

# Inverness Public Utility District

Fire Department  Water System  
50 Inverness Way North • P.O. Box 469 • Inverness CA 94937 • (415) 669-1414

## Board of Directors

**Wednesday, March 18, 2020**

## AGENDA

**9:00 a.m.**

## Regular Meeting (Rescheduled)

**Inverness Firehouse**

### ***Opening***

1. **Call to Order; Attendance Report**
2. **Public Expression:** Opportunity for members of the public to address the Board on matters under the Board's jurisdiction but not on the posted agenda. Directors or staff "**may briefly respond to statements made or questions posed**" during Public Expression, but "**no action or discussion shall be undertaken on any item not appearing on the posted agenda**" (Gov. Code §54954.2(a)(3)). Members of the public may comment on any item listed on the posted agenda at the time the item is considered by the Board.
3. **Approval of Minutes:** Regular meeting of February 26, 2020

### ***The State of the District***

4. **Management Report:** Shelley Redding
  - February 2020 Financial Reports
  - Audit Report
5. **Water System Report, February 2020:**
  - Water Accounts Receivable Report
  - Water Production and System Report
6. **Fire Department Reports, January 2020:** Chief J. Fox

### ***The Business of the District***

7. **Resolution 252-2020:** Tenney Tank Project Financing Authorization Agreement (Final Board action on agreement to borrow up to \$800,000)
8. **Trossach Way Roadway Restoration** (request from property owner for District commitment to road repairs)
9. **Review of Wording of Public Notice for Prop. 218 Public Hearing on Changes in Water Rates and Charges**
10. **Marin Wildfire Prevention Authority JPA, Member designations and projects**
  - Appoint member of MWPA's governing board
  - Appoint member of MWPA's Operations Committee
  - Designate up to three "shovel-ready" projects for funding in current year
11. **Approval of Expenditures and Credit Card Charges:** February 2020

### ***Closing***

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

**Posted 3/13/2020**

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Material provided in the meeting packet is available on the District's website, [www.invernesspud.org](http://www.invernesspud.org), or by contacting the District office.

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

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

**THE PUBLIC IS CORDIALLY INVITED TO ATTEND THIS MEETING**

**Board of Directors: Kenneth J. Emanuels, President • Dakota Whitney, Vice President  
Kathryn Donohue, Treasurer • Brent Johnson • David Press**



**Shelley Redding, Administrator/Clerk of the Board  
James K. Fox, Chief of Operations (Fire Chief, Water System Superintendent)**



Inverness Public Utility District  
Board Meeting March 18, 2020

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**Agenda Item No. 1**

**Call to Order;**

**Attendance Report**



## Inverness Public Utility District Board Meeting March 18, 2020

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### Agenda Item No. 2

# Public Expression

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

**Directors or staff “*may briefly respond to statements made or questions posed*” during Public Expression, but “*no action or discussion shall be undertaken on any item not appearing on the posted agenda*” (Gov. Code §54954.2(a)(3)).**

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



Inverness Public Utility District  
Board Meeting March 18, 2020

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## Agenda Item No. 3

**Regular Meeting February 26, 2020**  
**Minutes Approval**



## Inverness Public Utility District

Fire Department & Water System

50 Inverness Way North, P.O. Box 469, Inverness CA 94937 • (415) 669-1414

### Board of Directors Minutes, Regular Meeting Wednesday, February 26, 2020, 9:00 a.m.

#### 1. Call to Order

President Emanuels called the meeting to order at the Inverness Firehouse at 9:04 a.m.

#### Attendance Report

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

Directors Absent: Brent Johnson

Staff Present: Shelley Redding, Clerk and Administrator; Jim Fox, Chief of Operations; Wade Holland, Customer Services Manager; John Roche, Fire Services Officer; Ken Fox (arrived at 10:05), Senior Water Operator

#### 2. Public Expression:

Woody Elliott expressed praise for the efforts by the staff and volunteers in hosting and assisting with the search and rescue efforts of the missing couple in Seahaven the previous week. The sentiment was concurred by everyone in attendance.

#### 3. Approval of Minutes: Regular Meeting of January 22, 2020

*M/S Donohue/Press to approve the minutes of the regular meeting of January 22, 2020, as submitted.* AYES 4, NOES 0

#### 4. Management Report

Administrator/Clerk Redding and Jim Fox reported on the following items:

- **Financial Reports January 2020:** Financial reports were presented for review. Clerk Redding noted that the expenses for supplies have exceeded budget due to the ongoing project to repair damage at D4 from a slide three years ago. The project will be converted into a capital project and presented for approval by the Board at the next Board meeting.
- **Audit Report:** Clerk Redding reported that the 2018/19 audit has been completed and a draft of the report is expected from the auditor by the end of February or early in March. President Emanuels asked if there were any observations of note. Clerk Redding reported that the auditor has noted that having the Administrator code invoices, perform bookkeeping duties, and sign checks is not recommended; however, the District's policies for monthly and quarterly review of the financial reports by the Board as a whole and the Treasurer in particular provide a safeguard against potential fraudulent behavior.
- **Search and Rescue Operation:** Chief Fox detailed the events related to the missing couple from Seahaven that started on Sunday, February 16, and ended with their

Board of Directors: Kenneth J. Emanuels, President • Dakota Whitney, Vice President

Kathryn Donohue, Treasurer • Brent Johnson • David Press

Shelley Redding, Administrator • James K. Fox, Chief of Operations

rescue on Saturday, February 22. He described the role of the Inverness Fire Department's volunteers in guiding the SAR personnel through the terrain, assisting with the establishment and operation of the command center at the Inverness Firehouse, and providing assistance as needed to command staff. Chief Fox expressed his admiration for the search and rescue teams, their organization, use of tools and technology, and their cooperation with other agency personnel.

## 5. Water System Report (January 2020)

Superintendent J. Fox presented the report prepared by Senior Water Operator K. Fox. It was noted that because the area had good rainfall during the fall, streamflows are adequate for now, but the lack of rain in February is concerning. Clerk Redding reported that the requested graphs with comparisons are in process and should be available for the next Board meeting in March.

## 6. Fire Department Report (January 2020)

The Fire Department report was delayed and will be provided at the next Board meeting.

## 7. Resolution 251-2020: Designating the District's Administrator to Act in Place of the General Manager

*M/S Whitney/Press to adopt Resolution 251-2020 as proposed. AYES 4, NOES 0*

## 8. Tenney Tank Project:

**Report from Ad Hoc Committee:** Clerk Redding presented the minutes of the January 31 meeting of the ad hoc committee on the Tenney Tank project, the application for a DWSRF loan for the project, and the need for an increase in customer revenue. The committee's report outlined specific items to be accomplished in order to move forward with the project. Clerk Redding reported that an application has been submitted to the County's Community Development Agency to extend the vesting period for the project's coastal permit, which expires in June. This will necessitate a new public hearing before a Deputy Zoning Administrator. Director Press offered his assistance with regard to the required spotted owl survey that will be needed prior to commencement of construction.

- a. **Trossach Way roadway restoration:** Trossach Way resident Tom Baty addressed the Board asked the Board to consider his written request that the District formally commit funds to restoration of the Trossach Way roadway after completion of the Tenney Tank Project. He described his concerns in relation to the timing of the District's project and the construction of a new residence on Trossach Way that may also begin during the same time period. President Emanuels acknowledged receipt of Mr. Baty's written request, thanked him for his input and concern, and noted the District's commitment to fulfilling its appropriate obligations to repair of roadways upon completion of District projects. He instructed staff to refer Mr. Baty's request to counsel for guidance on how to proceed.

- b. **Drinking Water State Revolving Fund (DWSRF) loan application:** Customer Services Manager Holland reported that the State Water Board's legal counsel has provided to our counsel a draft of the financing agreement for the loan the District is hoping to receive in order to pursue the project. Peter Sproul, for our legal counsel, has completed an initial review of the agreement and sent our staff some specific items of note. He also has some questions that he will take up directly with the Water Board's counsel. It is anticipated that a financing

agreement acceptable to counsels for both sides will be available for action by the IPUD Board at its March Meeting.

## 9. **Proposal for an Increase in Water Rates**

Customer Services Manager Holland summarized the proposal recommended by the ad hoc committee for changes in water rates to become effective July 1, 2020. The proposed new water rates structure is intended to satisfy the following three criteria recommended by the committee: (a) Increase the Water System's operating revenue by 15%; (b) Adjust the Basic Charge and Usage Charge ratios to reduce nominally the proportion derived from the Usage Charges (for an increase in the proportion derived from the assured revenue of the Basic Charges); and (c) Make the rates fairer for customers whose consumption is primarily for essential (indoor) usage. He submitted a draft of a Prop. 218 notice to be mailed to all affected members of the public, background analysis material, and a spreadsheet detailing the three-year budget projections. If the Board wishes to proceed, he asked that it approve the draft Prop. 218 notice and set a date and time for the public hearing, which must be at least 30 days before the effective date of July 1 and at least 45 days after the Prop. 218 notices have been distributed. *M/S Donohue/Press to approve the proposed changes in water rates and charges and the draft Prop. 218 notice and to instruct staff to initiate the Prop. 218 process with the public hearing set for May 27, 2020, at 7:00 p.m. in the meeting room at the Inverness Firehouse.* **AYES 4, NOES 0.**

## 10. **Resolution 250-2020: Establishing Fund Categories**

*M/S Donohue/Press to approve Resolution 250-2020 to establish fund categories in accordance with GASB 54.* **AYES 4, NOES 0**

## 11. **Resolution 247-2020: Designating the Water System Tank Replacement Fund as a Committed Fund**

*M/S Whitney/Press to approve Resolution 247-2020 to designate the Water System Tank Replacement Fund as a committed fund.* **AYES 4, NOES 0**

## 12. **Approval of Expenditures and Credit Card Charges**

*M/S Press/Whitney to approve the listed expenditures for January 2020 (\$67,176.47) and credit card charges invoiced on January 22, 2020 (\$737.61 J. Fox, \$614.64 S. Redding).* **AYES 4, NOES 0.**

## 13. **Approval of Personnel Policy Changes**

A list of recommendations from the Personnel Committee was presented. These included reclassifying the position of Senior Water Operator from nonexempt (at an hourly rate of \$36.03) to exempt (at a monthly salary of \$6,950); reducing the employment level of the Chief of Operations from fulltime (40 hrs/week) to 80% (32 hrs/week); allocating the Chief of Operations' employee costs on a ratio of 25% to the Water System and 75% to the Fire Department; adding a Section 125 Cafeteria Plan for employee health benefits; pursuing a contract with Special Districts Risk Management Authority to provide to employees options for dental, vision, long-term care, and life insurance benefits (paid for 100% by the employees who elect to participate); creating a conditional opt-out policy to employees for health benefits; and changing the District's vacation accrual policies. *M/S Whitney/Donohue to approve the personnel policy changes as recommended by the Personnel Committee.* **AYES 4, NOES 0.**

**14. Verizon Cell Phone Contract**

The Board reviewed the proposed User Agreement with Verizon Wireless and the State of Nevada that will enable the District to provide two cell phones to authorized on-call personnel under a Custom 4G Unlimited Smartphone Plan with Mobile Broadband Priority for National Security, Public Safety, and First Responders. *M/S Whitney/Donohue to approve the Verizon Wireless Public Safety Cell Phone User Agreement for cell phones to be used by on-call personnel and to authorize and direct the President to execute the User Agreement.* **AYES 4, NOES 0**

**15. CLAM Support Letter**

Staff provided a revised draft of the letter to the County of Marin supporting the bid by the Community Land Trust Association of West Marin to redevelop the former Coast Guard site in Point Reyes Station for affordable housing. Director Whitney asked that the letter be further revised to contain language that specifically supports local employees being given priority consideration for the housing units.

**16. Committee Meetings/Reports**

There were no reports from standing committees and no meetings of standing committees are currently scheduled.

**17. Announcements, Next Meeting, Adjournment**

The next regular meeting of the Board of Directors is scheduled for March 25, 2020, at 9:00 a.m. at the Inverness Firehouse.

President Emanuels adjourned the meeting at 10:45 a.m.

These minutes were approved by the Board of Directors at the regular meeting (rescheduled) on March 18, 2020.

Attest: \_\_\_\_\_ Date: \_\_\_\_\_

Shelley Redding, Clerk of the Board



Inverness Public Utility District  
Board Meeting March 18, 2020

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## Agenda Item No. 4

### Management Report

**Clerk S. Redding and J. Fox**

- February 2020 Financial Reports
- Audit Update

12:38 PM  
03/12/20  
Accrual Basis

**Inverness PUD  
Profit & Loss**  
**July 2019 through February 2020**

	<u>DISTRICT</u>	<u>FIRE</u>	<u>WATER</u>	<u>TOTAL</u>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
<b>N 600 · Property Tax Income</b>				
<b>600-01 · Ad Valorem Property Taxes</b>	366,876.48	0.00	0.00	366,876.48
<b>Total N 600 · Property Tax Income</b>	<u>366,876.48</u>	<u>0.00</u>	<u>0.00</u>	<u>366,876.48</u>
<b>N 700 · Water Charges</b>				
<b>700-01 · Basic Charges</b>	0.00	0.00	248,897.00	248,897.00
<b>700-02 · Usage Charges</b>	0.00	0.00	79,578.10	79,578.10
<b>700-03 · Cross Connection Fees</b>	0.00	0.00	720.00	720.00
<b>700-04 · Miscellaneous Charges</b>	0.00	0.00	605.00	605.00
<b>Total N 700 · Water Charges</b>	<u>0.00</u>	<u>0.00</u>	<u>329,800.10</u>	<u>329,800.10</u>
<b>N 710 · Misc. Income</b>				
<b>710-02 · Other Income</b>	318.87	118.04	243.03	561.90
<b>710-04 · Merchandise Sales</b>	0.00	3,144.00	0.00	0.00
<b>710-05 · Chipper Day Income</b>	0.00	2,910.00	0.00	0.00
<b>710-06 · New Service Connection Fee</b>	0.00	0.00	7,600.00	7,600.00
<b>710-07 · Interest Income</b>	6,871.44	0.00	0.00	6,871.44
<b>N 710 · Misc. Income - Other</b>	0.01	0.00	0.00	0.01
<b>Total N 710 · Misc. Income</b>	<u>7,190.32</u>	<u>6,172.04</u>	<u>7,843.03</u>	<u>15,033.35</u>
<b>Total Income</b>	<u>374,066.80</u>	<u>6,172.04</u>	<u>337,643.13</u>	<u>711,709.93</u>
<b>Gross Profit</b>	<u>374,066.80</u>	<u>6,172.04</u>	<u>337,643.13</u>	<u>711,709.93</u>
<b>Expense</b>				
<b>Office &amp; Administration</b>				
<b>1-870 · Billing &amp; Collections</b>	0.00	0.00	665.00	665.00
<b>Total Office &amp; Administration</b>	<u>0.00</u>	<u>0.00</u>	<u>665.00</u>	<u>665.00</u>
<b>Void Check</b>	0.00	0.00	0.00	0.00
<b>66900 · Reconciliation Discrepancies</b>	0.00	0.00	0.00	0.00
<b>N 810 · Personnel Expenses</b>				
<b>810-01 · Management</b>	70,571.25	40,720.44	27,861.36	98,432.61
<b>810-02 · Operations Personnel</b>	8,721.00	25,681.50	111,130.50	119,851.50
<b>810-03 · Administrative Personnel</b>	3,060.00	0.00	0.00	3,060.00
<b>810-04 · Employer Payroll Taxes</b>	6,674.21	5,395.75	13,321.41	19,995.62
<b>810-05 · Volunteer Wages</b>	0.00	2,325.00	0.00	0.00
<b>810-06 · Duty Officer</b>	0.00	4,750.00	0.00	0.00
<b>810-07 · Health Insurance Premiums</b>	20,502.56	23,273.85	18,131.22	38,633.78
<b>810-08 · Retirement Premiums</b>	11,920.38	13,708.93	13,248.95	25,169.33
<b>810-09 · Unfunded Accrued Liability</b>	17,059.88	3,003.40	7,903.68	24,963.56
<b>Total N 810 · Personnel Expenses</b>	<u>138,509.28</u>	<u>118,858.87</u>	<u>191,597.12</u>	<u>330,106.40</u>
<b>N 830 · Dispatch &amp; Communications</b>				
<b>830-01 · Radio/Pager Repair</b>	0.00	1,060.18	0.00	0.00
<b>830-02 · Commo Supplies</b>	0.00	962.31	0.00	0.00
<b>830-03 · MERA Operations</b>	0.00	9,922.00	0.00	0.00
<b>830-04 · MERA Bonds</b>	0.00	11,978.00	0.00	0.00
<b>830-05 · MERA New Financing</b>	0.00	1,121.00	0.00	0.00

12:38 PM  
03/12/20  
Accrual Basis

**Inverness PUD**  
**Profit & Loss**  
**July 2019 through February 2020**

	<b>DISTRICT</b>	<b>FIRE</b>	<b>WATER</b>	<b>TOTAL</b>
<b>Total N 830 · Dispatch &amp; Communications</b>	0.00	25,043.49	0.00	0.00
<b>N 833 · Collection &amp; Treatment</b>				
<b>833-01 · Chemicals</b>	<u>0.00</u>	<u>0.00</u>	<u>4,140.33</u>	<u>4,140.33</u>
<b>Total N 833 · Collection &amp; Treatment</b>	0.00	0.00	4,140.33	4,140.33
<b>N 835 · Lab &amp; Monitoring</b>				
<b>835-01 · BacT &amp; Raw Samples</b>	0.00	0.00	2,360.40	2,360.40
<b>835-02 · Periodic Samples</b>	0.00	0.00	3,887.00	3,887.00
<b>835-03 · Lead &amp; Copper</b>	<u>0.00</u>	<u>0.00</u>	<u>161.00</u>	<u>161.00</u>
<b>Total N 835 · Lab &amp; Monitoring</b>	0.00	0.00	6,408.40	6,408.40
<b>N 840 · Maintenance &amp; Utilities</b>				
<b>840-01 · Equipment Maintenance</b>	0.00	586.85	0.00	0.00
<b>840-02 · Building Maintenance</b>	0.00	1,880.83	213.31	213.31
<b>840-03 · Grounds Maintenance</b>	0.00	568.48	0.00	0.00
<b>840-04 · Tank Maintenance</b>	0.00	0.00	610.00	610.00
<b>840-05 · Collection &amp; Treatment Maint.</b>	0.00	0.00	2,781.37	2,781.37
<b>840-06 · Distribution System Maintenance</b>	0.00	0.00	11,156.58	11,156.58
<b>840-07 · Collection-Treatment Utilities</b>	0.00	0.00	21,826.88	21,826.88
<b>840-08 · Distribution System Utilities</b>	0.00	0.00	1,112.90	1,112.90
<b>840-09 · Firehouse Utilities</b>	<u>108.01</u>	<u>3,434.00</u>	<u>0.00</u>	<u>108.01</u>
<b>Total N 840 · Maintenance &amp; Utilities</b>	<u>108.01</u>	<u>6,470.16</u>	<u>37,701.04</u>	<u>37,809.05</u>
<b>N 843 · Fire Prevention</b>				
<b>843-01 · Chipper Day Expenses</b>	<u>0.00</u>	<u>1,665.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total N 843 · Fire Prevention</b>	0.00	1,665.00	0.00	0.00
<b>N 844 · Storage &amp; Distribution</b>				
<b>844-01 · Telemetry</b>	<u>0.00</u>	<u>0.00</u>	<u>1,846.72</u>	<u>1,846.72</u>
<b>Total N 844 · Storage &amp; Distribution</b>	0.00	0.00	1,846.72	1,846.72
<b>N 845 · Supplies &amp; Inventory</b>				
<b>845-01 · Supplies and Inventory</b>	4,333.67	3,180.71	12,005.05	16,338.72
<b>845-02 · Personal Protective Equipment</b>	255.10	876.95	222.32	477.42
<b>845-03 · Resale Merchandise</b>	<u>0.00</u>	<u>2,341.32</u>	<u>0.00</u>	<u>0.00</u>
<b>Total N 845 · Supplies &amp; Inventory</b>	<u>4,588.77</u>	<u>6,398.98</u>	<u>12,227.37</u>	<u>16,816.14</u>
<b>N 850 · Training</b>				
<b>850-01 · Volunteer Training</b>	0.00	801.56	0.00	0.00
<b>850-02 · Certification &amp; Courses</b>	220.00	250.00	0.00	220.00
<b>850-03 · Volunteer Appreciation</b>	<u>22.14</u>	<u>3,425.60</u>	<u>0.00</u>	<u>22.14</u>
<b>Total N 850 · Training</b>	<u>242.14</u>	<u>4,477.16</u>	<u>0.00</u>	<u>242.14</u>
<b>N 860 · Vehicle Operations</b>				
<b>860-01 · Gas &amp; Oil</b>	0.00	2,270.41	1,706.69	1,706.69
<b>860-02 · Repairs &amp; Service</b>	<u>0.00</u>	<u>7,056.21</u>	<u>878.37</u>	<u>878.37</u>
<b>Total N 860 · Vehicle Operations</b>	0.00	9,326.62	2,585.06	2,585.06
<b>N 870 · Administration</b>				
<b>870-01 · Telephone, Internet, Cable</b>	1,574.66	344.13	435.04	2,009.70
<b>870-02 · Dues &amp; Publications</b>	4,406.39	258.00	4,044.60	8,450.99
<b>870-04 · Financial Reporting/Audit</b>	<u>11,396.10</u>	<u>0.00</u>	<u>0.00</u>	<u>11,396.10</u>

12:38 PM  
03/12/20  
Accrual Basis

**Inverness PUD**  
**Profit & Loss**  
**July 2019 through February 2020**

	<b>DISTRICT</b>	<b>FIRE</b>	<b>WATER</b>	<b>TOTAL</b>
870-05 · Office Supplies, Postage, Fees	1,492.53	1.90	6.85	1,499.38
870-06 · Bank Charges	6,446.35	0.00	837.40	7,283.75
870-07 · Legal Expenses and Attorneys	1,192.00	0.00	0.00	1,192.00
870-08 · Board & Election Expenses	122.86	0.00	0.00	122.86
870-09 · Travel & Meetings	1,569.17	136.61	0.00	1,569.17
870-10 · Public Relations & Outreach	2,000.14	1,025.96	0.00	2,000.14
870-11 · Office IT Support	4,590.00	0.00	840.00	5,430.00
870-12 · Billing & Collections	0.00	0.00	4,679.18	4,679.18
870-13 · Disaster Council	0.00	1,000.00	0.00	0.00
870-14 · Miscellaneous	2,567.15	100.00	1,827.46	4,394.61
<b>Total N 870 · Administration</b>	<b>37,357.35</b>	<b>2,866.60</b>	<b>12,670.53</b>	<b>50,027.88</b>
<b>Total Expense</b>	<b>180,805.55</b>	<b>175,106.88</b>	<b>269,841.57</b>	<b>450,647.12</b>
<b>Net Ordinary Income</b>	<b>193,261.25</b>	<b>-168,934.84</b>	<b>67,801.56</b>	<b>261,062.81</b>
	<b><u>193,261.25</u></b>	<b><u>-168,934.84</u></b>	<b><u>67,801.56</u></b>	<b><u>261,062.81</u></b>

12:36 PM  
03/12/20  
Accrual Basis

Inverness PUD  
Profit & Loss

February 2020

	DISTRICT	FIRE	WATER	TOTAL
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
<b>N 600 · Property Tax Income</b>				
<b>600-01 · Ad Valorem Property Taxes</b>	869.38	0.00	0.00	869.38
<b>Total N 600 · Property Tax Income</b>	869.38	0.00	0.00	869.38
<b>N 700 · Water Charges</b>				
<b>700-01 · Basic Charges</b>	0.00	0.00	62,224.25	62,224.25
<b>700-02 · Usage Charges</b>	0.00	0.00	15,102.00	15,102.00
<b>700-03 · Cross Connection Fees</b>	0.00	0.00	180.00	180.00
<b>Total N 700 · Water Charges</b>	0.00	0.00	77,506.25	77,506.25
<b>N 710 · Misc. Income</b>				
<b>710-02 · Other Income</b>	0.00	0.00	175.00	175.00
<b>Total N 710 · Misc. Income</b>	0.00	0.00	175.00	175.00
<b>Total Income</b>	869.38	0.00	77,681.25	78,550.63
<b>Gross Profit</b>	869.38	0.00	77,681.25	78,550.63
<b>Expense</b>				
<b>Office &amp; Administration</b>				
<b>1-870 · Billing &amp; Collections</b>	0.00	0.00	665.00	665.00
<b>Total Office &amp; Administration</b>	0.00	0.00	665.00	665.00
<b>N 810 · Personnel Expenses</b>				
<b>810-01 · Management</b>	8,010.00	6,429.54	2,143.18	16,582.72
<b>810-02 · Operations Personnel</b>	0.00	2,752.00	17,215.68	19,967.68
<b>810-04 · Employer Payroll Taxes</b>	786.20	870.54	1,471.40	3,128.14
<b>810-06 · Duty Officer</b>	0.00	500.00	0.00	500.00
<b>810-07 · Health Insurance Premiums</b>	5,879.34	6,036.00	4,205.78	16,121.12
<b>810-08 · Retirement Premiums</b>	778.78	1,822.49	2,395.61	4,996.88
<b>810-09 · Unfunded Accrued Liability</b>	3,495.87	0.00	0.00	3,495.87
<b>Total N 810 · Personnel Expenses</b>	18,950.19	18,410.57	27,431.65	64,792.41
<b>N 833 · Collection &amp; Treatment</b>				
<b>833-01 · Chemicals</b>	0.00	0.00	1,415.24	1,415.24
<b>Total N 833 · Collection &amp; Treatment</b>	0.00	0.00	1,415.24	1,415.24
<b>N 835 · Lab &amp; Monitoring</b>				
<b>835-01 · BacT &amp; Raw Samples</b>	0.00	0.00	336.00	336.00
<b>835-02 · Periodic Samples</b>	0.00	0.00	297.00	297.00
<b>Total N 835 · Lab &amp; Monitoring</b>	0.00	0.00	633.00	633.00
<b>N 840 · Maintenance &amp; Utilities</b>				
<b>840-02 · Building Maintenance</b>	0.00	371.80	0.00	371.80
<b>840-06 · Distribution System Maintenance</b>	0.00	0.00	1,234.68	1,234.68
<b>840-07 · Collection-Treatment Utilities</b>	0.00	0.00	2,718.99	2,718.99
<b>840-08 · Distribution System Utilities</b>	0.00	0.00	76.97	76.97
<b>840-09 · Firehouse Utilities</b>	0.00	267.12	0.00	267.12
<b>Total N 840 · Maintenance &amp; Utilities</b>	0.00	638.92	4,030.64	4,669.56
<b>N 844 · Storage &amp; Distribution</b>				
<b>844-01 · Telemetry</b>	0.00	0.00	230.84	230.84
<b>Total N 844 · Storage &amp; Distribution</b>	0.00	0.00	230.84	230.84

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03/12/20  
Accrual Basis

Inverness PUD  
Profit & Loss

February 2020

	DISTRICT	FIRE	WATER	TOTAL
<b>N 845 · Supplies &amp; Inventory</b>				
<b>845-01 · Supplies and Inventory</b>	686.38	43.91	1,267.82	1,998.11
<b>Total N 845 · Supplies &amp; Inventory</b>	686.38	43.91	1,267.82	1,998.11
<b>N 860 · Vehicle Operations</b>				
<b>860-02 · Repairs &amp; Service</b>	0.00	100.71	0.00	100.71
<b>Total N 860 · Vehicle Operations</b>	0.00	100.71	0.00	100.71
<b>N 870 · Administration</b>				
<b>870-01 · Telephone, Internet, Cable</b>	282.28	0.00	0.00	282.28
<b>870-02 · Dues &amp; Publications</b>	834.24	0.00	0.00	834.24
<b>870-04 · Financial Reporting/Audit</b>	1,513.60	0.00	0.00	1,513.60
<b>870-05 · Office Supplies, Postage, Fees</b>	230.19	0.00	0.00	230.19
<b>870-06 · Bank Charges</b>	665.82	0.00	0.00	665.82
<b>870-08 · Board &amp; Election Expenses</b>	38.08	0.00	0.00	38.08
<b>870-10 · Public Relations &amp; Outreach</b>	200.00	0.00	0.00	200.00
<b>870-11 · Office IT Support</b>	90.00	0.00	0.00	90.00
<b>870-12 · Billing &amp; Collections</b>	0.00	0.00	7.93	7.93
<b>870-14 · Miscellaneous</b>	498.19	0.00	0.00	498.19
<b>Total N 870 · Administration</b>	4,352.40	0.00	7.93	4,360.33
<b>Total Expense</b>	23,988.97	19,194.11	35,682.12	78,865.20
<b>Net Ordinary Income</b>	-23,119.59	-19,194.11	41,999.13	-314.57
<b>Net Income</b>	<b>-23,119.59</b>	<b>-19,194.11</b>	<b>41,999.13</b>	<b>-314.57</b>

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

	Jul '19 - Feb 20	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
N 600 · Property Tax Income	366,876.48	406,405.00	-39,528.52	90.27%
N 700 · Water Charges	329,800.10	304,692.00	25,108.10	108.24%
N 710 · Misc. Income	21,205.39	31,608.00	-10,402.61	67.09%
<b>Total Income</b>	<b>717,881.97</b>	<b>742,705.00</b>	<b>-24,823.03</b>	<b>96.66%</b>
<b>Gross Profit</b>	<b>717,881.97</b>	<b>742,705.00</b>	<b>-24,823.03</b>	<b>96.66%</b>
<b>Expense</b>				
N 810 · Personnel Expenses	448,965.27	485,200.00	-36,234.73	92.53%
N 830 · Dispatch & Communications	25,043.49	24,437.00	606.49	102.48%
N 833 · Collection & Treatment	4,140.33	3,000.00	1,140.33	138.01%
N 835 · Lab & Monitoring	6,408.40	6,312.00	96.40	101.53%
N 840 · Maintenance & Utilities	44,279.21	44,210.64	68.57	100.16%
N 843 · Fire Prevention	1,665.00	7,000.00	-5,335.00	23.79%
N 844 · Storage & Distribution	1,846.72	2,612.00	-765.28	70.7%
N 845 · Supplies & Inventory	23,215.12	8,986.64	14,228.48	258.33%
N 850 · Training	4,719.30			
N 860 · Vehicle Operations	11,911.68			
N 870 · Administration	53,559.48	77,478.72	-23,919.24	69.13%
<b>Total Expense</b>	<b>625,754.00</b>	<b>659,237.00</b>	<b>-33,483.00</b>	<b>94.92%</b>
<b>Net Ordinary Income</b>	<b>92,127.97</b>	<b>83,468.00</b>	<b>8,659.97</b>	<b>110.38%</b>
<b>Net Income</b>	<b>92,127.97</b>	<b>83,468.00</b>	<b>8,659.97</b>	<b>110.38%</b>

8:33 AM

03/15/20

Accrual Basis

**Inverness PUD**  
**Summary Balance Sheet**  
**As of February 29, 2020**

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	<b>Feb 29, 20</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	298,376.81
<b>Accounts Receivable</b>	92,151.98
<b>Other Current Assets</b>	1,029,643.36
<b>Total Current Assets</b>	1,420,172.15
<b>Fixed Assets</b>	1,885,629.72
<b>Other Assets</b>	957,939.02
<b>TOTAL ASSETS</b>	<b>4,263,740.89</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	7,586.79
<b>Credit Cards</b>	-2,817.75
<b>Other Current Liabilities</b>	1,009,496.16
<b>Total Current Liabilities</b>	1,014,265.20
<b>Long Term Liabilities</b>	121,129.00
<b>Total Liabilities</b>	1,135,394.20
<b>Equity</b>	3,128,346.69
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>4,263,740.89</b>



Inverness Public Utility District  
Board Meeting March 18, 2020

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## Agenda Item No. 5

### **Water System Report**

- **Accounts Receivable**
- **Water Production and System Report**

**(February 2020)**

## Water Customer Accounts Receivable Totals, Jan/Feb 2020

1. The Accounts Receivable balance on Jan. 1 (the beginning of the period) was: **81,117.22**

2. During Jan/Feb, we received the following payments from our customers:

Electronic payments:	47,966.10	(64.5%)
Payments by check:	26,366.02	(35.5%)

**Total payments received:** **- 74,332.12**

3. During Jan/Feb, we posted the following charges to our customers' accounts:

Write-offs:	--	
Adjustments:	--	
Basic Charges	121.00	1 New customer Basic Charge for Jan/Feb)
Basic charges:	62,345.25	(517 Basic charges billed for <u>Mar/Apr*</u> )
X-C charges:	180.00	(18 Cross-Connection charges billed for <u>Mar/Apr</u> )
Usage charges:	15,102.00	(Usage charges for 12/17/19 to 2/18/20†)
Misc. charges:	175.00	
Refused payments:	200.00	(1 returned check; NSF)
Refunds:	22.15	(1 closed account credit balance refund)

**Total charges posted:** **+ 78,145.40**

4. Thus, the Accounts Receivable balance on December 31 (the end of the period) was **84,930.50**

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\* Bimonthly Basic Charges: 514 customers @ \$121.00; 2 Lifeline customers @ \$60.50; 1 Lifeline customer at \$30.25

† Total billed usage was \$18,107.70, less five credits totaling \$3,005.70 (for two prior-period leak adjustments and three prior-period meter read errors).

### Reconciliation with BofA checking account:

There were no deposits in transit on 2/29/2020. Thus, the A/R balance on the District's books as of 2/29 should also be \$84,930.20.

**Scheduled ACH receipts: \$33,381.30 on Mar. 16, 2020 (from 235 customers).**

**A temporary security debit to IPUD's checking account in this amount will be made on or about Mar. 12, 2020.**



## INVERNESS PUBLIC UTILITY DISTRICT

FIRE DEPARTMENT • WATER SYSTEM

POST OFFICE BOX 469

INVERNESS, CA 94937

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

### February – WATER SYSTEM REPORT – 2020

February Statistics	2020	End of Feb Stream-flow	GPM	GPD
RAINFALL (@ F1)		D1	25	36,000
Monthly total (in inches)	trace"	D2	28½	41,040
Year to date (inches) 7/1/2019 -> 2/29/2020	17.03"	D3	25½	36,720
Avg. yearly since 1925 (inches)	37.72"	D4	Est 25	36,000
STREAMFLOWS *end January	for comparison	D5	31½	45,360
*Compare to (approx. gpd)	463,680	D6	31½	45,360
Compare to (approx. gpm)	322	D7	31	44,640
PRODUCTION: Monthly	1,693,700 gal	D8	Est 12	17,280
Average gallons per Day	58,403 gal	TOTAL	<b>210</b>	<b>302,400</b>
Average Gallons per Minute	40.6 gpm			
SOURCES USED		DISTRIBUTION	(USE BY	ZONE)
1 <sup>st</sup> Valley High Intakes (2)	63%	Colby zone	836,500	41%
2nd Valley High Intakes (1)	15%	Tenney zone	631,800+	35%
3rd Valley High Intakes (1)	22 %	Conner zone	42,900	2%
1 <sup>st</sup> Valley lower/ (W1) W3 (minor use of well)	0% nil%	Stockstill zone	256,700	14%
2 <sup>nd</sup> Valley lower (L2 +W4)	0 %	Lower SH zone	128,600	8%
TOTAL	100.0%			

\*gpd = gallons per day; gpm = gallons per minute;

ppm = parts per million

### Water Quality

All sources ultra and nano filtered; chlorine and turbidity correct continuously; no positive coliform bacteria samples from distribution sample grabs. Samples of distribution water tested twice monthly and influent raw water are being collected once a month for lab analysis of coliform content. Average CL<sub>2</sub> dose at F1→ 0.57 parts per million (ppm); F3→ 0.45 ppm

### Major Activities

- Monthly report sent to CA RWQCB
- Regular Flushing of Via de la Vista/ Escondido main.
- Brief town-wide power outage (PG&E )
- D4 pipeline rebuild in progress
- Leak discovered on D7-F3 gathering line near filter plant/ repaired
- Pg&E tree crews working various locations throughout town
- All customer meters read
- New leak at 360 Service (blue PolyButylene again). Trenched street and replaced. Kept temporary service to residents during work (1 day)
- Put Second Valley source in service due to lack of rain
- Street markers placed for locating hydrants, started hydrant clearing.
- Sea Haven tank overflowing: float switch out of adjustment. => readjustment resolved

Kenneth Fox, T3, Senior Water Operator.

February 2020 Report



Inverness Public Utility District  
Board Meeting March 18, 2020

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## **Agenda Item No. 6**

### **Fire Department Report (January 2020)**

**INVERNESS VOLUNTEER FIRE DEPARTMENT**

P . O . B o x 4 6 9 , I n v e r n e s s , C A 9 4 9 3 7

**FIRE DEPARTMENT REPORT**  
**January 2020**

**INCIDENTS:**

#	Date	
#20-001	01-04	<b>EMS</b> @ 22 Cameron for ALOC. M-94 Release at scene.
#20-002	01-05	<b>EMS</b> @ 50 Dundee for possible seizure. Reach 1 transport to SRM.
#20-003	01-09	<b>EMS</b> @ 205 Park Ave. for sick person. M-96 code 2 transport to MGH.
#20-004	01-10	<b>Public Assist</b> @ 150 Laurel in Inverness Park for propane heater problem. (MCFD units committed on a medical call.)
#20-005	01-24	<b>EMS</b> @ 78 Drakes View Drive for a choking victim. (MCFD units committed on another medical call. M-94 AMA (Against Medical Advice) after arrival.

**TRAININGS:**

- 01-12 Drill. Vehicle Extrication. Review and operation of equipment.  
01-28 Drill. Propane emergencies. Properties and precautions. Thermal Imaging Camera training.

**ACTIVITIES AND MAINTENANCE:**

1. Brake work performed on Jeep
2. MERA board meeting in Novato.
3. West Marin Disaster Council monthly radio drill.

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

Jim Fox  
Chief



## Inverness Public Utility District Board Meeting March 18, 2020

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# Agenda Item No. 7

## **Resolution 252-2020**

Tenney Tank Project Financing Authorization Agreement (Final  
Board action on agreement to borrow up to \$800,000)



*Inverness Public Utility District*

**Board Agenda Item Staff Report**

Subject: Resolution 252-2020: Authorizing Execution of the Construction Loan Agreement for the Tenney Tank Replacement Project

Meeting Date: March 18, 2020

Date Prepared: March 12, 2020

Prepared by: Shelley Redding, Administrator; Wade Holland, Customer Services Manager

Attachments: Draft Resolution 252-2020, with Exhibit A (which is a draft dated 3/05/2020 of the \$800,000 "Construction Installment Sale Agreement" with the State Water Resources Control Board)

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**Recommended Action:** Adopt Resolution 252-2020.

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Resolution 252-2020 was prepared by our counsel (Peter Sproul) in consultation with Lauren Marshall, counsel for the State Water Board.

The resolution states that your Board:

- (a) "approves the Loan Agreement in substantially the form" shown in the attachment, and
- (b) "authorizes the District Administrator to execute and deliver the Loan Agreement in substantially the form" that you have approved, but with some flexibility (subject to approval by our counsel) to make changes as may be required.

As you will notice, the draft Agreement leaves blank many of the non-boilerplate specifics of the loan agreement, and it is our understanding that these items will be filled in at State Water Board once its counsel receives a certified copy of your adopted Resolution 252-2020. It will then be the IPUD Administrator's obligation to ensure that all the blanks have been filled in correctly and that the completed Agreement remains "in substantially the form" that you approved (no change can be made to the maximum loan amount of \$800,000).

The Administrator will then execute (sign) the agreement, at which point the District will be obligated to the terms of the agreement (all 50+ pages of it).

**PLEASE NOTE: Your adoption of Resolution 252-2020 will constitute the final Board action in accepting the \$800,000 loan offer. From this point on, the matter of the loan will be in the hands of our counsel and Administrator with (as far as we understand the process) no further action required by your Board.**

*Inverness Public Utility District*

**RESOLUTION 252-2020**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE INVERNESS PUBLIC UTILITY DISTRICT  
AUTHORIZING THE EXECUTION OF A CONSTRUCTION LOAN AGREEMENT  
WITH THE CALIFORNIA STATE WATER RESOURCES CONTROL BOARD TO  
PROVIDE CONSTRUCTION FINANCING FOR THE TENNEY TANK  
REPLACEMENT PROJECT**

**WHEREAS**, the Inverness Public Utility District (“District”) owns and operates a water system; and

**WHEREAS**, the District’s water system includes two aging (and leaking) redwood tanks, and the District wishes to update and upgrade these elements of the water system and replace them with state-of-the-art bolted steel tanks, to provide for more seismic security and help ensure an uninterrupted water supply to District customers (“the Project”); and

**WHEREAS**, in November of 2017, the District determined that the Project is categorically exempt from the requirements of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines Sections 15301(b) and 15061(b)(3), and on November 28, 2017, issued a Notice of Categorical Exemption; and

**WHEREAS**, the District wishes to enter into the State of California’s Drinking Water State Revolving Fund to finance the construction phase of the Project in order to provide up-front capital financing for the construction phase of the Project at a favorable interest rate of 1.4%; and

**WHEREAS**, the District wishes to expressly and duly authorize the District Administrator to enter into a Construction Loan Agreement with the California State Water Resources Control Board (“the Board”) in order to obtain financial assistance to complete the Project from the Board; and

**WHEREAS**, the Board has provided District with a proposed execution form of a financing instrument, titled “Construction Loan Agreement Project No. 2110001-001C- Tenney Tank Replacement,” for the construction costs of the Project (“the Loan Agreement”); and

**WHEREAS**, the Board has advised District that, in addition to the adoption of a Reimbursement Resolution, the Board requires that the District’s Board of Directors adopt a Resolution expressly authorizing an identified District official to execute the Loan Agreement.

**WHEREAS**, the Board of Directors has considered all information related to this matter, as presented at the public meetings of the Board of Directors identified herein, including any supporting reports by District Staff, and any information provided during public meetings.

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

1. The Board of Directors hereby finds that the facts set forth in the recitals to this Resolution are true and correct, and establish the factual basis for the Board of Directors’ adoption of this Resolution.
2. The Board of Directors hereby approves the Loan Agreement in substantially the form as that attached hereto as **Exhibit A** and on file with the office of the Clerk of the Board hereby, and

authorizes the District Administrator to execute and deliver the Loan Agreement in substantially the form hereby approved, subject to approval as to form by District Counsel, with such additions thereto and changes therein as the District Administrator (or his or her authorized representative) or District Counsel may require, provided that the maximum principal amount authorized under the Loan Agreement shall not exceed \$800,000.

3. The District Administrator and his or her authorized representative are each hereby authorized and directed to take any actions, to execute and deliver any and all documents and instruments, and to do and to cause to be done any and all acts and things necessary or proper to effectuate the transactions contemplated in the Loan Agreement, comply with the Loan Agreement and effectuate the purpose and intent of this Resolution, including but not limited to execution and delivery of any documents required by the Board in order to complete the transactions contemplated in the Loan Agreement.
4. This Resolution shall take effect immediately upon its adoption, as a documentation of the final action taken by the Board of Directors.

**PASSED AND ADOPTED** at a regular meeting (rescheduled) of the Board of Directors of the Inverness Public Utility District on the 18th day of March, 2020, by the following vote, to wit:

**AYES:**              **Directors**

**NOES:**

**ABSTAINING:**

**ABSENT:**

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Kenneth J. Emanuels, President

ATTEST:

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Shelley Redding, Clerk of the Board

\*\*\*\*\*

*I hereby certify that the foregoing instrument is a true and correct copy of the original of Resolution 252-2020 on record in this office, and that subsequent to its adoption no provision of Resolution 252-2020 has been amended, modified, or revoked by the governing body.*

---

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

By \_\_\_\_\_ Date \_\_\_\_\_

DFA: Each highlighted and bracketed area will require action on your part. When in doubt, contact OCC.  
Delete logos that are n/a.]

DRAFT DATED: 3/05/2020



## DRINKING WATER

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INVERNESS PUBLIC UTILITY DISTRICT  
AND  
CALIFORNIA STATE WATER RESOURCES CONTROL BOARD



### CONSTRUCTION INSTALLMENT SALE AGREEMENT

PROJECT NO. 2110001-001C  
TENNEY TANK REPLACEMENT

AGREEMENT NO. [ ]

PROJECT FUNDING AMOUNT: \$  
ESTIMATED REASONABLE PROJECT COST: \$

ELIGIBLE WORK START DATE: \_\_\_\_\_  
ELIGIBLE CONSTRUCTION START DATE: \_\_\_\_\_  
CONSTRUCTION COMPLETION DATE: \_\_\_\_\_  
FINAL REIMBURSEMENT REQUEST DATE: \_\_\_\_\_  
FINAL PAYMENT DATE: \_\_\_\_\_  
RECORDS RETENTION END DATE: \_\_\_\_\_

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## AGREEMENT

### 1. AUTHORITY.

(a) The State Water Resources Control Board (State Water Board) is authorized, and implements its authority, to provide financial assistance under this Agreement pursuant to Section 116760 et seq. of the Health and Safety Code, and Resolution Nos. 2019-0032 and 2019-0065.

(b) The Recipient is authorized to enter into this Installment Sale Agreement (Agreement) pursuant to Authorized Rep Resolution No. \_\_\_\_\_.

### 2. INTENTION.

(a) The Recipient desires to receive financial assistance for and undertake work required for the drinking water construction project (Project) according to the terms and conditions set forth in this Agreement.

(b) The State Water Board proposes to assist in providing financial assistance for eligible costs of the Project in the amount set forth in Exhibit B, according to the terms and conditions set forth in this Agreement, with the expectation that the Recipient shall repay all of the financial assistance to the State Water Board.

(c) The Recipient intends to evidence its obligation to submit Payments to the State Water Board and secure its obligation with Net Revenues of its water enterprise, as set forth in Exhibit B, according to the terms and conditions set forth in this Agreement.

(d) The Recipient intends to certify and evidence its compliance with the Tax Covenants set forth in Exhibit F.

### 3. AGREEMENT, TERM, DOCUMENTS INCORPORATED BY REFERENCE.

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

(a) The Recipient hereby sells to the State Water Board and the State Water Board hereby purchases from the Recipient the Project. Simultaneously therewith, the Recipient hereby purchases from the State Water Board, and the State Water Board hereby sells to the Recipient, the Project in accordance with the provisions of this Agreement. All right, title, and interest in the Project shall immediately vest in the Recipient on the date of execution and delivery of this Agreement by both parties without further action on the part of the Recipient or the State Water Board.

(b) Subject to the satisfaction of any condition precedent to this Agreement, this Agreement shall become effective upon the signature of both the Recipient and the State Water Board. Conditions precedent are not limited to the following:

- i. The Recipient must deliver to the Division a resolution authorizing this Agreement.
- ii. The Recipient must deliver an opinion of general counsel satisfactory to the State Water Board's counsel dated on or after the date that the Recipient signs this Agreement.

(c) Upon execution, the term of the Agreement shall begin on the Eligible Work Start Date and extend through the Final Payment Date.

(d) This Agreement includes the following exhibits and attachments thereto:

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

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

- i. [if available] the Final Plans & Specifications, dated \_\_\_\_\_, which are the basis for the construction contract to be awarded by the Recipient;
- ii. the Drinking Water System Permit No. \_\_\_\_\_;
- iii. the Recipient's Reimbursement Resolution No. \_\_\_\_\_ dated \_\_\_\_\_;
- iv. the Recipient's Tax Questionnaire dated \_\_\_\_\_.
- v. the Davis-Bacon requirements found at: [https://www.waterboards.ca.gov/water\\_issues/programs/grants\\_loans/srf/docs/davisbacob/2019\\_dwsrf\\_governmental\\_entities.pdf](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/davisbacob/2019_dwsrf_governmental_entities.pdf);
- vi. [other incorporated documents, if any]

#### 4. PARTY CONTACTS

State Water Board		Inverness Public Utility District	
Section:	Division of Financial Assistance		
Name:	Project Manager	Name:	Title
Address:	1001 I Street, _____ Floor	Address:	
City, State, Zip:	Sacramento, CA 95814	City, State, Zip:	
Phone:	(916)	Phone:	
Fax:	(916)	Fax:	
Email:	[PMemail]@waterboards.ca.gov [programemal@waterboards.ca.gov]	Email:	

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

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

#### 5. DEFINITIONS.

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

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

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

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

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

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

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

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

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

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

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

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

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

"Days" means calendar days unless otherwise expressly indicated.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Maximum Annual Debt Service" means the maximum amount of Debt Service due on System Obligations in a Fiscal Year during the period commencing with the Fiscal Year for which such calculation is made and within the next five years in which Debt Service for any System Obligations will become due.

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

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

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

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

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

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

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

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

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

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

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

"Recipient" means Inverness Public Utility District.

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

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

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

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

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

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

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

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

"SRF" means the Drinking Water State Revolving Fund.

"State" means State of California.

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

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

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

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

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

"Year" means calendar year unless otherwise expressly indicated.

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

[RECIPIENTCAPS]:

By: \_\_\_\_\_  
Name: [Officer]  
Title: [Title1]

Date: \_\_\_\_\_

STATE WATER RESOURCES CONTROL BOARD:

By: \_\_\_\_\_  
Name: [Officer]  
Title: Deputy Director  
Division of Financial Assistance

Date: \_\_\_\_\_

## EXHIBIT A – SCOPE OF WORK

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

(a) The Project is the project set forth on the Cover Page of this Agreement.

(b) The Useful Life of this Project is at least \_\_\_\_\_ years.

(c) Scope of Work.

[to be inserted by DFA]

### A.2. STANDARD PROJECT REQUIREMENTS.

#### A.2.1 Acknowledgements.

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

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

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

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

#### A.2.2 Reports

##### A.2.2.1 Progress Reports.

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

(b) The Recipient must provide a progress report with each disbursement request. Failure to provide a complete and accurate progress report may result in the withholding of Project Funds, as set forth in Exhibit B.

(c) A progress report must contain the following information:

- i. A summary of progress to date including a description of progress since the last report, percent construction complete, percent contractor invoiced, and percent schedule elapsed;
- ii. A description of compliance with environmental requirements;
- iii. A listing of change orders including amount, description of work, and change in contract amount and schedule; and

- iv. Any problems encountered, proposed resolution, schedule for resolution, and status of previous problem resolutions.

#### A.2.2.2 Project Completion Report.

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

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

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

#### A.2.2.3 As Needed Reports.

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

#### A.2.2.4 DBE Reports for SRF Projects.

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

#### A.2.3 Signage.

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



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

"Funding for this \$x. million [name of project] project has been provided in full or in part by the Drinking Water State Revolving Fund through an agreement with the State Water Resources Control Board. California's Drinking Water State Revolving Fund is capitalized through a variety of funding

sources, including grants from the United States Environmental Protection Agency and state bond proceeds."

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

#### A.2.4 Commencement of Operations.

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

#### A.3 DATES & DELIVERABLES.

- (a) Time is of the essence.
- (b) The Recipient must expeditiously proceed with and complete construction of the Project.
- (c) The following dates are established as on the Cover Page of this Agreement:
  - i. Eligible Work Start Date
  - ii. Eligible Construction Start Date
  - iii. Completion of Construction Date
  - iv. Final Disbursement Request Date
  - v. Records Retention End Date
  - vi. Final Payment Date
- (d) The Recipient must award the prime construction contract timely.
- (e) The Recipient agrees to start construction no later than [DFA will insert date that is within 6 months after execution of this Agreement].
- (f) The Recipient must deliver any request for extension of the Completion of Construction date no less than 90 days prior to the Completion of Construction date.
- (g) The undisbursed balance of this Agreement will be deobligated if the Recipient does not provide its final Disbursement Request to the Division on or before the Final Disbursement Request Date, unless prior approval has been granted by the Division.

## EXHIBIT B – FUNDING TERMS

### B.1. FUNDING AMOUNTS AND DISBURSEMENTS

#### B.1.1 Funding Contingency and Other Sources.

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

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

#### B.1.2 Estimated Reasonable Cost.

The estimated reasonable cost of the total Project, including associated planning and design costs is **Written Dollar Amount** dollars and no cents (**\$Dollar Amount**).

#### B.1.3 Project Funding Amount.

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

#### B.1.4 Reserved.

#### B.1.5 Budget Costs.

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

[DFA will insert table– Contracts – please talk to Tech Supe – these need to be more detailed for agreements that include free money than in the past]

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

Upon written request by the Recipient, the Division may adjust the line items of the Summary Project Cost Table at the time of Division's Final Budget Approval. Upon written request by the Recipient, the Division may also adjust the line items of the Summary Project Cost Table as well as the detailed budget at the time of Recipient's submittal of its final claim. Any line item adjustments to the Summary Project Cost Table that are due to a change in scope of work will require an Agreement amendment. The sum of adjusted line items in both the Summary Project Cost Table and the detailed budget must not exceed the Project Funding Amount. The Division may also propose budget adjustments.

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

#### B.1.6 Contingent Disbursement.

- (a) The State Water Board's disbursement of funds hereunder is contingent on the Recipient's compliance with the terms and conditions of this Agreement.
- (b) The State Water Board's obligation to disburse Project Funds is contingent upon the availability of sufficient funds to permit the disbursements provided for herein. If sufficient funds are not available for any reason, including but not limited to failure of the federal or State government to appropriate funds necessary for disbursement of Project Funds, the State Water Board shall not be obligated to make any disbursements to the Recipient under this Agreement. This provision shall be construed as a condition precedent to the obligation of the State Water Board to make any disbursements under this Agreement. Nothing in this Agreement shall be construed to provide the Recipient with a right of priority for disbursement over any other entity. If any disbursements due the Recipient under this Agreement are deferred because sufficient funds are unavailable, it is the intention of the State Water Board that such disbursement will be made to the Recipient when sufficient funds do become available, but this intention is not binding.
- (c) Construction costs and disbursements are not available until after the Division has approved the final budget form submitted by the Recipient.
- (d) No costs incurred prior to the Eligible Work Start Date are eligible for reimbursement.
- (e) Construction costs incurred prior to the Eligible Construction Start Date are not eligible for reimbursement.
- (f) Failure to proceed according to the timelines set forth in this Agreement may require the Recipient to repay to the State Water Board all disbursed Project Funds.
- (g) The Recipient agrees to ensure that its final Disbursement Request is received by the Division no later than the Final Disbursement Request Date, unless prior approval has been granted by the Division. If the final Disbursement Request is not received timely, the undisbursed balance of this Agreement will be deobligated.
- (h) The Recipient is not entitled to interest earned on undisbursed funds.

#### B.1.7 Disbursement Procedure.

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

1. Upon execution and delivery of this Agreement by both parties, the Recipient may request immediate disbursement of any eligible incurred planning and design allowance costs as specified below from the Project Funds through submission to the State Water Board of the Disbursement Request Form 260 and Form 261, or any amendment thereto, duly completed and executed.
2. The Recipient must submit a disbursement request for costs incurred prior to the date this Agreement is executed by the State Water Board no later than ninety (90) days after this Agreement is executed by the State Water Board. Late disbursement requests may not be honored.
3. The Recipient may request disbursement of eligible construction and equipment costs consistent with budget amounts approved by the Division in the Final Budget Approval.
4. Additional Project Funds will be promptly disbursed to the Recipient upon receipt of Disbursement Request Form 260 and Form 261, or any amendment thereto, duly

completed and executed by the Recipient for incurred costs consistent with this Agreement, along with receipt of progress reports due under Exhibit A.

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

#### B.1.8 Withholding of Disbursements.

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

- (a) The Recipient's failure to maintain reasonable progress on the Project as determined by the Division;
- (b) Placement on the ballot or passage of an initiative or referendum to repeal or reduce the Recipient's taxes, assessments, fees, or charges levied for operation of the System or payment of debt service on System Obligations;
- (c) Commencement of litigation or a judicial or administrative proceeding related to the Project, System, or Revenues that the State Water Board determines may impair the timely satisfaction of Recipient's obligations under this Agreement;
- (d) Any investigation by the District Attorney, California State Auditor, Bureau of State Audits, United States Environmental Protection Agency's Office of Inspector General, the Internal Revenue Service, Securities and Exchange Commission, a grand jury, or any other state or federal agency, relating to the Recipient's financial management, accounting procedures, or internal fiscal controls;
- (e) A material adverse change in the condition of the Recipient, the Revenues, or the System, that the Division reasonably determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement, or any other event that the Division reasonably

- determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement;
- (f) The Recipient's material violation of, or threat to materially violate, any term of this Agreement;
  - (g) Suspicion of fraud, forgery, embezzlement, theft, or any other misuse of public funds by the Recipient or its employees, or by its contractors or agents regarding the Project or the System;
  - (h) An event requiring Notice as set forth in Exhibit C;
  - (i) An Event of Default or an event that the Division determines may become an Event of Default.

#### B.1.9 Fraud and Misuse of Public Funds.

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

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

#### B.2.1 Project Costs.

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

#### B.2.2 Estimated Principal Payment Due.

The estimated amount of principal that will be due to the State Water Board from the Recipient under this Agreement is **Written Dollar Amount dollars and no cents (\$Dollar Amount)**.

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

- (a) The Recipient agrees to make all Payments according to the schedule in Exhibit E, and as otherwise set forth herein, at an interest rate of **Written Interest Rate % (X%)** per annum.
- (b) Interest will accrue beginning with each disbursement.
- (c) In lieu of, and not to exceed, interest otherwise due under this Agreement, the Recipient agrees to pay the following charge(s), as further set forth in Exhibit E:
  - an Administrative Service Charge
  - a Drinking Water Small Community Emergency Grant Fund Charge

B.2.4 Reserved.

B.2.5 Obligation Absolute.

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

B.2.6 Payment Timing.

- (a) The Recipient must pay interest annually, by [DFA to fill in date] of each year, until one year after Completion of Construction. Beginning no later than one year after Completion of Construction, the Recipient must make annual Payment of the principal of the Project Funds, together with all interest accruing thereon by [DFA to fill in date]. The Recipient must make Payments fully amortizing the total principal of the Project by the Final Payment Date. Payments are based on a standard fully amortized assistance amount with equal annual payments.
- (b) The remaining balance is the previous balance, plus the disbursements, plus the accrued interest on both, plus any Charge In Lieu of Interest, less the Payment. Payment calculations will be made beginning one (1) year after Completion of Construction. Exhibit E is a payment schedule based on the provisions of this Exhibit and an estimated disbursement schedule. Actual payments will be based on actual disbursements.
- (c) Upon Completion of Construction and submission of necessary reports by the Recipient, the Division will prepare an appropriate payment schedule and supply the same to the Recipient. The Division may amend this schedule as necessary to accurately reflect amounts due under this Agreement. The Division will prepare any necessary amendments to the payment schedule and send them to the Recipient. The Recipient must make each Payment on or before the due date therefor. A ten (10) day grace period will be allowed, after which time a penalty in the amount of costs incurred by the State Water Board will be assessed for late payment. These costs may include, but are not limited to, lost interest earnings, staff time, bond debt service default penalties, if any, and other related costs. For purposes of penalty assessment, payment will be deemed to have been made if payment is deposited in the U.S. Mail within the grace period with postage prepaid and properly addressed. Any penalties assessed will not be added to the assistance amount balance, but will be treated as a separate account and obligation of the Recipient. The interest penalty will be assessed from the payment due date.
- (d) The Recipient is obligated to make all payments required by this Agreement to the State Water Board, notwithstanding any individual default by its constituents or others in the payment to the Recipient of fees, charges, taxes, assessments, tolls or other charges ("Charges") levied or imposed by the Recipient. The Recipient must provide for the punctual payment to the State Water Board of all amounts which become due under this Agreement and which are received from constituents or others in the payment to the Recipient. In the event of failure, neglect or refusal of any officer of the Recipient to levy or cause to be levied any Charge to provide payment by the Recipient under this Agreement, to enforce or to collect such Charge, or to pay over to the State Water Board any money collected on account of such Charge necessary to satisfy any amount due under this Agreement, the State Water Board may take such action in a court of competent jurisdiction as it deems necessary to compel the performance of all duties relating to the imposition or levying and collection of any of such Charges and the payment of the money

collected therefrom to the State Water Board. Action taken pursuant hereto shall not deprive the State Water Board of, or limit the application of, any other remedy provided by law or by this Agreement.

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

**B.2.7 Pledged Revenues.**

**B.2.7.1 Establishment of Enterprise Fund and Reserve Fund.**

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

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

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

**B.2.7.3 Application and Purpose of the Enterprise Fund.**

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

**B.2.8 No Prepayment.**

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

**B.2.9 Reserve Fund.**

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

**B.3 RATES, FEES AND CHARGES.**

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

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

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

#### B.4 ADDITIONAL DEBT.

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

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

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

#### B.5 NO LIENS.

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

## EXHIBIT C – GENERAL & PROGRAMMATIC TERMS & CONDITIONS

### C.1 REPRESENTATIONS & WARRANTIES.

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

#### C.1.1 Application and General Recipient Commitments.

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

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

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

#### C.1.2 Authorization and Validity.

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

#### C.1.3 No Violations.

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

#### C.1.4 No Litigation.

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

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

#### C.1.5 Property Rights and Water Rights.

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

The Recipient possesses all water rights necessary for this Project.

C.1.6 Solvency and Insurance.

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

C.1.7 Legal Status and Eligibility.

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

C.1.8 Financial Statements and Continuing Disclosure.

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

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

C.1.9 System Obligations

The Recipient has no System Obligations.

C.1.10 No Other Material Debt.

The Recipient has no Material Obligations.

C.1.11 Compliance with State Water Board Funding Agreements.

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

**C.2 DEFAULTS AND REMEDIES**

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

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

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

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

C.2.2 Reserved.

C.2.3 Judicial remedies.

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

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

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

C.2.4 Termination.

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

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

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

C.2.6 Damages for Breach of Federal Conditions.

In the event that any breach of any of the provisions of this Agreement by the Recipient results in the failure of Project Funds to be used pursuant to the provisions of this Agreement, or if such breach results

in an obligation on the part of the State or any subdivision or agency thereof to reimburse the federal government, the Recipient must immediately reimburse the State or any subdivision or agency thereof in an amount equal to any damages paid by or loss incurred by the State or any subdivision or agency thereof due to such breach.

C.2.7 Remedies and Limitations.

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

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

C.2.8 Non-Waiver.

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

C.2.9 Status Quo.

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

C.3 STANDARD CONDITIONS

C.3.1 Access, Inspection, and Public Records.

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

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

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

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

or the terms of this Agreement. To the extent applicable, the Recipient is bound by, and must comply with, the provisions and requirements of the federal Single Audit Act of 1984 and 2 CFR Part 200, subpart F, and updates or revisions, thereto.

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

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

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

#### C.3.3 Amendment.

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

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

#### C.3.4 Assignability.

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

#### C.3.5 Audit.

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

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

#### C.3.6 Bonding.

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

#### C.3.7 Competitive Bidding

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

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

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

- (a) Comply with the provisions of the adopted environmental mitigation plan, if any, for the term of this Agreement;
- (b) Comply with the Policy; and
- (c) Comply with and require compliance with the state and federal requirements set forth elsewhere in this Agreement.

#### C.3.9 Computer Software.

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

#### C.3.10 Conflict of Interest.

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

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

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

C.3.12 Data Management.

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

C.3.13 Disputes.

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

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

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

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

C.3.14 Reserved.

C.3.15 Environmental Clearance.

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

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

C.3.16 Governing Law.

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

C.3.17 Income Restrictions.

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

C.3.18 Indemnification and State Reviews.

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

C.3.19 Independent Actor.

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

C.3.20 Integration.

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

C.3.21 Leveraging Covenants.

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

C.3.22 No Discrimination.

- (a) The Recipient must comply with Government Code section 11135 and the implementing regulations (Cal. Code Regs., tit. 2, § 11140 et seq.), including, but not limited to, ensuring that no person is unlawfully denied full and equal access to the benefits of, or unlawfully subjected to discrimination in the operation of, the Project or System on the basis of sex, race, color, religion, ancestry, national origin, ethnic group identification, age, mental disability, physical disability, medical condition, genetic information, marital status, or sexual orientation as such terms are defined under California law, for as long as the Recipient retains ownership or possession of the Project.
- (b) If Project Funds are used to acquire or improve real property, the Recipient must include a covenant of nondiscrimination running with the land in the instrument effecting or recording the transfer of such real property.
- (c) The Recipient must comply with the federal American with Disabilities Act of 1990 and implementing regulations as required by Government Code section 11135(b).
- (d) The Recipient's obligations under this section shall survive the term of this Agreement.
- (e) During the performance of this Agreement, Recipient and its contractors and subcontractors must not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, sexual orientation, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, denial of family care leave, or genetic information, gender, gender identity, gender expression, or military and veteran status.
- (f) The Recipient, its contractors, and subcontractors must ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment.
- (g) The Recipient, its contractors, and subcontractors must comply with the provisions of the Fair Employment and Housing Act and the applicable regulations promulgated thereunder. (Gov. Code, §12990, subds. (a)-(f) et seq.; Cal. Code Regs., tit. 2, § 7285 et seq.) Such regulations are incorporated into this Agreement by reference and made a part hereof as if set forth in full.

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

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

C.3.23 No Third Party Rights.

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

C.3.24 No Obligation of the State.

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

**C.3.25 Notice.**

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

- (a) Within 24 hours of the following, the Recipient must notify the Division by phone at (916) 327-9978 and by email to [PM email address and senior email address] and [DrinkingWaterSRF@waterboards.ca.gov](mailto:DrinkingWaterSRF@waterboards.ca.gov):
  - i. The seizure of, or levy on, any Revenues securing this Agreement;
  - ii. Any discovery of any potential tribal cultural resource and/or archaeological or historical resource. Should a potential tribal cultural resource and/or archaeological or historical resource be discovered during construction or Project implementation, the Recipient must ensure that all work in the area of the find will cease until a qualified archaeologist has evaluated the situation and made recommendations regarding preservation of the resource, and the Division has determined what actions should be taken to protect and preserve the resource. The Recipient must implement appropriate actions as directed by the Division.
- (b) Within five (5) business days, the Recipient must notify the Division by phone at (916) 327-9978; by email to Lance.Reese@waterboards.ca.gov [PM email address and senior email address] and [DrinkingWaterSRF@waterboards.ca.gov](mailto:DrinkingWaterSRF@waterboards.ca.gov); and by mail to the contact address set forth in Section 4 of this Agreement of the occurrence of any of the following events:
  - i. Bankruptcy, insolvency, receivership or similar event of the Recipient, or actions taken in anticipation of any of the foregoing;
  - ii. Change of ownership of the Project or the System or change of management or service contracts, if any, for operation of the System;
  - iii. Loss, theft, damage, or impairment to Project, the Revenues or the System;
  - iv. Failure to meet any debt service coverage test in Exhibit B of this agreement;
  - v. Draws on the Reserve Fund;
  - vi. Listed Events and Events of Default, except as otherwise set forth in this section;
  - vii. Failure to observe or perform any covenant or comply with any condition in this Agreement.
  - viii. An offer from a public entity to purchase the Project or the System or any portion thereof, or any of the real or personal property related to or necessary for the Project;

- ix. A proceeding or action by a public entity to acquire the Project or the System by power of eminent domain;
  - x. Incurrence of a System Obligation or Material Obligation by the Recipient; or
  - xi. A default, event of acceleration, termination event, modification of terms, or other similar event under the terms of a System Obligation or Material Obligation of the Recipient, any of which reflect financial difficulties.
- (c) Within ten (10) business days, the Recipient must notify the Division by phone at (916) 327-9978, by email to [PM email address and senior email address] and [DrinkingWaterSRF@waterboards.ca.gov](mailto:DrinkingWaterSRF@waterboards.ca.gov), and by mail to the contact address set forth in Section 4 of this Agreement of the following events:
- i. Material defaults on Material Obligations, other than this Obligation;
  - ii. Unscheduled draws on material debt service reserves or credit enhancements, reflecting financial difficulties;
  - iii. Substitution of credit or liquidity providers, if any or their failure to perform;
  - iv. Any litigation pending or threatened with respect to the Project or the Recipient's technical, managerial or financial capacity to operate the System or the Recipient's continued existence,
  - v. Circulation of a petition to repeal, reduce, or otherwise challenge the Recipient's rates for services of the System,
  - vi. Consideration of dissolution, or disincorporation, or any other event that could materially impair the Revenues;
  - vii. Adverse tax opinions, the issuance by the Internal Revenue Service or proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of any tax-exempt bonds;
  - viii. Rating changes on outstanding System Obligations, if any;
  - ix. Issuance of additional Parity Obligations;
  - x. Enforcement actions by or brought on behalf of the State Water Board or Regional Water Board; or
  - xi. Any investigation by the District Attorney, California State Auditor, Bureau of State Audits, United States Environmental Protection Agency's Office of Inspector General, the Internal Revenue Service, Securities and Exchange Commission, a grand jury, or any other state or federal agency, relating to the Recipient's financial management, accounting procedures, or internal fiscal controls;
- (d) The Recipient must notify the Division promptly by phone at (916) 327-9978, by email to [PM email address and senior email address] and [DrinkingWaterSRF@waterboards.ca.gov](mailto:DrinkingWaterSRF@waterboards.ca.gov), and by mail to the contact address set forth in Section 4 of this Agreement of any of the following events:
- i. The discovery of a false statement of fact or representation made in this Agreement or in the application to the Division for this financial assistance, or in any certification, report, or request for disbursement made pursuant to this Agreement, by the Recipient, its employees, agents, or contractors;
  - ii. Any substantial change in scope of the Project. The Recipient must undertake no substantial change in the scope of the Project until prompt written notice of the proposed change has been provided to the Division and the Division has given written approval for the change;
  - iii. Cessation of all major construction work on the Project where such cessation of work is expected to or does extend for a period of thirty (30) days or more;

- iv. Any circumstance, combination of circumstances, or condition, which is expected to or does delay Completion of Construction for a period of ninety (90) days or more;
- v. Discovery of any unexpected endangered or threatened species, as defined in the federal Endangered Species Act. Should a federally protected species be unexpectedly encountered during construction of the Project, the Recipient agrees to promptly notify the Division. This notification is in addition to the Recipient's obligations under the federal Endangered Species Act;
- vi. Any Project monitoring, demonstration, or other implementation activities required in Exhibit A or Exhibit D of this Agreement, if any;
- vii. Any public or media event publicizing the accomplishments and/or results of this Agreement and provide the opportunity for attendance and participation by state representatives with at least ten (10) working days' notice to the Division;
- viii. Any allegation of research misconduct involving research activities that are supported in whole or in part with EPA funds under this Project, as required by Exhibit C.4.3(xxvii).
- ix. Any events requiring notice to the Division pursuant to the provisions of this Agreement;
- x. Completion of Construction of the Project, and actual Project Completion;
- xi. The award of the prime construction contract for the Project;
- xii. Initiation of construction of the Project.

#### C.3.26 Operation and Maintenance; Insurance.

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

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

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

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

### C.3.27 Permits, Subcontracting, and Remedies.

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

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

[http://www.waterboards.ca.gov/water\\_issues/programs/enforcement/fwa/dbp.shtml](http://www.waterboards.ca.gov/water_issues/programs/enforcement/fwa/dbp.shtml)

### C.3.28 Professionals.

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

### C.3.29 Prevailing Wages.

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

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

### C.3.30 Public Funding.

This Project is publicly funded. Any service provider or contractor with which the Recipient contracts must not have any role or relationship with the Recipient, that, in effect, substantially limits the Recipient's ability to exercise its rights, including cancellation rights, under the contract, based on all the facts and circumstances.

### C.3.31 Recipient's Responsibility for Work.

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

C.3.32 Related Litigation.

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

C.3.33 Rights in Data.

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

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

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

C.3.35 Timeliness.

Time is of the essence in this Agreement.

C.3.36 Unenforceable Provision.

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

C.3.37 Venue.

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

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

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

C.4 MISCELLANEOUS STATE AND FEDERAL REQUIREMENTS

C.4.1 Reserved.

C.4.2 State Cross-Cutters.

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

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

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

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

- i. Unless the Recipient has obtained a waiver from USEPA on file with the State Water Board or unless this Project is not a project for the construction, alteration, maintenance or repair of a public water system or treatment work, the Recipient shall not purchase "iron and steel products" produced outside of the United States on this Project. Unless the Recipient has obtained a waiver from USEPA on file with the State Water Board or unless this Project is not a project for the construction, alteration, maintenance or repair of a public water system or treatment work, the Recipient hereby certifies that all "iron and steel products" used in the Project were or will be produced in the United States. For purposes of this section, the term "iron and steel products" means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.

"Steel" means an alloy that includes at least 50 percent iron, between .02 and 2 percent carbon, and may include other elements.

- ii. The Recipient must include in full the Wage Rate Requirements (Davis-Bacon) language incorporated by reference in Section 3 of this Agreement in all construction contracts and subcontracts.
- iii. The Recipient must comply with the signage requirements set forth in Exhibit A.
- iv. The Recipient shall notify the State Water Board and the USEPA contact of public or media events publicizing the accomplishment of significant events related to this Project and provide the opportunity for attendance and participation by federal representatives with at least ten (10) working days' notice.
- v. The Recipient shall comply with applicable EPA general terms and conditions found at <http://www.epa.gov/ogd>.
- vi. No Recipient may receive funding under this Agreement unless it has provided its DUNS number to the State Water Board.
- vii. The Recipient represents and warrants that it and its principals are not excluded or disqualified from participating in this transaction as such terms are defined in Parts 180 and 1532 of Title 2 of the Code of Federal Regulations (2 CFR). If the Recipient is excluded after execution of this Agreement, the Recipient shall notify the Division within ten (10) days and shall inform the Division of the Recipient's exclusion in any request for amendment of this Agreement. The Recipient shall comply with Subpart C of Part 180 of 2 CFR, as supplemented by Subpart C of Part 1532 of 2 CFR. Such compliance is a condition precedent to the State Water Board's performance of its obligations under this Agreement. When entering into a covered transaction as defined in Parts 180 and 1532 of 2 CFR, the Recipient shall require the other party to the covered transaction to comply with Subpart C of Part 180 of 2 CFR, as supplemented by Subpart C of Part 1532 of 2 CFR.
- viii. To the extent applicable, the Recipient shall disclose to the State Water Board any potential conflict of interest consistent with USEPA's Final Financial Assistance Conflict of Interest Policy at <https://www.epa.gov/grants/epas-final-financial-assistance-conflict-interest-policy>. A conflict of interest may result in disallowance of costs.
- ix. USEPA and the State Water Board have the right to reproduce, publish, use and authorize others to reproduce, publish and use copyrighted works or other data developed under this assistance agreement.
- x. Where an invention is made with Project Funds, USEPA and the State Water Board retain the right to a worldwide, nonexclusive, nontransferable, irrevocable, paid-up license to practice the invention owned by the Recipient. The Recipient must utilize the Interagency Edison extramural invention reporting system at <http://iEdison.gov> and shall notify the Division when an invention report, patent report, or utilization report is filed.
- xi. The Recipient agrees that any reports, documents, publications or other materials developed for public distribution supported by this Agreement shall contain the Disclosure statement set forth in Exhibit A.
- xii. The Recipient acknowledges that it is encouraged to follow guidelines established under Section 508 of the Rehabilitation Act, codified at 36 CFR Part 1194, with respect to enabling individuals with disabilities to participate in its programs supported by this Project.

xiii. The Recipient, its employees, contractors and subcontractors and their employees warrants that it will not engage in severe forms of trafficking in persons, procure a commercial sex act during the term of this Agreement, or use forced labor in the performance of this Agreement. The Recipient must include this provision in its contracts and subcontracts under this Agreement. The Recipient must inform the State Water Board immediately of any information regarding a violation of the foregoing. The Recipient understands that failure to comply with this provision may subject the State Water Board to loss of federal funds. The Recipient agrees to compensate the State Water Board for any such funds lost due to its failure to comply with this condition, or the failure of its contractors or subcontractors to comply with this condition. The State Water Board may unilaterally terminate this Agreement if the Recipient that is a private entity is determined to have violated the foregoing.

xiv. The Recipient certifies to the best of its knowledge and belief that:

- a. No federal appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
- b. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with this Agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions, and notify the State Water Board.

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

xv. The Recipient must comply with the following federal non-discrimination requirements:

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

xvi. If the Project relates to construction of a publicly owned treatment works, where the Recipient contracts for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or architectural related services, the Recipient shall ensure that any such contract is negotiated in the same manner as a contract for architectural and engineering services is negotiated under chapter 11 of title 40, United States Code, or an equivalent State qualifications-based requirement as determined by the State Water Board.

xvii. If the Project relates to construction of a publicly owned treatment works, the Recipient certifies that it has developed and is implementing a fiscal sustainability plan for the Project that includes an inventory of critical assets that are a part of the Project, an evaluation of the condition and performance of inventoried assets or asset groupings, a certification that the recipient has

evaluated and will be implementing water and energy conservation efforts as part of the plan, and a plan for maintaining, repairing, and, as necessary, replacing the Project and a plan for funding such activities.

- xviii. Executive Order No. 11246. The Recipient shall include in its contracts and subcontracts related to the Project the following provisions:

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

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

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

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

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

*"(f) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of Sept 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.*

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

*subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States."*

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

The Recipient shall not suppress, alter, or otherwise impede the timely release of scientific findings or conclusions; intimidate or coerce scientists to alter scientific data, findings, or professional opinions or exert non-scientific influence on scientific advisory boards; knowingly misrepresent, exaggerate, or downplay areas of scientific uncertainty; or otherwise violate the

EPA's Scientific Integrity Policy. The Recipient must refrain from acts of research misconduct, including publication or reporting, as described in EPA's Policy and Procedures for Addressing Research Misconduct, Section 9.C, and must ensure scientific findings are generated and disseminated in a timely and transparent manner, including scientific research performed by contractors and subcontractors.

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

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EXHIBIT D – SPECIAL CONDITIONS

[DFA property rights]

[environmental]

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Name of Recipient  
Agreement No.: XX-XXX-550  
Project No.: X-XX-XXXX-XXX  
Page 40 of xx

#### EXHIBIT E – PAYMENT SCHEDULE

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

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## EXHIBIT F – TAX CERTIFICATE

### F.1 Purpose.

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

### F.2 Tax Covenant.

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

### F.3 Governmental Unit.

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

### F.4 Financing of a Capital Project.

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

### F.5 Ownership and Operation of Project.

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

### F.6 Temporary Period.

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

### F.7 Working Capital.

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

F.8 Expenditure of Proceeds.

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

F.9 Private Use and Private Payments.

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

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

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

F.11 No Disproportionate or Unrelated Use.

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

F.12 Management and Service Contracts.

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

F.13 No Disposition of Financed Property.

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

F.14 **Useful Life of Project.**

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

F.15 Payments.

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

F.16 No Other Replacement Proceeds.

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

F.17 No Sinking or Pledged Fund.

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

F.18 Reserve Amount.

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

F.19 Reimbursement Resolution.

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

F.20 Reimbursement Expenditures.

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

F.21 Change in Use of the Project.

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

Section 103 of the Code, the Recipient will use the Bond Funded Portion of the Project Funds and the Project solely as set forth in this Agreement.

F.22 Rebate Obligations.

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

F.23 No Federal Guarantee.

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

F.24 No Notices or Inquiries from IRS.

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

F.25 Amendments.

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

F.26 Reasonable Expectations.

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

F.27 Assignment.

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

Payments (but excluding the State Water Board's rights to Additional Payments and to notices, opinions and indemnification under each Obligation).

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**From:** [Marshall, Lauren@Waterboards](#)  
**To:** [Peter Spoerl; Riley Hurd](#)  
**Cc:** [Jim Fox; IPUD Info; Shelley Redding; Wade Holland](#)  
**Subject:** RE: Inverness CSD - Draft Financing Agreement  
**Date:** Thursday, March 5, 2020 4:39:00 PM  
**Attachments:** [image001.png](#)  
[Inverness 2110001-001C Draft Agreement \(03-05-20\).pdf](#)

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Good afternoon,

After reviewing EPA requirements and consulting with staff, I revised the Agreement to allow for signage alternatives. Please review the attached draft and let me know if this works.

The attached draft also includes the minor changes previously referenced.

Please let me know if there are any issues.

Thank you.

---

**From:** Marshall, Lauren@Waterboards  
**Sent:** Monday, March 2, 2020 1:21 PM  
**To:** Peter Spoerl <[peter@rflawllp.com](mailto:peter@rflawllp.com)>; Riley Hurd <[rhurst@rflawllp.com](mailto:rhurst@rflawllp.com)>  
**Cc:** [jim.fox@invernesspud.org](mailto:jim.fox@invernesspud.org); [admin@invernesspud.org](mailto:admin@invernesspud.org); [Shelley.Redding@invernesspud.org](mailto:Shelley.Redding@invernesspud.org); [wade.holland@invernesspud.org](mailto:wade.holland@invernesspud.org)  
**Subject:** RE: Inverness CSD - Draft Financing Agreement

Peter,

Thank you for getting back to me. I'm checking in with Division of Financial Assistance staff with regards to signage alternatives. I will get back to you on that issue as soon as possible.

Please review the attached document showing the changes I made and let me know if you have any questions or concerns.

I reviewed the updated general counsel letter and I do not foresee any issues with the added language on our end.

Thank you.

---

**From:** Peter Spoerl <[peter@rflawllp.com](mailto:peter@rflawllp.com)>  
**Sent:** Monday, March 2, 2020 12:33 PM  
**To:** Marshall, Lauren@Waterboards <[Lauren.Marshall@Waterboards.ca.gov](mailto:Lauren.Marshall@Waterboards.ca.gov)>; Riley Hurd <[rhurst@rflawllp.com](mailto:rhurst@rflawllp.com)>  
**Cc:** [jim.fox@invernesspud.org](mailto:jim.fox@invernesspud.org); [admin@invernesspud.org](mailto:admin@invernesspud.org); [Shelley.Redding@invernesspud.org](mailto:Shelley.Redding@invernesspud.org); [wade.holland@invernesspud.org](mailto:wade.holland@invernesspud.org)  
**Subject:** RE: Inverness CSD - Draft Financing Agreement

EXTERNAL:

Lauren:

Thank you for taking the time earlier this afternoon to discuss the draft Loan Instrument for the Inverness Public Utility District's Tenney Tank Replacement Project. As we discussed, the District's only substantive concern with the draft instrument regards the signage requirement set forth under Section A.2.3 of Exhibit A. As we discussed, the Project site is on a landlocked parcel that is not accessible or visible from any public road or right of way. Thus, as a practical matter, the sign will never be visible to anyone other than District staff and contractors. The more significant concern is that signage of these dimensions might well require either an amendment to our existing Coastal Permit, or even potentially application for an entirely stand-alone Coastal Permit, either of which would entail significant delay and transaction costs. As we discussed, we will appreciate it if the Board will consider providing some sort of relief from this requirement, either deleting the requirement in its entirety, or instead requiring some sort of reasonable alternative means of communicating this message to the public. We can certainly post that verbiage verbatim on the District's public notice board and at administrative headquarters, for example. Please let us know what you learn about whether there may be some flexibility with respect to fulfilling this obligation.

Otherwise, as we discussed, we are agreeable as to the remainder of the draft, and our office is prepared to approve it as to form on behalf of the District. I understand from our conversation that you will be making some additional minor refinements and clarifications to the draft that you sent on February 12<sup>th</sup>; as we discussed, these sound fine in principle, but I will appreciate it if you can send a redline draft reflecting the changes for our quick review.

I have additionally included a draft of the General Counsel letter (signed by District General Counsel Riley Hurd). This will require that certain information be populated further, but contains most of the necessary information that you requested. Let me know if you have any questions regarding this draft.

Shelley Redding sent an additional email earlier this AM regarding some of the other outstanding documents.

Please let me know if you need any additional review or information from our office regarding this loan agreement. We are happy to help facilitate the transaction on behalf of the District.

Peter M. Spoerl, Esq.  
RAGGHIANTI | FREITAS LLP  
1101 5th Avenue, Suite 100  
San Rafael, CA 94901  
Tel: 415.453.9433 ext. 135  
Fax: 415.453.8269  
Email: [peter@rflawllp.com](mailto:peter@rflawllp.com)  
Website: <http://www.rflawllp.com/>

#### CONFIDENTIALITY NOTICE

This communication and any accompanying documents are confidential and privileged. They are intended for the sole use of the addressee. If you receive this transmission in error, you are advised that any disclosure, copying, distributing, or the taking of any action in reliance upon this communication is strictly prohibited. Moreover, any such inadvertent disclosure shall not compromise or waive the attorney-client privileges as to this communication or otherwise. (See *State Compensation Insurance Fund v. WPS, Inc.* (1999) 70 Cal. App. 4th 644.) If you have received this communication in error, please contact the sender at: [peter@rflawllp.com<mailto:peter@rflawllp.com>](mailto:peter@rflawllp.com<mailto:peter@rflawllp.com>). Thank you.

---

**From:** Marshall, Lauren@Waterboards <[Lauren.Marshall@Waterboards.ca.gov](mailto:Lauren.Marshall@Waterboards.ca.gov)>  
**Sent:** Thursday, February 27, 2020 9:56 AM  
**To:** Riley Hurd <[rhurd@rflawllp.com](mailto:rhurd@rflawllp.com)>; Peter Spoerl <[peter@rflawllp.com](mailto:peter@rflawllp.com)>  
**Cc:** [jim.fox@invernesspud.org](mailto:jim.fox@invernesspud.org); [admin@invernesspud.org](mailto:admin@invernesspud.org); [Shelley.Redding@invernesspud.org](mailto:Shelley.Redding@invernesspud.org)  
**Subject:** RE: Inverness CSD - Draft Financing Agreement

Good morning,

I am following up to determine whether you had any comments on the draft agreement. Once we have concurrence from the District's counsel, we can move forward with our processes. And given the projected timeline of the project, we'll need local concurrence as soon as possible.

Please review the agreement and provide any comments you may have.

Thank you.

---

**From:** Marshall, Lauren@Waterboards  
**Sent:** Wednesday, February 12, 2020 12:30 PM  
**To:** [RHURD@RFLAWLLP.COM](mailto:RHURD@RFLAWLLP.COM); [PETER@RFLAWLLP.COM](mailto:PETER@RFLAWLLP.COM)  
**Cc:** [jim.fox@invernesspud.org](mailto:jim.fox@invernesspud.org); [admin@invernesspud.org](mailto:admin@invernesspud.org); [Shelley.Redding@invernesspud.org](mailto:Shelley.Redding@invernesspud.org)  
**Subject:** Inverness CSD - Draft Financing Agreement

Good afternoon,

I work in the State Water Resources Control Board's Office of Chief Counsel and I am assisting the Division of Financial Assistance (DFA) with the Inverness Public Utility District's application to finance the Tenney Tank Replacement project. Please note it is our practice to copy your client on our correspondence.

Please review the attached draft Agreement. Technical, credit, and environmental review are ongoing and may result in the inclusion of new language or modification of existing language. The draft contains placeholders, highlighted in yellow, that will be filled in following the completion of these reviews. Please let me know of any comments you may have on the draft agreement or opinion by February 21 so that we can stick to our projected timeline.

Please also review the general counsel opinion templates available at this link:

[https://www.waterboards.ca.gov/water\\_issues/programs/grants\\_loans/srf/docs/legal\\_opinion\\_templates.pdf](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/legal_opinion_templates.pdf).

Let me know if you are able to sign them in their current form. DFA will request the signed opinion letters when the district signs the final financing agreement. The opinions must be dated on or after the date the District signs the final agreement. In the General Counsel opinion letter, you will be asked to opine on the existence of any pending or threatened litigation or investigation that may impact the City or its System. Disclosing relevant litigation, or any other matter that may impact the City or its System, at the backend of this legal consultation process may result in a substantial delay in the execution of the final financing agreement. Please inform the State Water Board of any relevant matters as soon as possible to ensure that we can resolve potential issues in a timely manner.

Additionally, as a condition precedent to this agreement, the District must adopt a resolution authorizing the

final financing agreement. Please send a draft of the resolution prior to its adoption at closing.

The District's tax questionnaire is also attached for your review. Please confirm its accuracy.

Lastly, please note that both the agreement and the opinion are drafts subject to change at any time prior to execution. Both parties must sign the agreement before it is valid.

Thank you,





## Inverness Public Utility District Board Meeting March 18, 2020

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### Agenda Item No. 8

#### **Trossach Way Roadway Restoration**

Request from property owner for District commitment to road  
repairs

A request for restoration of Trossach Way at completion of the Tenny Tank project

Would the District Board consider a motion to recognize a responsibility to repair damages incurred to the surface and structure of Trossach Way with the increased wear and tear of moving equipment and materials for the probable construction of two new water tanks at the Tenny site?

The issue of repairs is complicated by the strong likelihood that the new owners of 20 Trossach Way (Spencer & Tori Stenmark) are planning on building a substantial house, potentially in an overlapping time frame with the Tenny Tank Project. It currently appears that the IPUD project will be the first to begin, although the Stenmarks seem intent a starting theirs as soon as they possibly can.

It would seem logical to repair the damages to Trossach after both projects are completed. If the projects do proceed simultaneously it will be nearly impossible to determine who is responsible for any given instance of damage, let alone general wear and tear. It appears that the Stenmark's project will require substantially more heavy vehicles than the District's. It also appears that most of the Stenmark's heavy traffic will only use the bottom 4/5s of the roadway, whereas the District's traffic will use the entire asphalt roadway and beyond.

I suggest that, barring any unforeseen circumstances, the District and the Stenmark's evenly split the cost of the repairs. Monitoring responsibilities for damages to the road seem untenable and the disparities of use and impacts seem to balance out. We won't know until the end of the two projects the extent of the damages and therefore what the repair costs will be. Looking for a simple ballpark estimate, I got a quote from a local asphalt contractor for \$40,000 to repave the roadway (715' X 10' X 2") with extra tonnage of asphalt for additional repairs to the current roadway. In good circumstances---with the assumption of significant damages incurred by both projects---an even split of the repair costs could well benefit both parties. I am requesting an initial pledge of up to \$40,000 from each party as neither one has fully approved/permited their respective projects and there is always the possibility that either could be shelved for the foreseeable future.

I have an agreement in principle with the Stenmarks for an escrow account with \$40,000, with the understanding that this should be more than adequate for a shared restoration of the roadway and that the leftover balance would be returned.

I ask that the Board consider a motion to approve an expenditure of up to \$40,000 for repairs to the roadway with an intention----again, barring unforeseen circumstances---to evenly share the costs with the Stenmarks. This seems like a risk-free way of budgeting for the possible cost of restoring the road and providing assurance to the homeowners of Trossach that the roadway will be fully restored and functional for everyone.

Tom Baty



## Inverness Public Utility District Board Meeting March 18, 2020

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### Agenda Item No. 9

#### **Review of wording of Public Notice**

Review and approve proposed changes in Prop 218 Public Hearing notice wording for proposed rate and charges increase



*Inverness Public Utility District*

**Board Agenda Item Staff Report**

Subject: Review of Wording of Public Notice for Prop. 218 Public Hearing on Changes in Water Rates and Charges  
Meeting Date: March 18, 2020  
Date Prepared: March 11, 2020  
Prepared by: Shelley Redding, Administrator  
Attachments: Prop 218 Notice approved 2/26/2020

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**Recommended Action:** Review original draft of Public Notice for Prop 218 Public Hearing on Changes in Water Rates and Charges, and approve suggested revisions to draft.

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Clarification to the wording in paragraphs 1 & 2 of the first page is needed to outline the distinction between the prior rate increase and the proposed rate increase and to clarify the difference between the 2018 rate increase for critical infrastructure needs and the proposed rate increase that includes the infrastructure rate increase and adds an increase needed for the operating revenue, that has not been increased since 2009.

Corrections to Page 2 that describes the proposed rate increase applies to both the basic charge and the usage charge; clarify the descriptions of the cost of the water service to the typical household in monetary terms and the percentage increase for the same typical household.

Correct page 3 table for the proposed rate increase in the schedules for “CURRENT RATES” and “PROPOSED RATES,” the notation “60 & up” should be corrected to read “61 & up”.



## INVERNESS PUBLIC UTILITY DISTRICT

FIRE DEPARTMENT ♦ WATER SYSTEM

POST OFFICE BOX 469  
50 INVERNESS WAY NORTH  
INVERNESS, CA 94937

(415) 669-1414 ♦ FAX (415) 669-1010 ♦ ADMIN@INVERNESSPUD.ORG ♦ INVERNESSPUD.ORG

### PUBLIC HEARING ON CHANGES IN WATER RATES AND CHARGES

**PURPOSE:** Receive public comment on and consider (act on) adopting changes in water rates and charges

**WHEN:** Wednesday, May 27, 2020, 7:00 p.m.

**WHERE:** Inverness Firehouse, 50 Inverness Way North, Inverness

The Board of Directors of the Inverness Public Utility District is proposing changes to the Water System's rates and charges in order to increase the Water System's operating revenues by 15.6%, effective July 1, 2020. One feature of the proposed new rates structure would be to include within each customer's Basic Charge a base amount of water (approx. 50 gallons a day) at no additional charge.

### REASON FOR THE PROPOSED INCREASE IN REVENUE

Although a two-stage increase in water rates was put into effect beginning in January 2018, all the revenue from that set of rate increases was dedicated primarily to critical infrastructure needs, such as replacement of aging storage tanks and water mains in Seahaven. The last increase in rates and charges that provided additional revenue for ordinary operating expenses was in July 2009. The Water System can no longer sustain its day-to-day operating costs with a revenue flow based on rates and charges adopted 11 years ago.

The need for an approx. 15% increase in operating revenue is based on a three-year budget projection, that also takes into account the decision to participate in the Drinking Water State Revolving Fund to finance the Water System's next major capital project, replacement of the storage tanks at the critical Tenney Tank Site. This loan program, underwritten by voter-approved state water bonds, enables us to jumpstart a project that otherwise would be beyond our capability to fund in a timely manner on a pay-as-you-go basis (our preferred method). The District will borrow up to \$800,000 to replace the Tenney site's two aging (and badly leaking) redwood tanks with state-of-the-art bolted-steel tanks (one holding 52,700 gallons, and the other holding 43,700 gallons, replacing a 60,000-gallon tank and a 10,000-gallon tank). The 30-year loan will be repaid at the low annual interest rate of 1.4% (over the life of the loan, the interest component will account for approx. 16.7% of total payments).

Except for a small amount of water that is treated at our Third Valley treatment plant, all water in the system goes through the main treatment plant at the top of Perth Way and then into the Tenney tanks, from where it flows directly into distribution mains and to four other tank sites. Thus, the Tenney tanks are the critical link in both our storage system and our distribution system: We cannot allow aging infrastructure at the Tenney site to deteriorate to the point of a potentially catastrophic failure. The Board of Directors has determined that it is prudent to proceed immediately to replace the Tenney tanks by accessing the very-low-cost financing available to us at this time from the state bonds. This also means that, without having to incur additional debt, our normal reserves that are funded from customer revenue will remain available for the myriad of other smaller projects that will need to be addressed on an on-going basis over the years (the Water System has no existing debt; the Fire Department has an annual \$12,000 obligation as its share of the Marin Emergency Radio Authority's bonded indebtedness).

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

SHELLEY REDDING, ADMINISTRATOR • JAMES K. FOX, CHIEF OF OPERATIONS

Please be advised that, pursuant to Sec. 6 of Article XIII D of the Constitution of the State of California, notice is hereby given that the parcels upon which the proposed water rates and charges are to be imposed are all parcels in Marin County served by a customer connection to the Inverness Public Utility District Water System. The amounts of the charges shall be determined on the basis of the volume of water used by each served parcel in each bimonthly billing period using the schedule of rates and charges shown on Page 3 of this notice. These rates and charges were determined on the basis of a three-year budgeting projection.

## **HOW WILL THE AVERAGE BILL BE AFFECTED?**

The proposed changes would add an average of \$7.85 per month (\$15.70 per bimonthly bill) to the cost of water service for a typical single-family residence, beginning in July 2020. A typical residential customer is billed for 9 units of water (approximately 6,700 gallons) per billing period.

For the 43% of residential customers whose typical bimonthly water usage is in the range of 4-12 units (approximately 3,000 to 9,000 gallons per billing period), the total bill will increase by 10.8%.

## **NOTEWORTHY DETAILS OF THE PROPOSED CHANGES**

- Each customer will be entitled to use of up to 4 ccf of water (approximately 50 gallons per day over the typical two-month billing period) at no charge; this base allotment of water will be included in the Basic Charge.
- The bimonthly “Cross Connection Charge” applies currently to 18 customers who have a water storage tank or other source of water (such as a well) on their property. This charge will increase from \$10 to \$12, to reflect increased costs of inspecting and maintaining the installed cross connection prevention devices that are required by this State-mandated program.

## **PUBLIC HEARING**

A public hearing will be held in the District's meeting room at the Inverness Firehouse (50 Inverness Way North, Inverness) at 7:00 p.m. on Wednesday, May 27, 2020, to consider enactment of the proposed changes. You are cordially invited to attend and testify at the hearing or to mail your comments in advance to P.O. Box 469, Inverness, CA, 94937. For more information, visit the District's website ([invernesspud.org](http://invernesspud.org)) or phone (415) 669-1414.

If you wish to protest against the proposed changes in fees and charges, you must submit your protest in writing prior to the close of the public hearing portion of the May 27, 2020, meeting. A written protest must legibly identify and be signed by the owner of (or the Water System customer of record for) the affected property, and must include a description of the property (Assessor's Parcel Number or Water System account number). Protests may be mailed, faxed, emailed (if appropriately signed), or delivered to the applicable address shown at the top of Page 1 of this notice. Protests must be received prior to the close of the public hearing portion of the May 27, 2020, meeting. If written protests are submitted by a majority of the affected property owners or customers, the proposed changes will not be imposed (you must submit your protest in writing even if you testify at the public hearing).

If the number of protests received does not meet the threshold that requires withdrawal of the proposal to change the rates and charges, the Board of Directors may immediately adopt an ordinance enacting the proposed changes in rates and charges to go into effect no later than July 1, 2020.

## SCHEDULE OF CURRENT RATES AND PROPOSED NEW RATES

<b>CURRENT RATES</b> (as of 7/1/2019)	<b>PROPOSED RATES</b> (to become effective 7/1/2020)
<u>Basic Charge</u> (bimonthly)	<u>Basic Charge</u> (bimonthly)
Regular 121.00	Regular 146.00
Lifeline: Very low income 60.50	Lifeline: Very low income 73.00
Lifeline: Extremely low income 30.25	Lifeline: Extremely low income 36.50
<u>Usage Rates</u> (per ccf)	<u>Usage Rates</u> (per ccf)
1-12 ccf 2.70	1-4 ccf ---
13-36 ccf 4.20	5-12 ccf 3.00
37-48 ccf 5.90	13-24 ccf 5.00
49-60 ccf 8.10	25-36 ccf 6.00
60 & up* 24.40	37-48 ccf 10.00
1 ccf = 748 gallons	1 ccf = 748 gallons
<u>Cross Connection Charge</u> (bimonthly)	<u>Cross Connection Charge</u> (bimonthly)
Each cross connection 10.00	Each cross connection 12.00

\* This tier is not applicable to nonresidential customer accounts, for which the top tier is 49 & up.

Note: The Cross Connection Charge currently applies to 18 customers who have a water storage tank or other source of water (such as a well) on the property.

Under the Proposed Rates, each customer will be entitled to use of up to 4 ccf of water (approximately 50 gallons a day over the two-month period) at no charge.

Please see Page 4 for examples of water bills under the current and the proposed rates.

### EXAMPLES OF WATER BILLS UNDER CURRENT AND PROPOSED RATES

Number of units used in bimonthly billing period*	Current Rates			Proposed Rates			Percent increase
	Usage Charge	Basic Charge	Total bill	Usage Charge	Basic Charge	Total bill	
0	0.00	121.00	121.00	0.00	146.00	146.00	20.7%
1	2.70	121.00	123.70	0.00	146.00	146.00	18.0%
3	8.10	121.00	129.10	0.00	146.00	146.00	13.1%
4	10.80	121.00	131.80	0.00	146.00	146.00	<b>10.8%</b>
5	13.50	121.00	134.50	3.00	146.00	149.00	<b>10.8%</b>
<b>9</b>	<b>24.30</b>	<b>121.00</b>	<b>145.30</b>	<b>15.00</b>	<b>146.00</b>	<b>161.00</b>	<b>10.8%</b>
12	32.40	121.00	153.40	24.00	146.00	170.00	<b>10.8%</b>
24	82.80	121.00	203.80	84.00	146.00	230.00	12.9%
36	133.20	121.00	254.20	156.00	146.00	302.00	18.8%
48	204.00	121.00	325.00	276.00	146.00	422.00	29.8%
50	220.20	121.00	341.20	300.00	146.00	446.00	30.7%
60	301.20	121.00	422.20	420.00	146.00	566.00	34.1%
72	594.00	121.00	715.00	756.00	146.00	902.00	26.2%
100	1,277.20	121.00	1,398.20	1,540.00	146.00	1,686.00	20.6%

\* 1 unit = 1 ccf = 748 gallons

**The average water bill for a residential customer is for 9 units.**

43% of residential customers use between 4 and 12 units on a typical water bill. Usage within this range will translate under the new rates into an increase of 10.8% on the total bill.



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### PUBLIC HEARING ON CHANGES IN WATER RATES AND CHARGES

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**WHEN:** Wednesday, May 27, 2020, 7:00 p.m.

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#### REASONS FOR THE PROPOSED INCREASE IN REVENUE

Although a two-stage increase in water rates was put into effect beginning in January 2018, all the revenue from that set of rate increases which was dedicated primarily to critical infrastructure needs, such as replacement of aging storage tanks and water mains in Seahaven. The last increase in rates and charges that provided additional revenue for ordinary operating expenses was in July 2009. The Water System can no longer sustain its day-to-day operating costs with a revenue flow based on rates and charges adopted 11 years ago.

The need for an approx. 15% increase in operating revenue is based on a three-year budget projection that takes into account both operating budget and infrastructure budget needs. Major operating budget factors include inflation and increased personnel costs. also takes into account The need for additional revenue for capital expenditures is based principally on the decision opportunity to finance a significant portion of the Water System's next major capital project, replacement of the storage tanks at the critical Tenney Tank Site, by participating in the Drinking Water State Revolving Fund to finance the Water System's next major capital project, replacement of the storage tanks at the critical Tenney Tank Site. This loan program, underwritten by voter-approved state water bonds, will enables us to jumpstart a project that otherwise would be beyond our capability to fund in a timely manner on a pay-as-you-go basis (our preferred method). The District will borrow from the State up to \$800,000 to replace the Tenney site's two aging (and badly leaking) redwood tanks with state-of-the-art bolted-steel tanks (one holding 52,700 gallons, and the other holding 43,700 gallons, replacing a 60,000-gallon tank and a 10,000-gallon tank). The 30-year loan will be repaid at the low annual interest rate of 1.4% (over the life of the loan, the interest component will account for approx. 16.7% of total payments). The annual loan payment, including a mandatory reserve factor, will be approx. \$39,600, a portion of which will need to be funded from the increase in rates being requested at this time (over the life of the loan, the interest component will account for approx. 16.7% of total payments).

Except for a small amount of water that is treated at our Third Valley treatment plant, all water in the system goes through the main treatment plant at the top of Perth Way and then into the Tenney tanks, from where it flows directly into distribution mains and to four other tank sites. Thus, the Tenney tanks

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are the critical link in both our storage system and our distribution system: We cannot allow aging infrastructure at the Tenney site to deteriorate to the point of a potentially catastrophic failure. The Board of Directors has determined that it is prudent to proceed immediately to replace the Tenney tanks by accessing the very-low-cost financing available to us at this time from the state bonds. This also means that, without having to incur additional debt, our normal reserves that are funded from customer revenue will remain available for the myriad of other smaller projects that will need to be addressed on an on-going basis over the years (the Water System has no existing debt; the Fire Department has an annual \$12,000 obligation as its share of the Marin Emergency Radio Authority's bonded indebtedness).

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For the 43% of residential customers whose typical bimonthly water usage is in the broader range of 4-12 units (approximately 3,000 to 9,000 gallons per billing period), the total bill will increase by 10.8%.

#### **NOTEWORTHY DETAILS OF THE PROPOSED CHANGES**

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a majority of the affected property owners or customers, the proposed changes will not be imposed (you must submit your protest in writing even if you testify at the public hearing).

If the number of protests received does not meet the threshold that requires withdrawal of the proposal to change the rates and charges, the Board of Directors may immediately adopt an ordinance enacting the proposed changes in rates and charges to go into effect no later than July 1, 2020.



## Inverness Public Utility District Board Meeting March 18, 2020

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### **Agenda Item No. 10**

#### **Marin Wildfire Prevention Authority JPA, Member designations and projects**

- Appoint member of MWPA's governing board
- Appoint member of MWPA's Operations Committee
- Designate up to three “shovel-ready” projects for funding in current year



*Inverness Public Utility District*

**Board Agenda Item Staff Report**

Subject: Appointments to Marin Wildfire Prevention Authority Board and Operations Committee; identification of shovel-ready projects

Meeting Date: March 18, 2020

Date Prepared: March 11, 2020

Prepared by: Shelley Redding, Administrator

Attachments: MWPA Joint Powers Agreement; Email from Marin County Fire Chief Jason Weber

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**Recommended Action:** Designate a member of the IPUD Board to serve on the MWPA's governing body; Designate a member of the District's staff to serve on the MWPA's Operations Committee; Identify 1-3 shovel-ready projects for funding by the MWPA during the current year

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**BACKGROUND:** With the passage of Measure C by over a 2/3 majority of Marin County voters on March 3, 2020, the Marin Wildfire Prevention Authority JPA is now being formed to support vegetation management, evacuation plans and perform thousands of wildfire defensible space evaluations per year to educate property owners across Marin to keep all residents safe. Overall, an estimated \$21 million annual funding plan would include:

- 60 percent to core functions such as vegetation management, wildfire detection, evacuation system improvements, grants, and public education
- 20 percent for annual defensible space and home hardening evaluations
- 20 percent for local-specific wildfire prevention efforts

**NEXT STEPS:** The District is now asked to designate an Operations Committee Member and a Governing Board Member. Additionally, each Agency Member is being asked to identify 1–3 “shovel-ready” projects for work to begin in the current year.

The Operations Committee Member will be asked to participate in creating the annual budget and work plan, meeting twice a year. The Committee representatives should consist of Agency Executive/Administrative personnel with fire expertise and be a current agency staff member.

The Governing Board Member will serve on the Governing Body of the JPA to ensure that the wildfire programs and resources are directed to areas of greatest need and opportunity for community benefit, meeting twice a year. The Governing Board shall consist of one elected Board member from each Agency.

The County has agreed to provide a bridge loan to the JPA which will provide the funds to begin work on areas of critical need for Wildfire prevention. The mission of the Marin Wildfire Prevention Authority would be to fund and oversee the following efforts:

- Wildfire detection and evacuation system improvements
- Vegetation management and fire hazard reduction
- Defensible space and home hardening evaluations
- Public education and neighborhood wildfire preparedness
- Local specific wildfire prevention efforts

**JOINT EXERCISE OF POWERS AGREEMENT  
FOR  
MARIN WILDFIRE PREVENTION AUTHORITY**

This Joint Exercise of Powers Agreement for Marin Wildfire Prevention Authority (“Agreement”) is entered into pursuant to Sections 6500 *et seq.* of the California Government Code, by and between the following local agencies: the cities of San Rafael, Mill Valley, Larkspur and Belvedere (“Cities”); the towns of San Anselmo, Corte Madera, Fairfax, and Ross (“Towns”); the County of Marin (including Service Areas 13, 19 and 31 collectively referred to as “County”); the Fire Protection Districts of Southern Marin, Novato, Tiburon, Kentfield, Stinson Beach, Bolinas, and Sleepy Hollow, the Marinwood Community Services District, the Inverness Public Utility District, and Muir Beach Community Services District (“Districts”); “Cities,” “Towns,” “County,” and “Districts” are referred to in their individual capacities outside of this Agreement as “Local Agencies,” and are referred to for the purposes of participation in this Agreement as “Member” or “Members”.

**RECITALS**

**WHEREAS**, the growing wildfire risk in Marin County does not respect jurisdictional boundaries and needs immediate action and sustained commitment to better protect Marin residents, homes and businesses; and

**WHEREAS**, intensifying climate change and extensive fuel build-up are contributing to the increasing threat of wildfire throughout Marin County and, to the extent possible, should be addressed through ecologically sound practices that minimize release of greenhouse gases and protect the biodiversity and resilience of Marin’s landscapes; and

**WHEREAS**, individual homes and properties are only as fire resilient as the surrounding homes and properties within each neighborhood or area; and

**WHEREAS**, the more than 260,000 people living in Marin County receive fire protection and emergency response services provided by 19 separate cities, towns, fire districts and the County of Marin and no single agency currently exists for coordinating wildfire prevention; and

**WHEREAS**, local fire agencies, communities, emergency service providers, city and towns governments and the County of Marin must coordinate wildfire prevention and disaster preparedness and mitigation, including maintaining defensible space, reducing combustible vegetation, making homes fire resistant and planning for organized evacuation in an emergency; and

**WHEREAS**, in 2016 the Marin County Fire Department published a *Community Wildfire Protection Plan*, identifying specific steps needed to reduce the risk of wildfire and related loss of life and property in Marin; and

**WHEREAS**, in 2018 Marin County published *Lessons Learned from North Bay Fire Siege*, summarizing key findings and conclusions from the 2017 wildfires that devastated

Sonoma, Napa, Lake, Solano and Butte counties, burned nearly 250,000 acres, destroyed nearly 9,000 structures, forced 90,000 evacuations, caused \$14.5 billion in property damage and killed 44 people; and

**WHEREAS**, in 2019 the Marin County Civil Grand Jury issued *Wildfire Preparedness: A New Approach*, a report identifying an urgent need for a coordinated wildfire prevention program in Marin and providing detailed recommendations for reducing wildfire risk and securing dedicated funding for wildfire prevention programs; and

**WHEREAS**, efforts are needed to assist seniors, persons with disabilities, and low-income households to maintain defensible space, make homes fire resistant, and prepare for emergencies to mitigate wildfire threats to structures and defensible space; and

**WHEREAS**, each of Marin's communities has unique local needs such as wildfire risk from homeless encampments or road widening for safe evacuations and the Marin Wildfire Prevention Authority will seek to address these specific local needs with a local wildfire mitigation program that assists local fire agencies in meeting unique community needs while sustaining a core countywide program for consistency; and

**WHEREAS**, the most effective way to protect all of our communities from the risk of wildfire is to come together in a joint powers authority to implement a countywide program of priority fire prevention, education and vegetation management; and

**NOW, THEREFORE**, for and in consideration of the mutual benefits, covenants, and agreements set forth herein, the Members agree as follows:

### **SECTION 1. Authority and Purpose**

- a. This Agreement is made under the authority of Sections 6500 through 6515, inclusive, of the California Government Code, among the Members.
- b. The purpose of this Agreement is to establish a Joint Powers Authority separate from the Local Agencies. This Joint Powers Authority is to be known as the Marin Wildfire Prevention Authority ("Authority"). The Authority will plan, finance, implement, manage, own and operate a multi-jurisdictional and county-wide agency to prevent and mitigate wildfires in Marin County. Each member individually has the statutory ability to provide fire suppression, protection, prevention and related incidental services. The purpose and intent of this Agreement is to jointly exercise the foregoing common powers in the manner set forth herein.

### **SECTION 2. Term of Agreement**

This Agreement becomes effective upon the first date that at least half of the 19 Local Agencies listed above (i.e. 10 Local Agencies) have approved this Agreement at a public meeting. It shall remain in effect until it is terminated pursuant to Section 16.

### **SECTION 3. Membership**

- a. **Initial Membership.** To become an initial Member, a Local Agency must execute this Agreement and approve the County of Marin placing the tax measure on the ballot by October 31, 2019. A Local Agency geographically located in Marin County that possesses fire management responsibilities must adopt a resolution of their governing board to become a participating signatory to this Agreement and Member of the Authority. Should an entity defined in this Agreement as a Member of the Authority fail to meet the October 31, 2019 deadline for approval of the Agreement and tax measure, this Agreement shall be interpreted to remove that Local Agency from the definition of Member, and any rights or responsibilities of that entity shall not apply.
- b. **Successor Membership.** If, due to changes in circumstances (including, but not limited to changes in fire suppression responsibility approved by LAFCO) a Member's fire suppression responsibility is transferred to a new or different public agency, that new or different public agency shall be admitted as a Member upon approval of such membership and this Agreement by such public agency's governing body.
- c. Should the tax measure to fund the Authority fail to pass in an election in March 2020, this Agreement is terminated and shall be of no further effect upon certification of the election results.

### **SECTION 4. Board of Directors**

- a. The Authority will be governed by a Board of Directors comprising elected leaders from each Member to ensure that wildfire programs and resources are directed to areas of greatest need and opportunity for community benefit.
- b. The Authority shall be governed by the Board of Directors which is hereby established. The Authority shall not have responsibility for any services or duties set forth in this Agreement unless and until the tax measure is passed by the voters in a certified election. The Board of Directors shall be comprised of Directors who are elected officials of the Members, and each Member shall have one Director on the Board of Directors.
- c. The Board of Directors shall hold at least two meetings each year as determined by its bylaws. Special Meetings of the Board may be called in accordance with the provisions of the Brown Act and Government Code Section 54956.
- d. Minutes of the adjourned, regular and special meetings of the Board shall be kept and said minutes shall be forwarded to each member of the Board within thirty days after each meeting. A majority of the Directors of the Board will constitute a quorum; however, if the number of Members is an even number, then 50% of the Directors of the Board will constitute a quorum. In the event of a meeting of the Board with less than a quorum, the present Directors will only have the power to dismiss a meeting. For purposes of conducting business, a majority of the

quorum will be authorized to act on behalf of the Authority, subject to the voting conditions set forth in Section 4.f.

- e. The Board shall elect, at its first meeting of each fiscal year, a President and Vice President. The President and Vice President shall serve one-year terms, but can be re-elected. The President shall represent the Authority and execute any contracts and other documents when required by the bylaws. The Vice President shall serve in the absence of the President.
- f. **Voting.** For all votes conducted by the Board, a proposed motion subject to vote passes when both following conditions are satisfied: (1) a majority of the Directors present vote in favor of a motion, and (2) the Directors present and voting in favor of a motion represent, in the aggregate, according to the then latest general census, over 50% of the population represented by the Member agencies present in the quorum.
- g. The Board may adopt from time to time such policies, procedures, bylaws, rules and regulations for the conduct of its affairs as deemed necessary by the Board.

## **SECTION 5. Powers of the Authority**

- a. The Authority shall have all of the necessary powers and authorities granted by law to exercise the common powers of its members in providing wildfire suppression, protection, prevention and related and incidental services, with members retaining all powers.
- b. The Authority shall have all of the necessary powers to evaluate structures and defensible space and provide structural fire protection advice to enhance compliance of parcels of land and buildings meeting local fire and building codes, as well the power to create neighborhood and public education programs to reduce wildfire vulnerability and improve neighborhood preparedness.
- c. The Authority may contract with private companies and public agencies to create, implement and operate the Authority to provide wildfire protection and prevention, as well as to ensure buildings meet fire and building codes.
- d. The Authority may make and enter into contracts; adopt budgets; employ and retain agents and personnel; retain legal counsel; retain consultants and engineers; acquire grants; acquire, hold, lease and dispose of real and personal property; accept donations; sue and be sued; and possess and exercise all other powers common to the Members. The intent of this provision is to allow the Authority flexibility in making fiscally sound staffing decisions.
- e. The Authority may incur debt and issue bonds or any like instruments of no more than 10% of its annual budget in order to efficiently provide the service enumerated herein in compliance with the pertinent sections of the Government Code of the State of California. Specifically, the Authority can incur debt in its own name under any law authorizing a joint power authority to do so, including

Government Code Section 6540 *et seq.*, and the Marks-Roos Local Bond Pooling Act of 1985, and Government Code Section 6584 *et seq.*

- f. The Authority may authorize taxes pursuant to Government Code Sections 50075 *et seq.*, 53978, or any successor statutes as approved by voters in an election held in March 2020. No subsequent taxes or fees may be raised by the Authority without approval of Members.
- g. The Authority may exercise the powers permitted pursuant to Government Code Section 6504 or any successor statute. Pursuant to Government Code Section 6509.5, the Authority is entitled to invest any money in the treasury that is not required for the immediate necessities of the Authority.
- h. The Authority may do all things necessary and lawful to carry out the purpose of this Agreement.
- i. As required by Government Code Section 6509, one Member must be designated such that the power of the Authority is subject to the restrictions upon the manner of exercising power possessed by the Member. The County of Marin is designated as the Government Code Section 6509 public entity.

## **SECTION 6. Operations Committee**

- a. The Operations Committee shall be responsible for creating a recommended annual budget for the Board and for creating a recommended annual work plan. The Operations Committee shall meet at least twice per year at a reasonable time before the Board must establish its budget. The Operations Committee representatives should strive for a balance of executive/administrative and fire expertise on the committee. The Operations Committee shall be composed of nineteen representatives who are agency staff, one from each of the Members.
- b. **Voting.** For all votes conducted by the Operations Committee, a proposed motion subject to vote passes when both following conditions are satisfied: (1) a majority of the representatives of the Operations Committee present vote in favor of a motion, and (2) the representatives of the Operation Committee present and voting in favor of a motion represent, in the aggregate, according to the then latest general census, over 50% of the population represented by the Member agencies present in the quorum.

## **SECTION 7. Advisory/Technical Committee**

- a. The Advisory/Technical Committee shall be responsible to the Operation Committee for expert advice and recommendations regarding how the programs of the Authority should be developed and implemented. The Advisory/Technical Committee shall be comprised of one technical staff member from each Member agency and the Board shall adopt bylaws that establish the manner of appointment to the Advisory Technical Committee.

- b. The Advisory/Technical Committee shall hold at least two meetings each year. Special meetings may be called in accordance with the provisions of Government Code Section 54956.
- c. Agencies and entities such as Marin County towns or cities that are not a Member, Marin Municipal Water District (“MMWD”), Marin County Open Space District (“MCOSD”), National Park Service, State Parks, and FIRESafe MARIN may be invited to participate as at-large, non-voting Advisory/Technical Committee members. In addition, relevant Marin County land management agencies, private companies and community organizations may be invited by the Board to participate as at-large, non-voting Advisory/Technical Committee members. Said at-large Advisory/Technical Committee members shall be fully recognized by the Advisory/Technical Committee for the purpose of interaction and discussion. These at-large Advisory/Technical Committee members shall be appointed by their respective organizations.

## **SECTION 8. Citizens' Oversight Committee**

The Board of Directors will create a Citizens' Oversight Committee. The Citizens' Oversight Committee will review Authority spending on an annual basis following the report from the Treasurer. After review of the previous year's work program and the financial audit, the Citizens' Oversight Committee will adopt a report describing the extent to which the funds have been spent consistent with the tax measure and provide feedback to the Board of Directors. Citizens' Oversight Committee participants will be residents who are neither elected officials of any government entity, nor public employees of any Member. Service on the Citizens' Oversight Committee will be restricted to individuals who reside in Marin County. Participants on the Citizens' Oversight Committee will be required to submit a statement of financial disclosure and participation will be restricted to individuals without economic interest in any of the Authority's projects. The Citizens' Oversight Committee may create subcommittees to monitor the deliberations of the Board of Directors, Operations Committee, and the Advisory/Technical Committee. The Board of Directors shall appoint participants to Citizens' Oversight Committee from applications received as set forth below:

- Five participants, each residing in one of these five general geographical areas: West Marin, Novato, San Rafael, Central Marin, and Southern Marin.
- One participant from a taxpayer organization of Marin County.
- One participant from environmental organizations of Marin County.
- One participant from FIRESafe MARIN or similar fire prevention organization.
- One participant from a non-partisan civic organization such as League of Women Voters.

## **SECTION 9. Funding**

- a. The Board shall adopt an annual budget for the Authority's activities within ninety (90) days of the date the Elections Office certifies the successful passage of the tax measure proposed concurrently with this Agreement to fund this Authority, and by June 1 of each succeeding year. In adopting the annual budget,

the Board must consider recommendations from the Operations Committee. The annual budget shall identify the programs of the Authority and allocate funds by program. The budget and accounting system shall account for direct and overhead costs by program. The Board shall allocate these costs for each program with the adoption of the annual budget. To the extent changes to the budget under California law require approval of more than a simple majority of Members, the population representation requirement of Section 4.f. shall not increase. To accelerate services being provided to the community, during the first year of operations any core program funds not allocated to Authority start-up costs will be returned to Members in proportion to the tax revenue raised that fiscal year in each Member's respective tax rate area for uses that are consistent with the tax measure funding the Authority. This provision shall not be construed to prevent the Board of Directors from allocating funds for multi-year projects or programs.

- b. The core program functions of the Authority will be funded by 60% of the tax measure proceeds and will consist of, but not be limited to, vegetation management; wildfire detection; evacuation plans and alerts; grants; and public education. The Authority may allocate core funds to local wildfire prevention efforts, should the Board of Directors determine the core functions of the Authority are being served. Vegetation management funds will be allocated with consideration towards equitable spending over the five operational zones. As part of the five year review of the funding levels described in Section 9f, at least 80% of the revenue generated for vegetation management by each operational zone should be allocated within the respective zone. If this requirement is not met, it must be remedied within the next 5 year period.
- c. Defensible space and fire-resistant structure evaluations, and mitigation of fire threats thereof, will be funded by 20% of the tax measure proceeds and will be done on a shared service basis or by the responsible Member consistent with Section 10. Within the defensible space program, an Abatement program shall be created by the Authority, funded with 2% of the total tax measure proceeds. Funds from this Abatement program are retained by the Authority, notwithstanding a Member selecting to locally administer pursuant to Section 10. The Authority will only enforce a uniform abatement code. Litigation of abatements is the responsibility of the Member.
- d. Local-specific wildfire prevention efforts will be funded by 20% of the tax measure proceeds and allocated to each Member in proportion to revenue raised in each Member's respective tax rate areas. Members must certify that the tax measure proceeds are used consistent with the purpose of the Authority and that the tax measure expenses result in a higher level of service than would otherwise be provided by the Member.
- e. An administrative cost of not more than 10% will be budgeted for each program, i.e. the core program functions and the Authority administered defensible space evaluation program. Should a Member locally administer the defensible space evaluations pursuant to Section 10, an administrative cost will not be withheld by

the Authority for that program. The Board shall determine the methodology for calculating administrative costs.

- f. In Fiscal Year 2025-26, 2030-31, 2035-36 and continuing every five years thereafter, the Board may alter the funding levels of the core program functions of subsection 9.b. and the defensible space evaluations from subsection 9.c. The local-specific wildfire prevention efforts of subsection 9.d. will remain funded by 20% of the tax measure proceeds. A vote to alter the funding levels pursuant to this section shall require two-thirds approval of Directors voting to alter the funding levels, while maintaining the over 50% of the population represented by the Member agencies requirement in accordance with the voting rules set forth in Section 4.f. Should the Board approve changes to the funding levels of the programs, to provide adequate notice to Member agencies, those changes will not go into effect until two fiscal years after the changes were approved. For example, if funding levels of programs are altered during Fiscal Year 2025-26, those changes will not be implemented until the budget of Fiscal Year 2027-28.

## **SECTION 10. Option to Locally Administer the Section 5.b. Defensible Space Program**

- a. Should a Member choose to locally administer the Authority power set forth in Section 5.b., that member shall evaluate structures and defensible space so property owners can enhance compliance with fire and building codes through homeowner education and, as necessary, enforcement follow-up. The Member choosing to locally administer the powers in Section 5.b. must certify that the Member shall use the funds provided by the Authority exclusively to evaluate defensible space and to enhance compliance with structures and land meeting fire and building codes, and not for any other purpose. Tax measure proceeds will be allocated to Members choosing to locally administer in an amount approximately equal to each Member's proportion of revenue raised in each Member's respective tax rate areas, as determined by the Board. For those Members remaining in the defensible space program, the Authority will expend the tax measure proceeds in an amount approximately equal to each Member's proportion of revenue raised in each Member's respective tax rate areas. Additionally, the Authority shall be entitled to retain 2% of the overall tax measure proceeds for the Authority's Abatement program, regardless of how many Members choose to exclusively manage their own defensible space program.
- b. Eligibility for a Member to elect to locally administer the defensible space program shall be effective beginning in Fiscal Year 2027-28, 2032-33, 2037-38 and continuing every five years thereafter. A Member must provide notice that it elects to opt-out or rescind its opt-out election by October 31 for the next fiscal year beginning on July 1. A Member may opt-out of the defensible space program before May 30, 2020 by providing notice to the Authority. Members can only subsequently opt out during certain years as set forth above. A Member choosing to exclusively manage its own defensible space program may be responsible for a reasonable exit fee, as determined by the Authority. Members

can opt-back-in at any time by providing notice that it elects to opt-back-in by October 31 for the next fiscal year beginning on July 1.

## **SECTION 11. Exemptions**

The Authority shall be responsible for technical tax adjustments, consistent with the ballot measure. Whenever possible, the Authority must defer to reasonable requests from the Marin County Tax Collector to accommodate exemptions for parcels that are roads or creek beds, as well as split parcels ineligible for an assessor parcel combination solely because the parcels are not in the same tax rate area.

## **SECTION 12. Duties of Treasurer**

- a. The Treasurer of the Authority shall be the Treasurer of one of the Members. The Authority at its first meeting and thereafter at its first meeting of the fiscal year shall elect a Treasurer and establish terms with the Member agency. This person shall also function as the Controller of the Authority.
- b. The Treasurer shall serve as the depository and have custody of all Authority funds and establish and maintain such books, records, funds, and accounts as may be required by generally accepted accounting practice, shall cause an independent annual audit of the accounts and records and comply with all requirements of Government Code Sections 6505, 6505.1, 6505.5 and 6505.6.
- c. The Treasurer, within one hundred and twenty (120) days after the close of each fiscal year ending on June 30, shall give a complete written report of all financial activities for such fiscal year to the Members.

## **SECTION 13. Debts and Liabilities**

As permitted pursuant to Government Code Section 6508.1, no debt, liability, or obligation of the Authority shall constitute a debt, liability, or obligation of any Member and each Member's obligation hereunder is expressly limited only to the appropriation and contribution of such funds as may be levied pursuant to this Agreement or as the Member may agree.

## **SECTION 14. Insurance and Indemnification**

The Authority shall acquire such insurance protection as is needed to protect the interests of the Authority and the Members, and such cost shall not count toward the administrative fee of Section 9.e. The Authority may use self-insurance and may contract with a Member for insurance services. The Authority shall defend and indemnify and hold harmless the Members and each of their respective officers, agents and employees, from all claims, losses, damages, costs, injury and liability of every kind, nature and description directly or indirectly arising from the performance of any of the activities of the Authority or the activities undertaken pursuant to this Agreement.

## **SECTION 15. Privileges, Immunities and Other Benefits**

In accordance with California Government Code Section 6513, all of the privileges and immunities from liability, all exemptions from laws, ordinances and rules, and all pension, relief, disability, workmen's compensation, and other benefits which apply to the activity of the trustees, officers, employees or agents of the Members when performing their functions shall apply to the same degree and extent while engaged in the performance of any of their functions and duties for the Authority.

## **SECTION 16. Termination; Disposition of Assets.**

- a. Should the tax measure to be placed on the ballot in March 2020 fail to pass or is subsequently repealed, this Agreement is terminated and shall be of no further effect upon certification of the election results.
- b. In accordance with Government Code Section 6512, upon termination of this Agreement, any surplus money in possession of the Authority or on deposit in any fund or account of the Authority shall be returned in proportion to the contributions made by the tax payers of each Member's jurisdiction. Any other property of the Authority shall be divided among the Members in such manner as shall be determined by the Authority in accordance with California law.
- c. If the tax measure is rescinded, all decisions of the Board with regard to determination of amounts to be transferred to Members or any successor shall be final.

## **SECTION 17. Severability**

If any provision of the Agreement or its application to any person or circumstances is held invalid, the remainder of this Agreement and the application of the provision to other persons or circumstances shall not be affected.

## **SECTION 18. No Rights to Third Parties**

All of the terms, conditions, rights and duties provided for in the Agreement are, and shall always be, solely for the benefit of the Members. It is the intent of the Members that no third party shall ever be the intended beneficiary of any performance, duty or right created or required pursuant to the terms and conditions of this Agreement. Nothing in this Section shall be interpreted to preclude the work of the Authority being done on private land.

## **SECTION 19. Notices.**

Notices to Members under this Agreement shall be sufficient if delivered to the City Clerk or chief secretarial officer of the Member, or to any other person designated in writing by the Member.

## **SECTION 20. Prohibition Against Assignment.**

No Member may assign any right, claim, or interest it may have under this Agreement, and no creditor, assignee or third-party beneficiary of any Member shall have any right, claim or title to any part, share, interest or assets under this Agreement.

## **SECTION 21. Amendments**

This Agreement may be amended at any time by one or more supplemental agreements executed by mutual agreement of three-fourths (3/4) of the governing boards of the Members, so long as any amendment comports with the purpose of the voter approved measure, as set forth in Section 1 of this Agreement. Every ten years, the Marin County Board of Supervisors shall hold a public hearing for the purpose of considering the effectiveness of the tax measure and whether any changes in the tax measure should be placed before the voters.

## **SECTION 22. Agreement Complete**

The foregoing constitutes the full and complete Agreement of the parties with respect to the subject matter hereof, and supersedes all prior understandings or agreements whether written or verbal. There are no oral understandings or agreement not set forth in writing herein. All such agreements merge into this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their proper officers thereunder duly authorized as of the date of approval by the public agencies that are parties hereto. This Agreement shall be executed in counterparts.

Dated: \_\_\_\_\_

By: \_\_\_\_\_



Inverness Public Utility District  
Board Meeting March 18, 2020

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# **Agenda Item No. 11**

## **Expenditures and Credit Card Charges**

### **(February 2020)**

12:43 PM

03/12/20

Accrual Basis

**Inverness PUD**  
**Monthly Expense Ledger Report**  
**February 2020**

Date	Num	Name	Memo	Amount
<b>Feb 20</b>				
02/03/2020	EFT	CalPERS Health	February Health	-8,075.42
02/03/2020	13624	Horizon Cable TV Inc.	005-003907	-85.79
02/03/2020	13625	Streamline	February 2020 Website	-200.00
02/03/2020	13626	YP	Marin Co Directory Listing 06/2019	-85.11
02/03/2020	EFT	BB & T- CPS Operations	1/01-1/31/2020 AR Box	-7.93
02/03/2020		AT&T U-verse	139584573 Jan 20	-69.55
02/04/2020	EFT	CalPERS Health	March Health	-8,075.42
02/07/2020	EFT	Bank of America	January 2020 Analysis Charge	-665.82
02/10/2020	Auto	Diversified Technology	Billing Service	-665.00
02/13/2020	13628	Alpha Analytical Laboratories, Inc.	ORDER # 19L3917	-297.00
02/13/2020	13629	AT&T	VOID:	0.00
02/13/2020	13630	Brelje and Race Laboratories, Inc.	January 2020 sampling	-336.00
02/13/2020	13631	CORE	January services	-840.00
02/13/2020	13632	Emergency Medical Products, I...	Account # 104	-208.45
02/13/2020	13633	Good & Clean, Inc.	Janitorial Services - January	-330.00
02/13/2020	13634	Harrington Industrial Plastics	042985	-467.04
02/13/2020	13635	John's Dairy Equipment & Suppl...	Liquid Chlorine	-93.12
02/13/2020	13636	McPhail Fuel Co.	Account INVPUD 143814	-81.19
02/13/2020	13637	R.J. Ricciardi, Inc., CPAs	2018-19 Audit thru 1/31/20	-1,440.00
02/13/2020	13638	U. S. Bank Corporate Payment ...	Managing Account 4246 0445 5565 2670	-1,352.25
02/13/2020	13639	USABluebook	70259	-213.50
02/13/2020	13640	West Marin Storage	Space 77	-834.24
02/13/2020	13641	AT&T		-479.73
02/14/2020	Payroll		Payroll Taxes 1/26 - 2/10/2020	-6,153.08
02/14/2020	Payroll		Payroll Direct Deposit 1/26 - 2/10/2020	-15,372.51
02/14/2020	EFT	Paychex	Payroll Processing Fees	-179.60
02/24/2020	13643	Marin County Community Devel...	Coastal Permit P20001 Extension DZA Hearing Fees	-1,636.00
02/27/2020	13645	Brenntag Pacific, Inc.	Cust# 617385 Sodium Hydroxide	-976.02
02/27/2020	13646	Building Supply Center		-1,725.07
02/27/2020	13647	Hach Company	Water Treatment Supplies	-439.22
02/27/2020	13648	Pace Supply Corp.	Customer# 09035-00	-1,894.19
02/27/2020	13649	Cheda's Garage	Repairs - Jeep	-387.04
02/27/2020	13650	E and M, Inc.	Cust# INVPUD	-125.00
02/27/2020	13651	John Roche Services	D4	-1,300.00
02/27/2020	13652	Sebastopol Bearing & Hydraulic	380 Parts	-52.09
02/28/2020	Payroll		Payroll Taxes 2/11 - 2/25/2020	-6,405.26
02/28/2020	Payroll		Payroll Direct Deposit 1/26 - 2/10/2020	-16,057.97
02/28/2020	EFT	CalPERS UAL	UAL 3056 SAFETY	-750.85
02/28/2020	EFT	CalPERS UAL	UAL 3055 MISC	-2,634.56
02/28/2020	EFT	CalPERS UAL	UAL 26451 PEPRA MISC	-110.46
02/28/2020		Paychex	Payroll Processing Fees	-179.60
02/28/2020	EFT	PG&E	Account 9408018479-2	-1,985.23
02/29/2020	EFT	CalPERS - Retirement	January 2020 Retirement	-4,996.88
				<b>-88,263.19</b>

**Feb 20**

8:25 AM

03/15/20

**Inverness PUD**  
**Reconciliation Detail**  
XX-7642 · Cal Card - Redding, Period Ending 02/22/2020

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Type	Date	Num	Name	Clr	Amount	Split	Balance
<b>Beginning Balance</b>							614.64
<b>Cleared Transactions</b>							
<b>Charges and Cash Advances - 5 items</b>							
Credit Card Charge	01/22/2020	54038	Della Fattoria	X	-24.00	870-08 · Board & Election Expenses	-24.00
Credit Card Charge	01/26/2020	59906	Costco	X	-47.10	850-01 · Volunteer Training	-71.10
Credit Card Charge	02/03/2020	21925	U. S. Postmaster	X	-70.20	870-05 · Office Supplies, Postage, Fees	-141.30
Credit Card Charge	02/20/2020	3618635	Amazon	X	-159.99	870-05 · Office Supplies, Postage, Fees	-301.29
Credit Card Charge	02/22/2020	7000152	Ikea	X	-38.08	870-08 · Board & Election Expenses	-339.37
Total Charges and Cash Advances							-339.37
<b>Payments and Credits - 1 item</b>							
Bill	01/08/2020		U. S. Bank Corporate Payment Systems	X	614.64	20000 · Accounts Payable	614.64
Total Cleared Transactions							275.27
Cleared Balance							339.37
Register Balance as of 02/22/2020							339.37
<b>New Transactions</b>							
<b>Payments and Credits - 1 item</b>							
Bill	02/29/2020	Reddi...	U. S. Bank Corporate Payment Systems		339.37	20000 · Accounts Payable	339.37
Total New Transactions							339.37
<b>Ending Balance</b>							<b>0.00</b>



Inverness Public Utility District  
Board Meeting March 18, 2020

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## Agenda Item No. 12

### **Committee Meetings/Reports**



Inverness Public Utility District  
Board Meeting March 18, 2020

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## **Agenda Item No. 13**

**Announcements,**

**Next Meeting,**

**Adjournment**