation and warranty or certification that is subject to a materiality qualifier shall prove to have been false or misleading in any respect); provided that no Borrower Event of Default shall be deemed to have occurred under this Section 21(a)(iii) if and so long as (A) such misrepresentation is not intentional, (B) such misrepresentation is not a misrepresentation in respect of Section 12(h) (*Representations and Warranties of the Borrower – No Debarment*), Section 12(j) (*Representations and Warranties of the Borrower – Compliance with Laws*), or Section 12(t) (*Representations and Warranties of the Borrower – Patriot Act*), (C) in the reasonable determination of the WIFIA Lender, such misrepresentation has not had, and would not reasonably be expected to result in, a Borrower Material Adverse Effect, (D) in the reasonable determination of the WIFIA Lender, the underlying issue giving rise to the misrepresentation is capable of being cured and (E) the underlying issue giving rise to the misrepresentation is cured by the Borrower within thirty (30) days after the date on which the Borrower first became aware (or reasonably should have become aware) of such misrepresentation.

(iv) Acceleration of Obligations. Any acceleration shall occur of the maturity of any indebtedness of the Borrower incurred in connection with the Obligations of the District, or any such indebtedness of the Borrower shall not be paid by the Borrower in full upon the final maturity thereof.

(v) Borrower Material Adverse Judgment. Any final, non-appealable judgment related to the Authority Revenues shall be entered against the Borrower which has a Material Adverse Effect.

(vi) Occurrence of Borrower Bankruptcy Related Event. A Bankruptcy Related Event shall occur with respect to the Borrower.

(vii) Invalidity of WIFIA Loan Documents. (A) Any WIFIA Loan Document to which the Borrower is a party ceases to be in full force and effect (other than as a result of the termination thereof in accordance with its terms) or becomes void,

voidable, illegal or unenforceable, or the Borrower contests in any manner the validity or enforceability of any WIFIA Loan Document to which it is a party or denies it has any further liability under any WIFIA Loan Document to which it is a party, or purports to revoke, terminate or rescind any WIFIA Loan Document to which it is a party; (B) this Agreement ceases to grant a valid and binding security interest on any material portion of the Authority Revenues, other than as a result of actions or a failure to act by, and within the control of, the WIFIA Lender; or (C) any event occurs that results in the material impairment in the priority of (1) the Borrower's security interest in the Gross Revenues or in the value of the Gross Revenues, (2) the WIFIA Lender's security interest in the Authority Revenues or in the value of the Authority Revenues or (3) the Borrower's security interest in the WIFIA Debt Service Account or the assignment to the WIFIA Lender of the Borrower's rights thereto.

(b) A “**District Event of Default**” shall exist under this Agreement if any of the following occurs:

(i) District Payment Default. (A) The District shall fail to pay when due any part of any WIFIA Installment Payment required to have been paid pursuant to the provisions of the WIFIA Installment Purchase Agreement or (B) the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, shall fail to make any mandatory prepayment required pursuant to the provisions of Section 9 (*Prepayment*) (each such failure, an “**District Payment Default**”).

(ii) District Covenant Default. The District shall fail to observe or perform any covenant, agreement or obligation of the District under this Agreement, the WIFIA Installment Purchase Agreement or any other WIFIA Loan Document to which the District is a party (other than in the case of any District Payment Default or any Development Default), and such failure shall not be cured within thirty (30) days after the earlier to occur of (A) receipt by the District from the WIFIA Lender of written notice thereof or (B) the District's knowledge of such failure; provided that if such failure is capable of cure but cannot reasonably be cured within such thirty (30) day cure period, then no Event of Default shall be deemed to have occurred or be continuing under this Section 21(b)(ii), and such thirty (30) day cure period shall be extended by up to one hundred fifty (150) additional days, if and so long as (x) within such thirty (30) day cure period the District shall commence actions reasonably designed to cure such failure and shall diligently pursue such actions until such failure is cured and (y) such failure is cured within one hundred eighty (180) days of the date specified in either (A) or (B) above, as applicable.

(iii) District Misrepresentation Default. Any of the representations, warranties or certifications of the District made in or delivered pursuant to any WIFIA Loan Document to which the District is a party (or in any certificates delivered by the District in connection with any WIFIA Loan Document to which the District is a party) shall prove to have been false or misleading in any material respect when made or deemed made (or any representation and warranty or certification that is subject to a materiality qualifier shall prove to have been false or misleading in any respect); provided that no District Event of Default shall be deemed to have occurred under this Section 21(b)(iii) if

and so long as (A) such misrepresentation is not intentional, (B) such misrepresentation is not a misrepresentation in respect of Section 13(h) (*Representations and Warranties of the District – No Debarment*), Section 13(j) (*Representations and Warranties of the District – Compliance with Laws*), or Section 13(w) (*Representations and Warranties of the District – Patriot Act*), (C) in the reasonable determination of the WIFIA Lender, such misrepresentation has not had, and would not reasonably be expected to result in, a District Material Adverse Effect, (D) in the reasonable determination of the WIFIA Lender, the underlying issue giving rise to the misrepresentation is capable of being cured and (E) the underlying issue giving rise to the misrepresentation is cured by the District within thirty (30) days after the date on which the District first became aware (or reasonably should have become aware) of such misrepresentation.

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

(v) Cross Default with Obligation Documents. Any default shall occur in respect of the performance of any covenant, agreement or obligation of the District under any Obligation Document relating to any Senior Obligation or any Subordinate Obligation (other than the obligations under the WIFIA Loan Documents), and such default shall be continuing after the giving of any applicable notice and the expiration of any applicable grace period specified in such Obligation Document relating to any Subordinate Obligation or any Senior Obligation (as the case may be) with respect to such default, and the District shall have failed to cure such default or to obtain an effective written waiver thereof in accordance with the terms thereof.

(vi) District Material Adverse Judgment. Any final, non-appealable judgment related to the Gross Revenues, the Wastewater System or the Project shall be entered against the District which has a Material Adverse Effect.

(vii) Occurrence of District Bankruptcy Related Event. A Bankruptcy Related Event shall occur with respect to the District.

(viii) Invalidity of WIFIA Loan Documents. (A) Any WIFIA Loan Document to which the District is a party ceases to be in full force and effect (other than as a result of the termination thereof in accordance with its terms) or becomes void, voidable, illegal or unenforceable, or the District contests in any manner the validity or enforceability of any WIFIA Loan Document to which it is a party or denies it has any further liability under any WIFIA Loan Document to which it is a party, or purports to revoke, terminate or rescind any WIFIA Loan Document to which it is a party; or (B) the WIFIA Installment Purchase Agreement ceases (other than as expressly permitted thereunder) to be effective or to grant a valid and binding security interest on any material portion of the District Collateral, and with the priority purported to be created thereby.

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

(x) Cessation of Wastewater System Operations. Following the Substantial Completion Date, operation of the Wastewater System shall cease for a continuous period of not less than one hundred eighty (180) days unless (A) such cessation of operations shall occur by reason of an Uncontrollable Force that is not due to the fault of the District (and which the District could not reasonably have avoided or mitigated) or (B) the District shall either be self-insured in an amount sufficient to cover, or shall have in force an insurance policy or policies under which the District is entitled to recover amounts sufficient to pay (and may use such amounts to pay), Debt Service for all Senior Obligations and Subordinate Debt Service for all Subordinate Obligations and costs and expenses of the District during such cessation of operations.

(c) Upon the occurrence of any Bankruptcy Related Event other than, solely with respect to clause (i), any Bankruptcy Related Event under clause (b)(iii) of the definition thereof, (i) all obligations of the WIFIA Lender hereunder with respect to the disbursement of any undisbursed amounts of the WIFIA Loan shall automatically be deemed terminated, and the Outstanding WIFIA Loan Balance, together with all interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under this Agreement, the WIFIA Note or the other WIFIA Loan Documents, shall automatically become immediately due and payable, without presentment, demand, notice, declaration, protest or other requirements of any kind, all of which are hereby expressly waived, and (ii) the lien provisions of Section 7(a) (*Security and Priority; Flow of Funds*) relating to a first priority security interest shall automatically be effective. Following the occurrence of a Bankruptcy Related Event, the WIFIA Lender shall have the right to inspect any and all records related to transfers of funds to and from the Revenue Fund, and the District shall deliver to the WIFIA Lender (or give the WIFIA Lender access to) any such records as the WIFIA Lender may request so as to permit the WIFIA Lender to ensure that the District is treating the WIFIA Installment Purchase Agreement (and the WIFIA Installment Payments) as a Senior Obligation in all respects, including in respect of priority of payments.

(d) Upon the acceleration of any amounts under the WIFIA Installment Purchase Agreement, all obligations of the WIFIA Lender hereunder with respect to the disbursement of any undisbursed amounts of the WIFIA Loan shall automatically be deemed terminated, and the Outstanding WIFIA Loan Balance, together with all interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under this Agreement, the WIFIA Note or the other WIFIA Loan Documents, shall automatically become immediately due and payable, without presentment, demand, further notice, declaration, protest or other requirements of any kind, all of which are hereby expressly waived, provided, that unless and until a Bankruptcy Related Event has occurred, the accelerated portion of the WIFIA Loan shall remain subject to the prior payment of Outstanding Senior Obligations and WIFIA Debt Service (excluding any such accelerated amounts) shall continue to be paid on each Payment Date following the payment of principal and interest then due and payable with respect to Senior Obligations.

(e) Upon the occurrence of any Event of Default, the WIFIA Lender, by written notice to the Borrower and the District, may exercise any or all of the following remedies:

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

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

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

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

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

(vi) the WIFIA Lender may declare the unpaid principal amount of the WIFIA Note to be, and the same shall thereupon forthwith become, immediately due and payable, together with the interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under this Agreement, the WIFIA Note and the other WIFIA Loan Documents, all without presentment, demand, notice, protest or other requirements of any kind, all of which are hereby expressly waived, provided, that unless and until a Bankruptcy Related Event has occurred, the accelerated portion of the WIFIA Loan shall remain subject to the prior payment of Outstanding Senior Obligations and WIFIA Debt Service (excluding any such accelerated amounts) shall continue to be paid

on each Payment Date following the payment of principal and interest then due and payable with respect to Senior Obligations.

Following the delivery of any written notice to the Borrower and the District pursuant to this Section 21(e), the WIFIA Lender shall have the ongoing right to inspect any and all records related to transfers of funds to and from the Revenue Fund, and the District shall deliver to the WIFIA Lender (or give the WIFIA Lender access to) any such records as the WIFIA Lender may request so as to permit the WIFIA Lender to ensure that the District has appropriately paid amounts payable in respect of the WIFIA Loan (and the WIFIA Installment Payments), including in respect of priority of payments.

(f) Notwithstanding anything to the contrary set forth in any WIFIA Loan Document, the Borrower shall not have the right to (i) accelerate the WIFIA Installment Payments or (ii) exercise any other rights or remedies under the WIFIA Installment Purchase Agreement following the occurrence of an “Event of Default” under and as defined in the WIFIA Installment Purchase Agreement without the prior written direction of the WIFIA Lender.

(g) No action taken pursuant to this Section 21 shall relieve either the Borrower or the District from its obligations pursuant to this Agreement, the WIFIA Note or the other WIFIA Loan Documents, all of which shall survive any such action.

ARTICLE VII MISCELLANEOUS

Section 22. Disclaimer of Warranty. The WIFIA Lender makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for a particular purpose or fitness for use of the Project or any portion thereof or any other warranty with respect thereto. In no event shall the WIFIA Lender be liable for any incidental, indirect, special or consequential damages incidental to or arising out of this Agreement or the Wastewater System (including the Project) or the existence, furnishing, functioning or use of the Project or any item or products or services provided for in this Agreement.

Section 23. No Personal Recourse. No official, employee or agent of the WIFIA Lender or either the Borrower or the District or any Person executing this Agreement or any of the other WIFIA Loan Documents shall be personally liable on this Agreement or such other WIFIA Loan Documents by reason of the issuance, delivery or execution hereof or thereof.

Section 24. No Third Party Rights. The parties hereby agree that this Agreement creates no third party rights against the Borrower, the District, the Government, or the WIFIA Lender, solely by virtue of the WIFIA Loan, and the Borrower and the District each agree to indemnify on a joint and several basis and hold the WIFIA Lender, the Servicer (if any), the Administrator, and the Government harmless, to the extent permitted by law and in accordance with Section 37 (*Indemnification*), from any lawsuit or claim arising in law or equity solely by reason of the WIFIA Loan, and that no third party creditor of either the Borrower or the District shall have any right against the WIFIA Lender with respect to the WIFIA Loan made pursuant to this Agreement.

Section 25. Borrower’s Authorized Representative. The Borrower shall at all times have appointed a Borrower’s Authorized Representative by designating such Person or Persons

from time to time to act on the Borrower's behalf pursuant to a written certificate furnished to the WIFIA Lender and the Servicer, if any, containing the specimen signature or signatures of such Person or Persons and signed by the Borrower.

Section 26. District's Authorized Representative. The District shall at all times have appointed a District's Authorized Representative by designating such Person or Persons from time to time to act on the District's behalf pursuant to a written certificate furnished to the WIFIA Lender and the Servicer, if any, containing the specimen signature or signatures of such Person or Persons and signed by the District.

Section 27. WIFIA Lender's Authorized Representative. The WIFIA Lender hereby appoints the Director of the WIFIA Program, whose notice details are set forth below in Section 36 (*Notices*), to serve as the WIFIA Lender's Authorized Representative under this Agreement until such time as a successor or successors shall have been appointed. Thereafter, the successor in office shall serve as the WIFIA Lender's Authorized Representative. The WIFIA Lender shall provide notice to the Borrower and the District within a reasonable time period following the succession.

Section 28. Servicer. The WIFIA Lender may from time to time designate another entity or entities to perform, or assist the WIFIA Lender in performing, the duties of the Servicer or specified duties of the WIFIA Lender under this Agreement and the WIFIA Note. The WIFIA Lender shall give the Borrower and the District written notice of the appointment of any successor or additional Servicer and shall enumerate the duties or any change in duties to be performed by any Servicer. Any references in this Agreement to the WIFIA Lender shall be deemed to be a reference to the Servicer with respect to any duties which the WIFIA Lender shall have delegated to such Servicer. The WIFIA Lender may at any time assume the duties of any Servicer under this Agreement and the WIFIA Note. The Borrower and the District shall cooperate and respond to any reasonable request of the Servicer for information, documentation or other items reasonably necessary for the performance by the Servicer of its duties hereunder. Neither the Borrower nor the District shall be required to agree to any terms and conditions different from those set forth in this Agreement; provided, that any consent from the Borrower or the District to such changed terms or conditions shall not be unreasonably withheld, conditioned or delayed.

Section 29. Amendments and Waivers. No amendment, modification, termination, or waiver of any provision of this Agreement shall in any event be effective without the prior written consent of each of the parties hereto.

Section 30. Governing Law. This Agreement shall be governed by the federal laws of the United States of America if and to the extent such federal laws are applicable and the internal laws of the State, if and to the extent such federal laws are not applicable.

Section 31. Severability. In case any provision in or obligation under this Agreement shall be invalid, illegal, or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

Section 32. Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective permitted successors and assigns and shall inure to the benefit of the parties hereto and their permitted successors and assigns. Neither the rights nor obligations of the Borrower hereunder nor any interest herein may be assigned or delegated by the Borrower without the prior written consent of the WIFIA Lender. Neither the rights nor obligations of the District hereunder nor any interest herein may be assigned or delegated by the District without the prior written consent of the WIFIA Lender.

Section 33. Remedies Not Exclusive. No remedy conferred herein or reserved to the WIFIA Lender is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 34. Delay or Omission Not Waiver. No delay or omission of the WIFIA Lender to exercise any right or remedy provided hereunder upon a default of either the Borrower or the District (except a delay or omission pursuant to a written waiver) shall impair any such right or remedy or constitute a waiver of any such default or acquiescence therein. Every right and remedy given by this Agreement or by law to the WIFIA Lender may be exercised from time to time, and as often as may be deemed expedient by the WIFIA Lender.

Section 35. Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto or in connection herewith may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. Electronic delivery of an executed counterpart of a signature page of this Agreement or of any document or instrument delivered in connection herewith in accordance with Section 36 (*Notices*) shall be effective as delivery of an original executed counterpart of this Agreement or such other document or instrument, as applicable.

Section 36. Notices. Notices hereunder shall be (a) in writing, (b) effective as provided below and (c) given by (i) nationally recognized courier service, (ii) hand delivery, or (iii) email, in each case to:

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

If to Borrower: Union Sanitary District Financing Authority
5072 Benson Road
Union City, CA 94587
Attention: Mark Carlson, Treasurer
Email: markc@unionsanitary.ca.gov

If to District:

Union Sanitary District
5072 Benson Road
Union City, CA 94587
Attention: Mark Carlson, CFO/Business Services
Manager
Email: markc@unionsanitary.ca.gov

Unless otherwise instructed by the WIFIA Lender's Authorized Representative, all notices to the WIFIA Lender should be made by email to the email address noted above for the WIFIA Lender. Notices required to be provided herein shall be provided to such different addresses or to such further parties as may be designated from time to time by the Borrower's Authorized Representative, with respect to notices to the Borrower, or by the District's Authorized Representative, with respect to notices to the District, or by the WIFIA Lender's Authorized Representative, with respect to notices to the WIFIA Lender or the Servicer. Each such notice, request or communication shall be effective (x) if delivered by hand or by nationally recognized courier service, when delivered at the address specified in this Section 36 (or in accordance with the latest unrevoked written direction from the receiving party) and (y) if given by email, when such email is delivered to the address specified in this Section 36 (or in accordance with the latest unrevoked written direction from the receiving party); provided that notices received on a day that is not a Business Day or after 5:00 p.m. Eastern Time on a Business Day will be deemed to be effective on the next Business Day. Notwithstanding the foregoing, nothing in this Section 36 obligates the District to pay principal of or interest on the WIFIA Loan or the WIFIA Note.

Section 37. Indemnification. The Borrower and the District shall, to the extent permitted by law, indemnify on a joint and several basis the WIFIA Lender and any official, employee, agent, advisor or representative of the WIFIA Lender (each such Person being herein referred to as an "**Indemnitee**") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, fines, penalties, costs and expenses (including the fees, charges and disbursements of any counsel for any Indemnitee and the costs of environmental remediation), whether known, unknown, contingent or otherwise, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (a) the execution, delivery and performance of this Agreement or any of the other Related Documents, (b) the WIFIA Loan or the use of the proceeds thereof, or (c) the violation of any law, rule, regulation, order, decree, judgment or administrative decision relating to the environment, the preservation or reclamation of natural resources, the management, release or threatened release of any hazardous material or to health and safety matters; in each case arising out of or in direct relation to the Project; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities, fines, penalties, costs or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. In case any action or proceeding is brought against an Indemnitee by reason of any claim with respect to which such Indemnitee is entitled to indemnification hereunder, the Borrower and the District shall each be entitled, at its expense, to participate in the defense thereof; provided that such Indemnitee has the right to retain its own counsel, at the expense of the Borrower or the District, as applicable, and such participation by the Borrower and/or the District in the defense thereof shall not release the Borrower or the District of any liability that it may have to such Indemnitee. Any Indemnitee against whom any indemnity

claim contemplated in this Section 37 is made shall be entitled, after consultation with the Borrower and the District and upon consultation with legal counsel wherein such Indemnitee is advised that such indemnity claim is meritorious, to compromise or settle any such indemnity claim. Any such compromise or settlement shall be binding upon the Borrower and the District for purposes of this Section 37. Nothing herein shall be construed as a waiver of any legal immunity that may be available to any Indemnitee. To the extent permitted by applicable law, none of the Borrower, the District, or the WIFIA Lender shall assert, and the Borrower, the District, and the WIFIA Lender each hereby waives, any claim against any Indemnitee, the Borrower, or the District, respectively, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any of the other Related Documents, the other transactions contemplated hereby and thereby, the WIFIA Loan or the use of the proceeds thereof, provided that nothing in this sentence shall limit the Borrower's or the District's indemnity obligations to the extent such damages are included in any third party claim in connection with which an Indemnitee is entitled to indemnification hereunder. All amounts due to any Indemnitee under this Section 37 shall be payable promptly upon demand therefor. The obligations of the Borrower and the District under this Section 37 shall survive the payment or prepayment in full of the WIFIA Note pursuant to Section 8 (*Payment of Principal and Interest*) or Section 9 (*Prepayment*), the enforcement of any provision of this Agreement or the other Related Documents, any amendments, waivers (other than amendments or waivers in writing with respect to this Section 37) or consents in respect hereof or thereof, any Event of Default, and any workout, restructuring or similar arrangement of the obligations of the Borrower or the District hereunder or thereunder.

Section 38. Sale of WIFIA Loan. The WIFIA Lender shall not sell the WIFIA Loan at any time prior to the Substantial Completion Date. After such date, the WIFIA Lender may sell the WIFIA Loan to another entity or reoffer the WIFIA Loan into the capital markets only in accordance with the provisions of this Section 38. Such sale or reoffering shall be on such terms as the WIFIA Lender shall deem advisable. However, in making such sale or reoffering the WIFIA Lender shall not change the terms and conditions of the WIFIA Loan without the prior written consent of the Borrower and the District in accordance with Section 29 (*Amendments and Waivers*). The WIFIA Lender shall provide, at least sixty (60) days prior to any sale or reoffering of the WIFIA Loan, written notice to the Borrower and the District of the WIFIA Lender's intention to consummate such a sale or reoffering; provided that no such notice shall be required during the continuation of any Event of Default. The provision of any notice pursuant to this Section 38 shall neither (x) obligate the WIFIA Lender to sell nor (y) provide either of the Borrower or the District with any rights or remedies in the event the WIFIA Lender, for any reason, does not sell the WIFIA Loan. Neither the Borrower nor the District shall be required to agree to terms and conditions different from those set forth in this Agreement, provide or make any representation with respect to any information prepared in connection with such sale or reoffering or provide any opinions of Bond Counsel, or General Counsel of the District or of the Borrower in connection with such sale or reoffering; provided, that any consent from the Borrower or the District to such changed terms or conditions shall not be unreasonably withheld, conditioned or delayed.

Section 39. Effectiveness. This Agreement shall be effective on the Effective Date.

Section 40. Termination. This Agreement shall terminate upon the irrevocable payment in full in immediately available funds by the Borrower of the Outstanding WIFIA Loan Balance, together with all accrued interest, fees and expenses with respect thereto; provided that the indemnification requirements of Section 37 (*Indemnification*), the reporting and record keeping requirements of Section 15(l) (*Affirmative Covenants of the Borrower – Access; Records*) and Section 17(p) (*Affirmative Covenants of the District – Access; Records*), and the payment requirements of Section 10 (*Fees and Expenses*) shall survive the termination of this Agreement as provided in such sections.

Section 41. Integration. This Agreement, together with the other WIFIA Loan Documents, constitutes the entire contract between the parties relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

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

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

**UNION SANITARY DISTRICT FINANCING
AUTHORITY**, by its authorized representative

By: _____
Name:
Title:

UNION SANITARY DISTRICT,
by its authorized representative

By: _____
Name:
Title:

*[Signature Page to Union Sanitary District and Union Sanitary District Finance Authority - Enhanced Treatment
and Site Upgrade Phase 1 Projects - WIFIA Loan Agreement]*

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

By: _____
Name: Michael S. Regan
Title: Administrator

*[Signature Page to Union Sanitary District and Union Sanitary District Finance Authority - Enhanced Treatment
and Site Upgrade Phase 1 Projects - WIFIA Loan Agreement]*

SCHEDULE I⁶
PROJECT BUDGET

SOURCES OF FUNDS	AMOUNT (\$ USD)	PERCENTAGE (%)
WIFIA Loan	\$188,758,204.00	49%
2021 Revenue Bonds	\$80,000,000.00	21%
Future Bonds or SRF Loan	\$87,851,312.00	23%
Previously Incurred Costs	\$10,902,809.00	3%
Note Premium or Cash	\$17,708,500.00	4%
Total Sources of Funds	\$385,220,825.00	100%
USES OF FUNDS	AMOUNT (\$ USD)	PERCENTAGE (%)
Construction	\$276,619,666.00	71%
Design	\$21,760,319.00	6%
Planning	\$1,230,364.00	0%
Other	\$53,482,675.00	14%
Contingency	\$14,419,301.00	4%
Financing Costs	\$17,708,500.00	5%
Total Uses of Funds	\$385,220,825.00	100%
Total Eligible Project Costs	\$385,220,825.00	100%
Total Project Costs	\$385,220,825.00	100%

⁶ **Note to Borrower:** Schedule I under review by EPA

SCHEDULE II
CONSTRUCTION SCHEDULE

*[To be provided by the District]*⁷

⁷ **Note to the District:** The schedule should clearly specify the projected substantial completion date, which should match up with the definition of “Projected Substantial Completion Date” in this Agreement and also be reflected accordingly in the Base Case Financial Model.

SCHEDULE III

EXISTING INDEBTEDNESS

A. Senior Obligations

#		8
1.	Installment Purchase Agreement, dated as of January 1, 2020, by and between the District and the Borrower relating to the Union Sanitary District Financing Authority Revenue Bonds, Series 2020A, originally issued in the aggregate principal amount of \$64,160,000 on February 20, 2020	\$59,295,000
2.	Installment Purchase Agreement, dated as of January 1, 2020, by and between the District and the Borrower, relating to the Union Sanitary District Financing Authority Revenue Bonds, Series 2021A, originally issued in the aggregate principal amount of \$99,505,000 on August 12, 2021	\$99,505,000

B. Subordinate Obligations

#		9
	None.	

⁸ As of Effective Date

⁹ As of Effective Date

SCHEDULE IV-A

WIFIA LOAN PAYMENT INSTRUCTIONS

HOW TO MAKE A LOAN PAYMENT TO EPA WIFIA PROGRAM

Please select one of the acceptable payment methods and follow the instructions provided below for sending WIFIA payments to EPA.

For questions about payments to EPA please contact EPA's Office of the Controller:

Phone: 202-564-7593. Voicemails can be left when calling outside business hours

Email: OCFO-OC-ACAD-WIFIA@epa.gov

For questions about the WIFIA program:

Email: wifia@epa.gov

ACCEPTABLE METHODS FOR WIFIA PAYMENTS TO EPA

OPTION 1 PAY.GOV

Use of Pay.gov to make payments to EPA is the preferred electronic payment method. In Pay.gov, users can track their payments to EPA and schedule recurring or automatic payments. Although it is not mandatory to register for a user id to access and use Pay.Gov, registration is recommended to have access to all Pay.gov system functionality.

Remove Debit Block - Before submitting payments through Pay.gov, users should contact their financial institution to remove any debit blocks and add EPA to the list of payees. In addition, the financial institution will need to add EPA's company ID (6801123303) for WIFIA fees. Once the financial institution removes the debit block and sets up the company ID, users can set up Pay.gov to submit payments.

Access the Pay.gov system by going to <https://www.pay.gov> and search for WIFIA or click on the following hyperlink to directly launch the WIFIA Loan Collection & Fees Form.

Provide the following information on your payment to ensure proper credit:

- Remitter's contact phone number
- Company/Organization Name as it appears on EPA document
- Complete address, including city, state, zip code
- Project Name
- Loan Number: this is EPA WIFIA Loan number, NOT the remitter's number
- From the "Payment Type" drop down menu select "**Loan Payment**"

Follow the remaining on-screen instructions to successfully process the payment to EPA.

Send an email to OCFO-OC-ACAD-WIFIA@epa.gov and wifia_portfolio@epa.gov informing that a payment has been made.

OPTION 2 FEDWIRE

Users must work within the processing guidelines established by their bank, which may include processing cutoffs, transaction fees, and other bank requirements. Banks that do not maintain an account at the Federal Reserve Bank (FRB) must use the services of correspondent banks that do have an FRB account.

FEDWIRE

To process a payment using FedWire please:

1. Send FedWire deposits as early as possible and no later than 5PM ET on the desired EPA receipt date.
2. Review the FedWire form Instructions provided in Attachment 1 and complete the form. It is very important that all relevant details identified in the instructions are accurate.

Send an email to OCFO-OC-ACAD-WIFIA@epa.gov and wifia_portfolio@epa.gov informing that a payment has been made.

Attachment 1 – FedWire Payment Form and Instructions

Please provide the following instructions to your Financial Institution for the remittance of Fedwire payments to the United States Environmental Protection Agency.

Fedwire Field Tag	Fedwire Field Name	Required Information
{1510}	Type/Subtype	1000
{2000}	Amount	\$
{3400}	Receiver ABA routing number *	021030004
{3400}	Receiver ABA short name	TREAS NYC
{3600}	Business Function Code	CTR (or CTP)
{4200}	Beneficiary Identifier (account number)	868010099000
{4200}	Beneficiary Name	US EPA
{5000}	Originator	
{6000}	Originator to Beneficiary Information – Line 1	FEE TYPE – WIFIA Application Fee (WIFIA Loan Number)
{6000}	Originator to Beneficiary Information – Line 2	
{6000}	Originator to Beneficiary Information – Line 3	
{6000}	Originator to Beneficiary Information – Line 4	

* The financial institution address for Treasury’s routing number is 33 Liberty Street, New York, NY 10045

Agency Contact:

Collections Inquiry Mailbox
 US Environmental Protection Agency
 Office of the Controller
 Fees and Collections Branch
Collections_Inquiry_Mailbox@epa.gov

SCHEDULE IV-B

WIFIA FEE PAYMENT INSTRUCTIONS

HOW TO MAKE A FEE PAYMENT TO EPA WIFIA PROGRAM

Please select one of the acceptable payment methods and follow the instructions provided below for sending WIFIA payments to EPA.

For questions about payments to EPA please contact EPA's Office of the Controller:

Phone: 202-564-7593. Voicemails can be left when calling outside business hours

Email: OCFO-OC-ACAD-WIFIA@epa.gov

For questions about the WIFIA program:

Email: wifia@epa.gov

ACCEPTABLE METHODS FOR WIFIA PAYMENTS TO EPA

OPTION 1 PAY.GOV

Use of Pay.gov to make payments to EPA is the preferred electronic payment method. In Pay.gov, users can track their payments to EPA and schedule recurring or automatic payments. Although it is not mandatory to register for a user id to access and use Pay.Gov, registration is recommended to have access to all Pay.gov system functionality.

Remove Debit Block - Before submitting payments through Pay.gov, users should contact their financial institution to remove any debit blocks and add EPA to the list of payees. In addition, the financial institution will need to add EPA's company ID (6801123303) for WIFIA fees. Once the financial institution removes the debit block and sets up the company ID, users can set up Pay.gov to submit payments.

Access the Pay.gov system by going to <https://www.pay.gov> and search for WIFIA or click on the following hyperlink to directly launch the WIFIA Loan Collection & Fees Form.

Provide the following information on your payment to ensure proper credit:

- Remitter's contact phone number
- Company/Organization Name as it appears on EPA document
- Complete address, including city, state, zip code
- Project Name
- Loan Number: this is EPA WIFIA Loan number, NOT the remitter's number
- From the "Payment Type" drop down menu select the type from the Fee Notice letter

- Other Description: please note the reference number from the Fee Notice letter. Follow the remaining on-screen instructions to successfully process the payment to EPA. Send an email to OCFO-OC-ACAD-WIFIA@epa.gov and wifia_portfolio@epa.gov informing that a payment has been made.

OPTION 2 CREDIT GATEWAY: FEDWIRE AND ACH

Depending on preferences, Credit Gateway allows users to submit payment either via FedWire (electronic interbank transfers) or ACH (direct deposit). The primary differences are:

	FedWire	ACH (Automated Clearing House)
Fees	Charges fees	Less expensive than FedWire
Transaction Speed	Faster transfers	May take up to a few days
Security	Less secure	More secure
International Capabilities	Can be sent internationally	U.S.-only network
Processing time	Within 24 hours	A few hours to several days

Users must work within the processing guidelines established by their bank, which may include processing cutoffs, transaction fees, and other bank requirements. Banks that do not maintain an account at the Federal Reserve Bank (FRB) must use the services of correspondent banks that do have an FRB account.

FEDWIRE

To process a payment using FedWire please:

3. Send FedWire deposits as early as possible and no later than 5PM ET on the desired EPA receipt date.
4. Review the FedWire form Instructions provided in Attachment 1 and complete the form. It is very important that all relevant details identified in the instructions are accurate.

Send an email to OCFO-OC-ACAD-WIFIA@epa.gov and wifia_portfolio@epa.gov informing that a payment has been made.

AUTOMATED CLEARING HOUSE (ACH)

To process payments using ACH please:

1. Send ACH payments as early as possible and no later than 3 business days before the desired EPA receipt date.
2. Review the ACH form Instructions provided in Attachment 2 and complete the form. It is important that all relevant details identified in the instructions are accurate.
3. Send an email to OCFO-OC-ACAD-WIFIA@epa.gov and wifia_portfolio@epa.gov informing that the payment has been made.

OPTION 3 CHECK PAYMENTS

UNAVAILABLE DUE TO COVID19 PANDEMIC. EPA CANNOT PROCESS CHECKS AT THIS TIME.

Attachment 1 – FedWire Payment Form and Instructions

Please provide the following instructions to your Financial Institution for the remittance of Fedwire payments to the United States Environmental Protection Agency.

Fedwire Field Tag	Fedwire Field Name	Required Information
{1510}	Type/Subtype	1000
{2000}	Amount	
{3400}	Receiver ABA routing number *	021030004
{3400}	Receiver ABA short name	TREAS NYC
{3600}	Business Function Code	CTR (or <i>CTP</i>)
{4200}	Beneficiary Identifier (account number)	868010099000
{4200}	Beneficiary Name	US EPA
{5000}	Originator	
{6000}	Originator to Beneficiary Information – Line 1	FEE TYPE – WIFIA Application Fee (WIFIA Loan Number)
{6000}	Originator to Beneficiary Information – Line 2	
{6000}	Originator to Beneficiary Information – Line 3	
{6000}	Originator to Beneficiary Information – Line 4	

* The financial institution address for Treasury's routing number is 33 Liberty Street, New York, NY 10045

Agency Contact:

Collections Inquiry Mailbox
US Environmental Protection Agency
Office of the Controller
Fees and Collections Branch
Collections_Inquiry_Mailbox@epa.gov

Attachment 2 - ACH Credit Gateway Form and Instructions

Please provide the following instructions to your Financial Institution for the remittance of Automated Clearing House (ACH) credits to the United States Environmental Protection Agency.

NACHA Record Type Code	NACHA Field	NACHA Data Element Name	Required Information
5	3	Company Name	
5	6	Standard Entry Class Code	CCD
5	9	Effective Entry Date	
6	2	Transaction Code*	22
6	3 & 4	Receiving DFI Identification (ABA routing #) @	051036706
6	5	DFI Account Number	868010099000
6	6	Amount	<i>(enter payment amount)</i>
6	8	Receiving Company Name	US EPA FEE TYPE – WIFIA (Loan Number-Fee Type)

ACH bank information:

Name: Credit Gateway – ACH Receiver

Address: 33 Livingston Ave. St. Paul, MN 55107

Phone number: 1-877-815-1206

Agency Contact:

Collections Inquiry Mailbox

Fees and Collections Branch

Office of the Controller

US Environmental Protection Agency

Collections_Inquiry_Mailbox@epa.gov

**Request for Taxpayer
 Identification Number and Certification**

Give Form to the requester. Do not send to the IRS.

Go to www.irs.gov/FormW9 for instructions and the latest information.

Print or type. See Specific Instructions on page 3.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.
United States Environmental Protection Agency

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only **one** of the following seven boxes.

Individual/sole proprietor or single-member LLC

C Corporation

S Corporation

Partnership

Trust/estate

Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____

Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is **not** disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

Other (see instructions) ▶ **Federal Agency**

4 Exemptions (codes apply only to certain entities; not individuals; see instructions on page 3):

Exempt payee code (if any) _____

Exemption from FATCA reporting code (if any) _____

(Applied to accounts maintained with the IRS)

5 Address (number, street, and apt. or suite no.) See instructions.
1300 Pennsylvania Ave NW, Mail Code 2733R

6 City, state, and ZIP code
Washington, DC 20004-3002

7 List account number(s) here (optional)

Requester's name and address (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number

			-					
--	--	--	---	--	--	--	--	--

or

Employer identification number

5	2	-	0	8	5	2	6	9	5
---	---	---	---	---	---	---	---	---	---

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here Signature of U.S. person ▶  Date ▶ **12/17/19**

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)
 Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See *What is backup withholding, later*.

SCHEDULE 13(m)
CONSTRUCTION CONTRACTS¹⁰

A. Existing Construction Contracts

Contract	Date	Parties	Description
-	-	-	-

B. Additional Construction Contracts

Contract	Expected Effective Date (if known)	Parties	Description
-	-	-	-

¹⁰ **Note to the District:** To be completed by the District.

EXHIBIT A

FORM OF WIFIA NOTE

UNION SANITARY DISTRICT FINANCING AUTHORITY

ENHANCED TREATMENT AND SITE UPGRADE PHASE 1 PROJECTS

(WIFIA – N20104CA)

WIFIA NOTE

Maximum Principal Amount: [\$188,758,204] (excluding capitalized interest)

<u>Interest Rate</u>	<u>Bond Date</u>	<u>CUSIP</u>
[]%	[], 2021	[]

Final Maturity Date

The earlier of (a) March 1, 2063, or such earlier date as is set forth in an updated Exhibit F to the WIFIA Loan Agreement (as defined below) pursuant to Section 8(d) of the WIFIA Loan Agreement; and (b) the Payment Date (as defined in the WIFIA Loan Agreement) immediately preceding the date that is thirty-five (35) years following the Substantial Completion Date (as defined in the WIFIA Loan Agreement).

UNION SANITARY DISTRICT FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California (the “**Borrower**”), for value received, hereby promises to pay to the order of the **UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**, acting by and through the Administrator of the United States Environmental Protection Agency, or its assigns (the “**WIFIA Lender**”), the aggregate of all disbursements up to a maximum aggregate principal amount of [\$188,758,204] (excluding capitalized interest) made by the WIFIA Lender pursuant to the WIFIA Loan Agreement (as defined below) (the “**Disbursements**” and such amount *minus* the aggregate principal amount thereof repaid by the Borrower, as determined in accordance with **Exhibit F** (*WIFIA Debt Service*) to the WIFIA Loan Agreement, being hereinafter referred to as the “**Outstanding Principal Sum**”), together with accrued and unpaid interest (including, if applicable, interest at the Default Rate, as defined in the WIFIA Loan Agreement) on the Outstanding Principal Sum and all fees, costs and other amounts payable in connection therewith, all as more fully described in the WIFIA Loan Agreement. The principal hereof shall be payable in the manner and at the place provided in the WIFIA Loan Agreement in accordance with

Exhibit F (*WIFIA Debt Service*) to the WIFIA Loan Agreement, as revised from time to time in accordance with the WIFIA Loan Agreement, until paid in full (which **Exhibit F**, as modified from time to time in accordance with the terms of the WIFIA Loan Agreement, is incorporated in and is a part of this WIFIA Note). The WIFIA Lender is hereby authorized to modify the Loan Amortization Schedule included in **Exhibit F** to the WIFIA Loan Agreement from time to time in accordance with the terms of the WIFIA Loan Agreement to reflect the amount of each disbursement made thereunder and the date and amount of principal or interest paid by the Borrower thereunder. Absent manifest error, the WIFIA Lender's determination of such matters as set forth on **Exhibit F** to the WIFIA Loan Agreement shall be conclusive evidence thereof; provided that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner the Borrower's obligations hereunder or under any other WIFIA Loan Document.

The interest rate on this WIFIA Note shall be [___] and [___] hundredths percent ([___]%) per annum. Interest will accrue and be computed on the Outstanding Principal Sum (as well as on any past due interest) from time to time on the basis of a three hundred sixty (360) day year of twelve (12) thirty (30) day months; provided, that, upon the occurrence of an Event of Default, the Borrower shall pay interest on the Outstanding Principal Sum at the Default Rate (as defined in the WIFIA Loan Agreement to be an interest rate equal to the sum of (a) the WIFIA Interest Rate set forth above *plus* (b) 200 basis points) in accordance with Section 6 (*Interest Rate*) of the WIFIA Loan Agreement.

Payments hereon are to be made in accordance with Section 8(c) (*Payment of Principal and Interest – Manner of Payment*) and Section 36 (*Notices*) of the WIFIA Loan Agreement as the same become due. Principal of and interest on this WIFIA Note shall be paid in funds available on or before the due date and in any lawful coin or currency of the United States of America that at the date of payment is legal tender for the payment of public and private debts.

This WIFIA Note has been executed under and pursuant to Resolution No. [___], adopted by the Borrower on [___], 2021 and that certain WIFIA Loan Agreement, dated as of the date hereof, among the WIFIA Lender, the Borrower and the District (the "**WIFIA Loan Agreement**") and is issued to evidence the obligation of the Borrower under the WIFIA Loan Agreement to repay the loan made by the WIFIA Lender and any other payments of any kind required to be paid by the Borrower under the WIFIA Loan Agreement or the other WIFIA Loan Documents referred to therein. Reference is made to the WIFIA Loan Agreement for all details relating to the Borrower's obligations hereunder. All capitalized terms used in this WIFIA Note and not defined herein shall have the meanings set forth in the WIFIA Loan Agreement.

This WIFIA Note may be prepaid at the option of the Borrower in whole or in part (and, if in part, the principal installments and amounts thereof to be prepaid are to be determined in accordance with the WIFIA Loan Agreement; provided such prepayments shall be in principal amounts of \$500,000 or any integral multiple of \$1 in excess thereof), from time to time, but not more than annually, without penalty or premium, by paying to the WIFIA Lender all or part of the principal amount of the WIFIA Note in accordance with the WIFIA Loan Agreement.

This WIFIA Note shall be subject to acceleration on the terms and conditions set forth in the WIFIA Loan Agreement.

Payment of the obligations of the Borrower under this WIFIA Note is secured by and payable from the Authority Revenues pledged under the WIFIA Loan Agreement.

This WIFIA Note is a limited obligation of the Borrower, payable solely from the Authority Revenues, and does not constitute a debt of the members of the Borrower, the State or any of its political subdivisions (including the District), except the Borrower. Notwithstanding anything to the contrary set forth in this WIFIA Note, the District is not a borrower with respect to this WIFIA Note and the District has no obligation to make any payment or provision for payment of this WIFIA Note. This WIFIA Note does not constitute a contract between the District and the WIFIA Lender by which the District has incurred an indebtedness.

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

It is hereby certified that all acts, conditions and things required by the Constitution and laws of the State of California and the Organizational Documents of the District and the Borrower to exist and have happened, been done, and been performed precedent to and in the issuance of this WIFIA Note exist and have happened, been done and been performed as so required and that the issuance of this WIFIA Note does not violate any constitutional, statutory or other limitation upon the amount of indebtedness that the Borrower may incur. This WIFIA Note is issued with the intent that the federal laws of the United States of America shall govern its construction to the extent such federal laws are applicable and the internal laws of the State shall govern its construction to the extent such federal laws are not applicable.

IN WITNESS WHEREOF, UNION SANITARY DISTRICT FINANCING AUTHORITY has caused this WIFIA Note to be executed in its name and its seal to be affixed hereto and attested by its duly authorized officer, all as of the Effective Date set forth above.

**UNION SANITARY DISTRICT
FINANCING AUTHORITY,**
by its authorized representative

(SEAL)

By _____

Name: _____

Title: _____

ATTEST:

Secretary

EXHIBIT B

ANTICIPATED WIFIA LOAN DISBURSEMENT SCHEDULE¹¹

<u>Federal Fiscal Year</u>	<u>Amount</u>
----------------------------	---------------

¹¹ **Note to Draft:** WIFIA Lender to work with the District to provide.

EXHIBIT C

FORM OF NON-DEBARMENT CERTIFICATE

The undersigned, on behalf of [UNION SANITARY DISTRICT FINANCING AUTHORITY (the “Borrower”)] [UNION SANITARY DISTRICT (the “District”)], hereby certifies that the [Borrower] [District] has fully complied with its verification obligations under 2 C.F.R. § 180.320 and hereby further confirms, based on such verification, that, to its knowledge, the [Borrower] [District] and each of the [Borrower’s] [District’s] principals (as defined in 2 C.F.R. § 180.995 and supplemented by 2 C.F.R. 1532.995):

(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency;

(b) Have not within a three (3) year period preceding the Effective Date been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state or local) with commission of any of the offenses enumerated in paragraph (b) of this certification; and

(d) Have not within a three (3) year period preceding the Effective Date had one or more public transactions (federal, state or local) terminated for cause or default.

Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement, dated as of [_____], 2021 (the “WIFIA Loan Agreement”), by and among the [Borrower] [District], [Union Sanitary District] [Union Sanitary District Financing Authority] and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency.

Dated: [_____], 2021

**[UNION SANITARY DISTRICT FINANCING
AUTHORITY] [UNION SANITARY
DISTRICT]**, by its authorized representative

By: _____
Name:
Title:

EXHIBIT D-1

REQUISITION PROCEDURES

This **Exhibit D-1** sets out the procedures which the Borrower and the District agree to follow in submitting Requisitions for the disbursement of WIFIA Loan proceeds in respect of the Eligible Project Costs incurred in connection with the Project. Section 1 sets out the manner in which Requisitions are to be submitted and reviewed. Sections 2 through 4 set out the circumstances in which the WIFIA Lender may reject or correct Requisitions submitted by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, or withhold a disbursement. The Borrower and the District expressly agree to the terms hereof, and further agree that (i) the rights of the WIFIA Lender contained herein are in addition to (and not in lieu of) any other rights or remedies available to the WIFIA Lender under the WIFIA Loan Agreement, and (ii) nothing contained herein shall be construed to limit the rights of the WIFIA Lender to take actions including administrative enforcement action and actions for breach of contract against the Borrower or the District if it fails to carry out its obligations under the WIFIA Loan Agreement during the term thereof.

Section 1. General Requirements. All requests by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, for the disbursement of WIFIA Loan proceeds shall be made by electronic mail or overnight delivery service by submission to the WIFIA Lender and the Servicer (if any), in accordance with Section 36 (*Notices*) of the WIFIA Loan Agreement, of a Requisition, in form and substance satisfactory to the WIFIA Lender and completed and executed by the District's Authorized Representative. The form of Requisition is attached as **Appendix One** (*Form of Requisition*) to this **Exhibit D-1**. Any disbursement request shall be accompanied by a certificate completed and executed by the Borrower's Authorized Representative in the form of **Appendix Two** (*Form of Borrower Disbursement Certificate*) to this **Exhibit D-1**.

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

Project Costs. The WIFIA Lender shall review the Eligible Project Costs Documentation for compliance with WIFIA disbursement requirements, and any amounts approved by the WIFIA Lender as Eligible Project Costs will be disbursed at such time as the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, submits a Requisition in respect of such approved amounts.

The WIFIA Lender agrees to promptly send to the District in accordance with Section 36 (*Notices*) of the WIFIA Loan Agreement, an acknowledgement of receipt of each Requisition in the form attached as **Appendix Three** (*[Approval/Disapproval] of the WIFIA Lender*) to this **Exhibit D-1** setting forth the date of receipt by the WIFIA Lender of such Requisition and setting forth the Business Day on which disbursement will be made absent denial by the WIFIA Lender. All disbursement requests must be received by the WIFIA Lender at or before 5:00 P.M. (EST) on the first (1st) Business Day of a calendar month in order to obtain disbursement by the fifteenth (15th) day of such calendar month or, if either such day is not a Business Day, the next succeeding Business Day. If a Requisition is approved by the WIFIA Lender, the WIFIA Lender will notify the District of such approval and of the amount so approved.

Section 2. Rejection. A Requisition may be rejected in whole or in part by the WIFIA Lender if it is: (a) submitted without signature; (b) submitted under signature of a Person other than the District's Authorized Representative; (c) submitted after prior disbursement of all proceeds of the WIFIA Loan; (d) submitted without adequate Eligible Project Costs Documentation, including (i) copies of invoices and records evidencing the Eligible Project Costs, (ii) a summary of the progress of construction of the Project and a general description of the work done for which the funds being requisitioned are being applied (or a certification that no change has occurred since the date of the latest quarterly report provided pursuant to Section 20(d) (*Reporting Requirements of the District – Construction Reporting*)), and (iii) a copy of the most recent update to the District's risk register, if requested by the WIFIA Lender.

The WIFIA Lender will notify the District of any Requisition so rejected, and the reasons therefor. Any Requisition rejected for the reasons specified above (other than Section 2(c)) must be resubmitted in proper form in order to be considered for approval. If a Requisition exceeds the balance of the WIFIA Loan proceeds remaining to be disbursed, the request will be treated as if submitted in the amount of the balance so remaining, and the WIFIA Lender will so notify the District.

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

Section 4. Withholding. The WIFIA Lender shall be entitled to withhold approval (in whole or in part) of any pending or subsequent requests for the disbursement of WIFIA Loan proceeds if: (a) a Default or an Event of Default shall have occurred and be continuing; or (b) either the Borrower or the District (i) knowingly takes any action, or omits to take any action, amounting to fraud or violation of any applicable law, in connection with the transactions contemplated hereby; (ii) prevents or materially impairs the ability of the WIFIA Lender to monitor compliance by either the Borrower or the District with applicable law pertaining to the Project or with the terms and conditions of the WIFIA Loan Agreement; (iii) fails to observe or

comply with any applicable law, or any term or condition of the WIFIA Loan Agreement; (iv) fails to satisfy the conditions set forth in Section 4 (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*) and Section 11(b) (*Conditions Precedent – Conditions Precedent to Disbursements*) of the WIFIA Loan Agreement; or (v) fails to deliver Eligible Project Costs Documentation satisfactory to the WIFIA Lender at the times and in the manner specified by the WIFIA Loan Agreement; provided that in such case of Section 4(b)(v), the WIFIA Lender may, in its sole discretion, partially approve a disbursement request in respect of any amounts for which adequate Eligible Project Costs has been provided and may, in its sole discretion, disburse in respect of such properly documented amounts.

APPENDIX ONE TO EXHIBIT D-1

FORM OF REQUISITION

United States Environmental Protection Agency¹²
1200 Pennsylvania Avenue NW
WJC-W 6201A
Washington, D.C. 20460
Attention: WIFIA Director

Re: Enhanced Treatment and Site Upgrade Phase 1 Projects (WIFIA – N20104CA)

Ladies and Gentlemen:

Pursuant to Section 4 (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*) of the WIFIA Loan Agreement, dated as of [____], 2021 (the “**WIFIA Loan Agreement**”), by and among the UNION SANITARY DISTRICT (the “**District**”), the UNION SANITARY DISTRICT FINANCING AUTHORITY (the “**Borrower**”) and the UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator (the “**WIFIA Lender**”), the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, hereby requests disbursement in the amount set forth below in respect of Eligible Project Costs paid or incurred by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement., Capitalized terms used but not defined herein have the meaning set forth in the WIFIA Loan Agreement.

A. In connection with this Requisition the undersigned, as the District’s Authorized Representative, hereby represents and certifies the following:

1.	Project name	Enhanced Treatment and Site Upgrade Phase 1 Projects
2.	Borrower name	Union Sanitary District Financing Authority

¹² If there is a Servicer for the WIFIA Loan, provide a copy to the Servicer as well and include its notice details here.

3.	WIFIA reference number	N20104CA
4.	Requisition number	[__]
5.	Requested disbursement amount	\$[__]
6.	Requested disbursement date (the “Disbursement Date”)	[__]
7.	Total amounts previously disbursed under the WIFIA Loan Agreement	\$[__]
8.	Wire instructions	[__]

1. The amounts hereby requisitioned have been paid or incurred and approved for payment by or on behalf of the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, for Eligible Project Costs and have not been paid for or reimbursed by any previous disbursement from WIFIA Loan proceeds. No portion of the amounts requisitioned will be applied to pay for Eligible Project Costs that have been previously paid, or are expected to be paid, with proceeds of any Interim Financing [.]], except as set forth below:

Source of Interim Financing	Amount of Interim Financing
[__]	\$[__]
Total Amount of Interim Financing	\$[__]

The portion of the amount requisitioned equal to the total amount of the Interim Financing set forth above will be promptly applied by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, to either (i) discharge a like principal amount of such Interim Financing or (ii) reimburse the applicable fund or account from which the proceeds of such Interim Financing were spent.]¹³

¹³ This alternative should be included when requisitioned amounts are for the purpose of paying or redeeming, in whole or in part, amounts owed by the District under an Interim Financing the proceeds of which were applied to pay Eligible Project Costs.

2. The aggregate amount of all disbursements of the WIFIA Loan (including the amount requested under this Requisition) does not exceed (a) the maximum principal amount of the WIFIA Loan, (b) the amount of Eligible Project Costs paid or incurred by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, and (c) the cumulative disbursements through the end of the current Federal Fiscal Year as set forth in the Anticipated WIFIA Loan Disbursement Schedule.
3. The Borrower and the District has sufficient available funds committed to the Project, which together with funds that remain available and not yet drawn under the WIFIA Loan, will be sufficient to pay the reasonably anticipated remaining Total Project Costs.
4. The total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan, does not exceed eighty percent (80%) of Total Project Costs.
5. The District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, has all Governmental Approvals necessary as of the date hereof and as of the Disbursement Date (immediately after giving effect to the above-requested disbursement of WIFIA Loan proceeds), for the development, construction, operation and maintenance of the Project and each such Governmental Approval has been issued and is in full force and effect (and is not subject to any notice of violation, breach or revocation).
6. Each of the insurance policies maintained by the District pursuant to Section 17(f) (*Affirmative Covenants of the District – Insurance*) of the WIFIA Loan Agreement is in full force and effect, and no notice of termination thereof has been issued by the applicable insurance provider.
7. As of the date hereof and on the Disbursement Date (immediately after giving effect to the above-requested disbursement of WIFIA Loan proceeds), (i) no Default or Event of Default and (ii) no event of default under any other Related Document to which the District is a party, and no event that, with the giving of notice or the passage of time or both, would constitute an event of default under any Related Document, in each case, has occurred and is continuing. No District Material Adverse Effect, or any event or condition that could reasonably be expected to have a District Material Adverse Effect, has occurred since April 30, 2021.
8. The District, and each of the contractors and subcontractors at all tiers with respect to the Project, have complied with all applicable laws, rules, regulations and requirements, including 40 U.S.C. §§3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto) and 33 U.S.C. §3914 (relating to American iron and steel products).

Supporting documentation, such as certified payroll records and certifications for all iron and steel products used for the Project, are being maintained and are available for review upon request by the WIFIA Lender.

9. The representations and warranties of the District set forth in the WIFIA Loan Agreement and in each other WIFIA Loan Document to which the District is a party are true and correct as of the date hereof and as of the Disbursement Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties are true and correct as of such earlier date).
10. Each Related Document that has been delivered by the District to the WIFIA Lender pursuant to Section 11(b) (*Conditions Precedent – Conditions Precedent to Disbursements*) is complete, fully executed and in full force and effect.
11. The current estimated percentage of physical completion of the Project is [___]%. The District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, is in compliance with Section 19(c) (*Reporting Requirements of the District – Construction Reporting*) and no change has occurred since the date of the most recently delivered quarterly construction progress report that could reasonably be expected to cause a Material Adverse Effect.¹⁴
12. All documentation evidencing the Eligible Project Costs to be reimbursed to the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, [or to be used to pay Eligible Project Costs previously paid from proceeds of any Interim Financing] by the above-requested disbursement has been delivered by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, to the WIFIA Lender at the times and in the manner specified by the WIFIA Loan Agreement, including the details set forth [in the attachment hereto, which is in form satisfactory to the WIFIA Lender][below:]

WIFIA USE ONLY

¹⁴ The most recent quarterly progress report should set out a summary of the progress of construction of the Project, as well as a general description of the work done for which the funds being requisitioned are being applied and a summary of any material changes/risks. If not, PM should request additional information (including a risk register, if applicable).

Vendor or Contractor Name ¹⁵	Invoice Number ¹⁶	Invoice Date	Payment Date	Invoice Amount	WIFIA Requested Amount ¹⁷	Activity Type ¹⁸	Description of Activity ¹⁹	Approved Amount	Notes

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

Date: _____

UNION SANITARY DISTRICT,
By its authorized representative

By: _____
Name:
Title:

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

¹⁶ Vendor’s number indicated on the invoice sent to the District.

¹⁷ If the amount requested for reimbursement by the WIFIA Lender is less than the total amount of the invoice, include an explanation for the difference.

¹⁸ Specify whether activity is: (a) **Development phase activity**, which includes planning, preliminary engineering, design, environmental review, revenue forecasting and other pre-construction activities; (b) **Construction**, which includes construction, reconstruction, rehabilitation and replacement activities; (c) **Acquisition of real property**, which includes acquiring an interest in real property, environmental mitigation, construction contingencies and acquisition of equipment; (d) **Carrying costs**, including capitalized interest, as necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses and other carrying costs during construction; (e) **WIFIA fees**, including for application and credit processing; or (f) **Other**, with an explanation in the “Description of Activity” column.

¹⁹ Provide a brief description of the activities included in the invoice for which WIFIA funds are being requested and any other notes that will aid in the review of the disbursement request.

UNION SANITARY DISTRICT FINANCING AUTHORITY,
By its authorized representative

By: _____

Name:

Title:

APPENDIX TWO TO EXHIBIT D-1

FORM OF BORROWER'S DISBURSEMENT CERTIFICATE

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

Re: ENHANCED TREATMENT AND SITE UPGRADE PHASE 1 PROJECTS (WIFIA Ref N20104CA)

Ladies and Gentlemen:

Reference is made to that certain WIFIA Loan Agreement, dated as of [____], 2021 (the “**WIFIA Loan Agreement**”), by and among UNION SANITARY DISTRICT FINANCING AUTHORITY (the “**Borrower**”), UNION SANITARY DISTRICT (the “**District**”) and the UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator (the “**WIFIA Lender**”). Capitalized terms used but not defined herein have the meaning set forth in the WIFIA Loan Agreement.

Pursuant to Section 11(b)(v) (*Conditions Precedent – Conditions Precedent to Disbursements*) of the WIFIA Loan Agreement, the undersigned, as the Borrower's Authorized Representative, hereby represents and certifies the following:

1. As of the date hereof and on the requested disbursement date (immediately after giving effect to the requested disbursement of WIFIA Loan proceeds), (a) no Default or Event of Default, and no event of default under any other Related Document to which the Borrower is a party and (b) no event that, with the giving of notice or the passage of time or both, would constitute an event of default under any Related Document to which the Borrower is a party, in each case, has occurred and is continuing.
2. No Borrower Material Adverse Effect, or any event or condition that could reasonably be expected to have a Borrower Material Adverse Effect, has occurred or arisen since the Effective Date.
3. The Borrower has complied with all applicable laws, rules, regulations and requirements.
4. The representations and warranties of the Borrower set forth in the WIFIA Loan Agreement (including Section 12 (*Representations and Warranties of the Borrower*)) and in each other WIFIA Loan Document to which the Borrower is a party are true and correct as of the date hereof and as of the requested disbursement date, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties shall be true and correct as of such earlier date).

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

Date: _____ UNION SANITARY DISTRICT FINANCING
AUTHORITY,
By its authorized representative
By: _____
Name:
Title: _____

APPENDIX THREE TO EXHIBIT D-1

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

Requisition Number [_____] is [approved in the amount of \$[_____] [approved in part in the amount of \$[_____] [not approved, for the reasons set forth in Annex A attached hereto,]²⁰ by the WIFIA Lender (as defined herein) pursuant to Section 4 (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*) of the WIFIA Loan Agreement, dated as of [____], 2021, by and among the Union Sanitary District (the “**District**”), the Union Sanitary District Financing Authority (the “**Borrower**”) and the United States Environmental Protection Agency, acting by and through the Administrator of the United States Environmental Protection Agency (the “**WIFIA Lender**”).

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

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

By: _____
WIFIA Lender’s Authorized Representative
Name:
Title:
Dated:

²⁰ If there is any partial or full denial of approval, the WIFIA Lender should provide a separate attachment setting forth the reasons for such partial or full denial of approval.

EXHIBIT D-2

CERTIFICATION OF ELIGIBLE PROJECT COSTS DOCUMENTATION

[Date]

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

Re: Enhanced Treatment and Site Upgrade Phase 1 Projects (WIFIA – N20104CA)

Ladies and Gentlemen:

Pursuant to Section 4 (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*) of the WIFIA Loan Agreement, dated as of [____], 2021 (the “**WIFIA Loan Agreement**”), by and among the UNION SANITARY DISTRICT (“the **District**”), the UNION SANITARY DISTRICT FINANCING AUTHORITY (the “**Borrower**”) and the UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator (the “**WIFIA Lender**”), we hereby present this certificate in connection with the District’s delivery of Eligible Project Costs Documentation to the WIFIA Lender. Capitalized terms used but not defined herein have the meaning set forth in the WIFIA Loan Agreement.

The undersigned does hereby represent and certify the following:

1. This certificate is being delivered to the WIFIA Lender in connection with the Eligible Project Costs Documentation and is applicable to the period between [_____] and [_____].
2. Documentation evidencing the Eligible Project Costs to be reimbursed to the District is set forth [in the attachment hereto, which is in form satisfactory to the WIFIA Lender][below:]

							WIFIA USE ONLY	
Vendor or Contractor Name ²¹	Invoice Number ²²	Invoice Date	Payment Date	Invoice Amount	Activity Type ²³	Description of Activity ²⁴	Approved Amount	Notes

3. The sources of funding for such Eligible Project Costs are [listed below / set forth in Exhibit [___] to this certificate].
4. [The funds for which reimbursement will be sought were expended solely in connection with the payment or reimbursement of Eligible Project Costs.]

Date: _____

UNION SANITARY DISTRICT ²⁵

By: _____

Name:

Title: _____

²¹ If seeking reimbursement for internal costs, enter "Internally financed activities."

²² Vendor's number indicated on the invoice sent to the District.

²³ Specify whether activity is: (a) **Development phase activity**, which includes planning, preliminary engineering, design, environmental review, revenue forecasting and other pre-construction activities; (b) **Construction**, which includes construction, reconstruction, rehabilitation and replacement activities; (c) **Acquisition of real property**, which includes acquiring an interest in real property, environmental mitigation, construction contingencies and acquisition of equipment; (d) **Carrying costs**, including capitalized interest, as necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses and other carrying costs during construction; (e) **WIFIA fees**, including for application and credit processing; or (f) **Other**, with an explanation in the "Description of Activity" column.

²⁴ Provide a brief description of the activities included in the invoice for which WIFIA funds are being requested and any other notes that will aid in the review of the documentation.

²⁵ To be executed by the District's Authorized Representative.

EXHIBIT E

FORM OF NON-LOBBYING CERTIFICATE

The undersigned, on behalf of [UNION SANITARY DISTRICT FINANCING AUTHORITY (the “**Borrower**”)] [UNION SANITARY DISTRICT (the “**District**”)], hereby certifies, to the best of his or her knowledge and belief, that:

(a) No Federal appropriated funds have been paid or will be paid, by or on behalf of the [Borrower] [District], to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the making of the WIFIA Loan.

(b) If any funds other than proceeds of the WIFIA Loan have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the WIFIA Loan, the [Borrower] [District] shall complete and submit Standard Form-LLL, “Disclosure Form to Report Lobbying,” in accordance with its instructions.

(c) The [Borrower] [District] shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

Capitalized terms used in the certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement, dated as of [_____], 2021 (the “**WIFIA Loan Agreement**”), by and among the [Borrower] [District], [Union Sanitary District] [Union Sanitary District Financing Authority] and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency.

This certification is a material representation of fact upon which reliance was placed when the WIFIA Lender entered into the WIFIA Loan Agreement. Submission of this certification is a prerequisite to the effectiveness of the WIFIA Loan Agreement imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Dated: [_____], 2021

[UNION SANITARY DISTRICT FINANCING AUTHORITY] [UNION SANITARY DISTRICT], by its authorized representative

By: _____
Name:
Title:

EXHIBIT F
WIFIA DEBT SERVICE²⁶

[See attached]

²⁶ **Note to Draft:** WIFIA Underwriting to work with the District to provide an initial amortization schedule and installment payment schedule. This will need to be finalized on the day of closing to account for the final interest rate.

EXHIBIT G-1

OPINIONS REQUIRED FROM COUNSEL TO THE BORROWER

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

1. The Borrower has been duly created and validly exists as a joint exercise of powers agency under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California.

2. The Borrower has all requisite power and authority to conduct its business and to execute and deliver, and to perform its obligations under, the Related Documents to which it is a party.

3. The execution and delivery by the Borrower of, and the performance of its respective obligations under, the Related Documents to which it is a party, have been duly authorized by all necessary organizational or regulatory action.

4. The Borrower has duly executed and delivered each Related Document to which it is a party and each such Related Document constitutes the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its respective terms.

5. No authorization, consent, or other approval of, or registration, declaration or other filing with any governmental authority of the United States of America or of the State is required on the part of the Borrower for the execution and delivery by the Borrower of, and the performance of the Borrower under, any Related Document to which it is a party other than authorizations, consents, approvals, registrations, declarations and filings that have already been timely obtained or made by the Borrower.

6. The execution and delivery by the Borrower of, and compliance by the Borrower with the provisions of, the Related Documents to which it is a party in each case do not (i) violate the Joint Powers Agreement, (ii) violate the law of the United States of America or of the State, or (iii) conflict with or constitute a breach of or default under any material agreement or other instrument known to us to which the Borrower is a party, or to the best of our knowledge, after reasonable review, any court order, consent decree, statute, rule, regulation or any other law to which the Borrower is subject.

7. To our knowledge after due inquiry, there are no actions, suits, proceedings or investigations against the Borrower by or before any court, arbitrator or any other Governmental Authority in connection with the Related Documents or the Wastewater System (including the Project) that are pending.

8. The Borrower is not entitled to claim governmental immunity in any breach of contract action under the WIFIA Borrower Documents.

9. The Borrower has duly and validly adopted the WIFIA Borrower Resolution at a meeting of the Board of Directors of the District on [____], 2021, which meeting 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 the WIFIA Borrower Resolution is in full force and effect as of the date hereof and has not been modified, amended or rescinded;

EXHIBIT G-2

OPINIONS REQUIRED FROM THE BORROWER'S BOND COUNSEL

An opinion of bond counsel to the Borrower, dated as of the Effective Date, in substantially the follow form:

_____, 2021

United States Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Re: *Enhanced Treatment and Site Upgrade Phase 1 Projects (WIFIA – N20104CA)*

Ladies and Gentlemen:

We have acted as Special Counsel to the Union Sanitary District Financing Authority (the "Borrower") in connection with the execution and delivery, or adoption, by the Borrower of (i) that certain WIFIA Installment Purchase Agreement, dated as of October __, 2021 (the "WIFIA IPA"), by and between the Borrower and the Union Sanitary District (the "District"), (ii) the WIFIA Loan Agreement, dated as of October __, 2021 (the "WIFIA Loan Agreement"), by and among the Borrower, the District and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (the "WIFIA Lender"), (iii) that certain WIFIA Note, dated as October __, 2021 (the "WIFIA Note" and, collectively with the WIFIA IPA and the WIFIA Loan Agreement, the "WIFIA Borrower Documents"), delivered to the WIFIA Lender by the Borrower, and (iv) Resolution No. _____, adopted by the Board of Directors of the Borrower on _____ __, 2021 (the "WIFIA Borrower Resolution"). All capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to such terms in the WIFIA Loan Agreement.

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:

1. The Borrower has all requisite power and authority under the laws of the State, including but not limited to Article 4 of the Joint Exercise of Powers Act of the State, to adopt the WIFIA Borrower Resolution, to execute and deliver the WIFIA Borrower Documents and to issue the WIFIA Note, and each WIFIA Borrower Document and the WIFIA Resolution has been duly authorized, executed and delivered by the Borrower, and each WIFIA Borrower Document and the WIFIA Borrower Resolution is in full force and effect, and constitutes a legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its respective terms and conditions.

2. (a) The WIFIA Loan (as evidenced by the WIFIA Note) is secured by the Liens on the Authority Revenues, all of the Borrower's right, title and interest in the WIFIA Debt Service Account and all of the Borrower's rights and remedies to enforce the WIFIA IPA upon an

Exhibit G-2-1

event of default thereunder, and (b) the WIFIA Loan (as evidenced by the WIFIA Note) is enforceable under the laws of the State without any further action by the Borrower or any other Person.

3. The WIFIA Loan Agreement creates a valid and binding pledge of and lien on the Authority Revenues, all of the Borrower's right, title and interest in the WIFIA Debt Service Account and all of the Borrower's rights and remedies to enforce the WIFIA IPA upon an event of default thereunder to secure the payment of the principal of, interest on, and other amounts payable in respect of, the WIFIA Loan in accordance with the WIFIA Loan Agreement, irrespective of whether any party has notice of the pledge and without the need for any physical delivery, recordation, filing or further act.

4. All actions by the Borrower that are required for the application of the Authority Revenues as required under the WIFIA Loan Agreement have been duly and lawfully authorized.

5. The Borrower has complied with the requirements of State law to lawfully pledge the Authority Revenues, all of the Borrower's right, title and interest in the WIFIA Debt Service Account and all of the Borrower's rights and remedies to enforce the WIFIA IPA upon an event of default thereunder and to authorize the use of the Authority Revenues as required by the terms of the WIFIA Loan Agreement.

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

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. Such conclusions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform you or any other person, whether any such actions are taken or omitted after the date hereof or whether such events do occur or any other matters come to our attention after the date hereof. We have assumed, but not independently verified, that the signatures on all documents, letters, opinions and certificates which we have examined are genuine, that all documents submitted to us are authentic and were duly and properly executed by the parties thereto. As to any facts relevant to the opinions stated herein that we did not independently establish or verify, we have relied upon, without independent verification, the accuracy of the factual matters represented, warranted or certified in such documents.

This opinion is limited to matters governed by the laws of California and the United States of America, and we assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction. We call attention to the fact that the rights and obligations under the WIFIA Borrower Documents and the WIFIA Borrower Resolution 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.

Exhibit G-2-2

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 WIFIA Borrower Documents, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets, other than the Authority Revenues, the WIFIA Debt Service Account and the WIFIA Borrower Documents, or the accuracy or sufficiency of the description of such assets, other than the Authority Revenues, the WIFIA Debt Service Account and the WIFIA Borrower Documents, or the remedies available to enforce liens on any such assets, other than the Authority Revenues and the WIFIA Debt Service Account under the WIFIA Borrower Documents. Our services as Special Counsel to the Borrower did not involve the rendering of financial or other non-legal advice to you, the Borrower, the District or any other party to the transaction.

This letter is furnished by us to you solely for your benefit and we are not assuming any professional responsibility to any other person whomsoever. This letter is not to be used, circulated, quoted or otherwise referred to for any other purpose, except (a) to the extent disclosure of this opinion is required pursuant to applicable law, and (b) that this opinion may be included in applicable closing transcript. No attorney-client relationship has existed or exists between our firm and you in connection with the WIFIA Borrower Documents or the WIFIA Borrower Resolution or by virtue of this letter.

Respectfully submitted,

Exhibit G-2-3

EXHIBIT G-3

OPINIONS REQUIRED FROM COUNSEL TO THE DISTRICT

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

1. The District is a sanitary district duly organized and validly existing under the Constitution and the laws of the State of California.
2. The District has all requisite power and authority to conduct its business and to execute and deliver, and to perform its obligations under, the WIFIA District Documents and the Construction Contracts.
3. The execution and delivery by the District of, and the performance of its obligations under, the WIFIA District Documents and the Construction Contracts have been duly authorized by all necessary organizational or regulatory action.
4. The District has duly executed and delivered each WIFIA District Document and each Construction Contract, and each such WIFIA District Document and each such Existing Construction Contract constitutes the legal, valid and binding obligation of the District, enforceable against the District in accordance with its respective terms.
5. No authorization, consent, or other approval of, or registration, declaration or other filing with any governmental authority of the United States of America or of the State is required on the part of the District for the execution and delivery by the District of, and the performance of the District under, the WIFIA District Documents and the Construction Contracts other than authorizations, consents, approvals, registrations, declarations and filings that have already been timely obtained or made by the District.
6. The execution and delivery by the District of, and compliance by the District with the provisions of, the WIFIA District Documents and the Construction Contracts in each case do not (i) violate the law of the United States of America or of the State, (ii) violate any ordinance, regulation or other legislative action of the District or (iii) conflict with or constitute a breach of or default under any material agreement or other instrument known to us to which the District is a party, or to the best of our knowledge, after reasonable review, any court order, consent decree, statute, rule, regulation or any other law to which the District is subject.
7. To our knowledge after due inquiry, there are no actions, suits, proceedings or investigations against the District by or before any court, arbitrator or any other Governmental Authority in connection with the WIFIA District Documents, the Existing Construction Contracts or the Wastewater System (including the Project) that are pending.
8. The District is not entitled to claim governmental immunity under the California Government Claims Act or any other law of the State, or under any ordinance, regulation or other legislative action of the District in any breach of contract action under the WIFIA District Documents. 9. The District has duly and validly adopted the WIFIA District Resolution at a meeting of the Board of Directors of the District on [____], 2021, which meeting 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 the WIFIA District Resolution is in full force and effect as of the date hereof and has not been modified, amended or rescinded.

EXHIBIT G-4

OPINIONS REQUIRED FROM THE DISTRICT'S BOND COUNSEL

An opinion of the bond counsel to the District, dated as of the Effective Date, in substantially the following form:

_____, 2021

United States Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Ladies and Gentlemen:

We have acted as Special Counsel to the Union Sanitary District (the "District") in connection with the execution and delivery, or adoption, by the District of (i) that certain WIFIA Installment Purchase Agreement, dated as of October __, 2021 (the "WIFIA IPA"), by and between the District and the Union Sanitary District Financing Authority (the "Borrower"), (ii) that certain WIFIA Loan Agreement, dated as of October __, 2021 (the "WIFIA Loan Agreement" and collectively with the WIFIA IPA, the "WIFIA District Documents"), by and among the District, the Borrower and the United States Environmental Protection District, acting by and through the Administrator of the Environmental Protection District, and (iii) Resolution No. [_____] of the Board of Directors of the District, adopted on [_____] (the "WIFIA District Resolution"), in each case relating to the Enhanced Treatment and Site Upgrade Phase 1 Projects. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to such terms in the WIFIA Loan Agreement.

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:

1. The District has all requisite power and authority under the laws of the State, including the Sanitary District Act of 1923, set forth at Division 6 of the California Health and Safety Code, as amended and supplemented from time to time, to adopt the WIFIA District Resolution and to execute and deliver the WIFIA District Documents. Each WIFIA District Document has been duly authorized, executed and delivered by the District, and each WIFIA District Document and the WIFIA District Resolution is in full force and effect and constitutes a legal, valid and binding obligation of the District enforceable against the District in accordance with its respective terms and conditions.

2. The WIFIA Installment Payments (a) are secured by liens on the District Collateral, (b) are payable from Net Revenues on a subordinate basis to Senior Obligations, (c) are Subordinate Obligations entitled to the benefits applicable to Obligations identified as such under the WIFIA District Documents and the other Obligation Documents, (d) are enforceable under the laws of the State without any further action by the District or any other Person, and (e) rank subordinate in right of payment and right of security only to the Senior Obligations *pari passu* in

Exhibit G-4-1

right of payment and right of security with all other Subordinate Obligations; provided, however, upon a Bankruptcy Related Event, the WIFIA Installment Payments shall be payable in accordance with the WIFIA District Documents on a parity with all Senior Obligations.

3. The WIFIA IPA creates a valid and binding assignment of the Gross Revenues and pledge of and lien on the District Collateral to secure the payment of the principal of, interest on, and other amounts payable in respect of, the WIFIA Installment Payments, irrespective of whether any party has notice of the pledge and without the need for any physical delivery, recordation, filing or further act.

4. All actions by the District that are required for the application of the Gross Revenues as required under the WIFIA IPA have been duly and lawfully authorized.

5. The District has complied with the requirements of State law to lawfully pledge the District Collateral and to authorize the use of the Net Revenues as required by the terms of the WIFIA IPA.

6. The District is not an investment company required to register under the Investment Company Act of 1940, as amended.

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. Such conclusions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform you or any other person, whether any such actions are taken or omitted after the date hereof or whether such events do occur or any other matters come to our attention after the date hereof. We have assumed, but not independently verified, that the signatures on all documents, letters, opinions and certificates which we have examined are genuine, that all documents submitted to us are authentic and were duly and properly executed by the parties thereto. As to any facts relevant to the opinions stated herein that we did not independently establish or verify, we have relied upon, without independent verification, the accuracy of the factual matters represented, warranted or certified in such documents.

This opinion is limited to matters governed by the laws of the State and the laws of the United States of America, and we assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction. We call attention to the fact that the rights and obligations under the WIFIA District Documents and the WIFIA District Resolution 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.

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 WIFIA District Documents, nor are we expressing any opinion with respect to the state or quality

of title to or interest in any assets, other than the District Collateral, described in or as subject to the lien of the WIFIA District Documents, or the accuracy or sufficiency of the description of such assets, other than the District Collateral, or the remedies available to enforce liens on any such assets, other than the District Collateral under the WIFIA District Documents. Our services as Special Counsel to the District did not involve the rendering of financial or other non-legal advice to you, the District, the Borrower or any other party to the transaction.

This letter is furnished by us to you solely for your benefit and we are not assuming any professional responsibility to any other person whomsoever. This letter is not to be used, circulated, quoted or otherwise referred to for any other purpose, except (a) to the extent disclosure of this opinion is required pursuant to applicable law, and (b) that this opinion may be included in applicable closing transcript. No attorney-client relationship has existed or exists between our firm and you in connection with the WIFIA District Documents or the WIFIA District Resolution or by virtue of this letter.

Respectfully submitted,

EXHIBIT H-1

FORM OF CLOSING CERTIFICATE OF BORROWER

[_____], 2021

Reference is made to that certain WIFIA Loan Agreement, dated as of [_____], 2021 (the “WIFIA Loan Agreement”), by and among the Union Sanitary District Financing Authority, as Borrower (the “Borrower”), the Union Sanitary District, and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (the “WIFIA Lender”). Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement and section references shall refer to the WIFIA Loan Agreement.

In connection with Section 11(a) (Conditions Precedent – Conditions Precedent to Effectiveness) of the WIFIA Loan Agreement, the undersigned, President, as Borrower’s Authorized Representative, does hereby certify on behalf of the Borrower and not in her personal capacity, as of the date hereof:

(a) pursuant to Section 11(a)(ix), attached hereto as Annex A is an incumbency certificate that lists all persons, together with their positions and specimen signatures, who are duly authorized by the Borrower to execute the WIFIA Loan Documents to which the Borrower is a party and make the certifications of the Borrower delivered in connection therewith, and who have been appointed as a Borrower’s Authorized Representative in accordance with Section 25 (Borrower’s Authorized Representative) of the WIFIA Loan Agreement;

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

(c) pursuant to Section 11(a)(iii), attached hereto as Annex C is a copy of the Borrower’s Organizational Documents, as in effect on the Effective Date, each of which Organizational Documents is in full force and effect;

(d) pursuant to Section 11(a)(v), the Borrower has delivered to the WIFIA Lender a copy of the WIFIA Borrower Resolution, the WIFIA Borrower Resolution is in full force and effect, and no further instruments or documents (including any resolutions, ordinances, and supplements) are necessary for the Borrower to execute and deliver, and to perform its obligations under, the WIFIA Loan Documents to which it is a party and to consummate and implement the transactions contemplated by the WIFIA Loan Documents to which it is a party;

(e) pursuant to Section 11(a)(ix)(A), the Borrower has obtained all Governmental Approvals necessary to execute and deliver, and perform its obligations under, the WIFIA Loan Documents to which it is a party, and all such Governmental Approvals are final, non-appealable, and in full force and effect (and are not subject to any notice of violation, breach or revocation);

Exhibit H-1-1

(f) pursuant to Section 11(a)(ix)(B), as of the Effective Date, (i) the maximum principal amount of the WIFIA Loan, together with the amount of any other credit assistance provided under the Act to the Borrower, does not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs and (ii) the total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan, does not exceed eighty percent (80%) of Total Project Costs;

(g) pursuant to Section 11(a)(ix)(C), (i) the Borrower's Federal Employer Identification Number is [_____] ²⁷, (ii) the Borrower's Data Universal Numbering System number is 169498, and (iii) the Borrower has registered with, and obtained confirmation of active registration status from, the federal System for Award Management (www.SAM.gov), which confirmation is attached hereto as Annex D;

(h) pursuant to Section 11(a)(ix)(D), the CUSIP number for the WIFIA Loan is [____];

(i) pursuant to Section 11(a)(ix)(E), the representations and warranties of the Borrower set forth in the WIFIA Loan Agreement and in each other WIFIA Loan Document to which the Borrower is a party are true and correct on and as of the date hereof, except to the extent that such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct as of such earlier date;

(j) pursuant to Section 11(a)(ix)(F), no Borrower Material Adverse Effect, or any event or condition that could reasonably be expected to have a Borrower Material Adverse Effect, has occurred or arisen since April 30, 2021;

(k) pursuant to Section 11(a)(xi), none of the rating letters delivered to the WIFIA Lender pursuant to such Section 11(a)(xi) has been reduced, withdrawn or suspended as of the Effective Date;

[Signature Page Follows]

²⁷ **Note to the Borrower:** Please provide EIN and CUSIP number.

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

**UNION SANITARY DISTRICT FINANCING
AUTHORITY**

By: _____
Name:
Title:

ANNEX A

INCUMBENCY CERTIFICATE

The undersigned certifies that she is the Secretary of the Commission of the Union Sanitary District Financing Authority, a joint exercise of powers authority duly organized and existing under the Joint Exercise of Powers Agreement, dated January 13, 2020, by and between the Union Sanitary District and the California Municipal Finance Authority, and under the Constitution and laws of the State of California (the "Borrower"), and as such she is authorized to execute this certificate and further certifies that the following persons have been elected or appointed, are qualified, and are now acting as officers or authorized persons of the Borrower in the capacity or capacities indicated below, and that the signatures set forth opposite their respective names are their true and genuine signatures. She further certifies that any of the officers listed below is authorized to sign agreements and give written instructions with regard to any matters pertaining to the WIFIA Loan Documents to which the Borrower is a party on behalf of the Borrower as the Borrower's Authorized Representative:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
[_____]	[_____]	_____
[_____]	[_____]	_____

Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement, dated as of the date hereof, by and among the Borrower, the Union Sanitary District, and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of this [____] day of [____], 2021.

**UNION SANITARY DISTRICT FINANCING
AUTHORITY**

By: _____
Name:
Title:

EXHIBIT H-2

FORM OF CLOSING CERTIFICATE OF DISTRICT

[_____], 2021

Reference is made to that certain WIFIA Loan Agreement, dated as of [_____], 2021 (the “WIFIA Loan Agreement”), by and among Union Sanitary District Financing Authority, as Borrower (the “Borrower”), the Union Sanitary District (the “District”), and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (the “WIFIA Lender”). Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement and section references shall refer to the WIFIA Loan Agreement. Notwithstanding anything to the contrary set forth in the WIFIA Loan Agreement, the District is not a borrower with respect to the WIFIA Loan, the WIFIA Note, or the WIFIA Loan Agreement and the District has no obligation to make any payment or provision for payment of the WIFIA Loan or the WIFIA Note. The WIFIA Loan Agreement does not constitute a contract between the District and the WIFIA Lender by which the District has incurred an indebtedness.

In connection with Section 11(a) (Conditions Precedent – Conditions Precedent to Effectiveness) of the WIFIA Loan Agreement, the undersigned, General Manager, as District’s Authorized Representative, does hereby certify on behalf of the District and not in his personal capacity, as of the date hereof:

(a) pursuant to Section 11(a)(x), attached hereto as Annex A is an incumbency certificate that lists all persons, together with their positions and specimen signatures, who are duly authorized by the District to execute the WIFIA Loan Documents to which the District is a party and make the certifications of the District delivered in connection therewith, and who have been appointed as a District’s Authorized Representative in accordance with Section 26 (District’s Authorized Representative) of the WIFIA Loan Agreement;

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

(c) pursuant to Section 11(a)(iii), attached hereto as Annex C is a copy of the District’s Organizational Documents, as in effect on the Effective Date, each of which Organizational Documents is in full force and effect;

(d) pursuant to Section 11(a)(iv), the District has delivered to the WIFIA Lender a copy of the WIFIA District Resolution, the WIFIA District Resolution is in full force and effect, and no further instruments or documents (including any resolutions, ordinances, and supplements) are necessary for the District to execute and deliver, and to perform its obligations under, the WIFIA

Loan Documents to which it is a party and to consummate and implement the transactions contemplated by the WIFIA Loan Documents to which it is a party.

(e) pursuant to Section 11(a)(x)(A), the aggregate of all funds committed to the development and construction of the Project as set forth in the Base Case Financial Model and in the Project Budget are sufficient to carry out the Project, pay all Total Project Costs anticipated for the Project and achieve Substantial Completion by the Projected Substantial Completion Date;

(f) pursuant to Section 11(a)(x)(B), the District has obtained all Governmental Approvals necessary (i) as of the Effective Date in connection with the Project and (ii) to execute and deliver, and perform its obligations under, the WIFIA Loan Documents to which it is a party, and all such Governmental Approvals are final, non-appealable and in full force and effect (and are not subject to any notice of violation, breach or revocation);

(g) pursuant to Section 11(a)(x)(C), as of the Effective Date, (i) the maximum principal amount of the WIFIA Loan, together with the amount of any other credit assistance provided under the Act to the Borrower, does not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs and (ii) the total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan, does not exceed eighty percent (80%) of Total Project Costs;

(h) pursuant to Section 11(a)(x)(D), the District is in compliance with NEPA and any applicable federal, state or local environmental review and approval requirements with respect to the Project;

(i) pursuant to Section 11(a)(x)(E), the District has developed, and identified adequate revenues to implement, a plan for operating, maintaining and repairing the Project during its useful life;

(j) pursuant to Section 11(a)(x)(F), (i) the District's Federal Employer Identification Number is [_____] ²⁸, (ii) the District's Data Universal Numbering System number is [_____] , and (iii) the District has registered with, and obtained confirmation of active registration status from, the federal System for Award Management (www.SAM.gov), which confirmation is attached hereto as Annex D;

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

²⁸ **Note to the District:** Please provide EIN and DUNS number.

(l) pursuant to Section 11(a)(x)(H), no District Material Adverse Effect, or any event or condition that could reasonably be expected to have a District Material Adverse Effect, has occurred or arisen since April 30, 2021;

(m) pursuant to Section 11(a)(xii), attached hereto as Annex E is the Base Case Financial Model, which (i) demonstrates that projected Gross Revenues and Net Revenues and Authority Revenues are each sufficient to meet the Loan Amortization Schedule, (ii) demonstrates compliance by the District with the Rate Covenant for each District Fiscal Year through the Final Maturity Date, (iii) reflects principal amortization and interest payment schedules acceptable to the WIFIA Lender, and (iv) demonstrates that the District has developed, and identified adequate revenues to implement, a plan for operating, maintaining and repairing the Project over the useful life of the Project; and

(n) pursuant to Section 11(a)(xiii), attached hereto as Annex F are certificates of insurance, and each such insurance certificate is true and correct and demonstrates compliance with the requirements of Section 17(f) (*Affirmative Covenants of the District – Insurance; Net Proceeds*) of the WIFIA Loan Agreement.

[Signature Page Follows]

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

UNION SANITARY DISTRICT

By: _____
Name:
Title:

ANNEX A

INCUMBENCY CERTIFICATE

The undersigned certifies that she is the Secretary of the Board of the Union Sanitary District, a sanitary district duly organized and existing under the Constitution and laws of the State of California (the "District"), and as such she is authorized to execute this certificate and further certifies that the following persons have been elected or appointed, are qualified, and are now acting as officers or authorized persons of the District in the capacity or capacities indicated below, and that the signatures set forth opposite their respective names are their true and genuine signatures. She further certifies that any of the officers listed below is authorized to sign agreements and give written instructions with regard to any matters pertaining to the WIFIA Loan Documents to which the District is a party on behalf of the District as the District's Authorized Representative:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
[_____]	[_____]	_____
[_____]	[_____]	_____

Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement, dated as of the date hereof, by and among the District, the Union Sanitary District Financing Authority, and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of this [____] day of [____], 2021.

UNION SANITARY DISTRICT

By: _____
Name:
Title:

EXHIBIT I

FORM OF CERTIFICATE OF SUBSTANTIAL COMPLETION

[Letterhead of Borrower]

[Date]

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

Project: Enhanced Treatment and Site Upgrade Phase 1 Projects (WIFIA – N20104CA)

Dear Director:

This certificate is provided pursuant to Section 20(g)(i)(A) (*Reporting Requirements of the District – Notices – Substantial Completion*) of that certain WIFIA Loan Agreement (the “**WIFIA Loan Agreement**”), dated as of [_____], 2021 by and among Union Sanitary District Financing Authority (the “**Borrower**”), Union Sanitary District (the “**District**”) and the United States Environmental Protection Agency, acting by and through its Administrator (the “**WIFIA Lender**”).

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

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

- (a) on *[insert date Substantial Completion requirements were satisfied]*, the Project satisfied each of the requirements for Substantial Completion set forth in the *[insert reference to the design-build or similar agreements for the Project]*;
- (b) Substantial Completion has been declared under each of the above-referenced agreements and copies of the notices of Substantial Completion under such agreements are attached to this certification; and
- (c) Substantial Completion, as defined in the WIFIA Loan Agreement, has been achieved.

UNION SANITARY DISTRICT,
by its authorized representative

By: _____
Name:
Title:

Exhibit I-1

EXHIBIT J

FORM OF QUARTERLY REPORT

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

Re: Enhanced Treatment and Site Upgrade Phase 1 Projects (WIFIA – N20104CA)

This Quarterly Report for the period of *[insert relevant period]* is provided pursuant to Section 20(c) (*Reporting Requirements of the District – Construction Reporting*) of the WIFIA Loan Agreement, dated as of [_____], 2021 (the “**WIFIA Loan Agreement**”), by and among Union Sanitary District Financing Authority (the “**Borrower**”), Union Sanitary District (the “**District**”) and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (the “**WIFIA Lender**”). Unless otherwise defined herein, all capitalized terms in this Quarterly Report have the meanings assigned to those terms in the WIFIA Loan Agreement.

(i) Amount Expended

Construction Contract (CC)	Original Contract Amount	Change Orders to Date	Total Estimated Costs	Estimated Costs to Complete	Costs Earned or Paid Through Previous Reporting period	Current Reporting Period Costs Earned or Paid	Total Costs Earned or Paid to date	% Costs Earned or Paid to Date
-----------------------------------	---------------------------------	------------------------------	------------------------------	------------------------------------	---	--	---	---------------------------------------

TOTAL

(ii) Construction Progress, Governmental Approvals, Updated Schedule

Assessment of overall construction progress (substantially similar in form and substance to the attached SRF Loan report for the Regional Water Quality Laboratory Agreement No. 13-815-550, which is included solely as an example report):

Notice of receipt of relevant Governmental Approvals since the Effective Date and since the prior Quarterly Report:

Assessment of construction progress compared to Construction Schedule provided in the prior Quarterly Report:

Construction Contract (CC)	NTP Effective Date	Original Time for Completion (days)	Original Contract Completion (date)	Time Added to Date (days)	Current Contract Completion (date)	Days Elapsed	% Contract Duration
----------------------------	--------------------	-------------------------------------	-------------------------------------	---------------------------	------------------------------------	--------------	---------------------

(iii) Substantial Completion Date

Current projection for the Substantial Completion Date: _____

If the current projection for the substantial completion date is later than previously reported in the prior Quarterly Report, provide a description in reasonable detail for such projected delay:

(iv) Material Problems (if any)

Detailed description of all material problems (including actual and anticipated cost and/or schedule overruns, if any), encountered or anticipated in connection with the construction of the Project during the preceding quarter, together with an assessment of how such problems may impact the Construction Schedule and the meeting of critical dates thereunder and a detailed description of the proposed solutions to any such problems:

(v) Proposed or pending change orders that exceed the threshold set out in Section 20(f) (*Reporting Requirements of the District – Modifications to Total Project Costs*) or could reasonably be expected to result in a Material Adverse Effect

(vi) Other matters related to the Project

Date: _____

UNION SANITARY DISTRICT,
by its authorized representative

By: _____

Name: _____

Title: _____

EXHIBIT K

FORM OF PUBLIC BENEFITS REPORT

Pursuant to Section 11(a)(xiv) and Section 20(e) of the WIFIA Loan Agreement, Union Sanitary District (the “**District**”) is providing this Public Benefits Report in connection with the Enhanced Treatment and Site Upgrade Phase 1 Projects (WIFIA – N20104CA):

- (i) **The estimated interest savings Union Sanitary District Financing Authority (the “Borrower”) is realizing through the use of the WIFIA Loan compared to comparable market rate financing:**

The estimated interest savings from use of the WIFIA Loan compared to a comparable market rate financing is \$[] million on a gross savings basis.

- (ii) **With respect to the report delivered [prior to the Effective Date][within ninety (90) days following the Substantial Completion Date][within ninety (90) following the fifth (5th) anniversary of the Substantial Completion Date], the number of jobs projected to be created by the Project during each period described below:**

The District projects [] temporary and [] permanent jobs to be created by the Project during the period between [[(1)] the Effective Date and the Substantial Completion Date]²⁹ [and] [[(2)] the Substantial Completion Date and the fifth (5th) anniversary of the Substantial Completion Date]³⁰.

- (iii) **Whether the Project will assist the District in complying with applicable regulatory requirements, and if so, a narrative description describing such enhancements:**

[].

- (iv) **The amount by which the Project will assist the Borrower (measured by percent annually) in reducing levels of Nitrogen, Phosphorus, biochemical oxygen demand (BOD) and total suspended solids (TSS):**

[].

²⁹ Include for both the reports delivered (i) prior to the Effective Date and (ii) 90 days following the Substantial Completion Date.

³⁰ Include for both the reports delivered (i) prior to the Effective Date and (ii) 90 days following the fifth anniversary of the Substantial Completion Date.

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

[_____] , 2021

Union Sanitary District
5072 Benson Road
Union City, CA 94587

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

RE: WIFIA Term Sheet for the Union Sanitary District
Enhanced Treatment and Site Upgrade Phase 1 Projects
WIFIA Project No. 20104CA

Ladies and Gentlemen:

This WIFIA Term Sheet (this “**Term Sheet**”) constitutes (a) the approval of the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (hereinafter, the “**USEPA**”), of the application for credit assistance of the District (as defined below) received April 30, 2021 (the “**Application**”) and (b) the agreement of USEPA to provide financing for the above-referenced project (as further described below, the “**Project**”) in the form of a secured loan, pursuant to the Water Infrastructure Finance and Innovation Act (“**WIFIA**”), § 5021 *et seq.* of Public Law 113-121 (as amended by Public Law 114-94, Public Law 114-322 and Public Law 115-270) (the “**Act**”), codified as 33 U.S.C. §§ 3901-3914, subject in all respects to (i) the terms and conditions contained herein and (ii) the execution and delivery of the WIFIA loan agreement among USEPA, the District and the Borrower (as defined below) to be entered into on or after the date hereof (the “**WIFIA Loan Agreement**”) and the terms and conditions contained therein. The financing shall be documented under the following three documents: (1) the WIFIA Loan Agreement; (2) an Installment Purchase Agreement, between the District and the Borrower (the “**WIFIA Installment Purchase Agreement**”); and (3) a note to be issued by the Borrower pursuant to the WIFIA Loan Agreement (the “**WIFIA Note**” and together with the WIFIA Installment Purchase Agreement, the WIFIA Loan Agreement, and certain other documents referenced in the definition thereof in the WIFIA Loan Agreement, the “**WIFIA Loan Documents**”). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the WIFIA Loan Agreement or the WIFIA Installment Purchase Agreement.

USEPA’s agreement to provide WIFIA credit assistance to the Project is based upon the Application and the supplemental information and documents, including the base case financial model, provided to USEPA. This Term Sheet is an agreement of USEPA only to the terms specified herein, which may be modified or supplemented by USEPA in its discretion at any time and from time to time during the course of its due diligence and credit approval process.

By executing this Term Sheet, the District confirms its agreement to reimburse USEPA for any and all documented fees and expenses that USEPA incurs for legal counsel, financial advice, and other consultants in connection with the evaluation of the Project and the negotiation and

preparation of the WIFIA Loan Agreement and related documents, whether or not such agreement is ultimately executed.

This Term Sheet shall be governed by the federal laws of the United States of America if and to the extent such federal laws are applicable, and the internal laws of the State of California, if and to the extent such federal laws are not applicable.

INDICATIVE TERMS OF THE WIFIA NOTE

WIFIA LENDER	United States Environmental Protection Agency, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency (the “ WIFIA Lender ”).
BORROWER	The Union Sanitary District Financing Authority, a joint exercise of powers agency duly organized and existing under the laws of the State of California (the “ Borrower ”)
DISTRICT	The Union Sanitary District, a sanitary district duly organized and existing under the laws of the State of California (the “ District ”)
PROJECT	<p>The project is for certain improvements to the District’s Alvarado Wastewater Treatment Plant, which consist of the following components, as further described in the WIFIA Loan Agreement (collectively, the “Project”):</p> <ul style="list-style-type: none"> (a) aeration basin modifications and the replacement of existing buildings, including construction of a new campus building; (b) construction of a secondary clarifier and new chlorine disinfection and effluent pumping facilities; and (c) retrofitting of the existing secondary clarifiers for plant equalization and storage.
WIFIA NOTE AMOUNT	A maximum principal amount (sum of disbursements) not to exceed \$188,758,204; <u>provided</u> , that (a) the maximum principal amount of the WIFIA Note, together with the amount of any other credit assistance provided under the Act, shall not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs, (b) the total federal assistance for the Project, including but not limited to the maximum principal amount of the WIFIA Note and all federal direct and indirect grants, shall not exceed eighty percent (80%) of Total Project Costs, and (c) such amount does not include any interest that may be capitalized in accordance with the WIFIA Loan Agreement and added to the principal amount of the WIFIA Loan.
INTEREST RATE	<p>The WIFIA Note shall bear interest at a fixed rate, calculated by adding one basis point (0.01%) to the rate of securities of a similar maturity (based on the weighted-average life of the WIFIA Note) as published, on the execution date of the WIFIA Note, in the United States Treasury Bureau of Public Debt’s daily rate table for State and Local Government Series (SLGS) securities, currently located on the Internet at:</p> <p>https://www.treasurydirect.gov/GA-SL/SLGS/selectSLGSDate.htm.</p>

	<p>Interest shall accrue and be computed on the basis of a 360-day year of twelve (12) thirty (30) day months, and shall be compounded semi-annually.</p> <p>The WIFIA Note shall also bear default interest at a rate of two hundred (200) basis points above the otherwise applicable interest rate, at such times and upon such terms as provided in the WIFIA Note.</p>
PAYMENT DATES	<p>Principal of the WIFIA Note shall be repaid in annual installments on March 1 of each year, beginning on the first March 1 occurring on or after the Debt Service Payment Commencement Date.</p> <p>Interest shall be paid in arrears on March 1 and September 1 of each year, beginning on the earlier of (i) the first March 1 or September 1 occurring closest to, but not later than, the fifth (5th) anniversary of the Substantial Completion Date and (ii) if the Capitalized Interest Period ends pursuant due to the occurrence of an Event of Default, the first March 1 or September 1 immediately following the end of the Capitalized Interest Period.</p> <p>Subject to the terms and conditions of the WIFIA Loan Agreement, no principal or interest is required to be paid during the Capitalized Interest Period.</p>
FINAL MATURITY DATE	<p>March 1, 2063; <u>provided</u>, that the Final Maturity Date shall be no later than the date that is thirty-five (35) years following the Substantial Completion Date.</p>
PROJECTED SUBSTANTIAL COMPLETION DATE	<p>June 30, 2028</p>
DEDICATED SOURCE OF REPAYMENT	<p>The dedicated source of repayment for the WIFIA Note shall be the WIFIA Installment Payments received by the Borrower pursuant to or with respect to the WIFIA Installment Purchase Agreement and all interest or gain derived from the investment of amounts in the funds or accounts established under the WIFIA Installment Purchase Agreement (the “Authority Revenue”). The WIFIA Installment Payments shall be payable to the WIFIA Lender as assignee of the Borrower, from the Net Revenues of the Wastewater System in accordance with the WIFIA Installment Sale Agreement. The provisions below summarize the WIFIA Installment Purchase Agreement.</p> <p>“Net Revenues” means for any District Fiscal Year, the Gross Revenues for such District Fiscal Year less the Operation and Maintenance Costs for such District Fiscal Year.</p>

"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:

- (a) 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);
- (b) 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;
- (c) the proceeds of any stand-by or availability charges, development fees and connection charges collected by the District; and
- (d) the earnings on and income derived from the investment of amounts described in clauses (a), (b) and (c) above and from District reserves;

but excluding:

- (i) customers' deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District;
- (ii) 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
- (iii) 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 the WIFIA Installment Purchase Agreement. "Gross Revenues" do not include any amounts transferred from the Revenue Fund to the Parity Debt Reserve during any District Fiscal Year in accordance with the WIFIA 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 GAAP, 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

	<p>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 WIFIA Installment Purchase Agreement, the 2020 Installment Purchase Agreement, the 2020 Indenture, the 2021 Installment Purchase Agreement, the 2021 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 in accordance with GAAP; 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.</p> <p>"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.</p>
<p>INSTALLMENT PAYMENTS; SECURITY AND LIEN PRIORITY; WIFIA SPRINGING LIEN</p>	<p><i>Installment Payments</i></p> <p>Under the WIFIA Loan Documents, the District will acquire the Project from the Borrower, in exchange for installment payments paid by the District to the Borrower ("WIFIA Installment Payments"), which will be equal in time and amount to the debt service on the WIFIA Note.</p> <p>Each WIFIA Installment Payment comprises a Principal Component and an Interest Component, which mimics a debt service structure under a traditional loan agreement. The WIFIA Installment Payments shall be adjusted in the same way that payments on the WIFIA Note (as set forth in the WIFIA Loan Agreement) are adjusted.</p> <p><i>Security and Lien Priority</i></p>

Payment of the WIFIA Installment Payments by the District to the Borrower shall be secured by a valid and binding pledge and Lien on 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 under the WIFIA Installment Purchase Agreement, the Acquisition Fund (including all amounts on deposit therein), the WIFIA Debt Service Account (including all amounts on deposit therein), and any other fund or account that is established or maintained pursuant to the WIFIA Installment Purchase Agreement (including all amounts on deposit therein) (except the Parity Debt Reserve (other than those amounts which are transferred by the District from the Parity Debt Reserve to the Revenue Fund)), and, subject to a Bankruptcy Related Event, subordinate to the Lien on the collateral above (except as otherwise required by law) in favor of the Senior Obligations (and ordinary scheduled payment obligations under any hedging arrangements related thereto, but senior to any applicable hedging termination obligations) and on parity with other Subordinate Obligations (other than Subordinate Obligations that are subordinate to the WIFIA Installment Payments).

Upon the occurrence of a Bankruptcy Related Event with respect to the District, the WIFIA Loan shall spring to parity with the Senior Obligations (including ordinary scheduled payment obligations under any hedging arrangements related to such Senior Obligations, but senior to any applicable hedging termination obligations), automatically and without the need for any notice to or from any Person, physical delivery, recordation, filing or further act.

All Gross Revenues received by the District shall be deposited in a separately maintained fund established and held by the District (the “**Revenue Fund**”) from which the District will pay, in the following order of priority: (i) first, 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, and the remaining money on deposit shall constitute the Net Revenues, which will be used to make the payments described in clauses (ii), (iii) and (iv) below; (ii) second, to pay all amounts due and payable with respect to the Senior Obligations (including, upon the occurrence of a Bankruptcy Related Event of the District, the WIFIA Installment Payments), including the installment payments under the Installment Purchase Agreement, dated as of January 1, 2020, and the Installment Purchase Agreement, dated as of July 1, 2021, each between the District and the Borrower and ordinary

	<p>scheduled payment obligations under any hedging arrangements related to such Senior Obligations (but prior to payment of any applicable hedging termination obligations); (iii) <u>third</u>, for transfer to the applicable trustee for deposit to such other reserve fund or account for Senior Obligations an amount that is equal to the amount required to be deposited therein, (iv) <u>fourth</u>, to pay all amounts then due and payable with respect to Subordinate Debt (as defined in the WIFIA Installment Purchase Agreement) (including, prior to the occurrence of a Bankruptcy Related Event, the WIFIA Installment Payments), (v) <u>fifth</u>, deposit to such other reserve fund or account for Subordinate Obligations an amount that is equal to the amount required to be deposited therein, and (vi) <u>sixth</u>, to pay amounts for any purpose permitted by law, including payment of Subordinate Debt that is subordinate to the WIFIA Installment Payments and deposits to the Parity Debt Reserve.</p> <p>Payment of the WIFIA Note by the Borrower shall be secured by a first priority lien on, and security interest in, (i) all amounts held in the “WIFIA Debt Service Account” to be established and held by the District in accordance with the WIFIA Installment Purchase Agreement (the “WIFIA Debt Service Account”) (including any funds and accounts therein), and (ii) the Authority Revenues received by the Borrower pursuant to the WIFIA Installment Purchase Agreement.</p> <p>Additionally, pursuant to the WIFIA Loan Agreement, the Borrower will assign certain of its rights under the WIFIA Installment Purchase Agreement (including the right to receive and collect the WIFIA Installment Payments) to the WIFIA Lender.</p>
PREPAYMENT	<p>The Borrower may prepay the WIFIA Note in whole or in part, without penalty or premium; <u>provided</u>, that any such prepayment shall be in a minimum principal amount of \$500,000 or any integral multiple of \$1.00 in excess thereof, shall be limited to one prepayment during any 12-month period, and shall otherwise be in accordance with the WIFIA Loan Agreement.</p>
RATE COVENANT	<p>To the fullest extent permitted by law, the District shall fix and prescribe, at the commencement of each District Fiscal Year, rates and charges for the Wastewater Service which are reasonably expected to be at least sufficient to yield during each District Fiscal Year (i) Net Revenues equal to one hundred twenty percent (120%) of the Debt Service (as defined below) payable in such District Fiscal Year and (ii) Net Revenues remaining after payment of Debt Service equal to one hundred ten percent (110%)</p>

	of Subordinate Debt Service (as defined below) payable in such District Fiscal Year.
ADDITIONAL INDEBTEDNESS	<p>The District shall not issue or incur any Additional Obligations unless the conditions described below are satisfied:</p> <p>(a) The District may not issue or incur any Senior Obligations during the term of the WIFIA Loan Agreement unless all of the following conditions are satisfied:</p> <ul style="list-style-type: none"> (i) The Net Revenues for the last audited District Fiscal Year, or for any consecutive twelve (12) calendar month period during the eighteen (18) calendar month period preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the bond issuance of such Senior Obligation or the date of the contract execution of such Senior Obligation, as the case may be, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Consultant 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 District Fiscal Year or other twelve (12) month period; and (ii) The Net Revenues for the last audited District Fiscal Year, or for any consecutive twelve (12) calendar month period during the eighteen (18) calendar month period preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the bond issuance of such Senior Obligation or the date of the contract execution of such Senior Obligation, as the case may be, including adjustments to give effect as of the first day of such District Fiscal Year or other twelve (12) 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 Consultant 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 District Fiscal Year or other twelve (12) month period, plus the Debt Service which would have accrued on any executed or issued Senior Obligations since the end of such District Fiscal Year or other twelve (12) month period, assuming that such

Senior Obligations had been executed or issued, as applicable, at the beginning of such District Fiscal Year or other twelve (12) month period, plus the Debt Service which would have accrued had such proposed additional Senior Obligation been executed or issued, as applicable, at the beginning of such District Fiscal Year or other twelve (12) month period.

Notwithstanding the foregoing, any Senior Obligation to refund or prepay Senior Obligations may be delivered without satisfying the conditions set forth above if Debt Service in each District Fiscal Year after the District Fiscal Year in which such new Senior Obligation is issued or executed is not greater than one hundred five percent (105%) of the Debt Service which would have been payable in each such District Fiscal Year prior to the issuance or execution of such new Senior Obligation.

For the avoidance of doubt, the WIFIA Installment Purchase Agreement shall be treated as a Senior Obligation for purposes of clauses (i) and (ii) above.

- (b) The District shall not create, incur or suffer to exist any Additional Subordinate Obligations on parity with the WIFIA Installment Payments unless:
 - (i) The Net Revenues remaining after payment of Debt Service for the last audited District Fiscal Year or any consecutive twelve (12) calendar month period during the eighteen (18) calendar month period preceding the date of issuance or execution of such Subordinate Obligations, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Consultant on file with the District, shall have produced a sum equal to at least one hundred ten percent (110%) of the Subordinate Debt Service for such District Fiscal Year or other twelve (12) month period; and
 - (ii) The Net Revenues remaining after payment of Debt Service for the last audited District Fiscal Year or any consecutive twelve (12) calendar month period during the eighteen (18) calendar month period preceding the issuance or the execution of such Subordinate Obligations, including adjustments to give effect as of

the first day of such District Fiscal Year or other twelve (12) 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 Consultant on file with the District, shall have produced a sum equal to at least one hundred ten percent (110%) of the Subordinate Debt Service for such District Fiscal Year or other twelve (12) month period, plus the Subordinate Debt Service which would have accrued on any Subordinate Obligations issued since the end of such District Fiscal Year or other twelve (12) month period, assuming that such Subordinate Obligations had been issued or executed, as applicable, at the beginning of such District Fiscal Year or other twelve (12) month period, plus the Subordinate Debt Service which would have accrued had such proposed Subordinate Obligations been executed or issued, as applicable, at the beginning of such District Fiscal Year or other twelve (12) month period.

Notwithstanding the foregoing, any Subordinate Obligations on a parity with the WIFIA Installment Payments that is executed to refund or prepay the Senior Obligations or other Subordinate Obligations on a parity with the WIFIA Installment Payments may be delivered without satisfying the conditions set forth above if Debt Service and Subordinate Debt Service in each District Fiscal Year after the District Fiscal Year in which such new Subordinate Obligations is issued or executed is not greater than one hundred five percent (105%) of the Debt Service and Subordinate Debt Service which would have been payable in each such District Fiscal Year prior to the issuance of or execution of such Subordinate Obligations.

The Borrower shall not without the prior written consent of the WIFIA Lender issue or incur obligations of any kind payable from, secured or supported by any of the Authority Revenues and amounts to be held in any fund or account established pursuant to the WIFIA Installment Purchase Agreement or the right, title and interest of the Borrower to the WIFIA Installment Purchase Agreement.

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

	<p>(a) 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);</p> <p>(b) those portions of the principal amount of all outstanding serial Bonds maturing in such period (but excluding Excluded Principal);</p> <p>(c) those portions of the principal amount of all outstanding term Bonds required to be paid in such period (but excluding Excluded Principal); and</p> <p>(d) 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);</p> <p>but less the earnings to be derived from the investment of moneys on deposit in debt service reserve funds established for Senior Obligations;</p> <p>provided that, as to any such Senior Obligations 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 Senior Obligation 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;</p>
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	<p>provided further that if any series or issue of such Senior Obligations 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 Senior Obligations 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</p> <p>provided further that, as to any such Senior Obligations or portions thereof which bear no interest but which are sold at a discount and which discount accretes with respect to such Senior Obligations or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service; and</p> <p>provided further that if the Senior Obligations constitute interest rate swap agreements or other paired obligations, the interest rate on such Senior Obligations 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</p> <p>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 Senior Obligation 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.</p> <p>“Excluded Principal” means each payment of principal of any applicable Obligations for which there is on file with the WIFIA Lender (i) a certificate of an Independent Municipal Consultant to the effect that such Obligation is commercial paper or otherwise of a short term or revolving nature and has a maturity of less than sixty (60) months and (ii) a certificate of an authorized representative of the District to the effect that the District intends to pay such principal from the proceeds of Obligations or other bonds, notes or other obligations of the District. No such determination shall affect the security for such Obligations or the obligation of the District to pay such Obligations from Net Revenues.</p>
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	" Subordinate Debt Service " means debt service on Subordinate Obligations calculated in accordance with the definition of Debt Service with respect to Senior Obligations.
RESTRICTED PAYMENTS AND TRANSFERS	The District shall not permit Gross Revenues or other assets of the Wastewater System, or any funds in any fund or account held pursuant to the WIFIA Installment Purchase Agreement or any ancillary agreement related thereto, or in any other fund or account held by or on behalf of the District, to be paid or transferred or otherwise applied for purposes other than ownership, construction and improvement, operation or maintenance of the Wastewater System.
WIFIA NOTE DOCUMENTATION	The WIFIA Note shall be subject to the preparation, execution and delivery of the WIFIA Loan Documents and any other loan documentation required by the WIFIA Lender in connection therewith, in each case acceptable to the WIFIA Lender, the Borrower and the District, which will contain certain conditions precedent, representations and warranties, affirmative and negative covenants, events of default, and other provisions as are typical of WIFIA loan agreements.
GOVERNING LAW	Federal laws of the United States of America, if and to the extent such federal laws are applicable, and the internal laws of the State of California, if and to the extent such federal laws are not applicable.
COUNTERPARTS	This Term Sheet, and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. Electronic delivery of an executed counterpart of a signature page shall be effective as delivery of an original executed counterpart.

[Signature pages follow]

If the foregoing terms are acceptable, please countersign this letter in the space indicated below.

Sincerely,

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

By: _____
Name: Michael S. Regan
Title: Administrator

*[Signature Page to Union Sanitary District and Union Sanitary District Financing Authority -
Enhanced Treatment and Site Upgrade Phase 1 Projects – WIFIA Term Sheet]*

ACKNOWLEDGED AND AGREED:

UNION SANITARY DISTRICT,
by its authorized representative

By: _____
Name:
Title:

UNION SANITARY DISTRICT FINANCING AUTHORITY,
by its authorized representative

By: _____
Name:
Title:

*[Signature Page to Union Sanitary District and Union Sanitary District Financing Authority -
Enhanced Treatment and Site Upgrade Phase 1 Projects – WIFIA Term Sheet]*



Directors

Manny
Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General
Manager/
District Engineer*

Karen W.
Murphy
Attorney

**NOVEMBER 8, 2021
UNION SANITARY DISTRICT
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 9**

TITLE: AUTHORIZING EXECUTION AND DELIVERY OF AN INSTALLMENT PURCHASE AGREEMENT IN CONNECTION WITH A WATER INFRASTRUCTURE FINANCE AND INNOVATION ACT LOAN, 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, Work Group Manager

Recommendation

Staff recommends the Board of Directors of the Union Sanitary District (USD or the District) adopt the attached resolution authorizing execution and delivery of an Installment Purchase Agreement in connection with the Water Infrastructure Finance and Innovation Act (WIFIA) Loan Agreement in support of the fixed-rate WIFIA Loan up to \$188,758,204 to partially fund the ETSU projects and authorizing the execution and delivery of certain documents and other actions in connection therewith.

Discussion

Staff submitted an Environmental Protection Agency (EPA) Water Infrastructure Finance and Innovation Act (WIFIA) loan application on April 30, 2021. The WIFIA loan will be used to fund 49% of the current estimated costs of the design and construction of the ETSU project. Attached is a substantially final draft of the WIFIA Loan Agreement, Installment Purchase Agreement and the WIFIA Term Sheet for consideration by the Board.

Since April 30, 2021, District staff, bond counsel, and financial advisor have been working with the EPA and their consultants to develop the final draft loan agreement and term sheet contained in this packet for the Boards consideration and prepare the necessary legal documentation.

Benefits of the WIFIA loan includes:

- A single fixed interest rate is established at loan closing and is fixed for the term of the construction period and loan repayment. The District may receive multiple disbursements over several years at the same fixed interest rate or a single draw can be made within one year following substantial completion of the project.
- The WIFIA loan will be subordinated to existing District senior debt.
- WIFIA loan payments may be deferred up to five years after the project's substantial completion.
- WIFIA loans can be combined with various funding sources such as cash, State Revolving Fund loans or bonds.
- The loan can be prepaid once annually in an amount not less than \$500,000 and there is no prepayment penalty with the WIFIA loan.
- The WIFIA loan can be used to retire interim debt (e.g. short term notes, commercial paper or short term loans) used to finance the ETSU project during construction to take advantage of lower short-term interest rate, if applicable. This may allow the District to reduce the cost of funding ETSU assuming interest rates and yields are favorable.

Based upon estimates of interest rates as of October 27, 2021, the 35-year WIFIA loan, which has a rate of 2.15%, has significant net present value (NPV) savings of approximately \$37 million over the life of the WIFIA Loan versus a tax-exempt debt issuance to finance the ETSU project which has a rate of 2.67%. The WIFIA program sets its interest rate based on a U.S. Treasury rate plus one basis point on the date of loan closing. The rate is calculated using the weighted average life (WAL) of the loan rather than the loan maturity date. The WAL is generally shorter than the loan's actual length resulting in a lower interest rate. The WAL of the WIFIA loan is about 21 years versus the loan maturity of 35 years. The District will have the ability to use interim obligations, if economically beneficial, or an SRF Loan to fund construction needs of the WIFIA portion of the ETSU project and begin paying debt service after substantial completion.

The current plan to finance the remaining balance of the ETSU Program includes the following:

1. \$80 million dollars from the 2021A Revenue Bonds issued in July of 2021.
2. \$88 million dollars in future debt from either the State Revolving Fund (SRF) loan or a Revenue Bond issuance.

USD Resolution

The resolution presented for consideration authorizes the execution and delivery of the Loan and authorizes staff to finalize and execute, as applicable, the following documents in the forms attached, with any changes recommended by General Counsel or Bond Counsel and approved by the person that executes the document, namely the President, the Vice President, or the General Manager:

1. Installment Purchase Agreement - between the District and the Union Sanitary District Financing Authority (USDFA) which establishes the specific terms and conditions under which the District is obligated to pay installment payments to the USDFA, which installments are assigned by the USDFA to the EPA to repay the WIFIA Loan. The Installment Purchase Agreement contains certain financial covenants of the District to provide security for the funds to be applied to repay the WIFIA Loan (i.e. setting rates and charges and conditions required in order to incur additional debt).
2. WIFIA Loan Agreement - between the USDFA and EPA that governs various terms and conditions of the WIFIA Loan including, but not limited to, the term and interest rate, security for the WIFIA Loan, conditions to loan disbursements, covenants of the USDFA and the District, terms of repayment and prepayment and events of defaults and remedies.

Good Faith Estimates

Set forth below are good faith estimates of Fieldman, Rolapp & Associates, Inc., the Municipal Advisor, as required under Section 5852.1 of the California Government Code (the "Code").

- a) The true interest cost of the WIFIA Loan is estimated at 2.15%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.
- b) The finance charge of the WIFIA Loan, including all fees and charges paid to third parties, is estimated at \$530,000 (inclusive of the application fee). The annual servicing fee paid to the EPA is estimated at \$15,790 before substantial completion of the project and \$7,990 upon reaching substantial completion.
- c) Proceeds of the WIFIA Loan to be received by the District for the execution and delivery of the loan, including the estimated principal amount of the proposed loan of \$188,758,204, will be available to fund \$188,758,204 of the project costs and the applicable deferred interest, if any. The finance charges set forth in (b) above are not included in the loan proceeds.

- d) The total payment amount of the WIFIA Loan calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at \$271,062,803.

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 loan and authorizes staff and the finance team to execute certain actions in connection therewith.

Background

The ETSU Program is the culmination of the District’s planning efforts and is based on the outcomes and findings of the Plant Solids System/Capacity Assessment – Phases 1 and 2, Administration/Control/FMC Buildings Evaluation, the Effluent Management Study and the Secondary Treatment Process Improvements evaluation. The program includes projects recommended for implementation that will be phased to address both immediate drivers (poor sludge settleability, treatment capacity, effluent disposal and aging infrastructure), while preparing for future requirements such as nutrient regulations for discharge in the Bay that are currently being considered by the Regional Water Quality Control Board.

The Phase 1 and 2 projects included in this program were presented to the Board during the workshop held on May 8, 2019 and are summarized in the Final Report which was approved by the Board on August 26, 2019. A third phase of projects was briefly outlined that covered the timeframe from 2040 to 2058 and included potentially stricter nutrient limits in the more distant future. The projects identified in the ETSU Program and modified by the 30% design report to be implemented in the near-term (the next seven to ten years) are included in Phase 1 and are summarized in the table below.

Phase 1A	Aeration Basin Modifications	Retrofitting existing Aeration Basins 1 through 7 and construction of an 8 th aeration basin with the flexibility to operate initially with an anaerobic selector during the implementation phase and transitioning to a biological nutrient removal (BNR) process following completion of the Phase 1B Project.
Phase 1A	Campus Building (Admin, FMC, Ops)	Construction of a new combined Campus Building, including associated site and utility improvements.
Phase 1B	Secondary Clarifiers	Construction of four new 160-foot diameter secondary clarifiers, mixed liquor control box, and centralized RAS pump station.
Phase 1B	Effluent Facilities	Construction of new chlorination/dechlorination contact basins, effluent pump stations, and relocation of existing effluent force main.
Phase 1C	Plant Equalization Storage	Retrofitting existing Secondary Clarifiers 1 through 4 to operate as primary effluent equalization basins.

The full version of the ETSU Program report, including appendices, can be found at the following link: <https://unionsanitary.ca.gov/ETSU>.

Previous Board Action

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 loan will be issued by the USD Financing Authority and 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 loan will be governed by the Installment Purchase Agreement in the form presented at this meeting.

On October 8, 2020, staff submitted a Letter of Interest, for the financial assistance program with the EPA WIFIA program for an estimated \$188 million loan to partially fund the ETSU projects. The EPA notified the District on January 6, 2021, that the ETSU project was selected to submit an application for credit assistance. The application was submitted to the EPA on April 30, 2021.

On March 8, 2021, the Board adopted a resolution authorizing the preparation and submission of an EPA WIFIA application for the ETSU Phase 1 Project.

Attachments:

USD Resolution

Installment Purchase Agreement

WIFIA Loan Agreement

WIFIA Term Sheet

UNION SANITARY DISTRICT

RESOLUTION NO. _____

A RESOLUTION OF THE UNION SANITARY DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY OF AN INSTALLMENT PURCHASE AGREEMENT IN CONNECTION WITH A WATER INFRASTRUCTURE FINANCE AND INNOVATION ACT LOAN, 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 is a member of the Union Sanitary District Financing Authority (the "USDFA"); and

WHEREAS, in order to acquire certain additions to the District's wastewater system (the "Project"), the District proposes to enter into an Installment Purchase Agreement (the "Installment Purchase Agreement") with USDFA, pursuant to which USDFA will acquire additions to the Project and convey such additions to the District and the District will make installment payments to USDFA in consideration thereof; and

WHEREAS, in order to fulfill its obligation to the District under the Installment Purchase Agreement, USDFA proposes to obtain a loan under the authority of the Water Infrastructure Finance and Innovation Act (the "WIFIA Loan") from the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (the "WIFIA Lender"), pursuant to a loan agreement (the "WIFIA Loan Agreement") among USDFA, the WIFIA Lender and the District; and

WHEREAS, the terms of the proposed WIFIA Loan are set forth in a term sheet (the "WIFIA Term Sheet") and the WIFIA Loan Agreement; and

WHEREAS, the District has agreed to execute the Installment Purchase Agreement, execute and perform certain obligations under the WIFIA Loan Agreement and execute the WIFIA Term Sheet in each case to provide certain assurances with respect to the Project to the WIFIA Lender; and

WHEREAS, the District has determined that it is in the public interest and for the public benefit that the District acquire and construct the Project;

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, in substantially the form approved herein, with any changes recommended by General Counsel or Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel ("Bond Counsel"), and approved by the Authorized Officer executing the Installment Purchase Agreement, with execution being conclusive evidence of such approval.

SECTION 3. The WIFIA Term Sheet and the WIFIA Loan Agreement in substantially the forms on file with the District are hereby approved. Each Authorized Officer is hereby individually authorized and directed to execute and deliver the WIFIA Term Sheet and the WIFIA Loan Agreement, with any changes recommended by General Counsel or Bond Counsel and approved by the Authorized Officer executing the same, with execution being conclusive evidence of such approval.

SECTION 4. Notwithstanding anything to the contrary set forth in this Resolution, the WIFIA Term Sheet or the WIFIA Loan Agreement, the District is not a borrower with respect to the WIFIA Loan, the WIFIA Note, or the WIFIA Loan Agreement and the District has no obligation to make any payment or provision for payment of the WIFIA Loan or the WIFIA Note. The WIFIA Loan Agreement shall not constitute a contract between the District and the WIFIA Lender by which the District incurs an indebtedness.

SECTION 5. 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 6. 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 delivery of the Installment Purchase Agreement, the WIFIA Term Sheet, the WIFIA Loan Agreement and otherwise effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

SECTION 7. The Board of Directors hereby finds that the proposed acquisition and construction of the Project 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 8. Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given such terms in the WIFIA Loan Agreement unless the context otherwise clearly requires.

SECTION 9. 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 8th day of November, 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 November __, 2021

Relating to

\$ _____

**UNION SANITARY DISTRICT FINANCING AUTHORITY
WIFIA LOAN AGREEMENT**

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INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT, is entered into and dated as of November __, 2021, 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 “**2021B Project**”).

B. The USDFA has agreed to assist the District in financing the 2021B 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. USDFA, the District and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (the “**Authority Lender**”), have entered into a WIFIA Loan Agreement dated November __, 2021 (the “**WIFIA Loan Agreement**”), secured, inter alia, by the payments to be made by the District to USDFA under this Installment Purchase Agreement, to finance the WIFIA Portion of the 2021B Project.

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 WIFIA Loan Agreement.

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 3.04.

Authority Lender

The term "Authority Lender" has the meaning provided in the fifth WHEREAS clause herein.

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.

Event of Default

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

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.

Installment Purchase Agreement

The term “Installment Purchase Agreement” means this Installment Purchase Agreement, by and between the District and the USDFA, dated November __, 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.

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 continued pursuant to Section 5.02.

Series 2021B Installment Payment Date

The term “Series 2021B Installment Payment Date” has the same meaning as “WIFIA Installment Payment Date” as defined in the WIFIA Loan Agreement.

Series 2021B Installment Payments

The term “Series 2021B Installment Payments” means the installment payments of principal and interest 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 5.02(c) and Section 5.02(e) hereof.

Treasurer

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

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.

2021 Installment Purchase Agreement

The term “2021 Installment Purchase Agreement” means the 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 therewith.

2021B Project

The term “2021B Project” means the additions, betterments, extensions and improvements to the District’s Wastewater System facilities described as the “Project” in the WIFIA Loan Agreement, as such 2021B Project may be modified in accordance with any modification to the definition of “Project” in the WIFIA Loan Agreement.

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.

WIFIA Debt Service Account

The term “WIFIA Debt Service Account” means the account by that name created and maintained by the District in accordance with Section 5.05 hereof and the WIFIA Loan Agreement.

WIFIA Loan Agreement

The term “WIFIA Loan Agreement” has the meaning provided in the fifth WHEREAS clause herein.

WIFIA Loan Amount

The term “WIFIA Loan Amount” means the amount equal to the total disbursements of the WIFIA Loan under the WIFIA Loan Agreement and any interest accrued on disbursements of the WIFIA Loan and capitalized therein in accordance with the terms of the WIFIA Loan Agreement.

WIFIA Portion of the 2021B Project

The term “WIFIA Portion of the 2021B Project” means the portion of the 2021B Project financed by USDFA from the proceeds of the WIFIA Loan, which portion shall be not more than 49% of the Eligible Project Costs associated with the 2021B Project.

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 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 2021B 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.

ARTICLE III

THE 2021B PROJECT

Section 3.01. Acquisition and Construction of the 2021B Project. The USDFA hereby agrees to cause the 2021B 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 2021B Project in accordance with the WIFIA Loan Agreement and all applicable laws. The District hereby agrees that it will cause the construction, acquisition and installation of the 2021B Project to be diligently performed. The District agrees to deposit the WIFIA Loan Amount (or the relevant portion thereof) (other than any funds to be applied to the prepayment or redemption of any interim financing with respect to the WIFIA Portion of the 2021B Project) into the Acquisition Fund, 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 2021B Project to be substantially completed by December 31, 2029, 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 WIFIA Portion of the 2021B Project and that all such costs and expenses shall be paid by the District.

Section 3.02. Purchase of WIFIA Portion of the 2021B Project. In consideration for the Series 2021B 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 WIFIA Portion of the 2021B 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 3.03. Title. Each component of the 2021B 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 3.04. Acquisition Fund. The District shall establish, maintain and hold in trust a separate general ledger account designated as the "Acquisition Fund" and as of the Effective Date is numbered _____. Such account number may change as the District designates from time to time provided that the District must promptly notify the Authority Lender in writing of any such change and the lien on and security interest in the Acquisition Fund pursuant to Section 5.01 shall continue to apply to 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 WIFIA Portion of the 2021B 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 B 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 2021B 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 and the Authority Lender 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 Authority Lender for deposit in the WIFIA Debt Service Account.

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 A.

(c) The interest to accrue on the unpaid principal amount of the Purchase Price shall be equal to the interest payable with respect to the principal portion of the WIFIA Loan as provided in the WIFIA Loan Agreement, and shall be paid by the District as and constitute interest paid on the principal amount of the District's obligations hereunder, as set forth in Exhibit A hereto.

(d) USDFA and the District acknowledge and agree that the Series 2021B Installment Payments set forth in Exhibit A hereto are initially equal to the payments of principal and interest set forth on the Loan Amortization Schedule in Exhibit F (WIFIA Debt Service) to the WIFIA Loan Agreement (as of the effective date thereof) in all respects, other than with respect to the relevant payment dates. USDFA and the District agree that (i) upon any modification to Exhibit F (WIFIA Debt Service) to the WIFIA Loan Agreement, Exhibit A hereto shall be deemed modified mutatis mutandis, (ii) the District will provide to USDFA a revised Exhibit A which USDFA and the District agree will replace the then current Exhibit A (such replacement being a ministerial act and not an amendment or supplement to this Agreement), (iii) no modification to Exhibit A hereto shall otherwise be made without the consent of the Authority Lender and (iv) the District's failure to provide or delay in providing USDFA with such revised Exhibit A shall not affect the modifications deemed to be made thereto or the obligation of the District to make the Series 2021B Installment Payments as so modified.

Section 4.02. Series 2021B 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 2021B Installment Payment Dates as set forth in Exhibit A.

Each Series 2021B 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 (including the Default Rate) then applicable to the remaining unpaid principal balance of the Series 2021B Installment Payments if paid in accordance with their terms.

The obligation of the District to make the Series 2021B Installment Payments is absolute and unconditional, and until such time as the Purchase Price shall have been paid in full, the District will not discontinue or suspend any Series 2021B 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 2021B 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.

On each Payment Date occurring on or after the Debt Service Payment Commencement Date, the District, as agent of USDFA, shall transfer to the Authority Lender on the USDFA's behalf the Series 2021B Installment Payments from the WIFIA Debt Service Account in accordance with the terms of the WIFIA Loan Agreement.

ARTICLE V

SECURITY

Section 5.01. Pledge of Gross Revenues. The Gross Revenues, all amounts that are on deposit in the Revenue Fund and amounts that are transferred from the Parity Debt Reserve to the Revenue Fund as described in Section 5.04, and the Acquisition Fund (including all amounts on deposit therein), the WIFIA Debt Service Account (including all amounts on deposit therein), and any other fund or account that is established pursuant to this Installment Purchase Agreement (including all amounts on deposit therein) (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 2021B Installment Payments, and this pledge shall constitute a lien on such Gross Revenues, funds, accounts, and amounts for the payment of the Series 2021B 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 2021B 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.

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 Obligations 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 and fees and expenses described in Section 10 of the WIFIA Loan Agreement) 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) Senior Obligations. The District shall, 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 Debt Service in accordance with the provisions of the Contract, Bond, resolution or indenture relating thereto. Following the occurrence of a Bankruptcy Related Event, the District shall deposit into the WIFIA Debt Service Account the Series 2021B Installment Payments due and payable on such Series 2021B Installment Payment Date on a pro rata basis with other Debt Service.

(b) Reserve Funds for Senior Obligations. On or before each Series 2021B 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 any reserve fund or account for Senior Obligations an amount that is equal to the amount required to be deposited therein.

(c) Subordinate Obligations. From remaining moneys in the Revenue Fund after the transfers described in clauses (a) and (b) above, the District shall (i) during any period when a Bankruptcy Related Event has not occurred, on or before each Series 2021B Installment Payment Date, deposit into the WIFIA Debt Service Account the Series 2021B Installment Payments due and payable on such Series 2021B Installment Payment Date and (ii) on or before the applicable payment date, transfer to the applicable trustee for deposit into the applicable payment fund any other Subordinate Debt Service that is on a pari passu basis with the Series 2021B Installment Payments in accordance with the provisions of the Obligation Documents relating thereto, in each case of clauses (i) and (ii) above, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference.

(d) Reserve Funds for Subordinate Obligations. On or before each Series 2021B 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, deposit to any reserve fund or account for any Subordinate Obligation an amount that is equal to the amount required to be deposited therein.

(e) 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 that is subordinate to the Series 2021B Installment Payments and deposits into the Parity Debt Reserve.

The Series 2021B Installment Payments shall constitute a Subordinate Obligation for purposes of this Section 5.02 except following the occurrence of a Bankruptcy Related Event, at which time the Series 2021B Installment Payments shall constitute a Senior Obligation.

Section 5.03. Investments. All moneys which are held by the District in the Revenue Fund, the Acquisition Fund, the WIFIA Debt Service Account 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 5.04. 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(e) 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 2021B 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.

Section 5.05. WIFIA Debt Service Account. The District, as agent of USDFA, shall establish, maintain and hold in trust a separate general ledger account within the District's debt service group, which account shall be designated as the "WIFIA Debt Service Account" and as of the Effective Date is numbered _____. Such account number may change as the District designates from time to time provided that the District must promptly notify the Authority Lender in writing of any such change and the lien on and security interest in the WIFIA Debt Service Account pursuant to Section 5.01 shall continue to apply to the WIFIA Debt Service Account. Moneys in the WIFIA Debt Service Account shall be held by the District in trust and applied to the payment of the Series 2021B Installment Payments hereunder in accordance with Section 8(a)(i) and Section 17(i) of the WIFIA Loan Agreement. Any investment earnings thereon shall be transferred by the District to the Revenue Fund no later than the last day of the District's Fiscal Year.

ARTICLE VI

COVENANTS OF THE DISTRICT

Section 6.01. Compliance with Installment Purchase Agreement, the WIFIA Loan Agreement and Ancillary Agreements. The District will punctually pay the Series 2021B 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 2021B 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.

It is expressly understood and agreed by and among the parties to this Agreement that, subject to Section 9.06 hereof, each of the agreements, conditions, covenants and terms contained in this Agreement is an essential and material term of the purchase of and payment for the 2021B Project by the District pursuant to, and in accordance with, and as authorized under the Law and other applicable laws.

The District will faithfully observe and perform all the agreements, conditions, covenants and terms required to be observed and performed by it pursuant to all outstanding Obligation Documents, including the WIFIA Loan Agreement, provided that nothing herein shall obligate the District to pay principal of or interest on the WIFIA Loan or the WIFIA Note, which obligation is solely the responsibility of USDFA as borrower under the WIFIA Loan Agreement.

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 and subject to the restrictions agreed to by the District in the WIFIA Loan Agreement. 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) in accordance herewith and the WIFIA Loan Agreement, provided that such pledge and lien shall be subordinate in all respects to the pledge of and lien thereon provided herein. The District will not make any pledge of, place a lien on, or otherwise encumber (a) the Acquisition Fund (including the moneys on deposit therein) or the WIFIA Debt Service Account (including the moneys on deposit therein) except as set forth in the WIFIA Loan Agreement or (b) the Series 2021B Installment Payments without the Authority Lender's prior written consent.

Section 6.03. Prompt Acquisition and Construction. The District will take all necessary and appropriate steps to acquire and construct the 2021B 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 6.04. 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 6.05. 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 on any funds in the hands of the District pledged to pay Obligations, or which might impair the security of the Series 2021B Installment Payments.

Section 6.06. 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 USDFA, including agents and assignees of and lenders to USDFA (including the Authority Lender), 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.

Section 6.07. Protection of Security and Rights of the USDFA. The District will preserve and protect the security hereof and the rights of the USDFA and the Authority Lender to the Series 2021B Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 6.08. 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 and the Authority Lender the rights and benefits provided to USDFA and the Authority Lender herein.

Section 6.09. Enforcement of Contracts. 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 2021B Installment Payments.

ARTICLE VII

PREPAYMENT OF SERIES 2021B 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 2021B Installment Payments and the WIFIA Loan 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. Any such prepayment shall occur substantially concurrently with the prepayment of the WIFIA Loan by USDFA pursuant to the terms of Section 9(a) of the WIFIA Loan Agreement.

(b) The District shall prepay the Series 2021B Installment Payments on the same dates as USDFA makes optional prepayments of the WIFIA Loan in accordance with the WIFIA Loan Agreement and shall not optionally prepay the Series 2021B Installment Payments at any other time; provided, that any such prepayment shall be in a minimum principal amount of \$500,000 or any integral multiple of \$1.00 in excess thereof.

(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 Authority Lender describing such event and specifying the date on which the prepayment will be paid, which date shall be not less than ten (10) nor more than (thirty) 30 days from the date that such notice is given.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF USDFA

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 2021B Installment Payment or any other Obligation 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 Obligation is accelerated in accordance with its terms; or

(5) if an "Event of Default" under and as defined in the WIFIA Loan Agreement shall have occurred;

then USDFA shall immediately notify the Authority Lender of an Event of Default and follow any written directions of the Authority Lender, which may include a direction to declare the entire principal amount of the unpaid Series 2021B 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; provided that the unpaid Purchase Price shall automatically become due and payable without the action of USDFA or any other person if the unpaid principal amount of the WIFIA Loan shall have become immediately due and payable. Notwithstanding anything to the contrary set forth herein, USDFA shall not have the right to (i) declare the unpaid Purchase Price immediately due and payable or (ii) exercise any other rights or remedies hereunder following the occurrence of an Event of Default in each case without the prior written direction of the Authority Lender. This section, however, is subject to the condition that if at any time after the entire principal amount of the unpaid Series 2021B 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 2021B Installment Payments or the unpaid payment of any other Obligation 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 2021B Installment Payments or such Obligation 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 2021B 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 (or automatic, as applicable) 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 USDFA, the Authority Lender and any agents and assignees of each of the forgoing 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 2021B 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 2021B Installment Payments and such Bonds and Contracts if paid in accordance with their respective terms;

provided, that unless and until a Bankruptcy Related Event has occurred, any accelerated Series 2021B Installment Payments hereunder shall remain subject to the prior payment of Outstanding Senior Obligations, including Bonds and Contracts, and the Series 2021B Installment Payments (excluding any such accelerated amounts) shall continue to be paid on each Series 2021B Installment Payment Date following the payment of principal and interest then due and payable with respect to Senior Obligations.

Section 8.03. Other Remedies of the USDFA. Upon the occurrence of an Event of Default, the USDFA shall have the right (but only following the prior written direction of the Authority Lender):

(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;

(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;

(d) to apply the Default Rate to the unpaid balance of the Purchase Price; or

(e) USDFA may suspend or terminate all of its obligations hereunder with respect to the allocation of any undisbursed amounts of the WIFIA Loan.

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

Section 8.04. Remedies of the Authority Lender. Upon the occurrence of an Event of Default, the Authority Lender, as assignee of USDFA pursuant to the WIFIA Loan Agreement, shall be entitled and empowered to institute any actions or proceedings at law or in equity against the District for the collection of any sums due to USDFA from the District and unpaid hereunder, and may prosecute any such judgment or final decree against the District and collect in the manner provided by law the moneys adjudged or decreed to be payable, may take such other actions at law or in equity as may appear necessary or desirable to collect all amounts payable by the District to USDFA under this Agreement then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the District under this Agreement.

Section 8.05. 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 2021B 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 or the Authority Lender, 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 or the Authority Lender 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 or the Authority Lender 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 or the Authority Lender 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 or the Authority Lender, as applicable.

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

Section 8.06. Remedies Not Exclusive. No remedy that is conferred upon or reserved to the USDFA or the Authority Lender 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

MISCELLANEOUS

Section 9.01. 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 2021B 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 9.02. 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, USDFA or the Authority Lender 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, the USDFA or the Authority Lender shall be for the sole and exclusive benefit of the other party.

Section 9.03. Successor Is Deemed Included in all References to Predecessor. Whenever either the District, the USDFA or the Authority Lender 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, the USDFA or the Authority Lender, and all agreements and covenants which are required hereby to be performed by or on behalf of the District, the USDFA or the Authority Lender shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 9.04. Waiver of Personal Liability. No director, officer or employee of the District shall be individually or personally liable for the payment of the Series 2021B 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 9.05. 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 9.06. 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 9.07. Assignment. This Installment Purchase Agreement and any rights hereunder may be assigned by USDFA, as a whole or in part, to the Authority Lender without the necessity of obtaining the prior consent of the District. The Authority Lender shall be a third-party beneficiary of this Installment Purchase Agreement for purposes of directly enforcing its rights hereunder.

Section 9.08. 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 2021B Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

Section 9.09. California Law. THIS INSTALLMENT PURCHASE AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 9.10. 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
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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 Authority Lender: Environmental Protection Agency
[WJC-W 6201A]
1200 Pennsylvania Avenue NW
Washington, D.C. 20460
Attention: WIFIA Director
Email: WIFIA_Portfolio@epa.gov

Section 9.11. Effective Date. This Installment Purchase Agreement shall become effective upon its execution and delivery, and shall terminate only when (a) the Purchase Price shall have been fully paid and (b) the WIFIA Loan Agreement shall have terminated in accordance with its terms.

Section 9.12. 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 9.13. Indemnification of USDFA. The District hereby agrees to indemnify and hold harmless the USDFA, the Authority Lender and the assigns and officers and directors thereof 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 or to the extent provided in the WIFIA Loan Agreement, under the WIFIA Loan Agreement.

Section 9.14. Amendments Permitted. This Agreement and the rights and obligations of USDFA and the District, may be modified or amended at any time by an amendment hereto which shall become binding only (a) following the execution and delivery of such amendment by USDFA and the District and (b) with the prior written consent of the Authority Lender.

[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

PURCHASE PRICE

1. The principal amount of payments to be made by the District hereunder is \$_____ (excluding capitalized interest).

2. The Series 2021B Installment Payments of principal and interest are payable in the amounts and on the Series 2021B 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>
---	--	---	---------------------

***Installment
Payment Dates***

***Amount Attributable
to Principal***

***Amount Attributable
to Interest***

Total

Total

\$

\$

\$

EXHIBIT B

FORM OF REQUISITION FROM ACQUISITION FUND

\$ _____
UNION SANITARY DISTRICT FINANCING AUTHORITY
WIFIA LOAN AGREEMENT

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 3.04 of that certain Installment Purchase Agreement, dated November __, 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>
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**UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY**

WIFIA LOAN AGREEMENT

For Up to [\$188,758,204]

With

UNION SANITARY DISTRICT FINANCING AUTHORITY and

UNION SANITARY DISTRICT

For the

**ENHANCED TREATMENT AND SITE UPGRADE PHASE 1 PROJECTS
(WIFIA – N20104CA)**

Dated as of [_____], 2021

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EXHIBIT K – Form of Public Benefits Report

WIFIA LOAN AGREEMENT

THIS WIFIA LOAN AGREEMENT (this “**Agreement**”), dated as of [_____], 2021, is by and among **UNION SANITARY DISTRICT FINANCING AUTHORITY**, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State, with an address at 5072 Benson Road, Union City, CA 94587 (the “**Borrower**”), **UNION SANITARY DISTRICT**, a sanitary district duly organized and existing under and by virtue of the laws of the State of California (the “**State**”), with an address at 5072 Benson Road, Union City, CA 94587 (the “**District**”), and the **UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency (the “**Administrator**”), with an address at 1200 Pennsylvania Avenue NW, Washington, DC 20460 (the “**WIFIA Lender**”).

RECITALS:

WHEREAS, the Congress of the United States of America enacted the Water Infrastructure Finance and Innovation Act, as amended by Section 1445 of the Fixing America’s Surface Transportation Act of 2015, as further amended by Section 5008 of the Water Infrastructure Improvements For the Nation Act of 2016 and by Section 4201 of America’s Water Infrastructure Act of 2018 (collectively, as the same may be amended from time to time, the “**Act**” or “**WIFIA**”), which is codified as 33 U.S.C. §§ 3901-3914;

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

WHEREAS, the Borrower is a joint exercise of powers authority duly organized and existing under and pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State, as amended (the “**JPA Act**”);

WHEREAS, the JPA Act authorizes and empowers the Borrower to issue revenue bonds and notes to assist the District in acquiring public capital improvements;

WHEREAS, the District desires to acquire the Project (as defined herein);

WHEREAS, the Borrower and the District have determined that the acquisition of the Project is necessary and proper for the District and is in the public interest, and the Borrower has determined to assist the District in the foregoing;

WHEREAS, the District has requested that the WIFIA Lender make the WIFIA Loan (as defined herein) to the Borrower in a principal amount not to exceed \$[188,758,204] (excluding capitalized interest) to be used to pay a portion of the Eligible Project Costs (as defined herein) related to the Project pursuant to the application for WIFIA financial assistance dated April 30, 2021 (the “**Application**”);

WHEREAS, the District and the Borrower have entered into an Installment Purchase Agreement, dated as of January 1, 2020 (as amended, modified or supplemented from time to time, the “**2020 Installment Purchase Agreement**”), and an Installment Purchase Agreement, dated as

of July 1, 2021 (as amended, modified or supplemented from time to time, the “**2021 Installment Purchase Agreement**”), for the purpose of financing and refinancing certain improvements, betterments, renovations and expansions of facilities within the Wastewater System (as defined herein), including, with respect to the 2021 Installment Purchase Agreement, the Project;

WHEREAS, the District and the Borrower have entered into that certain Installment Purchase Agreement, dated as of October [___], 2021 (as amended, modified or supplemented from time to time, the “**WIFIA Installment Purchase Agreement**”) pursuant to which the District will purchase the Project from the Borrower in exchange for the payment of installment payments by the District to the Borrower, such installment payments being secured by a pledge of the Gross Revenues (as defined herein) and certain other amounts;¹

WHEREAS, in order to achieve the foregoing, the Borrower has authorized the issuance of the WIFIA Note (as defined herein), pursuant to the JPA Act, in the aggregate principal amount of \$188,758,204 (excluding capitalized interest);

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

WHEREAS, based on the Application and the representations, warranties and covenants set forth herein, the WIFIA Lender proposes to make funding available to the Borrower through the purchase of the WIFIA Note, upon the terms and conditions set forth herein;

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

WHEREAS, the Borrower has agreed to pledge and assign to the WIFIA Lender and grant to the WIFIA Lender certain Liens (as defined herein) for the benefit of the WIFIA Lender on (i) all of the Borrower’s right, title and interest to receive the Authority Revenues (as defined herein), (ii) all of its rights with respect to the WIFIA Debt Service Account (as defined herein) and (iii) all of its rights and remedies to enforce the WIFIA Installment Purchase Agreement upon an event of default thereunder, in each case for the purpose of securing (x) the payment of all sums due and owing by the Borrower to the WIFIA Lender under this Agreement and (y) the observance, performance and discharge of each agreement, condition, covenant and term of the Borrower and the District hereunder and of the District under the WIFIA Installment Purchase Agreement; and

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

¹ **Note to the District:** Do the 2021 Installment Purchase Agreement and WIFIA Installment Purchase Agreement both provide for the purchase of the same equipment and facilities by the District or do they each provide for the purchase of a distinct set of equipment and facilities associated with the Project?

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

ARTICLE I DEFINITIONS AND INTERPRETATION

Section 1. Definitions.

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

“2020 Bonds” means the Union Sanitary District Financing Authority Revenue Bonds, Series 2020A, issued pursuant to the 2020 Indenture, originally issued in the aggregate principal amount of \$64,160,000, payable from the 2020 Installment Payments.

“2020 Installment Payments” means the installment payments scheduled to be paid by the District under the 2020 Installment Purchase Agreement.

“2020 Installment Purchase Agreement” has the meaning provided in the recitals hereto.

“2020 Indenture” means that certain Indenture of Trust, dated January 1, 2020, between the Borrower and the Trustee, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

“2021A Bonds” means the Union Sanitary District Financing Authority Revenue Bonds, Series 2021A, issued pursuant to the 2021 Indenture, originally issued in the aggregate principal amount of \$99,505,000, payable from the 2021 Installment Payments.

“2021 Installment Payments” means the installment payments scheduled to be paid by the District under the 2021 Installment Purchase Agreement.

“2021 Installment Purchase Agreement” has the meaning provided in the recitals hereto.

“2021 Indenture” means that certain Indenture of Trust, dated July 1, 2021, between the Borrower and the Trustee, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

“Acceptable Credit Rating” means, with respect to any Person, the rating of its unsecured, senior long-term indebtedness (or, if such Person has no such rating, then its issuer rating or corporate credit rating) is no lower than (a) at the time such Person executes, delivers or issues a Qualified Hedge, a Credit Facility, or a repurchase agreement, ‘A+’, ‘A1’ or the equivalent rating from each Nationally Recognized Rating Agency that provides a rating on such Person’s unsecured, senior long-term indebtedness or that provides an issuer rating or corporate credit rating for such Person, as applicable; and (b) at any time thereafter, ‘A’, ‘A2’ or the equivalent rating

from each Nationally Recognized Rating Agency that provides a rating on such Person's unsecured, senior long-term indebtedness or that provides an issuer rating or corporate credit rating for such Person, as applicable.

“Act” means the Act as defined in the recitals hereto.

“Additional Obligations” means Additional Senior Obligations and Additional Subordinate Obligations.

“Additional Construction Contract” means each Construction Contract entered into after the Effective Date.

“Additional Senior Obligations” means any Senior Obligations permitted under Section 18(a) (*Negative Covenants of the District – Additional Obligations*), which Senior Obligations are issued or incurred on or after the Effective Date.

“Additional Subordinate Obligations” means any Subordinate Obligations permitted under Section 18(a) (*Negative Covenants of the District – Additional Obligations*), which Subordinate Obligations are issued or incurred on or after the Effective Date.

“Administrator” has the meaning provided in the preamble hereto.

“Agreement” has the meaning provided in the preamble hereto.

“Anticipated WIFIA Loan Disbursement Schedule” means the schedule set forth in **Exhibit B** (*Anticipated WIFIA Loan Disbursement Schedule*), reflecting the anticipated disbursement of proceeds of the WIFIA Loan, as such schedule may be amended from time to time pursuant to Section 4(d) (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*).

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

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

“Application” has the meaning provided in the recitals hereto.

“Authority Revenues” means all WIFIA Installment Payments received by the Borrower pursuant to or with respect to the WIFIA Installment Purchase Agreement and all interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder or thereunder.

“Bank Secrecy Act” means the Bank Secrecy Act of 1970, as amended, and the regulations promulgated thereunder.

“Bankruptcy Related Event” means, with respect to either the Borrower or the District, (a) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking

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

“Base Case Financial Model” means a financial model prepared by the District forecasting the capital costs of the Wastewater System (including the Project) and the rates, revenues, operating expenses and major maintenance requirements of the Wastewater System for the Forecast Period and based upon assumptions and methodology provided by the District and acceptable to the WIFIA Lender as of the Effective Date, which model shall be provided to the WIFIA Lender as a fully functional Microsoft Excel-based financial model or such other format requested by the WIFIA Lender.

“**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 2020 Installment Payments and 2021 Installment Payments and which are secured by a pledge of and lien on Gross Revenues.

“**Borrower**” has the meaning provided in the preamble hereto.

“**Borrower Closing Certificate**” has the meaning provided in Section 11(a)(ix) (*Conditions Precedent – Conditions Precedent to Effectiveness*).

“**Borrower Event of Default**” has the meaning provided in Section 21(a) (*Events of Default*).

“**Borrower Financial Statements**” means the audited income statement and balance sheet of the Borrower as of the end of the Borrower Fiscal Year and the related audited statements of operations and of cash flow of the Borrower for such Borrower Fiscal Year; provided, however, that so long as the Borrower is included as a component unit of the District in the District Financial Statements in accordance with GAAP, the term “Borrower Financial Statements” shall refer to the description of the Borrower’s financial activities, if any, included in the District Financial Statements.

“**Borrower Fiscal Year**” means (a) as of the Effective Date, a fiscal year of the Borrower commencing on July 1 of any calendar year and ending on June 30 of the immediately succeeding calendar year or (b) such other fiscal year as the Borrower may hereafter adopt after giving thirty (30) days’ prior written notice to the WIFIA Lender in accordance with Section 16(c) (*Negative Covenants of the Borrower – Borrower Fiscal Year*).

“**Borrower Material Adverse Effect**” means a material adverse effect on (a) the Authority Revenues, (b) the business, operations, properties, condition (financial or otherwise) or prospects of the Borrower, (c) the legality, validity or enforceability of any material provision of any WIFIA Loan Document to which the Borrower is a party, (d) the ability of the Borrower to enter into, perform or comply with any of its material obligations under any WIFIA Loan Document to which it is a party, (e) the validity, enforceability or priority of the Liens provided under the WIFIA Loan Documents on the Authority Revenues or (f) the WIFIA Lender’s rights or remedies available under any WIFIA Loan Document to which the Borrower is a party.

“**Borrower Payment Default**” has the meaning provided in Section 21(a)(i) (*Events of Default and Remedies – Borrower Payment Default*).

“**Borrower’s Authorized Representative**” means any Person who shall be designated as such pursuant to Section 25 (*Borrower’s Authorized Representative*).

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

“**Capitalized Interest Period**” means the period from (and including) the Effective Date to (but excluding) the date that is six (6) months prior to the Debt Service Payment Commencement Date, subject to earlier termination as set forth in Section 8(b) (*Payment of Principal and Interest – Capitalized Interest Period*).

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

“**Congress**” means the Congress of the United States of America.

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

“**Construction Contractor**” means any Person (other than the Borrower or the District) party to a Construction Contract.

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

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

“**Construction Schedule**” means (a) the initial schedule or schedules on which the construction timetables for the Project are set forth, attached as **Schedule II** (*Construction Schedule*), and (b) any updates thereto included in the periodic reports submitted to the WIFIA Lender pursuant to Section 20(c) (*Reporting Requirements of the District – Construction Reporting*) most recently approved by the WIFIA Lender.

“**Contracts**” means the 2020 Installment Purchase Agreement, 2021 Installment Purchase Agreement and 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 2020 Installment Payments and 2021 Installment Payments and which are secured by a pledge and lien on Gross Revenues, but excluding contracts entered into for operation and maintenance of the Wastewater System.

“**Control**” means, when used with respect to any particular Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or partnership or other ownership interests, by contract or otherwise, and the terms “**Controlling**” and “**Controlled by**” have meanings correlative to the foregoing.

“**CPI**” means the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for All Items, 1982-84=100 (not seasonally adjusted) or its successor, published by

the Bureau of Labor Statistics and located (as of the Effective Date) at <https://www.bls.gov/news.release/cpi.t01.htm>.

“**Credit Facility**” means any letter of credit, standby bond purchase agreement, line of credit, policy of bond insurance, surety bond, guarantee or similar instrument, or any agreement relating to the reimbursement of any payment thereunder (or any combination of the foregoing), which is obtained by the Borrower or the District and is issued by a financial institution, insurance provider or other Person and which provides security or liquidity in respect of any Permitted Obligations.

“**Debt Management Policy**” means that certain Debt Management Policy of the District, adopted by the Board of Directors of the District on January 13, 2020, as amended on July 26, 2021, and as it may be further amended by the District from time to time.

“**Debt Service**” means, for any period of calculation, the sum of:

- (a) 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);
- (b) those portions of the principal amount of all outstanding serial Bonds maturing in such period (but excluding Excluded Principal);
- (c) those portions of the principal amount of all outstanding term Bonds required to be paid in such period (but excluding Excluded Principal); and
- (d) 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 Senior Obligations;

provided that, as to any such Senior Obligations 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 Senior Obligation plus one percent (1%); and (2) the highest variable rate borne over the preceding three (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 Senior Obligations 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 Senior Obligations 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 Senior Obligations or portions thereof which bear no interest but which are sold at a discount and which discount accretes with respect to such Senior Obligations or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service; and

provided further that if the Senior Obligations constitute interest rate swap agreements or other paired obligations, the interest rate on such Senior Obligations 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 Senior Obligation 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.

“Debt Service Payment Commencement Date” means the earlier to occur of (a) if the Capitalized Interest Period ends pursuant to Section 8(b) (*Payment of Principal and Interest – Capitalized Interest Period*) due to the occurrence of an Event of Default, the first March 1 or September 1 immediately following the end of the Capitalized Interest Period, or (b) the first March 1 or September 1 occurring closest to, but not later than, the fifth anniversary of the Substantial Completion Date.

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

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

“Development Default” means (a) the District abandons work or fails, in the reasonable judgment of the WIFIA Lender, to diligently prosecute the work related to the Project or (b) the District fails to achieve Substantial Completion of the Project by December 31, 2029.

“District” has the meaning provided in the preamble hereto.

“District Closing Certificate” has the meaning provided in Section 11(a)(x) (*Conditions Precedent – Conditions Precedent to Effectiveness*).

“District Collateral” means the Gross Revenues, all amounts that are on deposit in the Revenue Fund and amounts that are transferred from the Parity Debt Reserve to the Revenue Fund under the WIFIA Installment Purchase Agreement, the Acquisition Fund (including all amounts on deposit therein), the WIFIA Debt Service Account (including all amounts on deposit therein), and any other fund or account that is established or maintained pursuant to the WIFIA Installment Purchase Agreement (including all amounts on deposit therein) (except the Parity Debt Reserve (other than those amounts which are transferred by the District from the Parity Debt Reserve to the Revenue Fund)).

“District Event of Default” has the meaning provided in Section 21(b) (*Events of Default and Remedies*).

“District Financial Statements” means the audited income statement and balance sheet of the District as of the end of the District Fiscal Year and the related audited statements of operations and of cash flow of the District for such District Fiscal Year.

“District Fiscal Year” means (a) as of the Effective Date, a fiscal year of the District commencing on July 1 of any calendar year and ending on June 30 of the immediately succeeding calendar year or (b) such other fiscal year as the District may hereafter adopt after giving thirty (30) days’ prior written notice to the WIFIA Lender in accordance with Section 18(f) (*Negative Covenants of the District – District Fiscal Year*).

“District Material Adverse Effect” means a material adverse effect on (a) the Wastewater System, the Project or the Gross Revenues, (b) the business, operations, properties, condition (financial or otherwise) or prospects of the District, (c) the legality, validity or enforceability of any material provision of any WIFIA Loan Document to which the District is a party, (d) the ability of the District to enter into, perform or comply with any of its material obligations under any WIFIA Loan Document to which it is a party, (e) the validity, enforceability or priority of the Liens on the District Collateral provided under the WIFIA Loan Documents to which the District is a party or (f) the WIFIA Lender’s rights or remedies available under any WIFIA Loan Document to which the District is a party.

“District Payment Default” has the meaning provided in Section 21(b)(i) (*Events of Default and Remedies – District Payment Default*).

“District’s Authorized Representative” means any Person who shall be designated as such pursuant to Section 26 (*District’s Authorized Representative*).

“Dollars” and **“\$”** means the lawful currency of the United States of America.

“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” 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.

“**Effective Date**” means the date of this Agreement.

“**Eligible Project Costs**” means amounts in the Project Budget (as of the Effective Date) approved by the WIFIA Lender, which are paid by or for the account of the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, in connection with the Project (including, as applicable, Project expenditures incurred prior to the receipt of WIFIA credit assistance, or the repayment of amounts borrowed to make such expenditures prior to the receipt of WIFIA credit assistance), which shall arise from the following:

- (a) development-phase activities, including planning, feasibility analysis (including any related analysis necessary to carry out an eligible project), revenue forecasting, environmental review, permitting, preliminary engineering and design work and other preconstruction activities;
- (b) construction, reconstruction, rehabilitation, and replacement activities;
- (c) the acquisition of real property or an interest in real property (including water rights, land relating to the Project and improvements to land), environmental mitigation (including acquisitions pursuant to Section 3905(8) of Title 33 of the United States Code), construction contingencies, and acquisition of equipment; or
- (d) capitalized interest (with respect to Obligations other than the WIFIA Loan) necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses, and other carrying costs during construction;

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

“**Eligible Project Costs Documentation**” has the meaning provided in Section 1 of **Exhibit D-1** (*Requisition Procedures*).

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

“**Environmental Laws**” has the meaning provided in Section 13(o) (*Representations and Warranties of the District – Environmental Matters*).

“**EPA**” means the United States Environmental Protection Agency.

“**Event of Default**” means any District Event of Default or any Borrower Event of Default.

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

“**Excluded Principal**” means each payment of principal of applicable Obligations for which there is on file with the WIFIA Lender (i) a certificate of an Independent Municipal Consultant to the effect that such Obligation 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 the District’s Authorized Representative to the effect that the District intends to pay such principal from the proceeds of Obligations or other bonds, notes or other obligations of the District. No such determination shall affect the security for such Obligations or the obligation of the District to pay such Obligations from Net Revenues.

“**Existing Construction Contracts**” means each Construction Contract existing as of the Effective Date, as set forth in Part A of **Schedule 13(m)** (*Construction Contracts*).

“**Existing Indebtedness**” means all (a) Obligations and indebtedness of the District and (b) indebtedness of the Borrower, in each case that has been issued or incurred prior to the Effective Date, as listed and described in **Schedule III** (*Existing Indebtedness*).

“**Existing Senior Obligations**” means the indebtedness of the District listed and described in Part A of **Schedule III** (*Existing Indebtedness*).

“**Existing Subordinate Obligations**” means the Subordinate Obligations of the District listed and described in Part B of **Schedule III** (*Existing Indebtedness*).

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

“**Federal Securities**” means any 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.

“**Final Disbursement Date**” means the earliest of (a) the date on which the WIFIA Loan has been disbursed in full; (b) the last anticipated date of disbursement set forth in the then-current Anticipated WIFIA Loan Disbursement Schedule; (c) the date on which the Borrower has certified to the WIFIA Lender that it will not request any further disbursements under the WIFIA Loan; (d) the date on which the WIFIA Lender terminates its obligations relating to disbursements of any undisbursed amounts of the WIFIA Loan in accordance with Section 21 (*Events of Default and Remedies*); and (e) the date that is one (1) year after the Substantial Completion Date.

“**Final Maturity Date**” means the earlier of (a) March 1, 2063 (or such earlier date as is set forth in an updated **Exhibit F** (*WIFIA Debt Service*) pursuant to Section 8(e) (*Payment of Principal and Interest – Adjustments to Loan Amortization Schedule*)); and (b) the Payment Date

immediately preceding the date that is thirty-five (35) years following the Substantial Completion Date.

“**Fitch**” means Fitch Ratings, Inc., or any successor thereto.

“**Flow of Funds**” means the requirements specified in Section 5.02 (*Allocation of Gross Revenues*) of the WIFIA Installment Purchase Agreement.

“**Flow of Funds Following Acceleration**” means the requirements specified in [Section 8.02 (*Application of Funds Upon Acceleration*)] of the WIFIA Installment Purchase Agreement.

“**Forecast Period**” means, as of any date, the time period with the later ending date of the following: (a) the time period from and including the current District Fiscal Year and each of the immediately succeeding five (5) District Fiscal Years and (b) the time period from and including the current District Fiscal Year and ending on the last date of the forecast periods covered in the District’s currently effective capital improvement plan for the Wastewater System.

“**GAAP**” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or of 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.

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

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

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

“**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:

- (a) 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);
- (b) 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;

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

(d) the earnings on and income derived from the investment of amounts described in clauses (a), (b) and (c) above and from District reserves;

but excluding:

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

(ii) 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

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

“**Hedging Agreement**” means (a) any ISDA Master Agreement(s) and any related credit support annex, schedules and confirmations, to be entered into by the District or the Borrower on behalf of the District and a Hedging Bank, (b) any other agreement entered into, or to be entered into, by the District or the Borrower and a Hedging Bank for a Hedging Transaction, and (c) any other documentation directly relating to the foregoing.

“**Hedging Bank**” means any Qualified Hedge Provider that becomes a party to a Hedging Agreement and its permitted successors (to the extent such successors are also Qualified Hedge Providers).

“**Hedging Transaction**” means any interest rate protection agreement, interest rate swap transaction, interest rate “cap” transaction, interest rate future, interest rate option or other similar interest rate hedging arrangement commonly used in loan transactions to hedge against interest rate increases; provided that in no event shall any such transaction be for any speculative purpose.

“**Indemnitee**” has the meaning provided in Section 37 (*Indemnification*).

“**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**” 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.

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

“Interest Component” means (a) with respect to a WIFIA Installment Payment, the interest component of such WIFIA Installment Payment due and payable on the applicable WIFIA Installment Payment Date, which relates to the interest component of the corresponding payment on the WIFIA Note as set forth on the Loan Amortization Schedule, as adjusted to include interest at the Default Rate as set forth in Section 6 (*Interest Rate*) of this Agreement and the corresponding section of the WIFIA Installment Purchase Agreement, and (b) with respect to the aggregate WIFIA Installment Payments, all payments of the interest components of the WIFIA Installment Payments required to be paid by the District on any date under the WIFIA Installment Purchase Agreement corresponding to payments on the WIFIA Note under Section 8 (*Payment of Principal and Interest*) of this Agreement and the corresponding section of the WIFIA Installment Purchase Agreement, as adjusted to include interest at the Default Rate as set forth in Section 6 (*Interest Rate*) of this Agreement and the corresponding section of the WIFIA Installment Purchase Agreement.

“Interest Payment Date” means each March 1 and September 1, commencing on the Debt Service Payment Commencement Date.

“Interim Financing” means interim bond anticipation notes, commercial paper or other short-term temporary financing, in each case with a redemption or maturity occurring on or up to one (1) year following the Projected Substantial Completion Date in effect as of the Effective Date.

“Investment Grade Rating” means a public rating no lower than ‘BBB-’, ‘Baa3’, ‘bbb-’, ‘BBB (low)’, from a Nationally Recognized Rating Agency.

“Investment Policy” means that certain Investment Policy of the District, adopted by the Board of Directors of the District in February 2021, as may be amended by the District from time to time.

“ISDA Master Agreement” means a master agreement, entered into by the District or the Borrower and a Hedging Bank, in the form published by the International Swaps and Derivatives Association, Inc.

“JPA Act” has the meaning provided in the recitals hereto.

“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 Borrower is established, as such JPA Agreement may be amended and supplemented from time-to-time in accordance therewith

“Lien” means any mortgage, pledge, hypothecation, assignment, mandatory deposit arrangement, encumbrance, attachment, lien (statutory or other), charge or other security interest, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever, including any sale-leaseback arrangement, any conditional sale or other title retention agreement, any financing lease having substantially the same effect as any of the foregoing, and

the filing of any financing statement or similar instrument under the UCC or any other applicable law.

“**Loan Amortization Schedule**” means the Loan Amortization Schedule reflected in the applicable column of **Exhibit F** (*WIFIA Debt Service*), as amended from time to time in accordance with Section 8(e) (*Payment of Principal and Interest – Adjustments to Loan Amortization Schedule*).

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

“**Material Adverse Effect**” means a material adverse effect on (a) the Wastewater System, the Project, the Gross Revenues or the Authority Revenues, (b) the business, operations, properties, condition (financial or otherwise) or prospects of either the Borrower or the District, (c) the legality, validity or enforceability of any material provision of any WIFIA Loan Document, (d) the ability of either the Borrower or the District to enter into, perform or comply with any of its material obligations under any WIFIA Loan Document to which it is a party, (e) the validity, enforceability or priority of the Liens provided under the WIFIA Loan Documents on District Collateral or the Authority Revenues or (f) the WIFIA Lender’s rights or remedies available under any WIFIA Loan Document.

“**Moody’s**” means Moody’s Investors Service, Inc. or any successor thereto.

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

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

“**NEPA Determination**” means the [_____] for the Project issued by EPA on [_____] in accordance with NEPA.

“**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**” means for any District Fiscal Year, the Gross Revenues for such District Fiscal Year less the Operation and Maintenance Costs for such District Fiscal Year.

“**Non-Debarment Certificate**” means a certificate, signed by the Borrower’s Authorized Representative or the District’s Authorized Representative, as applicable, as to the absence of debarment, suspension or voluntary exclusion from participation in Government contracts, procurement and non-procurement matters with respect to the Borrower or the District, as applicable, and its principals (as defined in 2 C.F.R. § 180.995 and supplemented by 2 C.F.R. 1532.995), substantially in the form attached hereto as **Exhibit C** (*Form of Non-Debarment Certificate*).

“Non-Lobbying Certificate” means a certificate, signed by the Borrower’s Authorized Representative or the District’s Authorized Representative, as applicable, with respect to the prohibition on the use of appropriated funds for lobbying pursuant to 49 C.F.R. § 20.100(b), substantially in the form attached hereto as **Exhibit E** (*Form of Non-Lobbying Certificate*).

“Obligation Document” means any indenture, bond, credit agreement, note, reimbursement agreement, letter of credit, guarantee, Hedging Agreement, Credit Facility, or any other agreement, instrument or document pursuant to which any Obligation is incurred by the District and any of the foregoing entered into by the Borrower in connection with Obligations of the District.

“Obligations” means, collectively, the Senior Obligations and the Subordinate Obligations.

“OFAC” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“Operating Period Servicing Fee” has the meaning provided in Section 10(a)(iii) (*Fees and Expenses – Fees*).

“Operation and Maintenance Costs” means: (i) costs spent or incurred for maintenance and operation of the Wastewater System calculated in accordance with GAAP, 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 WIFIA Installment Purchase Agreement, the 2020 Installment Purchase Agreement, the 2020 Indenture, the 2021 Installment Purchase Agreement, the 2021 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 GAAP; 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.

“Organizational Documents” means (a) with respect to the District, Section 6400 et. seq. of the Health and Safety Code of the State of California, and (b) with respect to the Borrower, the JPA Act and the JPA Agreement.

“Outstanding” means, with respect to Obligations, Obligations that have not been cancelled or legally defeased or discharged.

“Outstanding WIFIA Loan Balance” means (a) the aggregate principal amount of the WIFIA Loan drawn by the Borrower *plus* (b) capitalized interest added to the principal balance of the WIFIA Loan *minus* (c) the aggregate principal amount of the WIFIA Loan repaid by the Borrower, as determined in accordance with Section 8(e) (*Payment of Principal and Interest – Adjustments to Loan Amortization Schedule*).

“Parity Debt Reserve” means the fund by that name that is continued pursuant to the WIFIA Installment Purchase Agreement.

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

“Payment Date” means each Interest Payment Date and each Principal Payment Date.

“Payment Default” means any Borrower Payment Default or any District Payment Default.

“Permitted Investment” 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: (i) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in clause (ii) below); (ii) 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; (iii) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series); (iv) 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); (v) 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 (vi) 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, 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:

(i) 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;

(ii) 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;

(iii) 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;

(iv) 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;

(v) investments in a money market fund rated “AAAm”, “AAAm-G” or “AAAm” or better by S&P, or “AAA-mm”, or “AAA-mf” or better by Fitch, including any fund for which the Trustee or an affiliate acts as investment advisor or provides other services;

(vi) certificates of deposit secured at all times by collateral described in clauses (a) and/or (b)(i) above; provided that such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks;

(vii) Certificates of deposit, savings accounts, deposit accounts or money market deposits;

(viii) Investment Agreements, including GICs, Forward Purchase Agreements and Reserve Fund Put Agreements;

(ix) Federal Funds or bankers acceptances with a maximum term of one year of any bank, 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;

(x) Repurchase agreements providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the District and the transfer of cash from the District 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 District in exchange for the securities at a specified date, subject to the following:

A. Repurchase agreements must be between the District and a dealer bank or securities firm which is

(1) A primary dealer on the Federal Reserve reporting dealer list which is rated “A” or better by S&P and Fitch; or

(2) A bank rated “A” or above by S&P and Fitch.

B. The written contract must include the following:

(1) Securities which are acceptable for transfer are: (x) Direct U.S. Government securities; or (y) Federal agency securities that are backed by the full faith and credit of the U.S. government (and FNMA and FHLMC);

(2) The term of the repurchase agreement may be up to 30 days;

(3) The collateral must be delivered to the District before/simultaneously with payment (perfection by possession of certificates securities).

(4) 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 District to the dealer bank or security firm under the repurchase agreement 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 District, 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%,

C. Legal opinion which must be delivered to the District: the repurchase agreement meets guidelines under state law for legal investment of public funds;

(xi) The Local Agency Investment Fund of the State of California created pursuant to Section 16429.1 of the California Government Code;

(xii) shares of beneficial interests in investments purchased by the Investment Trust of California, doing business as CaITRUST, 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; and

(xiii) Unsecured certificates of deposit, time deposits, money market deposits, demand deposits and bankers’ acceptances of any bank the short term obligations of which are rated on the date of purchase “A-1” or better by S&P, or “F1” or better by Fitch.

“Permitted Liens” means:

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

(b) Liens imposed by law, including Liens for taxes that are not yet due or are being contested in compliance with Section 15(g) (*Affirmative Covenants of the Borrower*

– *Material Obligations; Payment of Claims*) and Section 17(k) (*Affirmative Covenants of the District – Material Obligations; Payment of Claims*);

(c) carriers’, warehousemen’s, mechanics’, materialmen’s, repairmen’s and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than thirty (30) days or are being contested in compliance with Section 15(g) (*Affirmative Covenants of the Borrower – Material Obligations; Payment of Claims*) and Section 17(k) (*Affirmative Covenants of the District – Material Obligations; Payment of Claims*);

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

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

(f) judgment Liens in respect of judgments that do not constitute an Event of Default under Section 21(a)(v) (*Events of Default and Remedies – Borrower Material Adverse Judgment*) or Section 21(b)(vi) (*Events of Default and Remedies – District Material Adverse Judgment*); and

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

“Permitted Obligations” means:

(a) Existing Indebtedness;

(b) the WIFIA Loan;

(c) Additional Senior Obligations that satisfy the requirements of Section 18(a) (*Negative Covenants of the District – Indebtedness*) and of the other WIFIA Loan Documents;

(d) Additional Subordinate Obligations (including obligations of the District subordinate to the WIFIA Installment Payments) that satisfy the applicable requirements of Section 18(a) (*Negative Covenants of the District – Indebtedness*) and of the other WIFIA Loan Documents;² and

² **Note to District:** Any obligations intended to be included in the deleted clause (f) would be permitted under this clause (d). In order to be consistent with the 2020 Installment Purchase Agreement and the 2021 Installment Purchase Agreement, Subordinate Obligations is defined as all obligations which are secured by Gross Revenues and are subordinate to Senior Obligations. This clause (d) permits Additional Subordinate Obligations, including obligations

(e) indebtedness incurred in respect of Qualified Hedges.

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

“**Principal Component**” means (a) with respect to a WIFIA Installment Payment, the principal component of such WIFIA Installment Payment due and payable on the applicable WIFIA Installment Payment Date, which relates to the principal component of the corresponding payment on the WIFIA Note as set forth on the Loan Amortization Schedule, and (b) with respect to the aggregate WIFIA Installment Payments, all payments of the principal components of the WIFIA Installment Payments required to be paid by the District on any date under the WIFIA Installment Purchase Agreement corresponding to payments on the WIFIA Bond under Section 8 (*Payment of Principal and Interest*) of this Agreement.

“**Principal Payment Date**” means each March 1, commencing on the first March 1 occurring on or after the Debt Service Payment Commencement Date..

“**Project**” means certain improvements to the District’s Alvarado Wastewater Treatment Plant, which consist of the following components:

- (a) aeration basin modifications and the replacement of existing buildings, including construction of a new campus building;
- (b) construction of a secondary clarifier and new chlorine disinfection and effluent pumping facilities; and
- (c) retrofitting of the existing secondary clarifiers for plant equalization and storage.

“**Project Budget**” means the budget for the Project attached to this Agreement as **Schedule I** (*Project Budget*) showing a summary of Total Project Costs with a breakdown of all Eligible Project Costs and the estimated sources and uses of funds for the Project, as amended from time to time with the approval of the WIFIA Lender.

“**Projected Substantial Completion Date**” means June 30, 2028, as such date may be adjusted in accordance with Section 20(c) (*Reporting Requirements of the District – Construction Reporting*).

“**Public Benefits Report**” has the meaning provided in Section 20(e) (*Reporting Requirements of the District – Public Benefits Report*).

subordinate to the WIFIA Installment Payments, that are permitted in accordance with Section 18(a). The debt service coverage required in Section 18(a)(ii) only applies to Additional Subordinate Debt on parity with the WIFIA Installment Payments, so the only requirement in Section 18(a) applicable to Subordinate Debt that is subordinate to the WIFIA Installment Payments is delivery of the certificate under Section 18(a)(iii) and the requirements in Section 18(a)(iv), if the sub-sub debt constitutes Tender Option Obligations.

“Qualified Hedge” means, to the extent from time to time permitted by law, with respect to Permitted Obligations any Hedging Transaction entered into with a Qualified Hedge Provider.

“Qualified Hedge Provider” means any bank or trust company, or an affiliate thereof, authorized to engage in the banking business that is organized under or licensed as a branch or agency under the laws of the United States of America or any state thereof, that has an Acceptable Credit Rating.

“Rate Covenant” means the requirements specified in Section 17(a)(i) (*Affirmative Covenants of the District – Rate Covenant*).

“Related Documents” means the WIFIA Loan Documents, the Construction Contracts and each other Obligation Document.

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

“Revenue Fund” means the fund by that name maintained pursuant to the WIFIA Installment Purchase Agreement.

“S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, or any successor thereto.

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

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

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

“Senior Obligations” means Existing Senior Obligations and Additional Senior Obligations, if any, including all Bonds and Contracts (and the obligations of the District thereunder).

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

“Servicing Fee” means the Servicing Set-Up Fee and any Construction Period Servicing Fee or Operating Period Servicing Fee.

“Servicing Set-Up Fee” has the meaning provided in Section 10(a)(i) (*Fees and Expenses – Fees*).

“**State**” has the meaning provided in the preamble hereto.

“**Subordinate Debt Service**” means debt service on Subordinate Obligations calculated in the same manner as under the definition of Debt Service except with respect to Subordinate Obligations instead of Senior Obligations.

“**Subordinate Obligations**” means all obligations of the District which are secured by a pledge of and lien on the Gross Revenues and are fully subordinated in right of payment and right of security only to the Senior Obligations, including the Existing Subordinate Obligations and any Additional Subordinate Obligations.

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

“**Substantial Completion Date**” means the date on which the District certifies to the WIFIA Lender, with evidence satisfactory to the WIFIA Lender, that Substantial Completion has occurred.

“**Tender Option Obligations**” means any obligation which by its terms may be tendered by and at the option of the holder thereof for payment prior to the stated maturity or redemption date thereof to either the Borrower, the District, the trustee under any Obligation Document, a tender agent or a remarketing agent.

“**Total Project Costs**” means (a) the costs paid or incurred or to be paid or incurred by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, in connection with or incidental to the acquisition, design, construction and equipping of the Project, including legal, administrative, engineering, planning, design, insurance and financing (including costs of issuance); (b) amounts, if any, required by the WIFIA Loan Documents to be paid into any fund or account upon the incurrence of the WIFIA Loan or any other Obligation, in each case in respect of the Project; (c) payments when due (whether at the maturity of principal, the due date of interest, or upon optional or mandatory prepayment) during the Construction Period in respect of any obligations of the District in connection with the Project (other than the WIFIA Loan); and (d) costs of equipment and supplies and initial working capital and reserves required by the District for the commencement of operation of the Project, including general administrative expenses and overhead of the District.

“**Trustee**” means U.S. Bank National Association, acting in its capacity as Trustee under and pursuant to the 2020 Indenture and 2021 Indenture, and its successors and assigns.

“**Uncontrollable Force**” means any cause beyond the control of the Borrower and the District, including: (a) a hurricane, tornado, flood or similar occurrence, landslide, earthquake, fire or other casualty, strike or labor disturbance, freight embargo, act of a public enemy, explosion, war, blockade, terrorist act, insurrection, riot, general arrest or restraint of government and people, civil disturbance or similar occurrence, sabotage, or act of God (provided that neither the Borrower nor the District shall be required to settle any strike or labor disturbance in which it may be involved) or (b) the order or judgment of any federal, state or local court, administrative agency or governmental officer or body, if it is not also the result of willful or negligent action or a lack of reasonable diligence of the Borrower or the District and neither the Borrower nor the District

controls the administrative agency or governmental officer or body; provided that the diligent contest in good faith of any such order or judgment shall not constitute or be construed as a willful or negligent action or a lack of reasonable diligence of the Borrower or the District.

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

“**Updated Financial Model**” means the Base Case Financial Model, updated in accordance with Section 20(a) (*Reporting Requirements of the District – Updated Financial Model*).

“**Variable Interest Rate**” means a variable interest rate to be borne by any Obligations. The method of computing such variable interest rate shall be specified in the Obligation Document pursuant to which such Obligations are incurred. Such Obligation Document shall also specify either (a) the particular period or periods of time for which each value of such variable interest rate shall remain in effect or (b) the time or times upon which any change in such variable interest rate shall become effective.

“**Variable Interest Rate Obligations**” means Obligations which bear a Variable Interest Rate but does not include any Obligations for which the interest rate has been fixed during the remainder of the term thereof to maturity; *provided* that a Permitted Obligation bearing a fixed rate of interest shall be deemed a Variable Interest Rate Obligation to the extent that the District or the Borrower has entered into a Hedging Transaction pursuant to which the District or the Borrower, as applicable, is obligated to pay a floating rate of interest and receives a fixed rate of interest and shall be deemed to bear interest at the lesser of (a) the then-current variable rate *plus* such additional basis points as may be reasonably determined by the District or the Borrower, as applicable, (but not less than 100 basis points) as may reasonably reflect future rate changes or (b) the maximum interest rate, if any, payable pursuant to such Hedging Transaction.

“**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**” 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.

“**WIFIA**” has the meaning provided in the recitals hereto.

“**WIFIA Borrower Documents**” means this Agreement, the WIFIA Note, and the WIFIA Installment Purchase Agreement.

“**WIFIA Borrower Resolution**” means Resolution No. [____], adopted by the Borrower on [____], 2021, authorizing the execution and delivery of this Agreement, the WIFIA Installment

Purchase Agreement, and the WIFIA Note and certain related actions by the Borrower in connection with the issuance of the WIFIA Loan.

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

“**WIFIA Debt Service Account**” means the [insert name of applicable fund/account] established and maintained by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, pursuant to Section 17(i) (*Affirmative Covenants of the District – WIFIA Debt Service Account*).

“**WIFIA District Documents**” means this Agreement and the WIFIA Installment Purchase Agreement.

“**WIFIA District Resolution**” means Resolution No. [___], adopted by the District on [___], 2021, authorizing the execution and delivery of this Agreement and the WIFIA Installment Purchase Agreement and certain related actions by the District in connection therewith.

“**WIFIA Installment Payments**” individually, means with respect to any WIFIA Installment Payment Date occurring on or after the Debt Service Payment Commencement Date, the sum of the Principal Component and the Interest Component (as adjusted to include interest at the Default Rate as set forth in Section 6 (*Interest Rate*) of this Agreement) due and payable on such WIFIA Installment Payment Date and “**WIFIA Installment Payments**” collectively, means all payments required to be paid by the District on any date under the WIFIA Installment Purchase Agreement corresponding to payments under Section 8 (*Payment of Principal and Interest*) of this Agreement, including any amounts payable upon delinquent installments and including any prepayment thereof under the WIFIA Installment Purchase Agreement. The Principal Component and Interest Component of each WIFIA Installment Payment shall correspond in all respects to the principal payment and interest payment, respectively, due on the WIFIA Note on the corresponding Payment Date.

“**WIFIA Installment Payment Date**” means, with respect to any Payment Date, the fifth (5th) Business Day immediately preceding that Payment Date.

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

“**WIFIA Installment Purchase Agreement**” has the meaning provided in the recitals.

“**WIFIA Lender**” has the meaning provided in the preamble hereto.

“**WIFIA Lender’s Authorized Representative**” means the Administrator and any other Person who shall be designated as such pursuant to Section 27 (*WIFIA Lender’s Authorized Representative*).

“**WIFIA Loan**” means the secured loan made by the WIFIA Lender to the Borrower on the terms and conditions set forth herein, pursuant to the Act, in a principal amount not to exceed \$[188,758,204] (excluding capitalized interest) *plus* any interest capitalized pursuant to Section 8(b) (*Payment of Principal and Interest – Capitalized Interest Period*), to be used in respect of Eligible Project Costs.

“**WIFIA Loan Documents**” means this Agreement, the WIFIA Note, the WIFIA Installment Purchase Agreement and the WIFIA Resolutions.

“**WIFIA Note**” means the note delivered by the Borrower in substantially the form of **Exhibit A** (*Form of WIFIA Note*).

“**WIFIA Resolutions**” means, collectively, the WIFIA District Resolution and the WIFIA Borrower Resolution.

Section 2. Interpretation.

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

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

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

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

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

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

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

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

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

(j) Every request, order, demand, application, appointment, notice, statement, certificate, consent or similar communication or action hereunder by any party shall, unless otherwise specifically provided, be delivered in writing in accordance with Section 36 (*Notices*) and signed by a duly authorized representative of such party.

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

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

ARTICLE II THE WIFIA LOAN

Section 3. WIFIA Loan Amount. The principal amount of the WIFIA Loan shall not exceed \$[188,758,204] (excluding capitalized interest). WIFIA Loan proceeds available to be drawn shall be disbursed from time to time in accordance with Section 4 (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*) and Section 11(b) (*Conditions Precedent – Conditions Precedent to Disbursements*).

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

(a) Pursuant to the WIFIA Installment Purchase Agreement, the Borrower has appointed the District as its agent to request funds from time to time under this Agreement and the District has accepted such appointment and assumed all rights, liabilities, duties and responsibilities of the Borrower under this Agreement regarding the requisition of funds from time to time under this Agreement. WIFIA Loan proceeds shall be disbursed solely in respect of Eligible Project Costs paid or incurred and approved for payment by or on behalf of the Borrower in connection with the Project, including for the purpose of paying or redeeming, in whole or in part, amounts owed by the District or the Borrower under any Interim Financing the proceeds of which were applied to pay Eligible Project Costs. If the Borrower intends to utilize the WIFIA Loan proceeds to make progress payments for Project construction work performed under the Construction Contracts, the District, as agent of the Borrower pursuant to the WIFIA Installment

Purchase Agreement, shall demonstrate to the satisfaction of the WIFIA Lender that such progress payments are commensurate with the cost of the work that has been completed. Each disbursement of the WIFIA Loan shall be made pursuant to a requisition and certification (a “**Requisition**”) in the form set forth in **Appendix One** (*Form of Requisition*) to **Exhibit D-1** (*Requisition Procedures*), along with all documentation and other information required thereby, submitted by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, to, and approved by, the WIFIA Lender, all in accordance with the procedures of **Exhibit D-1** (*Requisition Procedures*) and subject to the requirements of this Section 4 and the conditions set forth in Section 11(b) (*Conditions Precedent – Conditions Precedent to Disbursements*); provided that no disbursements of WIFIA Loan proceeds shall be made after the Final Disbursement Date.

(b) Each Requisition shall include a certification by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, certifying as to the following: (i) whether reimbursement or payment is being requested with respect to (A) Eligible Project Costs that have been submitted by it pursuant to Section 4(e) and approved by the WIFIA Lender pursuant to Section 4(f) or (B) other Eligible Project Costs incurred by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement; (ii) the amount for which reimbursement or payment is being requested has not been reimbursed or paid by any previous disbursement of WIFIA Loan proceeds; and (iii) to the extent any Eligible Project Costs described in clause (i)(B) above are included in the Requisition, that such Eligible Project Costs have not and will not be submitted by the District for approval pursuant to Section 4(e) and Section 4(f).

(c) The District shall deliver copies of each Requisition to the WIFIA Lender and the Servicer (if any) on or before the first (1st) Business Day of each month for which a disbursement is requested. If the WIFIA Lender shall expressly approve a Requisition or shall not expressly deny a Requisition, disbursements of funds shall be made on the fifteenth (15th) day of the month for which a disbursement has been requested, or on the next succeeding Business Day if such fifteenth (15th) day is not a Business Day. Express WIFIA Lender approval or denial shall be substantially in the form annexed hereto as **Appendix Three** (*[Approval/Disapproval] of the WIFIA Lender*) to **Exhibit D-1** (*Requisition Procedures*). In no event shall disbursements be made more than once each month.

(d) At the time of any disbursement, the sum of all prior disbursements of WIFIA Loan proceeds and the disbursement then to be made shall not exceed the cumulative disbursements through the end of the then-current Federal Fiscal Year set forth in the Anticipated WIFIA Loan Disbursement Schedule, as the same may be amended from time to time in accordance with the terms of this Agreement. Subject to this Section 4, any scheduled disbursement (as reflected in the Anticipated WIFIA Loan Disbursement Schedule) that remains undrawn at the end of any Federal Fiscal Year shall automatically roll forward to be available in the succeeding Federal Fiscal Year up to the last anticipated date of disbursement set forth in the Anticipated WIFIA Loan Disbursement Schedule, having the effect of automatically updating the Anticipated WIFIA Loan Disbursement Schedule without need for the WIFIA Lender’s approval. The District may also request an amendment of the Anticipated WIFIA Loan Disbursement Schedule by submitting a revised version thereof to the WIFIA Lender no later than thirty (30) days prior to the proposed effective date of such amendment, together with a detailed explanation of the reasons for such revisions. Such revised Anticipated WIFIA Loan Disbursement Schedule

shall become effective upon the WIFIA Lender's approval thereof, which approval shall be granted in the WIFIA Lender's sole discretion.

(e) On a quarterly basis, the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, shall submit to the WIFIA Lender, and any Servicer, Eligible Project Costs Documentation, satisfactory to the WIFIA Lender in form and substance, with respect to any costs incurred by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, in respect of the Project (to the extent Eligible Project Costs Documentation with respect to such costs has not previously been provided to the WIFIA Lender) evidencing that such costs are Eligible Project Costs, or, if the District elects in any quarter not to submit Eligible Project Costs Documentation, a written statement indicating such election; provided that no such submission shall be required (x) before the date that is sixty (60) days after the Effective Date or (y) for any costs incurred prior to the Effective Date.

(f) The Eligible Project Costs Documentation and the related statement submitted pursuant to Section 4(e) shall contain sufficient detail to enable the WIFIA Lender to verify that any costs submitted by the District for reimbursement are Eligible Project Costs. Each time the District delivers Eligible Project Costs Documentation to the WIFIA Lender, and any Servicer, the District shall also deliver to such entities a certificate, substantially in the form of **Exhibit D-2** (*Certification of Eligible Project Costs Documentation*) and duly executed by the District's Authorized Representative.

(g) Within thirty (30) days following the receipt of the Eligible Project Costs Documentation and the accompanying statement, the WIFIA Lender shall deliver a notice to the District confirming (i) which Eligible Project Costs incurred by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, set forth in the statement have been approved or denied (and, if denied, the reasons therefor) and (ii) the cumulative amount of Eligible Project Costs that have been approved with respect to the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement. Any approved amounts of Eligible Project Costs shall be disbursed at such time as the District submits a Requisition in respect of such approved amounts in accordance with Section 4(a), Section 4(b), and Section 4(c). The District shall not submit a Requisition that seeks reimbursement of Eligible Project Costs for which the related Eligible Project Costs Documentation was not delivered to the WIFIA Lender and the Servicer (if any) at least one (1) month prior to the date such Requisition is submitted.

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

Section 6. Interest Rate. The interest rate with respect to the Outstanding WIFIA Loan Balance (and for calculating the corresponding Interest Components of the WIFIA Installment Payments) (the "**WIFIA Interest Rate**") shall be [____] and [____] hundredths percent ([____]%) per annum, as adjusted to include interest at the Default Rate as set forth below, as applicable. Interest will accrue and be computed on the Outstanding WIFIA Loan Balance (and the corresponding unpaid Principal Components of the WIFIA Installment Payments) (as well as on any past due interest or Interest Components of the WIFIA Installment Payments) from time to time on the basis of a three hundred sixty (360) day year of twelve (12) thirty (30) day months;

provided that, upon the occurrence of an Event of Default, the Borrower shall pay interest on the Outstanding WIFIA Loan Balance (and the District shall pay the Interest Components of the WIFIA Installment Payments) at the Default Rate, (a) in the case of any Payment Default, from (and including) its due date to (but excluding) the date of actual payment and (b) in the case of any other Event of Default, from (and including) the date of such occurrence to (but excluding) the earlier of the date on which (i) such Event of Default has been cured or waived (if applicable) in accordance with the terms of this Agreement and (ii) the Outstanding WIFIA Loan Balance (and the corresponding unpaid Principal Components of the WIFIA Installment Payments) have been irrevocably paid in full by the Borrower in immediately available funds. For the avoidance of doubt, interest on the WIFIA Loan and the WIFIA Note shall accrue and be payable only on those amounts for which a Requisition has been submitted and funds (or such portion of funds as have been approved by the WIFIA Lender) have been disbursed to the Borrower for use on the Project in accordance with Section 4 (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*).

Section 7. Security and Priority; Flow of Funds.

(a) Pursuant to the WIFIA Installment Purchase Agreement, as security for the WIFIA Installment Payments, and concurrently with the issuance and delivery of this Agreement, the District has pledged, assigned and granted to the Borrower for its benefit, Liens on the District Collateral, including the Gross Revenues and the WIFIA Debt Service Account. The WIFIA Installment Payments are and shall (i) be secured by the Liens on the District Collateral, (ii) not be subordinate in right of payment (other than with respect to Operation and Maintenance Costs) or in right of security, during any period when a Bankruptcy Related Event has not occurred, to any Lien on any of the District Collateral other than (except as otherwise required by law) the Liens on any of the District Collateral for the benefit of the holders of the Senior Obligations (and ordinary scheduled payment obligations under any hedging arrangements related thereto, but senior to any applicable hedging termination obligations), and (iii) be *pari passu* in right of payment and right of security, during any period when a Bankruptcy Related Event has not occurred, with the Liens on any of the District Collateral for the benefit of the holders of the Subordinate Obligations. Upon the occurrence of a Bankruptcy Related Event, the WIFIA Installment Payments and the WIFIA Note shall be secured by a valid and binding pledge and Lien on the District Collateral on a parity with the Senior Obligations (and ordinary scheduled payment obligations under any hedging arrangements related thereto, but senior to any applicable hedging termination obligations) automatically and without the need for any notice to or from any Person, physical delivery, recordation, filing or further act. The District's obligations under the WIFIA Installment Purchase Agreement constitute (x) a Subordinate Obligation during any period when a Bankruptcy Related Event has not occurred and (y) a Senior Obligation during any period when a Bankruptcy Related Event has occurred.

(b) Except (i) for Permitted Liens, or (ii) to the extent otherwise provided in Section 7(a), the District Collateral shall be free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto, that is of equal rank with or senior to the pledge of the Borrower created under the WIFIA Loan Documents for the benefit of the WIFIA Lender, and all organizational, regulatory or other necessary action on the part of the District with respect to the foregoing has been duly and validly taken.

(c) The Borrower hereby unconditionally pledges and assigns to the WIFIA Lender and grants to the WIFIA Lender Liens for its benefit on (i) all of its right, title and interest to receive the Authority Revenues, (ii) all of its rights with respect to the WIFIA Debt Service Account and (iii) all of its rights and remedies to enforce the WIFIA Installment Purchase Agreement upon an event of default thereunder, in each case for the purpose of securing (x) the payment of all sums due and owing to the WIFIA Lender under this Agreement and (y) the observance, performance and discharge of each agreement, condition, covenant and term of the Borrower and the District hereunder and of the District under the WIFIA Installment Purchase Agreement. The District hereby consents to such pledge, assignment and grant. Said pledge shall constitute a lien on and security interest in such amounts and shall be valid and binding from and after the Effective 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 Borrower, irrespective of whether such parties have notice hereof. Notwithstanding anything in this Agreement or any other WIFIA Loan Document to the contrary, the Borrower does not and shall not assign, and the WIFIA Lender does not and shall not assume, any obligation, duty or liability of the Borrower under the WIFIA Installment Purchase Agreement. The WIFIA Loan is and shall be secured by the Liens on the Authority Revenues. The Authority Revenues shall be free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto other than the Liens with respect to the WIFIA Loan. The WIFIA Debt Service Account shall be free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto other than the Liens with respect to the WIFIA Installment Payments.

(d) The District shall not use any Gross Revenues to make any payments or satisfy any obligations other than in accordance with the Flow of Funds, the provisions of this Section 7 and the Related Documents and shall not apply any portion of the Gross Revenues in contravention of this Agreement or the other Related Documents. The District shall not use any amounts on deposit in the WIFIA Debt Service Account to make any payments or satisfy any obligations other than the payment of WIFIA Debt Service on the Borrower's behalf.

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

(f) All Gross Revenues shall, immediately upon receipt thereof, be deposited by the District into the Revenue Fund. Amounts deposited in the Revenue Fund shall be applied in the order of priority described in, and in accordance with, the Flow of Funds.

(g) Following the acceleration of amounts payable by the Borrower hereunder or payable by the District under the WIFIA Installment Purchase Agreement pursuant to Section 21(c) (*Events of Default and Remedies*), Section 21(d) (*Events of Default and Remedies*) or Section 21(e)(vi) (*Events of Default and Remedies*), amounts deposited in the Revenue Fund shall be applied in the order of priority described in, and in accordance with, the Flow of Funds Following Acceleration.

Section 8. Payment of Principal and Interest.

(a) Payment of WIFIA Debt Service.

(i) Pursuant to the WIFIA Installment Purchase Agreement, not later than each WIFIA Installment Payment Date, the District shall, from moneys in the Revenue Fund, transfer to the WIFIA Debt Service Account the WIFIA Installment Payment due and payable on such WIFIA Installment Payment Date. All WIFIA Installment Payments shall be paid directly by the District to the WIFIA Debt Service Account for the benefit of the WIFIA Lender. All WIFIA Installment Payments and any other amounts deposited into the WIFIA Debt Service Account shall be held by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, in trust for the benefit of the WIFIA Lender until the immediately succeeding Payment Date, whereupon such money shall be applied to the payment of WIFIA Debt Service.

(ii) On each Payment Date occurring on or after the Debt Service Commencement Date, the Borrower shall pay, or the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, shall transfer from the WIFIA Debt Service Account on the Borrower's behalf, WIFIA Debt Service by making (A) semi-annual payments of interest on each Interest Payment Date, (B) annual payments of principal on each Principal Payment Date, and (C) payments of any other amounts on each other date on which payment thereof is required to be made hereunder (including the Final Maturity Date and any date on which payment is due by reason of the mandatory redemption or prepayment or the acceleration of the maturity of the WIFIA Loan or otherwise); provided that if any such date is not a Business Day, payment shall be made on the next Business Day following such date. Payments of WIFIA Debt Service shall be made in the amounts and on the Payment Dates as set forth in **Exhibit F** (*WIFIA Debt Service*), as the same may be revised pursuant to Section 8(e) (*Payment of Principal and Interest – Adjustments to Loan Amortization Schedule*), and shall be calculated by the WIFIA Lender in such manner that each such payment shall be approximately equal in amount, in order for the WIFIA Loan Balance to be reduced to \$0 on the Final Maturity Date.

(iii) Notwithstanding anything herein to the contrary, the Outstanding WIFIA Loan Balance and any accrued interest thereon shall be due and payable in full on the Final Maturity Date (or on any earlier date on which the WIFIA Loan and WIFIA Note are subject to mandatory redemption or prepayment prior to the maturity thereof or accelerated pursuant to Section 21 (*Events of Default and Remedies*)).

(b) Capitalized Interest Period. No payment of the principal of or interest on the WIFIA Loan is required to be made during the Capitalized Interest Period. Interest on amounts capitalized pursuant to this Section 8(b) shall commence on the date such interest is added to the principal balance of the WIFIA Loan (and corresponding WIFIA Bond) during the Capitalized Interest Period. On each March 1 and September 1 occurring during the Capitalized Interest Period, interest accrued on the WIFIA Loan in the six (6) month period ending immediately prior to such date shall be capitalized and added to the Outstanding WIFIA Loan Balance. Within thirty (30) days after the end of the Capitalized Interest Period, the WIFIA Lender shall give written notice to the Borrower stating the Outstanding WIFIA Loan Balance as of the close of business on the last day of the Capitalized Interest Period, which statement thereof shall be deemed conclusive absent manifest error; *provided, however*, that no failure to give or delay in giving such notice shall affect any of the obligations of the Borrower hereunder or under any of the other WIFIA

Loan Documents. Notwithstanding the foregoing, the Capitalized Interest Period shall end immediately upon written notification to the Borrower by the WIFIA Lender that an Event of Default has occurred, in which case the provisions of this Section 8(b) shall no longer apply and payments of principal and interest shall be currently due and payable in accordance with the terms hereof and interest shall no longer be capitalized. For purposes of this subsection, an Event of Default under Section 21(b)(v) (*Events of Default and Remedies – Cross Default with Obligation Documents*) shall be deemed to have occurred upon the occurrence of any nonpayment of principal of, interest on or redemption price of Obligations when due, regardless of whether the holders of the applicable Obligations or any trustee for the applicable obligations, or any legal order, has waived, permitted deferral of, or forgiven any such payment.

(c) WIFIA Note. As evidence of the Borrower's obligation to repay the WIFIA Loan, the Borrower shall issue and deliver to the WIFIA Lender, on or prior to the Effective Date, the WIFIA Note substantially in the form of **Exhibit A** (*Form of WIFIA Note*), having a maximum principal amount (excluding capitalized interest) of \$[188,758,204], bearing interest at the WIFIA Interest Rate and having principal and interest payable on the same dates set forth herein. Any payment in respect of the WIFIA Note shall be treated as a payment in respect of the WIFIA Loan and any prepayment of principal in respect of the WIFIA Loan shall be treated as a redemption in respect of the WIFIA Note. Payments of amounts due under the WIFIA Note shall be secured as set forth in Section 7 (*Security and Priority; Flow of Funds*).

(d) Manner of Payment. The Borrower hereby assigns all its right and interest in and to the WIFIA Installment Payments to the WIFIA Lender and directs the District to transfer, on the Borrower's behalf, all amounts on deposit in the WIFIA Debt Service Account to the WIFIA Lender by wire transfer on or before each Payment Date in Dollars and in immediately available funds (without counterclaim, offset or deduction) in accordance with the payment instructions set forth in **Schedule IV-A** (*WIFIA Loan Payment Instructions*), as may be modified in writing from time to time by the WIFIA Lender; provided that neither the assignment of such rights by the Borrower nor such direction by the Borrower to the District with respect to payments hereunder shall affect in any manner any payment obligation or other obligation of the Borrower hereunder or under any other WIFIA Loan Document to which the Borrower is a party, or any payment obligation of the District under the WIFIA Installment Purchase Agreement or other obligation of the District hereunder or under any WIFIA Loan Document to which the District is a party.

(e) Adjustments to Loan Amortization Schedule.

(i) The Outstanding WIFIA Loan Balance (and the corresponding Principal Components of the WIFIA Installment Payments) will be (A) increased on each occasion on which the WIFIA Lender disburses loan proceeds hereunder, as applicable, by the amount of such disbursement of loan proceeds; (B) increased on each occasion on which interest on the WIFIA Loan is capitalized pursuant to the provisions of Section 8(b) (*Payment of Principal and Interest – Capitalized Interest Period*), by the amount of interest so capitalized; and (C) decreased upon each payment or prepayment of the Outstanding WIFIA Loan Balance (and the corresponding Principal Components of the WIFIA Installment Payments), by the amount of principal so paid (and the corresponding Principal Components of the WIFIA Installment Payments). The WIFIA Lender may in its discretion at any time and from time to time, or when so requested by the Borrower or the

District, advise the Borrower or the District by written notice of the amount of the Outstanding WIFIA Loan Balance (and the corresponding Principal Components of the WIFIA Installment Payments) as of the date of such notice, and its determination of such amount in any such notice shall be deemed conclusive absent manifest error.

(ii) The WIFIA Lender is hereby authorized by the District and the Borrower to modify, and the District and the Borrower agree to be bound by such modifications, the Loan Amortization Schedule included in **Exhibit F** (*WIFIA Debt Service*) (and the corresponding schedule of WIFIA Installment Payments) from time to time, in accordance with the principles set forth below in this Section 8(e), to reflect (A) any change to the Outstanding WIFIA Loan Balance, (B) any change to the date and amount of any principal or interest due and payable or to become due and payable by the Borrower under this Agreement, and (C) such other information as the WIFIA Lender may determine is necessary for administering the WIFIA Loan, this Agreement, and the WIFIA Installment Purchase Agreement. Any calculations described above shall be rounded up to the nearest whole cent. Any adjustments or revisions to the Loan Amortization Schedule (and the corresponding changes to the schedule of WIFIA Installment Payments) as a result of changes in the Outstanding WIFIA Loan Balance shall be applied to reduce future payments due with respect to the WIFIA Loan in inverse order of maturity, other than prepayments which shall be applied in accordance with Section 9(d) (*Prepayment – General Prepayment Instructions*). Absent manifest error, the WIFIA Lender’s determination of such matters as set forth on **Exhibit F** (*WIFIA Debt Service*) shall be conclusive evidence thereof; provided that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner any payment obligation or other obligation of the Borrower hereunder or under any other WIFIA Loan Document to which the Borrower is a party, or any payment obligation of the District under the WIFIA Installment Purchase Agreement or other obligation of the District hereunder or under any WIFIA Loan Document to which the District is a party. The WIFIA Lender shall provide the Borrower and the District with a copy of **Exhibit F** (*WIFIA Debt Service*) as revised, but no failure to provide or delay in providing the Borrower or the District with such copy shall affect any of the obligations of the Borrower or the District under this Agreement or the other WIFIA Loan Documents.

(f) WIFIA Loan Not District Indebtedness. The WIFIA Loan and the WIFIA Note are limited obligations of the Borrower, payable solely from the Authority Revenues, and do not constitute a debt of the members of the Borrower, the State or any of its political subdivisions (including the District), except the Borrower. Notwithstanding anything to the contrary set forth in this Agreement, the District is not a borrower with respect to the WIFIA Loan, the WIFIA Note, or this Agreement and the District has no obligation to make any payment or provision for payment of the WIFIA Loan or the WIFIA Note except for any payments on behalf of the Borrower contemplated in the WIFIA Installment Purchase Agreement and payments of fees and expenses described in Section 10 (*Fees and Expenses*). This Agreement does not constitute a contract between the District and the WIFIA Lender by which the District has incurred an indebtedness.

Section 9. Prepayment.

(a) Mandatory Prepayment from Net Proceeds or Eminent Domain Proceeds. The Borrower, or the District as agent of the Borrower, shall prepay the WIFIA Loan from and in the amount of any prepayments of the WIFIA Installment Payments received from the District pursuant to the WIFIA Installment Purchase Agreement and Section 17(f)(v) (*Affirmative Covenants of the District – Insurance; Net Proceeds*) or Section 17(t)(ii) (*Affirmative Covenants of the District – Eminent Domain Proceeds*). The amount of any such prepayment shall be equal to the portion of the Outstanding WIFIA Loan Balance required to be prepaid hereunder plus accrued interest thereon to the date of prepayment. All such prepayments shall be paid to the WIFIA Lender by the District as agent of the Borrower substantially concurrently with the receipt of such amount by the Borrower and applied against the Outstanding WIFIA Loan Balance in accordance with Section 9(d) (*Prepayment – General Prepayment Instructions*).

(b) Optional Prepayments. The Borrower (or the District as agent of the Borrower) may prepay the WIFIA Loan in whole or in part (and, if in part, the amounts thereof to be prepaid shall be determined by the Borrower; provided that such prepayments shall be in principal amounts of \$500,000 or any integral multiple of \$1.00 in excess thereof), from time to time, but not more than annually, without penalty or premium, by paying to the WIFIA Lender such principal amount of the WIFIA Loan to be prepaid, together with the unpaid interest accrued on the amount of principal so prepaid to the date of such prepayment, which shall be a Payment Date unless otherwise agreed by the WIFIA Lender, and shall further include payment of all fees and expenses then due and payable hereunder and under the WIFIA Installment Purchase Agreement. Each prepayment of the WIFIA Loan pursuant to this Section 9(b) shall be made on such Payment Date and in such principal amount as shall be specified by the Borrower in a written notice delivered to the WIFIA Lender not less than ten (10) days or more than thirty (30) days prior to the date set for prepayment, unless otherwise agreed by the WIFIA Lender. At any time between delivery of such written notice and the applicable optional prepayment, the Borrower may, without penalty or premium, rescind its announced optional prepayment by further written notice to the WIFIA Lender. Each such optional prepayment of the WIFIA Loan shall be treated as an optional prepayment by the District of the corresponding unpaid Principal Components of the WIFIA Installment Payments, together with the unpaid Interest Components of the WIFIA Installment Payments accrued on the Principal Components of the WIFIA Installment Payments so prepaid to the date of such prepayment, and shall further include payment of all fees and expenses then due and payable hereunder and under the WIFIA Installment Purchase Agreement. Anything in this Section 9(b) to the contrary notwithstanding, the failure by the Borrower to make any optional prepayment shall not constitute a breach or default under this Agreement.

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

(d) General Prepayment Instructions. Upon the WIFIA Lender's receipt of confirmation that payment in full in immediately available funds of the entire Outstanding WIFIA Loan Balance and any unpaid interest, fees and expenses with respect thereto has occurred as a result of a mandatory or optional prepayment, the WIFIA Lender shall surrender the WIFIA Note

to the Borrower or its representative at the principal office of the WIFIA Lender. If the Borrower prepays only part of the unpaid balance of principal of the WIFIA Loan, the WIFIA Lender may make a notation on **Exhibit F** (*WIFIA Debt Service*) indicating the amount of principal of and interest on the WIFIA Loan then being prepaid. Absent manifest error, the WIFIA Lender's determination of such matters as set forth on **Exhibit F** (*WIFIA Debt Service*) shall be conclusive evidence thereof; provided that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner any payment obligation or other obligation of the Borrower hereunder or under any other WIFIA Loan Document to which the Borrower is a party, or any payment obligation of the District under the WIFIA Installment Purchase Agreement or any other obligation of the District hereunder or under any WIFIA Loan Document to which the District is a party. All partial prepayments of principal shall be applied to reduce future payments due on the WIFIA Loan in inverse order of maturity. If such funds have not been so paid on the prepayment date, such principal amount of the WIFIA Loan shall continue to bear interest until payment thereof at the rate provided for in Section 6 (*Interest Rate*).

Section 10. Fees and Expenses.

(a) Fees. The District shall pay, on behalf of the Borrower, to the WIFIA Lender:

(i) a servicing set-up fee equal to \$15,970 (the “**Servicing Set-Up Fee**”), which shall be due and payable within thirty (30) days after receipt of an invoice from the WIFIA Lender with respect thereto (or, if earlier, the first disbursement date of the WIFIA Loan);

(ii) an annual construction period servicing fee equal to \$15,970 (the “**Construction Period Servicing Fee**”), which shall accrue on the first Business Day of the then-current Federal Fiscal Year and shall be due and payable on or prior to each November 15 during the Construction Period (including the Federal Fiscal Year during which the Substantial Completion Date occurs); provided that the initial Construction Period Servicing Fee shall be due and payable within thirty (30) days after receipt of an invoice from the WIFIA Lender with respect thereto (or, if earlier, the first disbursement date of the WIFIA Loan), in a pro-rated amount equal to \$14,630³; and

(iii) an annual operating period servicing fee equal to \$7,990 (the “**Operating Period Servicing Fee**”), which shall accrue on the first Business Day of the then-current Federal Fiscal Year and shall be due and payable on or prior to each November 15, beginning with the first November 15 following the end of the Federal Fiscal Year during which the Substantial Completion Date occurs, until (and including) the Final Maturity Date or such earlier date as the WIFIA Loan, including all accrued but unpaid interest thereon and all other amounts payable hereunder, has been irrevocably paid in full in accordance with this Agreement; provided that the Operating Period Servicing Fee due and payable with respect to the Federal Fiscal Year during which the Final Maturity Date (or such earlier date as the WIFIA Loan, including all accrued but unpaid interest thereon

³ **NTD:** This assumes an October closing.

and all other amounts payable hereunder, has been irrevocably paid in full in accordance with this Agreement) occurs shall be equal to the pro-rata monthly portion of the then applicable Operating Period Servicing Fee multiplied by the number of partial or whole months remaining between October 1 and the Final Maturity Date or, if applicable, such earlier date as the WIFIA Loan, including all accrued but unpaid interest thereon and all other amounts payable hereunder, has been irrevocably paid in full in accordance with this Agreement.

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

(c) Expenses. The District agrees, whether or not the transactions hereby contemplated shall be consummated, to reimburse the WIFIA Lender on demand from time to time, within thirty (30) days after receipt of any invoice from the WIFIA Lender, for any and all fees, costs, charges, and expenses incurred by it (including the fees, costs, and expenses of its legal counsel, financial advisors, auditors and other consultants and advisors) in connection with the negotiation, preparation, execution, delivery, and performance of this Agreement and the other WIFIA Loan Documents and the transactions hereby and thereby contemplated, including attorneys', and engineers' fees and professional costs, including all such fees, costs, and expenses incurred as a result of or in connection with: (i) the enforcement of or attempt to enforce, or the protection or preservation of any right or claim under, the Authority Revenues, the Gross Revenues, the WIFIA Debt Service Account, or any provision of this Agreement or any other WIFIA Loan Document or the rights of the WIFIA Lender thereunder; (ii) any amendment, modification, waiver, or consent with respect to this Agreement or any other Related Document; and (iii) any work-out, restructuring, or similar arrangement of the obligations of the Borrower or the District under this Agreement or the other WIFIA Loan Documents, including during the pendency of any Event of Default; provided that nothing in this Section 10(c) shall obligate the District to pay principal or interest on the WIFIA Loan or WIFIA Note.

(d) The obligations of the District under this Section 10 shall survive the payment or prepayment in full in accordance with Section 8 or Section 9, respectively, of the WIFIA Note, the enforcement of any provision of this Agreement or the other WIFIA Loan Documents, any such amendments, waivers or consents, any Event of Default, and any such workout, restructuring, or similar arrangement.

ARTICLE III CONDITIONS PRECEDENT

Section 11. Conditions Precedent.

(a) Conditions Precedent to Effectiveness. Notwithstanding anything in this Agreement to the contrary, this Agreement shall not become effective until each of the following

conditions precedent has been satisfied or waived in writing by the WIFIA Lender in its sole discretion:

(i) The Borrower and the District shall each have duly executed and delivered to the WIFIA Lender this Agreement and the WIFIA Installment Purchase Agreement and the Borrower shall have duly executed and delivered to the WIFIA Lender the WIFIA Note, each in form and substance satisfactory to the WIFIA Lender.

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

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

(iv) The District shall have delivered to the WIFIA Lender a copy of the WIFIA District Resolution, along with a certification that the WIFIA District Resolution is in full force and effect, and no further instruments or documents (including any resolutions, ordinances, and supplements) are necessary for the District to execute and deliver, and to perform its obligations under, the WIFIA Loan Documents to which it is a party and to consummate and implement the transactions contemplated by the WIFIA Loan Documents to which it is a party.

(v) The Borrower shall have delivered to the WIFIA Lender a copy of the WIFIA Borrower Resolution, along with a certification that the WIFIA Borrower Resolution is in full force and effect, and no further instruments or documents (including any resolutions, ordinances, and supplements) are necessary for the Borrower to execute and deliver, and to perform its obligations under, the WIFIA Loan Documents to which it is a party and to consummate and implement the transactions contemplated by the WIFIA Loan Documents to which it is a party.

(vi) (A) Counsel to the Borrower shall have rendered to the WIFIA Lender legal opinions satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth on **Exhibit G-1** (*Opinions Required from Counsel to Borrower*)), (B) bond counsel to the Borrower shall have rendered to the WIFIA Lender legal opinions satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth on **Exhibit G-2** (*Opinions Required from Borrower Bond Counsel*)), (C) counsel to the District shall have rendered to the WIFIA Lender legal opinions satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth on **Exhibit G-3** (*Opinions*

*Required from Counsel to District)), and (D) bond counsel to the District shall have rendered to the WIFIA Lender legal opinions satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth on **Exhibit G-4** (*Opinions Required from District Bond Counsel*)).*

(vii) The Borrower and the District shall each have delivered to the WIFIA Lender the Non-Debarment Certificate.

(viii) The Borrower and the District shall each have delivered to the WIFIA Lender the Non-Lobbying Certificate.

(ix) The Borrower shall have delivered to the WIFIA Lender a certificate, signed by the Borrower's Authorized Representative, substantially in the form attached hereto as **Exhibit H-1** (*Form of Closing Certificate of Borrower*) (the "**Borrower Closing Certificate**"), designating the Borrower's Authorized Representative, confirming such person's position and incumbency, and certifying as to the satisfaction of the following conditions precedent (and, if requested by the WIFIA Lender, shall have provided evidence satisfactory to the WIFIA Lender of such compliance):

(A) the Borrower has obtained all Governmental Approvals necessary to execute and deliver, and perform its obligations under the WIFIA Loan Documents to which it is a party, and all such Governmental Approvals are final, non-appealable, and in full force and effect (and are not subject to any notice of violation, breach, or revocation);

(B) as of the Effective Date, (x) the maximum principal amount of the WIFIA Loan, together with the amount of any other credit assistance provided under the Act to the Borrower, does not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs and (y) the total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan, does not exceed eighty percent (80%) of Total Project Costs;

(C) the Borrower has (x) obtained a Federal Employer Identification Number, (y) obtained a Data Universal Numbering System number, and (z) registered with, and obtained confirmation of active registration status from, the federal System for Award Management (www.SAM.gov);

(D) the Borrower has obtained a CUSIP number for the WIFIA Loan for purposes of monitoring through EMMA;

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

(F) no Borrower Material Adverse Effect, or any event or condition that could reasonably be expected to have a Borrower Material Adverse Effect, has occurred or arisen since April 30, 2021.

(x) The District shall have delivered to the WIFIA Lender a certificate, signed by the District's Authorized Representative, substantially in the form attached hereto as **Exhibit H-2** (*Form of Closing Certificate of District*) (the "**District Closing Certificate**"), designating the District's Authorized Representative, confirming such person's position and incumbency, and certifying as to the satisfaction of the following conditions precedent (and, if requested by the WIFIA Lender, shall have provided evidence satisfactory to the WIFIA Lender of such compliance):

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

(B) the District has obtained all Governmental Approvals necessary (x) as of the Effective Date in connection with the Project and (y) to execute and deliver, and perform its obligations under the WIFIA Loan Documents to which it is a party, and all such Governmental Approvals are final, non-appealable, and in full force and effect (and are not subject to any notice of violation, breach, or revocation);

(C) as of the Effective Date, (x) the maximum principal amount of the WIFIA Loan (excluding any interest that is capitalized in accordance with the terms hereof), together with the amount of any other credit assistance provided under the Act to the Borrower, does not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs and (y) the total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan (excluding any interest that is capitalized in accordance with the terms hereof), does not exceed eighty percent (80%) of Total Project Costs;

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

(E) the District has developed, and identified adequate revenues to implement, a plan for operating, maintaining and repairing the Project during its useful life;

(F) the District has (x) obtained a Federal Employer Identification Number, (y) obtained a Data Universal Numbering System number, and (z) registered with, and obtained confirmation of active registration status from, the federal System for Award Management (www.SAM.gov);

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

(H) no District Material Adverse Effect, or any event or condition that could reasonably be expected to have a District Material Adverse Effect, has occurred or arisen since April 30, 2021.

(xi) The Borrower shall have provided evidence to the WIFIA Lender's satisfaction, no more than thirty (30) days prior to the Effective Date, of the assignment by at least two (2) Nationally Recognized Rating Agencies of a public Investment Grade Rating to the Senior Obligations then Outstanding (or any indebtedness of the Borrower incurred in connection with Senior Obligations then Outstanding) and any Senior Obligations and Subordinate Obligations proposed to be issued for the Project (or any indebtedness of the Borrower proposed to be incurred in connection with Senior Obligations and Subordinate Obligations for the Project, including indebtedness evidenced by the WIFIA Note), along with a certification in the Borrower Closing Certificate that no such rating has been reduced, withdrawn or suspended as of the Effective Date.

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

(xiii) The District shall have delivered to the WIFIA Lender (A) certificates of insurance, along with a certification in the District Closing Certificate that such insurance certificates are true and correct and demonstrate compliance with the requirements of Section 17(f) (*Affirmative Covenants of the District – Insurance; Net Proceeds*) and (B) at the WIFIA Lender's request, copies of such insurance policies and/or, if applicable, documents pertaining to the District's self-insurance program.

(xiv) The District shall have delivered to the WIFIA Lender the Public Benefits Report.

(xv) The District shall have provided the WIFIA Lender records of any Eligible Project Costs incurred prior to the Effective Date, in form and substance satisfactory to the WIFIA Lender.

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

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

(xviii) The District shall have delivered to the WIFIA Lender copies of (A) the Investment Policy and (B) the Debt Management Policy.

(xix) The Borrower shall have delivered such other agreements, documents, instruments, opinions and other items required by the WIFIA Lender to be provided by the Borrower, all in form and substance satisfactory to the WIFIA Lender.

(xx) The District shall have delivered such other agreements, documents, instruments, opinions and other items required by the WIFIA Lender to be provided by the District, all in form and substance satisfactory to the WIFIA Lender.

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

(i) The District shall have provided to the WIFIA Lender evidence satisfactory to the WIFIA Lender that (A) the aggregate amount of all disbursements of the WIFIA Loan (including the requested disbursement) will not exceed (1) the maximum principal amount of the WIFIA Loan, (2) the aggregate amount of Eligible Project Costs paid or incurred by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, or (3) the cumulative disbursements through the end of the current Federal Fiscal Year as set forth in the Anticipated WIFIA Loan Disbursement Schedule; (B) the District has sufficient available funds committed to the Project, which together with funds that remain available and not yet drawn under the WIFIA Loan, will be sufficient to pay the reasonably anticipated remaining Total Project Costs; and (C) the total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan, does not exceed eighty percent (80%) of Total Project Costs.

(ii) The District shall have provided an Updated Financial Model in compliance with the requirements of Section 20(a) (*Reporting Requirements of the District – Updated Financial Model*).

(iii) The District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, shall have delivered to the WIFIA Lender a Requisition that complies with the provisions of Section 4 (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*) (including satisfactory Eligible Project Costs Documentation relating to such Requisition), and the WIFIA Lender shall have approved

(or be deemed to have approved in accordance with Section 4(c) (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*)) such Requisition. The District's Authorized Representative shall also certify in such Requisition that:

(A) all Governmental Approvals necessary as of the time of such disbursement for the development, construction, operation and maintenance of the Project have been issued and are in full force and effect (and are not subject to any notice of violation, breach or revocation);

(B) each of the insurance policies obtained by the District in satisfaction of the requirements of Section 17(f) (*Affirmative Covenants of the District – Insurance; Net Proceeds*) is in full force and effect, and no notice of termination thereof has been issued by the applicable insurance provider;

(C) at the time of, and immediately after giving effect to, any disbursement of WIFIA Loan proceeds then currently requested, (1) no Default or Event of Default hereunder and no event of default under any other Related Document to which the District is a party shall have occurred and be continuing and (2) no event that, with the giving of notice or the passage of time or both, would constitute an event of default under any other Related Document to which the District is a party shall have occurred and be continuing;

(D) no District Material Adverse Effect, or any event or condition that could reasonably be expected to result in a District Material Adverse Effect, shall have occurred since April 30, 2021;

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

(F) the representations and warranties of the District set forth in this Agreement (including Section 13 (*Representations and Warranties of the District*)) and in each other WIFIA Loan Document to which the District is a party shall be true and correct as of each date on which any disbursement of the WIFIA Loan is made, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties shall be true and correct as of such earlier date).

(iv) To the extent necessary to make the corresponding representations and warranties true, correct and complete as of the date of the applicable disbursement, the District shall have delivered a schedule, in form and substance satisfactory to the WIFIA

Lender, listing any exceptions with respect to the representations and warranties set forth in Section 13(o) (*Environmental Matters*).

(v) The Borrower's Authorized Representative shall have delivered to the WIFIA Lender a certificate in the form of **Appendix Two** (*Form of Borrower Disbursement Certificate*) to **Exhibit D** (*Requisition Procedures*) certifying that:

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

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

(C) the representations and warranties of the Borrower set forth in this Agreement (including Section 12 (*Representations and Warranties of the Borrower*)) and in each other WIFIA Loan Document to which the Borrower is a party shall be true and correct as of each date on which any disbursement of the WIFIA Loan is made, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties shall be true and correct as of such earlier date).

(vi) To the extent not previously delivered to the WIFIA Lender, the District shall have delivered to the WIFIA Lender copies of any Related Document (including any amendment, waiver, modification or supplement thereto) entered into after the Effective Date, along with a certification in the Requisition that each such document is complete, fully executed and in full force and effect.

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

ARTICLE IV REPRESENTATIONS AND WARRANTIES

Section 12. Representations and Warranties of the Borrower. The Borrower hereby represents and warrants that, as of the Effective Date and, as to each of the representations and warranties other than those (x) contained in Section 12(b) (*Representations and Warranties of the Borrower – Officers' Authorization*), Section 12(k) (*Representations and Warranties of the Borrower – Credit Ratings*) and the first sentence of Section 12(f) (*Representations and*

Warranties of the Borrower – Litigation), as of each date on which any disbursement of the WIFIA Loan is requested or made:

(a) Organization; Power and Authority. The Borrower is a joint exercise of powers authority duly organized and validly existing under its Organizational Documents and the laws of the State, has full legal right, power and authority to do business in the State and to enter into the Related Documents then in existence to which it is a party, to execute and deliver this Agreement, the WIFIA Installment Purchase Agreement, and the WIFIA Note, and to carry out and consummate all transactions contemplated hereby and thereby, and has duly authorized the execution, delivery and performance of this Agreement, the WIFIA Note, and the other Related Documents to which it is a party.

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

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

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

(e) Consents and Approvals. No consent or approval of any trustee, holder of any obligations of the Borrower, or of any other Person, and no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Authority is necessary in connection with (i) the execution and delivery by the Borrower of the Related Documents to which it is a party, except as have been obtained or made and as are in full force and effect, or (ii) (A) the consummation of any transaction contemplated by any of the Related Documents to which the Borrower is a party, or (B) the fulfillment of or compliance by the Borrower with the terms and

conditions of any of the Related Documents to which the Borrower is a party, except as have been obtained or made and as are in full force and effect or as are ministerial in nature and can reasonably be expected to be obtained or made in the ordinary course on commercially reasonable terms and conditions when needed. The Borrower is not in default (and no event has occurred and is continuing that, with the giving of notice or the passage of time or both, could constitute a default) with respect to any Governmental Approval, which default could reasonably be expected to result in a Borrower Material Adverse Effect.

(f) Litigation. There is no action suit, proceeding or, to the knowledge of the Borrower, any inquiry or investigation, in any case before or by any court or other Governmental Authority pending or, to the knowledge of the Borrower, threatened against or affecting the Wastewater System (including the Project) or the ability of the Borrower to execute, deliver and perform its obligations under the Related Documents to which the Borrower is a party. As of the Effective Date and as of each other date on which the representations and warranties herein are made or confirmed, there is no action, suit, proceeding or, to the knowledge of the Borrower, any inquiry or investigation before or by any court or other Governmental Authority pending, or to the knowledge of the Borrower, threatened against or affecting the Wastewater System (including the Project), the Borrower or the assets, properties or operations of the Borrower, that in any case could reasonably be expected to result in a Borrower Material Adverse Effect. To the Borrower's knowledge, there are no actions of the type described above pending or, threatened against or affecting any of the Construction Contractors, except for matters arising after the Effective Date that could not reasonably be expected to (i) result in a Borrower Material Adverse Effect or (ii) adversely affect the Borrower's ability to receive Authority Revenues in amounts sufficient to meet the financial projections contained in the Base Case Financial Model (or any Updated Financial Model, to the extent any Updated Financial Model has been approved by the WIFIA Lender).

(g) Security Interests. (i) This Agreement and Section 5451 of the California Government Code establish, and (ii) the Borrower has taken all necessary action to pledge, assign, and grant, in each case in favor of the WIFIA Lender, legal, valid, binding and enforceable Liens on the Authority Revenues and the Borrower's rights with respect to the WIFIA Debt Service Account purported to be created, pledged, assigned, and granted pursuant to and in accordance with this Agreement, irrespective of whether any Person has notice of the pledge and without the need for any physical delivery, recordation, filing, or further act. Such Liens are in full force and effect and are the only Liens in respect of the Authority Revenues or the Borrower's rights with respect to the WIFIA Debt Service Account. The Borrower has taken all necessary action to assign to the WIFIA Lender all of its rights (A) to receive the Authority Revenues, (B) with respect to the WIFIA Debt Service Account and (C) to enforce the WIFIA Installment Purchase Agreement upon an event of default thereunder without the need for any further act. The Borrower is not in breach of any covenant set forth in Section 15(a) (*Affirmative Covenants of the Borrower – Securing Liens*) or in any other WIFIA Loan Document to which the Borrower is a party with respect to the matters described in Section 15(a) (*Affirmative Covenants of the Borrower – Securing Liens*). As of the Effective Date and as of each other date this representation and warranty is made, (1) all documents and instruments have been recorded or filed for record in such manner and in such places as are required and all other action as is necessary or desirable has been taken to establish a legal, valid, binding, and enforceable Lien on the Authority Revenues for the benefit of the WIFIA Lender, and (2) all taxes and filing fees that are due and payable in connection with

the execution, delivery or recordation of any WIFIA Loan Document or any instruments, certificates or financing statements in connection with the foregoing, have been paid. Neither the attachment, validity, enforceability or priority of the security interest in the Authority Revenues or the Borrower's rights with respect to the WIFIA Debt Service Account is governed by Article 9 of the UCC.

(h) No Debarment. The Borrower has fully complied with its verification obligations under 2 C.F.R. § 180.320 and confirms, based on such verification, that, to its knowledge, neither the Borrower nor any of its principals (as defined in 2 C.F.R. § 180.995 and supplemented by 2 C.F.R. § 1532.995) is debarred, suspended or voluntarily excluded from participation in Government contracts, procurement or non-procurement matters or delinquent on a Government debt as more fully set forth in the certificate delivered pursuant to Section 11(a)(vii) (*Conditions Precedent – Conditions Precedent to Effectiveness*).

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

(j) Compliance with Laws.

(i) The Borrower has complied with all applicable laws, rules, regulations and requirements.

(ii) No notices of violation of any applicable law have been issued, entered or received by the Borrower other than notices of violations that are immaterial.

(iii) The Borrower is not (A) a Sanctioned Person or (B) in violation of or, since the date that is five (5) years prior to the Effective Date, has violated: (1) any applicable Anti-Money Laundering Laws; (2) any applicable Sanctions; (3) any applicable Anti-Corruption Laws; or (4) any applicable anti-drug trafficking, anti-terrorism, or anti-corruption laws, civil or criminal. There are no pending or, to the knowledge of the Borrower, threatened claims or investigations by any Governmental Authority against, or any internal investigations conducted by, the Borrower with respect to any possible or alleged violations of any Sanctions, Anti-Money Laundering Laws, Anti-Corruption Laws, or any anti-drug trafficking or anti-terrorism laws. No use of proceeds of the WIFIA Loan or any other transaction contemplated by this Agreement or any other Related Document will violate any applicable Sanctions, Anti-Money Laundering Laws, or Anti-Corruption Laws, or any applicable anti-drug trafficking or anti-terrorism laws.

(k) Credit Ratings. The WIFIA Loan and the Senior Obligations (or any indebtedness of the Borrower incurred in connection with Senior Obligations then Outstanding) then Outstanding have received a public Investment Grade Rating from at least two (2) Nationally Recognized Rating Agencies, written evidence of such ratings has been provided to the WIFIA Lender prior to the Effective Date, and no such rating has been reduced, withdrawn or suspended as of the Effective Date.

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

(m) Information. Neither the WIFIA Loan Documents to which the Borrower is a party, nor any documents, certificates or statements provided to the WIFIA Lender by representatives of the Borrower in connection with the transactions contemplated thereby, which for purposes of this Section 12(m) shall consist of all documents or statements related to the Application or the Project, cash flow schematics, responses to due diligence interrogatories or requests from the WIFIA Lender or its advisors, and documents uploaded to the online WIFIA SharePoint data room made accessible to the Borrower by the WIFIA Lender, to the extent such documents, certificates, statements or other materials relate to the Borrower (including its finances or operations) or the Project, contains any untrue statement of any material fact or omits to state any material fact necessary so as to make such WIFIA Loan Documents, documents, certificates, statements or other materials so provided to the WIFIA Lender, in light of the circumstances under which they were made, not misleading.

(n) Insurance. The Borrower is in compliance with all insurance obligations applicable to the Borrower required under each Related Document to which the Borrower is a party as of the date on which this representation and warranty is made. To the extent the Borrower self-insures, the Borrower's self-insurance program is actuarially sound and the Borrower has received an opinion from an accredited actuary within the last twelve (12) months, which opinion confirms that the Borrower's self-insurance program is actuarially sound.

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

(p) Borrower Financial Statements. Each Borrower Financial Statement delivered to the WIFIA Lender by the Borrower pursuant to Section 19(a) (*Reporting Requirements of the Borrower – Annual Financial Statements*) has been prepared in accordance with GAAP and presents fairly, in all material respects, the financial condition of the Borrower as of the respective dates of the balance sheets included therein and the results of operations of the Borrower for the respective periods covered by the statements of income included therein, if any such balance sheets and statements are prepared. Except as reflected in such Borrower Financial Statements, there are no liabilities or obligations of the Borrower of any nature whatsoever for the periods to which such Borrower Financial Statements relate that are required to be disclosed in accordance with GAAP.

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

(f) Taxes. The Borrower is not required to file tax returns with any Governmental Authority.

(s) Sovereign Immunity. The Borrower either has no immunity from the jurisdiction of any court of competent jurisdiction or from any legal process therein which could be asserted in any action to enforce the obligations of the Borrower under any of the Related Documents to which the Borrower is a party or the transactions contemplated hereby or thereby, including the obligations of the Borrower hereunder and thereunder, or, to the extent that the Borrower has such immunity, the Borrower has waived such immunity pursuant to Section 15(j) (*Affirmative Covenants of the Borrower – Immunity*).

(t) Patriot Act. The Borrower is not required to establish an anti-money laundering compliance program pursuant to the Patriot Act.⁴

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

Section 13. Representations and Warranties of the District. The District hereby represents and warrants that, as of the Effective Date and, as to each of the representations and warranties below other than those contained in Section 13(b) (*Representations and Warranties of the District – Officers’ Authorization*) the first sentence of Section 13(f) (*Representations and Warranties of the District – Litigation*) and the first sentence of Section 13(m) (*Representations and Warranties of the District – Construction Contracts*), as of each date on which any disbursement of the WIFIA Loan is requested or made:

(a) Organization; Power and Authority. The District is a sanitary district duly organized and validly existing under its Organizational Documents and the laws of the State, has full legal right, power and authority to do business in the State and to enter into the Related Documents then in existence to which it is a party, to execute and deliver this Agreement and the WIFIA Installment Purchase Agreement, and to carry out and consummate all transactions contemplated hereby and thereby, and has duly authorized the execution, delivery and performance of this Agreement and the other Related Documents to which it is a party.

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

(c) Due Execution; Enforceability. Each of the Related Documents in effect as of any date on which this representation and warranty is made, and to which the District is a party has been duly authorized, executed and delivered by the District and constitutes the legal, valid and binding agreement of the District enforceable against the District in accordance with its terms,

⁴ **Note to the Borrower:** Please confirm that USDFA is not required to establish an anti-money laundering compliance program.

except as such enforceability (i) may be limited by applicable bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or similar laws affecting the rights of creditors generally and (ii) is subject to general principles of equity, the exercise of judicial discretion and the limitation on legal remedies against governmental entities imposed by the laws of the State (regardless of whether enforceability is considered in equity or at law).

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

(e) Consents and Approvals. No consent or approval of any trustee, holder of any obligations (including any Obligations and any Installment Payment obligations) of the District or of any other Person, and no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Authority is necessary in connection with (i) the execution and delivery by the District of the Related Documents to which it is a party, except as have been obtained or made and as are in full force and effect, or (ii) (A) the consummation of any transaction contemplated by any of the Related Documents to which the District is a party, or (B) the fulfillment of or compliance by the District with the terms and conditions of any of the Related Documents to which the District is a party, except as have been obtained or made and as are in full force and effect or as are ministerial in nature and can reasonably be expected to be obtained or made in the ordinary course on commercially reasonable terms and conditions when needed. The District is not in default (and no event has occurred and is continuing that, with the giving of notice or the passage of time or both, could constitute a default) with respect to any Governmental Approval, which default could reasonably be expected to result in a District Material Adverse Effect.

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

affecting any of the Construction Contractors, except for matters arising after the Effective Date that could not reasonably be expected to (i) result in a District Material Adverse Effect or (ii) adversely affect the District's ability to receive Gross Revenues and Net Revenues in amounts sufficient to meet the financial projections contained in the Base Case Financial Model (or any Updated Financial Model, to the extent any Updated Financial Model has been approved by the WIFIA Lender) or to pay the WIFIA Installment Payments.

(g) Security Interests. (i) The WIFIA Installment Purchase Agreement and Section 5451 of the California Government Code establish, and (ii) the District has taken all necessary action to pledge, assign, and grant, in each case in favor of the Borrower, legal, valid, binding and enforceable Liens on the District Collateral purported to be created, pledged, assigned, and granted pursuant to and in accordance with the WIFIA Installment Purchase Agreement, irrespective of whether any Person has notice of the pledge and without the need for any physical delivery, recordation, filing, or further act. The Liens on the District Collateral in favor of the Borrower are in full force and effect and are (A) not subordinate or junior to any other Liens in respect of the Gross Revenues other than the Liens on the Gross Revenues for the benefit of the Senior Obligations, and (B) not *pari passu* with any Liens in respect of the Gross Revenues other than the Liens on the Gross Revenues for the benefit of the Subordinate Obligations. The Lien on the WIFIA Debt Service Account in favor of the Borrower is the only Lien with respect to the WIFIA Debt Service Account. The District is not in breach of any covenant set forth in Section 17(b) (*Affirmative Covenants of the District – Securing Liens*) or in any WIFIA Loan Document to which the District is a party with respect to the matters described in Section 17(b) (*Affirmative Covenants of the District – Securing Liens*). As of the Effective Date and as of each other date this representation and warranty is made, (1) all documents and instruments have been recorded or filed for record in such manner and in such places as are required and all other action as is necessary or desirable has been taken to establish a legal, valid, binding, and enforceable Lien on the District Collateral for the benefit of the Borrower, and (2) all taxes and filing fees that are due and payable in connection with the execution, delivery or recordation of any WIFIA Loan Document or any instruments, certificates or financing statements in connection with the foregoing, have been paid. Neither the attachment, validity, enforceability or priority of the security interest in the District Collateral granted pursuant to the WIFIA Installment Purchase Agreement is governed by Article 9 of the UCC.

(h) No Debarment. The District has fully complied with its verification obligations under 2 C.F.R. § 180.320 and confirms, based on such verification, that, to its knowledge, neither the District nor any of its principals (as defined in 2 C.F.R. § 180.995 and supplemented by 2 C.F.R. § 1532.995) is debarred, suspended or voluntarily excluded from participation in Government contracts, procurement or non-procurement matters or delinquent on a Government debt as more fully set forth in the certificate delivered pursuant to Section 11(a)(vii) (*Conditions Precedent – Conditions Precedent to Effectiveness*).

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

(j) Compliance with Laws.

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

(ii) To ensure such compliance, the District has included in all contracts with respect to the Project (A) the contract clauses relating to the Davis-Bacon Act requirements that are set forth in the Code of Federal Regulations, Title 29 Part 5.5 and (B) requirements that its contractors (1) shall comply with all applicable laws, rules, regulations, and requirements set forth in this Section 13(j) and follow applicable federal guidance and (2) incorporate in all subcontracts (and cause all subcontractors to include in lower tier subcontracts) such terms and conditions as are required to be incorporated therein by any applicable laws, rules, regulations and requirements set forth in this Section 13(j) (including with respect to the Davis-Bacon Act requirements).

(iii) No notices of violation of any applicable law have been issued, entered or received by the District or, to the District's knowledge and solely in respect of the Project or any Construction Contract, any Construction Contractor, other than, in each case, notices of violations that are immaterial.

(iv) The District is not and, to the knowledge of the District, no Construction Contractor is, (A) a Sanctioned Person or (B) in violation of or, since the date that is five (5) years prior to the Effective Date, has violated: (1) any applicable Anti-Money Laundering Laws; (2) any applicable Sanctions; (3) any applicable Anti-Corruption Laws; or (4) any applicable anti-drug trafficking, anti-terrorism, or anti-corruption laws, civil or criminal. There are no pending or, to the knowledge of the District, threatened claims or investigations by any Governmental Authority against, or any internal investigations conducted by, the District or any Construction Contractor, with respect to any possible or alleged violations of any Sanctions, Anti-Money Laundering Laws, Anti-Corruption Laws, or any anti-drug trafficking or anti-terrorism laws. No use of proceeds of the WIFIA Loan or any other transaction contemplated by this Agreement or any other Related Document will violate any applicable Sanctions, Anti-Money Laundering Laws, or Anti-Corruption Laws, or any applicable anti-drug trafficking or anti-terrorism laws.

(k) No Defaults. No Default or Event of Default, and no default or event of default by the District under any other Related Document (excluding Construction Contracts) to which the District is a party, has occurred and is continuing.

(l) Governmental Approvals. All Governmental Approvals required as of the Effective Date and required as of any subsequent date on which this representation is made (or deemed made) for the undertaking and completion by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, of the Project, and for the operation and management thereof, have been obtained or effected and are in full force and effect and there is no

basis for, nor proceeding that is pending or threatened that could reasonably be expected to result in, the revocation of or a default under any such Governmental Approval.

(m) Construction Contracts. Attached as **Schedule 13(m)** (*Construction Contracts*) is a list of the Existing Construction Contracts and all Additional Construction Contracts that are expected to be entered into. With respect to each Construction Contract that has been entered into on or prior to any date on which this representation and warranty is made, (x) it is in full force and effect, (y) all conditions precedent to the obligations of the respective parties under each such Construction Contract have been satisfied and (z) the District has delivered to the WIFIA Lender a fully executed, complete and correct copy of each such Construction Contract, including any amendments or modifications thereto and any related credit support instruments or side letters. No event has occurred that gives the District or, to the District's knowledge, any Construction Contractor, the right to terminate any such Construction Contract. The District is not in breach of any material term in or in default under any Construction Contract, and to the knowledge of the District no party to any Construction Contract is in breach of any material term therein or in default thereunder.

(n) Information. Neither the WIFIA Loan Documents to which the District is a party, nor any documents, certificates or statements provided to the WIFIA Lender by representatives of the District in connection with the transactions contemplated thereby, which for purposes of this Section 13(n) shall consist of all financial models, project budgets, documents or statements related to the Application or the Project, cash flow schematics, responses to due diligence interrogatories or requests from the WIFIA Lender or its advisors, and documents uploaded to any data room made accessible to the District by the WIFIA Lender (or its advisors) or provided to the WIFIA Lender in an electronic written communication, to the extent such documents, certificates, statements or other materials relate to the District (including its finances or operations) or the Project, contains any untrue statement of any material fact or omits to state any material fact necessary so as to make such WIFIA Loan Documents, documents, certificates, statements or other materials so provided to the WIFIA Lender, in light of the circumstances under which they were made, not misleading.

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

material information in the possession of or reasonably available to the District regarding the District's or the Project's compliance with (A) Environmental Laws and (B) Governmental Approvals that are required for the Project and relate to Environmental Laws.

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

(q) Insurance. The District is in compliance with all insurance obligations required under each Related Document to which the District is a party as of the date on which this representation and warranty is made. To the extent the District self-insures, the District's self-insurance program is actuarially sound and the District has received an opinion from an accredited actuary within the last twelve (12) months, which opinion confirms that the District's self-insurance program is actuarially sound.

(r) No Prohibited Liens. Except for Permitted Liens, the District has not created, and is not under any obligation to create, and has not entered into any transaction or agreement that would result in the imposition of, any Lien on the Gross Revenues, the Wastewater System, the WIFIA Debt Service Account, the Project or the properties or assets in relation to the Project.

(s) District Financial Statements. Each District Financial Statement delivered to the WIFIA Lender by the District pursuant to Section 20(b) (*Reporting Requirements of the District – Annual Financial Statements*) has been prepared in accordance with GAAP and presents fairly, in all material respects, the financial condition of the District as of the respective dates of the balance sheets included therein and the results of operations of the District for the respective periods covered by the statements of income included therein. Except as reflected in such District Financial Statements, there are no liabilities or obligations of the District of any nature whatsoever for the periods to which such District Financial Statements relate that are required to be disclosed in accordance with GAAP.

(t) Taxes. The District is not required to file tax returns with any Governmental Authority.

(u) Sufficient Funds. The amount of the WIFIA Loan, when combined with all other funds committed for the development and construction of the Project as set forth under the various sources of funds in the Base Case Financial Model and the Project Budget will be sufficient to carry out the Project, pay all Total Project Costs anticipated for the development and construction of the Project and achieve Substantial Completion by the Projected Substantial Completion Date.

(v) Sovereign Immunity. The District either has no immunity from the jurisdiction of any court of competent jurisdiction or from any legal process therein which could be asserted in any action to enforce the obligations of the District under any of the Related Documents to which the District is a party or the transactions contemplated hereby or thereby, including the obligations of the District hereunder and thereunder, or, to the extent that the District has such immunity, the District has waived such immunity pursuant to Section 17(n) (*Affirmative Covenants of the District – Immunity*).

(w) Patriot Act. The District is not required to establish an anti-money laundering compliance program pursuant to the Patriot Act.⁵

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

Section 14. Representations and Warranties of WIFIA Lender. The WIFIA Lender represents and warrants that:

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

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

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

ARTICLE V COVENANTS

Section 15. Affirmative Covenants of the Borrower. The Borrower covenants and agrees as follows until the date the WIFIA Note and all of the obligations of the Borrower under this Agreement (other than contingent indemnity obligations) are irrevocably paid in full by the Borrower in immediately available funds, unless the WIFIA Lender waives compliance in writing:

(a) Securing Liens. The Borrower shall at any and all times, to the extent permitted by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable in connection with assuring, conveying, granting, assigning, securing and confirming the Liens on the Authority Revenues (whether now existing or hereafter arising) and the

⁵ **Note to the District:** Please confirm that USD is not required to establish an anti-money laundering compliance program.

Borrower's rights with respect to the WIFIA Debt Service Account granted to the WIFIA Lender for its benefit pursuant to the WIFIA Loan Documents to which the Borrower is a party, or intended so to be granted pursuant to the WIFIA Loan Documents to which the Borrower is a party, or which the Borrower may become bound to grant, and the Borrower shall at all times maintain the Authority Revenues and its rights with respect to the WIFIA Debt Service Account free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto other than the Liens with respect to the WIFIA Loan, and all organizational, regulatory or other necessary action on the part of the Borrower to that end shall be duly and validly taken at all times. The Borrower shall at all times, to the extent permitted by law, defend, preserve and protect the Liens on the Authority Revenues granted pursuant to the WIFIA Loan Documents and for the benefit of the WIFIA Lender under the WIFIA Loan Documents against all claims and demands of all Persons whomsoever.

(b) Use of Proceeds. The Borrower shall use, and shall cause the District pursuant to the WIFIA Installment Purchase Agreement to use, the proceeds of the WIFIA Loan solely for purposes permitted by applicable law and as otherwise permitted by this Agreement.

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

(d) Operation of the Borrower. The Borrower shall at all times do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in full force and effect the Governmental Approvals and any other rights, licenses, franchises, and authorizations material to the conduct of its business.

(e) Maintain Legal Structure. The Borrower shall maintain its existence as a joint exercise of powers authority organized and existing under its Organizational Documents and the laws of the State.

(f) Compliance with Laws.

(i) The Borrower shall comply with all applicable laws, rules, regulations and requirements.

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

(g) Material Obligations; Payment of Claims.

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

(ii) The Borrower shall pay and discharge promptly all taxes, assessments and governmental charges or levies imposed upon it or upon the Authority

Revenues, before the same shall become delinquent or in default; provided that such payment and discharge shall not be required with respect to any such tax, assessment, charge, levy, claim or Lien so long as the validity or amount thereof shall be contested by the Borrower in good faith by appropriate proceedings and so long as the Borrower shall have set aside adequate reserves with respect thereto in accordance with and to the extent required by GAAP, applied on a consistent basis.

(iii) The Borrower will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a Lien on the Authority Revenues.

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

(i) DUNS Number. The Borrower shall (i) obtain prior to the Effective Date (and provide such number to the WIFIA Lender) and maintain from Dun & Bradstreet (or a successor entity) a Data Universal Numbering System Number (a “**DUNS Number**”) and (ii) within sixty (60) days prior to each anniversary of the Effective Date, provide to the WIFIA Lender evidence of the continuing effectiveness of such DUNS Number, in each case until the Final Maturity Date or to such earlier date as all amounts due or to become due to the WIFIA Lender under this Agreement have been irrevocably paid in full in immediately available funds.

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

(k) Accounting and Audit Procedures.

(i) The Borrower shall establish fiscal controls and accounting procedures sufficient to assure proper accounting for Authority Revenues, debt issued and outstanding and debt payments. The Borrower shall use accounting, audit and fiscal procedures conforming to GAAP, including, with respect to the WIFIA Loan, accounting of principal and interest payments, disbursements, prepayments and calculation of interest and principal amounts Outstanding.

(ii) The Borrower shall have a single or program-specific audit conducted in accordance with 2 C.F.R. Part 200 Subpart F and 31 U.S.C. § 7502 from (and including) the first Borrower Fiscal Year in which there is a disbursement of WIFIA Loan proceeds and annually thereafter to the extent required by applicable law, except to the extent biennial audits are permitted for the Borrower pursuant to 2 C.F.R. § 200.504 and 31 U.S.C. § 7502(b). Upon reasonable notice, the Borrower shall cooperate fully in the

conduct of any periodic or compliance audits conducted by the WIFIA Lender, or designees thereof, pursuant to 40 C.F.R. Part 35, 31 U.S.C. § 7503(b), or 31 U.S.C. § 6503(h) and shall provide full access to any books, documents, papers or other records that are pertinent to the WIFIA Loan, to the WIFIA Lender, or the designee thereof, for any such project or programmatic audit.

(l) Access; Records.

(i) So long as the WIFIA Loan or any portion thereof shall remain outstanding and until five (5) years after the WIFIA Loan shall have been paid in full, the WIFIA Lender shall have the right, upon reasonable prior notice, to examine books of account and records of the Borrower relating to the Project, to make copies and extracts therefrom at the District's expense, and to discuss the Borrower's affairs, finances and accounts relating to the WIFIA Loan with, and to be advised as to the same by, its officers and employees and its independent public accountants (and by this provision the Borrower irrevocably authorizes its independent public accountants to discuss with the WIFIA Lender the affairs, finances and accounts of the Borrower, whether or not any representative of the Borrower is present, it being understood that nothing contained in this Section 15(l) is intended to confer any right to exclude any such representative from such discussions), all at such reasonable times and intervals as the WIFIA Lender may request.

(ii) The Borrower shall maintain and retain all files relating to the WIFIA Loan until five (5) years after the later of the date on which (A) all rights and duties under this Agreement and under the WIFIA Note (including payments) have been fulfilled and any required audits have been performed and (B) any litigation relating to the Project, the WIFIA Loan or this Agreement is finally resolved or, if the WIFIA Lender has reasonable cause to extend such date, a date to be mutually agreed upon by the WIFIA Lender and the Borrower.

(m) Compliance with Contracts. The Borrower will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be performed by it contained in all contracts affecting or involving the Wastewater System, to the extent that the Borrower is a party thereto.

(n) Further Assurances. The Borrower 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 WIFIA Lender the rights and benefits provided to it herein.

Section 16. Negative Covenants of the Borrower. The Borrower covenants and agrees as follows until the date the WIFIA Note and all of the obligations of the Borrower under this Agreement (other than contingent indemnity obligations) are irrevocably paid in full by the Borrower in immediately available funds, unless the WIFIA Lender waives compliance in writing:

(a) No Lien Extinguishment or Adverse Amendments. The Borrower shall not, and shall not permit any Person to, without the prior written consent of the WIFIA Lender, (i) extinguish or impair the Liens on the Authority Revenues or the Borrower's rights with respect to

the WIFIA Debt Service Account granted pursuant to this Agreement, (ii) amend, modify, terminate, assign, replace or supplement, or permit a waiver of any provision of, the WIFIA Installment Purchase Agreement, (iii) amend, modify, replace or supplement any Related Document to which the Borrower is a party (other than the WIFIA Installment Purchase Agreement) or permit a waiver of any provision thereof in a manner that could adversely affect the WIFIA Lender or could reasonably be expected to result in a Borrower Material Adverse Effect, or (iv) terminate, assign or replace any Related Document to which the Borrower is a party (other than the WIFIA Installment Purchase Agreement) in a manner that could adversely affect the WIFIA Lender or could reasonably be expected to have a Borrower Material Adverse Effect. The Borrower shall not take or omit to take any action under any contract if the effect of such act or failure to act would in any manner impair or adversely affect the ability of the District to secure adequate Net Revenues to meet the requirements of the WIFIA Loan Documents.

(b) No Prohibited Liens. Except for the Liens with respect to the WIFIA Loan for the benefit of the WIFIA Lender, the Borrower shall not create, incur, assume or permit to exist any Lien on the Authority Revenues or its rights with respect to the WIFIA Debt Service Account.

(c) Borrower Fiscal Year. The Borrower shall not at any time adopt any fiscal year other than the Borrower Fiscal Year, except with thirty (30) days' prior written notice to the WIFIA Lender.

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

(e) Hedging. Other than Qualified Hedges, the Borrower shall not enter into any swap or hedging transaction, including inflation indexed swap transactions, "cap" or "collar" transactions, futures, or any other hedging transaction without the prior written consent of the WIFIA Lender.

(f) Variable Interest Rate Obligations. The Borrower shall not, on behalf of the District, issue any obligation that is to bear interest at a Variable Interest Rate if such issuance would cause the principal amount of all Outstanding Variable Interest Rate Obligations to exceed twenty-five percent (25%) of the principal amount of all Outstanding Obligations.

(g) Mergers and Acquisitions. The Borrower shall not, and shall not agree to, reorganize, consolidate with or merge into another Person unless (i) such reorganization, merger or consolidation is with or into another entity established by State law and such reorganization, merger or consolidation is mandated by State law, and in each case, does not adversely affect or impair to any extent or in any manner (A) the Authority Revenues or (B) the availability of the Authority Revenues for the payment and security of the obligations of the Borrower under this Agreement or this Agreement, (ii) the Borrower provides to the WIFIA Lender, no later than sixty (60) days prior to the date of reorganization, consolidation or merger, prior written notice of such reorganization, consolidation or merger and the agreements and documents authorizing the reorganization, consolidation or merger, satisfactory in form and substance to the WIFIA Lender,

and (iii) either (A) any surviving entity as a result of such reorganization, merger or consolidation that is not the Borrower immediately prior to the reorganization, merger or consolidation executes, acknowledges, and delivers to the WIFIA Lender an agreement satisfactory to the WIFIA Lender in form and substance whereby such surviving entity assumes the Borrower's obligations under this Agreement, or (B) the Borrower delivers to the WIFIA Lender the statute implementing such reorganization, merger or consolidation or an order or other document of the State or local agency with statutory jurisdiction over such reorganization, merger or consolidation, in either case containing a provision requiring the surviving entity to assume the Borrower's obligations with respect to bonds, notes and other obligations, including the WIFIA Installment Purchase Agreement and this Agreement. In addition, the Borrower shall provide all information concerning such reorganization, consolidation or merger as shall have been reasonably requested by the WIFIA Lender.

Section 17. Affirmative Covenants of the District. The District covenants and agrees as follows until the date the WIFIA Note and all of the obligations of the Borrower under this Agreement (other than contingent indemnity obligations) are irrevocably paid in full by the Borrower in immediately available funds, unless the WIFIA Lender waives compliance in writing:

(a) Rate Covenant.

(i) To the fullest extent permitted by law, the District shall fix and prescribe, at the commencement of each District Fiscal Year, rates and charges for the Wastewater Service which are reasonably expected to be at least sufficient to yield during each District Fiscal Year (A) Net Revenues equal to one hundred twenty percent (120%) of the Debt Service payable in such District Fiscal Year and (B) Net Revenues remaining after payment of Debt Service equal to one hundred ten percent (110%) of Subordinate Debt Service payable in such District 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 17(a)(i).

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

(b) Securing Liens. The District shall at any and all times, to the extent permitted by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable in connection with assuring, conveying, granting, assigning, securing and confirming the Liens on the District Collateral (whether now existing or hereafter arising) granted to the Borrower for its benefit pursuant to the WIFIA Installment Purchase Agreement, or intended so to be granted pursuant to the WIFIA Installment Purchase Agreement, or which the District may become bound to grant, and the District shall at all times maintain the District Collateral and the

WIFIA Debt Service Account free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto that has priority over, or equal rank with, the Liens created by the WIFIA Installment Purchase Agreement (except with respect to the WIFIA Debt Service Account, free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto, regardless of priority), other than as permitted by this Agreement and the WIFIA Installment Purchase Agreement, and all organizational, regulatory or other necessary action on the part of the District to that end shall be duly and validly taken at all times. The District shall at all times, to the extent permitted by law, defend, preserve and protect the Liens on the District Collateral granted for the benefit of the Borrower pursuant to the WIFIA Installment Purchase Agreement against all claims and demands of all Persons whomsoever, subject to Permitted Liens.

(c) Use of Proceeds. The District shall use the proceeds of the WIFIA Loan solely for purposes permitted by applicable law and as otherwise permitted under this Agreement, the WIFIA Installment Purchase Agreement and the other Related Documents to which the District is a party.

(d) Prosecution of Work; Verification Requirements.

(i) The District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, shall diligently prosecute the work relating to the Project and complete the Project in accordance with the Construction Schedule, the Governmental Approvals in connection with the Project, and the highest standards of the District's industry.

(ii) The District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, shall ensure that each Construction Contractor complies with all applicable laws and legal or contractual requirements with respect to any performance security instrument delivered by such Construction Contractor to the District and shall ensure that any letter of credit provided pursuant to any Construction Contract meets the requirements therefor set forth in such Construction Contract.

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

(e) Maintenance and Operation of the Wastewater System. The District shall (i) operate and maintain the Wastewater System (including, but not limited to, the Project) in a reasonable and prudent manner and (ii) maintain the Wastewater System (including the Project) in good repair, working order and condition and in accordance with the requirements of all applicable laws and each applicable Related Document. The District shall at all times do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in full force and effect the Governmental Approvals and any other rights, licenses, franchises, and authorizations material to the conduct of its business.

(f) Insurance; Net Proceeds.

(i) The District will procure and maintain or cause to be procured and maintained insurance on the Wastewater System with responsible insurers in such amounts and against such risks (including damage to or destruction of the Wastewater System) as are customarily maintained with respect to works and properties of like character against accident to, loss of, or damage to such works or properties. The District shall cause each Construction Contractor to obtain and maintain builders risk and casualty and liability insurance in accordance with the requirements of the applicable Construction Contract.

(ii) The District shall (by self-insuring or maintaining with responsible insurers or by a combination thereof) provide for workers' compensation insurance for District's workers and insurance against public liability and property damage to the District Operations (including the Project) to the extent reasonably necessary to protect the District and the WIFIA Lender.

(iii) The District shall cause all liability insurance policies that it maintains (and, during the Construction Period, all liability insurance policies that are maintained by any Construction Contractor), other than workers' compensation insurance, to reflect the WIFIA Lender as an additional insured to the extent of its insurable interest.

(iv) 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.

(v) If such Net Proceeds exceed the costs of such reconstruction, repair or replacement, then the remaining excess Net Proceeds, after any prepayment therefrom of the Senior Obligations in accordance their Obligation Documents, shall be applied in part to the prepayment of the WIFIA Loan as provided in Section 9(a) (*Prepayment – Mandatory Prepayment from Net Proceeds or Eminent Domain Proceeds*) and in part to such other funds or accounts as may be appropriate and used for the retirement of the Subordinate Obligations (other than the WIFIA Loan) in the same proportion which the Outstanding WIFIA Loan Balance then bears to the aggregate unpaid principal amount of the Subordinate Obligations (other than the WIFIA Loan). If such Net Proceeds are sufficient to discharge all obligations under this Agreement, the WIFIA Note, and the WIFIA Installment Purchase Agreement and all other Outstanding Obligations, 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 the Outstanding WIFIA Loan Balance as provided in Section 9(a) (*Prepayment – Mandatory Prepayment from Net Proceeds or Eminent Domain Proceeds*) and to the retirement of such other Outstanding Obligations.

(vi) The District will procure and maintain such other insurance as it shall deem advisable or necessary to protect its interests and the interests of the Borrower, 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.

(vii) Any insurance required to be maintained by Section 17(f)(i) and, if the District determines to procure and maintain insurance pursuant to Section 17(f)(vi), 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.

(viii) All policies of insurance required to be maintained herein shall provide that the Borrower and the WIFIA Lender shall be given thirty (30) days written notice of any intended cancellation thereof or reduction of coverage provided thereby.

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

(g) Maintain Legal Structure. The District shall maintain its existence as a sanitary district organized and existing under its Organizational Documents and the laws of the State.

(h) Accounts; Permitted Investments.

(i) The District shall maintain the Revenue Fund in accordance with the terms hereof and the other WIFIA Loan Documents. All Gross Revenues received shall be deposited in the Revenue Fund when and as received in trust for the benefit of the holders of the Obligations, subject to the application of Gross Revenues to Operation and Maintenance Costs. The District shall maintain and hold separate and apart from other funds the Revenue Fund so long as any Obligations remain unpaid. Moneys in the Revenue Fund shall be used and applied by the District as provided in the Flow of Funds.

(ii) All moneys held by the District in the Revenue Fund shall be invested in Permitted Investments and the investment earnings thereon shall remain on deposit in such fund, except as otherwise provided herein.

(iii) The District shall maintain the Parity Debt Reserve, if any, in accordance with the terms of the WIFIA Installment Purchase Agreement.

(i) WIFIA Debt Service Account. The District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, shall (i) establish the WIFIA Debt Service Account on or prior to the first WIFIA Installment Payment Date and (ii) maintain the WIFIA Debt Service Account in accordance with the WIFIA Installment Purchase Agreement for the

benefit of the Borrower. The WIFIA Debt Service Account shall be subject to a Lien and has been pledged by the District to the Borrower as security solely for the benefit of the Borrower and shall not be subject to any security interest in favor of any Person other than the Borrower and the WIFIA Lender, as assignee of the Borrower's rights therein. Amounts on deposit in the WIFIA Debt Service Account shall be applied by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, solely to pay WIFIA Debt Service and other amounts due with respect to the WIFIA Loan or the WIFIA Note.

(j) Compliance with Laws.

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

(ii) To ensure such compliance, the District shall include in all contracts with respect to the Project (A) the contract clauses relating to the Davis-Bacon Act requirements that are set forth in the Code of Federal Regulations, Title 29 Part 5.5 and (B) requirements that its contractors (1) shall comply with all applicable laws, rules, regulations, and requirements set forth in this Section 17(j) and follow applicable federal guidance and (2) incorporate in all subcontracts (and cause all subcontractors to include in lower tier subcontracts) such terms and conditions as are required to be incorporated therein by any applicable laws, rules, regulations and requirements set forth in this Section 17(j) (including with respect to the Davis-Bacon Act requirements).

(k) Material Obligations; Payment of Claims.

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

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

(iii) The District shall pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a Lien on the Wastewater System (or any part thereof), the WIFIA Debt Service Account, the Project, the Gross Revenues or any fund or account of the District pledged to pay Obligations.

(l) SAM Registration. The District shall (i) obtain prior to the Effective Date (and provide such registration information to the WIFIA Lender) and maintain through the Final Disbursement Date an active registration status with the federal System for Award Management

(www.SAM.gov) (or any successor system or registry) and (ii) within sixty (60) days prior to each anniversary of the Effective Date until the Final Disbursement Date, provide to the WIFIA Lender evidence of such active registration status with no active exclusions reflected in such registration.

(m) DUNS Number. The District shall (i) obtain prior to the Effective Date (and provide such number to the WIFIA Lender) and maintain from Dun & Bradstreet (or a successor entity) a Data Universal Numbering System Number (a “**DUNS Number**”) and (ii) within sixty (60) days prior to each anniversary of the Effective Date, provide to the WIFIA Lender evidence of the continuing effectiveness of such DUNS Number, in each case until the Final Maturity Date or to such earlier date as all amounts due or to become due to the WIFIA Lender under this Agreement have been irrevocably paid in full in immediately available funds.

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

(o) Accounting and Audit Procedures.

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

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

(p) Access; Records.

(i) So long as the WIFIA Loan or any portion thereof shall remain outstanding and until five (5) years after the WIFIA Loan shall have been paid in full by the Borrower, the WIFIA Lender shall have the right, upon reasonable prior notice, to visit and inspect any portion of the Project, to examine books of account and records of the District relating to the Project, to make copies and extracts therefrom at the District's expense, and to discuss the District's affairs, finances and accounts relating to the Project with, and to be advised as to the same by, its officers and employees and its independent public accountants (and by this provision the District irrevocably authorizes its independent public accountants to discuss with the WIFIA Lender the affairs, finances and accounts of the District, whether or not any representative of the District is present, it being understood that nothing contained in this Section 17(p) is intended to confer any right to exclude any such representative from such discussions), all at such reasonable times and intervals as the WIFIA Lender may request. The District agrees to pay all out-of-pocket expenses incurred by the WIFIA Lender in connection with the WIFIA Lender's exercise of its rights under this Section 17(p) at any time when an Event of Default shall have occurred and be continuing.

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

(q) Compliance with Contracts. The District will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be performed by it contained in all contracts affecting or involving the Wastewater System, to the extent that the District is a party thereto.

(r) Protection of Security and Rights of the Borrower. The District will preserve and protect the security and the rights of the Borrower to the WIFIA Installment Payments and the WIFIA Debt Service Account under the WIFIA Installment Purchase Agreement and will warrant and defend such rights against all claims and demands of all persons.

(s) 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 System and providing for the billing thereof and for a due date and a delinquency date for each bill.

(t) 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:

(i) If (A) the District files with the Borrower and the WIFIA Lender a certificate showing (1) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the District by reason of such eminent domain proceedings, (2) a general description of the additions, betterments, extensions or improvements to the Wastewater System proposed to be acquired and constructed by the District from such Net Proceeds, and (3) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements, and (B) the District, on the basis of such certificate filed with the Borrower and the WIFIA Lender, 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.

(ii) If any of the conditions set forth in Section 17(t)(i) is not met, then the remaining Net Proceeds, after any prepayment therefrom of the Senior Obligations in accordance their Obligation Documents, shall be applied by the District in part to the prepayment of the WIFIA Loan as provided in Section 9(a) (*Prepayment – Mandatory Prepayment from Net Proceeds or Eminent Domain Proceeds*) and in part to such other funds or accounts as may be appropriate and used for the retirement of the Subordinate Obligations (other than the WIFIA Loan) in the same proportion which the Outstanding WIFIA Loan Balance then bears to the aggregate unpaid principal amount of such Subordinate Obligations (other than the WIFIA Loan).

(u) 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 WIFIA Lender the rights and benefits provided to it herein.

(v) Senior Obligations Documents and Subordinated Obligations Documents. Each Obligation Document for Senior Obligations and each Obligation Document for Subordinate Obligations entered into by the District shall contain a flow of funds substantively the same as the flow of funds set forth in Section 7 (*Security and Priority; Flow of Funds*).

Section 18. Negative Covenants of the District. The District covenants and agrees as follows until the date the WIFIA Note and all of the obligations of the Borrower under this Agreement (other than contingent indemnity obligations) are irrevocably paid in full by the Borrower in immediately available funds, unless the WIFIA Lender waives compliance in writing:

(a) Additional Obligations. The District shall not create, incur or suffer to exist any Additional Obligations unless the conditions described below are satisfied:

(i) The District may not issue or incur any Senior Obligations during the term of the WIFIA Loan Agreement unless all of the following conditions are satisfied:

(A) The Net Revenues for the last audited District Fiscal Year, or for any consecutive twelve (12) calendar month period during the eighteen (18) calendar month period preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Senior Obligation or the date of the Contract execution of such Senior Obligation, as the case may be, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Consultant 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 District Fiscal Year or other twelve (12) month period; and

(B) The Net Revenues for the last audited District Fiscal Year, or for any consecutive twelve (12) calendar month period during the eighteen (18) calendar month period preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Senior Obligation or the date of the Contract execution of such Senior Obligation, as the case may be, including adjustments to give effect as of the first day of such District Fiscal Year or other twelve (12) 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 Consultant 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 District Fiscal Year or other twelve (12) month period, plus the Debt Service which would have accrued on any executed or issued Senior Obligations since the end of such District Fiscal Year or other twelve (12) month period, assuming that such Senior Obligations had been executed or issued, as applicable, at the beginning of such District Fiscal Year or other twelve (12) month period, plus the Debt Service which would have accrued had such proposed additional Senior Obligation been executed or issued, as applicable, at the beginning of such District Fiscal Year or other twelve (12) month period.

Notwithstanding Sections 18(a)(i)(A) and (B), any Senior Obligation to refund or prepay Senior Obligations may be delivered without satisfying the conditions set forth above if Debt Service in each District Fiscal Year after the District Fiscal Year in which such new senior obligation is issued or executed is not greater than one hundred five percent (105%) of the Debt Service which would have been payable in each such District Fiscal Year prior to the issuance or execution of such new Senior Obligation.

For the avoidance of doubt, the WIFIA Installment Purchase Agreement shall be treated as a Senior Obligation for purposes of Sections 18(a)(i)(A) and (B).

(ii) The District shall not create, incur or suffer to exist any Additional Subordinate Debt on parity with the WIFIA Installment Payments unless:

(A) The Net Revenues remaining after payment of Debt Service for the last audited District Fiscal Year or any consecutive twelve (12) calendar month period during the eighteen (18) 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 Consultant on file with the District, shall have produced a sum equal to at least one hundred ten percent (110%) of the Subordinate Debt Service for such District Fiscal Year or other twelve (12) month period; and

(B) The Net Revenues remaining after payment of Debt Service for the last audited District Fiscal Year or any consecutive twelve (12) calendar month period during the eighteen (18) 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 District Fiscal Year or other twelve (12) 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 Consultant on file with the District, shall have produced a sum equal to at least one hundred ten percent (110%) of the Subordinate Debt Service for such District Fiscal Year or other twelve (12) month period, plus the Subordinate Debt Service which would have accrued on any Subordinate Debt issued since the end of such District Fiscal Year or other twelve (12) month period, assuming that such Subordinate Debt had been issued or executed, as applicable, at the beginning of such District Fiscal Year or other twelve (12) month period, plus the Subordinate Debt Service which would have accrued had such proposed Subordinate Debt been executed or issued, as applicable, at the beginning of such District Fiscal Year or other twelve (12) month period.

Notwithstanding Sections 18(a)(ii)(A) and (B), any Subordinate Debt on parity with the WIFIA Installment Payments that is executed to refund or prepay Senior Obligations or other Subordinate Debt on parity with the WIFIA Installment Payments may be delivered without satisfying the conditions set forth above if Debt Service and Subordinate Debt Service in each District Fiscal Year after the District Fiscal Year in which such new Subordinate Debt is issued or executed is not greater than one hundred five percent (105%) of the Debt Service and Subordinate Debt Service which would have been payable in each such District Fiscal Year prior to the issuance of or execution of such Subordinate Debt.

(iii) Upon the incurrence of any Additional Obligations, the District shall provide to the WIFIA Lender a certificate signed by the District's Authorized Representative (x) specifying the closing date with respect to such Additional Obligations and (y) confirming that such Additional Obligations are authorized pursuant to, and satisfy the applicable requirements under, this Section 18(a).

(iv) To the extent any Permitted Obligation consists of Tender Option Obligations, the District must maintain a Credit Facility that will pay any amounts payable by the District or the Borrower in respect of such Tender Option Obligations.

(b) No Lien Extinguishment or Adverse Amendments. The District shall not, and shall not permit any Person to, without the prior written consent of the WIFIA Lender, (i) extinguish or impair the Liens on the Gross Revenues or the WIFIA Debt Service Account granted pursuant to the WIFIA Installment Purchase Agreement, (ii) amend, modify, terminate, assign, replace or supplement, or permit a waiver of any provision of, the WIFIA Installment Purchase Agreement, (iii) amend, modify, replace or supplement any Related Document to which the District is a party (other than the WIFIA Installment Purchase Agreement) or permit a waiver of any provision thereof in a manner that could adversely affect the WIFIA Lender, including with respect to the WIFIA Lender's entitlement to a first priority security interest upon the occurrence of a Bankruptcy Related Event pursuant to Section 7(a) (*Security and Priority; Flow of Funds*) and Section 21(d) (*Events of Default and Remedies*), or could reasonably be expected to result in a Material Adverse Effect, or (iv) terminate, assign or replace any Related Document to which the District is a party (other than (A) the WIFIA Installment Purchase Agreement and (B) Obligation Documents relating to Subordinate Obligations) in a manner that could adversely affect the WIFIA Lender or could reasonably be expected to have a Material Adverse Effect. The District shall not take or omit to take any action under any contract if the effect of such act or failure to act would in any manner impair or adversely affect the ability of the District to secure adequate Net Revenues to meet the requirements of the WIFIA Installment Purchase Agreement.

(c) No Prohibited Sale, Lease or Assignment. The Borrower shall not sell, lease or assign its rights in and to the Wastewater System, a substantial portion of the assets included in the Wastewater System, or its rights and obligations under any Construction Contract, in each case unless such sale, lease or assignment (i) could not reasonably be expected to have a Material Adverse Effect and (ii) is made by the Borrower in the ordinary course of business.

(d) Restricted Payments and Transfers. The District shall not permit Gross Revenues or other assets of the Wastewater System, or any funds in any fund or account held pursuant to the WIFIA Installment Purchase Agreement or any ancillary agreement related thereto, or in any other fund or account held by or on behalf of the District, to be paid or transferred or otherwise applied for purposes other than ownership, construction and improvement, operation or maintenance of the Wastewater System.

(e) Against Sale or Other Disposition of Property.

(i) The District shall not enter into any agreement or lease which impairs the operation of the Wastewater System or any part thereof necessary to secure adequate Net Revenues to meet the requirements of the WIFIA Installment Purchase Agreement, or which would otherwise impair the rights of the Borrower under the WIFIA Installment Purchase Agreement 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 impair the ability of the District to pay the WIFIA Installment Payments and if the proceeds of such sale are deposited in the Revenue Fund.

(ii) 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.

(f) District Fiscal Year. The District shall not at any time adopt any fiscal year other than the District Fiscal Year, except with thirty (30) days' prior written notice to the WIFIA Lender.

(g) 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 system competitive with the Wastewater System.

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

(i) Hedging. Other than Qualified Hedges, the District shall not enter into any swap or hedging transaction, including inflation indexed swap transactions, "cap" or "collar" transactions, futures, or any other hedging transaction without the prior written consent of the WIFIA Lender.

(j) Variable Interest Rate Obligations. The District shall not issue any Additional Obligation that is to bear interest at a Variable Interest Rate if such issuance would cause the principal amount of all Outstanding Variable Interest Rate Obligations to exceed twenty-five percent (25%) of the principal amount of all Outstanding Obligations.

(k) Mergers and Acquisitions. The District shall not, and shall not agree to, reorganize, consolidate with or merge into another Person unless (i) such reorganization, merger or consolidation is with or into another entity established by State law and such reorganization, merger or consolidation is mandated by State law, and in each case, does not adversely affect or impair to any extent or in any manner (A) the Gross Revenues and the WIFIA Debt Service Account or (B) the availability of the Gross Revenues for the payment and security of the obligations of the District under the WIFIA Installment Purchase Agreement or this Agreement; and (ii) the District provides to the WIFIA Lender, no later than sixty (60) days prior to the date of reorganization, consolidation or merger, prior written notice of such reorganization, consolidation or merger and the agreements and documents authorizing the reorganization, consolidation or merger, satisfactory in form and substance to the WIFIA Lender. In addition, the District shall provide all information concerning such reorganization, consolidation or merger as shall have been reasonably requested by the WIFIA Lender.

Section 19. Reporting Requirements of the Borrower.

(a) Annual Financial Statements. The Borrower shall deliver to the WIFIA Lender, as soon as available, and within one hundred eighty (180) days after the end of each Borrower Fiscal Year:

(i) to the extent the Borrower is not treated as a component unit of the District in accordance with GAAP, a copy of the audited Borrower Financial Statements as of the end of such Borrower Fiscal Year, (A) setting forth in each case in comparative form the figures for the previous fiscal year, (B) certified without qualification or exception, or qualification as to the scope of the audit, by an independent public accounting firm selected by the Borrower and (C) which shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein (except for changes approved or required by the independent public accountants certifying such statements and disclosed therein); and

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

provided, that the failure of the Borrower to deliver to the WIFIA Lender the financial statements required by this Section 19(a) within such 180-day period shall not constitute a Default or an Event of Default so long as the Borrower delivers such financial statements within one hundred twenty (120) days after the end of such period.

(b) Notices.

(i) The Borrower shall, within fifteen (15) days after it learns of the occurrence, give the WIFIA Lender notice of any of the following events or receipt of any of the following notices, as applicable, setting forth details of such event (provided that the Borrower shall not be obligated to provide such notice to the WIFIA Lender if notice of such event has already been provided to the WIFIA Lender by the District):

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

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

(2) any judgments against the Borrower that could reasonably be expected to have a Borrower Material Adverse Effect, either individually or in the aggregate;

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

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

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

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

(G) Postings on EMMA: the posting of any document on EMMA in accordance with the requirements of any Continuing Disclosure Agreement with respect to any Outstanding Obligations relating to annual financial information and operating data and the reporting of significant events; *provided* that such notice can be accomplished through an email to the WIFIA Lender that includes a link to the posting of the relevant document on EMMA; and

(H) Other Adverse Events: the occurrence of any other event or condition that could reasonably be expected to result in a Material Adverse Effect.

(ii) Within thirty (30) calendar days after the Borrower learns of the occurrence of an event specified in clause (i) above (other than sub-clauses (C) (*Amendments*) or (F) (*Issuance of Indebtedness*)), the Borrower's Authorized Representative shall provide a statement to the WIFIA Lender setting forth the actions the Borrower proposes to take with respect thereto; provided that the Borrower shall not be required to provide such information if and to the extent such information has been provided by the District. The Borrower shall also provide the WIFIA Lender with any

further information reasonably requested by the WIFIA Lender from time to time concerning the matters described in clause (i) above.

(c) Requested Information. The Borrower shall, at any time while the WIFIA Loan remains outstanding, promptly deliver to the WIFIA Lender such additional information regarding the business, financial, legal or organizational affairs of the Borrower or the Authority Revenues as the WIFIA Lender may from time to time reasonably request.

Section 20. Reporting Requirements of the District.

(a) Updated Financial Model. The District shall provide to the WIFIA Lender not later than one hundred eighty (180) days after the end of each District Fiscal Year, an Updated Financial Model demonstrating to the satisfaction of the WIFIA Lender that the District (i) has developed and identified adequate revenues to implement a plan for operating, maintaining and repairing the Wastewater System and (ii) is, and is projected to remain, in compliance with the Rate Covenant for the current District Fiscal Year and a minimum of each of the immediately succeeding District Fiscal Years through the end of the Forecast Period. The Updated Financial Model must include the District's capital improvement plan, major maintenance plan, projected rates and charges, projected Net Revenues, projected debt outstanding and annual debt service, projected operation and maintenance costs of the Wastewater System. The delivery of any Updated Financial Model by the District to the WIFIA Lender shall constitute a representation and warranty by the District, as of the date of such delivery, that such Updated Financial Model, including the assumptions and supporting documentation, as of its date, is accurate and reasonable to the best of the District's knowledge and belief and reflects the District's reasonable expectations, using assumptions that the District believes to be reasonable, of the expected District operations.

(b) Annual Financial Statements. The District shall deliver to the WIFIA Lender, as soon as available, and within one hundred eighty (180) days after the end of each District Fiscal Year:

(i) a copy of the audited District Financial Statements as of the end of such District Fiscal Year, (A) setting forth in each case in comparative form the figures for the previous fiscal year, (B) certified without qualification or exception, or qualification as to the scope of the audit, by an independent public accounting firm selected by the District and (C) which shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein (except for changes approved or required by the independent public accountants certifying such statements and disclosed therein); and

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

provided, that the failure of the District to deliver to the WIFIA Lender the financial statements required by this Section 20(b) within such 180-day period shall not constitute a Default or an Event of Default so long as the District delivers such financial statements within one hundred twenty (120) days after the end of such period.

(c) Final Design Specifications. The District shall deliver to the WIFIA Lender, no later than thirty (30) days prior to any notice to proceed, the final designs, plans and specifications relating to the development and construction of the Project.

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

(e) Public Benefits Report. The District shall deliver to the WIFIA Lender a report, in the form of **Exhibit K** (*Form of Public Benefits Report*) (the "**Public Benefits Report**"), (i) prior to the Effective Date, (ii) within ninety (90) days following the Substantial Completion Date and (iii) within ninety (90) days following the fifth (5th) anniversary of the Substantial Completion Date. The District agrees that information described under this Section 20(e) may be made publicly available by the WIFIA Lender at its discretion.

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

ratios or covenants included therein), and could not reasonably be expected to result in a Material Adverse Effect.

(g) Operations and Maintenance. The WIFIA Lender shall have the right, in its sole discretion, to monitor (or direct its agents to monitor) the Project's operations and, as the WIFIA Lender may request from time to time, to receive reporting on the operation and management of the Project, and copies of any contracts relating to the operation and maintenance of the Project. The District agrees to cooperate in good faith with the WIFIA Lender in the conduct of such monitoring by promptly providing the WIFIA Lender with such reports, documentation, or other information requested by the WIFIA Lender. The WIFIA Lender has the right, in its sole discretion, to retain such consultants or advisors, to carry out the provisions of this Section 20(g). On or prior to the Substantial Completion Date, the District shall deliver to the WIFIA Lender an operations and maintenance manual with respect to the Project, in form and substance reasonably acceptable to the WIFIA Lender.

(h) Notices.

(i) The District shall, within fifteen (15) days after it learns of the occurrence, give the WIFIA Lender notice of any of the following events or receipt of any of the following notices, as applicable, setting forth details of such event (provided that the District shall not be obligated to provide such notice to the WIFIA Lender if notice of such event has already been provided to the WIFIA Lender by the Borrower):

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

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

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

(D) Delayed Governmental Approvals: any failure to receive or delay in receiving any Governmental Approval or making any required filing, notice, recordation or other demonstration to or with a Governmental Authority, in each case to the extent such failure or delay will or could reasonably be expected to result in a delay to any major milestone date (including the Projected Substantial Completion Date) set forth in the Construction Schedule, together with a written

explanation of the reasons for such failure or delay and the District's plans to remedy or mitigate the effects of such failure or delay;

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

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

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

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

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

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

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

(L) Issuance of Obligations: copies of any final issuing instrument (together with any continuing disclosure documents, ordinances, official statement, certifications or cash flow projections in connection therewith), prepared in connection with the incurrence of any Additional Obligations (including any

Variable Interest Rate Obligations); provided that such notice can be accomplished through an email to the WIFIA Lender that includes a link to the posting of the relevant documents on EMMA;

(M) Amendments to Policies: any material amendment or modification to the Investment Policy or the Debt Management Policy, along with a copy of such amendment or modification; and

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

(ii) Within thirty (30) calendar days after the District learns of the occurrence of an event specified in clause (i) above (other than sub-clauses (A) (*Substantial Completion*), (F) (*Amendments*), (I) (*Ratings Changes*) (in the case of a ratings upgrade), (K) (*Additional Construction Contracts*), (L) (*Issuance of Obligations*), or (M) (*Amendments to Policies*)), the District's Authorized Representative shall provide a statement to the WIFIA Lender setting forth the actions the District proposes to take with respect thereto. The District shall also provide the WIFIA Lender with any further information reasonably requested by the WIFIA Lender from time to time concerning the matters described in clause (i) above.

(i) Requested Information. The District shall, at any time while the WIFIA Loan remains outstanding, promptly deliver to the WIFIA Lender such additional information regarding the business, financial, legal or organizational affairs of the District or regarding the Wastewater System (including the Project), the WIFIA Debt Service Account or the Gross Revenues as the WIFIA Lender may from time to time reasonably request.

ARTICLE VI EVENTS OF DEFAULT

Section 21. Events of Default and Remedies.

(a) A “**Borrower Event of Default**” shall exist under this Agreement if any of the following occurs:

(i) Borrower Payment Default. The Borrower shall fail to pay when due any part of the principal amount of or interest on the WIFIA Loan (including WIFIA Debt Service required to have been paid pursuant to the provisions of Section 8 (*Payment of Principal and Interest*)), when and as the payment thereof shall be required under this Agreement or the WIFIA Note or on the Final Maturity Date (each such failure, a “**Borrower Payment Default**”).

(ii) Borrower Covenant Default. The Borrower shall fail to observe or perform any covenant, agreement or obligation of the Borrower under this Agreement, the WIFIA Note or any other WIFIA Loan Document to which the Borrower is a party (other

than in the case of any Borrower Payment Default), and such failure shall not be cured within thirty (30) days after the earlier to occur of (A) receipt by the Borrower from the WIFIA Lender of written notice thereof or (B) the Borrower's knowledge of such failure; provided that if such failure is capable of cure but cannot reasonably be cured within such thirty (30) day cure period, then no Borrower Event of Default shall be deemed to have occurred or be continuing under this Section 21(a)(ii), and such thirty (30) day cure period shall be extended by up to one hundred fifty (150) additional days, if and so long as (x) within such thirty (30) day cure period the Borrower shall commence actions reasonably designed to cure such failure and shall diligently pursue such actions until such failure is cured and (y) such failure is cured within one hundred eighty (180) days of the date specified in either (A) or (B) above, as applicable.

(iii) Borrower Misrepresentation Default. Any of the representations, warranties or certifications of the Borrower made in or delivered pursuant to any WIFIA Loan Document to which the Borrower is a party (or in any certificates delivered by the Borrower in connection with any WIFIA Loan Document to which the Borrower is a party) shall prove to have been false or misleading in any material respect when made or deemed made (or any representation and warranty or certification that is subject to a materiality qualifier shall prove to have been false or misleading in any respect); provided that no Borrower Event of Default shall be deemed to have occurred under this Section 21(a)(iii) if and so long as (A) such misrepresentation is not intentional, (B) such misrepresentation is not a misrepresentation in respect of Section 12(h) (*Representations and Warranties of the Borrower – No Debarment*), Section 12(j) (*Representations and Warranties of the Borrower – Compliance with Laws*), or Section 12(t) (*Representations and Warranties of the Borrower – Patriot Act*), (C) in the reasonable determination of the WIFIA Lender, such misrepresentation has not had, and would not reasonably be expected to result in, a Borrower Material Adverse Effect, (D) in the reasonable determination of the WIFIA Lender, the underlying issue giving rise to the misrepresentation is capable of being cured and (E) the underlying issue giving rise to the misrepresentation is cured by the Borrower within thirty (30) days after the date on which the Borrower first became aware (or reasonably should have become aware) of such misrepresentation.

(iv) Acceleration of Obligations. Any acceleration shall occur of the maturity of any indebtedness of the Borrower incurred in connection with the Obligations of the District, or any such indebtedness of the Borrower shall not be paid by the Borrower in full upon the final maturity thereof.

(v) Borrower Material Adverse Judgment. Any final, non-appealable judgment related to the Authority Revenues shall be entered against the Borrower which has a Material Adverse Effect.

(vi) Occurrence of Borrower Bankruptcy Related Event. A Bankruptcy Related Event shall occur with respect to the Borrower.

(vii) Invalidity of WIFIA Loan Documents. (A) Any WIFIA Loan Document to which the Borrower is a party ceases to be in full force and effect (other than as a result of the termination thereof in accordance with its terms) or becomes void,

voidable, illegal or unenforceable, or the Borrower contests in any manner the validity or enforceability of any WIFIA Loan Document to which it is a party or denies it has any further liability under any WIFIA Loan Document to which it is a party, or purports to revoke, terminate or rescind any WIFIA Loan Document to which it is a party; (B) this Agreement ceases to grant a valid and binding security interest on any material portion of the Authority Revenues, other than as a result of actions or a failure to act by, and within the control of, the WIFIA Lender; or (C) any event occurs that results in the material impairment in the priority of (1) the Borrower's security interest in the Gross Revenues or in the value of the Gross Revenues, (2) the WIFIA Lender's security interest in the Authority Revenues or in the value of the Authority Revenues or (3) the Borrower's security interest in the WIFIA Debt Service Account or the assignment to the WIFIA Lender of the Borrower's rights thereto.

(b) A “**District Event of Default**” shall exist under this Agreement if any of the following occurs:

(i) District Payment Default. (A) The District shall fail to pay when due any part of any WIFIA Installment Payment required to have been paid pursuant to the provisions of the WIFIA Installment Purchase Agreement or (B) the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, shall fail to make any mandatory prepayment required pursuant to the provisions of Section 9 (*Prepayment*) (each such failure, an “**District Payment Default**”).

(ii) District Covenant Default. The District shall fail to observe or perform any covenant, agreement or obligation of the District under this Agreement, the WIFIA Installment Purchase Agreement or any other WIFIA Loan Document to which the District is a party (other than in the case of any District Payment Default or any Development Default), and such failure shall not be cured within thirty (30) days after the earlier to occur of (A) receipt by the District from the WIFIA Lender of written notice thereof or (B) the District's knowledge of such failure; provided that if such failure is capable of cure but cannot reasonably be cured within such thirty (30) day cure period, then no Event of Default shall be deemed to have occurred or be continuing under this Section 21(b)(ii), and such thirty (30) day cure period shall be extended by up to one hundred fifty (150) additional days, if and so long as (x) within such thirty (30) day cure period the District shall commence actions reasonably designed to cure such failure and shall diligently pursue such actions until such failure is cured and (y) such failure is cured within one hundred eighty (180) days of the date specified in either (A) or (B) above, as applicable.

(iii) District Misrepresentation Default. Any of the representations, warranties or certifications of the District made in or delivered pursuant to any WIFIA Loan Document to which the District is a party (or in any certificates delivered by the District in connection with any WIFIA Loan Document to which the District is a party) shall prove to have been false or misleading in any material respect when made or deemed made (or any representation and warranty or certification that is subject to a materiality qualifier shall prove to have been false or misleading in any respect); provided that no District Event of Default shall be deemed to have occurred under this Section 21(b)(iii) if

and so long as (A) such misrepresentation is not intentional, (B) such misrepresentation is not a misrepresentation in respect of Section 13(h) (*Representations and Warranties of the District – No Debarment*), Section 13(j) (*Representations and Warranties of the District – Compliance with Laws*), or Section 13(w) (*Representations and Warranties of the District – Patriot Act*), (C) in the reasonable determination of the WIFIA Lender, such misrepresentation has not had, and would not reasonably be expected to result in, a District Material Adverse Effect, (D) in the reasonable determination of the WIFIA Lender, the underlying issue giving rise to the misrepresentation is capable of being cured and (E) the underlying issue giving rise to the misrepresentation is cured by the District within thirty (30) days after the date on which the District first became aware (or reasonably should have become aware) of such misrepresentation.

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

(v) Cross Default with Obligation Documents. Any default shall occur in respect of the performance of any covenant, agreement or obligation of the District under any Obligation Document relating to any Senior Obligation or any Subordinate Obligation (other than the obligations under the WIFIA Loan Documents), and such default shall be continuing after the giving of any applicable notice and the expiration of any applicable grace period specified in such Obligation Document relating to any Subordinate Obligation or any Senior Obligation (as the case may be) with respect to such default, and the District shall have failed to cure such default or to obtain an effective written waiver thereof in accordance with the terms thereof.

(vi) District Material Adverse Judgment. Any final, non-appealable judgment related to the Gross Revenues, the Wastewater System or the Project shall be entered against the District which has a Material Adverse Effect.

(vii) Occurrence of District Bankruptcy Related Event. A Bankruptcy Related Event shall occur with respect to the District.

(viii) Invalidity of WIFIA Loan Documents. (A) Any WIFIA Loan Document to which the District is a party ceases to be in full force and effect (other than as a result of the termination thereof in accordance with its terms) or becomes void, voidable, illegal or unenforceable, or the District contests in any manner the validity or enforceability of any WIFIA Loan Document to which it is a party or denies it has any further liability under any WIFIA Loan Document to which it is a party, or purports to revoke, terminate or rescind any WIFIA Loan Document to which it is a party; or (B) the WIFIA Installment Purchase Agreement ceases (other than as expressly permitted thereunder) to be effective or to grant a valid and binding security interest on any material portion of the District Collateral, and with the priority purported to be created thereby.

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

(x) Cessation of Wastewater System Operations. Following the Substantial Completion Date, operation of the Wastewater System shall cease for a continuous period of not less than one hundred eighty (180) days unless (A) such cessation of operations shall occur by reason of an Uncontrollable Force that is not due to the fault of the District (and which the District could not reasonably have avoided or mitigated) or (B) the District shall either be self-insured in an amount sufficient to cover, or shall have in force an insurance policy or policies under which the District is entitled to recover amounts sufficient to pay (and may use such amounts to pay), Debt Service for all Senior Obligations and Subordinate Debt Service for all Subordinate Obligations and costs and expenses of the District during such cessation of operations.

(c) Upon the occurrence of any Bankruptcy Related Event other than, solely with respect to clause (i), any Bankruptcy Related Event under clause (b)(iii) of the definition thereof, (i) all obligations of the WIFIA Lender hereunder with respect to the disbursement of any undisbursed amounts of the WIFIA Loan shall automatically be deemed terminated, and the Outstanding WIFIA Loan Balance, together with all interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under this Agreement, the WIFIA Note or the other WIFIA Loan Documents, shall automatically become immediately due and payable, without presentment, demand, notice, declaration, protest or other requirements of any kind, all of which are hereby expressly waived, and (ii) the lien provisions of Section 7(a) (*Security and Priority; Flow of Funds*) relating to a first priority security interest shall automatically be effective. Following the occurrence of a Bankruptcy Related Event, the WIFIA Lender shall have the right to inspect any and all records related to transfers of funds to and from the Revenue Fund, and the District shall deliver to the WIFIA Lender (or give the WIFIA Lender access to) any such records as the WIFIA Lender may request so as to permit the WIFIA Lender to ensure that the District is treating the WIFIA Installment Purchase Agreement (and the WIFIA Installment Payments) as a Senior Obligation in all respects, including in respect of priority of payments.

(d) Upon the acceleration of any amounts under the WIFIA Installment Purchase Agreement, all obligations of the WIFIA Lender hereunder with respect to the disbursement of any undisbursed amounts of the WIFIA Loan shall automatically be deemed terminated, and the Outstanding WIFIA Loan Balance, together with all interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under this Agreement, the WIFIA Note or the other WIFIA Loan Documents, shall automatically become immediately due and payable, without presentment, demand, further notice, declaration, protest or other requirements of any kind, all of which are hereby expressly waived, provided, that unless and until a Bankruptcy Related Event has occurred, the accelerated portion of the WIFIA Loan shall remain subject to the prior payment of Outstanding Senior Obligations and WIFIA Debt Service (excluding any such accelerated amounts) shall continue to be paid on each Payment Date following the payment of principal and interest then due and payable with respect to Senior Obligations.

(e) Upon the occurrence of any Event of Default, the WIFIA Lender, by written notice to the Borrower and the District, may exercise any or all of the following remedies:

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

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

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

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

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

(vi) the WIFIA Lender may declare the unpaid principal amount of the WIFIA Note to be, and the same shall thereupon forthwith become, immediately due and payable, together with the interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under this Agreement, the WIFIA Note and the other WIFIA Loan Documents, all without presentment, demand, notice, protest or other requirements of any kind, all of which are hereby expressly waived, provided, that unless and until a Bankruptcy Related Event has occurred, the accelerated portion of the WIFIA Loan shall remain subject to the prior payment of Outstanding Senior Obligations and WIFIA Debt Service (excluding any such accelerated amounts) shall continue to be paid

on each Payment Date following the payment of principal and interest then due and payable with respect to Senior Obligations.

Following the delivery of any written notice to the Borrower and the District pursuant to this Section 21(e), the WIFIA Lender shall have the ongoing right to inspect any and all records related to transfers of funds to and from the Revenue Fund, and the District shall deliver to the WIFIA Lender (or give the WIFIA Lender access to) any such records as the WIFIA Lender may request so as to permit the WIFIA Lender to ensure that the District has appropriately paid amounts payable in respect of the WIFIA Loan (and the WIFIA Installment Payments), including in respect of priority of payments.

(f) Notwithstanding anything to the contrary set forth in any WIFIA Loan Document, the Borrower shall not have the right to (i) accelerate the WIFIA Installment Payments or (ii) exercise any other rights or remedies under the WIFIA Installment Purchase Agreement following the occurrence of an “Event of Default” under and as defined in the WIFIA Installment Purchase Agreement without the prior written direction of the WIFIA Lender.

(g) No action taken pursuant to this Section 21 shall relieve either the Borrower or the District from its obligations pursuant to this Agreement, the WIFIA Note or the other WIFIA Loan Documents, all of which shall survive any such action.

ARTICLE VII MISCELLANEOUS

Section 22. Disclaimer of Warranty. The WIFIA Lender makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for a particular purpose or fitness for use of the Project or any portion thereof or any other warranty with respect thereto. In no event shall the WIFIA Lender be liable for any incidental, indirect, special or consequential damages incidental to or arising out of this Agreement or the Wastewater System (including the Project) or the existence, furnishing, functioning or use of the Project or any item or products or services provided for in this Agreement.

Section 23. No Personal Recourse. No official, employee or agent of the WIFIA Lender or either the Borrower or the District or any Person executing this Agreement or any of the other WIFIA Loan Documents shall be personally liable on this Agreement or such other WIFIA Loan Documents by reason of the issuance, delivery or execution hereof or thereof.

Section 24. No Third Party Rights. The parties hereby agree that this Agreement creates no third party rights against the Borrower, the District, the Government, or the WIFIA Lender, solely by virtue of the WIFIA Loan, and the Borrower and the District each agree to indemnify on a joint and several basis and hold the WIFIA Lender, the Servicer (if any), the Administrator, and the Government harmless, to the extent permitted by law and in accordance with Section 37 (*Indemnification*), from any lawsuit or claim arising in law or equity solely by reason of the WIFIA Loan, and that no third party creditor of either the Borrower or the District shall have any right against the WIFIA Lender with respect to the WIFIA Loan made pursuant to this Agreement.

Section 25. Borrower’s Authorized Representative. The Borrower shall at all times have appointed a Borrower’s Authorized Representative by designating such Person or Persons

from time to time to act on the Borrower's behalf pursuant to a written certificate furnished to the WIFIA Lender and the Servicer, if any, containing the specimen signature or signatures of such Person or Persons and signed by the Borrower.

Section 26. District's Authorized Representative. The District shall at all times have appointed a District's Authorized Representative by designating such Person or Persons from time to time to act on the District's behalf pursuant to a written certificate furnished to the WIFIA Lender and the Servicer, if any, containing the specimen signature or signatures of such Person or Persons and signed by the District.

Section 27. WIFIA Lender's Authorized Representative. The WIFIA Lender hereby appoints the Director of the WIFIA Program, whose notice details are set forth below in Section 36 (*Notices*), to serve as the WIFIA Lender's Authorized Representative under this Agreement until such time as a successor or successors shall have been appointed. Thereafter, the successor in office shall serve as the WIFIA Lender's Authorized Representative. The WIFIA Lender shall provide notice to the Borrower and the District within a reasonable time period following the succession.

Section 28. Servicer. The WIFIA Lender may from time to time designate another entity or entities to perform, or assist the WIFIA Lender in performing, the duties of the Servicer or specified duties of the WIFIA Lender under this Agreement and the WIFIA Note. The WIFIA Lender shall give the Borrower and the District written notice of the appointment of any successor or additional Servicer and shall enumerate the duties or any change in duties to be performed by any Servicer. Any references in this Agreement to the WIFIA Lender shall be deemed to be a reference to the Servicer with respect to any duties which the WIFIA Lender shall have delegated to such Servicer. The WIFIA Lender may at any time assume the duties of any Servicer under this Agreement and the WIFIA Note. The Borrower and the District shall cooperate and respond to any reasonable request of the Servicer for information, documentation or other items reasonably necessary for the performance by the Servicer of its duties hereunder. Neither the Borrower nor the District shall be required to agree to any terms and conditions different from those set forth in this Agreement; provided, that any consent from the Borrower or the District to such changed terms or conditions shall not be unreasonably withheld, conditioned or delayed.

Section 29. Amendments and Waivers. No amendment, modification, termination, or waiver of any provision of this Agreement shall in any event be effective without the prior written consent of each of the parties hereto.

Section 30. Governing Law. This Agreement shall be governed by the federal laws of the United States of America if and to the extent such federal laws are applicable and the internal laws of the State, if and to the extent such federal laws are not applicable.

Section 31. Severability. In case any provision in or obligation under this Agreement shall be invalid, illegal, or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

Section 32. Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective permitted successors and assigns and shall inure to the benefit of the parties hereto and their permitted successors and assigns. Neither the rights nor obligations of the Borrower hereunder nor any interest herein may be assigned or delegated by the Borrower without the prior written consent of the WIFIA Lender. Neither the rights nor obligations of the District hereunder nor any interest herein may be assigned or delegated by the District without the prior written consent of the WIFIA Lender.

Section 33. Remedies Not Exclusive. No remedy conferred herein or reserved to the WIFIA Lender is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 34. Delay or Omission Not Waiver. No delay or omission of the WIFIA Lender to exercise any right or remedy provided hereunder upon a default of either the Borrower or the District (except a delay or omission pursuant to a written waiver) shall impair any such right or remedy or constitute a waiver of any such default or acquiescence therein. Every right and remedy given by this Agreement or by law to the WIFIA Lender may be exercised from time to time, and as often as may be deemed expedient by the WIFIA Lender.

Section 35. Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto or in connection herewith may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. Electronic delivery of an executed counterpart of a signature page of this Agreement or of any document or instrument delivered in connection herewith in accordance with Section 36 (*Notices*) shall be effective as delivery of an original executed counterpart of this Agreement or such other document or instrument, as applicable.

Section 36. Notices. Notices hereunder shall be (a) in writing, (b) effective as provided below and (c) given by (i) nationally recognized courier service, (ii) hand delivery, or (iii) email, in each case to:

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

If to Borrower: Union Sanitary District Financing Authority
5072 Benson Road
Union City, CA 94587
Attention: Mark Carlson, Treasurer
Email: markc@unionsanitary.ca.gov

If to District:

Union Sanitary District
5072 Benson Road
Union City, CA 94587
Attention: Mark Carlson, CFO/Business Services
Manager
Email: markc@unionsanitary.ca.gov

Unless otherwise instructed by the WIFIA Lender's Authorized Representative, all notices to the WIFIA Lender should be made by email to the email address noted above for the WIFIA Lender. Notices required to be provided herein shall be provided to such different addresses or to such further parties as may be designated from time to time by the Borrower's Authorized Representative, with respect to notices to the Borrower, or by the District's Authorized Representative, with respect to notices to the District, or by the WIFIA Lender's Authorized Representative, with respect to notices to the WIFIA Lender or the Servicer. Each such notice, request or communication shall be effective (x) if delivered by hand or by nationally recognized courier service, when delivered at the address specified in this Section 36 (or in accordance with the latest unrevoked written direction from the receiving party) and (y) if given by email, when such email is delivered to the address specified in this Section 36 (or in accordance with the latest unrevoked written direction from the receiving party); provided that notices received on a day that is not a Business Day or after 5:00 p.m. Eastern Time on a Business Day will be deemed to be effective on the next Business Day. Notwithstanding the foregoing, nothing in this Section 36 obligates the District to pay principal of or interest on the WIFIA Loan or the WIFIA Note.

Section 37. Indemnification. The Borrower and the District shall, to the extent permitted by law, indemnify on a joint and several basis the WIFIA Lender and any official, employee, agent, advisor or representative of the WIFIA Lender (each such Person being herein referred to as an "**Indemnitee**") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, fines, penalties, costs and expenses (including the fees, charges and disbursements of any counsel for any Indemnitee and the costs of environmental remediation), whether known, unknown, contingent or otherwise, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (a) the execution, delivery and performance of this Agreement or any of the other Related Documents, (b) the WIFIA Loan or the use of the proceeds thereof, or (c) the violation of any law, rule, regulation, order, decree, judgment or administrative decision relating to the environment, the preservation or reclamation of natural resources, the management, release or threatened release of any hazardous material or to health and safety matters; in each case arising out of or in direct relation to the Project; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities, fines, penalties, costs or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. In case any action or proceeding is brought against an Indemnitee by reason of any claim with respect to which such Indemnitee is entitled to indemnification hereunder, the Borrower and the District shall each be entitled, at its expense, to participate in the defense thereof; provided that such Indemnitee has the right to retain its own counsel, at the expense of the Borrower or the District, as applicable, and such participation by the Borrower and/or the District in the defense thereof shall not release the Borrower or the District of any liability that it may have to such Indemnitee. Any Indemnitee against whom any indemnity

claim contemplated in this Section 37 is made shall be entitled, after consultation with the Borrower and the District and upon consultation with legal counsel wherein such Indemnitee is advised that such indemnity claim is meritorious, to compromise or settle any such indemnity claim. Any such compromise or settlement shall be binding upon the Borrower and the District for purposes of this Section 37. Nothing herein shall be construed as a waiver of any legal immunity that may be available to any Indemnitee. To the extent permitted by applicable law, none of the Borrower, the District, or the WIFIA Lender shall assert, and the Borrower, the District, and the WIFIA Lender each hereby waives, any claim against any Indemnitee, the Borrower, or the District, respectively, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any of the other Related Documents, the other transactions contemplated hereby and thereby, the WIFIA Loan or the use of the proceeds thereof, provided that nothing in this sentence shall limit the Borrower's or the District's indemnity obligations to the extent such damages are included in any third party claim in connection with which an Indemnitee is entitled to indemnification hereunder. All amounts due to any Indemnitee under this Section 37 shall be payable promptly upon demand therefor. The obligations of the Borrower and the District under this Section 37 shall survive the payment or prepayment in full of the WIFIA Note pursuant to Section 8 (*Payment of Principal and Interest*) or Section 9 (*Prepayment*), the enforcement of any provision of this Agreement or the other Related Documents, any amendments, waivers (other than amendments or waivers in writing with respect to this Section 37) or consents in respect hereof or thereof, any Event of Default, and any workout, restructuring or similar arrangement of the obligations of the Borrower or the District hereunder or thereunder.

Section 38. Sale of WIFIA Loan. The WIFIA Lender shall not sell the WIFIA Loan at any time prior to the Substantial Completion Date. After such date, the WIFIA Lender may sell the WIFIA Loan to another entity or reoffer the WIFIA Loan into the capital markets only in accordance with the provisions of this Section 38. Such sale or reoffering shall be on such terms as the WIFIA Lender shall deem advisable. However, in making such sale or reoffering the WIFIA Lender shall not change the terms and conditions of the WIFIA Loan without the prior written consent of the Borrower and the District in accordance with Section 29 (*Amendments and Waivers*). The WIFIA Lender shall provide, at least sixty (60) days prior to any sale or reoffering of the WIFIA Loan, written notice to the Borrower and the District of the WIFIA Lender's intention to consummate such a sale or reoffering; provided that no such notice shall be required during the continuation of any Event of Default. The provision of any notice pursuant to this Section 38 shall neither (x) obligate the WIFIA Lender to sell nor (y) provide either of the Borrower or the District with any rights or remedies in the event the WIFIA Lender, for any reason, does not sell the WIFIA Loan. Neither the Borrower nor the District shall be required to agree to terms and conditions different from those set forth in this Agreement, provide or make any representation with respect to any information prepared in connection with such sale or reoffering or provide any opinions of Bond Counsel, or General Counsel of the District or of the Borrower in connection with such sale or reoffering; provided, that any consent from the Borrower or the District to such changed terms or conditions shall not be unreasonably withheld, conditioned or delayed.

Section 39. Effectiveness. This Agreement shall be effective on the Effective Date.

Section 40. Termination. This Agreement shall terminate upon the irrevocable payment in full in immediately available funds by the Borrower of the Outstanding WIFIA Loan Balance, together with all accrued interest, fees and expenses with respect thereto; provided that the indemnification requirements of Section 37 (*Indemnification*), the reporting and record keeping requirements of Section 15(l) (*Affirmative Covenants of the Borrower – Access; Records*) and Section 17(p) (*Affirmative Covenants of the District – Access; Records*), and the payment requirements of Section 10 (*Fees and Expenses*) shall survive the termination of this Agreement as provided in such sections.

Section 41. Integration. This Agreement, together with the other WIFIA Loan Documents, constitutes the entire contract between the parties relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

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

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

**UNION SANITARY DISTRICT FINANCING
AUTHORITY**, by its authorized representative

By: _____
Name:
Title:

UNION SANITARY DISTRICT,
by its authorized representative

By: _____
Name:
Title:

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

By: _____
Name: Michael S. Regan
Title: Administrator

*[Signature Page to Union Sanitary District and Union Sanitary District Finance Authority - Enhanced Treatment
and Site Upgrade Phase 1 Projects - WIFIA Loan Agreement]*

SCHEDULE I⁶
PROJECT BUDGET

SOURCES OF FUNDS	AMOUNT (\$ USD)	PERCENTAGE (%)
WIFIA Loan	\$188,758,204.00	49%
2021 Revenue Bonds	\$80,000,000.00	21%
Future Bonds or SRF Loan	\$87,851,312.00	23%
Previously Incurred Costs	\$10,902,809.00	3%
Note Premium or Cash	\$17,708,500.00	4%
Total Sources of Funds	\$385,220,825.00	100%
USES OF FUNDS	AMOUNT (\$ USD)	PERCENTAGE (%)
Construction	\$276,619,666.00	71%
Design	\$21,760,319.00	6%
Planning	\$1,230,364.00	0%
Other	\$53,482,675.00	14%
Contingency	\$14,419,301.00	4%
Financing Costs	\$17,708,500.00	5%
Total Uses of Funds	\$385,220,825.00	100%
Total Eligible Project Costs	\$385,220,825.00	100%
Total Project Costs	\$385,220,825.00	100%

⁶ **Note to Borrower:** Schedule I under review by EPA

SCHEDULE II
CONSTRUCTION SCHEDULE

[To be provided by the District]⁷

⁷ **Note to the District:** The schedule should clearly specify the projected substantial completion date, which should match up with the definition of “Projected Substantial Completion Date” in this Agreement and also be reflected accordingly in the Base Case Financial Model.

SCHEDULE III
EXISTING INDEBTEDNESS

A. Senior Obligations

#		8
1.	Installment Purchase Agreement, dated as of January 1, 2020, by and between the District and the Borrower relating to the Union Sanitary District Financing Authority Revenue Bonds, Series 2020A, originally issued in the aggregate principal amount of \$64,160,000 on February 20, 2020	\$59,295,000
2.	Installment Purchase Agreement, dated as of January 1, 2020, by and between the District and the Borrower, relating to the Union Sanitary District Financing Authority Revenue Bonds, Series 2021A, originally issued in the aggregate principal amount of \$99,505,000 on August 12, 2021	\$99,505,000

B. Subordinate Obligations

#		9
	None.	

⁸ As of Effective Date

⁹ As of Effective Date

SCHEDULE IV-A

WIFIA LOAN PAYMENT INSTRUCTIONS

HOW TO MAKE A LOAN PAYMENT TO EPA WIFIA PROGRAM

Please select one of the acceptable payment methods and follow the instructions provided below for sending WIFIA payments to EPA.

For questions about payments to EPA please contact EPA's Office of the Controller:

Phone: 202-564-7593. Voicemails can be left when calling outside business hours

Email: OCFO-OC-ACAD-WIFIA@epa.gov

For questions about the WIFIA program:

Email: wifia@epa.gov

ACCEPTABLE METHODS FOR WIFIA PAYMENTS TO EPA

OPTION 1 PAY.GOV

Use of Pay.gov to make payments to EPA is the preferred electronic payment method. In Pay.gov, users can track their payments to EPA and schedule recurring or automatic payments. Although it is not mandatory to register for a user id to access and use Pay.Gov, registration is recommended to have access to all Pay.gov system functionality.

Remove Debit Block - Before submitting payments through Pay.gov, users should contact their financial institution to remove any debit blocks and add EPA to the list of payees. In addition, the financial institution will need to add EPA's company ID (6801123303) for WIFIA fees. Once the financial institution removes the debit block and sets up the company ID, users can set up Pay.gov to submit payments.

Access the Pay.gov system by going to <https://www.pay.gov> and search for WIFIA or click on the following hyperlink to directly launch the WIFIA Loan Collection & Fees Form.

Provide the following information on your payment to ensure proper credit:

- Remitter's contact phone number
- Company/Organization Name as it appears on EPA document
- Complete address, including city, state, zip code
- Project Name
- Loan Number: this is EPA WIFIA Loan number, NOT the remitter's number
- From the "Payment Type" drop down menu select "**Loan Payment**"

Follow the remaining on-screen instructions to successfully process the payment to EPA.

Send an email to OCFO-OC-ACAD-WIFIA@epa.gov and wifia_portfolio@epa.gov informing that a payment has been made.

OPTION 2 FEDWIRE

Users must work within the processing guidelines established by their bank, which may include processing cutoffs, transaction fees, and other bank requirements. Banks that do not maintain an account at the Federal Reserve Bank (FRB) must use the services of correspondent banks that do have an FRB account.

FEDWIRE

To process a payment using FedWire please:

1. Send FedWire deposits as early as possible and no later than 5PM ET on the desired EPA receipt date.
2. Review the FedWire form Instructions provided in Attachment 1 and complete the form. It is very important that all relevant details identified in the instructions are accurate.

Send an email to OCFO-OC-ACAD-WIFIA@epa.gov and wifia_portfolio@epa.gov informing that a payment has been made.

Attachment 1 – FedWire Payment Form and Instructions

Please provide the following instructions to your Financial Institution for the remittance of Fedwire payments to the United States Environmental Protection Agency.

Fedwire Field Tag	Fedwire Field Name	Required Information
{1510}	Type/Subtype	1000
{2000}	Amount	\$
{3400}	Receiver ABA routing number *	021030004
{3400}	Receiver ABA short name	TREAS NYC
{3600}	Business Function Code	CTR (or CTP)
{4200}	Beneficiary Identifier (account number)	868010099000
{4200}	Beneficiary Name	US EPA
{5000}	Originator	
{6000}	Originator to Beneficiary Information – Line 1	FEE TYPE – WIFIA Application Fee (WIFIA Loan Number)
{6000}	Originator to Beneficiary Information – Line 2	
{6000}	Originator to Beneficiary Information – Line 3	
{6000}	Originator to Beneficiary Information – Line 4	

* The financial institution address for Treasury’s routing number is 33 Liberty Street, New York, NY 10045

Agency Contact:

Collections Inquiry Mailbox
 US Environmental Protection Agency
 Office of the Controller
 Fees and Collections Branch
Collections_Inquiry_Mailbox@epa.gov

SCHEDULE IV-B

WIFIA FEE PAYMENT INSTRUCTIONS

HOW TO MAKE A FEE PAYMENT TO EPA WIFIA PROGRAM

Please select one of the acceptable payment methods and follow the instructions provided below for sending WIFIA payments to EPA.

For questions about payments to EPA please contact EPA's Office of the Controller:

Phone: 202-564-7593. Voicemails can be left when calling outside business hours

Email: OCFO-OC-ACAD-WIFIA@epa.gov

For questions about the WIFIA program:

Email: wifia@epa.gov

ACCEPTABLE METHODS FOR WIFIA PAYMENTS TO EPA

OPTION 1 PAY.GOV

Use of Pay.gov to make payments to EPA is the preferred electronic payment method. In Pay.gov, users can track their payments to EPA and schedule recurring or automatic payments. Although it is not mandatory to register for a user id to access and use Pay.Gov, registration is recommended to have access to all Pay.gov system functionality.

Remove Debit Block - Before submitting payments through Pay.gov, users should contact their financial institution to remove any debit blocks and add EPA to the list of payees. In addition, the financial institution will need to add EPA's company ID (6801123303) for WIFIA fees. Once the financial institution removes the debit block and sets up the company ID, users can set up Pay.gov to submit payments.

Access the Pay.gov system by going to <https://www.pay.gov> and search for WIFIA or click on the following hyperlink to directly launch the [WIFIA Loan Collection & Fees Form](#).

Provide the following information on your payment to ensure proper credit:

- Remitter's contact phone number
- Company/Organization Name as it appears on EPA document
- Complete address, including city, state, zip code
- Project Name
- Loan Number: this is EPA WIFIA Loan number, NOT the remitter's number
- From the "Payment Type" drop down menu select the type from the Fee Notice letter

- Other Description: please note the reference number from the Fee Notice letter. Follow the remaining on-screen instructions to successfully process the payment to EPA. Send an email to OCFO-OC-ACAD-WIFIA@epa.gov and wifia_portfolio@epa.gov informing that a payment has been made.

OPTION 2 CREDIT GATEWAY: FEDWIRE AND ACH

Depending on preferences, Credit Gateway allows users to submit payment either via FedWire (electronic interbank transfers) or ACH (direct deposit). The primary differences are:

	FedWire	ACH (Automated Clearing House)
Fees	Charges fees	Less expensive than FedWire
Transaction Speed	Faster transfers	May take up to a few days
Security	Less secure	More secure
International Capabilities	Can be sent internationally	U.S.-only network
Processing time	Within 24 hours	A few hours to several days

Users must work within the processing guidelines established by their bank, which may include processing cutoffs, transaction fees, and other bank requirements. Banks that do not maintain an account at the Federal Reserve Bank (FRB) must use the services of correspondent banks that do have an FRB account.

FEDWIRE

To process a payment using FedWire please:

3. Send FedWire deposits as early as possible and no later than 5PM ET on the desired EPA receipt date.
4. Review the FedWire form Instructions provided in Attachment 1 and complete the form. It is very important that all relevant details identified in the instructions are accurate.

Send an email to OCFO-OC-ACAD-WIFIA@epa.gov and wifia_portfolio@epa.gov informing that a payment has been made.

AUTOMATED CLEARING HOUSE (ACH)

To process payments using ACH please:

1. Send ACH payments as early as possible and no later than 3 business days before the desired EPA receipt date.
2. Review the ACH form Instructions provided in Attachment 2 and complete the form. It is important that all relevant details identified in the instructions are accurate.
3. Send an email to OCFO-OC-ACAD-WIFIA@epa.gov and wifia_portfolio@epa.gov informing that the payment has been made.

OPTION 3 CHECK PAYMENTS

UNAVAILABLE DUE TO COVID19 PANDEMIC. EPA CANNOT PROCESS CHECKS AT THIS TIME.

Attachment 1 – FedWire Payment Form and Instructions

Please provide the following instructions to your Financial Institution for the remittance of Fedwire payments to the United States Environmental Protection Agency.

Fedwire Field Tag	Fedwire Field Name	Required Information
{1510}	Type/Subtype	1000
{2000}	Amount	
{3400}	Receiver ABA routing number *	021030004
{3400}	Receiver ABA short name	TREAS NYC
{3600}	Business Function Code	CTR (or <i>CTP</i>)
{4200}	Beneficiary Identifier (account number)	868010099000
{4200}	Beneficiary Name	US EPA
{5000}	Originator	
{6000}	Originator to Beneficiary Information – Line 1	FEE TYPE – WIFIA Application Fee (WIFIA Loan Number)
{6000}	Originator to Beneficiary Information – Line 2	
{6000}	Originator to Beneficiary Information – Line 3	
{6000}	Originator to Beneficiary Information – Line 4	

* The financial institution address for Treasury's routing number is 33 Liberty Street, New York, NY 10045

Agency Contact:

Collections Inquiry Mailbox
US Environmental Protection Agency
Office of the Controller
Fees and Collections Branch
Collections_Inquiry_Mailbox@epa.gov

Attachment 2 - ACH Credit Gateway Form and Instructions

Please provide the following instructions to your Financial Institution for the remittance of Automated Clearing House (ACH) credits to the United States Environmental Protection Agency.

NACHA Record Type Code	NACHA Field	NACHA Data Element Name	Required Information
5	3	Company Name	
5	6	Standard Entry Class Code	CCD
5	9	Effective Entry Date	
6	2	Transaction Code*	22
6	3 & 4	Receiving DFI Identification (ABA routing #) @	051036706
6	5	DFI Account Number	868010099000
6	6	Amount	<i>(enter payment amount)</i>
6	8	Receiving Company Name	US EPA FEE TYPE – WIFIA (Loan Number-Fee Type)

ACH bank information:

Name: Credit Gateway – ACH Receiver
 Address: 33 Livingston Ave. St. Paul, MN 55107
 Phone number: 1-877-815-1206

Agency Contact:

Collections Inquiry Mailbox
 Fees and Collections Branch
 Office of the Controller
 US Environmental Protection Agency
 Collections_Inquiry_Mailbox@epa.gov

**Request for Taxpayer
 Identification Number and Certification**

Give Form to the requester. Do not send to the IRS.

Go to www.irs.gov/FormW9 for instructions and the latest information.

Print or type. See Specific Instructions on page 3.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.
United States Environmental Protection Agency

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only **one** of the following seven boxes.

Individual/sole proprietor or single-member LLC

Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____

Other (see instructions) ▶ **Federal Agency**

4 Exemptions (codes apply only to certain entities; not individuals; see instructions on page 3):

Exempt payee code (if any) _____

Exemption from FATCA reporting code (if any) _____

(Applied to accounts maintained with the IRS)

5 Address (number, street, and apt. or suite no.) See instructions.
1300 Pennsylvania Ave NW, Mail Code 2733R

6 City, state, and ZIP code
Washington, DC 20004-3002

7 List account number(s) here (optional)

Requester's name and address (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number

			-				-			
--	--	--	---	--	--	--	---	--	--	--

or

Employer identification number

5	2	-	0	8	5	2	-	6	9	5
---	---	---	---	---	---	---	---	---	---	---

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here Signature of U.S. person ▶  Date ▶ **12/17/19**

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
 - Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
 - Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
 - Form 1099-S (proceeds from real estate transactions)
 - Form 1099-K (merchant card and third party network transactions)
 - Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
 - Form 1099-C (canceled debt)
 - Form 1099-A (acquisition or abandonment of secured property)
- Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See *What is backup withholding*, later.

SCHEDULE 13(m)
CONSTRUCTION CONTRACTS¹⁰

A. Existing Construction Contracts

Contract	Date	Parties	Description
-	-	-	-

B. Additional Construction Contracts

Contract	Expected Effective Date (if known)	Parties	Description
-	-	-	-

¹⁰ **Note to the District:** To be completed by the District.

EXHIBIT A

FORM OF WIFIA NOTE

UNION SANITARY DISTRICT FINANCING AUTHORITY

ENHANCED TREATMENT AND SITE UPGRADE PHASE 1 PROJECTS

(WIFIA – N20104CA)

WIFIA NOTE

Maximum Principal Amount: [\$188,758,204] (excluding capitalized interest)

<u>Interest Rate</u>	<u>Bond Date</u>	<u>CUSIP</u>
[]%	[], 2021	[]

Final Maturity Date

The earlier of (a) March 1, 2063, or such earlier date as is set forth in an updated Exhibit F to the WIFIA Loan Agreement (as defined below) pursuant to Section 8(d) of the WIFIA Loan Agreement; and (b) the Payment Date (as defined in the WIFIA Loan Agreement) immediately preceding the date that is thirty-five (35) years following the Substantial Completion Date (as defined in the WIFIA Loan Agreement).

UNION SANITARY DISTRICT FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California (the “**Borrower**”), for value received, hereby promises to pay to the order of the **UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**, acting by and through the Administrator of the United States Environmental Protection Agency, or its assigns (the “**WIFIA Lender**”), the aggregate of all disbursements up to a maximum aggregate principal amount of [\$188,758,204] (excluding capitalized interest) made by the WIFIA Lender pursuant to the WIFIA Loan Agreement (as defined below) (the “**Disbursements**” and such amount *minus* the aggregate principal amount thereof repaid by the Borrower, as determined in accordance with **Exhibit F** (*WIFIA Debt Service*) to the WIFIA Loan Agreement, being hereinafter referred to as the “**Outstanding Principal Sum**”), together with accrued and unpaid interest (including, if applicable, interest at the Default Rate, as defined in the WIFIA Loan Agreement) on the Outstanding Principal Sum and all fees, costs and other amounts payable in connection therewith, all as more fully described in the WIFIA Loan Agreement. The principal hereof shall be payable in the manner and at the place provided in the WIFIA Loan Agreement in accordance with

Exhibit F (*WIFIA Debt Service*) to the WIFIA Loan Agreement, as revised from time to time in accordance with the WIFIA Loan Agreement, until paid in full (which **Exhibit F**, as modified from time to time in accordance with the terms of the WIFIA Loan Agreement, is incorporated in and is a part of this WIFIA Note). The WIFIA Lender is hereby authorized to modify the Loan Amortization Schedule included in **Exhibit F** to the WIFIA Loan Agreement from time to time in accordance with the terms of the WIFIA Loan Agreement to reflect the amount of each disbursement made thereunder and the date and amount of principal or interest paid by the Borrower thereunder. Absent manifest error, the WIFIA Lender's determination of such matters as set forth on **Exhibit F** to the WIFIA Loan Agreement shall be conclusive evidence thereof; provided that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner the Borrower's obligations hereunder or under any other WIFIA Loan Document.

The interest rate on this WIFIA Note shall be [___] and [___] hundredths percent ([___]%) per annum. Interest will accrue and be computed on the Outstanding Principal Sum (as well as on any past due interest) from time to time on the basis of a three hundred sixty (360) day year of twelve (12) thirty (30) day months; provided, that, upon the occurrence of an Event of Default, the Borrower shall pay interest on the Outstanding Principal Sum at the Default Rate (as defined in the WIFIA Loan Agreement to be an interest rate equal to the sum of (a) the WIFIA Interest Rate set forth above *plus* (b) 200 basis points) in accordance with Section 6 (*Interest Rate*) of the WIFIA Loan Agreement.

Payments hereon are to be made in accordance with Section 8(c) (*Payment of Principal and Interest – Manner of Payment*) and Section 36 (*Notices*) of the WIFIA Loan Agreement as the same become due. Principal of and interest on this WIFIA Note shall be paid in funds available on or before the due date and in any lawful coin or currency of the United States of America that at the date of payment is legal tender for the payment of public and private debts.

This WIFIA Note has been executed under and pursuant to Resolution No. [___], adopted by the Borrower on [___], 2021 and that certain WIFIA Loan Agreement, dated as of the date hereof, among the WIFIA Lender, the Borrower and the District (the "**WIFIA Loan Agreement**") and is issued to evidence the obligation of the Borrower under the WIFIA Loan Agreement to repay the loan made by the WIFIA Lender and any other payments of any kind required to be paid by the Borrower under the WIFIA Loan Agreement or the other WIFIA Loan Documents referred to therein. Reference is made to the WIFIA Loan Agreement for all details relating to the Borrower's obligations hereunder. All capitalized terms used in this WIFIA Note and not defined herein shall have the meanings set forth in the WIFIA Loan Agreement.

This WIFIA Note may be prepaid at the option of the Borrower in whole or in part (and, if in part, the principal installments and amounts thereof to be prepaid are to be determined in accordance with the WIFIA Loan Agreement; provided such prepayments shall be in principal amounts of \$500,000 or any integral multiple of \$1 in excess thereof), from time to time, but not more than annually, without penalty or premium, by paying to the WIFIA Lender all or part of the principal amount of the WIFIA Note in accordance with the WIFIA Loan Agreement.

This WIFIA Note shall be subject to acceleration on the terms and conditions set forth in the WIFIA Loan Agreement.

Payment of the obligations of the Borrower under this WIFIA Note is secured by and payable from the Authority Revenues pledged under the WIFIA Loan Agreement.

This WIFIA Note is a limited obligation of the Borrower, payable solely from the Authority Revenues, and does not constitute a debt of the members of the Borrower, the State or any of its political subdivisions (including the District), except the Borrower. Notwithstanding anything to the contrary set forth in this WIFIA Note, the District is not a borrower with respect to this WIFIA Note and the District has no obligation to make any payment or provision for payment of this WIFIA Note. This WIFIA Note does not constitute a contract between the District and the WIFIA Lender by which the District has incurred an indebtedness.

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

It is hereby certified that all acts, conditions and things required by the Constitution and laws of the State of California and the Organizational Documents of the District and the Borrower to exist and have happened, been done, and been performed precedent to and in the issuance of this WIFIA Note exist and have happened, been done and been performed as so required and that the issuance of this WIFIA Note does not violate any constitutional, statutory or other limitation upon the amount of indebtedness that the Borrower may incur. This WIFIA Note is issued with the intent that the federal laws of the United States of America shall govern its construction to the extent such federal laws are applicable and the internal laws of the State shall govern its construction to the extent such federal laws are not applicable.

IN WITNESS WHEREOF, UNION SANITARY DISTRICT FINANCING AUTHORITY has caused this WIFIA Note to be executed in its name and its seal to be affixed hereto and attested by its duly authorized officer, all as of the Effective Date set forth above.

**UNION SANITARY DISTRICT
FINANCING AUTHORITY,**
by its authorized representative

(SEAL)

By _____

Name: _____

Title: _____

ATTEST:

Secretary

Exhibit A-4

EXHIBIT B

ANTICIPATED WIFIA LOAN DISBURSEMENT SCHEDULE¹¹

<u>Federal Fiscal Year</u>	<u>Amount</u>
----------------------------	---------------

¹¹ **Note to Draft:** WIFIA Lender to work with the District to provide.

EXHIBIT C

FORM OF NON-DEBARMENT CERTIFICATE

The undersigned, on behalf of [UNION SANITARY DISTRICT FINANCING AUTHORITY (the “Borrower”)] [UNION SANITARY DISTRICT (the “District”)], hereby certifies that the [Borrower] [District] has fully complied with its verification obligations under 2 C.F.R. § 180.320 and hereby further confirms, based on such verification, that, to its knowledge, the [Borrower] [District] and each of the [Borrower’s] [District’s] principals (as defined in 2 C.F.R. § 180.995 and supplemented by 2 C.F.R. 1532.995):

(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency;

(b) Have not within a three (3) year period preceding the Effective Date been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state or local) with commission of any of the offenses enumerated in paragraph (b) of this certification; and

(d) Have not within a three (3) year period preceding the Effective Date had one or more public transactions (federal, state or local) terminated for cause or default.

Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement, dated as of [_____], 2021 (the “WIFIA Loan Agreement”), by and among the [Borrower] [District], [Union Sanitary District] [Union Sanitary District Financing Authority] and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency.

Dated: [_____], 2021

**[UNION SANITARY DISTRICT FINANCING
AUTHORITY] [UNION SANITARY
DISTRICT]**, by its authorized representative

By: _____

Name:

Title:

EXHIBIT D-1

REQUISITION PROCEDURES

This **Exhibit D-1** sets out the procedures which the Borrower and the District agree to follow in submitting Requisitions for the disbursement of WIFIA Loan proceeds in respect of the Eligible Project Costs incurred in connection with the Project. Section 1 sets out the manner in which Requisitions are to be submitted and reviewed. Sections 2 through 4 set out the circumstances in which the WIFIA Lender may reject or correct Requisitions submitted by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, or withhold a disbursement. The Borrower and the District expressly agree to the terms hereof, and further agree that (i) the rights of the WIFIA Lender contained herein are in addition to (and not in lieu of) any other rights or remedies available to the WIFIA Lender under the WIFIA Loan Agreement, and (ii) nothing contained herein shall be construed to limit the rights of the WIFIA Lender to take actions including administrative enforcement action and actions for breach of contract against the Borrower or the District if it fails to carry out its obligations under the WIFIA Loan Agreement during the term thereof.

Section 1. General Requirements. All requests by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, for the disbursement of WIFIA Loan proceeds shall be made by electronic mail or overnight delivery service by submission to the WIFIA Lender and the Servicer (if any), in accordance with Section 36 (*Notices*) of the WIFIA Loan Agreement, of a Requisition, in form and substance satisfactory to the WIFIA Lender and completed and executed by the District's Authorized Representative. The form of Requisition is attached as **Appendix One** (*Form of Requisition*) to this **Exhibit D-1**. Any disbursement request shall be accompanied by a certificate completed and executed by the Borrower's Authorized Representative in the form of **Appendix Two** (*Form of Borrower Disbursement Certificate*) to this **Exhibit D-1**.

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

Project Costs. The WIFIA Lender shall review the Eligible Project Costs Documentation for compliance with WIFIA disbursement requirements, and any amounts approved by the WIFIA Lender as Eligible Project Costs will be disbursed at such time as the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, submits a Requisition in respect of such approved amounts.

The WIFIA Lender agrees to promptly send to the District in accordance with Section 36 (*Notices*) of the WIFIA Loan Agreement, an acknowledgement of receipt of each Requisition in the form attached as **Appendix Three** (*[Approval/Disapproval] of the WIFIA Lender*) to this **Exhibit D-1** setting forth the date of receipt by the WIFIA Lender of such Requisition and setting forth the Business Day on which disbursement will be made absent denial by the WIFIA Lender. All disbursement requests must be received by the WIFIA Lender at or before 5:00 P.M. (EST) on the first (1st) Business Day of a calendar month in order to obtain disbursement by the fifteenth (15th) day of such calendar month or, if either such day is not a Business Day, the next succeeding Business Day. If a Requisition is approved by the WIFIA Lender, the WIFIA Lender will notify the District of such approval and of the amount so approved.

Section 2. Rejection. A Requisition may be rejected in whole or in part by the WIFIA Lender if it is: (a) submitted without signature; (b) submitted under signature of a Person other than the District's Authorized Representative; (c) submitted after prior disbursement of all proceeds of the WIFIA Loan; (d) submitted without adequate Eligible Project Costs Documentation, including (i) copies of invoices and records evidencing the Eligible Project Costs, (ii) a summary of the progress of construction of the Project and a general description of the work done for which the funds being requisitioned are being applied (or a certification that no change has occurred since the date of the latest quarterly report provided pursuant to Section 20(d) (*Reporting Requirements of the District – Construction Reporting*)), and (iii) a copy of the most recent update to the District's risk register, if requested by the WIFIA Lender.

The WIFIA Lender will notify the District of any Requisition so rejected, and the reasons therefor. Any Requisition rejected for the reasons specified above (other than Section 2(c)) must be resubmitted in proper form in order to be considered for approval. If a Requisition exceeds the balance of the WIFIA Loan proceeds remaining to be disbursed, the request will be treated as if submitted in the amount of the balance so remaining, and the WIFIA Lender will so notify the District.

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

Section 4. Withholding. The WIFIA Lender shall be entitled to withhold approval (in whole or in part) of any pending or subsequent requests for the disbursement of WIFIA Loan proceeds if: (a) a Default or an Event of Default shall have occurred and be continuing; or (b) either the Borrower or the District (i) knowingly takes any action, or omits to take any action, amounting to fraud or violation of any applicable law, in connection with the transactions contemplated hereby; (ii) prevents or materially impairs the ability of the WIFIA Lender to monitor compliance by either the Borrower or the District with applicable law pertaining to the Project or with the terms and conditions of the WIFIA Loan Agreement; (iii) fails to observe or

comply with any applicable law, or any term or condition of the WIFIA Loan Agreement; (iv) fails to satisfy the conditions set forth in Section 4 (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*) and Section 11(b) (*Conditions Precedent – Conditions Precedent to Disbursements*) of the WIFIA Loan Agreement; or (v) fails to deliver Eligible Project Costs Documentation satisfactory to the WIFIA Lender at the times and in the manner specified by the WIFIA Loan Agreement; provided that in such case of Section 4(b)(v), the WIFIA Lender may, in its sole discretion, partially approve a disbursement request in respect of any amounts for which adequate Eligible Project Costs has been provided and may, in its sole discretion, disburse in respect of such properly documented amounts.

APPENDIX ONE TO EXHIBIT D-1

FORM OF REQUISITION

United States Environmental Protection Agency¹²
1200 Pennsylvania Avenue NW
WJC-W 6201A
Washington, D.C. 20460
Attention: WIFIA Director

Re: Enhanced Treatment and Site Upgrade Phase 1 Projects (WIFIA – N20104CA)

Ladies and Gentlemen:

Pursuant to Section 4 (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*) of the WIFIA Loan Agreement, dated as of [____], 2021 (the “**WIFIA Loan Agreement**”), by and among the UNION SANITARY DISTRICT (the “**District**”), the UNION SANITARY DISTRICT FINANCING AUTHORITY (the “**Borrower**”) and the UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator (the “**WIFIA Lender**”), the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, hereby requests disbursement in the amount set forth below in respect of Eligible Project Costs paid or incurred by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement., Capitalized terms used but not defined herein have the meaning set forth in the WIFIA Loan Agreement.

A. In connection with this Requisition the undersigned, as the District’s Authorized Representative, hereby represents and certifies the following:

1.	Project name	Enhanced Treatment and Site Upgrade Phase 1 Projects
2.	Borrower name	Union Sanitary District Financing Authority

¹² If there is a Servicer for the WIFIA Loan, provide a copy to the Servicer as well and include its notice details here.

3.	WIFIA reference number	N20104CA
4.	Requisition number	[__]
5.	Requested disbursement amount	\$[__]
6.	Requested disbursement date (the “Disbursement Date”)	[__]
7.	Total amounts previously disbursed under the WIFIA Loan Agreement	\$[__]
8.	Wire instructions	[__]

1. The amounts hereby requisitioned have been paid or incurred and approved for payment by or on behalf of the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, for Eligible Project Costs and have not been paid for or reimbursed by any previous disbursement from WIFIA Loan proceeds. No portion of the amounts requisitioned will be applied to pay for Eligible Project Costs that have been previously paid, or are expected to be paid, with proceeds of any Interim Financing [.]], except as set forth below:

Source of Interim Financing	Amount of Interim Financing
[__]	\$[__]
Total Amount of Interim Financing	\$[__]

The portion of the amount requisitioned equal to the total amount of the Interim Financing set forth above will be promptly applied by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, to either (i) discharge a like principal amount of such Interim Financing or (ii) reimburse the applicable fund or account from which the proceeds of such Interim Financing were spent.]¹³

¹³ This alternative should be included when requisitioned amounts are for the purpose of paying or redeeming, in whole or in part, amounts owed by the District under an Interim Financing the proceeds of which were applied to pay Eligible Project Costs.

2. The aggregate amount of all disbursements of the WIFIA Loan (including the amount requested under this Requisition) does not exceed (a) the maximum principal amount of the WIFIA Loan, (b) the amount of Eligible Project Costs paid or incurred by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, and (c) the cumulative disbursements through the end of the current Federal Fiscal Year as set forth in the Anticipated WIFIA Loan Disbursement Schedule.
3. The Borrower and the District has sufficient available funds committed to the Project, which together with funds that remain available and not yet drawn under the WIFIA Loan, will be sufficient to pay the reasonably anticipated remaining Total Project Costs.
4. The total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan, does not exceed eighty percent (80%) of Total Project Costs.
5. The District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, has all Governmental Approvals necessary as of the date hereof and as of the Disbursement Date (immediately after giving effect to the above-requested disbursement of WIFIA Loan proceeds), for the development, construction, operation and maintenance of the Project and each such Governmental Approval has been issued and is in full force and effect (and is not subject to any notice of violation, breach or revocation).
6. Each of the insurance policies maintained by the District pursuant to Section 17(f) (*Affirmative Covenants of the District – Insurance*) of the WIFIA Loan Agreement is in full force and effect, and no notice of termination thereof has been issued by the applicable insurance provider.
7. As of the date hereof and on the Disbursement Date (immediately after giving effect to the above-requested disbursement of WIFIA Loan proceeds), (i) no Default or Event of Default and (ii) no event of default under any other Related Document to which the District is a party, and no event that, with the giving of notice or the passage of time or both, would constitute an event of default under any Related Document, in each case, has occurred and is continuing. No District Material Adverse Effect, or any event or condition that could reasonably be expected to have a District Material Adverse Effect, has occurred since April 30, 2021.
8. The District, and each of the contractors and subcontractors at all tiers with respect to the Project, have complied with all applicable laws, rules, regulations and requirements, including 40 U.S.C. §§3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto) and 33 U.S.C. §3914 (relating to American iron and steel products).

Supporting documentation, such as certified payroll records and certifications for all iron and steel products used for the Project, are being maintained and are available for review upon request by the WIFIA Lender.

9. The representations and warranties of the District set forth in the WIFIA Loan Agreement and in each other WIFIA Loan Document to which the District is a party are true and correct as of the date hereof and as of the Disbursement Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties are true and correct as of such earlier date).
10. Each Related Document that has been delivered by the District to the WIFIA Lender pursuant to Section 11(b) (*Conditions Precedent – Conditions Precedent to Disbursements*) is complete, fully executed and in full force and effect.
11. The current estimated percentage of physical completion of the Project is [____]%. The District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, is in compliance with Section 19(c) (*Reporting Requirements of the District – Construction Reporting*) and no change has occurred since the date of the most recently delivered quarterly construction progress report that could reasonably be expected to cause a Material Adverse Effect.¹⁴
12. All documentation evidencing the Eligible Project Costs to be reimbursed to the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, [or to be used to pay Eligible Project Costs previously paid from proceeds of any Interim Financing] by the above-requested disbursement has been delivered by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement, to the WIFIA Lender at the times and in the manner specified by the WIFIA Loan Agreement, including the details set forth [in the attachment hereto, which is in form satisfactory to the WIFIA Lender][below:]

WIFIA USE ONLY

¹⁴ The most recent quarterly progress report should set out a summary of the progress of construction of the Project, as well as a general description of the work done for which the funds being requisitioned are being applied and a summary of any material changes/risks. If not, PM should request additional information (including a risk register, if applicable).

Vendor or Contractor Name ¹⁵	Invoice Number ¹⁶	Invoice Date	Payment Date	Invoice Amount	WIFIA Requested Amount ¹⁷	Activity Type ¹⁸	Description of Activity ¹⁹	Approved Amount	Notes

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

Date: _____

UNION SANITARY DISTRICT,
By its authorized representative

By: _____
Name:
Title:

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

¹⁶ Vendor’s number indicated on the invoice sent to the District.

¹⁷ If the amount requested for reimbursement by the WIFIA Lender is less than the total amount of the invoice, include an explanation for the difference.

¹⁸ Specify whether activity is: (a) **Development phase activity**, which includes planning, preliminary engineering, design, environmental review, revenue forecasting and other pre-construction activities; (b) **Construction**, which includes construction, reconstruction, rehabilitation and replacement activities; (c) **Acquisition of real property**, which includes acquiring an interest in real property, environmental mitigation, construction contingencies and acquisition of equipment; (d) **Carrying costs**, including capitalized interest, as necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses and other carrying costs during construction; (e) **WIFIA fees**, including for application and credit processing; or (f) **Other**, with an explanation in the “Description of Activity” column.

¹⁹ Provide a brief description of the activities included in the invoice for which WIFIA funds are being requested and any other notes that will aid in the review of the disbursement request.

UNION SANITARY DISTRICT FINANCING AUTHORITY,
By its authorized representative

By: _____

Name:

Title:

APPENDIX TWO TO EXHIBIT D-1

FORM OF BORROWER'S DISBURSEMENT CERTIFICATE

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

Re: ENHANCED TREATMENT AND SITE UPGRADE PHASE 1 PROJECTS (WIFIA Ref N20104CA)

Ladies and Gentlemen:

Reference is made to that certain WIFIA Loan Agreement, dated as of [____], 2021 (the “**WIFIA Loan Agreement**”), by and among UNION SANITARY DISTRICT FINANCING AUTHORITY (the “**Borrower**”), UNION SANITARY DISTRICT (the “**District**”) and the UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator (the “**WIFIA Lender**”). Capitalized terms used but not defined herein have the meaning set forth in the WIFIA Loan Agreement.

Pursuant to Section 11(b)(v) (*Conditions Precedent – Conditions Precedent to Disbursements*) of the WIFIA Loan Agreement, the undersigned, as the Borrower's Authorized Representative, hereby represents and certifies the following:

1. As of the date hereof and on the requested disbursement date (immediately after giving effect to the requested disbursement of WIFIA Loan proceeds), (a) no Default or Event of Default, and no event of default under any other Related Document to which the Borrower is a party and (b) no event that, with the giving of notice or the passage of time or both, would constitute an event of default under any Related Document to which the Borrower is a party, in each case, has occurred and is continuing.
2. No Borrower Material Adverse Effect, or any event or condition that could reasonably be expected to have a Borrower Material Adverse Effect, has occurred or arisen since the Effective Date.
3. The Borrower has complied with all applicable laws, rules, regulations and requirements.
4. The representations and warranties of the Borrower set forth in the WIFIA Loan Agreement (including Section 12 (*Representations and Warranties of the Borrower*)) and in each other WIFIA Loan Document to which the Borrower is a party are true and correct as of the date hereof and as of the requested disbursement date, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties shall be true and correct as of such earlier date).

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

Date: _____ UNION SANITARY DISTRICT FINANCING
AUTHORITY,
By its authorized representative
By: _____
Name:
Title: _____

APPENDIX THREE TO EXHIBIT D-1

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

Requisition Number [_____] is [approved in the amount of \$[_____] [approved in part in the amount of \$[_____] [not approved, for the reasons set forth in Annex A attached hereto,]²⁰ by the WIFIA Lender (as defined herein) pursuant to Section 4 (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*) of the WIFIA Loan Agreement, dated as of [____], 2021, by and among the Union Sanitary District (the “**District**”), the Union Sanitary District Financing Authority (the “**Borrower**”) and the United States Environmental Protection Agency, acting by and through the Administrator of the United States Environmental Protection Agency (the “**WIFIA Lender**”).

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

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

By: _____
WIFIA Lender’s Authorized Representative
Name:
Title:
Dated:

²⁰ If there is any partial or full denial of approval, the WIFIA Lender should provide a separate attachment setting forth the reasons for such partial or full denial of approval.

EXHIBIT D-2

CERTIFICATION OF ELIGIBLE PROJECT COSTS DOCUMENTATION

[Date]

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

Re: Enhanced Treatment and Site Upgrade Phase 1 Projects (WIFIA – N20104CA)

Ladies and Gentlemen:

Pursuant to Section 4 (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*) of the WIFIA Loan Agreement, dated as of [____], 2021 (the “**WIFIA Loan Agreement**”), by and among the UNION SANITARY DISTRICT (“the **District**”), the UNION SANITARY DISTRICT FINANCING AUTHORITY (the “**Borrower**”) and the UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator (the “**WIFIA Lender**”), we hereby present this certificate in connection with the District’s delivery of Eligible Project Costs Documentation to the WIFIA Lender. Capitalized terms used but not defined herein have the meaning set forth in the WIFIA Loan Agreement.

The undersigned does hereby represent and certify the following:

1. This certificate is being delivered to the WIFIA Lender in connection with the Eligible Project Costs Documentation and is applicable to the period between [_____] and [_____].
2. Documentation evidencing the Eligible Project Costs to be reimbursed to the District is set forth [in the attachment hereto, which is in form satisfactory to the WIFIA Lender][below:]

							WIFIA USE ONLY	
Vendor or Contractor Name ²¹	Invoice Number ²²	Invoice Date	Payment Date	Invoice Amount	Activity Type ²³	Description of Activity ²⁴	Approved Amount	Notes

3. The sources of funding for such Eligible Project Costs are [listed below / set forth in Exhibit [___] to this certificate].
4. [The funds for which reimbursement will be sought were expended solely in connection with the payment or reimbursement of Eligible Project Costs.]

Date: _____

UNION SANITARY DISTRICT ²⁵

By: _____

Name:

Title: _____

²¹ If seeking reimbursement for internal costs, enter "Internally financed activities."

²² Vendor's number indicated on the invoice sent to the District.

²³ Specify whether activity is: (a) **Development phase activity**, which includes planning, preliminary engineering, design, environmental review, revenue forecasting and other pre-construction activities; (b) **Construction**, which includes construction, reconstruction, rehabilitation and replacement activities; (c) **Acquisition of real property**, which includes acquiring an interest in real property, environmental mitigation, construction contingencies and acquisition of equipment; (d) **Carrying costs**, including capitalized interest, as necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses and other carrying costs during construction; (e) **WIFIA fees**, including for application and credit processing; or (f) **Other**, with an explanation in the "Description of Activity" column.

²⁴ Provide a brief description of the activities included in the invoice for which WIFIA funds are being requested and any other notes that will aid in the review of the documentation.

²⁵ To be executed by the District's Authorized Representative.

EXHIBIT E

FORM OF NON-LOBBYING CERTIFICATE

The undersigned, on behalf of [UNION SANITARY DISTRICT FINANCING AUTHORITY (the “**Borrower**”)] [UNION SANITARY DISTRICT (the “**District**”)], hereby certifies, to the best of his or her knowledge and belief, that:

(a) No Federal appropriated funds have been paid or will be paid, by or on behalf of the [Borrower] [District], to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the making of the WIFIA Loan.

(b) If any funds other than proceeds of the WIFIA Loan have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the WIFIA Loan, the [Borrower] [District] shall complete and submit Standard Form-LLL, “Disclosure Form to Report Lobbying,” in accordance with its instructions.

(c) The [Borrower] [District] shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

Capitalized terms used in the certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement, dated as of [_____], 2021 (the “**WIFIA Loan Agreement**”), by and among the [Borrower] [District], [Union Sanitary District] [Union Sanitary District Financing Authority] and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency.

This certification is a material representation of fact upon which reliance was placed when the WIFIA Lender entered into the WIFIA Loan Agreement. Submission of this certification is a prerequisite to the effectiveness of the WIFIA Loan Agreement imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Dated: [_____], 2021

[UNION SANITARY DISTRICT FINANCING AUTHORITY] [UNION SANITARY DISTRICT], by its authorized representative

By: _____
Name:
Title:

EXHIBIT F
WIFIA DEBT SERVICE²⁶

[See attached]

²⁶ **Note to Draft:** WIFIA Underwriting to work with the District to provide an initial amortization schedule and installment payment schedule. This will need to be finalized on the day of closing to account for the final interest rate.

EXHIBIT G-1

OPINIONS REQUIRED FROM COUNSEL TO THE BORROWER

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

1. The Borrower has been duly created and validly exists as a joint exercise of powers agency under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California.

2. The Borrower has all requisite power and authority to conduct its business and to execute and deliver, and to perform its obligations under, the Related Documents to which it is a party.

3. The execution and delivery by the Borrower of, and the performance of its respective obligations under, the Related Documents to which it is a party, have been duly authorized by all necessary organizational or regulatory action.

4. The Borrower has duly executed and delivered each Related Document to which it is a party and each such Related Document constitutes the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its respective terms.

5. No authorization, consent, or other approval of, or registration, declaration or other filing with any governmental authority of the United States of America or of the State is required on the part of the Borrower for the execution and delivery by the Borrower of, and the performance of the Borrower under, any Related Document to which it is a party other than authorizations, consents, approvals, registrations, declarations and filings that have already been timely obtained or made by the Borrower.

6. The execution and delivery by the Borrower of, and compliance by the Borrower with the provisions of, the Related Documents to which it is a party in each case do not (i) violate the Joint Powers Agreement, (ii) violate the law of the United States of America or of the State, or (iii) conflict with or constitute a breach of or default under any material agreement or other instrument known to us to which the Borrower is a party, or to the best of our knowledge, after reasonable review, any court order, consent decree, statute, rule, regulation or any other law to which the Borrower is subject.

7. To our knowledge after due inquiry, there are no actions, suits, proceedings or investigations against the Borrower by or before any court, arbitrator or any other Governmental Authority in connection with the Related Documents or the Wastewater System (including the Project) that are pending.

8. The Borrower is not entitled to claim governmental immunity in any breach of contract action under the WIFIA Borrower Documents.

9. The Borrower has duly and validly adopted the WIFIA Borrower Resolution at a meeting of the Board of Directors of the District on [____], 2021, which meeting 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 the WIFIA Borrower Resolution is in full force and effect as of the date hereof and has not been modified, amended or rescinded;

EXHIBIT G-2

OPINIONS REQUIRED FROM THE BORROWER'S BOND COUNSEL

An opinion of bond counsel to the Borrower, dated as of the Effective Date, in substantially the follow form:

_____, 2021

United States Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Re: *Enhanced Treatment and Site Upgrade Phase 1 Projects (WIFIA – N20104CA)*

Ladies and Gentlemen:

We have acted as Special Counsel to the Union Sanitary District Financing Authority (the “Borrower”) in connection with the execution and delivery, or adoption, by the Borrower of (i) that certain WIFIA Installment Purchase Agreement, dated as of October __, 2021 (the “WIFIA IPA”), by and between the Borrower and the Union Sanitary District (the “District”), (ii) the WIFIA Loan Agreement, dated as of October __, 2021 (the “WIFIA Loan Agreement”), by and among the Borrower, the District and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (the “WIFIA Lender”), (iii) that certain WIFIA Note, dated as October __, 2021 (the “WIFIA Note” and, collectively with the WIFIA IPA and the WIFIA Loan Agreement, the “WIFIA Borrower Documents”), delivered to the WIFIA Lender by the Borrower, and (iv) Resolution No. _____, adopted by the Board of Directors of the Borrower on _____ __, 2021 (the “WIFIA Borrower Resolution”). All capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to such terms in the WIFIA Loan Agreement.

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:

1. The Borrower has all requisite power and authority under the laws of the State, including but not limited to Article 4 of the Joint Exercise of Powers Act of the State, to adopt the WIFIA Borrower Resolution, to execute and deliver the WIFIA Borrower Documents and to issue the WIFIA Note, and each WIFIA Borrower Document and the WIFIA Resolution has been duly authorized, executed and delivered by the Borrower, and each WIFIA Borrower Document and the WIFIA Borrower Resolution is in full force and effect, and constitutes a legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its respective terms and conditions.

2. (a) The WIFIA Loan (as evidenced by the WIFIA Note) is secured by the Liens on the Authority Revenues, all of the Borrower’s right, title and interest in the WIFIA Debt Service Account and all of the Borrower’s rights and remedies to enforce the WIFIA IPA upon an

Exhibit G-2-1

event of default thereunder, and (b) the WIFIA Loan (as evidenced by the WIFIA Note) is enforceable under the laws of the State without any further action by the Borrower or any other Person.

3. The WIFIA Loan Agreement creates a valid and binding pledge of and lien on the Authority Revenues, all of the Borrower's right, title and interest in the WIFIA Debt Service Account and all of the Borrower's rights and remedies to enforce the WIFIA IPA upon an event of default thereunder to secure the payment of the principal of, interest on, and other amounts payable in respect of, the WIFIA Loan in accordance with the WIFIA Loan Agreement, irrespective of whether any party has notice of the pledge and without the need for any physical delivery, recordation, filing or further act.

4. All actions by the Borrower that are required for the application of the Authority Revenues as required under the WIFIA Loan Agreement have been duly and lawfully authorized.

5. The Borrower has complied with the requirements of State law to lawfully pledge the Authority Revenues, all of the Borrower's right, title and interest in the WIFIA Debt Service Account and all of the Borrower's rights and remedies to enforce the WIFIA IPA upon an event of default thereunder and to authorize the use of the Authority Revenues as required by the terms of the WIFIA Loan Agreement.

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

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. Such conclusions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform you or any other person, whether any such actions are taken or omitted after the date hereof or whether such events do occur or any other matters come to our attention after the date hereof. We have assumed, but not independently verified, that the signatures on all documents, letters, opinions and certificates which we have examined are genuine, that all documents submitted to us are authentic and were duly and properly executed by the parties thereto. As to any facts relevant to the opinions stated herein that we did not independently establish or verify, we have relied upon, without independent verification, the accuracy of the factual matters represented, warranted or certified in such documents.

This opinion is limited to matters governed by the laws of California and the United States of America, and we assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction. We call attention to the fact that the rights and obligations under the WIFIA Borrower Documents and the WIFIA Borrower Resolution 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.

Exhibit G-2-2

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 WIFIA Borrower Documents, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets, other than the Authority Revenues, the WIFIA Debt Service Account and the WIFIA Borrower Documents, or the accuracy or sufficiency of the description of such assets, other than the Authority Revenues, the WIFIA Debt Service Account and the WIFIA Borrower Documents, or the remedies available to enforce liens on any such assets, other than the Authority Revenues and the WIFIA Debt Service Account under the WIFIA Borrower Documents. Our services as Special Counsel to the Borrower did not involve the rendering of financial or other non-legal advice to you, the Borrower, the District or any other party to the transaction.

This letter is furnished by us to you solely for your benefit and we are not assuming any professional responsibility to any other person whomsoever. This letter is not to be used, circulated, quoted or otherwise referred to for any other purpose, except (a) to the extent disclosure of this opinion is required pursuant to applicable law, and (b) that this opinion may be included in applicable closing transcript. No attorney-client relationship has existed or exists between our firm and you in connection with the WIFIA Borrower Documents or the WIFIA Borrower Resolution or by virtue of this letter.

Respectfully submitted,

Exhibit G-2-3

EXHIBIT G-3

OPINIONS REQUIRED FROM COUNSEL TO THE DISTRICT

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

1. The District is a sanitary district duly organized and validly existing under the Constitution and the laws of the State of California.
2. The District has all requisite power and authority to conduct its business and to execute and deliver, and to perform its obligations under, the WIFIA District Documents and the Construction Contracts.
3. The execution and delivery by the District of, and the performance of its obligations under, the WIFIA District Documents and the Construction Contracts have been duly authorized by all necessary organizational or regulatory action.
4. The District has duly executed and delivered each WIFIA District Document and each Construction Contract, and each such WIFIA District Document and each such Existing Construction Contract constitutes the legal, valid and binding obligation of the District, enforceable against the District in accordance with its respective terms.
5. No authorization, consent, or other approval of, or registration, declaration or other filing with any governmental authority of the United States of America or of the State is required on the part of the District for the execution and delivery by the District of, and the performance of the District under, the WIFIA District Documents and the Construction Contracts other than authorizations, consents, approvals, registrations, declarations and filings that have already been timely obtained or made by the District.
6. The execution and delivery by the District of, and compliance by the District with the provisions of, the WIFIA District Documents and the Construction Contracts in each case do not (i) violate the law of the United States of America or of the State, (ii) violate any ordinance, regulation or other legislative action of the District or (iii) conflict with or constitute a breach of or default under any material agreement or other instrument known to us to which the District is a party, or to the best of our knowledge, after reasonable review, any court order, consent decree, statute, rule, regulation or any other law to which the District is subject.
7. To our knowledge after due inquiry, there are no actions, suits, proceedings or investigations against the District by or before any court, arbitrator or any other Governmental Authority in connection with the WIFIA District Documents, the Existing Construction Contracts or the Wastewater System (including the Project) that are pending.
8. The District is not entitled to claim governmental immunity under the California Government Claims Act or any other law of the State, or under any ordinance, regulation or other legislative action of the District in any breach of contract action under the WIFIA District Documents. 9. The District has duly and validly adopted the WIFIA District Resolution at a meeting of the Board of Directors of the District on [____], 2021, which meeting 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 the WIFIA District Resolution is in full force and effect as of the date hereof and has not been modified, amended or rescinded.

EXHIBIT G-4

OPINIONS REQUIRED FROM THE DISTRICT'S BOND COUNSEL

An opinion of the bond counsel to the District, dated as of the Effective Date, in substantially the following form:

_____, 2021

United States Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Ladies and Gentlemen:

We have acted as Special Counsel to the Union Sanitary District (the "District") in connection with the execution and delivery, or adoption, by the District of (i) that certain WIFIA Installment Purchase Agreement, dated as of October __, 2021 (the "WIFIA IPA"), by and between the District and the Union Sanitary District Financing Authority (the "Borrower"), (ii) that certain WIFIA Loan Agreement, dated as of October __, 2021 (the "WIFIA Loan Agreement" and collectively with the WIFIA IPA, the "WIFIA District Documents"), by and among the District, the Borrower and the United States Environmental Protection District, acting by and through the Administrator of the Environmental Protection District, and (iii) Resolution No. [_____] of the Board of Directors of the District, adopted on [_____] (the "WIFIA District Resolution"), in each case relating to the Enhanced Treatment and Site Upgrade Phase 1 Projects. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to such terms in the WIFIA Loan Agreement.

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:

1. The District has all requisite power and authority under the laws of the State, including the Sanitary District Act of 1923, set forth at Division 6 of the California Health and Safety Code, as amended and supplemented from time to time, to adopt the WIFIA District Resolution and to execute and deliver the WIFIA District Documents. Each WIFIA District Document has been duly authorized, executed and delivered by the District, and each WIFIA District Document and the WIFIA District Resolution is in full force and effect and constitutes a legal, valid and binding obligation of the District enforceable against the District in accordance with its respective terms and conditions.

2. The WIFIA Installment Payments (a) are secured by liens on the District Collateral, (b) are payable from Net Revenues on a subordinate basis to Senior Obligations, (c) are Subordinate Obligations entitled to the benefits applicable to Obligations identified as such under the WIFIA District Documents and the other Obligation Documents, (d) are enforceable under the laws of the State without any further action by the District or any other Person, and (e) rank subordinate in right of payment and right of security only to the Senior Obligations *pari passu* in

Exhibit G-4-1

right of payment and right of security with all other Subordinate Obligations; provided, however, upon a Bankruptcy Related Event, the WIFIA Installment Payments shall be payable in accordance with the WIFIA District Documents on a parity with all Senior Obligations.

3. The WIFIA IPA creates a valid and binding assignment of the Gross Revenues and pledge of and lien on the District Collateral to secure the payment of the principal of, interest on, and other amounts payable in respect of, the WIFIA Installment Payments, irrespective of whether any party has notice of the pledge and without the need for any physical delivery, recordation, filing or further act.

4. All actions by the District that are required for the application of the Gross Revenues as required under the WIFIA IPA have been duly and lawfully authorized.

5. The District has complied with the requirements of State law to lawfully pledge the District Collateral and to authorize the use of the Net Revenues as required by the terms of the WIFIA IPA.

6. The District is not an investment company required to register under the Investment Company Act of 1940, as amended.

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. Such conclusions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform you or any other person, whether any such actions are taken or omitted after the date hereof or whether such events do occur or any other matters come to our attention after the date hereof. We have assumed, but not independently verified, that the signatures on all documents, letters, opinions and certificates which we have examined are genuine, that all documents submitted to us are authentic and were duly and properly executed by the parties thereto. As to any facts relevant to the opinions stated herein that we did not independently establish or verify, we have relied upon, without independent verification, the accuracy of the factual matters represented, warranted or certified in such documents.

This opinion is limited to matters governed by the laws of the State and the laws of the United States of America, and we assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction. We call attention to the fact that the rights and obligations under the WIFIA District Documents and the WIFIA District Resolution 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.

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 WIFIA District Documents, nor are we expressing any opinion with respect to the state or quality

of title to or interest in any assets, other than the District Collateral, described in or as subject to the lien of the WIFIA District Documents, or the accuracy or sufficiency of the description of such assets, other than the District Collateral, or the remedies available to enforce liens on any such assets, other than the District Collateral under the WIFIA District Documents. Our services as Special Counsel to the District did not involve the rendering of financial or other non-legal advice to you, the District, the Borrower or any other party to the transaction.

This letter is furnished by us to you solely for your benefit and we are not assuming any professional responsibility to any other person whomsoever. This letter is not to be used, circulated, quoted or otherwise referred to for any other purpose, except (a) to the extent disclosure of this opinion is required pursuant to applicable law, and (b) that this opinion may be included in applicable closing transcript. No attorney-client relationship has existed or exists between our firm and you in connection with the WIFIA District Documents or the WIFIA District Resolution or by virtue of this letter.

Respectfully submitted,

EXHIBIT H-1

FORM OF CLOSING CERTIFICATE OF BORROWER

[_____], 2021

Reference is made to that certain WIFIA Loan Agreement, dated as of [_____], 2021 (the “WIFIA Loan Agreement”), by and among the Union Sanitary District Financing Authority, as Borrower (the “Borrower”), the Union Sanitary District, and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (the “WIFIA Lender”). Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement and section references shall refer to the WIFIA Loan Agreement.

In connection with Section 11(a) (Conditions Precedent – Conditions Precedent to Effectiveness) of the WIFIA Loan Agreement, the undersigned, President, as Borrower’s Authorized Representative, does hereby certify on behalf of the Borrower and not in her personal capacity, as of the date hereof:

(a) pursuant to Section 11(a)(ix), attached hereto as Annex A is an incumbency certificate that lists all persons, together with their positions and specimen signatures, who are duly authorized by the Borrower to execute the WIFIA Loan Documents to which the Borrower is a party and make the certifications of the Borrower delivered in connection therewith, and who have been appointed as a Borrower’s Authorized Representative in accordance with Section 25 (Borrower’s Authorized Representative) of the WIFIA Loan Agreement;

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

(c) pursuant to Section 11(a)(iii), attached hereto as Annex C is a copy of the Borrower’s Organizational Documents, as in effect on the Effective Date, each of which Organizational Documents is in full force and effect;

(d) pursuant to Section 11(a)(v), the Borrower has delivered to the WIFIA Lender a copy of the WIFIA Borrower Resolution, the WIFIA Borrower Resolution is in full force and effect, and no further instruments or documents (including any resolutions, ordinances, and supplements) are necessary for the Borrower to execute and deliver, and to perform its obligations under, the WIFIA Loan Documents to which it is a party and to consummate and implement the transactions contemplated by the WIFIA Loan Documents to which it is a party;

(e) pursuant to Section 11(a)(ix)(A), the Borrower has obtained all Governmental Approvals necessary to execute and deliver, and perform its obligations under, the WIFIA Loan Documents to which it is a party, and all such Governmental Approvals are final, non-appealable, and in full force and effect (and are not subject to any notice of violation, breach or revocation);

Exhibit H-1-1

(f) pursuant to Section 11(a)(ix)(B), as of the Effective Date, (i) the maximum principal amount of the WIFIA Loan, together with the amount of any other credit assistance provided under the Act to the Borrower, does not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs and (ii) the total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan, does not exceed eighty percent (80%) of Total Project Costs;

(g) pursuant to Section 11(a)(ix)(C), (i) the Borrower's Federal Employer Identification Number is [_____] ²⁷, (ii) the Borrower's Data Universal Numbering System number is 169498, and (iii) the Borrower has registered with, and obtained confirmation of active registration status from, the federal System for Award Management (www.SAM.gov), which confirmation is attached hereto as Annex D;

(h) pursuant to Section 11(a)(ix)(D), the CUSIP number for the WIFIA Loan is [_____];

(i) pursuant to Section 11(a)(ix)(E), the representations and warranties of the Borrower set forth in the WIFIA Loan Agreement and in each other WIFIA Loan Document to which the Borrower is a party are true and correct on and as of the date hereof, except to the extent that such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct as of such earlier date;

(j) pursuant to Section 11(a)(ix)(F), no Borrower Material Adverse Effect, or any event or condition that could reasonably be expected to have a Borrower Material Adverse Effect, has occurred or arisen since April 30, 2021;

(k) pursuant to Section 11(a)(xi), none of the rating letters delivered to the WIFIA Lender pursuant to such Section 11(a)(xi) has been reduced, withdrawn or suspended as of the Effective Date;

[Signature Page Follows]

²⁷ **Note to the Borrower:** Please provide EIN and CUSIP number.

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

**UNION SANITARY DISTRICT FINANCING
AUTHORITY**

By: _____
Name:
Title:

ANNEX A

INCUMBENCY CERTIFICATE

The undersigned certifies that she is the Secretary of the Commission of the Union Sanitary District Financing Authority, a joint exercise of powers authority duly organized and existing under the Joint Exercise of Powers Agreement, dated January 13, 2020, by and between the Union Sanitary District and the California Municipal Finance Authority, and under the Constitution and laws of the State of California (the "Borrower"), and as such she is authorized to execute this certificate and further certifies that the following persons have been elected or appointed, are qualified, and are now acting as officers or authorized persons of the Borrower in the capacity or capacities indicated below, and that the signatures set forth opposite their respective names are their true and genuine signatures. She further certifies that any of the officers listed below is authorized to sign agreements and give written instructions with regard to any matters pertaining to the WIFIA Loan Documents to which the Borrower is a party on behalf of the Borrower as the Borrower's Authorized Representative:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
[_____]	[_____]	_____
[_____]	[_____]	_____

Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement, dated as of the date hereof, by and among the Borrower, the Union Sanitary District, and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of this [____] day of [____], 2021.

UNION SANITARY DISTRICT FINANCING AUTHORITY

By: _____
Name:
Title:

EXHIBIT H-2

FORM OF CLOSING CERTIFICATE OF DISTRICT

[_____], 2021

Reference is made to that certain WIFIA Loan Agreement, dated as of [_____], 2021 (the “WIFIA Loan Agreement”), by and among Union Sanitary District Financing Authority, as Borrower (the “Borrower”), the Union Sanitary District (the “District”), and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (the “WIFIA Lender”). Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement and section references shall refer to the WIFIA Loan Agreement. Notwithstanding anything to the contrary set forth in the WIFIA Loan Agreement, the District is not a borrower with respect to the WIFIA Loan, the WIFIA Note, or the WIFIA Loan Agreement and the District has no obligation to make any payment or provision for payment of the WIFIA Loan or the WIFIA Note. The WIFIA Loan Agreement does not constitute a contract between the District and the WIFIA Lender by which the District has incurred an indebtedness.

In connection with Section 11(a) (Conditions Precedent – Conditions Precedent to Effectiveness) of the WIFIA Loan Agreement, the undersigned, General Manager, as District’s Authorized Representative, does hereby certify on behalf of the District and not in his personal capacity, as of the date hereof:

(a) pursuant to Section 11(a)(x), attached hereto as Annex A is an incumbency certificate that lists all persons, together with their positions and specimen signatures, who are duly authorized by the District to execute the WIFIA Loan Documents to which the District is a party and make the certifications of the District delivered in connection therewith, and who have been appointed as a District’s Authorized Representative in accordance with Section 26 (District’s Authorized Representative) of the WIFIA Loan Agreement;

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

(c) pursuant to Section 11(a)(iii), attached hereto as Annex C is a copy of the District’s Organizational Documents, as in effect on the Effective Date, each of which Organizational Documents is in full force and effect;

(d) pursuant to Section 11(a)(iv), the District has delivered to the WIFIA Lender a copy of the WIFIA District Resolution, the WIFIA District Resolution is in full force and effect, and no further instruments or documents (including any resolutions, ordinances, and supplements) are necessary for the District to execute and deliver, and to perform its obligations under, the WIFIA

Loan Documents to which it is a party and to consummate and implement the transactions contemplated by the WIFIA Loan Documents to which it is a party.

(e) pursuant to Section 11(a)(x)(A), the aggregate of all funds committed to the development and construction of the Project as set forth in the Base Case Financial Model and in the Project Budget are sufficient to carry out the Project, pay all Total Project Costs anticipated for the Project and achieve Substantial Completion by the Projected Substantial Completion Date;

(f) pursuant to Section 11(a)(x)(B), the District has obtained all Governmental Approvals necessary (i) as of the Effective Date in connection with the Project and (ii) to execute and deliver, and perform its obligations under, the WIFIA Loan Documents to which it is a party, and all such Governmental Approvals are final, non-appealable and in full force and effect (and are not subject to any notice of violation, breach or revocation);

(g) pursuant to Section 11(a)(x)(C), as of the Effective Date, (i) the maximum principal amount of the WIFIA Loan, together with the amount of any other credit assistance provided under the Act to the Borrower, does not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs and (ii) the total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan, does not exceed eighty percent (80%) of Total Project Costs;

(h) pursuant to Section 11(a)(x)(D), the District is in compliance with NEPA and any applicable federal, state or local environmental review and approval requirements with respect to the Project;

(i) pursuant to Section 11(a)(x)(E), the District has developed, and identified adequate revenues to implement, a plan for operating, maintaining and repairing the Project during its useful life;

(j) pursuant to Section 11(a)(x)(F), (i) the District's Federal Employer Identification Number is [_____] ²⁸, (ii) the District's Data Universal Numbering System number is [_____] , and (iii) the District has registered with, and obtained confirmation of active registration status from, the federal System for Award Management (www.SAM.gov), which confirmation is attached hereto as Annex D;

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

²⁸ **Note to the District:** Please provide EIN and DUNS number.

(l) pursuant to Section 11(a)(x)(H), no District Material Adverse Effect, or any event or condition that could reasonably be expected to have a District Material Adverse Effect, has occurred or arisen since April 30, 2021;

(m) pursuant to Section 11(a)(xii), attached hereto as Annex E is the Base Case Financial Model, which (i) demonstrates that projected Gross Revenues and Net Revenues and Authority Revenues are each sufficient to meet the Loan Amortization Schedule, (ii) demonstrates compliance by the District with the Rate Covenant for each District Fiscal Year through the Final Maturity Date, (iii) reflects principal amortization and interest payment schedules acceptable to the WIFIA Lender, and (iv) demonstrates that the District has developed, and identified adequate revenues to implement, a plan for operating, maintaining and repairing the Project over the useful life of the Project; and

(n) pursuant to Section 11(a)(xiii), attached hereto as Annex F are certificates of insurance, and each such insurance certificate is true and correct and demonstrates compliance with the requirements of Section 17(f) (*Affirmative Covenants of the District – Insurance; Net Proceeds*) of the WIFIA Loan Agreement.

[Signature Page Follows]

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

UNION SANITARY DISTRICT

By: _____
Name:
Title:

ANNEX A

INCUMBENCY CERTIFICATE

The undersigned certifies that she is the Secretary of the Board of the Union Sanitary District, a sanitary district duly organized and existing under the Constitution and laws of the State of California (the "District"), and as such she is authorized to execute this certificate and further certifies that the following persons have been elected or appointed, are qualified, and are now acting as officers or authorized persons of the District in the capacity or capacities indicated below, and that the signatures set forth opposite their respective names are their true and genuine signatures. She further certifies that any of the officers listed below is authorized to sign agreements and give written instructions with regard to any matters pertaining to the WIFIA Loan Documents to which the District is a party on behalf of the District as the District's Authorized Representative:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
[_____]	[_____]	_____
[_____]	[_____]	_____

Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement, dated as of the date hereof, by and among the District, the Union Sanitary District Financing Authority, and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of this [____] day of [____], 2021.

UNION SANITARY DISTRICT

By: _____
Name:
Title:

EXHIBIT I

FORM OF CERTIFICATE OF SUBSTANTIAL COMPLETION

[Letterhead of Borrower]

[Date]

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

Project: Enhanced Treatment and Site Upgrade Phase 1 Projects (WIFIA – N20104CA)

Dear Director:

This certificate is provided pursuant to Section 20(g)(i)(A) (*Reporting Requirements of the District – Notices – Substantial Completion*) of that certain WIFIA Loan Agreement (the “**WIFIA Loan Agreement**”), dated as of [_____], 2021 by and among Union Sanitary District Financing Authority (the “**Borrower**”), Union Sanitary District (the “**District**”) and the United States Environmental Protection Agency, acting by and through its Administrator (the “**WIFIA Lender**”).

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

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

- (a) on *[insert date Substantial Completion requirements were satisfied]*, the Project satisfied each of the requirements for Substantial Completion set forth in the *[insert reference to the design-build or similar agreements for the Project]*;
- (b) Substantial Completion has been declared under each of the above-referenced agreements and copies of the notices of Substantial Completion under such agreements are attached to this certification; and
- (c) Substantial Completion, as defined in the WIFIA Loan Agreement, has been achieved.

UNION SANITARY DISTRICT,
by its authorized representative

By: _____
Name:
Title:

Exhibit I-1

EXHIBIT J

FORM OF QUARTERLY REPORT

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

Re: Enhanced Treatment and Site Upgrade Phase 1 Projects (WIFIA – N20104CA)

This Quarterly Report for the period of *[insert relevant period]* is provided pursuant to Section 20(c) (*Reporting Requirements of the District – Construction Reporting*) of the WIFIA Loan Agreement, dated as of [_____], 2021 (the “**WIFIA Loan Agreement**”), by and among Union Sanitary District Financing Authority (the “**Borrower**”), Union Sanitary District (the “**District**”) and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (the “**WIFIA Lender**”). Unless otherwise defined herein, all capitalized terms in this Quarterly Report have the meanings assigned to those terms in the WIFIA Loan Agreement.

(i) Amount Expended

Construction Contract (CC)	Original Contract Amount	Change Orders to Date	Total Estimated Costs	Estimated Costs to Complete	Costs Earned or Paid Through Previous Reporting period	Current Reporting Period Costs Earned or Paid	Total Costs Earned or Paid to date	% Costs Earned or Paid to Date
----------------------------	--------------------------	-----------------------	-----------------------	-----------------------------	--	---	------------------------------------	--------------------------------

TOTAL

(ii) Construction Progress, Governmental Approvals, Updated Schedule

Assessment of overall construction progress (substantially similar in form and substance to the attached SRF Loan report for the Regional Water Quality Laboratory Agreement No. 13-815-550, which is included solely as an example report):

Notice of receipt of relevant Governmental Approvals since the Effective Date and since the prior Quarterly Report:

Assessment of construction progress compared to Construction Schedule provided in the prior Quarterly Report:

Construction Contract (CC)	NTP Effective Date	Original Time for Completion (days)	Original Contract Completion (date)	Time Added to Date (days)	Current Contract Completion (date)	Days Elapsed	% Contract Duration
----------------------------	--------------------	-------------------------------------	-------------------------------------	---------------------------	------------------------------------	--------------	---------------------

(iii) Substantial Completion Date

Current projection for the Substantial Completion Date: _____

If the current projection for the substantial completion date is later than previously reported in the prior Quarterly Report, provide a description in reasonable detail for such projected delay:

(iv) Material Problems (if any)

Detailed description of all material problems (including actual and anticipated cost and/or schedule overruns, if any), encountered or anticipated in connection with the construction of the Project during the preceding quarter, together with an assessment of how such problems may impact the Construction Schedule and the meeting of critical dates thereunder and a detailed description of the proposed solutions to any such problems:

(v) Proposed or pending change orders that exceed the threshold set out in Section 20(f) (*Reporting Requirements of the District – Modifications to Total Project Costs*) or could reasonably be expected to result in a Material Adverse Effect

(vi) Other matters related to the Project

Date: _____

UNION SANITARY DISTRICT,
by its authorized representative

By: _____

Name: _____

Title: _____

EXHIBIT K

FORM OF PUBLIC BENEFITS REPORT

Pursuant to Section 11(a)(xiv) and Section 20(e) of the WIFIA Loan Agreement, Union Sanitary District (the “**District**”) is providing this Public Benefits Report in connection with the Enhanced Treatment and Site Upgrade Phase 1 Projects (WIFIA – N20104CA):

- (i) **The estimated interest savings Union Sanitary District Financing Authority (the “Borrower”) is realizing through the use of the WIFIA Loan compared to comparable market rate financing:**

The estimated interest savings from use of the WIFIA Loan compared to a comparable market rate financing is \$[] million on a gross savings basis.

- (ii) **With respect to the report delivered [prior to the Effective Date][within ninety (90) days following the Substantial Completion Date][within ninety (90) following the fifth (5th) anniversary of the Substantial Completion Date], the number of jobs projected to be created by the Project during each period described below:**

The District projects [] temporary and [] permanent jobs to be created by the Project during the period between [[(1)] the Effective Date and the Substantial Completion Date]²⁹ [and] [[(2)] the Substantial Completion Date and the fifth (5th) anniversary of the Substantial Completion Date]³⁰.

- (iii) **Whether the Project will assist the District in complying with applicable regulatory requirements, and if so, a narrative description describing such enhancements:**

[].

- (iv) **The amount by which the Project will assist the Borrower (measured by percent annually) in reducing levels of Nitrogen, Phosphorus, biochemical oxygen demand (BOD) and total suspended solids (TSS):**

[].

²⁹ Include for both the reports delivered (i) prior to the Effective Date and (ii) 90 days following the Substantial Completion Date.

³⁰ Include for both the reports delivered (i) prior to the Effective Date and (ii) 90 days following the fifth anniversary of the Substantial Completion Date.

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

[_____] , 2021

Union Sanitary District
5072 Benson Road
Union City, CA 94587

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

RE: WIFIA Term Sheet for the Union Sanitary District
Enhanced Treatment and Site Upgrade Phase 1 Projects
WIFIA Project No. 20104CA

Ladies and Gentlemen:

This WIFIA Term Sheet (this “**Term Sheet**”) constitutes (a) the approval of the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (hereinafter, the “**USEPA**”), of the application for credit assistance of the District (as defined below) received April 30, 2021 (the “**Application**”) and (b) the agreement of USEPA to provide financing for the above-referenced project (as further described below, the “**Project**”) in the form of a secured loan, pursuant to the Water Infrastructure Finance and Innovation Act (“**WIFIA**”), § 5021 *et seq.* of Public Law 113-121 (as amended by Public Law 114-94, Public Law 114-322 and Public Law 115-270) (the “**Act**”), codified as 33 U.S.C. §§ 3901-3914, subject in all respects to (i) the terms and conditions contained herein and (ii) the execution and delivery of the WIFIA loan agreement among USEPA, the District and the Borrower (as defined below) to be entered into on or after the date hereof (the “**WIFIA Loan Agreement**”) and the terms and conditions contained therein. The financing shall be documented under the following three documents: (1) the WIFIA Loan Agreement; (2) an Installment Purchase Agreement, between the District and the Borrower (the “**WIFIA Installment Purchase Agreement**”); and (3) a note to be issued by the Borrower pursuant to the WIFIA Loan Agreement (the “**WIFIA Note**” and together with the WIFIA Installment Purchase Agreement, the WIFIA Loan Agreement, and certain other documents referenced in the definition thereof in the WIFIA Loan Agreement, the “**WIFIA Loan Documents**”). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the WIFIA Loan Agreement or the WIFIA Installment Purchase Agreement.

USEPA’s agreement to provide WIFIA credit assistance to the Project is based upon the Application and the supplemental information and documents, including the base case financial model, provided to USEPA. This Term Sheet is an agreement of USEPA only to the terms specified herein, which may be modified or supplemented by USEPA in its discretion at any time and from time to time during the course of its due diligence and credit approval process.

By executing this Term Sheet, the District confirms its agreement to reimburse USEPA for any and all documented fees and expenses that USEPA incurs for legal counsel, financial advice, and other consultants in connection with the evaluation of the Project and the negotiation and

preparation of the WIFIA Loan Agreement and related documents, whether or not such agreement is ultimately executed.

This Term Sheet shall be governed by the federal laws of the United States of America if and to the extent such federal laws are applicable, and the internal laws of the State of California, if and to the extent such federal laws are not applicable.

INDICATIVE TERMS OF THE WIFIA NOTE

WIFIA LENDER	United States Environmental Protection Agency, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency (the “ WIFIA Lender ”).
BORROWER	The Union Sanitary District Financing Authority, a joint exercise of powers agency duly organized and existing under the laws of the State of California (the “ Borrower ”)
DISTRICT	The Union Sanitary District, a sanitary district duly organized and existing under the laws of the State of California (the “ District ”)
PROJECT	<p>The project is for certain improvements to the District’s Alvarado Wastewater Treatment Plant, which consist of the following components, as further described in the WIFIA Loan Agreement (collectively, the “Project”):</p> <ul style="list-style-type: none"> (a) aeration basin modifications and the replacement of existing buildings, including construction of a new campus building; (b) construction of a secondary clarifier and new chlorine disinfection and effluent pumping facilities; and (c) retrofitting of the existing secondary clarifiers for plant equalization and storage.
WIFIA NOTE AMOUNT	A maximum principal amount (sum of disbursements) not to exceed \$188,758,204; <u>provided</u> , that (a) the maximum principal amount of the WIFIA Note, together with the amount of any other credit assistance provided under the Act, shall not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs, (b) the total federal assistance for the Project, including but not limited to the maximum principal amount of the WIFIA Note and all federal direct and indirect grants, shall not exceed eighty percent (80%) of Total Project Costs, and (c) such amount does not include any interest that may be capitalized in accordance with the WIFIA Loan Agreement and added to the principal amount of the WIFIA Loan.
INTEREST RATE	<p>The WIFIA Note shall bear interest at a fixed rate, calculated by adding one basis point (0.01%) to the rate of securities of a similar maturity (based on the weighted-average life of the WIFIA Note) as published, on the execution date of the WIFIA Note, in the United States Treasury Bureau of Public Debt’s daily rate table for State and Local Government Series (SLGS) securities, currently located on the Internet at:</p> <p>https://www.treasurydirect.gov/GA-SL/SLGS/selectSLGSDate.htm.</p>

	<p>Interest shall accrue and be computed on the basis of a 360-day year of twelve (12) thirty (30) day months, and shall be compounded semi-annually.</p> <p>The WIFIA Note shall also bear default interest at a rate of two hundred (200) basis points above the otherwise applicable interest rate, at such times and upon such terms as provided in the WIFIA Note.</p>
PAYMENT DATES	<p>Principal of the WIFIA Note shall be repaid in annual installments on March 1 of each year, beginning on the first March 1 occurring on or after the Debt Service Payment Commencement Date.</p> <p>Interest shall be paid in arrears on March 1 and September 1 of each year, beginning on the earlier of (i) the first March 1 or September 1 occurring closest to, but not later than, the fifth (5th) anniversary of the Substantial Completion Date and (ii) if the Capitalized Interest Period ends pursuant due to the occurrence of an Event of Default, the first March 1 or September 1 immediately following the end of the Capitalized Interest Period.</p> <p>Subject to the terms and conditions of the WIFIA Loan Agreement, no principal or interest is required to be paid during the Capitalized Interest Period.</p>
FINAL MATURITY DATE	<p>March 1, 2063; <u>provided</u>, that the Final Maturity Date shall be no later than the date that is thirty-five (35) years following the Substantial Completion Date.</p>
PROJECTED SUBSTANTIAL COMPLETION DATE	<p>June 30, 2028</p>
DEDICATED SOURCE OF REPAYMENT	<p>The dedicated source of repayment for the WIFIA Note shall be the WIFIA Installment Payments received by the Borrower pursuant to or with respect to the WIFIA Installment Purchase Agreement and all interest or gain derived from the investment of amounts in the funds or accounts established under the WIFIA Installment Purchase Agreement (the “Authority Revenue”). The WIFIA Installment Payments shall be payable to the WIFIA Lender as assignee of the Borrower, from the Net Revenues of the Wastewater System in accordance with the WIFIA Installment Sale Agreement. The provisions below summarize the WIFIA Installment Purchase Agreement.</p> <p>“Net Revenues” means for any District Fiscal Year, the Gross Revenues for such District Fiscal Year less the Operation and Maintenance Costs for such District Fiscal Year.</p>

"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:

- (a) 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);
- (b) 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;
- (c) the proceeds of any stand-by or availability charges, development fees and connection charges collected by the District; and
- (d) the earnings on and income derived from the investment of amounts described in clauses (a), (b) and (c) above and from District reserves;

but excluding:

- (i) customers' deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District;
- (ii) 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
- (iii) 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 the WIFIA Installment Purchase Agreement. "Gross Revenues" do not include any amounts transferred from the Revenue Fund to the Parity Debt Reserve during any District Fiscal Year in accordance with the WIFIA 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 GAAP, 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

	<p>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 WIFIA Installment Purchase Agreement, the 2020 Installment Purchase Agreement, the 2020 Indenture, the 2021 Installment Purchase Agreement, the 2021 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 in accordance with GAAP; 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.</p> <p>"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.</p>
<p>INSTALLMENT PAYMENTS; SECURITY AND LIEN PRIORITY; WIFIA SPRINGING LIEN</p>	<p><i>Installment Payments</i></p> <p>Under the WIFIA Loan Documents, the District will acquire the Project from the Borrower, in exchange for installment payments paid by the District to the Borrower ("WIFIA Installment Payments"), which will be equal in time and amount to the debt service on the WIFIA Note.</p> <p>Each WIFIA Installment Payment comprises a Principal Component and an Interest Component, which mimics a debt service structure under a traditional loan agreement. The WIFIA Installment Payments shall be adjusted in the same way that payments on the WIFIA Note (as set forth in the WIFIA Loan Agreement) are adjusted.</p> <p><i>Security and Lien Priority</i></p>

Payment of the WIFIA Installment Payments by the District to the Borrower shall be secured by a valid and binding pledge and Lien on 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 under the WIFIA Installment Purchase Agreement, the Acquisition Fund (including all amounts on deposit therein), the WIFIA Debt Service Account (including all amounts on deposit therein), and any other fund or account that is established or maintained pursuant to the WIFIA Installment Purchase Agreement (including all amounts on deposit therein) (except the Parity Debt Reserve (other than those amounts which are transferred by the District from the Parity Debt Reserve to the Revenue Fund)), and, subject to a Bankruptcy Related Event, subordinate to the Lien on the collateral above (except as otherwise required by law) in favor of the Senior Obligations (and ordinary scheduled payment obligations under any hedging arrangements related thereto, but senior to any applicable hedging termination obligations) and on parity with other Subordinate Obligations (other than Subordinate Obligations that are subordinate to the WIFIA Installment Payments).

Upon the occurrence of a Bankruptcy Related Event with respect to the District, the WIFIA Loan shall spring to parity with the Senior Obligations (including ordinary scheduled payment obligations under any hedging arrangements related to such Senior Obligations, but senior to any applicable hedging termination obligations), automatically and without the need for any notice to or from any Person, physical delivery, recordation, filing or further act.

All Gross Revenues received by the District shall be deposited in a separately maintained fund established and held by the District (the “**Revenue Fund**”) from which the District will pay, in the following order of priority: (i) first, 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, and the remaining money on deposit shall constitute the Net Revenues, which will be used to make the payments described in clauses (ii), (iii) and (iv) below; (ii) second, to pay all amounts due and payable with respect to the Senior Obligations (including, upon the occurrence of a Bankruptcy Related Event of the District, the WIFIA Installment Payments), including the installment payments under the Installment Purchase Agreement, dated as of January 1, 2020, and the Installment Purchase Agreement, dated as of July 1, 2021, each between the District and the Borrower and ordinary

	<p>scheduled payment obligations under any hedging arrangements related to such Senior Obligations (but prior to payment of any applicable hedging termination obligations); (iii) <u>third</u>, for transfer to the applicable trustee for deposit to such other reserve fund or account for Senior Obligations an amount that is equal to the amount required to be deposited therein, (iv) <u>fourth</u>, to pay all amounts then due and payable with respect to Subordinate Debt (as defined in the WIFIA Installment Purchase Agreement) (including, prior to the occurrence of a Bankruptcy Related Event, the WIFIA Installment Payments), (v) <u>fifth</u>, deposit to such other reserve fund or account for Subordinate Obligations an amount that is equal to the amount required to be deposited therein, and (vi) <u>sixth</u>, to pay amounts for any purpose permitted by law, including payment of Subordinate Debt that is subordinate to the WIFIA Installment Payments and deposits to the Parity Debt Reserve.</p> <p>Payment of the WIFIA Note by the Borrower shall be secured by a first priority lien on, and security interest in, (i) all amounts held in the “WIFIA Debt Service Account” to be established and held by the District in accordance with the WIFIA Installment Purchase Agreement (the “WIFIA Debt Service Account”) (including any funds and accounts therein), and (ii) the Authority Revenues received by the Borrower pursuant to the WIFIA Installment Purchase Agreement.</p> <p>Additionally, pursuant to the WIFIA Loan Agreement, the Borrower will assign certain of its rights under the WIFIA Installment Purchase Agreement (including the right to receive and collect the WIFIA Installment Payments) to the WIFIA Lender.</p>
PREPAYMENT	<p>The Borrower may prepay the WIFIA Note in whole or in part, without penalty or premium; <u>provided</u>, that any such prepayment shall be in a minimum principal amount of \$500,000 or any integral multiple of \$1.00 in excess thereof, shall be limited to one prepayment during any 12-month period, and shall otherwise be in accordance with the WIFIA Loan Agreement.</p>
RATE COVENANT	<p>To the fullest extent permitted by law, the District shall fix and prescribe, at the commencement of each District Fiscal Year, rates and charges for the Wastewater Service which are reasonably expected to be at least sufficient to yield during each District Fiscal Year (i) Net Revenues equal to one hundred twenty percent (120%) of the Debt Service (as defined below) payable in such District Fiscal Year and (ii) Net Revenues remaining after payment of Debt Service equal to one hundred ten percent (110%)</p>

	of Subordinate Debt Service (as defined below) payable in such District Fiscal Year.
ADDITIONAL INDEBTEDNESS	<p>The District shall not issue or incur any Additional Obligations unless the conditions described below are satisfied:</p> <p>(a) The District may not issue or incur any Senior Obligations during the term of the WIFIA Loan Agreement unless all of the following conditions are satisfied:</p> <ul style="list-style-type: none"> (i) The Net Revenues for the last audited District Fiscal Year, or for any consecutive twelve (12) calendar month period during the eighteen (18) calendar month period preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the bond issuance of such Senior Obligation or the date of the contract execution of such Senior Obligation, as the case may be, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Consultant 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 District Fiscal Year or other twelve (12) month period; and (ii) The Net Revenues for the last audited District Fiscal Year, or for any consecutive twelve (12) calendar month period during the eighteen (18) calendar month period preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the bond issuance of such Senior Obligation or the date of the contract execution of such Senior Obligation, as the case may be, including adjustments to give effect as of the first day of such District Fiscal Year or other twelve (12) 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 Consultant 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 District Fiscal Year or other twelve (12) month period, plus the Debt Service which would have accrued on any executed or issued Senior Obligations since the end of such District Fiscal Year or other twelve (12) month period, assuming that such

Senior Obligations had been executed or issued, as applicable, at the beginning of such District Fiscal Year or other twelve (12) month period, plus the Debt Service which would have accrued had such proposed additional Senior Obligation been executed or issued, as applicable, at the beginning of such District Fiscal Year or other twelve (12) month period.

Notwithstanding the foregoing, any Senior Obligation to refund or prepay Senior Obligations may be delivered without satisfying the conditions set forth above if Debt Service in each District Fiscal Year after the District Fiscal Year in which such new Senior Obligation is issued or executed is not greater than one hundred five percent (105%) of the Debt Service which would have been payable in each such District Fiscal Year prior to the issuance or execution of such new Senior Obligation.

For the avoidance of doubt, the WIFIA Installment Purchase Agreement shall be treated as a Senior Obligation for purposes of clauses (i) and (ii) above.

(b) The District shall not create, incur or suffer to exist any Additional Subordinate Obligations on parity with the WIFIA Installment Payments unless:

(i) The Net Revenues remaining after payment of Debt Service for the last audited District Fiscal Year or any consecutive twelve (12) calendar month period during the eighteen (18) calendar month period preceding the date of issuance or execution of such Subordinate Obligations, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Consultant on file with the District, shall have produced a sum equal to at least one hundred ten percent (110%) of the Subordinate Debt Service for such District Fiscal Year or other twelve (12) month period; and

(ii) The Net Revenues remaining after payment of Debt Service for the last audited District Fiscal Year or any consecutive twelve (12) calendar month period during the eighteen (18) calendar month period preceding the issuance or the execution of such Subordinate Obligations, including adjustments to give effect as of

the first day of such District Fiscal Year or other twelve (12) 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 Consultant on file with the District, shall have produced a sum equal to at least one hundred ten percent (110%) of the Subordinate Debt Service for such District Fiscal Year or other twelve (12) month period, plus the Subordinate Debt Service which would have accrued on any Subordinate Obligations issued since the end of such District Fiscal Year or other twelve (12) month period, assuming that such Subordinate Obligations had been issued or executed, as applicable, at the beginning of such District Fiscal Year or other twelve (12) month period, plus the Subordinate Debt Service which would have accrued had such proposed Subordinate Obligations been executed or issued, as applicable, at the beginning of such District Fiscal Year or other twelve (12) month period.

Notwithstanding the foregoing, any Subordinate Obligations on a parity with the WIFIA Installment Payments that is executed to refund or prepay the Senior Obligations or other Subordinate Obligations on a parity with the WIFIA Installment Payments may be delivered without satisfying the conditions set forth above if Debt Service and Subordinate Debt Service in each District Fiscal Year after the District Fiscal Year in which such new Subordinate Obligations is issued or executed is not greater than one hundred five percent (105%) of the Debt Service and Subordinate Debt Service which would have been payable in each such District Fiscal Year prior to the issuance of or execution of such Subordinate Obligations.

The Borrower shall not without the prior written consent of the WIFIA Lender issue or incur obligations of any kind payable from, secured or supported by any of the Authority Revenues and amounts to be held in any fund or account established pursuant to the WIFIA Installment Purchase Agreement or the right, title and interest of the Borrower to the WIFIA Installment Purchase Agreement.

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

	<p>(a) 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);</p> <p>(b) those portions of the principal amount of all outstanding serial Bonds maturing in such period (but excluding Excluded Principal);</p> <p>(c) those portions of the principal amount of all outstanding term Bonds required to be paid in such period (but excluding Excluded Principal); and</p> <p>(d) 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);</p> <p>but less the earnings to be derived from the investment of moneys on deposit in debt service reserve funds established for Senior Obligations;</p> <p>provided that, as to any such Senior Obligations 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 Senior Obligation 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;</p>
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	<p>provided further that if any series or issue of such Senior Obligations 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 Senior Obligations 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</p> <p>provided further that, as to any such Senior Obligations or portions thereof which bear no interest but which are sold at a discount and which discount accretes with respect to such Senior Obligations or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service; and</p> <p>provided further that if the Senior Obligations constitute interest rate swap agreements or other paired obligations, the interest rate on such Senior Obligations 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</p> <p>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 Senior Obligation 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.</p> <p>“Excluded Principal” means each payment of principal of any applicable Obligations for which there is on file with the WIFIA Lender (i) a certificate of an Independent Municipal Consultant to the effect that such Obligation is commercial paper or otherwise of a short term or revolving nature and has a maturity of less than sixty (60) months and (ii) a certificate of an authorized representative of the District to the effect that the District intends to pay such principal from the proceeds of Obligations or other bonds, notes or other obligations of the District. No such determination shall affect the security for such Obligations or the obligation of the District to pay such Obligations from Net Revenues.</p>
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	" Subordinate Debt Service " means debt service on Subordinate Obligations calculated in accordance with the definition of Debt Service with respect to Senior Obligations.
RESTRICTED PAYMENTS AND TRANSFERS	The District shall not permit Gross Revenues or other assets of the Wastewater System, or any funds in any fund or account held pursuant to the WIFIA Installment Purchase Agreement or any ancillary agreement related thereto, or in any other fund or account held by or on behalf of the District, to be paid or transferred or otherwise applied for purposes other than ownership, construction and improvement, operation or maintenance of the Wastewater System.
WIFIA NOTE DOCUMENTATION	The WIFIA Note shall be subject to the preparation, execution and delivery of the WIFIA Loan Documents and any other loan documentation required by the WIFIA Lender in connection therewith, in each case acceptable to the WIFIA Lender, the Borrower and the District, which will contain certain conditions precedent, representations and warranties, affirmative and negative covenants, events of default, and other provisions as are typical of WIFIA loan agreements.
GOVERNING LAW	Federal laws of the United States of America, if and to the extent such federal laws are applicable, and the internal laws of the State of California, if and to the extent such federal laws are not applicable.
COUNTERPARTS	This Term Sheet, and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. Electronic delivery of an executed counterpart of a signature page shall be effective as delivery of an original executed counterpart.

[Signature pages follow]

If the foregoing terms are acceptable, please countersign this letter in the space indicated below.

Sincerely,

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

By: _____
Name: Michael S. Regan
Title: Administrator

*[Signature Page to Union Sanitary District and Union Sanitary District Financing Authority -
Enhanced Treatment and Site Upgrade Phase 1 Projects – WIFIA Term Sheet]*

ACKNOWLEDGED AND AGREED:

UNION SANITARY DISTRICT,
by its authorized representative

By: _____
Name:
Title:

UNION SANITARY DISTRICT FINANCING AUTHORITY,
by its authorized representative

By: _____
Name:
Title:

*[Signature Page to Union Sanitary District and Union Sanitary District Financing Authority -
Enhanced Treatment and Site Upgrade Phase 1 Projects – WIFIA Term Sheet]*



Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

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

Karen W. Murphy
Attorney

**NOVEMBER 8, 2021
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 10**

TITLE: Receive Presentation of the Fiscal Year 2020/21 Annual Comprehensive Financial Report (ACFR) and Direct Staff to File the ACFR

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

Recommendation

Receive and file the Fiscal Year 2020/21 Annual Comprehensive Financial Report (ACFR) as presented.

Discussion

Attached to this staff report you will find the Fiscal Year 2020/21 ACFR as audited by Lance, Soll & Lunghard, LLP, Certified Public Accountants. Highlights for year include:

- An increase in Net Position to \$431.5 million, a \$26.2 million increase from FY 2020. Contributing factors include \$9.4 million in connection fees, \$12.3 million in contributed capital, marginal rate increases, inspection fees and other area development-related revenue.
- Net Position consists of \$293.1 million invested in capital assets; \$91.7 million restricted for specifically stipulated spending agreements originated by law, contract or other agreements with external parties; and \$46.7 million unrestricted and subject to designation by the District Board of Directors for use in meeting the District's ongoing obligations.
- The District placed \$17.9 million in capital assets into service in FY 2021 compared to \$6.9 million in FY 2020. Long-term liabilities increased \$.6 million from FY 2020. Contributing factors included an increase in pension and other post employment benefits liabilities of \$3.5 million and a decrease in long term bonds payable of \$2.9 million.

- There were no significant audit findings for FY 2020/21 as stated in the attached Audit Communication Letter from our auditors, Lance, Soll, & Lunghard, LLP, Certified Public Accountants.

It should be noted that the formally used acronym CAFR (Comprehensive Annual Financial Report) has been changed to ACFR (Annual Comprehensive Financial Report). According to the Governmental Accounting Standard Board (GASB), conversations amongst the global accounting community brought to light that the spoken acronym CAFR, sounds very similar to a *profoundly offensive* term directed at Black South Africans. After consulting with a variety of stakeholders, the Board recommended the change be adopted, and it was subsequently approved for fiscal years ending after December 15, 2021 with early application encouraged. The District, in light of the offensive nature of the term, has chosen to adopt the change from CAFR to ACFR for the fiscal year ending 06/30/2021.

Background

Annually, the District engages an independent accounting firm to audit the financial statements and records for the previously ended fiscal year. The results of the FY 2020/21 audit were presented to the Audit Committee on 11/02/21.

This item is brought before the Board on an annual basis in compliance with the Financial Audit Policy # 2020 and industry best practices.

Previous Board Action

None.

Attachments

FY 2020/21 ACFR

Audit Communication Letter – SAS 114

Independent Auditors' Report on Internal Control – SAS 115



Union Sanitary District

Union City, California

Annual Comprehensive Financial Report



Image: Enhanced Treatment & Site Upgrade Project
Rendering. Projected Completion 2028

Fiscal Year Ended June 30, 2021 with Comparative
Information for Fiscal Year Ended June 30, 2020

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Union Sanitary District

Union City, California

Annual Comprehensive Financial Report



Image: Cogen Engines

Fiscal Year Ended June 30, 2021 with Comparative
Information for Fiscal Year Ended June 30, 2020

Prepared by Business Services Work Group

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Introductory Section



Image: East Internal Lift Pumps

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Directors

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

October 27, 2021

Board of Directors
Union Sanitary District
Union City, California

Subject: Annual Comprehensive Financial Report for the Year Ended June 30, 2021

We are pleased to present the Union Sanitary District's (the District) Annual Comprehensive Financial Report (ACFR) for the fiscal year (FY) ended June 30, 2021 (formerly referred to as the Comprehensive Annual Financial Report). Responsibility for both the accuracy of presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activities have been included.

The ACFR is presented in accordance with Generally Accepted Accounting Principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB).

District Profile

The Reporting Entity

The District is an independent Special District and is accounted for as an enterprise fund type (proprietary fund category). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. As an enterprise fund, the District uses the accrual basis of accounting. Revenues are recognized when earned

and expenses are recognized as they are incurred, regardless of when cash is paid or received. The District considers the Union Sanitary District Financing Authority as a blended component unit of the District.

The District applies all applicable GASB pronouncements in accounting and reporting for proprietary operations. District policy requires that its financial statements be audited on an annual basis by an independent certified public accounting firm approved by the Board of Directors. The independent auditor's report for the fiscal year ended June 30, 2021 is presented in the Financial Section of this report. Please refer to the Management's Discussion and Analysis immediately following the independent auditor's report in the Financial Section for additional information about the financial statements.

District Formation and Organization

The Union Sanitary District was formed in 1918 and subsequently reorganized in 1923 to serve Newark and the Centerville area of what is now Fremont. Between 1949 and 1962, Nilas, Decoto, Irvington, and Alvarado Sanitary Districts joined the Union Sanitary District. The District is empowered to own and operate wastewater facilities and the Board of Directors may prescribe, revise, and collect fees or charges for services and facilities. The District provides wastewater collection, treatment and disposal services to the residents and businesses of the cities of Fremont, Newark, and Union City, commonly referred to as the Tri-City Area, with a combined population of over 355,000. The Cities are located along Interstates 680 and 880, between Oakland and San Jose in southern Alameda County.

The District is governed by a five-member Board of Directors, which is independently and directly elected by voters to staggered four-year terms. The Board appoints the General Manager to manage and oversee the day-to-day operations. The District, which currently employs 140.45 Full Time Equivalent (FTE) staff, operates in a team-based environment, and uses the Balanced Scorecard as a model for its strategic plan and performance measurement tool.

Local Economic Condition and Outlook

Located at the northern end of Silicon Valley, the Tri-City area of Fremont, Newark and Union City has a diverse population, as well as a varied mix of employers including biotech, research and development, education, manufacturing, and retail. Summary notes of the prevailing economic conditions in the Tri-City area and the District are below, delineated by City.

The City of Fremont*

Located on the southeast side of the San Francisco Bay, Fremont is a city of over 234,000 people and 76,000 households, with an area of 92-square miles. Fremont remains the fourth most populous city in the Bay Area and California's 16th largest city. With its moderate climate and its proximity to major universities, shopping areas, recreation and cultural activities, employment centers, major airports, and the Bay Area Rapid Transit system, Fremont captures metropolitan living at its best.

Fremont is conveniently served by Interstates 680 and 880, as well as rail transport lines including Altamont Commuter Express (ACE), Amtrak Capitol Corridor, and the Bay Area Rapid Transit (BART) system. Fremont also has easy access to the San Jose Airport, Oakland Airport,

San Francisco Airport, and the Port of Oakland. Fremont is home to a broad variety of innovative firms including over 1,200 high tech, life science, and clean technology firms. The city has a broad range of quality, affordable business locations; a superior workforce; and a wide variety of tax benefits and incentive programs for businesses.

Fremont is one of the most ethnically and culturally diverse cities in the Bay Area. Residents are attracted to Fremont for its nationally recognized high-ranking public schools, its numerous well-kept parks, and a variety of recreational amenities, including beautiful Lake Elizabeth, Central Park, and Mission San José (California's 14th mission). Fremont is described as a wonderful community to live, work, and play.

The City of Newark*

Newark has an area of 14 square miles, a population of over 48,000. Newark was incorporated in 1955 and is located 35 miles south of San Francisco and next to many high-tech hubs, including easy access to highways 880, 580, 680, and the Dumbarton Corridor places Newark in an ideal location. Newark has evolved from its days enriched in agriculture, manufacturing, and railroad to today's expansion of high-tech, biotech, and the health sciences.

Although Newark has grown significantly, it still manages to keep a small, hometown community charm that citizens say they love about Newark. The City of Newark has a wide variety of programs and services to meet the community's needs.

The City of Union City*

Union City is 18 square miles in area, boasting a diverse and unified people, excellent educational institutions, unsurpassed quality of life, strong economy, and world-renowned location in The San Francisco Bay Area. Incorporated in 1959, the city proudly maintains a small-town feel while being in the center of the Bay Area, with San Francisco and Silicon Valley just minutes away. Union City has grown into an ethnically diverse community of over 73,000 residents, and the highly regarded New Haven Unified School District serves about 13,000 K-12 students. The community offers a variety of housing, with affordable and upscale homes available in many charming neighborhoods throughout the city. The transit-oriented Station District, located around the Union City BART station, boasts housing and business development opportunities with easy, convenient access to major public transit running throughout the Bay Area. Union City also offers many wonderful parks, sports fields, community centers, and a variety of recreation programs and social services for residents of all ages.

Region-wide, the Tri-City area is still experiencing significant impacts as a result of COVID-19. Unemployment rates for the cities of Fremont, Newark and Union City on June 30, 2021 were 5.1%, 6.1%, and 6.6% respectively, compared with 10.5%, 12.8%, and 13.4% one year earlier.

*Information adapted from the respective city's website and the US Census Bureau

Major Projects or Initiatives

During fiscal year 2021, the District continued, completed, or initiated several significant projects:

Enhanced Treatment & Site Upgrade (ETSU) Program - The District developed the Enhanced Treatment and Site Upgrade (ETSU) Program to upgrade and bring infrastructure up to current standards and to address impending regulatory requirements and capacity needed to meet the

General Plans of the Cities served. The Program is a roadmap for the treatment plant's infrastructure over the next 40 years. Design of the first group of projects is underway. These include improvements to the aeration basins and relocation of operations, maintenance, and administrative facilities. Construction of Phase 1 projects is expected to begin in calendar year 2022 and last through calendar year 2028.

Digester 7 - An additional anaerobic digester is currently under construction and is expected to be placed into service in early calendar 2022.

Force Main Relocation Project, Phase II - This project continues work done previously to relocate sections of the force main to allow for development and construction of new residential housing, in conjunction with local area developers. Construction should be completed by the end of calendar year 2021.

Standby Power Generation System Upgrade - The District's current emergency power facilities are beyond their useful life. Final design is anticipated by the end of calendar year 2021 with construction anticipated to begin in early calendar year 2022.

Rebranding Initiative - This project was initiated in late FY 2017 to explore options for rebranding and updating the District's name and logo to increase customer awareness of the services provided by the District. The current name and logo does not provide sufficient differentiation between the City of Union City, sanitation companies or the water District. Various stakeholders have been involved in the process. The Board will consider options and provide direction to staff in summer of 2022.

COVID-19 Response – The impacts of COVID-19 have been felt throughout the region impacting every agency in a variety of ways. The District responded early in the pandemic to mitigate the impacts of the virus while maintaining operations at customary levels. Precautions have been taken to not only separate operational groups to reduce the risk of cross contamination from the virus, but to also follow strict health and safety protocols for all employees. Efforts thus far have been highly successful with minimal disruption to services. No significant fiscal impacts have occurred to the District due to the virus.

Future Projects or Initiatives

The primary focus for the next 5-10 years will be additional projects associated with the ETSU program as well as the capital program.

The District will also be focusing on a Strategic Planning Initiative in FY 2022. As an organizational management activity, the strategic planning process is used to set priorities, focus energy and resources, strengthen operations, and ensure that employees and other stakeholders are working toward common goals. Our District maintains a three-year plan, with a mid-way opportunity to assess the strategy.

Financial Information

Accounting System

District financial records are maintained on the accrual basis of accounting as required by GASB Section 1600.125. Accrual basis accounting recognizes transactions, events, and circumstances when they occur, rather than when cash is received or paid.

Internal Controls

While developing and evaluating the District's accounting system, consideration is given to the adequacy of internal accounting controls. Internal controls are designed to give reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. The District's internal controls include but are not limited to positive pay, fraud protection checks, timely bank reconciliations, segregation of duties wherever possible, dual approvals on wires, an anonymous fraud hotline, and financial system security.

Budgetary Controls

Budgetary controls are maintained by the District to ensure compliance with the annual budget adopted by the Board of Directors. All financial activities for the fiscal year are included in the annual budget, along with a twenty-year capital improvement projects plan. Budgetary control is maintained at the Work Group (department) level for administrative and operating budgets, and at the project level for capital improvements. Monthly budget reports are provided to the Executive Team and Board of Directors, and the Executive Team conducts a detailed quarterly review, as well.

Rate Structure

The District receives its revenue from four primary sources: sewer 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.

Sewer Service Charge

The sewer service charge has historically been collected on the annual property tax bill. Sewer service charges to be collected are provided to the County of Alameda in August of each fiscal year. The District receives its primary payments of funds in December (50%) and April (45%), and the remainder in September, and receives all amounts billed as part of the County's "Teeter" plan.

The sewer service charge is divided into four primary categories of customers: residential, commercial, institutional, and industrial. The calculation of the sewer service charge for the commercial, institutional, and industrial customers is based upon their average flow, as well as contribution of their projected suspended solids (SS) and chemical oxygen demand (COD). The District has a sampling program to periodically test the effluent from its industrial customers.

Flow for industrial users is based on water use records from the Alameda County Water District. The annual residential fee for FY 2021 was \$454.57 for a single-family dwelling and \$400.58 for a multi-family dwelling.

Connection Fees

In 2021 the District charged a sewer connection fee of \$8,897.71 for a residential equivalent dwelling unit (EDU). The charges for commercial, industrial, and office use are based on factors such as square footage, flow, COD, and suspended solids. Revenues from capacity fees are used to fund capital projects and upgrades that preserve or increase the system's capacity. Collected capacity fee revenues may not fund ongoing operating costs.

Interest Income

The District earns interest on its portfolio of investments, including the Local Agency Investment Fund (LAIF), and the California Asset Management Program (CAMP), which is allocated to the major funds (Capacity and Sewer Service) monthly by percentage of fund balance.

Other Information

Independent Financial Audit – California state statutes require an annual independent audit of the books of accounts and financial records of the District. The firm of Lance, Soll & Lunghard, LLP was contracted to conduct this year's audit. The Board Audit Committee receives and reviews the audited financial statements. The audit opinion is included in the Financial Section of this report.

Financial Policies – The District maintains a rotation schedule for updating and reviewing policies. In fiscal year 2021, the District reviewed and/or updated the following important financial policies:

Procurement, Surplus Property Disposal, Capital Assets, Internal Controls, Accounting Standards, Investments, Budget, Fraud in the Workplace, Project Expenditures

During the year, the District adopted a new policy titled Pension and OPEB Funding.

East Bay Dischargers Authority (EBDA) – USD is a member of EBDA. Founded in 1974, EBDA is a five-member Joint Powers Authority (JPA) formed to plan, design, construct, and operate regional facilities to collect, transport and discharge treated effluent to deep waters of San Francisco Bay. Treated effluent from the District's Alvarado Wastewater Treatment Plant is pumped to the EBDA System and discharged into the Bay southwest of Oakland International Airport. Frequent testing of the treated wastewater confirms compliance with regional permit requirements. The other member agencies are Castro Valley Sanitary District, Oro Loma Sanitary District, City of Hayward, and City of San Leandro.

District Financing Authority – The District is a member of the Alameda County Water District (ACWD) Financing Authority. The Authority was organized to aid ACWD in the financing of capital projects via a bond sale or other mechanisms requiring an issuing agency authority. The District has one Board member on the governing body of the Authority.

Union Sanitary Financing Authority (USDFA) – During FY 2020, the District formed the USDFA. The creation of this JPA to issue revenue bonds provides savings benefits to the District's ratepayers. The Authority was not utilized during FY 2021.

Awards Received – During the past year, the District received the following awards:

- ❖ National Association of Clean Water Agencies (NACWA) - Peak Performance Awards 1993 – 2020; USD's Alvarado Treatment Plant in Union City has been recognized for 28 consecutive years by NACWA (and its predecessor, AMSA) for outstanding performance.
- ❖ National Association of Clean Water Agencies – Excellence in Management Platinum Recognition
- ❖ Government Finance Officers Association (GFOA) – Excellence in Financial Reporting

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Respectfully submitted,

DocuSigned by:
Paul R. Eldredge
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Paul R. Eldredge, P.E.
General Manager/District Engineer

DocuSigned by:
Mark Carlson
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Mark Carlson, CPA
CFO/Business Services Manager

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VISION/MISSION STATEMENT

Revised April 10, 2017

To safely and responsibly collect and treat wastewater, and to recover resources from process waste streams, while protecting human health and improving the environment in a way that benefits the Tri-Cities and all USD stakeholders.

How we continue to accomplish our Vision:

Commitment to safety:

- Continually reviewing our safety program for opportunities to improve
- Focusing on protecting employees and the community in all our activities
- Allocating resources to ensure safe operations (equipment, training, staff)
- Collaboratively promoting a safe work environment

Responsibility:

- Being accountable for our actions and decisions
- Being fiscally prudent
- Maintaining and upgrading infrastructure
- Anticipating and meeting future District and stakeholder needs
- Compliance with laws and regulations (local, state, federal)
- Effective asset management
- Effective use of technology
- Looking for innovative ways to reduce or reuse our waste streams

Collect, treat, and recover/reuse wastewater:

- Providing capacity in the collection system and plant
- Regulating connections
- Increasing efforts for resource recovery (biogas, biosolids, etc.)
- Exploring ways to maximize water reclamation and reuse potential

Human health and environmental stewardship

- Preventing sewer spills and back-ups
- Limiting health risks through treatment of wastewater
- Responding to emergencies
- Enhancing water quality in the San Francisco Bay estuary
- Meeting or exceeding all water and air quality standards
- Promoting pollution prevention and pretreatment through outreach and educational programs
- Maximizing use of green energy sources when feasible
- Working towards energy neutrality



VISION/MISSION STATEMENT

Revised April 10, 2017

We benefit our stakeholders by:

- Community**
 - Complying with all local, state, and federal regulations, protecting the environment and controlling odors
 - Communicating with the public and bringing awareness about wastewater issues
 - Responding to emergencies and providing mutual aid
 - Participating in community outreach activities
 - Contributing to the wastewater treatment profession by participating in professional associations, partnering with other agencies and organizations, and sharing best practices
 - Working cooperatively with cities and other government agencies

- Customer**
 - Providing award-winning, reliable service
 - Being fiscally responsible and cost effective, and providing value
 - Promptly responding to customers' needs
 - Being professional and courteous
 - Proactively and creatively meeting customer needs
 - Supporting businesses through permitting, education and by providing capacity

- Employees**
 - Providing a safe work environment
 - Recognizing employee contributions
 - Encouraging cooperation and collaboration
 - Demonstrating equality and fairness
 - Valuing employee input, and offering opportunities for involvement and creativity
 - Providing training and resources
 - Providing competitive wages and benefits in a stable work environment
 - Communicating and sharing information openly and honestly

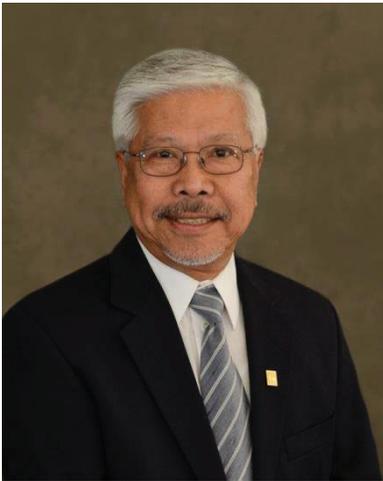
Board of Directors



Pat Kite



Anjali Lathi



Manny Fernandez



Tom Handley



Jennifer Toy

Principal Officials

As of June 30, 2021

		City Represented	Year Elected	Term Expires
Pat Kite	President	Newark (Ward 2)	1991	2024
Anjali Lathi	Vice President	Fremont (Ward 3)	2002	2024
Manny Fernandez	Secretary	Union City (Ward 1)	2011 (Appointed)	2024
Tom Handley	Board Member	Fremont (Ward 3)	2007	2022
Jennifer Toy	Board Member	Fremont (Ward 3)	1998	2022

Karen W. Murphy

General Counsel

Staff

Paul Eldredge

General Manager/District Engineer

Armando Lopez

Treatment & Disposal Services Manager

Robert Simonich

Maintenance & Technology Services Manager

Mark Carlson

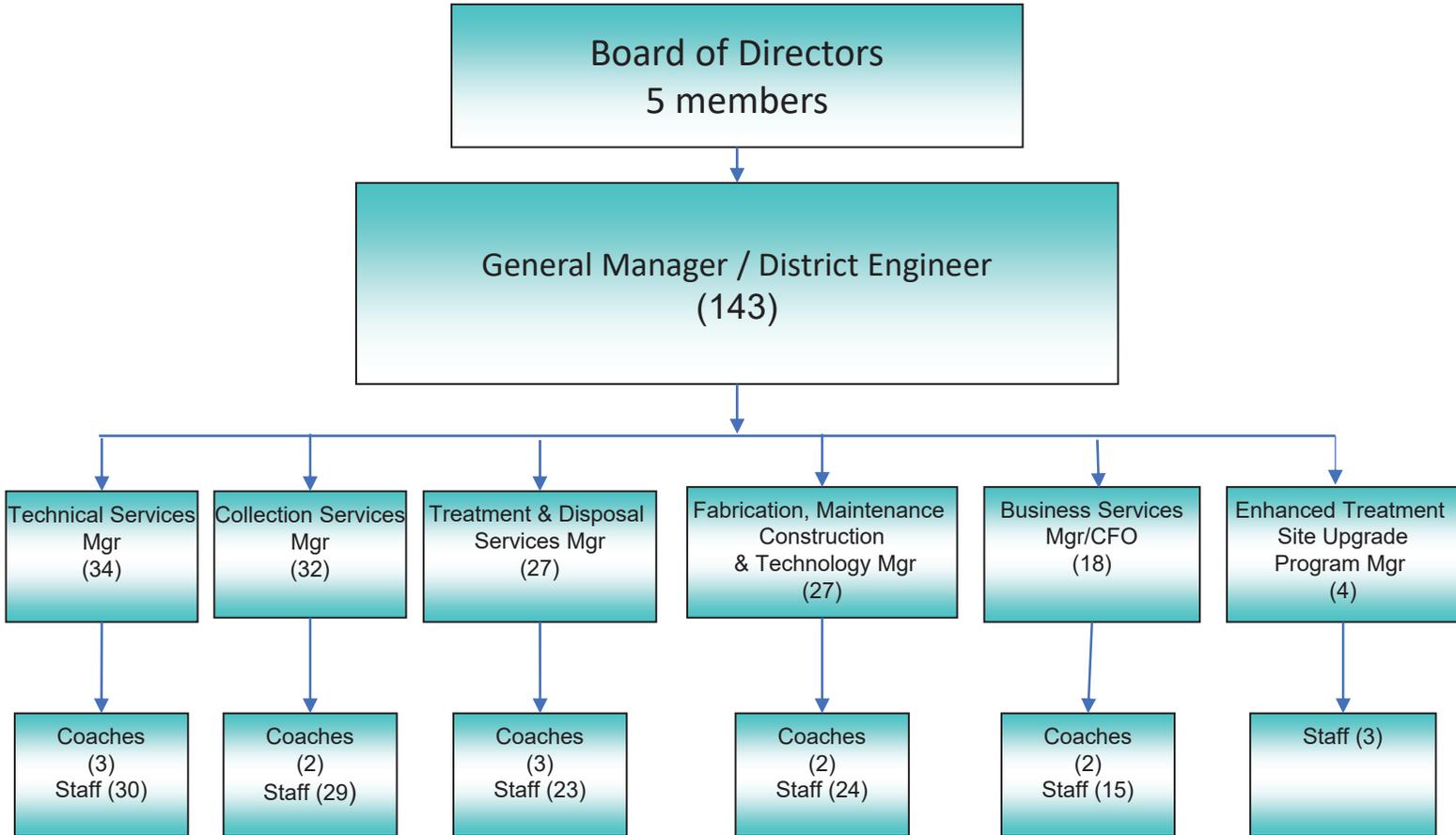
Business Services Manager/Chief Financial Officer

Sami Ghossain

Technical Services Manager`

James Schofield

Collection Services Manager



*143 Positions allocated in FY2021
Full Time Equivalent positions in FY2021 is 140.45

June 30, 2021



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Union Sanitary District
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

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Financial Section



Image: Methane Gas Conditioning Skid
for Co-gen and Boiler Fuel

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Union Sanitary District
Union City, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the Union Sanitary District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the date of the financial statements.



To the Board of Directors
Union Sanitary District
Union City, California

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Responsibilities

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net pension liability and related ratios, the schedule of Plan contributions, the schedule of changes in net OPEB liability and related ratios, and schedule of OPEB contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



To the Board of Directors
Union Sanitary District
Union City, California

Report on Prior Summarized Comparative Information

We have previously audited the District's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary schedule of operating expenses before depreciation, and schedule of insurance coverage are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedule of operating expenses before depreciation and schedule of insurance coverage are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lance, Soll & Loughard, LLP". The signature is written in a cursive, flowing style.

Sacramento, California
October 27, 2021

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UNION SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

This section of the Union Sanitary District's (the District) annual comprehensive financial report presents an analysis of the District's financial performance during the fiscal year ended June 30, 2021. This information is presented in conjunction with the audited financial statements, which follow this section.

The District, which was established in 1918 and subsequently reorganized in 1923, is empowered to own and operate wastewater facilities and the Board of Directors may prescribe, revise, and collect fees or charges for services and facilities of the District in connection with its wastewater system.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2021, by \$431.5 million (net position). Net position consists of \$293.1 million invested in capital assets, \$91.7 million restricted net position, and \$46.7 million in unrestricted net position.
- The District's total net position increased by \$26.3 million during the fiscal year ended June 30, 2021. Contributing factors include \$9.4 million in connection fees, \$12.3 million in contributed capital, marginal rate increases, inspections and other area development.
- Long-term liabilities increased on the Statement of Net Position by \$0.6 million during the current fiscal year. Contributing factors included an increase in pension and other post-employment benefits liabilities of \$3.5 million and a decrease in long term bonds payable of \$2.9 million.
- The District placed \$17.9 million in capital assets into service compared to \$6.9 in the previous year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The District's financial statements include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. These provide information about the activities of the District as a whole and present a long-term view of the District's property, debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure.

- **Statement of Net Position** – Includes all District assets, liabilities, deferred outflows of resources, and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for computing rate of return; evaluating the capital structure of the District; and assessing the liquidity and financial flexibility of the District.
- **Statement of Revenues, Expenses and Changes in Net Position** – All of the current year revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of District operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness.
- **Statement of Cash Flows** – The primary purpose of this statement is to provide information about District cash receipts, cash disbursements and net changes in cash resulting from operations, investments, and capital and non-capital financing activities. It illustrates the source of revenue, purposes for which it was used, and change in cash balance during the reporting period.

UNION SANITARY DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS JUNE 30, 2021

Reporting the District as a Whole

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position

DISTRICT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the District's activities.

The largest portion of the District’s Net Position (68%) reflects its investment in capital assets (net of accumulated depreciation) less any related outstanding debt that was used to acquire those assets. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Table 1 – Condensed Statement of Net Position

	Fiscal Year	Fiscal Year	Fiscal Year	Dollar Change	Percent Change
	2021	2020	2019	FY21 to FY20	FY21 to FY20
Current and other assets	\$ 209,786,196	\$ 212,422,497	\$ 153,635,984	\$ (2,636,301)	-1.2%
Capital Assets	354,820,252	325,577,880	323,687,525	29,242,372	9.0%
Total Assets	564,606,448	538,000,377	477,323,509	26,606,071	4.9%
Deferred outflows of resources	10,436,854	10,049,080	9,982,982	387,774	3.9%
Current liabilities	14,849,655	13,419,790	11,054,282	1,429,865	10.7%
Long-term liabilities	127,428,957	126,855,110	89,017,951	573,847	0.5%
Total liabilities	142,278,612	140,274,900	100,072,233	2,003,712	1.4%
Deferred inflows of resources	1,314,631	2,584,183	1,903,197	(1,269,552)	-49.1%
Net Position:					
Net investment in capital assets	293,087,260	283,568,402	284,632,017	9,518,858	3.4%
Restricted	91,707,599	66,590,701	69,264,549	25,116,898	37.7%
Unrestricted	46,655,200	55,031,271	31,434,495	(8,376,071)	-15.2%
Total net position	\$ 431,450,059	\$ 405,190,374	\$ 385,331,061	\$ 26,259,685	6.5%

Net position of the District’s business type activities increased 6.5% to \$431.5 million, of which \$293.1 million is invested in capital assets such as equipment, buildings, and infrastructure. Of the remaining total, \$91.7 million is restricted to specifically stipulated spending agreements originated by law, contract, or other agreements with external parties. The remaining \$46.7 million is subject to designation for specific purposes as approved by the District Board of Directors and may be used to meet the District’s ongoing obligations.

UNION SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

Table 2 – Condensed Statement of Revenues, Expenses, and Changes in Net Position

	Fiscal Year	Fiscal Year	Fiscal Year	Dollar Change	Percent Change
	2021	2020	2019	FY21 to FY20	FY21 to FY20
Operating Revenues:					
Sewer service charges (SSC)	\$ 62,142,806	\$ 60,216,149	\$ 57,330,651	\$ 1,926,657	3.2%
Other revenues	1,332,737	1,460,111	2,188,027	(127,374)	-8.7%
Total operating revenues	63,475,543	61,676,260	59,518,678	1,799,283	2.9%
Operating Expenses:					
Depreciation	16,482,501	16,819,345	17,857,275	(336,844)	-2.0%
Sewage treatment	21,756,065	21,815,870	19,339,187	(59,805)	-0.3%
Sewage collection and engineering	16,437,903	16,596,589	14,519,186	(158,686)	-1.0%
General and administration	8,824,715	8,858,612	8,044,226	(33,897)	-0.4%
Total operating expenses	63,501,184	64,090,416	59,759,874	(589,232)	-0.9%
Non-operating Revenues (Expenses):					
Investment income and net gains	238,374	5,069,307	4,097,258	(4,830,933)	-95.3%
Loss on retirement of capital assets	(5,840)	(45,982)	(6,606,751)	40,142	-87.3%
East Bay Dischargers Authority gain/(loss)	7,355,380	(62,484)	(170,591)	7,417,864	-11,871.6%
Interest	(2,097,916)	(1,841,089)	(992,721)	(256,827)	13.9%
Total non-operating revenues (expenses)	5,489,998	3,119,752	(3,672,805)	2,370,246	76.0%
Income/(Loss) Before Contributed Capital	5,464,357	705,596	(3,914,001)	4,758,761	674.4%
Capital Contributions					
Connection fees	9,358,209	14,179,465	16,158,027	(4,821,256)	-34.0%
Contributed capital	12,360,959	5,582,142	1,738,388	6,778,817	121.4%
Total capital contributions	21,719,168	19,761,607	17,896,415	1,957,561	9.9%
Change in Net Position	27,183,525	20,467,203	13,982,414	6,716,322	32.8%
Beginning Net Position	405,190,374	385,331,061	371,508,117	19,859,313	5.2%
Prior period adjustment	(923,840)	(607,890)	(159,470)	(315,950)	52.0%
Restated Net Position, Beginning of Year	404,266,534	384,723,171	371,348,647	19,543,363	5.1%
Ending Net Position	\$ 431,450,059	\$ 405,190,374	\$ 385,331,061	\$ 26,259,685	6.5%

The District's increase in net position of \$26.3 million is primarily due to the following:

- A marginal rate increase in sewer service charge and the increase in other revenues, such as permit fees.
- The District received \$9.4 million in connection fees and \$12.3 million in contributed capital due to the ongoing residential development activity within the service area.

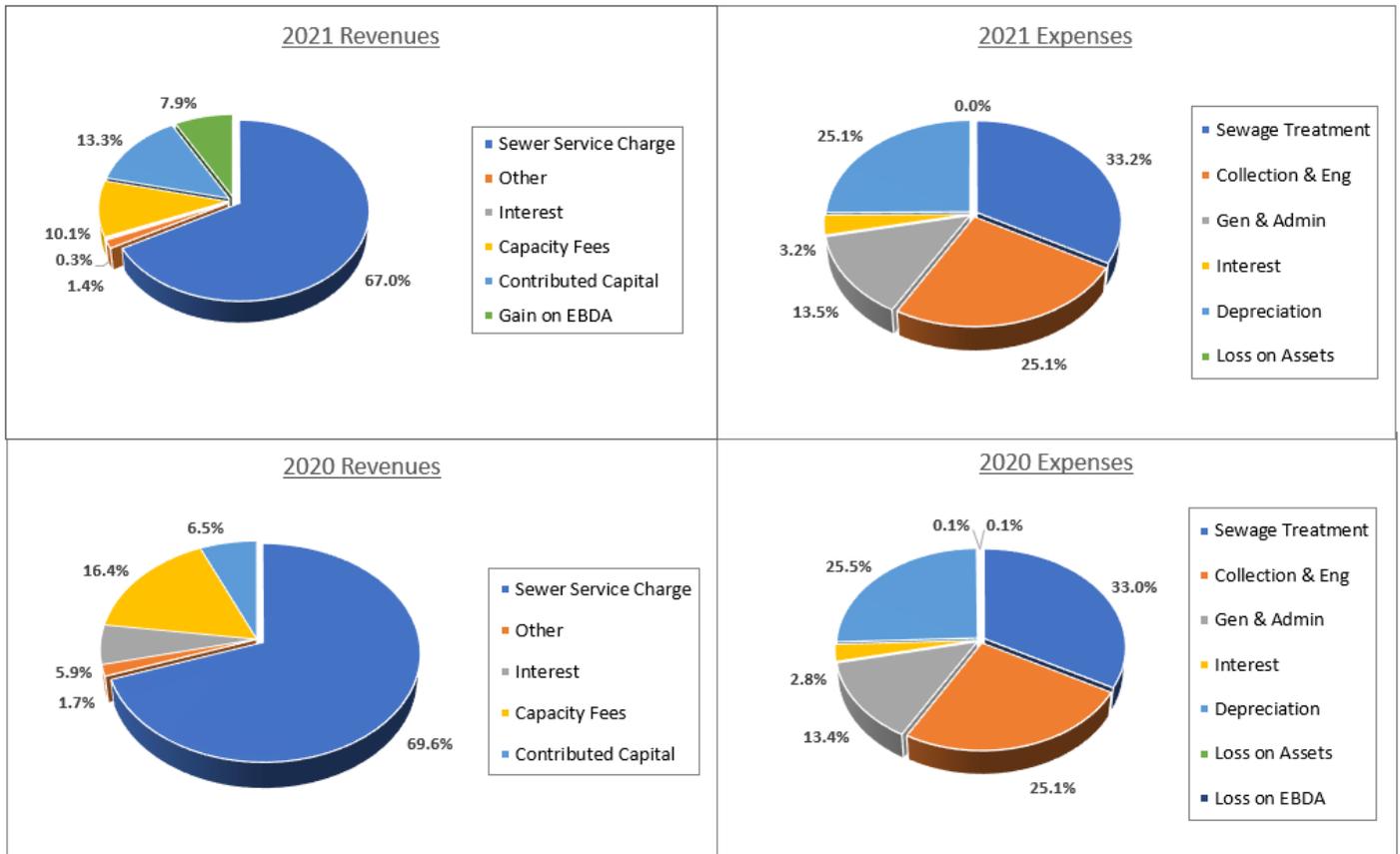
UNION SANITARY DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS JUNE 30, 2021

Overall, the District’s operating revenues increased 2.9% or \$1.8 million from FY 2020. Sewer service revenues for the year increased by 3.2% or \$1.9 million. Other operating revenues decreased by 8.7% or \$0.1 million from prior year as the result of a decrease in permits and compliance fees received from the service area. However, both commercial and residential development slowed, and connection fee revenues decreased 34.0%, or \$4.8 million from prior year as a result. Contributed capital increased 121.4% or \$6.8 million.

The gain on equity investment in East Bay Dischargers Authority (EBDA) was \$7.4 million. This increase was a result of a change in the District’s ownership percentage in EBDA that increased from 18.7% to 42.1%. Investment income decreased by \$4.8 million to \$0.2 million in FY 2021. Lower returns from LAIF, CAMP, and managed portfolio investments resulted in a lower weighted investment yield at June 30, 2021, of 0.53%, with a weighted average portfolio life of 262 days compared to a weighted investment yield at June 30, 2020, of 1.19%, with a weighted average portfolio life of 322 days.

The District’s operating expenses decreased from the prior year \$0.6 million.



UNION SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of FY 2021, the District had \$354.8 million invested in a broad range of capital assets, including facilities and equipment for the plant, collections, and administrative facilities. This amount represents a net increase of \$29.2 million compared to the prior year. The net change consisted of total additions of \$46.7 million, net deletions and adjustments of \$1.0 million and depreciation of \$16.5 million.

The District has outstanding construction contract commitments on capital projects approximating \$44.1 million at June 30, 2021. During the year ended June 30, 2021, major projects and related activity included:

Table 3 – Additions to CIP

Primary Digester No. 7	\$ 15,927,875
MP - Aeration Basin Modifications	4,870,953
Alvarado Influent PS Pumps and VFDs	4,831,896
Campus Building (Admin, FMC, Ops)	2,114,848
Primary Digester No. 2 Rehabilitation	1,496,135
Headworks 3rd Bar Screen	1,145,322
WAS Thickeners	832,930
ETSU Phase 1B Project	561,059
Pump Stations Chemical System Improvements	377,056
Standby Power System Upgrade	248,692
Aeration Blower 11 (High Speed)	225,938
Calcium Thiosulfate Chemical Tank	196,230
NRB (Non Residential Billing) Replacement	132,300
Emergency Outfall Outlet Improvements	127,315
Alvarado Influent Valve Box Rehabilitation	103,420
Others	336,497
Total	<u>\$ 33,528,466</u>

This year's additions (placed into service) included:

Table 4 – Total CIP Placed into Service

Digester No. 3 Insp & Rehab	\$ 2,871,948
3 rd Sludge Degritter System	1,846,151
Lab/Plant Operations Data Mgmt System (ODMS)	77,940
Alvarado-Niles Road SS Rehabilitation	2,457
Total	<u>\$ 4,798,496</u>

More detailed information about the District's capital assets is presented in Note 2 to the financial statements.

UNION SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

Debt Administration

At year-end, the District had \$70.9 million in long-term debt outstanding versus \$73.5 million last year.

Other obligations include accrued vacation pay and sick leave. More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements.

NEW SIGNIFICANT ACCOUNTING STANDARDS IMPLEMENTED

In FY 2021, the following Governmental Accounting Standards Board (GASB) pronouncements impacted the District:

- GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.
- GASB Statement 90, Majority Equity Interests – an Amendment of GASB Statement Nos. 14 and 61. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

NEXT YEAR'S BUDGET AND RATES

The Board of Directors adopted the FY 2022 Budget with total appropriations of \$112.0 million which is an increase over the prior year budget of \$14.1 million. Of that amount, \$43.2 million has been appropriated for capital projects (both for design and construction) such as the Enhanced Treatment & Site Upgrade (ETSU) program (a series of prior Master Plan (MP) projects), Digester No. 7, Stand by Power Generation System Upgrade, and Headworks Screens Replacement. The budget also includes \$4.0 million in special projects (including some new and some continuing efforts) such as property acquisitions, election related costs, headworks degritting and various other project studies. To stay competitive with the market, the appropriations include a cost-of-living increase of 3.25% for employees.

This budget also includes certain rate increase as part of an approved five-year rate plan that became effective on July 1, 2021. Total estimated revenues for FY 2022 are \$192.5 million, of which, \$110 million is anticipated bond proceeds in the fall of 2021. Revenues (net of bond proceeds) increased by \$13.8 million over the prior year budget. The increase is largely attributable to increases in Sewer Service Charges, a portion of which was deferred from FY 2021 to FY 2022. Major revenue items are sewer service charges of \$74.7 million, capacity fee revenues of \$4.9 million and other revenues of \$2.9 million.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District at (510) 477- 7500.

UNION SANITARY DISTRICT

STATEMENT OF NET POSITION
 JUNE 30, 2021 (with comparative information for June 30, 2020)

	2021	2020
Assets:		
Current Assets:		
Cash, cash equivalents	\$ 3,898,442	\$ 4,907,684
Investments	171,017,705	160,359,553
Receivables:		
Accounts, net	6,575,274	4,802,401
Accrued interest	241,568	607,871
Inventories	796,089	772,503
Prepaid expenses	32,539	46,096
Total Current Assets	182,561,617	171,496,108
Noncurrent Assets:		
Capital assets		
Non-depreciable capital assets		
Land and improvements	5,395,903	5,395,903
Construction in progress	64,404,996	36,598,866
Capacity permits and easements	6,415,898	6,415,898
Depreciable capital assets		
Utility plant in service	690,626,913	672,726,404
Less: Accumulated depreciation	(412,023,458)	(395,559,191)
Net capital assets	354,820,252	325,577,880
Other Assets		
Restricted cash, cash equivalents	1,039,360	278,200
Restricted investments	13,072,622	34,890,971
Investment in East Bay Dischargers Authority	13,112,597	5,757,218
Total other assets	27,224,579	40,926,389
Total Noncurrent Assets	382,044,831	366,504,269
Total Assets	\$ 564,606,448	\$ 538,000,377
Deferred Outflows of Resources:		
Deferred outflows related to pensions	\$ 9,058,711	\$ 8,425,826
Deferred outflows related to OPEB	1,378,143	1,623,254
Total Deferred Outflows of Resources	\$ 10,436,854	\$ 10,049,080
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 4,842,991	\$ 4,429,104
Accrued payroll and related expenses	1,160,842	895,034
Interest payable	752,436	844,459
Customer deposits	3,868,142	3,662,957
Accrued compensated absences	1,650,244	1,298,236
Bonds payable	2,575,000	2,290,000
Total Current Liabilities	14,849,655	13,419,790
Long-term liabilities:		
Bonds payable	68,338,414	71,218,249
Net pension liability	55,447,032	51,055,879
Net OPEB liability	3,643,511	4,580,982
Total Long-Term Liabilities	127,428,957	126,855,110
Total Liabilities	\$ 142,278,612	\$ 140,274,900
Deferred Inflows of Resources:		
Deferred inflows related to pensions	\$ 204,255	\$ 1,098,252
Deferred inflows related to OPEB	1,110,376	1,485,931
Total Deferred Inflows of Resources	\$ 1,314,631	\$ 2,584,183
Net Position:		
Net investment in capital assets	\$ 293,087,260	\$ 283,568,402
Restricted for:		
Capacity purposes	86,776,039	62,920,301
Debt service	3,887,201	3,399,270
Funds held for faithful performance	1,044,359	271,130
Unrestricted	46,655,200	55,031,271
Total Net Position	\$ 431,450,059	\$ 405,190,374

UNION SANITARY DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2021 (with comparative information for the year ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
Sewer service charges (SSC)	\$ 62,142,806	\$ 60,216,149
Other operating revenues	1,332,737	1,460,111
Total Operating Revenues	<u>63,475,543</u>	<u>61,676,260</u>
Operating Expenses:		
Sewage treatment	21,756,065	21,815,870
Sewage collection and engineering	16,437,903	16,596,589
General and administration	8,824,715	8,858,612
Total Operating Expenses Before Depreciation	<u>47,018,683</u>	<u>47,271,071</u>
Depreciation	16,482,501	16,819,345
Total Operating Expenses	<u>63,501,184</u>	<u>64,090,416</u>
Operating (Loss)	<u>(25,641)</u>	<u>(2,414,156)</u>
Nonoperating Revenues (Expenses):		
Net investment income and net realized gains and losses	238,374	5,069,307
Interest and fiscal charges	(2,097,916)	(1,841,089)
Gain (Loss) on equity investment in East Bay Dischargers Authority	7,355,380	(62,484)
Loss on disposal of capital assets	<u>(5,840)</u>	<u>(45,982)</u>
Net Nonoperating Revenues (Expenses)	<u>5,489,998</u>	<u>3,119,752</u>
Income Before Contributed Capital	5,464,357	705,596
Connection fees and other contributed capital	<u>21,719,168</u>	<u>19,761,607</u>
Changes in Net Position	<u>27,183,525</u>	<u>20,467,203</u>
Net Position:		
Beginning of Fiscal Year	405,190,374	385,331,061
Restatements	<u>(923,840)</u>	<u>(607,890)</u>
Beginning of Fiscal Year, as restated	<u>404,266,534</u>	<u>384,723,171</u>
End of Fiscal Year	<u>\$ 431,450,059</u>	<u>\$ 405,190,374</u>

UNION SANITARY DISTRICT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021 (with comparative information for the year ended June 30, 2020)

	2021	2020
Cash Flows from Operating Activities:		
Receipts from customers and users	\$ 61,702,670	\$ 60,743,320
Payments to suppliers for goods and services	(14,020,261)	(13,277,479)
Payments to employees for services	(30,180,392)	(28,133,837)
Receipts from customer deposits	205,185	90,167
Net Cash Provided by Operating Activities	17,707,202	19,422,171
Cash Flows from Capital and Related Financing Activities:		
Proceeds from capital debt	-	73,609,860
Capital contributions	9,358,209	14,179,465
Acquisition and construction of capital assets	(34,307,658)	(13,430,301)
Principal paid on capital debt	(2,290,000)	(39,055,508)
Interest and fiscal charges paid on capital debt	(2,494,774)	(1,563,553)
Proceeds from sales of capital assets	14,064	15,207
Net Cash Provided (Used) by Capital and Related Financing Activities	(29,720,159)	33,755,170
Cash Flows from Investing Activities:		
Maturity (purchase) of investments	9,823,466	(53,501,345)
Interest received	1,941,409	3,343,669
Net Cash Provided (Used) by Investing Activities	11,764,875	(50,157,676)
Net Increase (Decrease) in Cash and Cash Equivalents	(248,082)	3,019,665
Cash and Cash Equivalents at Beginning of Year	5,185,884	2,166,219
Cash and Cash Equivalents at End of Year	\$ 4,937,802	\$ 5,185,884
Reconciliation of Cash and Cash Equivalents to Amounts Reported on the Statement of Net Position		
Cash, cash equivalents	\$ 3,898,442	\$ 4,907,684
Restricted cash, cash equivalents	1,039,360	278,200
	\$ 4,937,802	\$ 5,185,884
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating (loss)	\$ (25,641)	\$ (2,414,156)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	16,482,501	16,819,345
Increase (decrease) in pension related items	2,864,271	4,750,140
Increase (decrease) in OPEB related items	(1,067,915)	(1,402,007)
(Increase) decrease in accounts receivable	(1,772,873)	(932,940)
(Increase) decrease in inventories and other	(10,029)	(35,745)
Increase (decrease) in accounts payable and accrued expenses	413,887	2,024,644
Increase (decrease) in accrued liabilities	265,808	273,979
Increase (decrease) in customer deposits	205,185	90,167
Increase (decrease) in compensated absences	352,008	248,744
Total Adjustments	17,732,843	21,836,327
Net Cash Provided by Operating Activities	\$ 17,707,202	\$ 19,422,171
Non-Cash Investing, Capital, and Financing Activities:		
Contributions of capital assets	\$ 12,360,959	\$ 5,582,142
Loss on disposal of capital assets	(5,840)	(45,982)
Increase (Decrease) in equity in East Bay Dischargers Authority	7,355,380	(62,484)
Unrealized gain on investments	(1,336,732)	1,699,925
Amortization of premiums on long-term debt	(304,835)	(101,611)
Restatement due to inventory adjustment	-	(366,336)
Restatement due to CIP adjustment	(923,840)	(241,554)

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UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 1: Organization and Summary of Significant Accounting Policies

The Organization

Union Sanitary District (the "District") operates pursuant to Division 6 of the Health and Safety Code of the State of California (Sanitary District Act of 1923, as amended). The District, which was established in 1918 and subsequently reorganized in 1923, is empowered to own and operate wastewater facilities, and the Board of Directors may prescribe, revise and collect fees or charges for services and facilities of the District in connection with its wastewater system.

The District is governed by a five-member Board of Directors elected by wards for four-year staggered terms. The election is at-large and non-partisan. The Board appoints the General Manager to manage and oversee the day-to-day operations.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to enterprise governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting principles. The GASB establishes standards for external financial reporting for all state and local governmental entities, which require a management and discussion and analysis section, a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. It requires the classification of net position into three components: net investment in capital assets, restricted, and unrestricted.

The Financial Reporting Entity

For financial reporting purposes component units are defined as legally separate organizations for which the elected officials of the primary government are financially accountable, and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District considered all potential component units in determining what organizations should be included in the financial statements. The District includes all funds that are controlled by, or dependent upon the Board of Directors of the District.

On January 13, 2020, the District entered into a joint powers' agreement with the California Municipal Finance Authority to create the Union Sanitary District Financing Authority, a blended component unit of the District. The authority is authorized to buy, sell, lease, and use property and to incur indebtedness for public purposes pursuant to the California Health and Safety Code, the California Government Code and other laws of the State of California. This agreement was made for the purpose of assisting in the financing and refinancing of capital improvement projects of the District and to finance working capital for the District and financing other authorized costs. The activities of the authority are blended in the District's financial statements.

In addition, the District's share of a Joint Powers Authority (East Bay Dischargers Authority) is reflected based upon the District's proportionate share of its investment in the discharge facilities in the Authority (see Note 5).

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

a. Basis of Accounting and Measurement Focus

The financial statements of the District are presented as those of an enterprise fund under the broad category of funds called proprietary funds, which also include internal service funds. All proprietary funds utilize the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred, or economic asset utilized.

Enterprise funds account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The acquisition and capital improvement of the physical plant facilities requires that these goods and services be financed from existing cash resources, cash flow from operations, the issuance of debt, and contributed capital.

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

b. Cash and Cash Equivalents

The District considers all highly liquid investments, which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired, to be cash equivalents. As of June 30, 2021, cash equivalents consist of U.S. Treasury funds in a sweep account and money market funds.

Certain cash and cash equivalents have been placed into escrow according to the requirements of ongoing construction contracts. Accordingly, such cash and cash equivalents have been classified as restricted in the accompanying financial statements.

c. Investments

Investments, which consist of short-term, fixed-income securities at June 30, 2021, are recorded at fair value using quoted market prices. The related net realized and unrealized gains (losses) on investments are recognized in the accompanying statement of revenues expenses, and changes in net position.

d. Inventory

Inventory is held for consumption and is recorded at cost using the first-in-first-out (FIFO) basis.

e. Capital Assets

Capital assets, including costs of addition to utility plant and major replacements of property, are capitalized and stated at cost. The District's capitalization threshold is \$10,000. Such capital costs include materials, direct labor, transportation, and such indirect costs as interest and contracted engineering. Contributed property is recorded at acquisition value as of the date of donation. Repairs, maintenance, and minor replacements of property are charges to expense.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

f. Depreciation

The purpose of depreciation is to spread the cost of capital assets equitably among all customers over the life of those assets. The amount charged to depreciation expense each year represents that year's pro rata share of capital asset costs.

Depreciation of all capital assets in service is charged as an expense against operations each year. Accumulated depreciation, the total amount of depreciation taken over the years, is reported on the statement of net position as a reduction in the gross value of the capital assets.

Depreciation of capital assets in service is calculated using the straight-line method, dividing the cost of the asset by its expected useful life in years. The result is charged to expense each year until the asset is fully depreciated. It is the District's policy to utilize the half-year convention when calculating depreciation. The District has assigned the following useful lives to capital assets:

Useful Lives

Wastewater collection facilities	50 – 115 years
Wastewater treatment facilities	10 – 50 years
District facilities	10 – 35 years
General equipment	3 – 35 years

The aggregate provision for depreciation was 3.06 percent of average depreciable plant during the year ended June 30, 2021.

g. Compensated Absences

Compensated absences, including accumulated unpaid vacation, sick pay, and other employee benefits, are accounted for as expenses in the year earned. The liability for compensated absences includes the vested portions of vacation, sick leave, and compensated time off. The liability for compensated absences is determined annually.

h. Net Position

Net position is measured on the full accrual basis and is the excess of all the District's assets and deferred outflows over all its liabilities and deferred inflows. Net position is classified into the following components: net investment in capital assets, restricted and unrestricted. Restricted net position describes the portion of net position which is restricted as to use by the terms and conditions of agreement with outside parties, governmental regulations, laws, enabling legislation or other restrictions which the District cannot unilaterally alter. It is the District's policy to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

The following categories of restricted net position are described as follows:

- Net Position Restricted for Capacity Purposes – restricted for activities related to increases in the capacity of the collection and/or treatment systems.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

- Net Position Restricted for Debt Service – the bond trustee requires a contingency reserve for outstanding bond balances.
- Net Position Restricted for Funds Held for Faithful Performance – Certain cash and cash equivalents have been placed into escrow according to the requirements of ongoing construction contracts. Accordingly, net position relating to such cash and cash equivalents have been classified as restricted in the accompanying financial statements.

i. Classification of Revenues and Expenses

Operating revenues consist primarily of sewer service charges to customers, which are billed and collected on behalf of the District by Alameda County (the County) as a separate component of semiannual property tax billings. Property taxes are levied on March 1 and are due in equal installments on November 1 and February 1. The County remits to the District those charges which are placed on the property tax roll and handles all delinquencies, retaining interest and penalties.

Non-operating revenues consist of investment income and special charges that can be used for either operating or capital purposes.

Capital contributions consist of contributed capital assets, connection, and capacity fees that are legally restricted for capital expenditures by State law or by Board actions that established those charges. Connection and capacity fees represent a one-time contribution of resources to the District, imposed on contractors and developers for the purpose of financing capital improvements.

Operating expenses are those expenses that are essential to the primary operations of the District. Operating expenses include costs related to wastewater collection and treatment, as well as engineering and general and administrative expenses. Other expenses such as investment losses, interest expense, and loss on retirement of capital assets are reported as non-operating expenses.

j. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

k. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position that is applicable to a future reporting period and deferred inflows of resources are an acquisition of net position that is applicable to a future reporting period. A deferred outflow of resources has a positive effect on net position, similar to assets, and a deferred inflow of resources has a negative effect on net position, similar to liabilities. The District has certain items relating to the net pension and net OPEB liabilities, which qualify for reporting as deferred outflows of resources and deferred inflows of resources.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

I. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Miscellaneous Plan of Union Sanitary District (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by California Public Employees Retirement System (CalPERS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

m. Other Post-Employment Benefit (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan ("OPEB Plan"), the assets of which are held by CalPERS, and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	June 30, 2019 to June 30, 2020

n. Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earning on OPEB plan investments	5 years
All other Amounts	Expected average remaining service lifetime (EARSL) (6.63 years at June 30, 2020)

o. Comparative Data

Selected information regarding the prior year has been included in the accompanying financial statements. The information included in the accompanying financial statements for the prior year has been presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's prior year financial statements, from which this selected financial data was derived.

UNION SANITARY DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**

Note 2: Capital Assets

Capital asset activity for the year ended June 30, 2021, is summarized as follows:

	Balance June 30, 2020	Adjustments*	Adjusted Balance	Additions	Deletions	Transfers	Balance June 30, 2021
Capital assets, not being depreciated:							
Land and improvements	\$ 5,395,903	\$ -	\$ 5,395,903	\$ -	\$ -	\$ -	\$ 5,395,903
Construction in progress	36,598,866	(923,840)	35,675,026	33,528,466	-	(4,798,496)	64,404,996
Capacity permits and easements	6,415,898	-	6,415,898	-	-	-	6,415,898
Total capital assets, not being depreciated	48,410,667	(923,840)	47,486,827	33,528,466	-	(4,798,496)	76,216,797
Capital assets, being depreciated:							
Sewage collection facilities	449,930,175	-	449,930,175	12,360,959	-	2,457	462,293,591
Sewage treatment facilities	128,429,461	-	128,429,461	47,217	-	4,718,099	133,194,777
District facilities	78,877,182	-	78,877,182	-	(22,746)	-	78,854,436
General equipment	8,197,080	-	8,197,080	345,481	-	77,940	8,620,501
Fleet	7,292,506	-	7,292,506	386,494	(15,392)	-	7,663,608
Total capital assets, being depreciated	672,726,404	-	672,726,404	13,140,151	(38,138)	4,798,496	690,626,913
Less accumulated depreciation for:							
Sewage collection facilities	(269,591,159)	-	(269,591,159)	(8,920,576)	-	-	(278,511,735)
Sewage treatment facilities	(78,367,621)	-	(78,367,621)	(4,393,211)	-	-	(82,760,832)
District facilities	(36,034,683)	-	(36,034,683)	(2,163,235)	2,842	-	(38,195,076)
General equipment	(6,790,341)	-	(6,790,341)	(462,991)	-	-	(7,253,332)
Fleet	(4,775,387)	-	(4,775,387)	(542,488)	15,392	-	(5,302,483)
Total accumulated depreciation	(395,559,191)	-	(395,559,191)	(16,482,501)	18,234	-	(412,023,458)
Total capital assets being depreciated, net	277,167,213	-	277,167,213	(3,342,350)	(19,904)	4,798,496	278,603,455
Total Capital Assets, net	\$ 325,577,880	\$ (923,840)	\$ 324,654,040	\$ 30,186,116	\$ (19,904)	\$ -	\$ 354,820,252

Construction work in progress consists primarily of the direct construction costs associated with numerous District projects plus related construction overhead. The District has outstanding construction contract commitments on capital projects approximating \$44.1 million at June 30, 2021.

* Adjustments to remove prior year additions to construction-in-progress (CIP). These costs have been determined not capitalizable and an adjustment was necessary to properly state capital assets.

Note 3: Cash and Investments

a. Summary of Cash and Cash Equivalents and Investments

Cash and cash equivalents and investments at June 30, 2021, are detailed as follows:

Cash and cash equivalents	\$ 3,898,442
Restricted cash and cash equivalents	1,039,360
Investments	171,017,705
Restricted Investments	13,072,622
Total cash and cash equivalents and investments	<u>\$ 189,028,129</u>

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 3: Cash and Investments (Continued)

b. Authorized Investments by the District

The District's investment policy and the California Government Code allow the District to invest in the following investments, with certain limiting provisions that address interest rate, risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Remaining Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	N/A	None	None
U.S. Agency Obligations (a)	5 years	N/A	None	None
Banker's Acceptances (b)	180 days	A1/P1 (ST) A (LT)	40%	10%
Certificates of Deposit	5 years	N/A	20%	10%
Negotiable Certificates of Deposit	5 years	A1 (ST) A (LT)	30%	10%
Repurchase Agreements (c)	90 days	A1/A	10%	10%
Commercial Paper	270 days	"Prime" quality	25%	10%
Local Agency Investment Fund (LAIF)- Unrestricted	N/A	N/A	70%	None
Corporate Notes (d)	5 years	A	30%	None
Mortgage Pass-through and Asset Backed Securities	5 years	A/AA	20%	10%
Money Market Funds	N/A	AAA _m	20%	10%

- a) Securities issued by agencies sponsored by the federal government such as the Federal Farm Credit Bank (FFCB), the Federal Home Loan Bank (FHLB), the Federal National Mortgage Association (FNMA), and the Federal Home Loan Mortgage Corporation (FHLMC). There is an exception with federal agency mortgage-backed securities, which are limited to 20% of the portfolio.
- b) Bankers Acceptances issued by institutions the short term obligations of which are rated at a minimum of "P1" by Moody's Investor Services (Moody's) and A1 by Standard & Poor's, Inc. (S&P); or if the short term obligations are unrated, the long-term obligations of which are rated a minimum of "A" by S&P.
- c) Repurchase agreements must be collateralized with U.S. Treasury Obligation or U.S. Agency Securities, which must maintain a market value of at least 102% of the principal of the repurchase agreement.
- d) Securities shall be issued by corporations rated a minimum of "A" by S&P.

c. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 3: Cash and Investments (Continued)

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2021:

	Maturities of			Total
	12 Months Or Less	12 to 24 Months	25 to 60 Months	
U.S. Treasury Obligation	\$ -	\$ 6,838,155	\$ 15,483,390	\$ 22,321,545
U.S Agency Obligations:				
FFCB	-	-	1,622,579	1,622,579
FHLB	-	1,796,014	556,892	2,352,906
FHLMC	-	1,000,455	3,078,505	4,078,960
FNMA	-	1,848,193	5,956,895	7,805,088
Corporate Notes	-	7,681,210	2,262,919	9,944,129
Certificate of Deposit	5,000	3,394,671	-	3,399,671
Asset-Backed Securities	-	-	1,457,945	1,457,945
Commercial Paper	-	3,169,131	-	3,169,131
LAIF- Unrestricted	72,199,912	-	-	72,199,912
LAIF- Restricted	9,180,422	-	-	9,180,422
California Asset Management Program Pool (CAMP)	46,558,039	-	-	46,558,039
Total Investments	127,943,373	25,727,829	30,419,125	184,090,327
Cash in bank	3,898,442	-	-	3,898,442
Restricted cash	1,039,360	-	-	1,039,360
Total Cash and Investments	\$ 132,881,175	\$ 25,727,829	\$ 30,419,125	\$ 189,028,129

d. LAIF Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF). LAIF is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The unrestricted portion of LAIF's balance is available for withdrawal on demand and is based in the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The restricted portion of LAIF's balance may only be withdrawn once a month. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills and corporations. The carrying value of LAIF approximates fair value. At June 30, 2021, the District had two accounts with LAIF, consisting of \$72,199,912 in unrestricted investments, and \$9,180,422 in restricted investments specific to the proceeds from the issuance of the Series 2020A Revenue Bonds, further discussed in footnote 6. At June 30, 2021, these investments mature in an average of 291 days.

UNION SANITARY DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**

Note 3: Cash and Investments (Continued)

e. California Asset Management Program (CAMP) Pool

The District is a voluntary participant in the California Asset Management Program (CAMP) Pool. CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of CAMP participants to invest certain proceeds of debt issues and surplus funds. CAMP investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The District reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share in accordance with GASB 72 requirements. At June 30, 2021, the fair value was approximate to the District's cost. As of June 30, 2021, the District investment in CAMP is \$46,558,039.

f. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the actual rating as of June 30, 2021, for each investment type:

Investment Type	Aaa	Aa3	Aa2	Aa1	A1	A2	A3	Total
U.S. Agency Obligations								
FFCB	\$ 1,622,579	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,622,579
FHLB	2,352,906	-	-	-	-	-	-	2,352,906
FHLMC	4,078,960	-	-	-	-	-	-	4,078,960
FNMA	7,805,088	-	-	-	-	-	-	7,805,088
Corporate Notes	-	500,665	3,037,206	327,805	2,009,346	2,822,874	1,246,233	9,944,129
Asset-Backed Securities	1,059,729	-	-	-	398,216	-	-	1,457,945
Totals	\$ 16,919,262	\$ 500,665	\$ 3,037,206	\$ 327,805	\$ 2,407,562	\$ 2,822,874	\$ 1,246,233	27,261,607
Exempt from credit rate disclosure								
U.S. Treasury Obligations								22,321,545
Not Rated								
Certificates of deposit								3,399,671
Commercial Paper								3,169,131
California Local Agency Investment Fund (LAIF) - Unrestricted								72,199,912
California Local Agency Investment Fund (LAIF) - Restricted								9,180,422
California Asset Management Program (CAMP)								46,558,039
Cash and cash equivalents								4,937,802
Total Cash, Cash Equivalents and Investments								\$ 189,028,129

g. Concentration of Credit Risk

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer.

As of fiscal year ended June 30, 2021, none of the District's investments had concentrations in any single issuer greater than 5 percent.

Note 3: Cash and Investments (Continued)

h. Custodial Credit Risk

Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy, as well as the California Government Code, requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2021, the District's total bank balance of \$5,411,908 was either collateralized or insured by the Federal Deposit Insurance Corporation (FDIC). Certificates of Deposit were also collateralized.

Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. However, the District's policy states that all security transactions entered into by the District shall be conducted on delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be delivered to the District by book entry, physical delivery, or by third party custodial agreement as required by CGC Section 53601. The collateralization on repurchase and reverse repurchase agreements will adhere to the amount required under CGC Section 53601(i) (2).

Note 4: Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

UNION SANITARY DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**

Note 4: Fair Value Measurements (Continued)

Uncategorized - Investments in the Local Agency Investment Funds/State Investment Pools (LAIF) and California Asset Management Program (CAMP) pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The District reports its investment in CAMP on an amortized cost basis. The balance of LAIF's unrestricted portion and CAMP are available for withdrawal on demand. The balance of LAIF's restricted portion may only be withdrawn once a month.

The District's fair value measurements are as follows at June 30, 2021:

Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Uncategorized
U.S. Agency Obligations					
FFCB	\$ 1,622,579	\$ -	\$ 1,622,579	\$ -	\$ -
FHLB	2,352,906	-	2,352,906	-	-
FHLMC	4,078,960	-	4,078,960	-	-
FNMA	7,805,088	-	7,805,088	-	-
Corporate Notes	9,944,129	-	9,944,129	-	-
Asset-Back Securities	1,457,945	-	1,457,945	-	-
Commercial Paper	3,169,131	-	3,169,131	-	-
California Asset Management Program (CAMP)	46,558,039	-	-	-	46,558,039
U.S. Treasury Obligations	22,321,545	22,321,545	-	-	-
Certificates of Deposits	3,399,671	-	3,399,671	-	-
California Local Agency Investment Fund (LAIF)- Unrestricted	72,199,912	-	-	-	72,199,912
California Local Agency Investment Fund (LAIF)- Restricted	9,180,422	-	-	-	9,180,422
Totals	<u>\$ 184,090,327</u>	<u>\$ 22,321,545</u>	<u>\$ 33,830,409</u>	<u>\$ -</u>	<u>\$ 127,938,373</u>

Note 5: Joint Ventures

Alameda County Water District Financing Authority

The Alameda County Water District Financing Authority, a Joint Powers Authority, was established through Joint Exercise of Powers Agreement between the Alameda County Water District (ACWD) and Union Sanitary District (USD) on November 14, 2011 for the purpose of assisting in the financing and refinancing of capital improvement projects of the ACWD and to finance working capital for the ACWD. The assets, debts, liabilities, and obligations of the Authority do not constitute assets, debts, liabilities, and obligations of Union Sanitary District. The Authority is administered by the Board, which consists of one member from Union Sanitary District and five members from the Alameda County Water District.

Investment in East Bay Dischargers Authority

The District has an 42.1 percent interest in East Bay Discharges Authority (EBDA), a Joint Powers Authority established under the Joint Exercise of Powers Act of the State of California. As a separate legal entity, EBDA exercises full power and authority within the scope of the related Joint Powers Agreement, including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Obligations and liabilities of EBDA are not those of the District and the other participating entities.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 5: Joint Ventures (Continued)

EBDA constructed and operates an export pumping facility through which all treated wastewater in the area is discharged. The other participants (and their ownership percentages) are the City of Hayward (14.72 percent), the City of San Leandro (13.74 percent), the City of Oro Loma (19.44 percent), and Castro Valley Sanitary Districts (10.30 percent). The District has rights to 42.1 percent of EBDA's capacity.

EBDA is governed by a board of directors consisting of representatives from each member agency. The board controls the operations of EBDA, including selection of management and approval of operating budgets, independent of any influence by member agencies beyond their representation on the Board.

Because the District has the ability to exercise influence over operating and financial policies of EBDA, the District's proportionate share of EBDA's net position, excluding sole use of facilities, and the District's share of its undivided ownership (42.1 percent) in EBDA's total net equity, has been recorded as an investment in EBDA accounted for under the equity method.

Summary financial information for EBDA, as of June 30, 2020, and for the years then ended, the most recent audited information available, is as follows:

	<u>2020</u>
Total assets and deferred outflows	\$ 34,069,006
Total liabilities and deferred inflows	<u>(2,922,696)</u>
Net position value of EBDA	<u>\$ 31,146,310</u>
District's share at 42.1%	<u>\$ 13,112,597</u>
Net gain on equity investment in EBDA	<u>\$ 7,355,380</u>

EBDA has no outstanding debt.

During fiscal year ended June 30, 2021, the District was charged \$1,479,175 by EBDA primarily for operating costs. Such costs are included in the wastewater treatment expenses by the District for financial reporting purposes.

The financial statement for EBDA may be obtained from the EBDA, 2651 Grant Avenue, San Lorenzo, California 94580-1841.

Note 6: Long-Term Obligations

Long-term obligations at June 30, 2021, are summarized as below:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Current Portion</u>
Public Offerings:							
Series 2020A Revenue Bonds	9/1/2050	4.0%	\$ 64,160,000	\$ -	\$ 2,290,000	\$ 61,870,000	\$ 2,575,000
Premium- Series 2020A Revenue Bonds			9,348,249	-	304,835	9,043,414	-
			<u>\$ 73,508,249</u>	<u>\$ -</u>	<u>\$ 2,594,835</u>	<u>\$ 70,913,414</u>	<u>\$ 2,575,000</u>

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 6: Long-Term Obligations (Continued)

Series 2020A Revenue Bonds

During February 2020, the Union Sanitary District Financing Authority (USDFA) issued \$64,160,000 in revenue bonds. The interest rate on the loan is 4.0 percent and will be payable in thirty annual installments beginning September 1, 2020. The purpose of the bonds is to finance improvements to the wastewater system, pay off the District's obligations under various prior loan agreements with the California State Water Resources Control Board, proceeds of which were originally used to finance improvements to the wastewater system. The outstanding balance from this public offering contains a provision that in the occurrence or continuation of any event of default the trustee, at the written direction of the bond owners, must declare the principal of the bonds, together with the accrued interest, to be due and payable immediately and may exercise any other remedies available to the trustee and bond owners in law or at equity to enforce the rights of the bond owners. In addition, upon the occurrence and during the continuation of an event of default, interest on the bonds shall accrue at the default rate.

Debt Service Requirements

Future annual repayment requirements as of June 30, 2021, are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	\$ 2,575,000	\$ 2,236,900	\$ 4,811,900
2023	2,670,000	2,132,000	4,802,000
2024	2,780,000	2,023,000	4,803,000
2025	2,010,000	1,927,200	3,937,200
2026	2,090,000	1,845,200	3,935,200
2027-2031	11,595,000	7,887,300	19,482,300
2032-2036	12,270,000	5,375,600	17,645,600
2037-2041	7,240,000	3,543,000	10,783,000
2042-2046	8,620,000	2,165,250	10,785,250
2047-2051	10,020,000	769,500	10,789,500
Totals	<u>\$ 61,870,000</u>	<u>\$ 29,904,950</u>	<u>\$ 91,774,950</u>

Note 7: Compensated Absences

A summary of the changes in compensated absences for the year ended June 30, 2021, is as follows:

Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due in One Year
\$ 1,298,236	\$ 1,312,490	\$ 960,482	\$ 1,650,244	\$ 1,650,244

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 8: Pension Plan

General Information about the Pension Plans

Plan Descriptions

All qualified permanent employees are eligible to participate in the District's separate Miscellaneous Plan, 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 Plans are 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 at <https://www.calpers.ca.gov/page/employers/actuarial-services/employer-contributions/public-agency-actuarial-valuation-reports>.

Benefits Provided

CalPERS provides 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 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 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.

The Plan's provisions and benefits in effect at the measurement date, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire Date		
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50+	52+
Monthly benefits, as a % of annual salary	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8%	6.25%
Required employer normal contribution rates	9.774%	12.500%
Required employer payment of the Unfunded Liability	\$3,196,761	-

UNION SANITARY DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**

Note 8: Pension Plan (Continued)

Employees Covered

As of the June 30, 2020 measurement date, the following employees were covered by the benefit terms of the Plan:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	178
Inactive employees entitled to but not yet receiving benefits	68
Active employees	<u>133</u>
Totals	<u><u>379</u></u>

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

As of the measurement date for classic members, the average employee contribution rate was 8.0 percent of annual payroll, and the District's average rate was 9.774 percent of annual payroll. As of the measurement date for PEPRA members, the average employee contribution rate was 6.25 percent of annual payroll, and the District's average rate was 12.500 percent of annual payroll. The total contribution to the plan was \$5,617,343 for the year ended June 30, 2021.

Net Pension Liability

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plan is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020.

A summary of principal assumptions used to determine the net pension liability is shown on the following page.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 8: Pension Plan (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions.

	<u>Miscellaneous</u>
Valuation date	June 30, 2019
Measurement date	June 30, 2020
Actuarial cost method	Entry age normal cost method
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Projected Salary increases	Varies by Entry Age and Service
Mortality rate table*	Derived using CalPERS' membership data for all funds
Post retirement benefit increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

The mortality table used in the June 30, 2019 valuation was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019 valuation were based on the results of a December 2017 actuarial experience study for the period of 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website at: <https://www.calpers.ca.gov/docs/forms-publications/calpers-experience-study-2017.pdf>

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2020, was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 8: Pension Plan (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The target allocation for the June 30, 2020, measurement date was as follows:

<u>Asset Class</u>	<u>Target Allocation</u>		
	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10*</u>	<u>Real Return Years 11+ **</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.0%	-0.92%

*In the System's ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

**An expected inflation of 2.00% used for this period.

***An expected inflation of 2.92% used for this period.

Changes in the Net Pension Liability

The changes in the Net Pension Liability for the District are as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at June 30, 2019 (Measurement Date)	\$ 154,788,548	\$ 103,732,669	\$ 51,055,879
Change in the year:			
Service Cost	3,048,341	-	3,048,341
Interest on total pension liability	10,992,856	-	10,992,856
Differences between expected and actual experience	1,629,169	-	1,629,169
Contribution-employer	-	4,859,547	(4,859,547)
Contribution-employee	-	1,405,189	(1,405,189)
Net investment income	-	5,160,715	(5,160,715)
Administrative Expenses	-	(146,238)	146,238
Benefit payments, including refunds of employee contributions	(8,391,292)	(8,391,292)	-
Net changes	7,279,074	2,887,921	4,391,153
Balance at June 30, 2020 (Measurement Date)	\$ 162,067,622	\$ 106,620,590	\$ 55,447,032

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 8: Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the District for the Plan, calculated using the discount rate, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$ 75,688,096
Current Discount Rate	7.15%
Net Pension Liability	55,447,032
1% Increase	8.15%
Net Pension Liability	38,549,687

Pension Plan Fiduciary Net Position

Detailed information about each pension plans' fiduciary net position is available in the separately issued CalPERS financial reports.

Pension Expense and Deferred Outflows/(Inflows) of Resources Related to Pensions

For the year ended June 30, 2021, the District recognized pension expense of \$8,370,795. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 5,617,343	\$ -
Differences between actual and expected experience	2,643,905	-
Changes in assumptions	-	(204,255)
Net differences between projected and actual earnings on plan investments	797,463	-
Totals	\$ 9,058,711	\$ (204,255)

The amount of \$5,617,343 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>
2022	\$ 715,271
2023	1,254,546
2024	836,135
2025	431,161
Total	\$ 3,237,113

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9: Other Retirement Benefits

a. Post-Employment Healthcare Benefit (OPEB)

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, California, 95814.

Employees Covered

As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	141
Inactive employees or beneficiaries currently receiving benefits	106
Inactive employees entitled to but not yet receiving benefits	39
Totals	<u><u>286</u></u>

Contributions

The Plan and its contribution requirements are established by Memorandum of Understanding with the applicable employee bargaining units and may be amended by agreements between the District and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the measurement date ended June 30, 2020, the District's contributions were \$1,623,254 in total payments, which were recognized as a reduction to the OPEB liability.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 9: Other Retirement Benefits (Continued)

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019, that was used to determine the June 30, 2020, total OPEB liability, based on the following actuarial methods and assumptions:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Actuarial funding method	Entry age normal cost, level percent of pay
Asset Valuation Method	Market value of assets
Actuarial assumptions:	
Discount rate	6.30%
Inflation	2.50%
Salary increases	3.50% per year, used only to allocated to cost of benefits between service years
Investment rate of return	6.30%
Mortality Rate*	MacLeod Watts Scale 2018, applied generationally from 2015
Pre-Retirement Turnover*	MacLeod Watts Scale 2018, applied generationally from 2015
Healthcare Trend Rate	Medical plan premiums are assumed to increase at somewhat higher rates than assumed in the prior valuation, with the assumed medical inflation of 6.50% and ultimate trend of 4.00% per year

Notes:

* MacLeod Watts Scale 2018 was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2017 Report, published in October 2017 and (2) the demographic assumptions used in the 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published in July 2017. Scale MP-2017 can be found at the SOA website and the projection scales used in the 2017 Social Security Administrations Trustees Report at the Social Security Administration website.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 9: Other Retirement Benefits (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Real Return Years 1-10*	Expected Real Return Years 11+*
Global Equity	40.00%	4.80%	5.98%
Fixed Income	43.00%	1.10%	2.62%
Treasury Inflation Protected Securities	5.00%	0.25%	1.46%
REITs	8.00%	3.20%	5.00%
Commodities	4.00%	1.50%	2.87%
Total	100.00%		

* A general inflation rate of 2.00% were used for these periods.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.30 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the OPEB Liability

The changes in the net OPEB liability for the Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2019 (Measurement Date)	\$ 11,702,278	\$ 7,121,296	\$ 4,580,982
Change in the year:			
Service Cost	371,844	-	371,844
Interest on total OPEB liability	738,140	-	738,140
Contribution-employer	-	1,623,254	(1,623,254)
Net investment income	-	427,895	(427,895)
Administrative Expenses	-	(3,694)	3,694
Benefit payments, including refunds of employee contributions	(715,232)	(715,232)	-
Net changes	394,752	1,332,223	(937,471)
Balance at June 30, 2020 (Measurement Date)	\$ 12,097,030	\$ 8,453,519	\$ 3,643,511

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 9: Other Retirement Benefits (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	1% Decrease (5.30%)	Current Discount Rate (6.30%)	1% Increase (7.30%)
Net OPEB Liability	\$ 5,056,012	\$ 3,643,511	\$ 2,449,651

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	1% Decrease (6.00%HMO/6.50%PPO decreasing to 3.50%HMO/3.50%PPO)	Current Healthcare Cost Trend Rates (7.00%HMO/7.50%PPO decreasing to 4.50%HMO/4.50%PPO)	1% Increase (8.00%HMO/8.50%PPO decreasing to 5.50%/5.50%PPO)
Net OPEB Liability	\$ 2,934,660	\$ 3,643,511	\$ 4,519,852

OPEB Plan Fiduciary Net Position

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, California, 95814.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$288,156. As of fiscal year ended June 30, 2021, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 1,356,071	\$ -
Changes of assumptions	-	559,618
Differences between expected and actual experience	-	550,758
Net difference between projected and actual earnings on OPEB plan investments	22,072	-
Total	\$ 1,378,143	\$ 1,110,376

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9: Other Retirement Benefits (Continued)

The \$1,356,071 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

<u>Fiscal Year Ended June 30:</u>	<u>Deferred Inflows of Resources</u>
2022	\$ (348,394)
2023	(341,127)
2024	(213,955)
2025	(109,584)
2026	(75,244)
Total	\$ (1,088,304)

b. 401(a) Plans

The District sponsors two internal Revenue Code Section 401(a) money purchase retirement plans for unclassified employees through the ICMA Retirement Corporation. The plans were established and can be amended by Board resolution and, for certain terms, by participant agreement. Eligibility for participation in a particular plan is dependent on job classification. Within each plan, participating employees contribute the same dollar amount of \$3,000 per year for employees under the management plan, and \$1,850 for employees under the professional plan, and the District makes matching contributions on their behalf. The District and the participants each contributed a total of \$22,649 and \$22,649 to the plans for the year ended June 30, 2021.

c. Deferred Compensation 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 distribution. Distributions may be made only at termination, retirement, death, or, in an emergency, as defined by the plan.

The laws governing deferred compensation plan assets require plan assets to be held by a trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the District assets and are not subject to District control, they have been excluded from these general-purpose financial statements.

Note 10: 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.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 10: Risk Management (Continued)

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.

Note 11: Commitments and Contingent Liabilities

The District is contingently liable in connection with claims and contracts arising in the normal course of its activities. District management is of the opinion that the ultimate outcome of such matters will not have a significant effect on the financial position of the District.

Construction Contracts – The following material construction commitments existed at June 30, 2021:

Project Name	Total Committed Amount	Expenses to Date as of June 30, 2021	Remaining Commitment
Primary Digester No.7	\$ 28,307,826	\$ 24,764,480	\$ 3,543,346
Cogeneration Project	15,080,010	12,019,034	3,060,976
MP - Aeration Basin Modifications	14,379,507	5,927,897	8,451,610
Alvarado Influent PS Pumps and VFDS	10,981,192	5,714,962	5,266,230
ETSU Phase 1B Project	7,960,952	561,059	7,399,893
Campus Buildings (Admin, FMC, Ops)	7,946,143	2,226,297	5,719,846
Standby Power System Upgrade	5,823,551	2,488,274	3,335,277

COVID-19 National Health Emergency – On March 15, 2020, the District's operations were impacted by the COVID-19 national health emergency which resulted in shelter in place orders by national, state and county health departments. The District implemented customer and staff safety procedures based on recommendations from the health departments and industry specialists. However, the District's operations were not impacted or halted, due to the District's operations being considered essential. In addition, the majority of the District's operating revenues consist primarily of sewer service charges to customers, which are billed and collected on behalf of the District by Alameda County (the County) through the County's teeter program. Due to the teeter program, the District is entitled to complete collection of these charges from the County, and as such, the District's revenue has not been significantly impacted by the health emergency. The District continues to evaluate the impact of this health emergency on the District's operations.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 12: Restatement of Prior Year Balances

The various restatements of beginning net position and the reasons for each are as follows:

Beginning Net Position, as Previously Reported	\$ 405,190,374
Restatement (1)	<u>(923,840)</u>
Beginning Net Position, as Restated	<u>\$ 404,266,534</u>

(1) Beginning net position of the District was restated by \$923,840 due to the removal of prior year additions to construction-in-progress (CIP). These costs have been determined not capitalizable and an adjustment was necessary to properly state capital assets.

Note 13: Subsequent Events

On August 12, 2021, the District issued Revenue Bonds in a par amount of \$99,505,000 to provide funds to finance improvements to the wastewater system and pay the costs of issuing the Bonds. The revenue bonds were issued with a \$11,121,705 original issue premium.

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REQUIRED SUPPLEMENTARY INFORMATION

UNION SANITARY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

Miscellaneous Plan
Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Years**
Schedule of Changes in the Net Pension Liability and Related Ratios
During the Measurement Period

Measurement Period	2021	2020	2019	2018
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total Pension Liability				
Service Cost	\$ 3,048,341	\$ 2,910,836	\$ 2,751,248	\$ 2,818,370
Interest on total pension liability	10,992,856	10,488,921	9,904,222	9,548,343
Differences between expected and actual experience	1,629,169	2,872,889	810,456	900,525
Changes in assumptions	-	-	(1,225,530)	7,589,483
Benefit payments, including refunds of employee contributions	(8,391,292)	(7,707,967)	(7,153,133)	(6,728,358)
Net change in total pension liability	7,279,074	8,564,679	5,087,263	14,128,363
Total Pension Liability-beginning	154,788,548	146,223,869	141,136,606	127,008,243
Total Pension Liability-ending (a)	\$ 162,067,622	\$ 154,788,548	\$ 146,223,869	\$ 141,136,606
Plan Fiduciary Net Position				
Contributions-employer	\$ 4,859,547	\$ 4,156,261	\$ 3,473,052	\$ 3,203,124
Contributions-employee	1,405,189	1,343,915	1,296,037	1,256,350
Net investment income	5,160,715	6,526,074	7,910,460	9,631,126
Benefit payments	(8,391,292)	(7,707,967)	(7,153,133)	(6,728,358)
Plan to plan resource movement	-	231	(231)	-
Administrative expense	(146,238)	(70,995)	(426,382)	(128,674)
Net change in plan fiduciary net position	2,887,921	4,247,519	5,099,803	7,233,568
Plan Fiduciary Net Position-beginning	103,732,669	99,485,150	94,385,347	87,151,779
Plan Fiduciary Net Position-ending (b)	\$ 106,620,590	\$ 103,732,669	\$ 99,485,150	\$ 94,385,347
Net pension liability-ending (a) - (b)	\$ 55,447,032	\$ 51,055,879	\$ 46,738,719	\$ 46,751,259
Plan fiduciary net position as a percentage of the total pension liability	65.79%	67.02%	68.04%	66.88%
Covered payroll	\$ 18,388,754	\$ 17,036,713	\$ 15,174,379	\$ 15,017,486
Net pension liability as a percentage of covered payroll	301.53%	299.68%	308.01%	311.31%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2019 and 2020, there were no changes. In 2018, demographic assumptions and inflation rates were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amount reported were based on the 7.5 percent discount rate.

**Historical information is required only for measurement periods for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only seven years are shown.

2017 June 30, 2016	2016 June 30, 2015	2015 June 30, 2014
\$ 2,413,856	\$ 2,285,511	\$ 2,338,837
9,157,444	8,707,550	8,205,194
621,331	1,118,325	-
-	(2,041,756)	-
(6,122,564)	(5,472,643)	(4,871,998)
6,070,067	4,596,987	5,672,033
120,938,176	116,341,189	110,669,156
\$ 127,008,243	\$ 120,938,176	\$ 116,341,189
\$ 2,770,226	\$ 2,536,676	\$ 2,428,874
1,206,505	1,187,621	1,356,767
490,693	2,002,533	13,223,974
(6,122,564)	(5,472,643)	(4,871,998)
-	(8,501)	-
(54,156)	(100,081)	-
(1,709,296)	145,605	12,137,617
88,861,075	88,715,470	76,577,853
\$ 87,151,779	\$ 88,861,075	\$ 88,715,470
\$ 39,856,464	\$ 32,077,101	\$ 27,625,719
68.62%	73.48%	76.25%
\$ 14,229,298	\$ 13,896,353	\$ 13,453,476
280.10%	230.83%	205.34%

Miscellaneous Plan
Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Years**
Schedule of Plan Contributions

	2021	2020	2019	2018
Actuarial Determined Contribution	\$ 5,617,343	\$ 4,970,366	\$ 4,221,019	\$ 3,572,132
Contribution in relation to the Actuarially Determined Contribution	(5,617,343)	(4,970,366)	(4,221,019)	(3,572,132)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 19,159,318	\$ 18,388,754	\$ 17,036,713	\$ 15,174,379
Contributions as a percentage of covered payroll	29.32%	27.03%	24.78%	23.54%

Notes to Schedule:

Valuation date June 30, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method
Amortization method

Entry age normal cost method
Level percentage of pay, a summary of the current policy is provided in the table below:

Driver	Source		
	(Gain)/Loss		Assumption/ Method Change
	Investment	Non-investment	
Amortization Period	30 years	30 Years	20 Years
Escalation Rate			
- Active Plans	2.750%	2.750%	2.750%
- Inactive Plans	0%	0%	0%
Ramp Up	5	5	5
Ramp Down	5	5	5

Asset valuation method
Inflation
Salary increases
Payroll growth
Investment rate of return
Retirement age

Market Value
2.50%
Varies by Entry Age and Service
2.75%
7.00%, net of pension plan investment expenses, including inflation.
All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Mortality

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90 percent of Society of Actuaries' Scale 2016. For more details on this table, please refer to the 2017 experience study report.

**Historical information is required only for measurement periods for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only seven years are shown.

2017	2016	2015
\$ 3,333,889	\$ 3,034,082	\$ 2,973,280
(3,333,889)	(3,034,082)	(2,973,280)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 15,017,486	\$ 14,229,298	\$ 13,896,353
22.20%	21.32%	21.40%

Source	
Benefit Change	Golden Handshake
20 Years	5 Years
2.750%	2.750%
0%	0%
0	0
0	0

UNION SANITARY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 371,844	\$ 401,584	\$ 388,943	\$ 420,836
Interest on the total OPEB liability	738,140	808,836	773,775	832,649
Differences between expected and actual experiences	-	(401,695)	-	(716,909)
Changes in assumptions	-	(390,123)	-	(761,859)
Benefit payments	(715,232)	(666,223)	(642,551)	(592,698)
Net change in total OPEB liability	394,752	(247,621)	520,167	(817,981)
Total OPEB liability - beginning	11,702,278	11,949,899	11,429,732	12,247,713
Total OPEB liability - ending (a)	12,097,030	11,702,278	11,949,899	11,429,732
Plan Fiduciary Net Position				
Contribution - employer	1,623,254	1,546,756	920,935	767,866
Net investment income	427,895	457,085	326,192	355,878
Benefit payments	(715,232)	(666,223)	(642,551)	(592,698)
Administrative expense	(3,694)	(1,324)	(9,654)	(2,557)
Net change in plan fiduciary net position	1,332,223	1,336,294	594,922	528,489
Plan fiduciary net position - beginning	7,121,296	5,785,002	5,190,080	4,661,591
Plan fiduciary net position - ending (b)	8,453,519	7,121,296	5,785,002	5,190,080
Net OPEB Liability - ending (a) - (b)	\$ 3,643,511	\$ 4,580,982	\$ 6,164,897	\$ 6,239,652
Plan fiduciary net position as a percentage of the total OPEB liability	69.88%	60.85%	48.41%	45.41%
Covered-employee payroll	\$ 18,419,720	\$ 17,245,563	\$ 16,384,101	\$ 15,715,654
Net OPEB liability as a percentage of covered-employee payroll	19.78%	26.56%	37.63%	39.70%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

UNION SANITARY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

SCHEDULE OF OPEB CONTRIBUTIONS

	2021	2020	2019	2018
Actuarially Determined Contribution	\$ 708,354	\$ 908,022	\$ 880,553	\$ 708,037
Contribution in Relation to the Actuarially Determined Contributions	(1,356,071)	(1,623,254)	(1,333,416)	(324,982)
Contribution Deficiency (Excess)	<u>\$ (647,717)</u>	<u>\$ (715,232)</u>	<u>\$ (452,863)</u>	<u>\$ 383,055</u>
Covered-employee payroll	\$ 19,722,927	\$ 18,419,720	\$ 17,245,563	\$ 16,384,101
Contributions as a percentage of covered-employee payroll	-6.88%	-8.81%	-7.73%	4.32%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule:

*Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2021 were from the June 30, 2019 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal, level percent of pay
Asset Valuation Method	Market value of assets
Discount rate	6.30%
Inflation	2.50%
Salary increases	3.00% per year, used only to allocated to cost of benefits between service years
Investment rate of return	6.30%
Mortality Rate*	Derived using MacLeod Watts Scale 2020
Pre-Retirement Turnover**	Derived using MacLeod Watts Scale 2020
Healthcare Trend Rate	Medical plan premiums are assumed to increase at somewhat higher rates than assumed in the prior valuation, with the ultimate trend of 4.0% per year.

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SUPPLEMENTARY INFORMATION

UNION SANITARY DISTRICT

SCHEDULE OF OPERATING EXPENSES BEFORE DEPRECIATION
FOR THE YEAR ENDED JUNE 30, 2021

	Sewage Treatment	Sewage Collection & Engineering	General & Administrative	Total
Salaries and wages	\$ 7,335,856	\$ 9,005,119	\$ 3,851,695	\$ 20,192,670
Employee benefits	4,545,646	5,574,250	2,357,155	12,477,051
Recruitment and development	29,212	40,587	193,511	263,310
Temporary help	-	31,211	-	31,211
Repairs and maintenance	1,542,455	675,818	9,925	2,228,198
Operating supplies	2,432,665	178,162	-	2,610,827
Office and safety supplies	121,883	175,925	273,956	571,764
Insurance	-	-	369,527	369,527
Contractual services	1,134,709	88,962	-	1,223,671
Professional services	204,623	90,787	1,207,986	1,503,396
Utilities	2,433,640	81,384	141,747	2,656,771
East Bay Dischargers Authority operating charges	1,479,175	-	-	1,479,175
Non-capital projects	441,306	441,306	382,166	1,264,778
Sewer Service charge administrative fee	37,047	37,047	37,047	111,141
Rents/Leases	17,848	17,345	-	35,193
Total	\$ 21,756,065	\$ 16,437,903	\$ 8,824,715	\$ 47,018,683

UNION SANITARY DISTRICT

**SCHEDULE OF INSURANCE COVERAGE
FOR THE YEAR ENDED JUNE 30, 2021**

The District's insurance policies and coverages in effect at June 30, 2021, are as follows:

General liability (pooled liability program)		
Bodily injury, property damage, and personal injury	\$	15,500,000
Public entity errors and omissions and other related practices		15,500,000
Employment related practices		15,500,000
		<u>Insured Value</u>
Auto physical damage (primary insurance program)	\$	3,064,064
Workers' Compensation		1,750,000
Group Health and Life		Contract
Employee Disability and Salary Continuance		Contract
Property insurance, all property	\$	273,884,345
Accounts receivable		No sublimit
Employee Dishonesty Bond Coverages:		
Public Employee Dishonesty Bond	\$	2,000,000
Forgery and alteration		2,000,000
Computer Fraud		2,000,000

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Statistical Section



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Table of Contents

The Statistical Section of Union Sanitary District’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall financial health.

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Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

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UNION SANITARY DISTRICT

Changes in Net Position and Statement of Net Position by Component
Last Ten Years

Changes in Net Position	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operating Revenues	\$ 40,630,578	\$ 42,339,311	\$ 45,139,420	\$ 48,379,254	\$ 50,112,564	\$ 52,384,709	\$ 54,260,096	\$ 57,330,651	\$ 60,216,149	\$ 62,142,806
Sewer Service Charges	1,027,357	1,163,802	1,370,017	1,581,031	1,791,782	2,154,364	1,631,870	2,188,027	1,460,111	1,332,737
Other Operating Revenues	41,657,935	43,503,113	46,509,437	49,960,285	51,904,346	54,539,073	55,891,966	59,518,678	61,676,260	63,475,543
Total Operating Revenues	41,657,935	43,503,113	46,509,437	49,960,285	51,904,346	54,539,073	55,891,966	59,518,678	61,676,260	63,475,543
Operating Expenses	14,255,266	16,088,929	15,410,523	14,956,369	15,464,775	16,964,901	18,657,355	19,339,187	21,815,870	21,756,065
Treatment	9,712,645	11,954,345	10,869,755	10,763,530	11,296,680	12,101,081	14,173,382	14,519,186	16,596,589	16,437,903
Collection and Engineering	5,951,818	6,111,468	6,634,688	6,910,857	6,848,244	6,844,559	7,611,460	8,044,226	8,858,612	8,824,715
General and Administration	29,919,729	34,154,742	32,914,966	32,630,756	33,609,699	35,910,541	40,442,197	41,902,599	47,271,071	47,018,683
Total Operating Expenses Before Depreciation	16,790,277	16,776,307	17,219,109	17,899,765	17,379,112	17,036,880	17,003,398	17,857,275	16,819,345	16,482,501
Depreciation	46,710,006	50,931,049	50,134,075	50,530,521	50,988,811	52,947,421	57,445,595	59,759,874	64,090,416	63,501,184
Total Operating Expenses	(5,052,071)	(7,427,936)	(3,624,638)	(570,236)	915,535	1,591,652	(1,553,629)	(241,196)	(2,414,156)	(25,641)
Operating Income (Loss)	248,337	178,690	180,041	160,790	496,439	482,342	700,856	4,097,258	5,069,307	238,374
Non-Operating Revenues (Expenses)	(858,162)	(1,138,677)	(1,106,609)	(971,695)	(916,968)	(860,316)	(1,479,413)	(992,721)	(1,841,089)	(2,097,916)
Investment Income	(127,430)	(1,479,254)	(796,735)	(1,165,160)	(30,472)	(432,674)	-	(6,606,751)	(45,982)	(5,840)
Interest and fiscal charges	(100,827)	(89,170)	(92,180)	(86,652)	(160,540)	(52,458)	(90,325)	(170,591)	(62,484)	7,355,380
Loss on Retirement of Utility in Capital Assets	(838,082)	(2,528,411)	(1,815,483)	(2,062,717)	(611,541)	(863,106)	(868,882)	(3,672,805)	3,119,752	5,489,998
Gain (Loss) on Equity Investment in EBDA	(5,890,153)	(9,956,347)	(5,440,121)	(2,632,953)	303,994	728,546	(2,422,511)	(3,914,001)	705,596	5,464,357
Net Non-Operating Revenues (Expenses)	4,386,772	7,072,821	4,201,932	9,595,219	9,096,373	16,560,652	31,338,298	17,896,415	19,761,607	21,719,168
Income (Loss) Before Contributions	(1,503,381)	(2,883,526)	(1,238,189)	6,962,266	9,400,367	17,289,198	28,915,787	13,982,414	20,467,203	27,183,525
Connection Fees and Other Contributed Capital	355,370,629	353,867,248	350,983,722	349,745,533	325,045,364	334,445,731	351,734,929	371,508,117	385,331,061	405,190,374
Change in Net Position	-	-	-	(31,662,435)	-	-	(9,142,599)	(159,470)	(607,890)	(923,840)
Net Position, Beginning of Fiscal Year	\$ 353,867,248	\$ 350,983,722	\$ 349,745,533	\$ 325,045,364	\$ 334,445,731	\$ 351,734,929	\$ 371,508,117	\$ 385,331,061	\$ 405,190,374	\$ 431,450,059
Prior Period Adjustment*										
Net Position, End of Fiscal Year	\$ 296,939,157	\$ 294,393,392	\$ 299,269,526	\$ 297,462,404	\$ 295,355,262	\$ 294,906,308	\$ 296,442,688	\$ 284,632,017	\$ 283,568,402	\$ 293,087,260
Statement of Net Position by Component										
Net Investment in Capital Assets	19,346,378	20,297,820	17,622,778	19,808,500	25,075,327	34,360,257	55,373,688	69,264,549	66,590,701	91,707,599
Restricted	37,581,713	36,292,510	32,853,229	7,774,460	14,015,142	22,468,364	19,691,741	31,434,495	55,031,271	46,655,200
Unrestricted	\$ 353,867,248	\$ 350,983,722	\$ 349,745,533	\$ 325,045,364	\$ 334,445,731	\$ 351,734,929	\$ 371,508,117	\$ 385,331,061	\$ 405,190,374	\$ 431,450,059
Total USD Net Position										

*Non-CIP Project Cost Adjustments

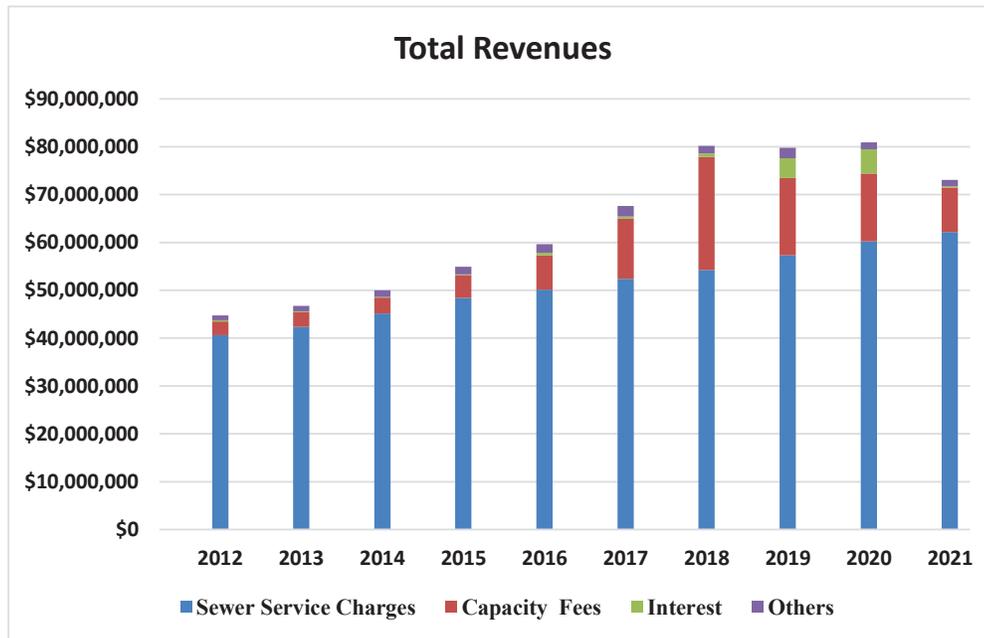
Source: USD Audited Financial Statements

UNION SANITARY DISTRICT

District-Wide Revenues and Other Financing Sources

<u>Fiscal Year</u>	<u>Sewer Service Charges</u>	<u>Capacity Fees</u>	<u>Interest</u>	<u>Others*</u>	<u>Total Revenues</u>
2021	\$ 62,142,806	\$ 9,358,209	\$ 238,374	\$ 1,332,737	\$ 73,072,126
2020	60,216,149	14,179,465	5,069,307	1,460,111	80,925,032
2019	57,330,651	16,158,027	4,097,258	2,188,027	79,773,963
2018	54,260,096	23,623,947	700,856	1,631,870	80,216,769
2017	52,384,709	12,595,637	482,342	2,154,364	67,617,052
2016	50,112,564	7,233,338	496,439	1,791,782	59,634,123
2015	48,379,254	4,820,637	160,790	1,581,031	54,941,712
2014	45,139,420	3,315,007	180,071	1,370,017	50,004,515
2013	42,339,311	3,062,836	178,690	1,163,802	46,744,639
2012	40,630,578	2,848,488	248,337	1,027,357	44,754,760

*Others includes inspection fees, permits, external work orders, discounts, and miscellaneous

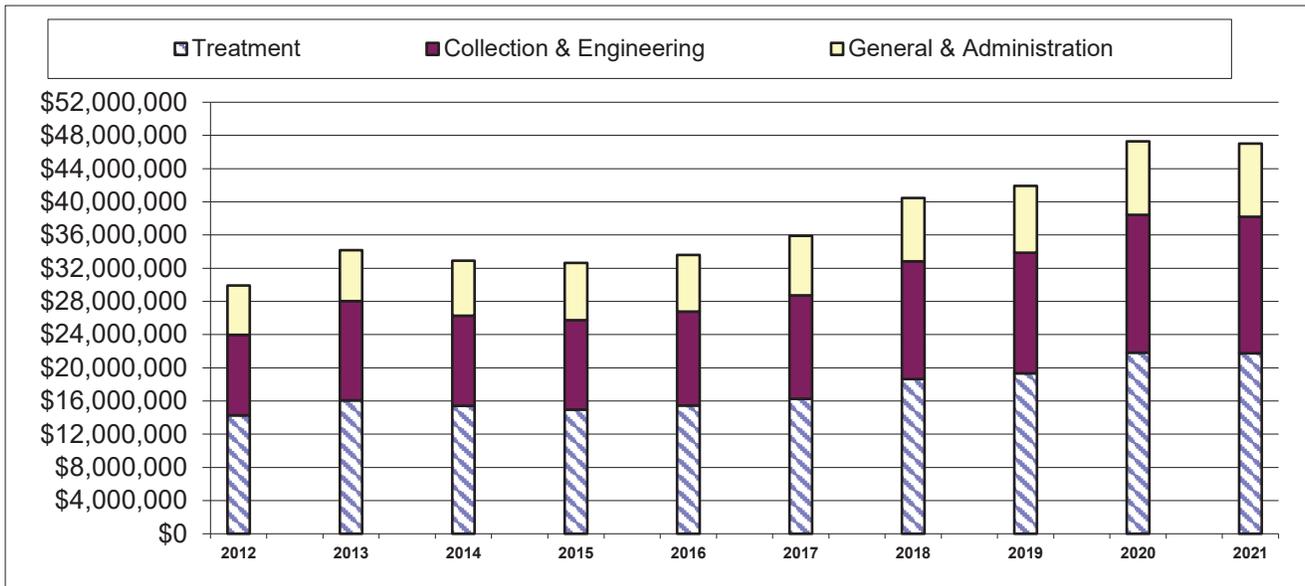


The District's main source of revenue is sewer service charges, which are collected on behalf of the District by Alameda County, on the tax rolls as part of the Teeter Plan.

UNION SANITARY DISTRICT

Operating Expenses By Major Function

<u>Fiscal Year</u>	<u>Treatment</u>	<u>Collection & Engineering</u>	<u>General & Administration</u>	<u>Total Operating Expenses</u>
2021	\$ 21,756,065	\$ 16,437,903	\$ 8,824,715	\$ 47,018,683
2020	21,815,870	16,596,589	8,858,612	47,271,071
2019	19,339,187	14,519,186	8,044,226	41,902,599
2018	18,657,355	14,173,382	7,611,460	40,442,197
2017	16,252,881	12,462,391	7,195,269	35,910,541
2016	15,464,775	11,296,680	6,848,244	33,609,699
2015	14,956,369	10,763,530	6,910,857	32,630,756
2014	15,410,523	10,869,755	6,634,688	32,914,966
2013	16,088,929	11,954,345	6,111,468	34,154,742
2012	14,255,266	9,712,645	5,951,818	29,919,729



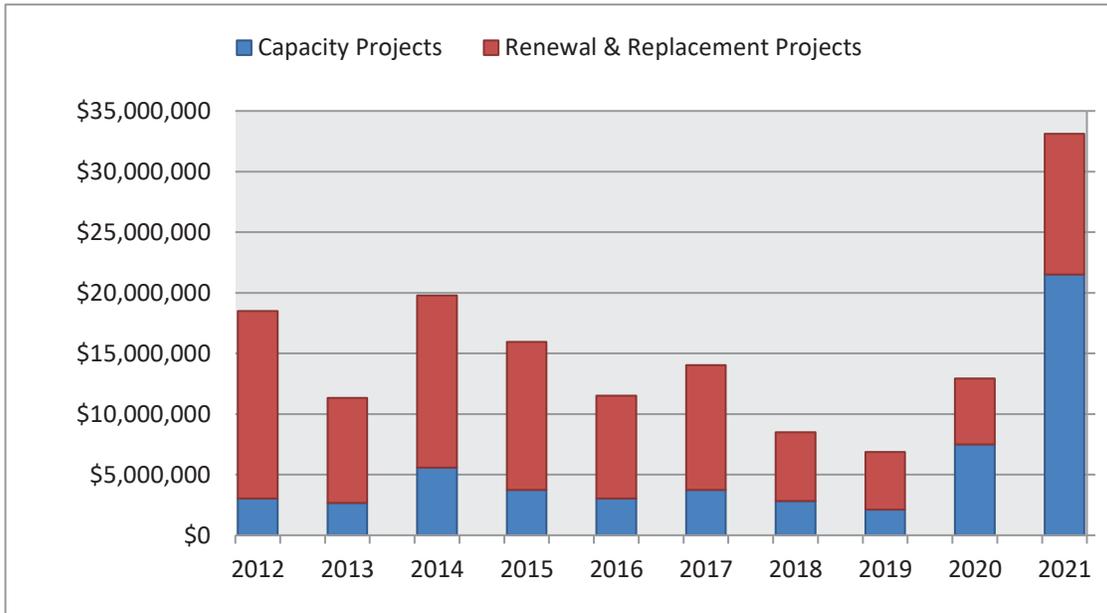
Operating expenses are the day-to-day expenses to run the District, including labor, benefits, chemicals, utilities, parts and materials, and other supplies. Depreciation, a non-cash operating expense, is not included here. Capital expenditures are not included in operating expenses.

General & Administration includes Business Services, Information Technology, Information System Renewal and Replacement, and retiree medical benefits.

UNION SANITARY DISTRICT

Capital Expenditures

<u>Fiscal Year</u>	<u>Capacity Projects</u>	<u>Renewal & Replacement Projects</u>	<u>Total Capital Expenditures</u>
2021	\$ 21,520,168	\$ 11,598,759	\$ 33,118,927
2020	7,501,176	5,439,604	12,940,781
2019	2,116,500	4,763,583	6,880,082
2018	2,828,376	5,666,366	8,494,742
2017	3,734,780	10,310,989	14,045,769
2016	3,037,012	8,466,899	11,503,911
2015	3,755,472	12,194,927	15,950,399
2014	5,592,023	14,195,068	19,787,091
2013	2,673,173	8,663,485	11,336,658
2012	3,032,556	15,453,790	18,486,346



Capacity projects provide new or expanded facilities (equipment, processes, buildings, pipelines, etc.) to accommodate increased wastewater flows or to provide reliability in the collection, treatment and disposal systems.

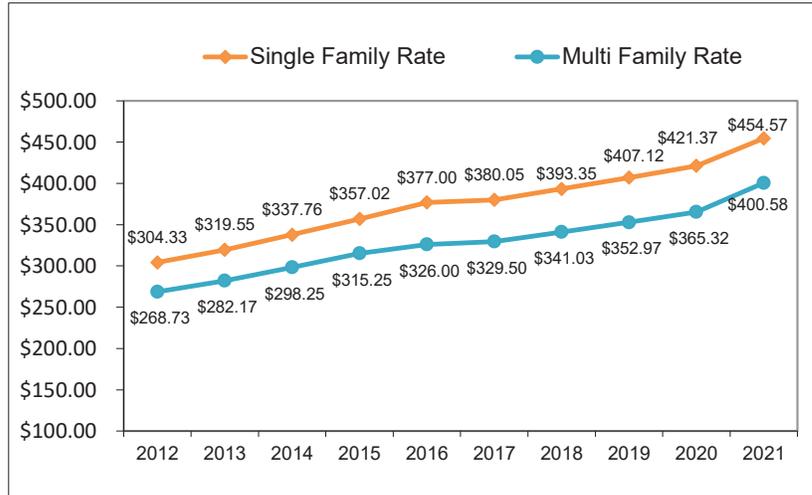
Structural renewal & replacement projects provide rehabilitation, replacement, or upgrade of existing facilities to prolong the useful life of the assets and to maintain the current service level of the facilities.

UNION SANITARY DISTRICT

Current and Historical Fees
As of June 30, 2021
Last Ten Years

Sewer Service Charge Rates

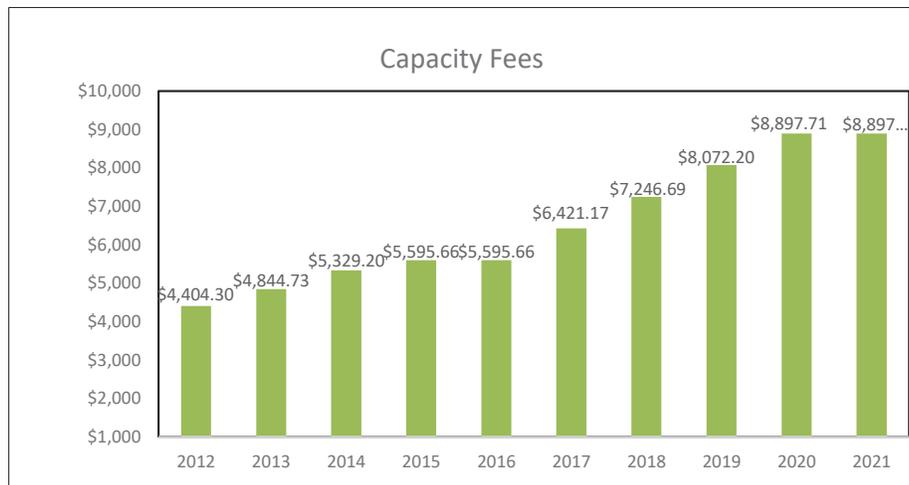
	Single Family Rate	Multi - Family Rate	Single Family Rate Percentage Change
2021	\$ 454.57	\$ 400.58	7.9%
2020	421.37	365.32	3.5%
2019	407.12	352.97	3.5%
2018	393.35	341.03	3.5%
2017	380.05	329.50	1.0%
2016	377.00	326.00	5.6%
2015	357.02	315.25	5.7%
2014	337.76	298.25	5.7%
2013	319.55	282.17	5.0%
2012	304.33	268.73	5.0%



The fees above are for residential units. A property with multiple housing units such as an apartment complex is charged \$400.58 for each dwelling unit on the property. Fees for commercial and industrial customers are based on the volume and strength of the wastewater being treated.

Capacity Fee Rates

		Percentage Change
2021	\$ 8,897.71	0.0%
2020	8,897.71	10.2%
2019	8,072.20	11.4%
2018	7,246.69	12.9%
2017	6,421.17	14.8%
2016	5,595.66	0.0%
2015	5,595.66	5.0%
2014	5,329.20	10.0%
2013	4,844.73	10.0%
2012	4,404.30	10.0%



The capacity fees shown are per dwelling unit. Other categories such as restaurants, warehouses, and mixed-use commercial facilities are based on square footage and other factors as per the Capacity Fee Ordinance.

UNION SANITARY DISTRICT
Ten Principal Industrial Rate Payers by Levy
June 30, 2021

	2020-21			2019-20			2018-19		
Rate Payer	Total Annual Billing	Rank	% of Total Annual Billings	Total Annual Billing	Rank	% of Total Annual Billings	Total Annual Billing	Rank	% of Total Annual Billings
Tesla	\$ 1,176,212	1	1.89%	\$ 1,381,023	1	2.29%	\$ 1,228,862	1	2.14%
Mission Linen Supply	243,523	2	0.39%	314,394	2	0.52%	221,799	2	0.39%
Western Digital	224,028	3	0.36%	244,663	3	0.41%	216,298	3	0.38%
Washington Hospital	213,400	4	0.34%	187,814	4	0.31%	174,219	4	0.30%
Ranch 99/Warm Springs Shopping Center	213,196	5	0.34%	161,740	5	0.27%	157,421	5	0.27%
Union Square Shopping Center/Market Place	212,278	6	0.33%	160,087	6	0.27%	152,401	6	0.27%
Lam Research	204,684	7	0.31%	148,835	7	0.25%	141,572	7	0.25%
Ranch 99/Newark	194,164	8	0.29%	133,716	8	0.22%	138,482	8	0.24%
US Pipe	181,779	9	0.29%	127,508	9	0.21%	125,330	9	0.22%
Boehringer Ingelheim	168,826	10	0.27%	142,508	10	0.21%	125,202	10	0.22%
Total annual billing largest ten:	\$ 3,032,068		4.88%	\$ 3,021,050		5.02%	\$ 2,661,584		4.66%
Total ALL annual billings	\$ 62,142,806			\$ 60,216,149			\$ 57,330,651		

	2017-18			2016-17			2015-16		
Rate Payer	Total Annual Billing	Rank	% of Total Annual Billings	Total Annual Billing	Rank	% of Total Annual Billings	Total Annual Billing	Rank	% of Total Annual Billings
Tesla	\$ 817,848	1	1.51%	\$ 1,141,868	1	2.18%	\$ 469,466	1	0.94%
Western Digital	141,806	2	0.26%	206,132	2	0.39%	218,616	2	0.44%
Solar City	172,276	3	0.32%	176,435	3	0.34%	152,100	3	0.30%
US Pipe	135,774	4	0.25%	161,772	4	0.31%	147,910	4	0.30%
Seagate Magnetics	156,718	5	0.29%	142,229	5	0.27%	123,218	5	0.25%
Lam Research	122,954	6	0.23%	133,807	6	0.26%	119,716	6	0.24%
Washington Hospital	173,057	7	0.32%	130,685	7	0.25%	118,369	7	0.24%
Kaiser Hospital	106,337	8	0.20%	125,907	8	0.24%	115,458	8	0.23%
Boehringer Ingelheim	87,678	9	0.16%	124,269	9	0.24%	112,498	9	0.22%
Seagate Technology #3	69,354	10	0.13%	119,920	10	0.23%	108,358	10	0.22%
Total annual billing largest ten:	\$ 1,983,813		3.66%	\$ 2,463,022		4.70%	\$ 1,665,708		3.36%
Total ALL annual billings	\$ 54,260,096			\$ 52,384,709			\$ 50,112,564		

UNION SANITARY DISTRICT
 Ten Principal Industrial Rate Payers by Levy (continued)
 June 30, 2021

Rate Payer	2014-15			2013-14			2012-13		
	Total Annual Billing	Rank	% of Total Annual Billings	Total Annual Billing	Rank	% of Total Annual Billings	Total Annual Billing	Rank	% of Total Annual Billings
Tesla	\$ 324,934	1	0.67%	\$ 260,023	1	0.58%	\$ 216,919	1	0.51%
Western Digital	235,844	2	0.49%	148,743	2	0.33%	114,131	2	0.27%
Washington Hospital	153,645	3	0.32%	140,016	3	0.31%	105,407	3	0.25%
Seagate Technology	116,332	4	0.24%	137,788	4	0.31%	95,188	4	0.22%
Lido Faire Shopping Center	114,536	5	0.24%	112,329	5	0.25%	90,954	5	0.21%
Pacific Commons (Kohls/Old Navy Area)	113,472	6	0.23%	101,416	6	0.22%	90,859	6	0.21%
Ranch 99/Warm Springs Shopping Center	108,292	7	0.22%	99,174	7	0.22%	90,780	7	0.21%
Ranch 99/Warm Springs Shopping Center	108,163	8	0.22%	99,159	8	0.22%	89,164	8	0.21%
Full Bloom	105,805	9	0.22%	96,037	9	0.21%	88,904	9	0.21%
Kaiser Hospital	102,771	10	0.21%	90,880	10	0.20%	83,870	10	0.20%
Total annual billing largest ten:	\$ 1,483,794		3.07%	\$ 1,285,565		2.85%	\$ 1,066,166		2.52%
Total ALL annual billings	\$ 48,379,254			\$ 45,139,420			\$ 42,359,311		

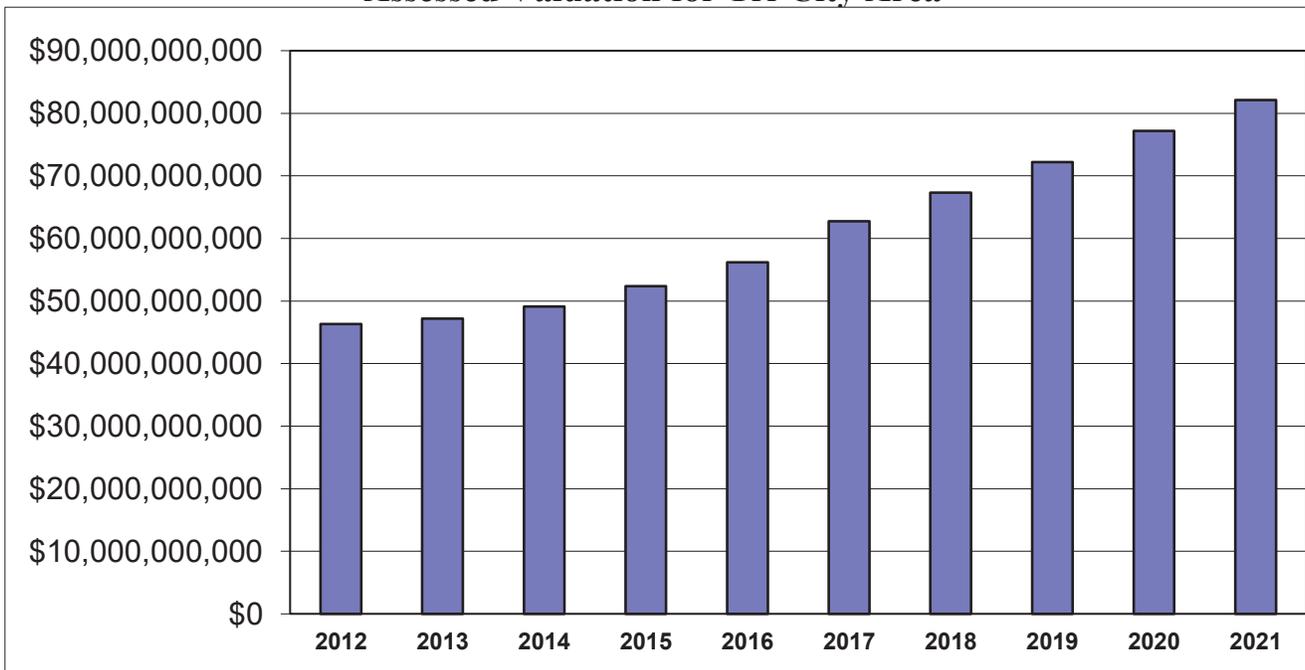
Rate Payer	2011-12		
	Total Annual Billing	Rank	% of Total Annual Billings
Western Digital	\$ 269,619	1	0.66%
Solyndra	210,366	2	0.52%
NUMMI/Tesla	146,978	3	0.37%
Evergreen Oil	133,925	4	0.33%
Washington Hospital	112,361	5	0.28%
Caravan Trading Co. & Bakery	103,048	6	0.25%
The Benton in Fremont	86,531	7	0.21%
Kaiser Hospital	84,813	8	0.21%
Gateway Plaza	81,681	9	0.20%
US Pipe	76,091	10	0.19%
Total annual billing largest ten:	\$ 1,307,413		3.22%
Total ALL annual billings	\$ 40,630,578		

UNION SANITARY DISTRICT

Fiscal Year Assessed Valuation for All Properties in the Tri-City Area Valuation of taxable property within Union Sanitary District

Fiscal Year	Assessed Values	% Change
2021	\$ 82,091,519,505	6.34%
2020	77,195,891,174	6.95%
2019	72,179,061,738	7.21%
2018	67,322,355,237	7.29%
2017	62,748,855,394	11.69%
2016	56,180,082,061	7.25%
2015	52,380,183,178	6.64%
2014	49,120,298,326	4.06%
2013	47,205,182,529	1.95%
2012	46,301,581,317	-1.22%

Assessed Valuation for Tri-City Area



Includes property in Fremont, Newark, and Union City.

UNION SANITARY DISTRICT

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>State Revolving Fund Loans</u>	<u>Revenue Bonds</u>	<u>Principal Total</u>	<u># of Parcels</u>	<u>Total Debt/ Parcel</u>
2021	\$ -	\$ 70,913,414	\$ 70,913,414	101,456	\$ 699
2020	-	73,508,249	73,508,249	101,056	727
2019	39,055,508	-	39,055,508	97,870	399
2018	41,925,514	-	41,925,514	97,183	431
2017	44,272,413	-	44,272,413	95,997	461
2016	43,070,909	-	43,070,909	95,254	452
2015	41,861,476	-	41,861,476	94,768	442
2014	39,488,115	-	39,488,115	94,877	416
2013	40,648,328	-	40,648,328	94,640	430
2012	39,630,289	-	39,630,289	94,351	420

UNION SANITARY DISTRICT

Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Revenues ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements	Debt Coverage % ⁽³⁾
2021	\$ 73,072,126	\$ 47,018,683	\$ 26,053,443	\$ 3,887,201	670%
2020	80,925,032	47,271,071	33,653,961	3,399,270	990%
2019	79,773,963	41,902,599	37,871,364	3,902,080	971%
2018	80,216,769	40,442,197	39,774,572	3,902,080	1019%
2017	67,617,052	35,910,541	31,706,511	3,127,110	1014%
2016	59,634,122	33,609,699	26,024,423	3,127,110	832%
2015	54,941,712	32,630,756	22,310,956	3,127,110	713%
2014	50,004,485	32,914,966	17,089,519	4,086,647	418%
2013	46,744,639	34,154,742	12,589,897	4,429,320	284%
2012	44,754,760	29,919,730	14,835,030	4,429,320	335%

(1) Includes sewer service charges, connection fees, other operating revenues, and interest.

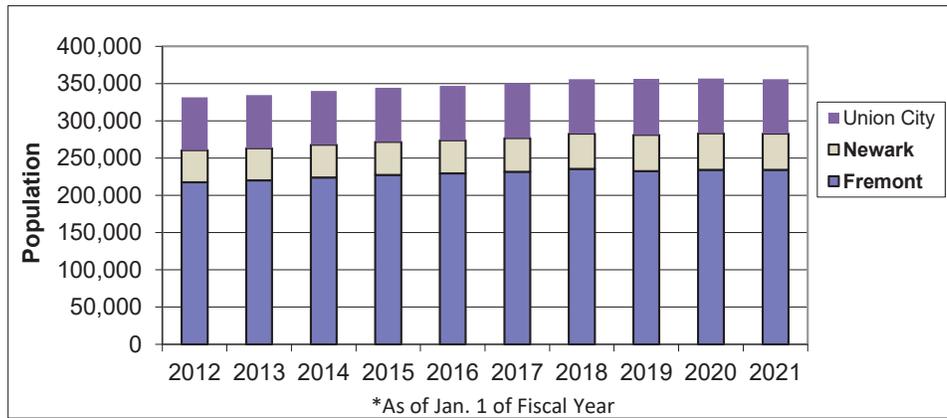
(2) Excludes depreciation; operating expenses do not include capital project expenditures.

(3) According to the District's Debt Management Policy, the targeted minimum debt service coverage ratio is 150%, which is higher than the standard 120% typically used to secure revenue bonds.

UNION SANITARY DISTRICT

Demographics
Population of Service Area Served*

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Fremont	217,700	219,926	223,972	227,582	229,324	231,664	235,439	232,532	234,220	234,239
Newark	43,041	43,342	43,856	44,284	44,733	45,422	47,467	48,712	48,966	48,859
Union City	70,646	71,329	72,155	72,412	72,952	73,452	72,991	74,916	73,637	72,779
Total	331,387	334,597	339,983	344,278	347,009	350,538	355,897	356,160	356,823	355,877
Total % Change	0.93%	0.97%	1.61%	1.26%	0.79%	1.02%	1.53%	0.07%	0.19%	-0.27%



UNION SANITARY DISTRICT

Demographics Per Capita Income and Unemployment Rate (Calendar Year)

	Per Capita Income	Unemployment Rate
2020 Fremont	\$ 57,850	7.0%
Newark	N/A	8.2%
Union City	N/A	8.7%
2019 Fremont	57,850	2.5%
Newark	36,958	2.7%
Union City	81,171	2.9%
2018 Fremont	55,521	2.6%
Newark	33,591	2.8%
Union City	71,282	2.9%
2017 Fremont	49,740	2.7%
Newark	32,301	2.9%
Union City	68,519	3.4%
2016 Fremont	46,899	3.3%
Newark	31,358	3.6%
Union City	65,884	4.3%
2015 Fremont	43,563	3.7%
Newark	31,043	4.1%
Union City	62,926	4.4%
2014 Fremont	40,562	4.5%
Newark	30,572	5.0%
Union City	58,175	5.9%
2013 Fremont	43,504	5.7%
Newark	29,390	5.3%
Union City	56,365	7.4%
2012 Fremont	38,095	6.9%
Newark	28,683	6.5%
Union City	55,224	9.0%

Number of Persons in Household:	1	2	3	4	5	6	7	8
Extremely Low	28800	32900	37000	41100	44400	47700	51000	54300
Very Low Income	47950	54800	61650	68500	74000	79500	84950	90450
Low Income	76750	87700	98650	109600	118400	127150	135950	144700
Median Income	87900	100500	113050	125600	135650	145700	155750	165800
Moderate Income	105500	120550	135650	150700	162750	174800	186850	198900

Sources: ACFR Reports - Fremont, Newark, Union City; Employment Development Department State of California Department of Housing and Community Development (www.hcd.ca.gov).

UNION SANITARY DISTRICT

Demographics
Major Employers in District Service Area

Employer Name	Type of Business	Percent of Total Employees as of fiscal year ended June 30,*									
		2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Fremont											
Tesla Motors Inc	Auto Manufacturer	N/A	12.12%	12.31%	3.17%	3.12%	3.12%	2.68%	2.75%	2.81%	1.45%
Fremont Unified School District	Education	N/A	2.80%	2.46%	2.67%	2.61%	2.47%	2.38%	2.75%	2.81%	2.90%
Lam Research	Technology	N/A	2.33%	2.46%	2.72%	2.68%	2.68%	2.68%	2.75%	1.41%	1.45%
Washington Hospital	Healthcare	N/A	2.05%	2.46%	2.72%	2.68%	2.68%	2.68%	2.75%	1.70%	1.76%
Kaiser Permanente Medical Group	Healthcare	N/A	1.58%	2.46%	0.68%	0.67%	0.67%	0.67%	0.69%	N/A	N/A
Newark											
Newark Unified School District	Education	N/A	3.72%	3.46%	3.70%	4.00%	4.20%	3.10%	3.20%	3.30%	3.40%
Logitech	Computer Accessories	N/A	2.54%	2.36%	2.40%	2.70%	3.00%	3.00%	3.10%	3.20%	3.00%
Risk Management Solutions	Catastrophe Risk Management	N/A	1.21%	1.20%	1.20%	1.20%	1.40%	1.20%	1.20%	1.30%	1.30%
WorldPac Inc	Wholesale Distributor	N/A	1.05%	1.18%	0.90%	0.90%	0.90%	N/A	N/A	N/A	N/A
VM Services Inc	Technology	N/A	1.01%	0.92%	1.10%	1.10%	1.00%	N/A	N/A	N/A	N/A
Union City											
New Haven Unified School District	Education	N/A	N/A	3.23%	3.19%	3.30%	3.10%	3.01%	3.01%	3.07%	3.22%
Southern Glazer's Wine & Spirits	Beverages	N/A	N/A	1.62%	2.00%	2.06%	3.67%	3.44%	3.44%	3.54%	3.71%
Walmart Inc	Retailer	N/A	N/A	1.44%	1.43%	1.10%	1.20%	2.34%	2.34%	2.40%	2.52%
Masonic Home for Adults	Continuing Care Retirement Community	N/A	N/A	1.35%	1.33%	1.26%	N/A	N/A	N/A	N/A	N/A
Abaxis Inc	Biotech	N/A	N/A	1.08%	1.07%	1.10%	1.20%	1.11%	1.11%	1.14%	1.19%

* Some employers report as of December 31.
N/A = More statistics will be added as the data becomes available.

UNION SANITARY DISTRICT

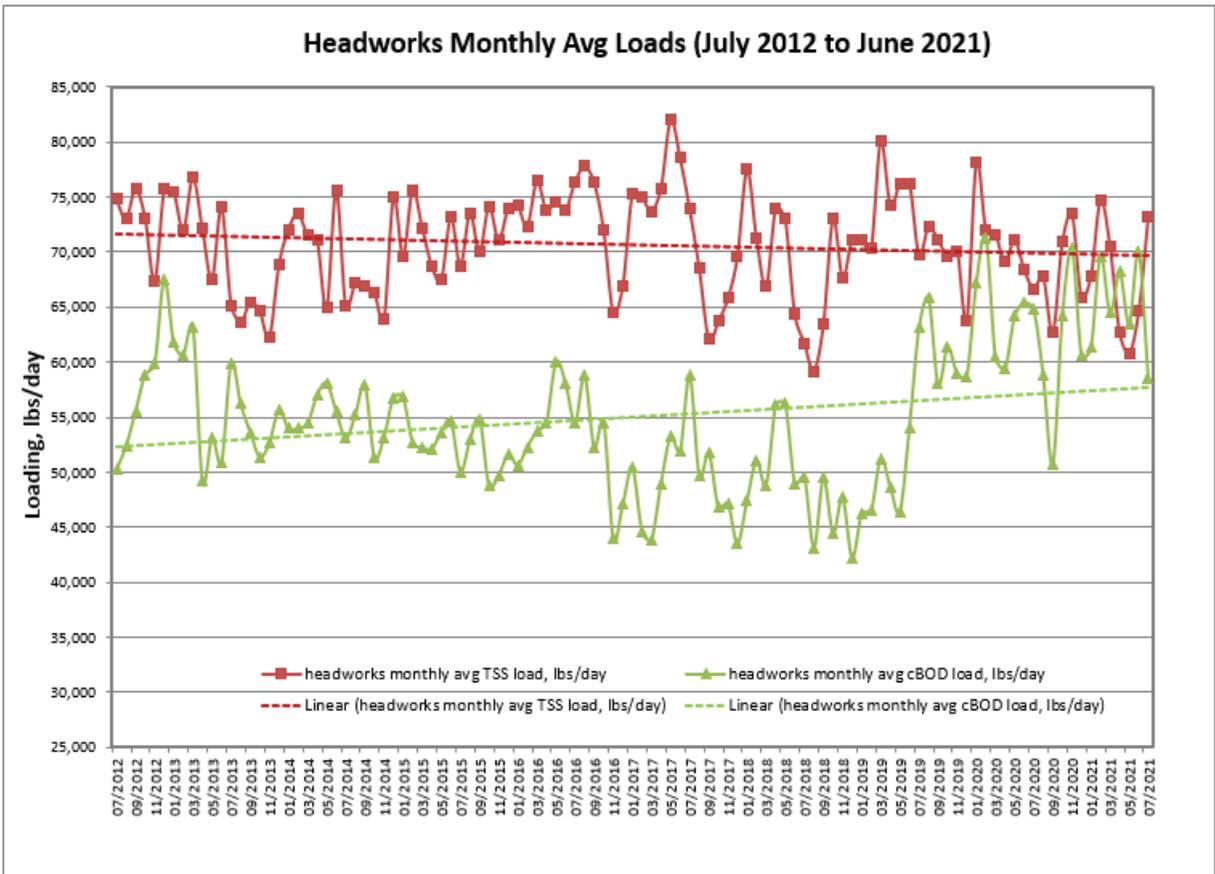
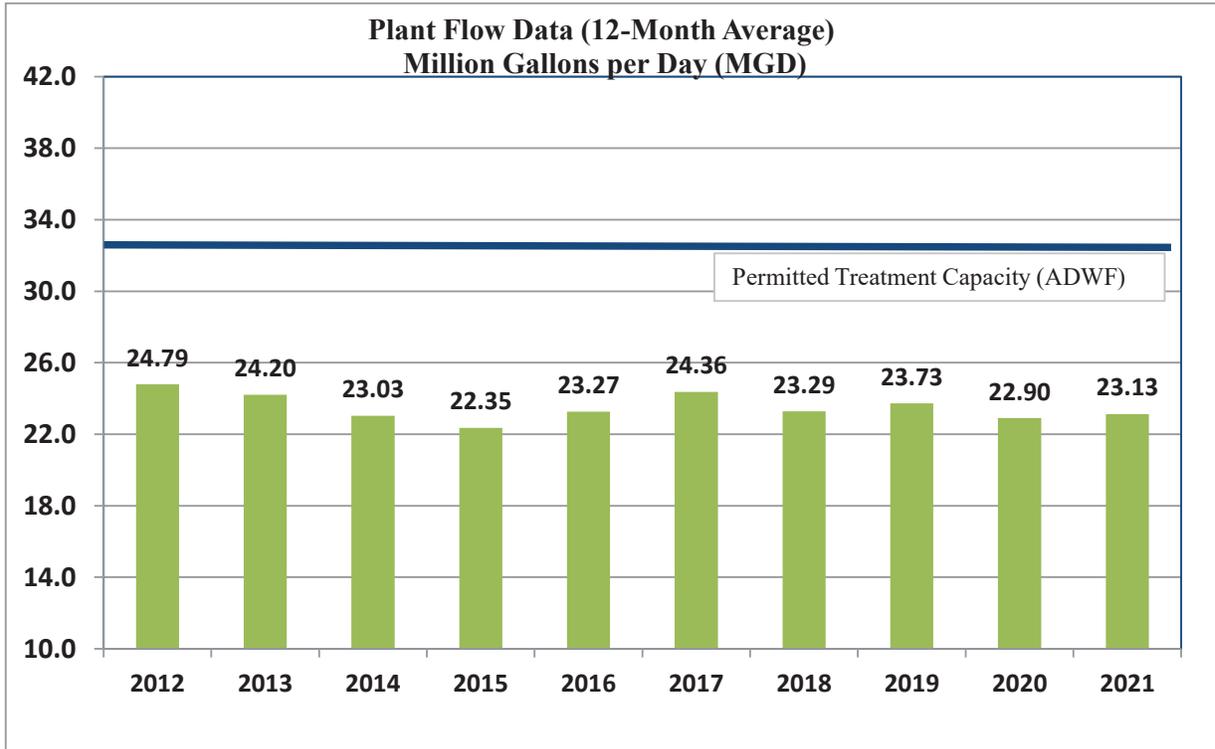
Full-time Equivalent District Employees by Function/Program
Last 10 Fiscal Years

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
System operations and maintenance (CS Support, FMC, T&D, Warehouse)	54.45	53.45	54.45	55.45	52.45	53.45	53.45	50.45	51.45	51.45
Engineering and construction (CIP, ETSU)	13.00	11.00	9.00	8.00	9.00	10.00	10.00	8.00	7.00	8.00
Collections System Maintenance (CS)	25.00	26.00	25.00	25.00	25.00	25.00	23.00	23.00	24.00	22.00
Office of the General Manager (GM)	2.00	2.00	2.00	2.00	2.00	2.00	3.00	1.00	2.00	3.00
Finance (FAST)	5.00	5.00	6.00	5.00	3.00	5.00	5.00	5.00	5.00	5.00
Information systems (IT)	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Administration department (Adm Specialist, Purchasing, non-HR OST)	14.00	15.00	12.00	13.00	13.00	14.00	13.00	14.00	15.00	14.00
Customer and community services (Rest of TS)	20.00	20.00	21.00	21.00	20.00	20.00	18.00	19.00	19.00	19.00
Human resources (HR)	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00
Total # of Employees	140.45	139.45	136.45	136.45	131.45	136.45	131.45	128.45	131.45	130.45

Average years of service of employees as of June 30:

- CIP = Capital Improvements Projects Team
- ETSU = Enhanced Treatment & Site Upgrade
- FAST = Finance & Acquisition Services Team
- FMC = Fabrication, Maintenance and Construction
- OST = Organizational Support Team
- T&D = Treatment & Disposal Work Group
- TS = Technical Services Work Group

UNION SANITARY DISTRICT
 Operating Indicators by Function/Program
 Average Daily Flow



Source: USD Treatment and Disposal Work Group

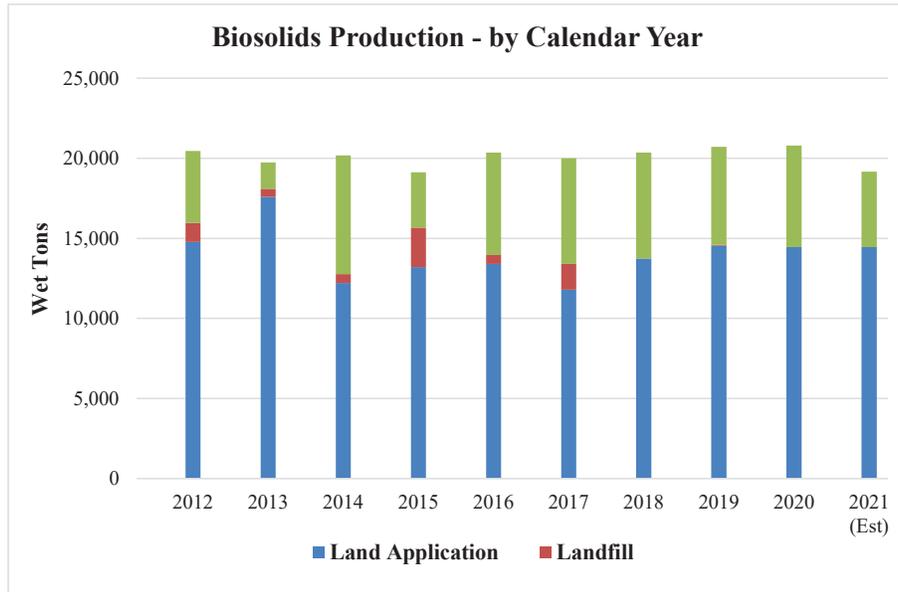
UNION SANITARY DISTRICT

Operating Indicators - Biosolids
Last Ten Calendar Years

Function/Program

Biosolids

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 (Est)
Land Application	14,770	17,597	12,212	13,212	13,395	11,784	13,733	14,529	14,452	14,451
Landfill	1,187	501	545	2,450	563	1,624	-	72	-	-
Compost	4,501	1,642	7,414	3,470	6,399	6,584	6,615	6,103	6,342	4,722
Total (in Wet Tons)	20,458	19,741	20,171	19,132	20,357	19,992	20,347	20,704	20,793	19,173



UNION SANITARY DISTRICT

Miscellaneous Statistics 6/30/2021

Governing Body:	Elected 5-Member Board of Directors Fremont - 3 Members Newark - 1 Member Union City - 1 Member
Governmental Structure:	Established in 1918 and reorganized in 1923 under the Sanitary District Act
Staff:	140.45 full-time equivalent employees
CEO:	General Manager
CFO:	Business Services Manager
Authority:	California Health and Safety Code Section 4700 et. Seq.
Services:	Wastewater collection, treatment and disposal
Service Area:	60.2 square miles (Annexed areas - Fremont, Newark and Union City)
Total Population Served:	355,877
Number of Parcels	101,456 (90,442 Residential; 3,116 Non-Residential; 7,907 Other (vacant land))
Operations:	Total miles of pipeline - 839, including the force main and all gravity sewers (including trunk mains) Number of pumping stations - 7 Larger: Irvington, Newark, Alvarado Smaller: Fremont, Boyce, Paseo Padre, Cherry Street
Permitted Plant Treatment Capacity (ADWF)	33 million gallons per day (mgd)
Type of Treatment:	Secondary
Sewer Service Charge:	\$454.57 annually per single family residential dwelling unit

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October 27, 2021

To the Board of Directors
Union Sanitary District
Union District, California

We have audited the financial statements of the Union Sanitary District (the "District") for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 16, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings and Other Issues

Qualitative Aspects of Significant Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2020-2021. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management's estimates of its net pension liability, and net other postemployment benefits liability based on actuarial valuation specialist assumptions. We evaluated the key factors and assumptions used to develop the net pension liability, net other postemployment benefits liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Significant Unusual Transactions

Management is responsible for the policies and practices used to account for significant unusual transactions. No significant unusual transactions have occurred during fiscal year 2020-2021.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.





To the Board of Directors
Union Sanitary District
Union District, California

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No misstatements were found.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Circumstances that Affect the Form and Content of the Auditor's Report

New auditing standards were implemented in fiscal year 2020-2021 related to Statement of Auditing Standards 134, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements*, through Statement of Auditing Standards 140, *Supplementary Information in Relation to the Financial Statements as a Whole*. These standards updated the form and content of the financial statement auditor's report. The purpose of the change was to present an easier format for users to understand the results of the audit and management's responsibilities.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 27, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues Discussed with Management

We generally discuss a variety of matters, including the significant events or transactions that occurred during the year, business conditions affecting the District and business plans and strategies that may affect the risks of material misstatements, the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of plan contributions, schedule of changes in net OPEB liability and related ratios and schedule of OPEB contributions which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.



To the Board of Directors
Union Sanitary District
Union District, California

We were engaged to report on schedule of operating expenses before depreciation and schedule of insurance coverage, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

New Accounting Standards

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2020-2021 audit:

GASB Statement No. 84, *Fiduciary Activities*.

GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statement Nos. 14 and 61*.

The following GASB pronouncements are effective in the following fiscal years' audits and should be reviewed for proper implementation by management:

Fiscal year 2022

GASB Statement No. 87, *Leases*.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

Fiscal year 2023

GASB Statement No. 91, *Conduit Debt Obligations*.

GASB Statement No. 94, *Public-Private and Public - Public Partnerships and Availability Payment Arrangement*.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.



To the Board of Directors
Union Sanitary District
Union District, California

Restriction on Use

This information is intended solely for the use of Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Lance, Solt & Lughard, LLP

Sacramento, California



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Union Sanitary District
Union City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Union Sanitary District (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 27, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.





To the Board of Directors
Union Sanitary District
Union City, California

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Lughard, LLP

Sacramento, California
October 27, 2021



Directors

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

**NOVEMBER 8, 2021
BOARD OF DIRECTORS MEETING
AGENDA ITEM #11**

TITLE: Consider Adoption of a Resolution Authorizing the Use of Teleconference Meetings in Compliance with AB 361 (*This is a Motion Item*)

SUBMITTED: Paul R. Eldredge, General Manager/District Engineer
Karen W. Murphy, General Counsel
Regina McEvoy, Executive Assistant to the General Manager/Board Clerk

Recommendation

Adopt the attached resolution authorizing the use of teleconference meetings in compliance with AB 361.

Discussion

AB 361 requires public agencies to make findings by majority vote within 30 days of the first teleconferenced meeting under AB 361 and every 30 days thereafter that a state of emergency still exists and continues to directly impact the ability of the members to meet safely in person, or that officials continue to impose or recommend measures to promote social distancing. As directed by the Board on September 27, 2021, the District is continuing to hold teleconferenced meetings as allowed under AB 361 due to the ongoing public health threat of COVID-19. The Board adopted Resolution No. 2937 on October 25, 2021, to authorize the use of teleconference meetings. The attached resolution includes and reaffirms the findings required by AB 361 to allow the District to continue to hold teleconferenced meetings.

As required, District staff will include a similar resolution on Board agendas every 30 days in order to allow the Board to continue to assess the need for teleconferenced meetings.

Background

AB 361 was signed into law by the Governor on September 16, 2021, and amends the Brown Act to allow local legislative bodies to continue using teleconferencing and virtual meeting

technology as long as there is a “proclaimed state of emergency” by the Governor. This allowance also depends on state or local officials imposing or recommending measures that promote social distancing or a legislative body finding that meeting in person would present an imminent safety risk to attendees. Though adopted in the context of the pandemic, AB 361 will allow for virtual meetings during other proclaimed emergencies, such as earthquakes or wildfires, where physical attendance may present a risk.

AB 361 prohibits councils and boards from limiting public comments to those submitted in advance of the meeting and specifies that the legislative body “must provide an opportunity for the public to ... offer comment in real time.” (Government Code 54953(e)(2)(E). Additionally, the body must allow a reasonable time for public comment during the comment periods. The District allows for email comments to be submitted throughout Board meeting and the Board Clerk checks for emails continuously, including during the public comment portion for each agenda item.

The agenda must include information on the manner in which the public may access the meeting and provide comments remotely. AB 361 provides that if technical problems arise that result in the public’s access being disrupted, the legislative body may not take any vote or other official action until the technical disruption is corrected and public access is restored.

In addition, as noted in the Discussion section above, AB 361 requires public agencies to make findings by majority vote within 30 days of the first teleconferenced meeting under AB 361 and every 30 days thereafter that a state of emergency still exists and continues to directly impact the ability of the members to meet safely in person, or that officials continue to impose or recommend measures to promote social distancing. AB 361 will sunset on January 1, 2024.

Previous Board Action

10/25/21 Board Meeting – The Board adopted Resolution No. 2937, authorizing the use of teleconference meetings in compliance with AB 361.

9/27/21 Board Meeting – The Board directed staff to continue with teleconferenced meetings under AB 361.

RESOLUTION NO. __

**A RESOLUTION OF THE BOARD OF DIRECTORS AUTHORIZING THE
USE OF TELECONFERENCE MEETINGS IN COMPLIANCE WITH AB 361**

WHEREAS, the Union Sanitary District is committed to preserving and nurturing public access and participation in meetings of the Board of Directors; and

WHEREAS, all meetings of Union Sanitary District's legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963); and

WHEREAS, the Brown Act, Government Code section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, Government Code 54953(e) permits teleconferencing in the event that a state of emergency is declared by the Governor pursuant to Government Code section 8625, and that either state or local officials have imposed or recommended measures to promote social distancing, or that the legislative body finds that meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, such conditions now exist in the District; and

WHEREAS, on March 4, 2020, Governor Newsom issued a Proclamation of a State of Emergency in response to the rapid spread of the highly contagious disease known as COVID-19; and

WHEREAS, on August 3, 2021, the Health Officer of the County of Alameda adopted Order No. 21-03 stating that the Delta variant has been circulating in the County, is highly transmissible in indoor settings and requires multi-component prevention strategies to prevent spread, and that hospitalizations are increasing; and

WHEREAS, despite ongoing efforts to promote masking and vaccinations, COVID-19 continues to threaten the health and lives of the public, especially with the existence of the Delta variant, which is highly transmissible in indoor settings; and

WHEREAS, the increased risk of contracting COVID-19 associated with being indoors with others has caused, and will continue to cause, conditions of peril to the safety of persons within the District that are likely to be beyond the control of services, personnel, equipment, and facilities of the District; and

WHEREAS, on October 25, 2021, the Board adopted Resolution No. 2937, authorizing the use of teleconference meetings in compliance with AB 361; and

WHEREAS, the Board now desires to reaffirm and make the findings required to continue holding teleconference meetings in compliance with AB 361 due to the continuing public health threat of COVID-19.

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

1. The above recitals are true and correct and are material to this Resolution and are incorporated into this Resolution as findings of the District Board.

2. The Union Sanitary District Board finds and declares that the circumstances set forth in Government Code section 54953(e)(1), exist because the State of Emergency continues to exist and meeting in person would present imminent risks to the health and safety of attendees.

3. Pursuant to the requirements of Government Code Section 54953 (e)(3), the District Board makes the following findings:

(a) The District Board has considered the circumstances of the continuing state of emergency;

(b) The state of emergency continues to directly impact the ability of the members and the public to meet safely in person;

(c) Due to COVID-19, holding meetings in person will present imminent risks to the health and safety to attendees; and

(d) The District Board will continue to meet by teleconference in accordance with Government Code section 54953(e).

4. The aforementioned findings apply to all committees and subcommittees of the District which are classified as legislative bodies pursuant to Government Code Section 54952.

5. The District Board will reconsider every 30 days, the circumstances of the emergency and review whether it continues to directly impact the ability of the members to meet safely in person.

6. If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Resolution is, for any reason, held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Resolution. The Board hereby declares that it would have adopted this Resolution and each and every section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared unconstitutional.

7. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED, AND ADOPTED this 8th day of November, 2021.

AYES:

NOES:

ABSENT:

Manny Fernandez, Secretary

Pat Kite, President



Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

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

Karen W. Murphy
Attorney

**NOVEMBER 8, 2021
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 12**

TITLE: **Authorize the General Manager to Execute Contract Change Order No. 32 with C. Overaa and Co. for the Primary Digester No. 7 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
Curtis Bosick, ETSU Assistant Program Manager

Recommendation

Staff recommends the Board authorize the General Manager to execute Contract Change Order No. 32 with C. Overaa and Co. in the amount of \$146,920 for the Primary Digester No. 7 Project.

Discussion

In 2017, staff completed a pavement assessment of the Alvarado Wastewater Treatment Plant (WWTP) site to determine the condition of its existing asphalt surfaces. Results from this assessment were found to be variable, depending on the location and the projects constructed during the past 20 years.

Concurrently, staff was working on development of the Enhanced Treatment & Site Upgrade (ETSU) Program Final Report. One of the outcomes from this report concluded that significant near-term modifications/improvements were required to upgrade the plant's secondary treatment process. Accordingly, staff believed it was prudent to delay any large-scale pavement work until the scope of the projects associated with the ETSU Program were further developed. Then, areas not affected by the ETSU projects could either be addressed by ongoing CIP projects, or later by a larger standalone pavement project once the ETSU projects are completed.

Contract Change Order No. 32

The Primary Digester No. 7 Project (Project) is being constructed in an area of the WWTP identified in the assessment to have asphalt pavement in poor condition. The Project scope includes the replacement of all pavement surfaces directly affected by the construction work but does not include any additional areas as the scope for the ETSU Program was still being developed. Subsequently, staff has identified some additional pavement surfaces that are immediately adjacent to the Project construction and will not be affected by the ETSU projects. The pavement in this area contains extensive amounts of moderate to heavy “alligator” cracking that require removal and replacement. Refer to attached photos to see the condition of the existing asphalt pavement.

Contract Chance Order (CCO) No. 32 is for the removal and replacement of approximately 16,985 square feet of asphalt pavement located near Heating and Mixing Building No. 4. At the negotiated rate of \$8.65 per square foot, the total additional cost for this work is \$146,920. Staff believes this amount to be reasonable given the size of the scope and type of work. Refer to attached Figure 1 to see the entire area recommended to be paved as part of this project. The area shown in Figure 1 includes the paving that was already included in the Project’s scope and the additional paving in CCO No. 32.

To date, the Project construction has included 30 CCOs in the amount of \$268,529, which is approximately 1.2% of the original contract amount. A complete list of the executed CCOs is included with CCO No. 32.

Background

The Project was one of the outcomes of the Plant Solids System/ Capacity Assessment – Phase 1 that was completed in November 2016. The assessment concluded that the plant’s anaerobic digestion process was at or nearing capacity and Primary Digester No. 6, the largest existing digester, could not reliably be taken out of service for cleaning and maintenance until additional digestion capacity is provided.

Brown and Caldwell completed the Project’s final design in June 2019. The Project’s major elements are as follows:

- Construction of a new 2.4-million-gallon anaerobic digester with submerged-fixed concrete cover and waffle bottom.
- Installation of new heating, mixing, and conveyance equipment and piping within or adjacent to existing Heating and Mixing Building No. 4.
- Integration of new digester equipment and piping with existing digester feed, withdrawal, transfer, heating, and gas systems.
- Improvements to the existing sludge conveyance and transfer systems.

- Improvements to existing digester heat generation and conveyance systems.
- Installation of electrical and instrumentation equipment for interfacing with existing electrical systems and controls.
- Replacement of Boiler No. 6 and related plant hot water loop improvements.
- Installation of a new chemical storage and pump facility for the purposes of hydrogen sulfide and struvite management.

On January 13, 2020, C. Overaa & Co. was awarded the construction contract in the amount of \$23,342,575. Staff issued the Notice to Proceed on February 10, 2020 and anticipates construction to be completed by early 2022.

Previous Board Action

November 14, 2016, the Board authorized the General Manager to execute an Agreement and Task Order No. 1 with Brown and Caldwell in the amount of \$127,577 to provide preliminary design services for the Project.

December 18, 2017, the Board authorized the General Manager to execute Task Order No. 2 with Brown and Caldwell in the amount of \$1,476,301 to provide final design services for the Project.

November 12, 2018, the Board held a public hearing to receive comments regarding the Initial Study and Mitigated Negative Declaration for the Project.

December 10, 2018, the Board adopted the Final Mitigated Negative Declaration of Environmental Impacts and Mitigation and Monitoring and Reporting Plan for the Project.

January 28, 2019, the Board authorized the General Manager to execute Amendment No. 1 to Task Order No. 2 with Brown and Caldwell in the amount of \$428,143 to provide additional design services for the Project.

August 26, 2019, the Board rejected the sole bid received for the Project and authorized staff to re-bid the Project.

January 13, 2020, the Board rejected the bid protest from Kiewit Infrastructure West Co. and awarded the construction contract for the Project to C. Overaa & Co. in the amount of \$23,342,575.

January 27, 2020, the Board authorized the General Manager to execute Task Order No. 3 with Brown and Caldwell in the amount of \$957,403 to provide engineering services during construction of the Project.

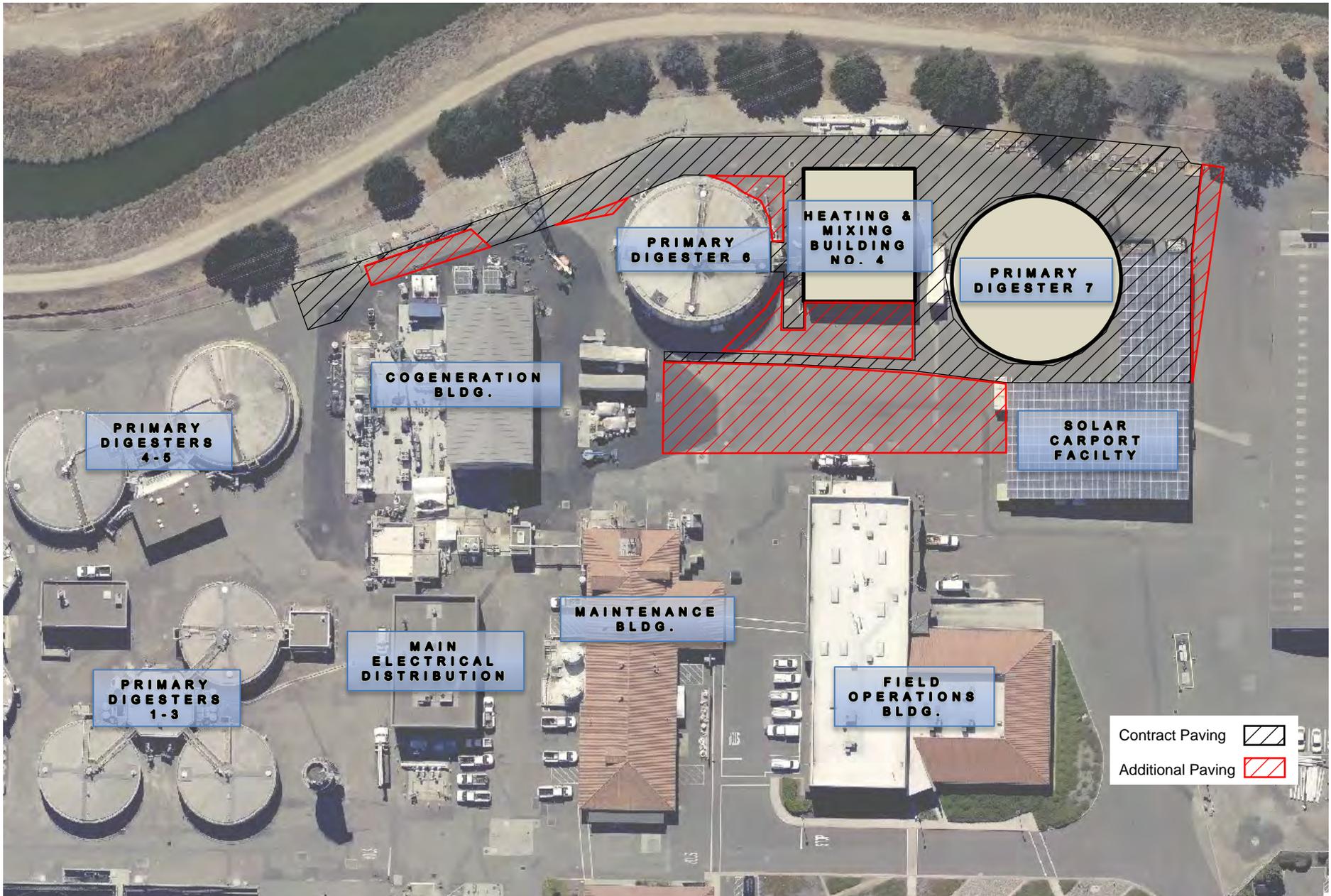
Agenda Item No. 12
Meeting of November 8, 2021
Page 4

January 27, 2020, the Board authorized the General Manager to execute Task Order No. 2 with Carollo Engineers, Inc. in the amount of \$1,643,314 to provide construction management services for the Project.

PRE/SEG/RC/CB;mb

Attachment: Figure 1 – Site Plan
Photos – Existing Asphalt Pavement
Contract Change Order No. 032 – Additional Site Paving

FIGURE 1 – PRIMARY DIGESTER NO. 7 PROJECT



PHOTOS – EXISTING ASPHALT PAVEMENT



CONTRACT CHANGE ORDER No. 032

Primary Digester No. 7 Project

Item: Additional Site Paving

Contractor is hereby directed to make the herein described changes from the plans and specifications or do the following work not included in the plans and specifications of this contract. All new work herein described shall be done in accordance with the applicable provisions of the plans and specifications, except as specifically modified by this Contract Change Order.

DESCRIPTION OF CHANGE: The contractor shall remove and replace approximately 16,985 square feet of additional asphalt pavement in accordance with sketches SK01_CCO.032 and SK02_CCO.032. This includes the removal of existing pavement, fine grading and re-compaction of existing subgrade, and the installation of new asphalt pavement in accordance with the Contract Documents. This change order covers all additional costs and impacts associated with this work.

COST OF CHANGE: \$146,920.00

CONTRACT TIME AJUSTMENT: 0 Days

Contractor agrees and acknowledges that the modifications set forth herein have been agreed upon after the Project's substantial completion date. Contractor agrees and acknowledges that by accepting the change order, Contractor is waiving any claims for additional time or compensation, including without limitation any claims under specification section 00700-6.3.4 (compensable delays) and 6.4.2 (excusable or compensable delays), arising out of or as a result of the changes set forth herein. In addition, Contractor agrees and acknowledges that this change order shall not affect and shall not be considered in any manner in connection with District's right or claim to any payment of liquidated damages in accordance with specification section 00700-6.5 (liquidated damages) and that Contractor waives the right to seek relief from payment of liquidated damages owed pursuant to section 00700-6.5 as a result of this change order.

We, the undersigned Contractor, have given careful consideration to all aspects of the change proposed and hereby agree. This Contract Change Order constitutes full and complete compensation for all labor, equipment, materials, overhead, profit, any and all indirect costs and time adjustment, including any delay and rescheduling, required to perform the above described change and will accept this Contract Change Order as full and final payment.

This document supplements the Contract Documents and all provisions of the Contract Documents will apply thereto. It is understood that the Contract Change Order shall be effective when fully executed by the District.

ACCEPTED:

C. Overaa & Co.

By: _____
Nick Kebbas

Date: _____

RECOMMENDED FOR ACCEPTANCE:

Carollo Engineers
Construction Manager:

By: _____
Jon Gudjohnsen

Date: _____

Union Sanitary District
Project Manager:

By: _____
Curtis Bosick, P.E.

Date: _____

Union Sanitary District
CIP Coach:

By: _____
Raymond Chau, P.E.

Date: _____

Union Sanitary District
Technical Services Manager:

By: _____
Sami Ghossain, P.E.

Date: _____

APPROVAL:

The Contractor shall not commence with the above-described work of this change order prior to the approval by the District's Authorized Representative.

Union Sanitary District
Authorized Representative:

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

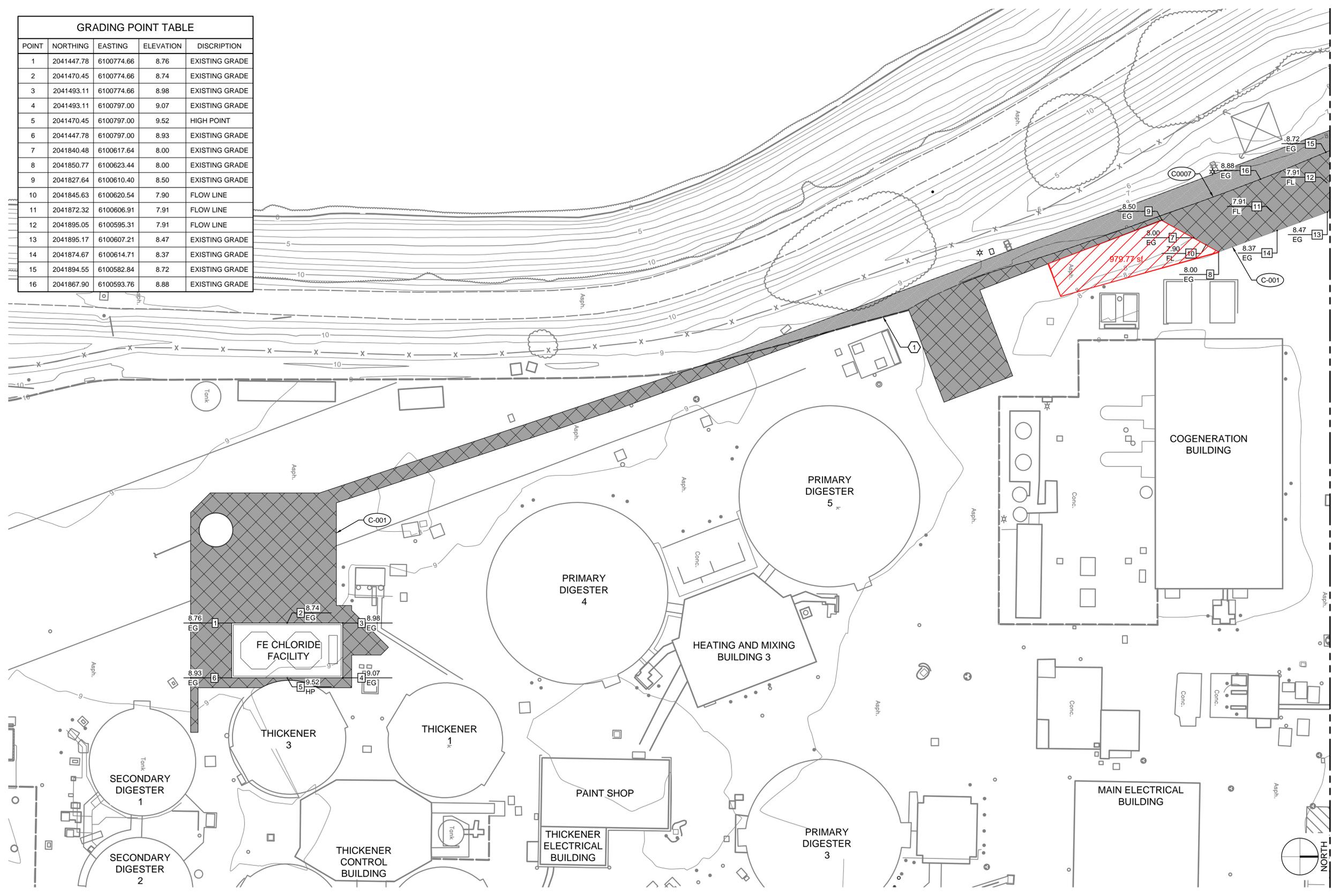
Date: _____

Executed Contract Change Orders

No.	Contract Change Order Title	Contract Time Adjustment, Calendar Days	Cost of Change
001	Share Costs of Project Partnering Workshop	0	\$2,825
002	Provide 316 SST Pipe and Fittings at Roof Penetrations for Secondary Digesters 1 and 2	0	\$9,287
003	Ductbank Modifications	0	\$73,564
004	Extension of Interim Milestone No. 1 Completion Date	0	0
005	"Mass Concrete" Requirements for Digester No. 7 Grade Beams	6	\$19,000
006	Revisions to FRP Single Wall Tank Accessories	0	\$7,600
007	Deletion of Southern Light Pole Relocation	0	-\$6,806
008	Gas Mixing Compressor Bypass Valves & Bypass Boiler Network Wiring	0	\$12,814
009	Temporary Metal Repair of West Force Main Pipe at the Alvarado Influent Valve Box	0	\$21,405
010	Relocate Cleanouts TWAS & TPS Piping HMB4 Gallery	0	\$19,620
011	Revise Hand Hole Elevation at West Access Road	0	\$2,406
012	Unforeseen Costs for Work at Electrical Manhole No. 7	0	\$6,325
013	Relocation of Existing DG Flow Meter at Digester 6	0	\$8,426
014	Additional Conduit and Wire to Boiler Flow Meters	0	\$5,991
015	Credit for Machine Excavation of SD Lines in Lieu of Hand Excavation	0	-\$65,153
016	Additional Asphalt Patch Paving	0	\$31,914
017	Exploratory Excavation for W1 Leak	0	\$6,103
018	Relocate TIT 20699 at Boiler No. 7	0	\$1,124
019	Replace Seal Water Station at Sludge Recirculation Pump No. 6	0	\$1,556
020	Replace Seized Valves at Digester No. 6	0	\$3,854
021	Remove/Relocate Conflicting Lights at HMB #4	0	\$3,905
022	Revisions to Digested Sludge Piping at HMB #4	0	\$25,594
023	Revise Equipment Tagging at HMB #4	0	\$17,706
024	Reconfigure Hot Water Three-way Valve	0	\$16,262
025	West Access Road Modifications	0	\$30,478

026	Plexiglass Splash Shields at Iron Salts Metering Pumps	0	\$4,004
027	Additional Material Costs for Dome Stiffeners	0	\$4,867
028	Digester Sludge Piping Trench Modifications	0	-\$16,738
030	Storm Drain Revisions	0	\$18,766
031	Revised Control Narratives	0	\$1,830
	Total	6	\$268,529

GRADING POINT TABLE				
POINT	NORTHING	EASTING	ELEVATION	DISCRPTION
1	2041447.78	6100774.66	8.76	EXISTING GRADE
2	2041470.45	6100774.66	8.74	EXISTING GRADE
3	2041493.11	6100774.66	8.98	EXISTING GRADE
4	2041493.11	6100797.00	9.07	EXISTING GRADE
5	2041470.45	6100797.00	9.52	HIGH POINT
6	2041447.78	6100797.00	8.93	EXISTING GRADE
7	2041840.48	6100617.64	8.00	EXISTING GRADE
8	2041850.77	6100623.44	8.00	EXISTING GRADE
9	2041827.64	6100610.40	8.50	EXISTING GRADE
10	2041845.63	6100620.54	7.90	FLOW LINE
11	2041872.32	6100606.91	7.91	FLOW LINE
12	2041895.05	6100595.31	7.91	FLOW LINE
13	2041895.17	6100607.21	8.47	EXISTING GRADE
14	2041874.67	6100614.71	8.37	EXISTING GRADE
15	2041894.55	6100582.84	8.72	EXISTING GRADE
16	2041867.90	6100593.76	8.88	EXISTING GRADE



- GENERAL NOTES**
- MATCH NEW PAVING WITH EXISTING PAVEMENT ELEVATIONS. INTERFACE LOCATIONS MAY VARY DEPENDING ON CONTRACTOR'S EXCAVATION METHOD.
 - CONTRACTOR SHALL VERIFY EXISTING PAVEMENT ELEVATIONS PRIOR TO CONSTRUCTION.
 - PAVEMENT DAMAGE DURING CONSTRUCTION SHALL BE REPAIRED BY CONTRACTOR AT NO ADDITIONAL COST.
 - TOP OF GRATING ELEVATIONS SHOULD BE VERIFIED BY CONTRACTOR PRIOR TO CONSTRUCTION.
 - ALL EXCAVATIONS ON THIS SHEET SHALL BE PERFORMED BY HAND. COORDINATE WITH SECTION 01010

- KEY NOTES**
- MATCH EXISTING GRADE ELEVATION OF UNPAVED AREA. RESTORE AND RESEED UNPAVED AREA TO MATCH EXISTING CONDITIONS PRIOR TO CONSTRUCTION. CONTRACTOR SHALL VERIFY EXISTING GRADE ELEVATIONS PRIOR TO CONSTRUCTION.

PATH: \\UNION SANITARY DISTRICT\00-BIM\03-AUTOCAD\04-CIVIL\3\02-SHEETS FILENAME: 151463-C-106.DWG PLOT DATE: 1/30/2020 2:24 PM CAD USER: FRED BURKE 602 of 676



WALNUT CREEK, CALIFORNIA

SUBMITTED: _____ DATE: _____
 PROJECT MANAGER

APPROVED: _____ DATE: _____
 BROWN AND CALDWELL

APPROVED: _____ DATE: _____

LINE IS 2 INCHES
 AT FULL SIZE
 (IF NOT 2"-SCALE ACCORDINGLY)

FILE 151463 151463
 DRAWN T.LAMBERT
 DESIGNED H.HAKIMELAH
 CHECKED C.DUDLEY

**CONFORMED TO
 INCLUDE ADDENDA**

REVISIONS					
ZONE	REV.	DESCRIPTION	BY	DATE	APP.



UNION SANITARY DISTRICT
 ALAMEDA COUNTY, CALIFORNIA
 SERVING: FREMONT, NEWARK AND UNION CITY

PRIMARY DIGESTER NO. 7 PROJECT

CIVIL

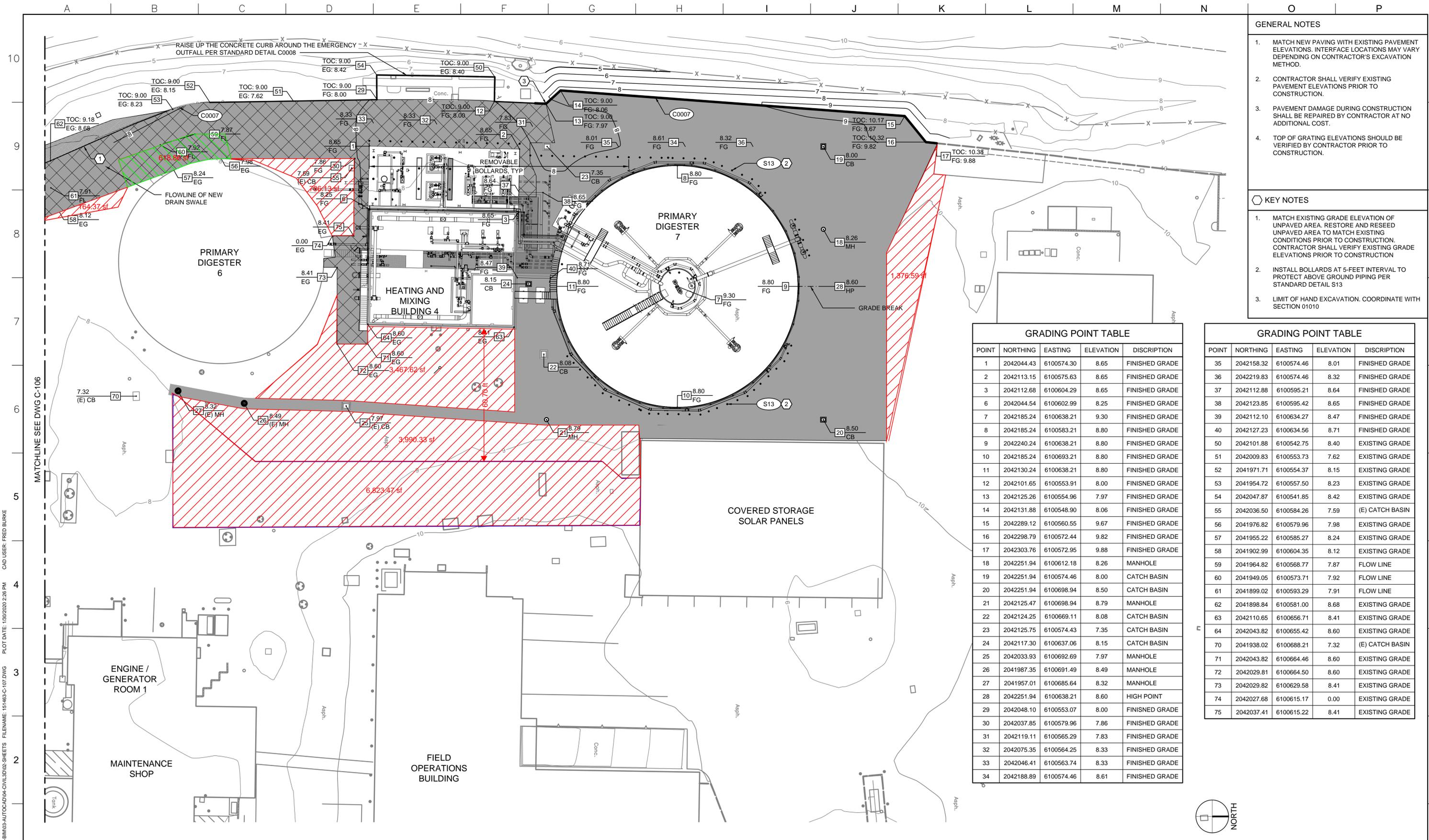
SK01_CCO.032

PAVING AND GRADING PLAN 1

SCALE
 1" = 20'

DRAWING NUMBER
C-106

SHEET NUMBER
 13 OF 153



- GENERAL NOTES**
- MATCH NEW PAVING WITH EXISTING PAVEMENT ELEVATIONS. INTERFACE LOCATIONS MAY VARY DEPENDING ON CONTRACTOR'S EXCAVATION METHOD.
 - CONTRACTOR SHALL VERIFY EXISTING PAVEMENT ELEVATIONS PRIOR TO CONSTRUCTION.
 - PAVEMENT DAMAGE DURING CONSTRUCTION SHALL BE REPAIRED BY CONTRACTOR AT NO ADDITIONAL COST.
 - TOP OF GRATING ELEVATIONS SHOULD BE VERIFIED BY CONTRACTOR PRIOR TO CONSTRUCTION.
- KEY NOTES**
- MATCH EXISTING GRADE ELEVATION OF UNPAVED AREA. RESTORE AND RESEED UNPAVED AREA TO MATCH EXISTING CONDITIONS PRIOR TO CONSTRUCTION. CONTRACTOR SHALL VERIFY EXISTING GRADE ELEVATIONS PRIOR TO CONSTRUCTION.
 - INSTALL BOLLARDS AT 5-FEET INTERVAL TO PROTECT ABOVE GROUND PIPING PER STANDARD DETAIL S13
 - LIMIT OF HAND EXCAVATION. COORDINATE WITH SECTION 01010

GRADING POINT TABLE

POINT	NORTHING	EASTING	ELEVATION	DISCRIPTION
1	2042044.43	6100574.30	8.65	FINISHED GRADE
2	2042113.15	6100575.63	8.65	FINISHED GRADE
3	2042112.68	6100604.29	8.65	FINISHED GRADE
6	2042044.54	6100602.99	8.25	FINISHED GRADE
7	2042185.24	6100638.21	9.30	FINISHED GRADE
8	2042185.24	6100583.21	8.80	FINISHED GRADE
9	2042240.24	6100638.21	8.80	FINISHED GRADE
10	2042185.24	6100693.21	8.80	FINISHED GRADE
11	2042130.24	6100638.21	8.80	FINISHED GRADE
12	2042101.65	6100553.91	8.00	FINISHED GRADE
13	2042125.26	6100554.96	7.97	FINISHED GRADE
14	2042131.88	6100548.90	8.06	FINISHED GRADE
15	2042289.12	6100560.55	9.67	FINISHED GRADE
16	2042298.79	6100572.44	9.82	FINISHED GRADE
17	2042303.76	6100572.95	9.88	FINISHED GRADE
18	2042251.94	6100612.18	8.26	MANHOLE
19	2042251.94	6100574.46	8.00	CATCH BASIN
20	2042251.94	6100698.94	8.50	CATCH BASIN
21	2042125.47	6100698.94	8.79	MANHOLE
22	2042124.25	6100669.11	8.08	CATCH BASIN
23	2042125.75	6100574.43	7.35	CATCH BASIN
24	2042117.30	6100637.06	8.15	CATCH BASIN
25	2042033.93	6100692.69	7.97	MANHOLE
26	2041987.35	6100691.49	8.49	MANHOLE
27	2041957.01	6100685.64	8.32	MANHOLE
28	2042251.94	6100638.21	8.60	HIGH POINT
29	2042048.10	6100553.07	8.00	FINISHED GRADE
30	2042037.85	6100579.96	7.86	FINISHED GRADE
31	2042119.11	6100565.29	7.83	FINISHED GRADE
32	2042075.35	6100564.25	8.33	FINISHED GRADE
33	2042046.41	6100563.74	8.33	FINISHED GRADE
34	2042188.89	6100574.46	8.61	FINISHED GRADE

GRADING POINT TABLE

POINT	NORTHING	EASTING	ELEVATION	DISCRIPTION
35	2042158.32	6100574.46	8.01	FINISHED GRADE
36	2042219.83	6100574.46	8.32	FINISHED GRADE
37	2042112.88	6100595.21	8.64	FINISHED GRADE
38	2042123.85	6100595.42	8.65	FINISHED GRADE
39	2042112.10	6100634.27	8.47	FINISHED GRADE
40	2042127.23	6100634.56	8.71	FINISHED GRADE
50	2042101.88	6100542.75	8.40	EXISTING GRADE
51	2042009.83	6100553.73	7.62	EXISTING GRADE
52	2041971.71	6100554.37	8.15	EXISTING GRADE
53	2041954.72	6100557.50	8.23	EXISTING GRADE
54	2042047.87	6100541.85	8.42	EXISTING GRADE
55	2042036.50	6100584.26	7.59	(E) CATCH BASIN
56	2041976.82	6100579.96	7.98	EXISTING GRADE
57	2041955.22	6100585.27	8.24	EXISTING GRADE
58	2041902.99	6100604.35	8.12	EXISTING GRADE
59	2041964.82	6100568.77	7.87	FLOW LINE
60	2041949.05	6100573.71	7.92	FLOW LINE
61	2041899.02	6100593.29	7.91	FLOW LINE
62	2041898.84	6100581.00	8.68	EXISTING GRADE
63	2042110.65	6100656.71	8.41	EXISTING GRADE
64	2042043.82	6100655.42	8.60	EXISTING GRADE
70	2041938.02	6100688.21	7.32	(E) CATCH BASIN
71	2042043.82	6100664.46	8.60	EXISTING GRADE
72	2042029.81	6100664.50	8.60	EXISTING GRADE
73	2042029.82	6100629.58	8.41	EXISTING GRADE
74	2042027.68	6100615.17	0.00	EXISTING GRADE
75	2042037.41	6100615.22	8.41	EXISTING GRADE

PATH: V:\UNION SANITARY DISTRICT\00-BIM\03-AUTOCAD\04-CIVIL\3D\02-SHEETS FILENAME: 151463-C-107.DWG CAD USER: FRED BURKE
 PLOT DATE: 1/20/2020 2:26 PM
 003 of 676

Brown and Caldwell
 WALNUT CREEK, CALIFORNIA

SUBMITTED: _____ PROJECT MANAGER DATE: _____
 APPROVED: _____ DATE: _____
 APPROVED: _____ DATE: _____

LINE IS 2 INCHES AT FULL SIZE (IF NOT 2"-SCALE ACCORDINGLY)

FILE 151463 151463
 DRAWN T.LAMBERT
 DESIGNED H.HAKIMELAHI
 CHECKED C.DUDLEY

CONFORMED TO INCLUDE ADDENDA

REVISIONS

ZONE	REV.	DESCRIPTION	BY	DATE	APP.

UNION SANITARY DISTRICT
 ALAMEDA COUNTY, CALIFORNIA
 SERVING: FREMONT, NEWARK AND UNION CITY

PRIMARY DIGESTER NO. 7 PROJECT

CIVIL

SK02_CCO.032

PAVING AND GRADING PLAN 2

SCALE 1" = 20'

DRAWING NUMBER C-107

SHEET NUMBER 14 OF 153



Directors
 Manny Fernandez
 Tom Handley
 Pat Kite
 Anjali Lathi
 Jennifer Toy

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

Karen W. Murphy
Attorney

**NOVEMBER 8, 2021
 BOARD OF DIRECTORS MEETING
 AGENDA ITEM # 13**

TITLE: Authorize the General Manager to Execute an Agreement and Task Order No. 1 with Hazen and Sawyer for the Pump Station Asset Condition Assessment Study (*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
 Thomas Lam, Associate Engineer

Recommendation

Staff recommends the Board authorize the General Manager to execute an agreement and Task Order No. 1 with Hazen and Sawyer (Hazen) in the amount of \$249,956 for the Pump Station Asset Condition Assessment Study (Study).

Discussion

The purpose of Task Order No. 1 is to authorize Hazen to conduct a condition assessment of the pump and lift stations located in the District’s transport system outside of the Alvarado Wastewater Treatment Plant (WWTP). The Study will review and update the asset inventory at the stations, conduct field condition assessment of the assets, and prioritize the renewal and replacement of the assets in the Capital Improvement Program.

Hazen’s scope of services and fee for Task Order No. 1 are summarized below:

Task No.	Description	Fee
1	Data Collection and Document Review	\$6,613
2	Field Condition Assessment	\$91,237

Task No.	Description	Fee
3	Asset Prioritization	\$25,440
4	CIP Development and Prioritization	\$54,600
5	Project Management	\$25,360
6	Inspection of Pump Station Wet Wells, Influent Boxes, and Vaults	\$46,706
Total Not-to-Exceed Fee		\$249,956

Staff believes the proposed fee is reasonable based on the level of effort to conduct condition assessment of mechanical, structural, and electrical assets at multiple pump and lift stations, including making confined space entries into the Irvington Pump Station wet well and other wastewater structures at Newark and Irvington pump stations to inspect their condition.

Staff anticipates Hazen will complete the Study by summer 2022.

Background

The District serves the wastewater needs of the cities of Fremont, Newark, and Union City in southern Alameda County. The service area is divided into three drainage basins: Alvarado, Irvington, and Newark. The wastewater is collected in the drainage basins and flows directly to a major pump station located on the western end of each basin. The Newark and Irvington pump stations are included in the Study, but the Alvarado Influent Pump Station is not included since it was part of the Plant Asset Condition Assessment Study in 2018. The District’s Cherry Street Pump Station collects wastewater from a small area in the northwest portion of the Irvington drainage basin and pumps directly into the force mains.

The District has three smaller lift stations (Boyce, Fremont, and Paseo Padre) that are located within the collection system to provide intermediate lift of wastewater prior to draining into one of the major pump stations.

The Newark and Irvington pump stations pump wastewater through the twin force mains to the WWTP. The twin force mains are 33-inch diameter reinforced concrete pipelines (RCP) between Irvington and Newark pump stations and 39-inch diameter RCP between Newark Pump Station and the Alvarado WWTP. The Alvarado Influent Pump Station is located within the Alvarado WWTP and pumps wastewater to the WWTP influent facilities through a separate pipeline.

The attached Figure 1 shows the three drainage basins and locations of the transport system facilities.

In 2015, the District hired Carollo Engineers to conduct the Pump Station Master Plan (Master Plan). The Master Plan provided an inventory of the critical assets of the District’s transport

system, which includes the pump stations, lift stations and force mains. The Master Plan also developed a Renewal and Replacement plan to address deficiencies and provided a recommended schedule for equipment replacement or upgrade, and schedule for future inspection and assessments of the critical assets. Staff will conduct a pump station condition assessment study every 5 to 7 years to update the asset inventory, asset condition, and renewal and replacement plan that will be incorporated into the Capital Improvement Program.

In 2016, the District hired Woodard & Curran (WC) to conduct the Force Main Condition Assessment Study. The Study included both internal and external condition assessment of the twin force main pipelines. WC completed the internal condition assessment of the east and west force main pipelines in 2017 and 2018, respectively, between the Newark Pump Station and the WWTP. The assessment occurred concurrently with the construction of Phases 1 and 2 of the Force Main Corrosion Repairs Project. WC will complete the internal and external condition assessment of the east and west force main pipelines between the Irvington Pump Station and the Newark Pump Station during the construction of Phases 3 and 4 and the Force Main Corrosion Repairs Project. Phases 3 and 4 of the Force Main Corrosion Repairs Project are tentatively scheduled for summers 2022 and 2023, respectively, pending the completion of the Force Main Relocation Project – Phase 2 by the developer.

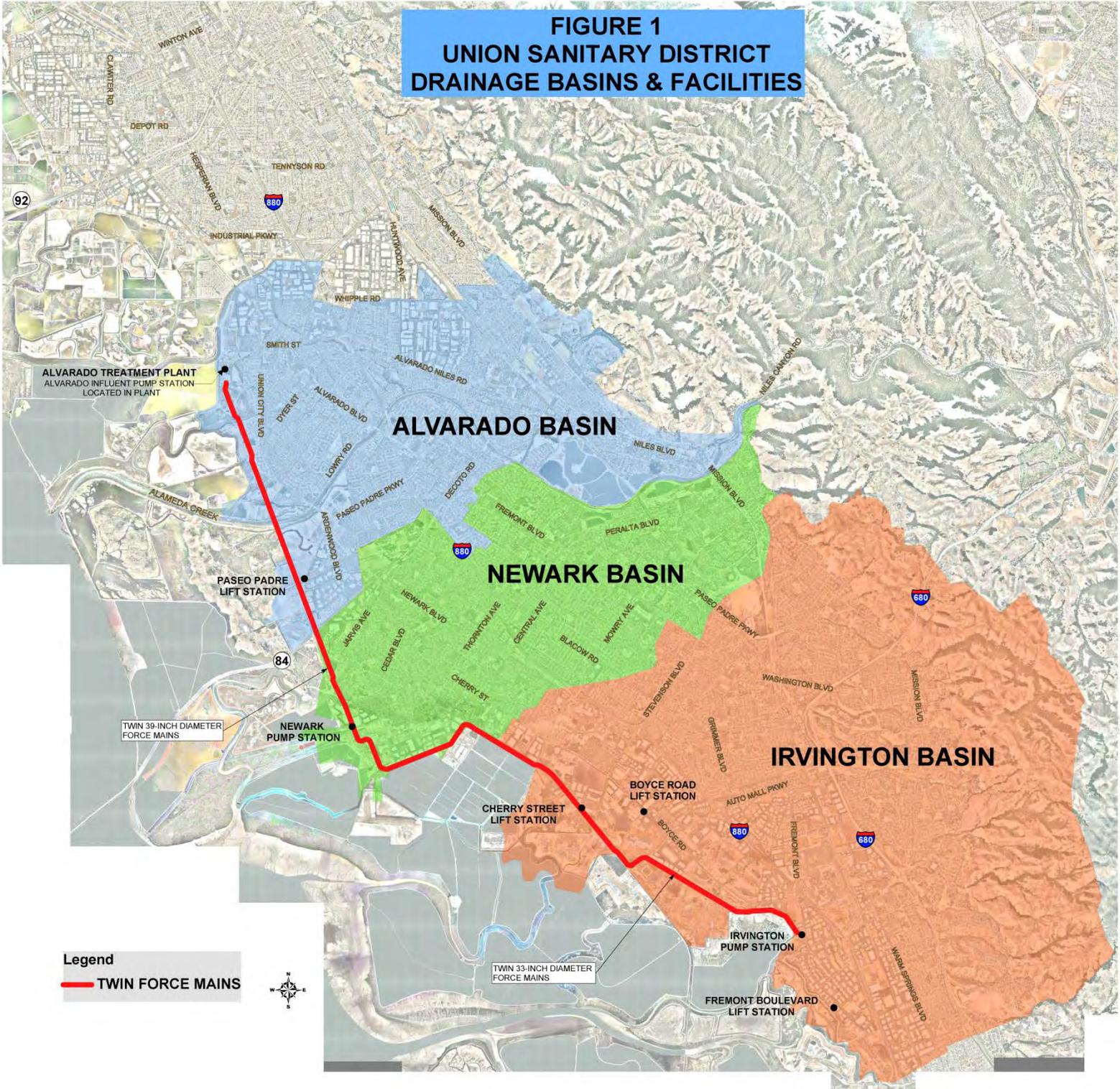
Previous Board Action

None

PRE/SEG/RC/TL;mb

Attachments: Figure 1 – Drainage Basins and Transport System Facilities
Agreement
Task Order No. 1

**FIGURE 1
UNION SANITARY DISTRICT
DRAINAGE BASINS & FACILITIES**



Legend
 TWIN FORCE MAINS



PUMP STATION ASSET CONDITION ASSESSMENT STUDY
AGREEMENT
BETWEEN
UNION SANITARY DISTRICT
AND
HAZEN AND SAWYER
FOR
PROFESSIONAL SERVICES

THIS IS AN AGREEMENT MADE AS OF _____, BETWEEN UNION SANITARY DISTRICT (hereinafter referred to as District), and HAZEN AND SAWYER (hereinafter referred to as Engineer).

WITNESSETH:

WHEREAS, District intends to conduct a Pump Station Asset Condition Assessment Study (hereinafter referred to as Study), and,

WHEREAS, District requires certain professional services in connection with the Study (hereinafter referred as Services); and

WHEREAS, Engineer is qualified and prepared to provide such Services;

NOW, THEREFORE, in consideration of the promises contained herein, the parties agree as follows:

ARTICLE 1 - SERVICES TO BE PERFORMED BY ENGINEER

- 1.1 Specific Services and the associated scope of services, payment, schedule, and personnel will be defined in specific Task Order as mutually agreed by District and Engineer.
- 1.2 All Task Orders will by reference incorporate the terms and conditions of this Agreement, and become formal amendments hereto.

ARTICLE 2 - COMPENSATION

- 2.1 Compensation for consulting services performed under this Agreement shall include:

- (1) Direct labor costs, multiplied by an agreed upon fixed factor (the Multiplier), to compensate for fringe benefits, indirect costs, and profit.
- (2) Non-labor direct study charge not included in the fixed factor and acceptable, without any markup.
- (3) Subconsultant costs, with a maximum markup of 5%.

Definitions are as follows:

- (a) Direct labor is salaries and wages paid to personnel for time directly chargeable to the study. Direct labor does not include the cost of Engineer's statutory and customary benefits, such as sick leave, holidays, vacations, and medical and retirement benefits nor the cost of the time of executive and administrative personnel and others whose time is not identifiable to the study.
- (b) Fringe benefits include Engineer's statutory and customary benefits, such as sick leave, holidays, vacations, medical and retirement benefits, incentive pay, tuition, and other costs classified as employee benefits.
- (c) Indirect costs are allocations of costs that are not directly chargeable to a specific engagement and are commonly referred to as Engineer's overhead. Indirect costs include provisions for such things as clerical support, office space, light and heat, insurance, statutory and customary employee benefits, and the time of executive and administrative personnel and others whose time is not identifiable to the Study or to any other study. Under no circumstances can the same labor costs be charged as direct labor and also appear at the same time as indirect costs, and vice versa.
- (d) The Multiplier is a multiplicative factor which is applied to direct labor costs, and compensates Engineer for fringe benefits and indirect costs (overhead) and profit.
- (e) Other non-labor direct study charges shall be included in the overhead and these charges include typical expenses as cost of transportation and subsistence, printing and reproduction, computer time and programming costs, identifiable supplies, outside consultant's charges, subcontracts, and charges by reviewing authorities."

Alternatively, the District and the Engineer may agree to utilize the fully-encumbered hourly rates and fees for Services performed by the

Engineer. These hourly rates and fees shall be based on the Engineer's rate schedule published at the time this Agreement or Task Order is executed and shall be attached to each applicable Task Order.

- 2.2 Reimbursement for mileage shall not exceed the prevailing Internal Revenue Service's standard mileage rate.
- 2.3 A *Cost Ceiling* will be established for each Task Order which is based upon estimated labor-hours and cost estimates. Costs as described above, comprising direct labor, overhead cost, and other direct costs, shall be payable up to a Cost Ceiling as specified in the Task Order. A *Maximum Fee Ceiling*, or *Task Order Firm Ceiling*, will also be established for each Task Order which includes the Cost Ceiling plus the Professional Fee.
- 2.4 Engineer shall invoice District monthly for the actual costs incurred, and a pro-rated portion of the Professional Fee for work performed during the previous month. If the Maximum Fee Ceiling is reached, the Engineer will complete the agreed-upon work for the Maximum Fee Ceiling. With District staff approval, labor hours may be reallocated within the tasks without renegotiation in such a manner so as not to exceed the Maximum Fee Ceiling.
- 2.5 The Engineer shall provide the District with a review of the budget amounts when 75 percent of the Cost Ceiling for any task has been expended. Engineer may request a revision in the Cost Ceiling for performance of this Agreement, and will relate the rationale for the revision to the specific basis of estimate as defined in the Scope of Services. Such notification will be submitted to the District at the earliest possible date. The authorized Cost Ceiling shall not be exceeded without written approval of the District.
- 2.6 The Professional Fee will not be changed except in the case of a written amendment to the Agreement which alters the Scope of Services. District and Engineer agree to negotiate an increase or decrease in Cost Ceiling and Professional Fee for any change in Scope of Services required at any time during the term of this Agreement. Engineer will not commence work on the altered Scope of Services until authorized by District.
- 2.7 Direct labor rates are subject to revision to coincide with Engineer's normal salary review schedule. Adjustments in direct labor rates shall not affect the firm ceiling without prior written authorization of the District.
- 2.8 District shall pay Engineer in accordance with each Task Order for Services.

- 2.9 Engineer shall submit monthly statements for Services rendered. District will make prompt monthly payments in response to Engineer's monthly statements.

ARTICLE 3 - PERIOD OF SERVICE

- 3.1 Engineer's services will be performed and the specified services rendered and deliverables submitted within the time period or by the date stipulated in each Task Order.
- 3.2 Engineer's services under this Agreement will be considered complete when the services are rendered and/or final deliverable is submitted and accepted by District.
- 3.3 If any time period within or date by which any of the Engineer's services are to be completed is exceeded through no fault of Engineer, all rates, measures and amounts of compensation and the time for completion of performance shall be subject to equitable adjustment.

ARTICLE 4 - DISTRICT'S RESPONSIBILITIES

District will do the following in a timely manner so as not to delay the services of Engineer.

- 4.1 Provide all criteria and full information as to District's requirements for the services assignment and designate in writing a person with authority to act on District's behalf on all matters concerning the Engineer's services.
- 4.2 Furnish to Engineer all existing studies, reports and other available data pertinent to the Engineer's services, obtain or authorize Engineer to obtain or provide additional reports and data as required, and furnish to Engineer services of others required for the performance of Engineer's services hereunder, and Engineer shall be entitled to use and rely upon all such information and services provided by District or others in performing Engineer's services under this Agreement.
- 4.3 Arrange for access to and make all provisions for Engineer to enter upon public and private property as required for Engineer to perform services hereunder.
- 4.4 Perform such other functions as are indicated in each Task Order related to duties of District.

- 4.5 Bear all costs incident to compliance with the requirements of this Section.

ARTICLE 5 - STANDARD OF CARE

- 5.1 Engineer shall exercise the same degree of care, skill, and diligence in the performance of the Services as is ordinarily provided by a professional Engineer under similar circumstance and Engineer shall, at no cost to District, re-perform services which fail to satisfy the foregoing standard of care.

ARTICLE 6 - OPINIONS OF COST AND SCHEDULE

- 6.1 Since Engineer has no control over the cost of labor, materials, equipment or services furnished by others, or over contractors', subcontractors' , or vendors' methods of determining prices, or over competitive bidding or market conditions or economic conditions, Engineer's cost estimate and economic analysis shall be made on the basis of qualification and experience as a professional engineer.
- 6.2 Since Engineer has no control over the resources provided by others to meet contract schedules, Engineer's forecast schedules shall be made on the basis of qualification and experience as a professional Engineer.
- 6.3 Engineer cannot and does not guarantee that proposals, bids or actual study costs will not vary from his cost estimates or that actual schedules will not vary from his forecast schedules.

ARTICLE 7 - SUBCONTRACTING

- 7.1 No subcontract shall be awarded by Engineer until prior written approval is obtained from the District.

ARTICLE 8 - ENGINEER-ASSIGNED PERSONNEL

- 8.1 Engineer shall designate in writing an individual to have immediate responsibility for the performance of the services and for all matters relating to performance under this Agreement. Key personnel to be assigned by Engineer will be stipulated in each Task Order. Substitution of any assigned person shall require the prior written approval of the District, which shall not be unreasonably withheld. If the District

determines that a proposed substitution is not responsible or qualified to perform the services then, at the request of the District, Engineer shall substitute a qualified and responsible person.

ARTICLE 9 - OWNERSHIP OF DOCUMENTS

- 9.1 All work products, drawings, data, reports, files, estimate and other such information and materials (except proprietary computer programs, including source codes purchased or developed with Engineer monies) as may be accumulated by Engineer to complete services under this Agreement shall be owned by the District.
- 9.2 Engineer shall retain custody of all study data and documents other than deliverables specified in each Task Order, but shall make access thereto available to the District at all reasonable times the District may request. District may make and retain copies for information and reference.
- 9.3 All deliverables and other information prepared by Engineer pursuant to this Agreement are instruments of service in respect to this study. They are not intended or represented to be suitable for reuse by District or others on extensions of this Study or on any other study. Any reuse without written verification or adaptation by Engineer for the specific purpose intended will be at District's sole risk and without liability or legal exposure to Engineer; and District shall indemnify and hold harmless Engineer against all claims, damages, losses, and expenses including attorney's fees arising out of or resulting from such reuse. Any such verification or adaptation will entitle Engineer to further compensation at rates to be agreed upon by District and Engineer.

ARTICLE 10 - RECORDS OF LABOR AND COSTS

- 10.1 Engineer shall maintain for all Task Orders, records of all labor and costs used in claims for compensation under this Agreement. Records shall mean a contemporaneous record of time for personnel; a methodology and calculation of the Multiplier for fringe benefits and indirect costs; and invoices, time sheets, or other factors used as a basis for determining other non-labor Study charges. These records must be made available to the District upon reasonable notice of no more than 48 hours during the period of the performance of this Agreement.
- 10.2 After delivery of Services (completion of Task Orders) under this Agreement, the Engineer's records of all costs used in claims for compensation under this Agreement shall be available to District's accountants and auditors for inspection and verification. These records

will be maintained by Engineer and made reasonably accessible to the District for a period of three (3) years after completion of Task Orders under this Agreement.

- 10.3 Engineer agrees to cooperate and provide any and all information concerning the Study costs which are a factor in determining compensation under this Agreement as requested by the District or any public agency which has any part in providing financing for, or authority over, the Services which are provided under the Agreement.
- 10.4 Failure to provide documentation or substantiation of all Study costs used as a factor in compensation paid under Article 2 hereof will be grounds for District to refuse payment of any statement submitted by the Engineer and for a back charge for any District funds, including interest from payment; or grant, matching, or other funds from agencies assisting District in financing the Services specified in this Agreement.

ARTICLE 11 - INSURANCE

Engineer shall provide and maintain at all times during the performance of the Agreement the following insurances:

- 11.1 Workers' Compensation and Employer's Liability Insurance for protection of Engineer's employees as required by law and as will protect Engineer from loss or damage because of personal injuries, including death to any of his employees.
- 11.2 Comprehensive Automobile Liability Insurance. Engineer agrees to carry a Comprehensive Automobile Liability Policy providing bodily injury liability. This policy shall protect Engineer against all liability arising out of the use of owned or leased automobiles both passenger and commercial. Automobiles, trucks, and other vehicles and equipment (owned, not owned, or hired, licensed or unlicensed for road use) shall be covered under this policy. Limits of liability for Comprehensive Automobile Liability Insurance shall not be less than \$1,000,000 Combined Single Limit.
- 11.3 Comprehensive General Liability Insurance as will protect Engineer and District from any and all claims for damages or personal injuries, including death, which may be suffered by persons, or for damages to or destruction to the property of others, which may arise from the Engineer's operations under this Agreement, which insurance shall name the District as additional insured. Said insurance shall provide a minimum of \$1,000,000 Combined Single Limit coverage for personal injury, bodily injury, and property damage for each occurrence and

aggregate. Such insurance will insure Engineer and District from any and all claims arising from the following:

1. Personal injury;
2. Bodily injury;
3. Property damage;
4. Broad form property damage;
5. Independent contractors;
6. Blanket contractual liability.

11.4 Engineer shall maintain a policy of professional liability insurance, protecting it against claims arising out of negligent acts, errors, or omissions of Engineer pursuant to this Agreement, in an amount of not less than \$1,000,000. The said policy shall cover the indemnity provisions under this Agreement.

11.5 Engineer agrees to maintain such insurance at Engineer's expense in full force and effect in a company or companies satisfactory to the District. All coverage shall remain in effect until completion of the Study.

11.6 Engineer will furnish the District with certificates of insurance and endorsements issued by Engineer's insurance carrier and countersigned by an authorized agent or representative of the insurance company. The certificates shall show that the insurance will not be cancelled without at least thirty (30) days' prior written notice to the District. The certificates for liability insurance will show that liability assumed under this Agreement is included. The endorsements will show the District as an additional insured on Engineer's insurance policies for the coverage required in Article 11 for services performed under this Agreement, except for workers' compensation and professional liability insurance.

11.7 Waiver of Subrogation: Engineer hereby agrees to waive subrogation which any insurer of Engineer may acquire from Engineer by virtue of the payment of any loss. Engineer agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation.

The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the District for all work performed by the Engineer, its employees, agents and subconsultants.

ARTICLE 12 - LIABILITY AND INDEMNIFICATION

- 12.1 Having considered the risks and potential liabilities that may exist during the performance of the Services, and in consideration of the promises included herein, District and Engineer agree to allocate such liabilities in accordance with this Article 12. Words and phrases used in this Article shall be interpreted in accordance with customary insurance industry usage and practice.
- 12.2 Engineer shall indemnify and save harmless the District and all of their agents, officers, and employees from and against all claims, demands, or causes of action of every name or nature to the extent caused by the negligent error, omission, or act of Engineer, its agents, servants, or employees in the performance of its services under this Agreement. In no event shall Engineer's costs to defend the District exceed the Engineer's proportionate percentage of negligence or fault, based upon a final judicial determination, except that if one or more defendants in an action are unable to pay its share of defense costs due to bankruptcy or dissolution, Engineer shall meet and confer with the other defendant parties regarding defense costs.
- 12.3 In the event an action for damages is filed in which negligence is alleged on the part of District and Engineer, Engineer agrees to defend District. In the event District accepts Engineer's defense, District agrees to indemnify and reimburse Engineer on a pro rata basis for all expenses of defense and any judgment or amount paid by Engineer in resolution of such claim. Such pro rata share shall be based upon a final judicial determination of proportionate negligence or, in the absence of such determination, by mutual agreement.
- 12.4 Engineer shall indemnify District against legal liability for damages arising out of claims by Engineer's employees. District shall indemnify Engineer against legal liability for damages arising out of claims by District's employees.
- 12.5 Indemnity provisions will be incorporated into all Study contractual arrangements entered into by District and will protect District and Engineer to the same extent.
- 12.6 Upon completion of all services, obligations and duties provided for in the Agreement, or in the event of termination of this Agreement for any reason, the terms and conditions of this Article shall survive.
- 12.7 To the maximum extent permitted by law, Engineer's liability for District's damage will not exceed the aggregate compensation received by Engineer under this Agreement or the maximum amount of professional

liability insurance available at the time of any settlement or judgment, which ever is greater.

ARTICLE 13 - INDEPENDENT CONTRACTOR

Engineer undertakes performance of the Services as an independent contractor and shall be wholly responsible for the methods of performance. District will have no right to supervise the methods used, but District will have the right to observe such performance. Engineer shall work closely with District in performing Services under this Agreement.

ARTICLE 14 - COMPLIANCE WITH LAWS

In performance of the Services, Engineer will comply with applicable regulatory requirements including federal, state, and local laws, rules, regulations, orders, codes, criteria and standards. Engineer shall procure the permits, certificates, and licenses necessary to allow Engineer to perform the Services. Engineer shall not be responsible for procuring permits, certificates, and licenses required for any construction unless such responsibilities are specifically assigned to Engineer in Task Order.

ARTICLE 15 - NONDISCLOSURE OF PROPRIETARY INFORMATION

Engineer shall consider all information provided by District and all drawings, reports, studies, design calculations, specifications, and other documents resulting from the Engineer's performance of the Services to be proprietary unless such information is available from public sources. Engineer shall not publish or disclose proprietary information for any purpose other than the performance of the Services without the prior written authorization of District or in response to legal process.

ARTICLE 16 - TERMINATION OF CONTRACT

- 16.1 The obligation to continue Services under this Agreement may be terminated by either party upon seven days written notice in the event of substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party.
- 16.2 District shall have the right to terminate this Agreement or suspend performance thereof for District's convenience upon written notice to Engineer, and Engineer shall terminate or suspend performance of Services on a schedule acceptable to District. In the event of termination or suspension for District's convenience, District will pay Engineer for all

services performed and costs incurred including termination or suspension expenses. Upon restart of a suspended study, equitable adjustment shall be made to Engineer's compensation.

ARTICLE 17 - UNCONTROLLABLE FORCES

17.1 Neither District nor Engineer shall be considered to be in default of this Agreement if delays in or failure of performance shall be due to uncontrollable forces, the effect of which, by the exercise of reasonable diligence, the nonperforming party could not avoid. The term "uncontrollable forces" shall mean any event which results in the prevention or delay of performance by a party of its obligations under this Agreement and which is beyond the control of the nonperforming party. It includes, but is not limited to, fire, flood, earthquake, storms, lightning, epidemic, war, riot, civil disturbance, sabotage, inability to procure permits, licenses, or authorizations from any state, local, or federal agency or person for any of the supplies, materials, accesses, or services required to be provided by either District or Engineer under this Agreement, strikes, work slowdowns or other labor disturbances, and judicial restraint.

17.2 Neither party shall, however, be excused from performance if nonperformance is due to uncontrollable forces which are removable or remediable, and which the nonperforming party could have, with the exercise of reasonable diligence, removed or remedied with reasonable dispatch. The provisions of this Article shall not be interpreted or construed to require Engineer or District to prevent, settle, or otherwise avoid a strike, work slowdown, or other labor action. The nonperforming party shall, within a reasonable time of being prevented or delayed from performance by an uncontrollable force, give written notice to the other party describing the circumstances and uncontrollable forces preventing continued performance of the obligations of this Agreement. The Engineer will be allowed reasonable negotiated extension of time or adjustments for District initiated temporary stoppage of services.

ARTICLE 18 - MISCELLANEOUS

18.1 A waiver by either District or Engineer of any breach of this Agreement shall not be binding upon the waiving party unless such waiver is in writing. In the event of a written waiver, such a waiver shall not affect the waiving party's rights with respect to any other or further breach.

18.2 The invalidity, illegality, or unenforceability of any provision of this Agreement, or the occurrence of any event rendering any portion or

provision of this Agreement void, shall in no way effect the validity or enforceability of any other portion or provision of the Agreement. Any void provision shall be deemed severed from the Agreement and the balance of the Agreement shall be construed and enforced as if the Agreement did not contain the particular portion or provision held to be void.

ARTICLE 19 - INTEGRATION AND MODIFICATION

- 19.1 This Agreement (consisting of pages 1 to 14), together with all Task Orders executed by the undersigned, is adopted by District and Engineer as a complete and exclusive statement of the terms of the Agreement between District and Engineer. This Agreement supersedes all prior agreements, contracts, proposals, representations, negotiations, letters, or other communications between the District and Engineer pertaining to the Services, whether written or oral.
- 19.2 The Agreement may not be modified unless such modifications are evidenced in writing signed by both District and Engineer.

ARTICLE 20 - SUCCESSORS AND ASSIGNS

- 20.1 District and Engineer each binds itself and its directors, officers, partners, successors, executors, administrators, assigns and legal representatives to the other party to this Agreement and to the partners, successors, executors, administrators, assigns, and legal representatives of such other party, in respect to all covenants, agreements, and obligations of this Agreement.
- 20.2 Neither District nor Engineer shall assign, sublet, or transfer any rights under or interest in (including, but without limitation, monies that may become due or monies that are due) this Agreement without the written consent of the other, except to the extent that the effect of this limitation may be restricted by law. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement. Nothing contained in this paragraph shall prevent Engineer from employing such independent engineers, associates, and subcontractors as he may deem appropriate to assist him/her in the performance of the Services hereunder and in accordance with Article 7.
- 20.3 Nothing herein shall be construed to give any rights or benefits to anyone other than District and Engineer.

ARTICLE 21 – INFORMATION SYSTEM SECURITY

When the District determines this article is applicable, the Engineer shall obtain written approval from the District representative prior to accessing District internal systems through real-time computer connections. Upon approval, the Engineer will use only in-bound connections to accomplish a legitimate business need and a previously defined and approved task. As a condition of approval, the Engineer shall:

- a) Be running a current operating system supported by the District with up-to-date security patches applied as defined in the District COE/Non-COE document.
- b) Have anti-virus software installed on his/her personal computer with up-to-date virus signatures.
- c) Have personal firewall software installed and enabled on their computer.
- d) Understand and sign the District's Electronic Equipment Use Policy, number 2160.

The District reserves the right to audit the security measures in effect on Engineer's connected systems without prior notice. The District also reserves the right to terminate network connections immediately with all Engineer's systems not meeting the above requirements.

ARTICLE 22 – EMPLOYEE BACKGROUND CHECK

Engineer, at no additional expense to the District, shall conduct a background check for each of its employees, as well as for the employees of its subconsultants (collectively "Consultant Employees") who will have access to District's computer systems, either through on-site or remote access, or whose contract work requires an extended presence on the District's premises. The minimum background check process for any District consultant shall include, but not be limited to

1. California residents: Criminal Records (County and State Criminal Felony and Misdemeanor
2. Out of State residents: Federal criminal search of the National Criminal Database,

The background check shall be conducted and the results submitted to the District prior to initial access by Consultant Employees. If at any time, it is discovered that a Consultant Employee has a criminal record that includes a felony or misdemeanor, the Engineer is required to inform the District immediately and the District will assess the circumstances surrounding the conviction, time frame, nature, gravity, and relevancy of the conviction to the job duties, to determine

whether the Consultant Employee will be placed or remain on a District assignment. The District may withhold consent at its sole discretion. The District may also conduct its own criminal background check of the Consultant Employees. Failure of the Engineer to comply with the terms of this paragraph may result in the termination of its contract with the District.

ARTICLE 23 - EXCEPTIONS

No exceptions.

IN WITNESS THEREOF, the parties hereto have made and executed this Agreement as of the day and year first above written.

DISTRICT

ENGINEER

Union Sanitary District

Hazen and Sawyer

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

By: _____
Marc Solomon, PE, BCCE, D.WRE
Vice President

Date: _____

Date: _____

PUMP STATION ASSET CONDITION ASSESSMENT STUDY

TASK ORDER NO. 1

to

AGREEMENT

BETWEEN

UNION SANITARY DISTRICT

AND

HAZEN AND SAWYER

FOR

PROFESSIONAL SERVICES

Dated _____

1. PURPOSE

The objective of this Task Order is to perform an asset condition assessment of the District's pump and lift stations, excluding Alvarado, and update the Pump Station Master Plan.

2. PROJECT COORDINATION

All work related to this task order shall be coordinated through the District's Project Manager, Thomas Lam.

3. SCOPE OF SERVICES

The task numbers in this Scope of Services are associated with the cost presented in Exhibit A and the schedule outlined in section 8.

This section describes Hazen's (Engineer) Scope of Services to perform the condition assessment of the pump and lift stations, develop and prioritize Capital Improvement Projects (CIPs), update the Pump Station Master Plan, and develop

a 10-year Implementation Schedule. Engineer's Scope of Services includes the following tasks:

Task 1 – Data Collection, Review and Consolidation

Engineer shall collect and review documents relating to the District's pump and lift stations and force main assets. Gaps in the District's asset data will be identified, certain gap closure strategies will be applied to close gaps, and the relevant data will be utilized to update the asset inventory. A Technical Memorandum will be drafted to summarize information reviewed, data gap analysis findings and gap closure strategies, and recommendations for additional information required for asset management decisions for the District to track.

Task 2 – Field Condition Assessment

Engineer shall conduct field condition assessments of the District's assets at each of the pump and lift stations. Electronic forms will be created to efficiently collect the information during the condition assessments and a Site Progress Plan to determine the level of condition assessment for each pump and lift station. Engineer shall utilize the condition scores and maintenance records along with the estimated useful life of assets established in the 2015 PSMP to develop decay curves to determine the remaining useful life of pump and lift station assets. Engineer shall incorporate the results of the force main condition assessment performed by Others into the Condition Assessment Results Technical Memorandum and review workshop presentation.

Task 3 – Asset Prioritization

The Probability of Failure (PoF) of assets will be calculated and PoF thresholds will be established to categorize the pump and lift stations and force mains into low, medium, and high PoF levels. Engineer shall collaborate with the District's staff to develop Consequence of Failure (CoF) scores using the CoF criteria, weighting factors, scoring guide developed and expanding it to consider redundancy.

Task 4 – CIP Development and Prioritization

Assets will be bundled into Capital Improvement Projects (CIPs), CIP costs will be developed, and CIPs will be prioritized in collaboration with the District's staff using an established asset management business case evaluation (BCE) criteria and assigned weighting factors. The detailed Project Sheet format and breakdown of costs will be similar to the presentation in the 2015 PSMP. Engineer shall conduct a review meeting with the District's staff and refine the prioritization and implementation schedule as needed.

Task 5 – Project Management

The project management work will include the following components: project setup; progress monitoring; project coordination; communication with the District; document control and management; development of Subconsultant agreement and Subconsultant management; attendance at meetings; oversight of QA/QC activities; and monthly progress reporting and invoicing.

Task 6 – Confined Space Entry and Inspection

The condition assessment at the Irvington Pump Station will include confined space entry of the wet wells, wet well channels, influent boxes, and junction box. It also includes cleaning of the wet wells at Irvington Pump Station prior to the inspection. Assume the wet wells will be cleaned in two separate events. The Scope of Services for cleaning is only of the wet wells and is based on disposal to a nearby District sewer manhole and no traffic control required.

The condition assessment at the Newark Pump Station will include confined space entry of the influent box.

4. Deliverables

This section lists the deliverables for each task listed in Section 3.

Task 1 – Data Collection, Review and Consolidation

Deliverables:

- Request for Information
- Document and Data Overview Workshop

Task 2 – Field Condition Assessment

Deliverables:

- ESRI Survey123 Electronic Forms for Condition Assessment
- Site Progression Plan
- Asset Inventory updated with Condition Scores and Remaining Useful Lives (Excel File)
- Field Condition Assessment Photographs (Asset Photos and Pump and Lift Stations 360 Photos)
- Pump and Lift Stations Condition Assessment TM Review Workshop
- Pump and Lift Stations Condition Assessment TM (Draft and Final)

Task 3 – Asset Prioritization

Deliverables:

- Consequence of Failure Methodology Workshop

- Risk Results Review Workshop

Task 4 – CIP Development and Prioritization

Deliverables:

- CIP Development Workshop
- CIP List (Draft and Final)
- CIP Project Sheets
- 10-Year CIP Implementation Schedule
- PSMP Update Report (Draft and Final)

Task 5 – Project Management

Deliverables:

- Draft and Final Work Plan
- Kick-off Meeting
- Workshops (including agendas and meeting notes)

Task 6 – Confined Space Entry and Inspection

Deliverable:

- Results of the confined space entry of the wet wells (Irvington Pump Station only), wet well channel (Irvington Pump Station only), influent boxes (two at Irvington Pump Station and Newark Pump Station), and junction boxes (Irvington Pump Station only) will be consolidated with the Field Condition Assessment Results TM.

5. Not Used

6. Not Used

7. PAYMENT TO THE ENGINEER

Payment to the Engineer shall be as called for in Article 2 of the Agreement. The Multiplier for this work shall be 3.15, the profit shall be 10 percent, and the not-to-exceed amount shall be \$249,956.00. A summary of the anticipated distribution of cost and manpower between tasks is shown in Exhibit A.

The following table summarizes the previously executed and 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 – Pump Station Asset Condition Assessment Study	\$249,956.00	Yes	Paul Eldredge

8. TIME OF COMPLETION

All work defined in this Task Order shall be completed by August 2022 and subject to the conditions of Article 3 of this Agreement. A summary of the anticipated schedule of work is shown below.

Est. Date	Activity
November 2021	Notice to proceed
January 2022	Complete Collection, Review and Consolidation of Data and Conduct Data Gap Closure Workshop
February 2022	Field and Desktop Condition Assessment
April 2022	Condition Assessment Results Workshop
May 2022	Risk Assessment Results Workshop
June 2022	CIP Development & Prioritization Workshop
August 2022	Prioritized CIP List, Project Sheets, Pump Station Master Plan Update and Implementation Schedule

9. KEY PERSONNEL

Engineering personnel assigned to this Task Order No. 1 are as follows:

<u>Role</u>	<u>Key Person to be Assigned</u>
Principal-in-Charge	Paul Pitt, PhD, PE, BCEE
Project Manager	Marc Solomon, PE, BCEE, D.WRE
Condition Assessment Lead	Sean Pour, PhD
Master Plan Lead	Dawn Guendert
Master Plan Project Engineer	Justin Irving, PE
Condition Assessment	V&A

Key personnel shall not be changed except in accordance with Article 8 of the Agreement.

Pump Station Asset Condition Assessment Study

Task Order No. 1

Page 6

IN WITNESS WHEREOF, the parties hereto have made and executed this Task Order No. 1 as of _____ and therewith incorporate it as part of the Agreement.

DISTRICT

ENGINEER

Union Sanitary District

Hazen and Sawyer

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

By: _____
Marc Solomon, PE, BCCE, D.WRE
Vice President

Date: _____

Date: _____

Exhibit A

Hazen	Hazen and Sawyer								V&A							Hazen				V&A Totals			Pipe & Plant	Subs Subtotal	Grand Total
	Project Director	Project Manager	Senior Associate	Associate	Senior Principal Engineer	Principal Engineer	Engineer	Assistant Engineer	Principal-in-Charge	Senior Project Manager	Senior Project Engineer	Assistant Engineer	Engineering Assistant	Project Admin	Labor Hours	Labor Cost	ODC's	Subtotal	Labor Hours	Labor Cost	ODC's				
	\$300	\$300	\$260	\$220	\$200	\$180	\$165	\$145	\$297	\$259	\$223	\$145	\$134	\$89											
	Paul	Marc	Dawn, Gregg, Steve C., Jeremy	Justin, Chris, Sean D.	Sean P., Alan M.	Hansa		Bahrulla, Eric, Ryan		Manny	Noy														
Task 1: Data Collection and Document Review																									
1.1 Request for Information			1		1	2		2	1	2	6	6			21	\$1,110	\$ -	\$1,110	15	\$3,023	\$ -	\$ 3,023	\$4,133		
1.2 Document and Data Overview Workshop			2		2	4		4							12	\$2,220	\$ -	\$2,220	0	\$0	\$ -	\$ -	\$2,220		
1.3 QC			1												1	\$260	\$ -	\$260	0	\$0	\$ -	\$ -	\$260		
TASK 1 - SUBTOTAL	0	0	4	0	3	6	0	6	1	2	6	6	0	0	33	\$ 3,590	\$ -	\$ 3,590	15	\$ 3,023	\$ -	\$ 3,023	\$ 6,613		
Task 2: Field Condition Assessment																									
2.1 ESRI Survey/123 Electronic Forms for Condition Assessment					1	4		8							13	\$2,080	\$ -	\$2,080	0	\$0	\$ -	\$ -	\$2,080		
2.2 Site Progression Plan		1			1	6									8	\$1,580	\$ -	\$1,580	0	\$0	\$ -	\$ -	\$1,580		
2.3 Field Condition Assessment			40	16	20	4		24			18	18	5		104	\$22,120	\$ 2,500	\$24,620	41	\$7,294	\$ 771	\$ 8,065	\$32,685		
2.4 Incorporate Force Main Condition Assessment Results			6	16	16		8								46	\$9,440	\$ -	\$9,440	0	\$0	\$ -	\$ -	\$9,440		
2.5 Asset Inventory updated with Condition Scores and Remaining Useful Lives (Excel File)			4	4	4	8		40							60	\$9,960	\$ -	\$9,960	0	\$0	\$ -	\$ -	\$9,960		
2.6 Field Condition Assessment Photographs (Asset Photos and Pump and Lift Stations 360 Photos)							8								8	\$1,160	\$ -	\$1,160	0	\$0	\$ -	\$ -	\$1,160		
2.7 Pump and Lift Stations Condition Assessment TM Review Workshop			4	4	8	4		16							36	\$6,560	\$ -	\$6,560	0	\$0	\$ -	\$ -	\$6,560		
2.8 Pump and Lift Stations Condition Assessment TM (Draft and Final)			4	4	14	32		32	2	6	18	26			86	\$15,120	\$ -	\$15,120	52	\$9,932	\$ -	\$ 9,932	\$25,052		
2.9 QC			4	4	4										12	\$2,720	\$ -	\$2,720	0	\$0	\$ -	\$ -	\$2,720		
TASK 2 - SUBTOTAL	0	1	62	48	68	58	0	136	2	6	36	44	5	0	373	\$ 70,740	\$ 2,500	\$ 73,240	93	\$ 17,226	\$ 771	\$ 17,997	\$ 91,237		
Task 3: Asset Prioritization																									
4.1 Consequence of Failure Methodology Workshop			4	8	8	8		16							44	\$8,160	\$ -	\$8,160	0	\$0	\$ -	\$ -	\$8,160		
4.2 Update Asset Register with Risk Results			2	8	8	8		16							42	\$7,640	\$ -	\$7,640	0	\$0	\$ -	\$ -	\$7,640		
4.3 Risk Results Review Workshop			4	8	8	8		16							44	\$8,160	\$ -	\$8,160	0	\$0	\$ -	\$ -	\$8,160		
4.4 QC			4	2											6	\$1,480	\$ -	\$1,480	0	\$0	\$ -	\$ -	\$1,480		
TASK 3 - SUBTOTAL	0	0	14	26	24	24	0	48	0	0	0	0	0	0	136	\$ 25,440	\$ -	\$ 25,440	0	\$ -	\$ -	\$ -	\$ 25,440		
Task 4: CIP Development and Prioritization																									
5.1 CIP Development Workshop			8	8		8		8							32	\$6,440	\$ -	\$6,440	0	\$0	\$ -	\$ -	\$6,440		
5.2 CIP List (Draft and Final)			8	16		16		16							56	\$10,800	\$ -	\$10,800	0	\$0	\$ -	\$ -	\$10,800		
5.3 CIP Project Sheets			4	8		8		32							52	\$8,880	\$ -	\$8,880	0	\$0	\$ -	\$ -	\$8,880		
5.4 10-Year CIP Implementation Schedule			8	16		16		24							64	\$11,960	\$ -	\$11,960	0	\$0	\$ -	\$ -	\$11,960		
5.5 PSMP Update Report (Draft and Final)			8	24		24		16							72	\$14,000	\$ -	\$14,000	0	\$0	\$ -	\$ -	\$14,000		
5.6 QC		2	4	4											10	\$2,520	\$ -	\$2,520	0	\$0	\$ -	\$ -	\$2,520		
TASK 4 - SUBTOTAL	0	2	40	76	0	72	0	96	0	0	0	0	0	0	286	\$ 54,600	\$ -	\$ 54,600	0	\$ -	\$ -	\$ -	\$ 54,600		
Task 5: Project Management																									
6.1 Draft and Final Work Plan		2	4		8	16									30	\$6,120	\$ -	\$6,120	0	\$0	\$ -	\$ -	\$6,120		
6.2 Invoicing and Internal Coordinations		4	18			16			10					10	38	\$8,760	\$ -	\$8,760	20	\$3,480	\$ -	\$ 3,480	\$12,240		
6.3 Kick-off Meeting	1	2	2		2	8									15	\$3,260	\$ -	\$3,260	0	\$0	\$ -	\$ -	\$3,260		
6.4 Workshops (including agendas and meeting notes)		2	4		4	4		4							18	\$3,740	\$ -	\$3,740	0	\$0	\$ -	\$ -	\$3,740		
TASK 5 - SUBTOTAL	1	10	28	0	14	44	0	4	0	10	0	0	0	10	101	\$ 21,880	\$ -	\$ 21,880	20	\$ 3,480	\$ -	\$ 3,480	\$ 25,360		
Task 6: Irvington Pump Station Confined Space Entry & Wet Wells Cleaning																									
6.1 Wet Wells Inspection Cleaning		2			4										6	\$ 1,400	\$ -	\$ 1,400	0	\$ -	\$ -	\$ 25,000	\$ 25,000	\$26,400	
6.2 Confined Space Entry Inspection					4					12	12	12	4		4	\$ 800	\$ -	\$ 800	40	\$ 8,060	\$ -	\$ 8,060	\$8,860		
6.3 Summary of Inspection Findings				6						10	10	10	10		6	\$ 1,320	\$ -	\$ 1,320	40	\$ 7,610	\$ -	\$ 7,610	\$8,930		
6.4 Project Management		2		4						4					6	\$ 1,480	\$ -	\$ 1,480	4	\$ 1,036	\$ -	\$ 1,036	\$2,516		
TASK 6 - SUBTOTAL	0	4	0	10	8	0	0	0	0	26	22	22	14	0	22	\$ 5,000	\$ -	\$ 5,000	84	\$ 16,706	\$ -	\$ 16,706	\$ 46,706		
GRAND TOTAL (TASK 1-6)	1	17	148	160	117	204	0	290	3	44	64	72	19	10	951	\$181,250	\$2,500	\$183,750	212	\$40,435	771	0	\$66,206	\$249,956	

**Directors**

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

**NOVEMBER 8, 2021
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 14**

TITLE: **Authorize the General Manager to Execute Contract Change Order No. 2 with Garney Pacific, Inc. for the Emergency Outfall Improvements 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 Contract Change Order No. 2 with Garney Pacific, Inc. (Garney) in the amount of \$235,164 for the Emergency Outfall Improvements Project (Project).

Discussion

The Project's scope included removing the downstream section of the existing emergency outfall pipeline, installing a new pipeline with a higher outlet elevation, rehabilitating a section of the existing pipeline that remains, constructing a new concrete outlet structure at the Old Alameda Creek (Creek), and installing a second pipeline between the Creek and the Alvarado Wastewater Treatment Plant (WWTP) for future discharge consideration. Figure 1 shows the outfall alignment.

The 1962 construction plans of the emergency outfall pipeline showed that it consisted of 48-inch diameter reinforced concrete pipe (RCP) from the west side of the WWTP to the levee road owned by the Alameda County Flood Control & Water Conservation District (ACFC&WCD) and approximately 40 feet of 48-inch diameter corrugated metal pipe (CMP) from the levee road to the flap gate located in the Creek.

After Garney installed the cofferdam shoring system to prepare for the construction of the new concrete outlet structure, they removed the specified 40 feet of the CMP and discovered there was more CMP than anticipated. After removing sediment from inside the outfall pipeline, Garney confirmed the total length of the CMP is 150 feet, which extends just inside the fence at the northwest corner of the WWTP, and the CMP is connected to the RCP section of the outfall pipeline with a concrete collar. Garney's internal inspection confirmed the CMP is no longer round (48-inch diameter) but oval (42-inch height by 51-inch width).

Staff and Brown and Caldwell (BC) evaluated the situation and believe that replacing the CMP with a new pipe, between the existing RCP and the new concrete outlet structure at the Creek, is prudent. The new fiberglass reinforced polymer (FRP) pipe is corrosion resistant and will extend the service life of the outfall pipeline, particularly the section located outside of the WWTP that requires extensive environmental permits to access in the future.

Contract Change Order No. 2

CCO No. 2 will be in the amount of \$235,164. The CCO work will extend the Project past the original completion date of January 3, 2022. After execution of the CCO, Garney will assess the time and cost impact for the District's review and consideration.

CCO No. 2 includes the following major elements to install a new outfall pipeline:

- Remove or abandon the CMP,
- Install new 116 linear feet of 48-inch pipe for new outfall pipeline alignment by open cut method,
- Install concrete collar at transition to existing 48-inch diameter RCP pipe, and
- Restore the site including grading, fence replacement and pave existing levee road.

Figures 2 and 3 show the plan and profile alignment of the existing CMP and the proposed alignment of the new FRP pipe between the Creek and the existing RCP inside the WWTP. Figures 4 and 5 are photos showing the current construction status at the Creek and the existing CMP before sediment removal.

To date, the Project construction has included one CCO in the amount of \$13,963, which is 1% of the original contract amount. With the execution of CCO No. 2, the Project's CCO total will be \$249,127, which will be 17.8% of the original contract amount.

Background

The District's Alvarado Effluent Pump Station normally pumps the final effluent from the WWTP to the East Bay Dischargers Authority (EBDA) system where the combined effluent from the EBDA

agencies is dechlorinated and discharged from the EBDA Common Outfall to Lower San Francisco Bay. The District has an NPDES permit to discharge final effluent to Old Alameda Creek through the Emergency Outfall pipeline and flap gate during wet weather and when the capacity of the EBDA system is maximized. The District doses calcium thiosulfate to dechlorinate the final effluent prior to discharging to the creek.

The Emergency Outfall pipeline, constructed in 1962, exits the WWTP at the northwest corner of the property and crosses the levee road owned by the ACFC&WCD before extending into the Old Alameda Creek. The creek is influenced by the tidal cycle, and the Emergency Outfall flap gate is normally submerged below the water during high tides and is exposed during low tides. This presents a maintenance challenge as water brings in sediment that routinely buries the flap gate and promotes vegetation growth, which then impedes the operation of the flap gate.

The purpose of the Project is to make improvements to the Emergency Outfall to reduce the maintenance activities associated with the Emergency Outfall flap gate and increase the reliability of its operation during wet weather events, by raising the elevation and rehabilitating the existing outfall pipeline, installing a concrete structure, and installing a parallel redundant 48-inch diameter pipeline (which will be capped for future use).

On May 10, 2021, the Board awarded the construction contract for the Project to Garney in the amount of \$1,399,700. Staff issued the Notice to Proceed to Garney on June 8, 2021. Due to the biological permitting restrictions, construction in the Old Alameda Creek did not begin until September 1, 2021.

Previous Board Action

November 13, 2017, the Board authorized the General Manager to execute Task Order No. 2 with Brown and Caldwell to provide design services for the Project.

June 25, 2018, the Board conducted a public hearing to receive comments regarding the Initial Study and Mitigated Negative Declaration (MND) for the Project. No comments were received at the public hearing.

December 10, 2018, the Board adopted the MND and Mitigation Monitoring and Reporting Plan for the Project for the purpose of filing the Notice of Determination.

July 22, 2019, the Board authorized the General Manager to execute a lease agreement with the California State Lands Commission for the use, operation, and maintenance of an existing 48-inch diameter reinforced concrete emergency outfall pipeline, concrete outlet structure, access stairway, riprap chute, and temporary sheet pile cofferdam located along the Old Alameda Creek Flood Control Channel in the City of Union City.

April 13, 2020, the Board authorized the General Manager to execute Amendment No. 3 to Task Order No. 2 with Brown and Caldwell to provide additional design services for the Project.

May 10, 2021, the Board awarded the construction contract for the Project to Garney Pacific, Inc. in the amount of \$1,399,700.

May 24, 2021, the Board authorized the General Manager to execute Task Order No. 3 with Brown and Caldwell to provide engineering services during construction of the Project.

June 14, 2021, the Board authorized the General manager to execute Task Order No. 1 with Carollo Engineers, Inc. to provide construction management services for the Emergency Outfall Improvements Project, Cathodic Protection System Improvements Project, and the FY21 Gravity Sewer Rehabilitation/Replacement Project – Phase VII.

PRE/SEG/RC/ACB;mb

Attachments: Figure 1 – Site Plan
Figures 2 and 3 – Existing CMP and Proposed FRP Pipe Alignments
Figures 4 and 5 – Photos
Contract Change Order No. 2

Figure 1: Site Plan



EBDA (Alvarado Effluent) Pump Station including pipelines to EBDA and the Emergency Outfall.

Figure 2 - Existing CMP and New FRP Pipe Plan Alignments

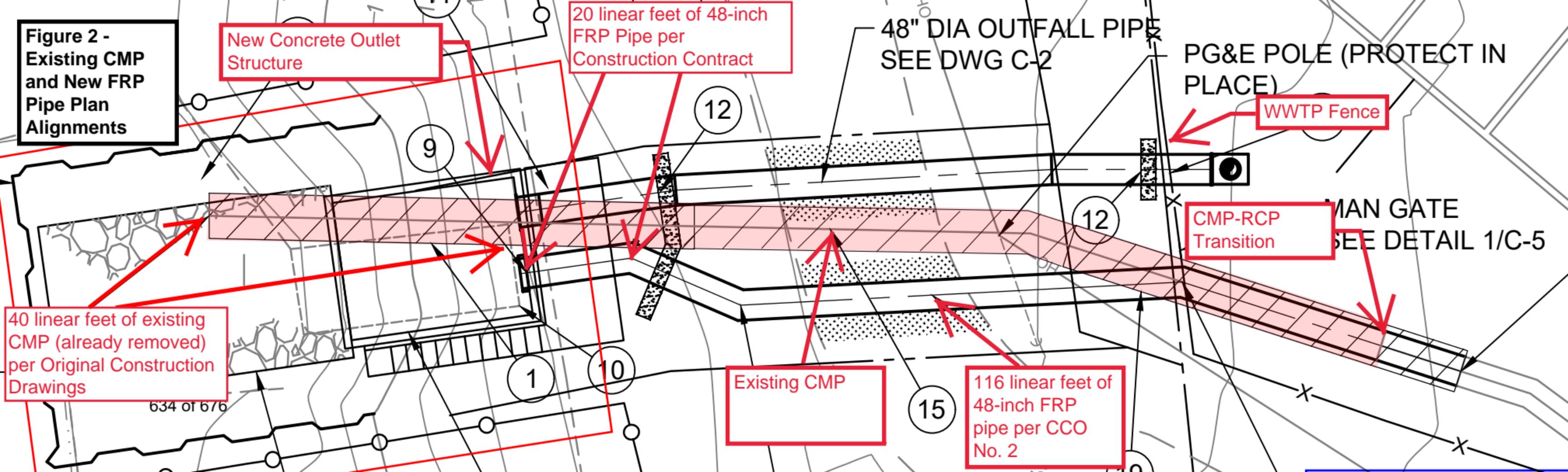


Figure 3 - Existing CMP and New FRP Profile Alignments

OLD ALAMEDA CREEK

20 linear feet of 48-inch FRP Pipe per Construction Contract

New Concrete Outlet Structure

116 linear feet of 48-inch FRP Pipe per CCO#2

Existing CMP-RCP Transition

EXISTING CMP

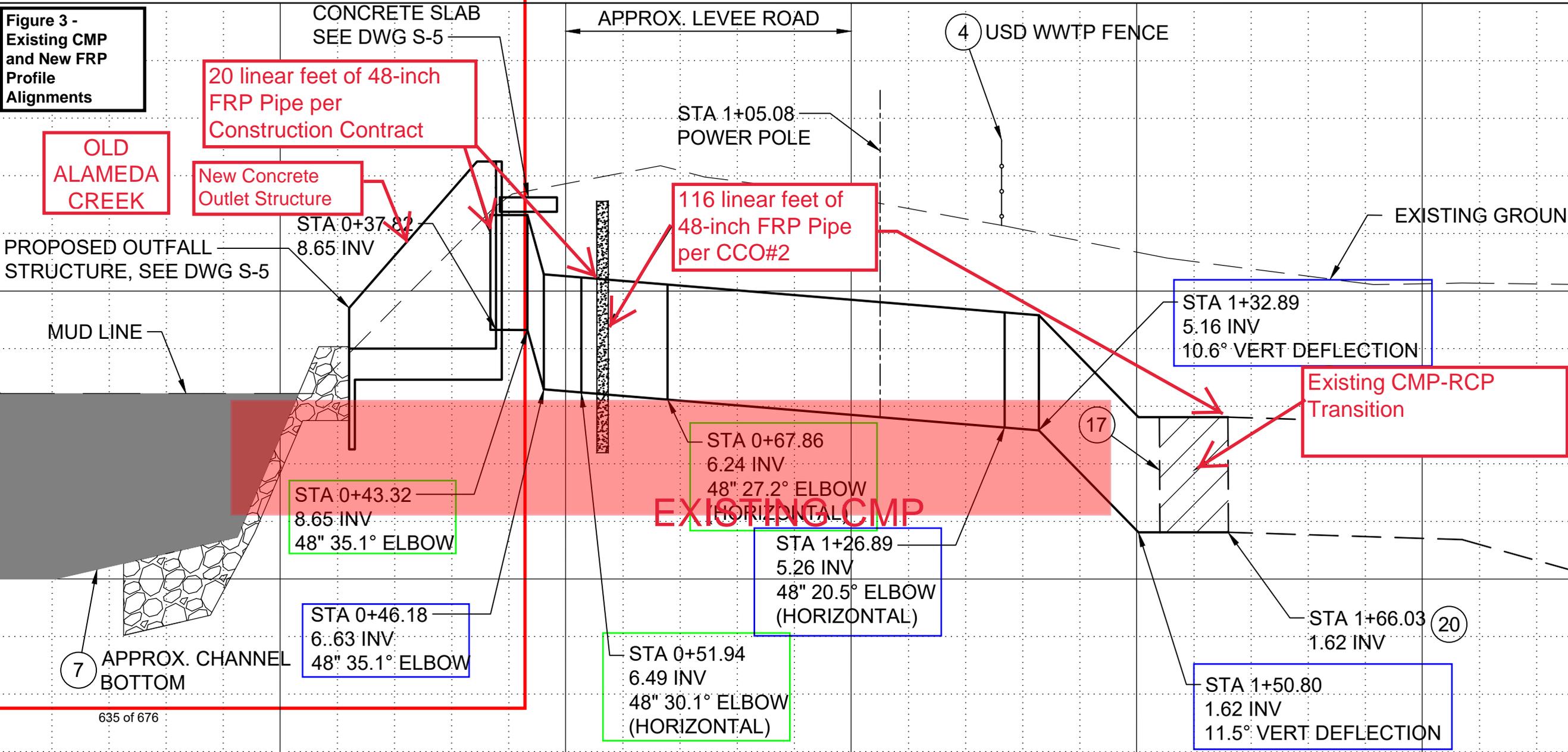




Figure 4. Picture is looking east towards the treatment plant, with the excavation shield in place and the corrugated metal pipe sitting at the bottom of the levee.



Figure 5. Partially removed sediment from corrugated metal pipe. View is looking upstream, towards the treatment plant.

CONTRACT CHANGE ORDER No. 02

Union Sanitary District Emergency Outfall Improvements Project Project No. 800-494

Item: New Emergency Outfall Pipe

Contractor is hereby directed to make the herein described changes from the plans and specifications or do the following work not included in the plans and specifications of this contract. All new work herein described shall be done in accordance with the applicable provisions of the plans and specifications, except as specifically modified by this Contract Change Order.

DESCRIPTION OF CHANGE:

In accordance with Request for Quotation (RFQ) No. 3, to replace the existing corrugated metal pipe (CMP) with a new centrifugally cast, fiberglass-reinforced, polymer mortar (CCFRPM) pipe for the Emergency Outfall Pipeline. To accomplish this work, the Contractor shall complete the work items indicated in RFQ No. 3, including but not limited to the following:

- Furnish and install 48-inch CCFRPM pipe and fittings per the Design Clarification Memorandum No. 001 for the new Emergency Outfall Pipe alignment.
- Remove reinforced concrete pipe (RCP) as needed to make connection of new 48-inch CCFRPM to the existing RCP.
- PG&E power pole and guy wire anchor shall be protected in place.
- Return previously purchased 42-inch diameter CCFRPM pipe and fittings to Hobas.
- Backfill new pipe alignment trench with CLSM.
- Restore pavement for existing levee access road that crosses the new alignment trench.
- Demolish or abandon-in-place (by filling with grout) the existing 48-inch CMP pipeline.

REFERENCES: RFQ No.3, DCM No. 001

COST OF CHANGE: \$235,164

CONTRACT TIME AJUSTMENT: *To Be Determined after Execution of CCO No. 2*

We, the undersigned Contractor, have given careful consideration to all aspects of the change proposed and hereby agree. This Contract Change Order constitutes full and complete compensation for all labor, equipment, materials, profit, required to perform the above-described change and will accept this Contract Change Order as full and final payment. After execution of this Contract Change Order, the Contractor shall assess the overhead and any and all indirect costs and time adjustment, including any delay and rescheduling, required to perform the above-described change.

This document supplements the Contract Documents and all provisions of the Contract Documents will apply thereto. It is understood that the Contract Change Order shall be effective when fully executed by the District.

Contract Change Order No. 02
Union Sanitary District
Emergency Outfall Improvements Project
Project No. 800-494

ACCEPTED:

Garney Pacific, Inc.
Project Manager:

By: _____
Kevin Downs

Date: _____

RECOMMENDED FOR ACCEPTANCE:

Carollo Engineers
Construction Manager:

By: _____
Jon Gudjohnsen

Date: _____

Union Sanitary District
Project Engineer

By: _____
Andrew Baile

Date: _____

Union Sanitary District
CIP Coach

By: _____
Raymond Chau

Date: _____

Union Sanitary District
Technical Services Work Group Manager

By: _____
Sami Ghossain

Date: _____

AUTHORIZED STAFF APPROVAL:

The Contractor shall not commence with the above-described work of this change order prior to the approval by the District's Authorized Staff.

Union Sanitary District
Authorized Staff:

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

Date: _____

Contract Change Order No. 02
Union Sanitary District
Emergency Outfall Improvements Project
Project No. 800-494

Executed Contract Change Orders

No.	Contract Change Order Title	Contract Time Adjustment, Calendar Days	Cost of Change
1	Class II Soil Disposal	0	\$13,963
	Total	0	\$13,963



Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

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

Karen W. Murphy
Attorney

**NOVEMBER 8, 2021
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 15**

TITLE: Status of Priority 1 Capital Improvement Program Projects (*This is an Information Item*)

SUBMITTED: Paul R. Eldredge, General Manager/District Engineer
Sami E. Ghossain, Technical Services Work Group Manager

Recommendation

Information only.

Discussion

None.

Background

In June 2021, the Board approved the Capital Improvement Program (CIP) budget for FY22 in the amount of \$43.19 million for the design and construction of 31 CIP projects.

These 31 projects are ranked as Priority 1, 2, or 3 projects based on criteria prepared by staff and approved by the Executive Team. A copy of the criteria used to prioritize the projects is attached for your reference.

The status of the Priority 1 CIP projects is reviewed by the Executive Team at the end of each quarter and a copy of the status report is attached for the Board's review. For FY22, 18 projects are ranked as Priority 1 projects and the remaining 13 are ranked as Priority 2 or Priority 3 projects.

Agenda Item No. 15
Meeting of November 8, 2021
Page 2

Also attached is a tabular summary of the number and nature of the ongoing CIP projects at the District during FY22.

Previous Board Action

None.

PRE/SEG:mb

Attachments: Priority 1 CIP Projects for FY22 - Status Report
Summary of CIP Projects for FY22
Priority 1 CIP Project Criteria
Priority 2 & 3 CIP Project Criteria

Priority 1 CIP Projects for FY 22 – Status Report

	CIP Project	Planned Milestones	Status after 1st Quarter	Status after 2nd Quarter	Status after 3rd Quarter	Status after 4th Quarter
1	Central Avenue Sanitary Sewer Relocation	Complete the design 6 months after the City of Newark makes a determination on whether the sewer relocation design and construction can be done as part of the bridge design and construction.	Awaiting the City's response and their consultant's fee proposal for including sewer relocation in their bridge design.			
2	RCP Sewer Rehab (Irvington Basin)	<ol style="list-style-type: none"> 1. Complete predesign by December 2021. 2. Award construction contract by March 2022. 	90% design submittal review completed.			
3	Cherry St. PS	<ol style="list-style-type: none"> 1. Complete PG&E application review and approval process for electrical service upgrade by January 2022. 2. Complete design by March 2022. 3. Award construction contract by June 2022. 	<p>Awaiting PG&E's confirmation of the new service routing and completion of the engineering review.</p> <p>100% design submittal review in progress.</p>			
4	Emergency Outfall Outlet Improvements	Complete construction by January 2022.	Cofferdam shoring installation in Old Alameda Creek was completed.			
5	Digester No. 2 Insp. and Rehab.	Complete construction by June 2021.	Board accepted project on August 9 th .			

Priority 1 CIP Projects for FY 22 – Status Report

	CIP Project	Planned Milestones	Status after 1st Quarter	Status after 2nd Quarter	Status after 3rd Quarter	Status after 4th Quarter
6	Digester No. 7	Complete construction by December 2021.	Continued digester watertightness testing, piping and equipment installation, testing, and training.			
7	ETSU – Phase 1A – Aeration Basin Modifications	Award construction contract by January 2022.	Bid Advertisement began September 2021.			
8	ETSU – Phase 1A – Aeration Basin No. 8	1. Award construction contract by January 2022. 2. Start-up of new West Aeration basin Odor Scrubbers by June 2022.	Bid Advertisement began September 2021.			
9	ETSU – Phase 1A – Aeration Internal Lift Pumps	1. Award construction contract by January 2022. 2. Approve construction submittals for new Lift Pumps by June 2022.	Bid Advertisement began September 2021.			
10	ETSU – Phase 1A – Blower 7-10 Replacement	1. Award construction contract by January 2022. 2. Approve construction submittals for new Blowers by June 2022.	Bid Advertisement began September 2021.			
11	ETSU – Phase 1A – Campus Building	Award construction contract by March 2022.	90% Design Submittal reviewed by Staff, CM Team, and City of Union City.			
12	ETSU – Phase 1B – Effluent Facilities	Receive 90% Design Submittal by December 2021.	Continued design workshops throughout the 1 st Quarter.			

Priority 1 CIP Projects for FY 22 – Status Report

	CIP Project	Planned Milestones	Status after 1st Quarter	Status after 2nd Quarter	Status after 3rd Quarter	Status after 4th Quarter
12	ETSU – Phase 1B – Effluent Facilities	Receive 90% Design Submittal by December 2021.	Continued design workshops throughout the 1 st Quarter.			
13	ETSU – Phase 1B – Secondary Clarifiers	Receive 90% Design Submittal by December 2021.	Continued design workshops throughout the 1 st Quarter.			
14	Force Main Corrosion Repairs – Phase 3	Complete the design 2 months after the construction of the Twin Force Mains Relocation - Phase 2 project is accepted.	Project on hold pending the completion of the Force Main Relocation – Phase 2 Project.			
15	Headworks Screens Replacement	Complete construction by November 2021.	Additional work to be completed in 2 nd Quarter in FY 22 due to delayed parts delivery.			
16	Plant 12kV Switchgear	1. Award construction contract by January 2022. 2. Acquire PG&E approvals for new Switchgear by March 2022.	Bid Advertisement began September 2021.			
17	Standby Power Generation System Upgrade	1. Complete design by October 2021. 2. Award construction contract in early 2022, subject to the SRF funding approval.	100% design submittal review in progress.			
18	WAS Thickeners	3. Complete design by December 2021. 4. Award construction contract by March 2022.	100% design submittal review in progress.			

SUMMARY OF CIP PROJECTS FOR FY22

Type of Project	Number of Projects	Names of Projects
Administrative Facilities	Four	<ol style="list-style-type: none"> 1. Cathodic Protection Improvements 2. ETSU - Campus Building 3. Solar Panels/Inverters Replacement at Carport 4. Solar Panels/Inverters Replacement at Irvington
Collection System	Three	<ol style="list-style-type: none"> 1. Central Avenue Sanitary Sewer Relocation 2. Gravity Sewer Rehab/Replacement 3. RCP Sewer Rehab (Irvington Basin)
Transport System	Four	<ol style="list-style-type: none"> 1. Cherry St. PS 2. Force Main Corrosion Repairs – Phase 3 3. Irvington PS Pumps and VFDs 4. Newark and Irvington PS Chemical System Improvements
Treatment System	Twenty	<ol style="list-style-type: none"> 1. Aeration Blower 11 and East Blower Bldg. Improvements 2. Alvarado Influent PS Improvements 3. Centrifuge Building Improvements 4. Digester No. 2 Inspection and Rehab 5. Digester No. 7 6. Emergency Outfall Outlet Improvements 7. ETSU - Aeration Basin Modifications 8. ETSU – Aeration Basin No. 8 9. ETSU - Aeration Internal Lift Pumps 10. ETSU - Blower 7-10 Replacement 11. ETSU – Secondary Clarifiers

Treatment System (continued)		12. ETSU – Effluent Facilities 13. Headworks Screens Replacement 14. MCC Replacement 15. Miscellaneous Improvements 16. Plant 12kV Switchgear 17. Sodium Hypochlorite Loop Improvements 18. Standby Power Generation System Upgrade 19. Switchboard 3 Replacement 20. WAS Thickeners
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Total:

31

PRIORITY 1 CIP PROJECT CRITERIA

Priority 1 Projects:

1. Project to repair or prevent an imminent critical infrastructure failure that could result in a threat to the public, or result in permit non-compliance.
2. A project designed to address public health and safety or employee health and safety.
3. Project to provide additional capacity in order to allow connection to the District system or to prevent a potential wet weather overflow from occurring.
4. Projects that have a deadline tied to receiving a loan or grant funding.
5. Projects where we have made a timeline commitment to a customer or other outside stakeholder.
6. A project in which the District may suffer financial losses or claims should the project be delayed.
7. A project which is part of a sequence of projects whose delay could result in delays to other projects at USD or other agencies.
8. A project in which an internal commitment has been made to provide a facility that significantly impacts another group from efficiently and effectively carrying out their core work. (Not a “nice to have” type project)

These criteria can apply to a study, design, or construction project.

PRIORITY 2 & 3 CIP PROJECT CRITERIA

Priority 2 Projects

1. These are planned projects related to the replacement of electrical and mechanical equipment identified by the Plant Master Plan – this equipment is not in imminent danger of failure but needs to be replaced at a future date.
2. These are planned pipeline rehab/replacement projects that are identified either by the Master Plan or by the Maintenance staff and need to be completed to improve the condition of existing sewers to safeguard against potential maintenance problems – these pipelines are not in imminent danger of failure.
3. These projects do not have any immediate negative impacts on either other agencies or other projects.
4. Examples: Blacow Road Sewer Replacement, Cast Iron Pipe Replacement, Thickener Mechanism 3&4 Replacement, Rehab of Clarifiers 5&6.

Priority 3 Projects

1. These are capacity projects identified by the master plans that will address future capacity needs of the District.
2. These projects are place holders and need to be defined at a future date
3. The District will not suffer any financial loss or claim, if these projects are delayed.
4. Examples: Cedar Relief Sewer, Hetch Hetchy Relief Sewer, Digester No. 7, Secondary Clarifiers 7 & 8.



Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

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

Karen W. Murphy
Attorney

**NOVEMBER 8, 2021
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 16**

TITLE: **First Quarterly Report on the Capital Improvement Program for FY22**
(This is an Information Item)

SUBMITTED: Paul R. Eldredge, General Manager/District Engineer
Sami E. Ghossain, Technical Services Work Group Manager

Recommendation

Information only.

Discussion

None.

Background

In June 2021, the Board approved the Capital Improvement Program (CIP) budget for FY22 in the amount of \$43.19 million for the design and construction of 31 CIP projects. The first quarter expenditures for FY22 are shown on the attached budget projection graphs. These graphs depict actual expenditures versus approved budget for the Capacity Fund 900, the Renewal and Replacement Fund 800 as well as for both funds, combined. Graphs showing the Enhanced Treatment and Site Upgrade (ETSU) project expenditures are also included.

The total CIP expenditures up to September 30, 2021, were over the projections for the first quarter by approximately \$583,000. The main projects that had significant variances from the projected expenditures are listed in the table below.

These primary variances are tabulated as follows:

Project	Approximate Variance at the end of 1st Quarter (x \$1000)	Comments
Alvarado Influent PS Imp.	-300	Three of the five sewage pumps were returned to the manufacturer for repairs due to oil leakage.
ETSU - Phase 1A - Aeration Basin Modifications	+583	Design activity level increased as the design details are being finalized for bid.
ETSU - Phase 1A - Campus Bldg.	+300	Design activity level increased as the design details are being finalized for bid.
Total Variance for the 1st Qtr.	+583	

In addition to the three (3) projects listed above, the following high-priority projects were either in design or in construction during FY22:

1. Central Avenue Sanitary Sewer Relocation
2. RCP Sewer Rehab (Irvington Basin)
3. Cherry St. PS Improvements
4. Emergency Outfall Outlet Improvements
5. Digester No. 2 Inspection. and Rehab
6. Digester No. 7
7. ETSU – Phase 1A - Aeration Basin No. 8
8. ETSU – Phase 1A - Aeration Internal Lift Pumps
9. ETSU – Phase 1A - Blower 7-10 Replacement
10. ETSU – Phase 1B - Effluent Facilities
11. ETSU – Phase 1B - Secondary Clarifiers
12. Force Main Corrosion Repairs – Phase 3
13. Headworks Screens Replacement
14. Plant 12kV Switchgear
15. Standby Power Generation System Upgrade
16. WAS Thickeners Improvements

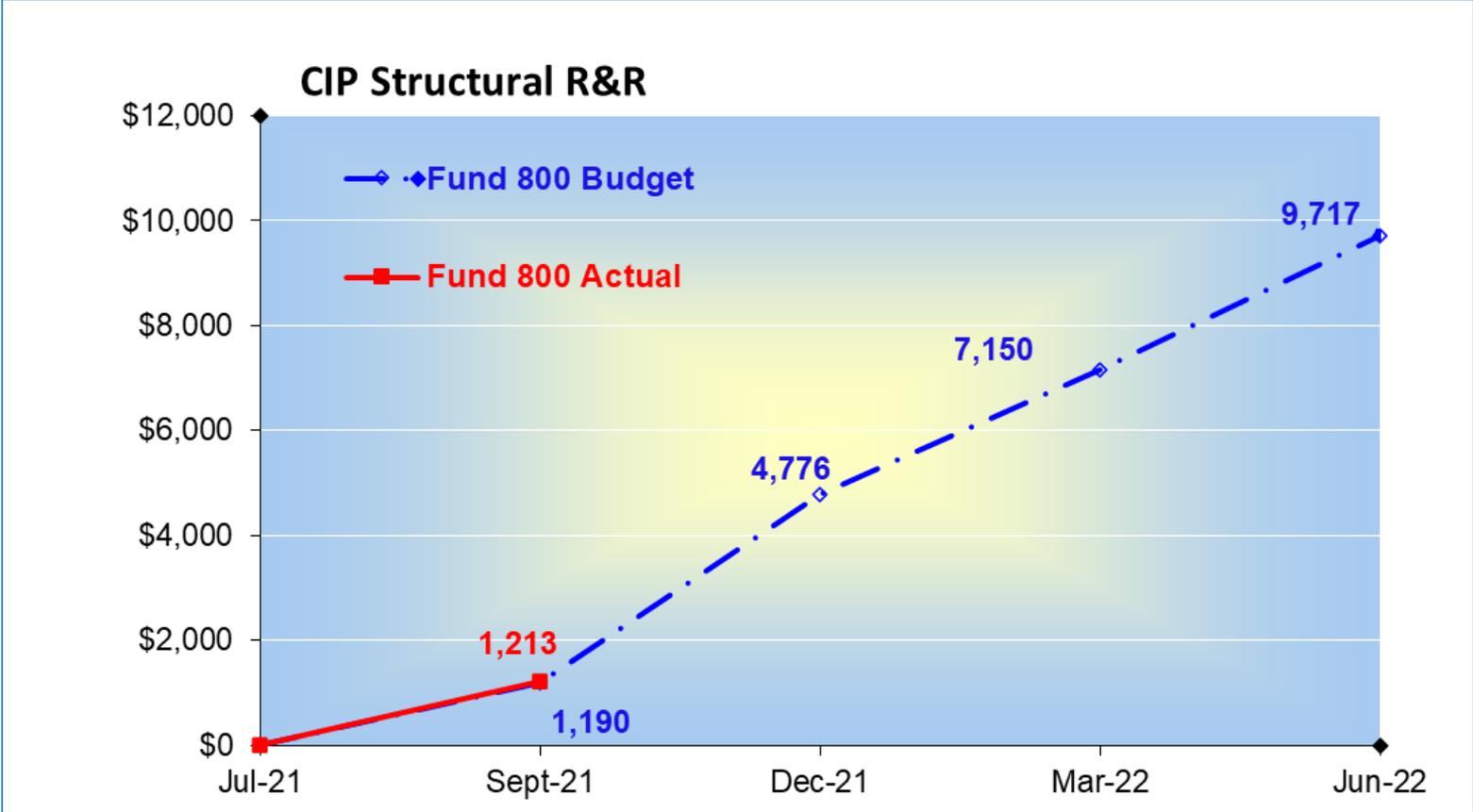
Also, there are twelve (12) other smaller projects that were either in design or in construction during FY22.

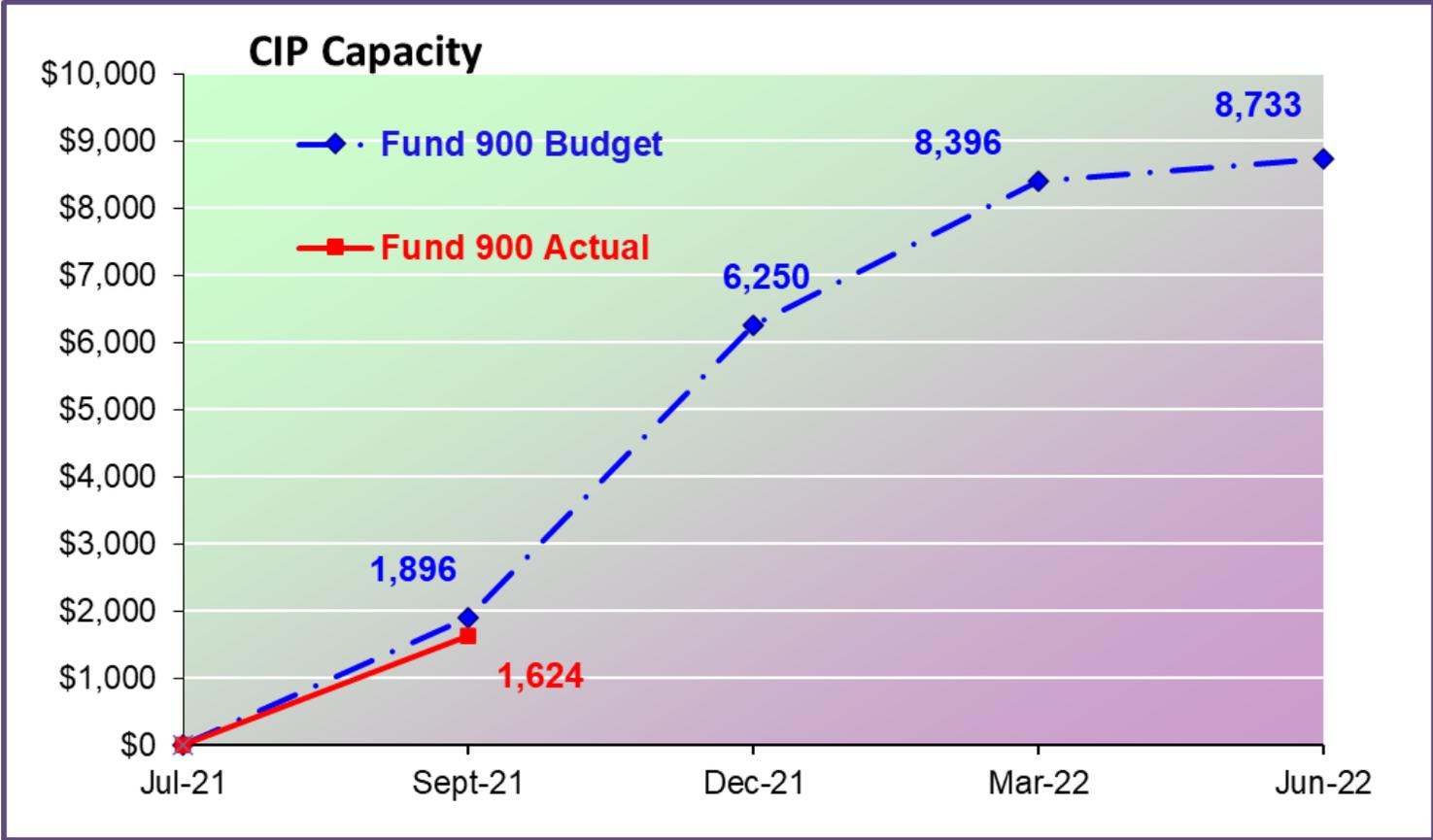
Previous Board Action

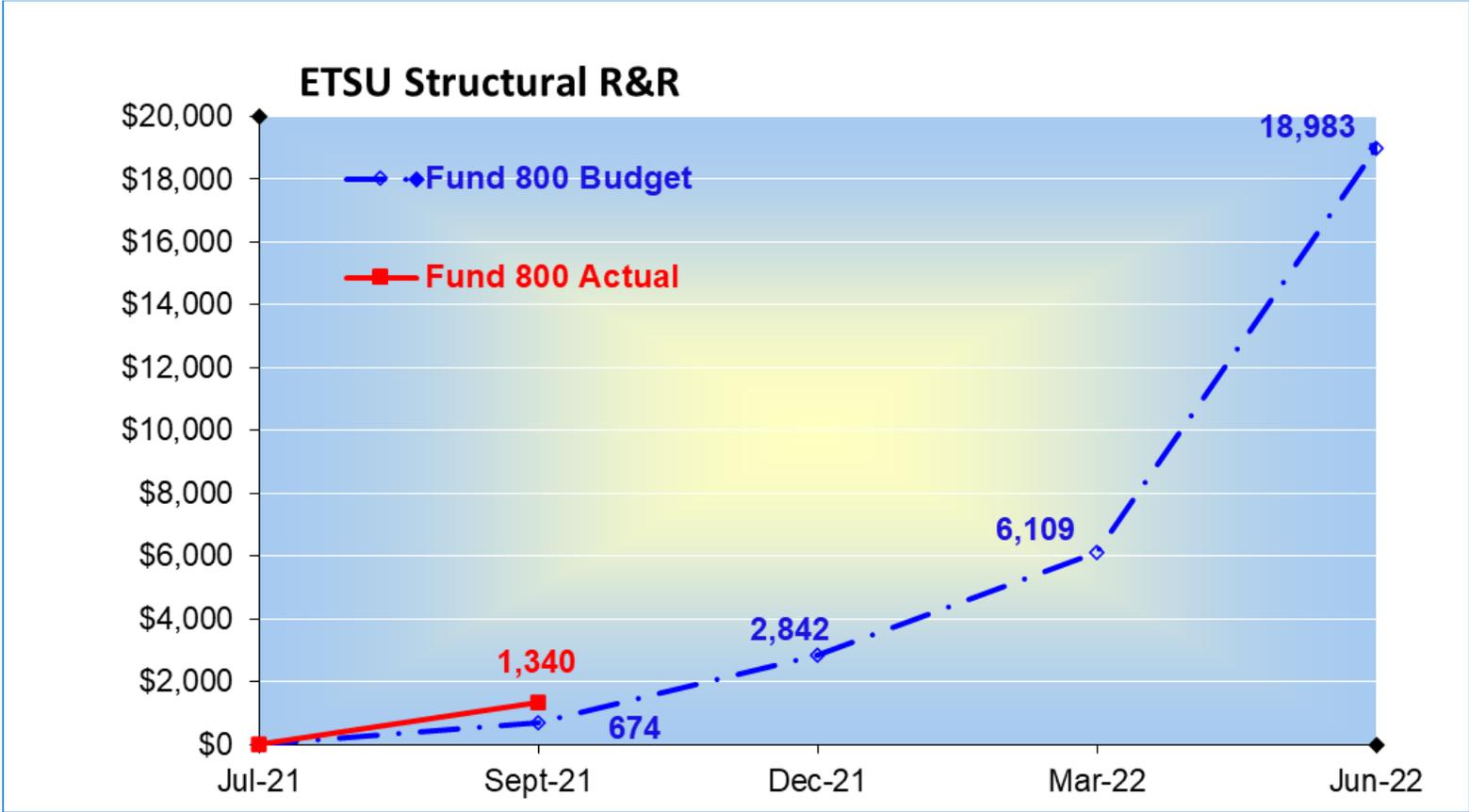
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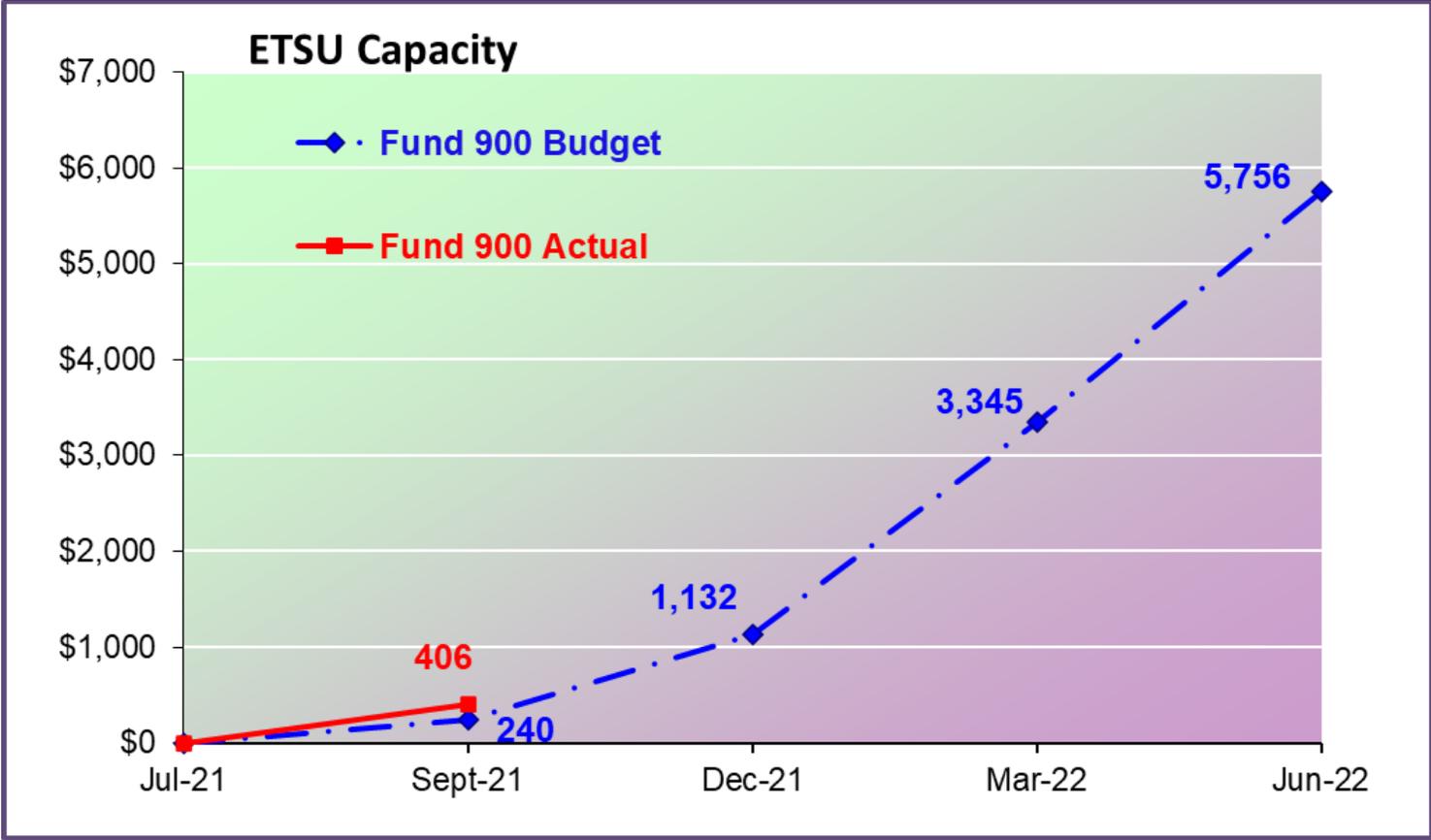
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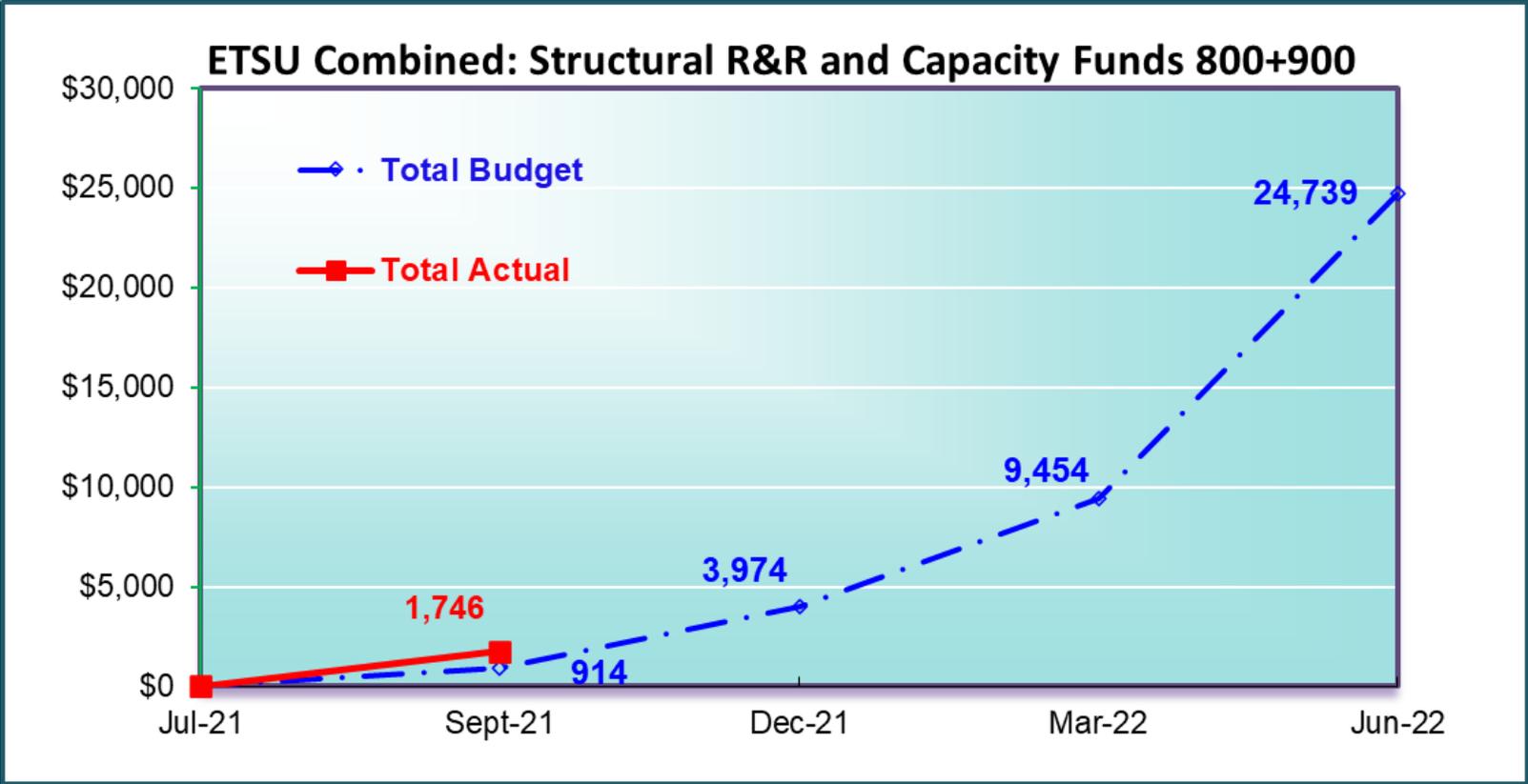
Attachment: Budget Graphs

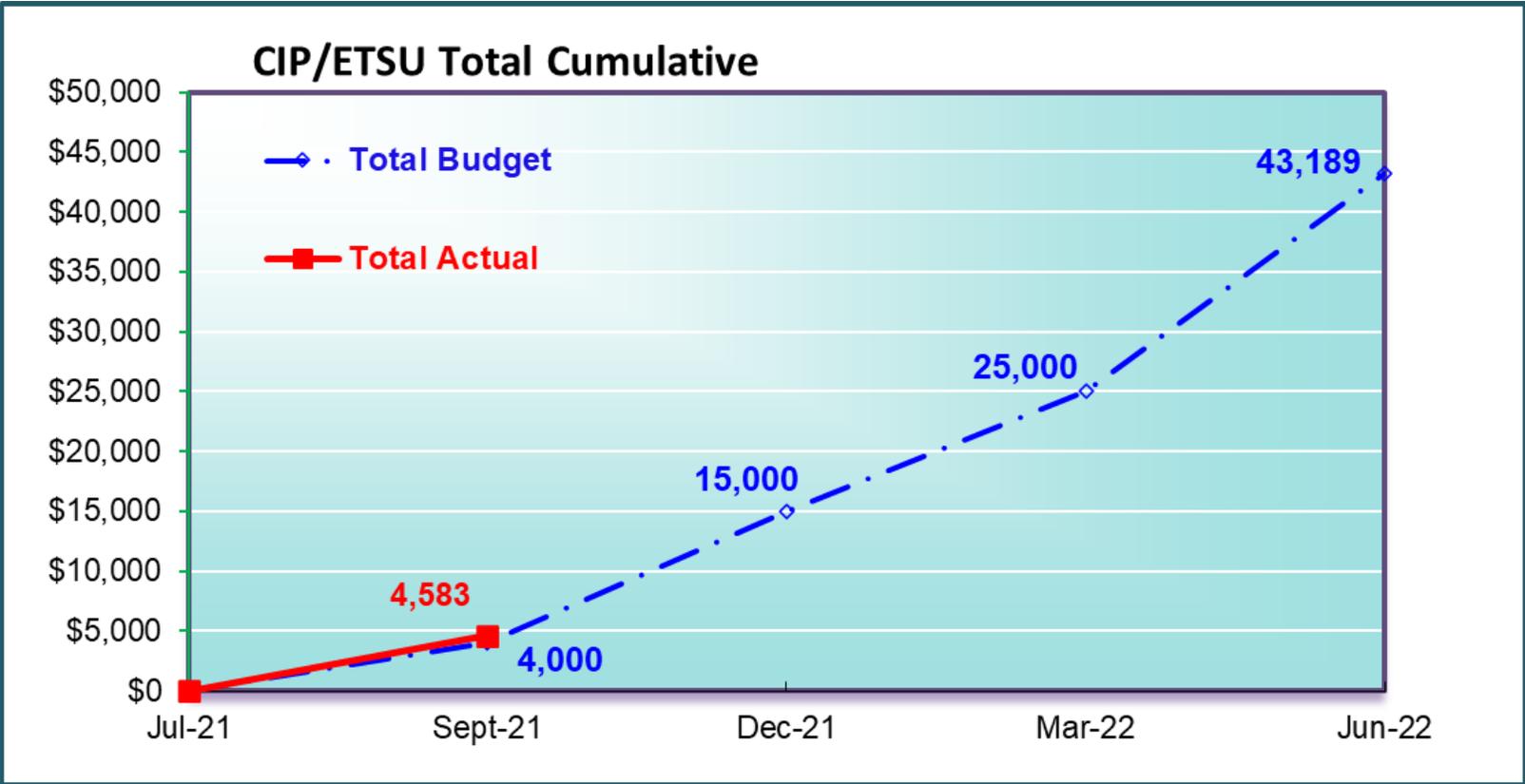














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**NOVEMBER 8, 2021
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 17**

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
10/16/2021-10/29/2021**

Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
178989	10/28/2021	143	210570	OVERAA	PRIMARY DIGESTER NO. 7	\$267,475.35	\$267,475.35
178970	10/28/2021	143	14351	CAROLLO ENGINEERS	EMERGENCY OUTFALL, CATHODIC PROTECTION IMPROVEMENTS, GR	\$50,437.87	\$104,303.65
	10/28/2021	143	15466		PRIMARY DIGESTER NO. 7	\$53,865.78	
179008	10/28/2021	143	195708	WOODARD & CURRAN INC	IRVINGTON BASIN RCP REHABILITATION	\$22,121.65	\$32,392.15
	10/28/2021	143	195756		IRVINGTON BASIN MASTER PLAN UPDATE	\$10,270.50	
178881	10/21/2021	150	270739	BURKE, WILLIAMS & SORENSON LLP	ETSU - MAY 2021	\$565.76	\$31,150.08
	10/21/2021	150	270736		SPECIAL COUNSEL - MAY 2021	\$2,196.48	
	10/21/2021	150	270816		GENERAL PERSONNEL - MAY 2021	\$4,060.16	
	10/21/2021		270737		CIP - MAY 2021	\$1,963.52	
	10/21/2021	150	270738		FORCE MAIN RELOCATION - MAY 2021	\$1,697.28	
	10/21/2021	150	270817		OVERAA CLAIM - MAY 2021	\$2,462.72	
	10/21/2021	150	270735		GENERAL LEGAL - MAY 2021	\$9,418.24	
	10/21/2021	150	270815		EMPLOYMENT LEGAL - MAY 2021	\$6,888.96	
	10/21/2021	150	270818		CONSTRUCTION CLAIM - MAY 2021	\$499.20	
	10/21/2021	150	270741		STANDBY POWER PROJECT - MAY 2021	\$1,397.76	
178956	10/21/2021	122	821382	WESTERN STATES OIL CO	6,074 GALS UNDYED CARB ULTRA LOW DIESEL	\$23,189.49	\$23,189.49
178913	10/21/2021		46143	LANCE, SOLL & LUNGHARD LLP	2021 GOVERNMENT AUDIT	\$20,750.00	\$20,750.00

**UNION SANITARY DISTRICT
CHECK REGISTER
10/16/2021-10/29/2021**

Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
178934	10/21/2021		42186	PREFERRED BENEFIT INSUR ADMINS	OCTOBER 2021 DELTA DENTAL STMT	\$17,033.34	\$20,237.94
	10/21/2021		42187		OCTOBER 2021 VSP STMT	\$3,204.60	
178987	10/28/2021	110	3000028057	OLIN CORPORATION	4920 GALS SODIUM HYPOCHLORITE	\$3,836.03	\$18,808.41
	10/28/2021	110	3000027189		4854 GALS SODIUM HYPOCHLORITE	\$3,784.57	
	10/28/2021	110	3000030098		4779.226 GALS SODIUM HYPOCHLORITE	\$3,726.27	
	10/28/2021	110	3000029025		4916 GALS SODIUM HYPOCHLORITE	\$3,832.90	
	10/28/2021	110	3000029024		4654 GALS SODIUM HYPOCHLORITE	\$3,628.64	
178899	10/21/2021	110	1421510	DEPARTMENT OF GENERAL SERVICES	SERV: AUG 2021 PLANT	\$17,470.16	\$17,470.16
178962	10/28/2021	114	21784009	ABC IMAGING, INC	MP - AERATION BASIN MODIFICATIONS	\$16,115.63	\$16,115.63
178986	10/28/2021	121	164028	MUNICIPAL MAINT EQUIPMENT INC	EQUIPMENT RENTAL	\$14,546.25	\$14,546.25
178990	10/28/2021	143	210570E	OVERAA	PRIMARY DIGESTER NO. 7 - ESCROW PYMT	\$14,077.65	\$14,077.65
178957	10/21/2021	143	5136	WORKSMART AUTOMATION INC	CALCIUM THIOSULFATE CHEMICAL TANK	\$11,304.00	\$11,304.00
178929	10/21/2021	110	3000026041	OLIN CORPORATION	4502.786 GALS SODIUM HYPOCHLORITE	\$3,510.73	\$11,014.23
	10/21/2021	110	3000025125		4826 GALS SODIUM HYPOCHLORITE	\$3,762.73	
	10/21/2021	110	3000026040		4797.822 GALS SODIUM HYPOCHLORITE	\$3,740.77	
178906	10/21/2021		201682104	GATEWAY PRODUCTS GROUP INC	12 SPARK PLUGS	\$5,100.00	\$10,200.00
	10/21/2021		201682105		12 SPARK PLUGS	\$5,100.00	
178895	10/21/2021	150	20211001	CSDA CAL SPECIAL DIST ASSOC	2022 MEMBERSHIP DUES	\$8,195.00	\$8,195.00

**UNION SANITARY DISTRICT
CHECK REGISTER
10/16/2021-10/29/2021**

Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
178896	10/21/2021	114	3514570	DAILY JOURNAL CORPORATION	AD: MP - AERATION BASIN MODIFICATIONS	\$6,178.08	\$7,723.76
	10/21/2021	114	3514569		MP - AERATION BASIN MODIFICATIONS	\$1,545.68	
178903	10/21/2021	130	26491	FIELDMAN ROLAPP & ASSOCIATES	FINANCIAL ADVISORY SERVICES	\$7,638.50	\$7,638.50
178960	10/28/2021		69862	3T EQUIPMENT COMPANY INC	11 PIPE PATCH KITS WINTER	\$7,116.47	\$7,116.47
178981	10/28/2021	121	2116052109	ICONIX WATERWORKS INC	11 MANHOLE FRAMES AND COVERS	\$6,352.86	\$6,352.86
178882	10/21/2021	150	274694	BURKE, WILLIAMS & SORENSON LLP	GENERAL LEGAL - AUG 2021	\$2,951.52	\$6,179.68
	10/21/2021	150	274698		STANDBY POWER PROJECT - AUG 2021	\$66.56	
	10/21/2021	150	274697		ETSU - AUG 2021	\$1,564.16	
	10/21/2021		274696		FORCE MAIN RELOCATION - AUG 2021	\$599.04	
	10/21/2021		274695		CIP - AUG 2021	\$998.40	
178982	10/28/2021	110	9017726601	KEMIRA WATER SOLUTIONS INC	45,240 LBS FERROUS CHLORIDE	\$6,113.06	\$6,113.06
178941	10/21/2021		9202	ROBSON HOMES LLC	REFUND # 41071	\$5,250.00	\$5,250.00
178967	10/28/2021	170	324647200	BUCKLES SMITH ELECTRIC	1 PANEL VIEW PLUS 7	\$4,882.97	\$4,882.97
178995	10/28/2021	122	100243	PRIME MECHANICAL SERVICE INC	SERVICE CALL	\$445.00	\$4,279.00
	10/28/2021	121	100270		SERVICE CALL: BLDG 70	\$3,834.00	

**UNION SANITARY DISTRICT
CHECK REGISTER
10/16/2021-10/29/2021**

Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
178931	10/21/2021	170	013720211013	PACIFIC GAS AND ELECTRIC	SERV TO 10/05/21 BOYCE RD PS	\$2,947.77	\$4,141.97
	10/21/2021	170	096020211007		SERV TO 09/30/21 CATHODIC PROJECT	\$50.90	
	10/21/2021	170	666720211007		SERV TO 09/30/2021 PASEO PADRE PS	\$451.41	
	10/21/2021	170	380420211007		SERV TO 09/30/21 CHERRY ST PS	\$376.81	
	10/21/2021	110	892820211007		SERV TO 09/30/2021 HAYWARD MARSH	\$68.92	
	10/21/2021	170	898220211007		SERV TO 09/30/21 FREMONT PS	\$246.16	
178935	10/21/2021	170	100253	PRIME MECHANICAL SERVICE INC	MONTHLY MAINTENANCE - SEP 21	\$945.00	\$3,680.00
	10/21/2021	170	100228		QUARTERLY MAINTENANCE - SEP 21	\$1,040.00	
	10/21/2021	122	100180		MONTHLY MAINTENANCE - SEP 21	\$1,695.00	
178992	10/28/2021	173	10393	PAGEFREEZER SOFTWARE INC	ONLINE ANNUAL SERVICE 10/28/21-10/27/22	\$3,576.00	\$3,576.00
179009	10/28/2021		27130	Y2 DELI	REFUND # 42087	\$3,300.00	\$3,300.00
178977	10/28/2021	143	20211027	CITY OF FREMONT	DEPOSIT: IRVINGTON BASIN RCP REHABILITATION	\$3,000.00	\$3,000.00
178974	10/28/2021	114	3514574	DAILY JOURNAL CORPORATION	AD: MP - AERATION BASIN MODIFICATIONS	\$649.60	\$2,911.92
	10/28/2021	114	3514571		AD: MP - AERATION BASIN MODIFICATIONS	\$2,262.32	
178968	10/28/2021		20211025	STATE OF CALIFORNIA	SALES & USE TAX 07/01/21 - 09/30/21	\$2,904.15	\$2,904.15
178976	10/28/2021	170	247692	FRANK A OLSEN COMPANY	1 8-IN PLUG VALVE	\$2,708.73	\$2,708.73
178952	10/21/2021	170	911217	VINCENT ELECTRIC MOTOR CO	COGEN #2 GENERATOR REPAIR	\$2,642.50	\$2,642.50
178997	10/28/2021	170	25978	RAMOS OIL COMPANY INC	275 GALS COOLANT	\$2,617.43	\$2,617.43
178870	10/21/2021		9809	A & J ENVIRONMENTAL SERVICES	REFUND # 41064	\$2,500.00	\$2,500.00

**UNION SANITARY DISTRICT
CHECK REGISTER
10/16/2021-10/29/2021**

Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
178898	10/21/2021		10308	DENOVA HOMES INC	REFUND # 41063	\$2,500.00	\$2,500.00
178910	10/21/2021		21949	IPERMIT	REFUND # 41051	\$500.00	\$2,500.00
	10/21/2021		29223		REFUND # 41054	\$500.00	
	10/21/2021		29235		REFUND # 41052	\$1,000.00	
	10/21/2021		29224		REFUND # 41053	\$500.00	
178936	10/21/2021		30405	R & B EQUIPMENT	REFUND # 41070	\$2,500.00	\$2,500.00
178958	10/21/2021		29247	WY DEVELOPER INC	REFUND # 38806	\$2,500.00	\$2,500.00
178872	10/21/2021	171	2000541985	AECOM TECHNICAL SERVICES INC	HAZMAT CONSULTING SERVICES	\$2,391.05	\$2,391.05
179002	10/28/2021	143	20673	V&A CONSULTING ENGINEERS	CATHODIC PROTECTION IMPROVEMENTS	\$2,389.50	\$2,389.50
178937	10/21/2021	170	25751	RAMOS OIL COMPANY INC	275 GALS COOLANT	\$2,617.43	\$2,341.80
	10/21/2021	170	24540		CREDIT: 2 TOTE DEPOSITS	\$-275.63	
178904	10/21/2021	170	247616	FRANK A OLSEN COMPANY	4 16-IN PLUG VALVES	\$2,151.75	\$2,151.75
179006	10/28/2021	121	48389	WECO INDUSTRIES LLC	CAMERA REPAIRS	\$1,080.94	\$2,029.87
	10/28/2021	121	48334		CAMERA PARTS	\$948.93	
178891	10/21/2021		131800444	COLORADO WASHINGTON INC COMCAST OF	FIBER INTERNET BACKUP - OCT 2021	\$2,010.71	\$2,010.71
178911	10/21/2021	141	DYJZ956	IRON MOUNTAIN	OFF-SITE STORAGE AND SERVICE - OCT 2021	\$1,447.87	\$1,986.39
	10/21/2021	141	DXXP559		OFF-SITE STORAGE AND SERVICE - OCT 2021	\$538.52	
179007	10/28/2021	143	2046399	WEST YOST ASSOCIATES	GRAVITY SEWER REHAB/REPLACEMENT	\$1,866.25	\$1,866.25
178964	10/28/2021	120	15086	AMERICAN DISCOUNT SECURITY	09/01/21 - 09/30/21 GUARD AT DISTRICT	\$1,764.00	\$1,764.00

**UNION SANITARY DISTRICT
CHECK REGISTER
10/16/2021-10/29/2021**

Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
179004	10/28/2021	123	13079	VON EUW TRUCKING	47.16 TONS 3/4" CL II AB	\$1,749.69	\$1,749.69
178978	10/28/2021	170	9064090617	GRAINGER INC	2 HOOKUP WIRES	\$148.27	\$1,691.62
	10/28/2021	170	9061901576		1 FAN	\$145.46	
	10/28/2021		9059839689		ASTD PARTS & MATERIALS	\$1,101.88	
	10/28/2021	111	9059844903		1 HAND DRUM PUMP	\$104.90	
	10/28/2021	111	9062247268		4 FILTERS	\$102.33	
	10/28/2021	170	9063347992		4 LABEL CARTRIDGES	\$88.78	
178947	10/21/2021		20493534	TELEDYNE ISCO INC	4 SAMPLE TUBING	\$1,677.86	\$1,677.86
178948	10/21/2021	170	412579767	TERMINIX COMMERCIAL	PEST CONTROL	\$125.00	\$1,663.00
	10/21/2021	170	412702926		PEST CONTROL	\$160.00	
	10/21/2021	170	412580394		PEST CONTROL	\$125.00	
	10/21/2021	170	412706641		PEST CONTROL	\$140.00	
	10/21/2021	170	412706642		SEP PEST CONTROL	\$1,113.00	
178907	10/21/2021	173	20211019	MICHAEL GILL	EXP REIMB: 80 DUO TOKENS	\$1,610.00	\$1,620.90
	10/21/2021	173	20211019.1		EXP REIMB: DUO MFA 10/12/21 - 10/23/21	\$10.90	
178893	10/21/2021	170	20212461	COMPACTOR MANAGEMENT COMPANY	HEADWORKS RAG COMPACTOR MAINTENANCE	\$1,543.52	\$1,543.52
178972	10/28/2021	170	20212587	COMPACTOR MANAGEMENT COMPANY	HEADWORKS RAG COMPACTOR MAINTENANCE	\$1,543.52	\$1,543.52
178887	10/21/2021		324036	CENTERVILLE LOCKSMITH	40 MASTER PADLOCKS	\$1,527.24	\$1,527.24
178933	10/21/2021	114	210071003	PINE ENVIRONMENTAL SERVICES	RENTAL: MINIRAE300 08/23/21-09/19/21	\$1,341.55	\$1,341.55

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179005	10/28/2021		8806302408	VWR INTERNATIONAL LLC	LAB SUPPLIES	\$1,085.33	\$1,293.05
	10/28/2021	113	8806322473		LAB SUPPLIES	\$51.06	
	10/28/2021	113	8806302407		LAB SUPPLIES	\$40.77	
	10/28/2021		8806306800		LAB SUPPLIES	\$47.58	
	10/28/2021	113	8806290214		LAB SUPPLIES	\$68.31	
178914	10/21/2021	173	23645	LOOKINGPOINT INC	ANNUAL LOOKINGPOINT SUPPORT AGREEMENT	\$1,225.00	\$1,225.00
178880	10/21/2021	121	184165	BRENNTAG PACIFIC INC	2552 LBS SODIUM HYDROXIDE	\$763.65	\$1,147.20
	10/21/2021	121	184166		1276 LBS SODIUM HYDROXIDE	\$383.55	
178892	10/21/2021	170	20210928	COMMUNICATION & CONTROL INC	UTILITY FEE/ANTENNA RENTAL	\$1,136.60	\$1,136.60
178984	10/28/2021	114	2196325	MOBILE MODULAR MANAGEMENT CORP	ETSU TEMPORARY OFFICE SPACE	\$1,080.81	\$1,080.81
178908	10/21/2021	111	9055452628	GRAINGER INC	1 SAFETY SIGN	\$8.12	\$944.58
	10/21/2021	111	9053805520		1 RESPIRATOR	\$184.60	
	10/21/2021	170	9050662056		1 MOTOR	\$63.87	
	10/21/2021	130	9051921592		ASTD PARTS & MATERIALS	\$232.41	
	10/21/2021	170	9051451988		1 RELAY	\$21.63	
	10/21/2021		9054763199		ASTD PARTS & MATERIALS	\$433.95	
178873	10/21/2021	170	9118039379	AIRGAS NCN	ASTD PARTS & MATERIALS	\$82.13	\$940.33
	10/21/2021	170	9983288208		CYLINDER RENTAL	\$858.20	
178924	10/21/2021	121	8068031	MOTION & FLOW CONTROL PRODUCTS	ASTD PARTS & MATERIALS	\$904.36	\$904.36

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178894	10/21/2021	123	681173	CORE & MAIN LP	ASTD PARTS & MATERIALS	\$891.03	\$891.03
178925	10/21/2021	170	24122128	MOTION INDUSTRIES INC	ASTD PARTS & MATERIALS	\$256.01	\$851.06
	10/21/2021	170	24121901		ASTD PARTS & MATERIALS	\$234.46	
	10/21/2021	170	24122026		ASTD PARTS & MATERIALS	\$360.59	
178897	10/21/2021		20210925	DALE HARDWARE INC	09/21 - ASTD PARTS & MATERIALS	\$803.02	\$803.02
178877	10/21/2021	143	92163	BEECHER ENGINEERING	STANDBY POWER UPGRADES	\$800.00	\$800.00
178969	10/28/2021	170	21888115	CARBOLINE COMPANY	PAINT & RELATED PAINT SUPPLIES	\$786.65	\$786.65
179001	10/28/2021		12485434	TRIMBLE INC	6 BATTERY PACKS	\$785.89	\$785.89
178879	10/21/2021	122	107469A	BETTER SOURCE LIQUIDATORS, LLC	WORKSTATION FURNITURE	\$738.69	\$738.69
178874	10/21/2021		259000020543	ARAMARK	UNIFORM LAUNDERING SERVICE	\$389.34	\$709.69
	10/21/2021		259000020526		UNIFORM LAUNDERING & RUGS	\$273.03	
	10/21/2021		259000020500		ASTD DUST MOPS, WET MOPS & TERRY	\$47.32	
178927	10/21/2021		20210930	NAPA AUTO PARTS	MONTHLY AUTO PARTS STMT - SEP 2021	\$708.88	\$708.88
178965	10/28/2021		259000023814	ARAMARK	UNIFORM LAUNDERING SERVICE	\$389.46	\$697.01
	10/28/2021		259000023809		UNIFORM LAUNDERING & RUGS	\$307.55	
178999	10/28/2021	120	20211025	JESSICA RODRIGUEZ	EXP REIMB: RETIREMENT GIFT - J. SCHOFIELD	\$322.55	\$691.06
	10/28/2021	120	20211025.2		EXP REIMB: RETIREMENT CELEBRATION	\$38.57	
	10/28/2021	120	20211025.1		EXP REIMB: RETIREMENT CELEBRATION	\$329.94	

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178885	10/21/2021	173	4037516875	CANON SOLUTIONS AMERICA INC	MTHLY MAINTENANCE BASED ON USE	\$315.90	\$663.56
	10/21/2021	173	4037515976		MTHLY MAINTENANCE BASED ON USE	\$347.66	
178971	10/28/2021	132	211114687	CLAREMONT BEHAVIORAL SERVICES	NOV 2021 EAP PREMIUMS	\$662.40	\$662.40
178878	10/21/2021		30406	BENJAMIN FRANKLIN PLUMBING	REFUND # 41038	\$150.00	\$650.00
	10/21/2021		29252		REFUND # 41048	\$500.00	
178875	10/21/2021	173	518176	AVERTIUM LLC	VULNERABILITY SCAN SUBSCRIPTION - SEP 2021	\$645.00	\$645.00
178963	10/28/2021	111	281055698	ALFA LAVAL INC	1 SEAL	\$631.28	\$631.28
178921	10/21/2021	170	211057	METROMOBILE COMMUNICATIONS INC	RADIO SERVICE - OCT 2021	\$599.08	\$599.08
178998	10/28/2021	170	438767	RKI INSTRUMENTS INC	5 SENSORS	\$581.44	\$581.44
178953	10/21/2021	113	8806123118	VWR INTERNATIONAL LLC	LAB SUPPLIES	\$46.43	\$565.07
	10/21/2021	113	8806098314		LAB SUPPLIES	\$518.64	
178930	10/21/2021	173	202109302	AYHAN OZCAN	UPDATING VISUAL STUDIO	\$525.00	\$525.00
178979	10/28/2021	123	2293826	HANSON AGGREGATES INC	6.10 TONS 1/2 MAX HMA TYPE A-R	\$515.14	\$515.14
178966	10/28/2021	120	16495620	BLAISDELL'S	ASTD OFFICE SUPPLIES	\$136.81	\$512.69
	10/28/2021	110	16504451		3 DZ PENS	\$47.61	
	10/28/2021	130	16504600		ASTD OFFICE SUPPLIES	\$173.78	
	10/28/2021	141	16509730		ASTD OFFICE SUPPLIES	\$48.67	
	10/28/2021	110	16504450		ASTD OFFICE SUPPLIES	\$93.01	
	10/28/2021	141	16509731		1 REPORT COVER	\$12.81	

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178871	10/21/2021		28187	AZZ BAY BUILDERS & PLUMBING	REFUND # 41049	\$500.00	\$500.00
178901	10/21/2021		30366	DRAIN DOCTOR	REFUND # 41058	\$500.00	\$500.00
178902	10/21/2021		30353	DRAINLINE SEWER SPECIALIST	REFUND # 41062	\$500.00	\$500.00
178912	10/21/2021		30396	J MORAGA CONSTRUCTION INC	REFUND # 41042	\$500.00	\$500.00
178915	10/21/2021		23019	PETER LY	REFUND # 41057	\$500.00	\$500.00
178923	10/21/2021		30362	MONARCH PLUMBING & ROOTER INC	REFUND # 41061	\$500.00	\$500.00
178926	10/21/2021		30406	MTZ PLUMBING INC	REFUND # 41037	\$500.00	\$500.00
178932	10/21/2021		29279	PATRICK POWERS PLUMBING	REFUND # 41059	\$500.00	\$500.00
178939	10/21/2021		29288	RESCUE ROOTER	REFUND # 41060	\$500.00	\$500.00
178942	10/21/2021		29270	ROOTER HERO	REFUND # 41056	\$500.00	\$500.00
178943	10/21/2021		27157	ROTO-ROOTER SERVICES	REFUND # 37657	\$500.00	\$500.00
178946	10/21/2021		29226	STREAMLINE PLUMBING & DRAIN	REFUND # 41050	\$500.00	\$500.00
178959	10/21/2021		30312	FUMAO XUN	REFUND # 41055	\$500.00	\$500.00
178961	10/28/2021		30377	A-1 AID PLUMBING	REFUND # 41068	\$500.00	\$500.00
178983	10/28/2021	122	67056286	MCMASTER SUPPLY INC	ASTD PARTS & MATERIALS	\$82.79	\$489.39
	10/28/2021		66899252		ASTD PARTS & MATERIALS	\$406.60	
178886	10/21/2021	170	21886266	CARBOLINE COMPANY	PAINT & RELATED PAINT SUPPLIES	\$224.76	\$446.19
	10/21/2021	170	21886267		PAINT & RELATED PAINT SUPPLIES	\$221.43	
178890	10/21/2021	150	91815	CITYLEAF INC	PLANT MAINTENANCE - OCT 2021	\$435.79	\$435.79

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178975	10/28/2021	170	905093800	EVOQUA WATER TECHNOLOGIES	DI WATER SYSTEM	\$404.50	\$404.50
178993	10/28/2021		169616	PREFERRED ALLIANCE INC	SEP 2021 SERVICE FEE	\$389.18	\$389.18
178944	10/21/2021		7931713702	RS HUGHES CO INC	ASTD SAFETY SUPPLIES	\$117.58	\$352.73
	10/21/2021		7931713701		ASTD SAFETY SUPPLIES	\$235.15	
178973	10/28/2021	173	82102578	CORELOGIC INFORMATION SOLUTION	METROSCAN ONLINE MONTHLY SERVICE	\$339.90	\$339.90
178994	10/28/2021	140	276250	PRESTIGE LENS LAB	SAFETY GLASSES - GHASSAIN	\$327.82	\$327.82
178945	10/21/2021		2050763003	SAN LEANDRO ELECTRIC SUPPLY	ASTD ELECTRICAL SUPPLIES	\$102.37	\$316.43
	10/21/2021		2053779001		ASTD ELECTRICAL SUPPLIES	\$214.06	
178916	10/21/2021		5199330	MALLORY SAFETY AND SUPPLY LLC	60 PR GLOVES	\$200.69	\$310.88
	10/21/2021		5191878		ASTD CAL GAS	\$110.19	
178988	10/28/2021	132	2102151	OPTIMUM TECHNOLOGIES LLC	AT HOME EMPLOYEE PORTAL	\$307.00	\$307.00
178900	10/21/2021	173	537167	DLT SOLUTIONS, LLC	AWS CLOUD STORAGE - AUG 2021	\$253.87	\$253.87
178928	10/21/2021	173	22890	NEGOV	NEGOV TEXT MESSAGING SUBSCRIPTION	\$235.40	\$235.40
178980	10/28/2021	170	3Q6475	HARRINGTON INDUSTRIAL PLASTICS	4 8" FLANGES	\$231.92	\$231.92
178922	10/21/2021	120	1055980	MISSION COMMUNICATIONS LLC	ANNUAL MANHOLE MONITOR SERVICE PACKAGE RNWL	\$227.40	\$227.40
178954	10/21/2021		8806220917	VWR INTERNATIONAL LLC	LAB SUPPLIES	\$217.83	\$217.83
178955	10/21/2021	121	48269	WECO INDUSTRIES LLC	CAMERA PARTS	\$212.85	\$212.85
178940	10/21/2021		438109	RKI INSTRUMENTS INC	4 HYDROPHOBIC PROBES	\$195.83	\$195.83
178996	10/28/2021	141	16503992	QUADIENT INC	1 INK CARTRIDGE	\$194.91	\$194.91

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178883	10/21/2021	113	20211018	MARY GRACE CALANOG	EXP REIMB: CWEA MEMBERSHIP	\$192.00	\$192.00
178888	10/21/2021	111	1902439411	CINTAS CORPORATION	2 JACKETS FOR NEGIN TOOTIAN	\$172.01	\$172.01
178876	10/21/2021	121	24877100	BECK'S SHOES	SAFETY SHOES: J. ARROYO	\$159.30	\$159.30
178918	10/21/2021	170	771021202	MATHESON TRI-GAS INC	MONTHLY CYLINDER RENTAL - SEP 2021	\$149.02	\$149.02
178920	10/21/2021	171	65783388	MCMASTER SUPPLY INC	ASTD PARTS & MATERIALS	\$36.45	\$136.82
	10/21/2021		66557945		ASTD PARTS & MATERIALS	\$100.37	
179010	10/28/2021		5351	ZELAYA DESIGNS	PUBLIC OUTREACH	\$136.00	\$136.00
178949	10/21/2021	122	145371	TRI-SIGNAL INTEGRATION INC	FIRE PROTECTION SERVICE - MONTHLY CHARGE MONITORING AGREE	\$133.33	\$133.33
178917	10/21/2021	170	20211018	SCOTT MARTIN	EXP REIMB: LUNCH FOR PIG HUNTING CREW	\$117.17	\$117.17
178889	10/21/2021	114	1902477580	CINTAS CORPORATION	2 JACKETS FOR CARRILLO AND MERRIAM	\$106.08	\$106.08
178909	10/21/2021		3Q6326	HARRINGTON INDUSTRIAL PLASTICS	ASTD PVC PARTS & MATERIALS	\$78.58	\$78.58
178938	10/21/2021	120	01J0036018380	NESTLE WATERS NO. AMERICA READYREFR	WATER SERVICE 09/07/21 - 10/06/21	\$73.52	\$73.52
179003	10/28/2021	170	79279	VALLEY OIL COMPANY	1 GAL DIESEL TREATMENT	\$66.45	\$66.45
178884	10/21/2021	132	532463	STATE OF CALIFORNIA	2 NEW HIRE FINGERPRINTS	\$64.00	\$64.00
178905	10/21/2021	111	20211019	MICHAEL FULKERSON	EXP REIMB: TPO 1ST QTR SAFETY RECOGITION	\$55.10	\$55.10
178985	10/28/2021	121	8079590	MOTION & FLOW CONTROL PRODUCTS	ASTD PARTS & MATERIALS	\$54.11	\$54.11
179000	10/28/2021		7931713700	RS HUGHES CO INC	ASTD SAFETY SUPPLIES	\$50.21	\$50.21
178919	10/21/2021	113	2109A11	MCCAMPBELL ANALYTICAL	LAB SAMPLE ANALYSIS	\$48.00	\$48.00
178991	10/28/2021	170	140120211013	PACIFIC GAS AND ELECTRIC	SERV TO 10/04/21 IRVINGTON PS	\$26.29	\$26.29

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178951	10/21/2021		9889574564	VERIZON WIRELESS	WIRELESS SERV 09/02/21-10/01/21	\$21.14	\$21.14
178950	10/21/2021	136	98XW53391	UPS - UNITED PARCEL SERVICE	SHIPPING CHARGES W/E 09/25/21	\$10.24	\$10.24

Invoices:

Credit Memos :	1	-275.63
\$0 - \$1,000 :	140	44,997.87
\$1,000 - \$10,000 :	68	209,084.06
\$10,000 - \$100,000 :	12	271,182.32
Over \$100,000 :	1	267,475.35
Total:	222	792,463.97

Checks:

\$0 - \$1,000 :	78	32,542.10
\$1,000 - \$10,000 :	48	146,886.88
\$10,000 - \$100,000 :	13	241,255.99
Over \$100,000 :	2	371,779.00
Total:	141	792,463.97

11th-hour water agency bid for massive Bay Area cattle ranch fell short

\$63.5 million value for huge Bay Area cattle ranch was below asking prices



The main Livermore-area ranch house and headquarters complex of N3 Cattle Co., a 50,500-acre ranch that occupies parts of Alameda County, Santa Clara County, San Joaquin County and Stanislaus County. The final price for a vast cattle ranch that was the largest land offering ever in California wound up at less than the list price, a moving target that eluded government agency attempts to buy the mammoth property.

By [GEORGE AVALOS](mailto:gavalos@bayareanewsgroup.com) | gavalos@bayareanewsgroup.com | Bay Area News Group
PUBLISHED: October 26, 2021 at 11:10 a.m. | UPDATED: October 27, 2021 at 2:05 p.m.

LIVERMORE — The final price for a vast cattle ranch wound up at less than the list price, a moving target that eluded government attempts to buy the mammoth property — including an 11th-hour bid by a local water agency.

The Alameda County Water District, 17 state lawmakers, state officials and land conservancy groups were among the government, public agency and special-interest

organizations that were involved in an effort to put the mammoth ranch lands into public ownership such as a water district property or a new state park.

Now, through a \$63.5 million series of purchases on Oct. 22 in four different counties — that’s how huge this property is — two private organizations that are both headed by Danville-based business executive and rancher William Brown have become the new owner of the N3 Cattle Co. ranch.

The ranch sprawls over 50,500 acres in Santa Clara County, Alameda County, San Joaquin County and Stanislaus County.

“This was an extraordinary lost opportunity,” said John Weed, one of the five members of the board of directors of the Alameda County Water District.

It never became clear whether state or regional government officials managed to fashion a purchase offer that would be near either the original asking price of \$72 million in July 2019 or a reduced price of \$68 million that was disclosed in April 2020.

“I am disappointed to not be able to acquire this great property,” said Sen. Steven Glazer (D-Contra Costa), whose district includes sections of Contra Costa County and Alameda County. “This had great potential.” Glazer was one of the 17 lawmakers who had pressed the governor to pursue the transformation of the site into a state park.

Despite considerable talk, discussions and maneuvers by state and regional government entities, the Alameda County Water District appears to be the only such government entity to actually place a bid for the 50,500-acre property.

“Alameda County Water District made several attempts to acquire the property, including submitting a backup offer,” said Sharene Gonzales, a spokesperson for the Fremont-based water agency.

However, even that gambit came only after it became known in July 2021 that the N3 Cattle Co. ranch was in escrow to be purchased. At that point, the asking price had been cut to \$68 million.

That Water District backup bid was submitted in case the escrow failed to close and the deal involving the William Brown-led groups collapsed. The Alameda County agency declined to disclose the amount of its backup bid.

In January 2020, the state government, under a proposal that Gov. Gavin Newsom floated, appeared willing to pony up as much as \$20 million to buy and create a new state park.

Around that same time, the Nature Conservancy and the Trust for Public Lands claimed they had cobbled together \$30 million for the purchase of the property.

“A very attractive package was put together,” Sen. Glazer said. “We made a very serious effort.”

If those funds were pooled, at \$50 million, that was still 21% below the ultimate purchase price and 26% below the last known asking price of \$68 million. The senator, however, didn't disclose the dollar value of the state package.

Here's what the Brown-led groups paid in the four counties that contain the cattle ranch lands, according to public documents filed on Oct. 22 in the quartet of jurisdictions:

- Santa Clara County. \$24.8 million, 19,935 acres, approximately \$1,243 an acre.
- Alameda County. \$21.3 million, 16,880 acres, \$1,265 an acre.
- San Joaquin County. \$11.7 million, 9,095 acres, \$1,285 an acre.
- Stanislaus County. \$5.7 million, 4,590 acres, \$1,240 an acre.

The properties are now owned by William Brown Foundation and WEB Ranch — the WEB would correspond to William Edward Brown's full name.

William Brown Foundation paid \$53.4 million in cash for property purchases in all four counties, the public records show. WEB Ranch paid \$10.1 million for parcels in Santa Clara County and Alameda County.

WEB Ranch also obtained \$8 million in financing for its purchases in Alameda County and Santa Clara County, loan documents filed in the two counties show. American AgCredit, which specializes in financing for farmers and ranchers, provided the loan.

With the property in private ownership, state officials will be left to wonder what sort of a public park the cattle ranch might have become.

And Alameda County Water District officials may also have to ponder the what-ifs of the two-year odyssey of the largest land purchase in California.

The water agency has a huge stake in this because 90% of the 50,500-acre ranch is in the watershed of Alameda Creek, which provides 40% of the district's water supply. Much of the ranch acreage is in the watershed of Del Valle Reservoir.

“We hopefully will be able to work with Mr. Brown to reduce flood risk and allow a greater water supply,” said Weed, the water district board member.

The state recently accomplished the purchase of the 3,000-acre Tesla Park site near Livermore to ensure that those parcels can become state-controlled open space rather than turn into a site for offroad vehicles, Sen. Glazer noted.

Yet at 4.7 square miles, that East Bay purchase is only a small fraction of the 79 square miles represented by the immense N3 Cattle property.

“We continue to look for ways to protect open space for the benefit of nature and people,” Sen. Glazer said.