



Board of Directors Regular Meeting
Tuesday, May 10, 2022 at 1:00 PM
Valley Sanitary District Board Room
45-500 Van Buren St., Indio, CA 92201

Valley Sanitary District is open to the public and board meetings will be conducted in person. In addition to attending in person, members of the public may view and participate in meeting via the following Zoom link: <https://us06web.zoom.us/j/85114516213> Meeting ID: 851 1451 6213

To address the Board of Directors during the virtual live session via zoom, please email the Clerk of the Board at hgould@valley-sanitary.org or, alternatively, during the specific agenda item or general comment period (i.e. non-agenda items), please use the "raise your hand" function in zoom in order to be recognized by the Clerk of the Board in order to provide comments in real time.

The Clerk of the Board will facilitate to the extent possible any email requests to provide oral testimony that are sent during the live meeting. Members of the public may provide Oral testimony in person or during the virtual live session and are limited to three minutes each. To address the Board in person please complete speaker request card located at in the Board Room and give it to the Clerk of the Board.

If you are unable to provide comments during the meeting, written public comments on agenda or non-agenda items may be submitted by email to the Clerk of the Board at hgould@valley-sanitary.org. Written comments must be received by the Clerk of the Board no later than 11:00 a.m. on the day of the meeting.

Page

1. CALL TO ORDER

1.1. Roll Call

1.2. Pledge of Allegiance

1.3. May Employee Anniversaries

- Tino Tijerina, Facility Maintenance Supervisor – 32 years
- Anna Bell, Lab & Compliance Supervisor – 9 years



- Austin Lopanec, Wastewater Operator II – 7 years
- Nick Dean, Electrical Instrumentation Tech II – 2 years
- Cassidy Laughy, Wastewater Operator III – 2 years

2. PUBLIC COMMENT

This is the time set aside for public comment on any item not appearing on the agenda. Please notify the Secretary in advance of the meeting if you wish to speak on a non-hearing item.

3. CONSENT CALENDAR

Consent calendar items are expected to be routine and noncontroversial, to be acted upon by the Board of Directors at one time, without discussion. If any Board member requests that an item be removed from the consent calendar, it will be removed so that it may be acted upon separately.


- | | | |
|------|---|---------|
| 3.1. | Approve Minutes for April 26, 2022, Regular Meeting
3.1 26 Apr 2022 Meeting Minutes.pdf  | 6 - 10 |
| 3.2. | Approve Warrants for April 21, 2022, through May 3, 2022
3.2 Warrant List 05102022.pdf  | 11 - 12 |

4. NON-HEARING ITEMS

- | | | |
|------|--|----------|
| 4.1. | Annual Renewal of the Business Package Policy and Earthquake Policy for the Fiscal Year 2022/23 in an Amount Not to Exceed \$334,618
4.1 Staff Report Comprehensive Insurance Presentation.pdf 
4.1 Attachment A 2022 Valley Sanitary District Letter.pdf 
4.1 Attachment B Valley Sanitary District - 2022 Renewal Terms.pdf 
4.1 Attachment C VSD EQ Quote.pdf 
4.1 Attachment D Cyber Cover Letter.pdf  | 13 - 40 |
| 4.2. | Resolution 2022-1160 Authorizing the Execution and Delivery of An Installment Sales Agreement and Escrow Agreement With Banc of America Public Capital Corp and Affirming the Selection of Investment Strategy
4.2 Staff Report Resolution 2022-1160.pdf  | 41 - 132 |

[4.2 Attachment A Resolution 2022-1160 Valley Sanitary District 2022 Installment Sale Agreement.pdf](#) 

[4.2 Attachment B Installment Sale Agreement \(No.Func.Accp.\) \(Valley Sanitary District \(CA\)\) 4853-5148-2901 v18-c1.pdf](#) 


[4.2 Attachment C Escrow Agreement \(Valley Sanitary District, CA\) 4885-6936-6805 v13-c1.pdf](#) 

- 4.3. Authorize the Investment of the Proceeds of the Bank of America Financing in a Short-Term US Governments & Agency Money Market Fund 133 - 141

[4.3 Authorize Investment of Bank of America Financing Proceeds.pdf](#) 

[4.3 Attachment A Investment Selection Form \(MMF IBDA\) 20200319.pdf](#) 

[4.3 Attachment B Escrow IBDA .03 as of 5.1.2022.pdf](#) 

[4.3 Attachment C Escrow Operationally Available Funds 04.22.2022.pdf](#) 


[4.3 Attachment D Goldman Sachs Financial Square Government Fund.pdf](#) 

- 4.4. Authorize the General Manager to Execute a Contract Amendment with CV Strategies for Requested Outreach Support Services in Additional Amount Not to Exceed \$49,000 142 - 149

[4.4 Staff Report CV Strategies Amendment.pdf](#) 

[4.4 Attachment A Valley San Videos PROPOSAL.pdf](#) 

[4.4 Attachment B Valley San Water Bear PROPOSAL.pdf](#) 

[4.4 Attachment C Valley San History Museum Outhouse PROPOSAL.pdf](#) 

- 4.5. Award Contracts to Three Consulting Firms and Authorize the General Manager to Execute Professional Service Agreements with Each Firm for Engineering Support Services 150 - 151

[4.5 Staff Report Award Contracts for Eng Support Services.pdf](#) 

5. GENERAL MANAGER'S ITEMS

General Manager's items not listed are for discussion only; no action will be taken without an urgency vote pursuant to State law.

5.1. Monthly General Manager's Report – March 2022

152 - 164

[5.1 Staff Report GM Report March 2022.pdf](#) 

[5.1 Attachment A Admin Services Report.pdf](#) 

[5.1 Attachment B NPDES report.pdf](#) 

[5.1 Attachment C Collection Services Report .pdf](#) 

[5.1 Attachment D Development Services Report April 2022.pdf](#) 

[5.1 Attachment E Capital Improvement Program Report May 2022.pdf](#)


[5.1 Attachment F Laboratory & Compliance Summary.pdf](#) 

6. COMMITTEE REPORTS

7. DIRECTOR'S ITEMS

Director's items not listed are for discussion only; no action will be taken without an urgency vote pursuant to State law.

8. INFORMATIONAL ITEMS

9. PUBLIC COMMENT

This is the time set aside for public comment on any item to be discussed in Closed Session. Please notify the Clerk of the Board in advance of the meeting if you wish to speak on an item.

10. CONVENE IN CLOSED SESSION

Items discussed in Closed Session comply with the Ralph M. Brown Act.

10.1. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Pursuant to paragraph (2) or (3) of Subdivision (d) of Government Code Section 54956.9 (one potential case – circumstances need not be disclosed pursuant to paragraph (1) of subdivision (e) of Government Code Section 54956.9)

10.2. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Pursuant to Government Code Section 54957(b)(1)
Title: General Manager

11. CONVENE IN CLOSED SESSION

Report out on Closed Session items

12. ADJOURNMENT

Pursuant to the Brown Act, items may not be added to this agenda unless the Secretary to the Board has at least 72 hours advance notice prior to the time and date posted on this notice.

**VALLEY SANITARY DISTRICT
MINUTES OF REGULAR BOARD MEETING**

April 26, 2022

A regular Board Meeting of the Governing Board of Valley Sanitary District (VSD) was held on Tuesday, April 26, 2022, at 45-500 Van Buren St., Indio, CA 92201.

1. CALL TO ORDER

President Sear called the meeting to order at 1:02 p.m.

1.1 Roll Call

Directors Present:

Debra Canero, Dennis Coleman, Mike Duran, Scott Sear, William Teague

Staff Present:

Beverli Marshall, Holly Gould, Jeanette Juarez, Dave Commons, Ron Buchwald, and Robert Hargreaves, Best Best & Krieger

1.2 Pledge of Allegiance

2. PUBLIC COMMENT

This is the time for public comment on any item not appearing on the agenda. Please notify the Secretary in advance of the meeting if you wish to speak on a non-hearing item.

None.

3. CONSENT CALENDAR

3.1 Approve Minutes for April 12, 2022, Regular and April 19, 2022, Special Meetings

3.2 Approve Warrants for April 7, 2022, through April 20, 2022

3.3 Monthly Financial Report for March 31, 2022

3.4 Approve Credit Card Report for March 31, 2022

Director Duran requested clarification on the overtime amount on the Budget Variance Report. Jeanette Juarez explained that we are under budget.

ACTION TAKEN:

MOTION:

Director Teague motioned to approve the consent calendar as presented. Secretary/Treasurer Coleman seconded the motion. Motion carried by the following roll call vote:

AYES: Canero, Coleman, Duran, Sear, Teague

NOES: None

MINUTE ORDER NO. 2022-3190

At this time, President Sear requested to reorder the agenda and adjourn to closed session item 10.1.

PUBLIC COMMENT

This is the time set aside for public comment on any item discussed in Closed Session.

None.

CONVENE IN CLOSED SESSION

Items discussed in Closed Session comply with the Ralph M. Brown Act.

10.1 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Pursuant to paragraph (2) or (3) of subdivision (d) of Government Code Section 54956.9 (one potential case – circumstances need not be disclosed pursuant to paragraph (1) of subdivision (e) of Government Code Section 54956.9)

The Board adjourned to Closed Session at 1:08 p.m.

CONVENE IN OPEN SESSION

Report out on Closed Session items

The Board reconvened in open session at 2:21 p.m. Legal counsel stated for item 10.1, direction was given and there was no reportable action.

4. NON-HEARING ITEMS

4.1 Resolution 2022-1160 Authorizing the Execution and Delivery of An Installment Sales Agreement And Escrow Agreement With Banc of America Public Capital Corp

The District is moving forward with financing its Recycled Water Project – Phase 1, which is a capital improvement project of high priority for the District. After reviewing several options for financing, the Board of Directors determined that delivery of an installment sales agreement with Bank of America was the best option. They authorized the General Manager to execute a financing proposal from Bank of America to lock in an interest rate for the financing. Due to the requirement of additional documents, the District was not able to lock in the 2.5% interest rate. Bank of America has given a 2-week extension

to lock in a rate of 2.75%. The Board gave staff direction to move forward with securing the new rate and bring the agreement and resolution back to the Board on May 10, 2022.

4.2 Authorize the General Manager to Sign a Memorandum of Understanding for the Integrated Regional Water Management Planning and Funding in the Colorado River Basin Funding Area

The Colorado River Basin Funding Area includes three other Regional Water Management Groups (RWMGs); Mojave Regional Water Management Group, San Gorgonio Regional Water Management Group, and Imperial Regional Water Management Group. Imperial RWMG has not always participated in the MOU process but is taking part in this funding opportunity. The four RWMGs have been working together to disperse this next round of grant funding for our funding area. This group collectively is called the Colorado River Integrated Regional Water Management Partners (Colorado River IRWMP). The 2022 Memorandum of Understanding (MOU) has been created for the Colorado River IRWMP for use among member agencies when a grant-funded project is shared among more than one agency. This MOU is very similar to the previous MOU used by the Colorado River IRWMP, which the Board approved in November 2021. Staff recommended that the Board of Directors authorize the General Manager to sign the 2022 Memorandum of Understanding for the Integrated Regional Water Management Planning and Funding in the Colorado River Basin Funding Area.

ACTION TAKEN:

MOTION: Secretary/Treasurer Coleman motioned to authorize the General Manager to sign the 2022 Memorandum of Understanding for the Integrated Regional Water Management Planning and Funding in the Colorado River Basin Funding Area. Vice President Canero seconded the motion. Motion carried by the following roll call vote:
AYES: Canero, Coleman, Duran, Sear, Teague
NOES: None

MINUTE ORDER NO. 2022-3191

4.3 Authorize Purchase of WTR III Tracked Camera Transporter and OZ III Mainline Sewer Inspection Camera from Plumbers Depot Inc. Not to Exceed \$50,000

The District's current CCTV transporter and camera systems have met their useful life. Once the new equipment is purchased, the present transporter and camera will become the backup camera and transporter. The current backup camera and transporter will be surplus. Plumbers Depot is the sole distributor of Cues equipment, the manufacturer of the camera and transporter that the District's CCTV van is designed to equip. The sole source procurement is for an amount not to exceed \$44,235.

ACTION TAKEN:

MOTION: Director Duran motioned to purchase one (1) WTR III Tracked Transporter and one (1) OZ III sewer pipe inspection camera in a total amount not to exceed \$44,235.20, including tax and delivery. Director Teague seconded the motion. Motion carried by the following roll call vote:

AYES: Canero, Coleman, Duran, Sear, Teague

NOES: None

MINUTE ORDER NO. 2022-3192

- 4.4 Approve Change Order #2 to the Contract with the Downing Dudek Design-Build Entity for the Design and Construction of the Influent Pump Station Project in an Amount Not to Exceed \$2,921,971 (the Guaranteed Maximum Price)

The Influent Pump Station Project was awarded to Downing Construction and the Dudek Engineering team as the Design-Build Entity (DBE). The contract was executed on November 12, 2020. The DBE has completed the 60% design plans and specifications and has developed the Guaranteed Maximum Price (GMP). Staff and Stantec (the District's Owner's Representative for this project) reviewed the GMP. They agreed that it represents a fair price. According to the contract between the District and the DBE, once a GMP has been determined and agreed upon, a change order to the contract is prepared for approval. Staff recommended that the Board of Directors approve Change Order # 2 in an amount not to exceed \$2,921,971 and authorize the general manager to execute the document.

ACTION TAKEN:

MOTION:

Vice President Canero motioned to approve Change Order # 2 in an amount not to exceed \$2,921,971 and authorize the general manager to execute the document. Director Teague seconded the motion. Motion carried by the following roll call vote:

AYES: Canero, Coleman, Duran, Sear, Teague

NOES: None

MINUTE ORDER NO. 2022-3193

5. GENERAL MANAGER'S ITEMS

None.

6. COMMITTEE REPORTS

None.

7. DIRECTOR'S ITEMS

Secretary/Treasurer Coleman requested to be registered o attend the Mission Springs Water District Groundbreaking in June. Director Duran asked to be registered to participate in the Special District Legislative Days in Sacramento.

8. INFORMATIONAL ITEMS

8.1 Public Service Recognition Week was started in 1985 and is celebrated the first week of May to honor those who serve as federal, state, county, and local government employees. More information about this year's event, observed May 1-7, 2022, can be found at <https://ourpublicservice.org/our-solutions/recognition>.

9. PUBLIC COMMENT

This is the time set aside for public comment on any item discussed in Closed Session.

None.

10. CONVENE IN CLOSED SESSION

Items discussed in Closed Session comply with the Ralph M. Brown Act.

10.2 LABOR NEGOTIATIONS
Pursuant to Government Code Section 54957.6
Title: General Manager

10.3 PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Pursuant to Government Code Section 54957(b)(1)
Title: General Manager

The Board adjourned to Closed Session at 2:52 p.m.

11. CONVENE IN OPEN SESSION

Report out on Closed Session items

The Board reconvened in open session at 3:50 p.m. Legal counsel stated nothing to report.

12. ADJOURNMENT

There being no further business to discuss, the meeting adjourned at 3:52 p.m. The next regular Board meeting will be on May 10, 2022.

Respectfully submitted,

Holly Gould, Clerk of the Board
Valley Sanitary District

DISBURSEMENTS
Approved at the Board Meeting of
May 10, 2022

Item #	Vendor Name	Description	Amount
40363	Denali Water Solutions	Sludge hauling services - March 2022	\$1,008.00
40364	Alliance Integration	Keyfobs and keycards	\$487.50
40365	Best, Best & Krieger	General legal services - March 2022	\$18,480.77
40366	Beverli Marshall	CalPELRA Annual Conference reimbursement	\$263.73
40366	Beverli Marshall	CSMFO Conference reimbursement	\$409.03
40366	Beverli Marshall	CWEA Conference reimbursement	\$308.56
40367	Caltest Analytical Laboratory	Monthly samples	\$1,047.35
40367	Caltest Analytical Laboratory	Quarterly samples	\$247.00
40368	City of Indio	Encroachment permit fee 1/14/2022-1/13/2023	\$1,428.00
40369	City of Indio Alarm Program	Alarm permit renewal - 05/28/2022-05/27/2023	\$14.00
40370	Custom Scale	Calibration, cleaning, traceable certificate per TC-02	\$841.00
40370	Custom Scale	Calibration and certification of weighing equipment TC-01	\$400.00
40371	Daniels Tire Service, Inc.	Replace tires on mule cart	\$297.78
40371	Daniels Tire Service, Inc.	Collections F150 truck two tires replaced	\$310.87
40371	Daniels Tire Service, Inc.	2019 F250 tires & install	\$450.72
40372	Desert Arc	Landscaping services - April 2022	\$840.00
40373	Desert Hose & Supply	Paint marker, grease whip, gloves	\$71.37
40374	Diamond Environmental Services, LP	Portable restroom services - 04/18/2022-05/15/2022	\$268.33
40375	E.S. Babcock & Sons, Inc.	Weekly Reqs	\$244.74
40375	E.S. Babcock & Sons, Inc.	Weekly samples	\$244.74
40375	E.S. Babcock & Sons, Inc.	Masters water testing	\$70.56
40376	Engineering Solutions Services, Inc	Grant writng services 01/01/0222-02/28/2022	\$11,122.50
40377	Ferguson Enterprises #1350	Waterline for secondary flush line	\$202.83
40378	Foster-Gardner, Inc.	Calcium hypochlorite	\$1,674.75
40379	Gierlich-Mitchell, Inc.	Seal mechanism, gaskets	\$780.02
40380	Grainger	Motor mounting rings	\$20.24
40380	Grainger	Motor mounting ring 2 1/4"	\$40.48
40380	Grainger	Alkaline batteries	\$299.77
40380	Grainger	Mini pleat air filters	\$777.65
40380	Grainger	Gasket sheet, synthetic	\$63.98
40380	Grainger	AC Voltage/Current datalogger	\$345.76
40380	Grainger	Hour meter, 3 hole flange	\$21.37
40380	Grainger	CLF bulbs, HPS bulbs, Ballasts	\$264.13
40380	Grainger	Coated gloves	\$33.14
40380	Grainger	Mechanics gloves, work gloves	\$34.95
40380	Grainger	Silicone sheet	\$44.64
40380	Grainger	Silicone Tubing	\$27.47
40380	Grainger	Wire drying rack	\$397.83
40380	Grainger	Storage rack	\$26.79
40381	Groth Corporation	Flame bank assembly kit	\$2,399.26
40382	Hach Company	LDO calibration cap	\$110.47
40382	Hach Company	Sample cell 10ml	\$702.78
40382	Hach Company	Sample cell 1cm/10ml	\$92.62
40382	Hach Company	Vacuum pump	\$2,788.39
40383	JCM Diesel Pro	Old International 7400 Vactor repairs	\$5,590.00
40383	JCM Diesel Pro	Kenworth Coolant level sensor	\$345.00
40383	JCM Diesel Pro	International 7400 Vactor fixed leaks	\$450.00
40384	Kaman Industrial Technologies	7/16 Pillow block	\$270.87

40384	Kaman Industrial Technologies	V belts	\$122.75
40384	Kaman Industrial Technologies	Radial ball bearings	\$27.89
40385	Linde Gas & Equipment Inc.	Tank rental - 03/20/2022-04/20/2022	\$147.70
40386	Master's Refreshment Services LLC	Water delivery - 04/19/2022	\$310.50
40387	McMaster-Carr Supply Co.	Hickory handle for hammer	\$22.99
40388	MISCO	Diaphragm, spacer, backup disk	\$480.02
40389	Mobile Modular Management Corp	Trailer rental - 04/12/2022-5/11/2022	\$655.15
40390	Southern California Boiler, Inc.	Provide and install gas regulator and tube burner	\$2,707.83
40391	Swains Electric Motor Service	85HP Flygt submersible pump	\$19,431.65
40392	Thomas Scientific	Class A volumetric flask 500ml	\$80.14
40392	Thomas Scientific	Self contained BI-G Stearo-105, TEF FREEZR	\$218.95
40393	Underground Service Alert	Dig alerts - May 2022	\$206.35
40393	Underground Service Alert	Board fee - May 2022	\$58.07
40394	Univar Solutions	Sodium Hypochlorite delivery - 4/22/2022	\$10,123.74
40395	USA Blue Book	Replacement cap for probes, Hach Nitrate TNT+	\$714.36
40395	USA Blue Book	Replacement screen 20 mesh	\$118.57
40395	USA Blue Book	Replacement screen 20 mesh for 1.25	\$138.45
40396	VER Sales, Inc.	Fall protection equipment	\$1,130.83
40397	Walters Wholesale Electric	Time relay	\$157.71
40398	White Cap, L.P.	Limestone sikaflex sealant	\$391.37
40398	White Cap, L.P.	Limestone Sikaflex 1csl sealant	\$65.23
40398	White Cap, L.P.	Canvas bull pin bolt	\$100.88
40399	Workforce Safety	Confined space training - 03/07/2022	\$4,335.00
40400	Yellow Mart	Boot reimbursement - J. Mills	\$216.39
40400	Yellow Mart	Boot reimbursement - M. Wiseman	\$178.33
202105105	Burrtec Waste & Recycling Svcs	Trash service - May 2022	\$239.34
202204271	Colonial Life	PR 03/18/2022 - 03/31/2022 PD 04/08/2022	\$995.33
202204271	Colonial Life	PR 04/01/2022 - 04/14/2022 PD 04/22/2022	\$995.33
202204301	Domino Solar LTD	Electricity - March 2022	\$11,270.30
202205031	Indio Water Authority	Water service - March 2022	\$2,187.35
202205032	Imperial Irrigation District	Electricity - March 2022	\$40,735.72
202205041	Verizon Wireless	Cell service - April 2022	\$983.47
202205042	Cintas Corp	First aid supplies	\$323.46
202205043	Cintas Corp	Uniforms, mats, towels, etc	\$455.76
202205043	Cintas Corp	Uniforms, mats, towels, etc	\$455.76
202205043	Cintas Corp	Uniforms, mats, towels and etc	\$492.53
202205043	Cintas Corp	Uniforms, mats, towels, and etc	\$470.25
202205061	Paychex - Direct Deposit	PR 04/15/2022 - 04/28/2022 PD 05/06/2022	\$85,044.26
202205062	Paychex - Fee	PR 04/15/2022 - 04/28/2022 PD 05/06/2022	\$184.46
202205063	Paychex - Garnishment	PR 04/15/2022 - 04/28/2022 PD 05/06/2022	\$210.46
202205064	Paychex - Tax	PR 04/15/2022 - 04/28/2022 PD 05/06/2022	\$40,249.30
202205065	CalPERS 457	PR 04/15/2022 - 04/28/2022 PD 05/06/2022	\$970.00
202205066	Vantage Point Transfer Agents - ICMA	PR 04/15/2022 - 04/28/2022 PD 05/06/2022	\$1,470.00
202205067	MassMutual	PR 04/15/2022 - 04/28/2022 PD 05/06/2022	\$10.00
202205068	Nationwide Retirement Solution	PR 04/15/2022 - 04/28/2022 PD 05/06/2022	\$1,775.00
202205069	CalPERS Retirement	PR 04/01/2022 - 04/14/2022 PD 04/22/2022	\$50.42
202205069	CalPERS Retirement	PR 04/15/2022 - 04/28/2022 PD 05/06/2022	\$21,215.33
TOTALS			\$309,586.42



**Valley Sanitary District
Board of Directors Meeting
May 10, 2022**

TO: Board of Directors

THROUGH: Beverli A. Marshall, General Manager

FROM: Jeanette Juarez, Business Services Manager

SUBJECT: **Annual Renewal of the Business Package Policy and Earthquake Policy for the Fiscal Year 2022/23 in an Amount Not to Exceed \$334,618**

<input checked="" type="checkbox"/> Board Action	<input checked="" type="checkbox"/> New Budget Approval	<input type="checkbox"/> Contract Award
<input type="checkbox"/> Board Information	<input type="checkbox"/> Existing FY Approved Budget	<input type="checkbox"/> Closed Session

Executive Summary

The purpose of this report is for the Board of Directors to delegate authority to the General Manager to negotiate and execute a contract with Desert Cornerstone Insurance Service, Inc. for the purchase of the Business Package Policy and the Earthquake Policy in an amount not to exceed \$334,618.

Strategic Plan Compliance

This item complies with VSD Strategic Plan Objective 6: Improve Planning, Administration, and Governance.

Fiscal Impact

The financial impact of \$334,618 is included in the proposed operating budget for the fiscal year 2022/23.

Background

Hugh Curtis from Desert Cornerstone Insurance Service, Inc. will present the Business Package Policy and the Earthquake Policy renewal. The 12-month coverage period is from July 1, 2022 – June 30, 2023.

The Business Package Policy includes the Property, General Liability, Management Liability, Inland Marine, Auto and Umbrella coverage. The proposed renewal for July 1, 2022 is \$138,856.

The Earthquake Policy renewal for July 1, 2022 is \$195,762.

Recommendation

Staff recommends that the Board of Directors delegate authority to the General Manager to negotiate and execute a contract with Desert Cornerstone Insurance Service, Inc. for the purchase of the Business Package Policy and the Earthquake Policy in an amount not to exceed \$334,618.

Attachments

Attachment A: Cover Letter – Desert Cornerstone Insurance Service, Inc.

Attachment B: Insurance Proposal Business Package Policy – Desert Cornerstone Insurance Service, Inc

Attachment C: Insurance Proposal Earthquake Policy – Desert Cornerstone Insurance Service, Inc

Attachment D: Cyber Security Cover Letter

April 14,2022

Valley Sanitary District
45-500 Van Buren
Indio, CA 92201

Dear Beverli and Jeanette:

The renewal Business Package policy and Earthquake policies for Valley Sanitary District renew July 1, 2022. Enclosed are the renewal quotes (the vehicle list is included in the Automobile quote) along with the Statement of Values including the Inland Marine scheduled and unscheduled coverages.

The business package renewal premium is \$138,856 and includes the Property, General Liability, Management Liability, Inland Marine, Auto and Umbrella. This is up about \$13,600 from last year due to the increase in employee count (from 32 last year to 34 this year), a 4.9% increase in field payroll, the 15.72 budget increase and an 8% program rate increase. The attached proposal breaks down the cost of each area of coverage.

The property Total Insured Value remains the same as last year at \$39,006,621 and the Inland Marine schedule remains the same as well, at \$607,275.

The primary general liability coverage has an occurrence limit of \$1,000,000 and an annual aggregate of \$3,000,000. Extension of liability limits on all policies is through an umbrella policy with limits of \$10,000,000 per occurrence and \$10,000,000 aggregate. There is no General Liability deductible. These limits may be increased upon approval by the carrier if you wish to consider increasing the umbrella.

The Earthquake is written separately, and we are providing a total \$40,000,000, which includes a \$2,000,000 Business Interruption limit. The total Earthquake premium is \$195,762 (up from \$186,990 last year, which is about 4.5%).

The renewal premium for all policies is \$334,618, which is up about 7% from last year's total cost of \$311,952 due to the above rate increases.

We will need to have the Signature Pages signed and returned before binding coverage. We are also including the invoice for renewal premium as per attached.

The pollution liability coverage is not included here, as it was renewed on March 1, 2022 and sent under separate cover via email on March 18, 2022.

Thank you for allowing us the privilege of providing this coverage for Valley Sanitary District. I will be happy to answer any questions you or the Board may have. As always, I appreciate your business and value you as a client.

Sincerely,



Hugh K. Curtis



INSURANCE PROPOSAL
Valley Sanitary District

EFFECTIVE DATE
7/1/2022

PRESENTED BY:
Desert Cornerstone Insurance Services



PROGRAM MANAGER
www.alliedpublicrisk.com
Allied Community Insurance Services, LLC
Agency License No. 733176
CA License No. 0L01269



PREMIUM SUMMARY

NOTE: This proposal is prepared from information supplied to us on the application submitted by your insurance broker. It may or may not contain all terms requested on the application. Proposed coverages are provided by the Allied Public Risk WaterPlus policy forms and are subject to the terms, exclusions, conditions and limitations of those policy forms. Actual policies should be reviewed for specific details. Specimen policies are available from your insurance broker.

PAGE	COVERAGE SECTION	PREMIUM
3-7	SECTION 1. PROPERTY (Property, Equipment Breakdown & Mobile Equipment)	\$ 42,947.00
8	SECTION 2. COMMERCIAL CRIME	\$ 1,500.00
9-10	SECTION 3. COMMERCIAL GENERAL LIABILITY	\$ 39,446.00
11	SECTION 4. PUBLIC OFFICIALS & MANAGEMENT LIABILITY (POML) (Wrongful Acts, Employment Practices, Employee Benefits, Privacy & Network Risk)	\$ 9,925.00
12	SECTION 5. BUSINESS AUTO	\$ 20,198.00
13	SECTION 6. COMMERCIAL EXCESS LIABILITY	\$ 23,717.00

	TOTAL ANNUAL PREMIUM (excludes state-imposed taxes, surcharges, and fees)	\$ 137,733.00
	TERRORISM PREMIUM	\$ 823.00
	FULLY EARNED POLICY FEE	\$ 300.00
	STATE-IMPOSED TAXES, SURCHARGES, AND FEES	\$ N/A
	TOTAL AMOUNT DUE* *Payment is due in accordance with the producer agreement.	\$ 138,856.00

NOTES:

INSURED: Valley Sanitary District
EFFECTIVE DATE: 7/1/2022

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.



SECTION 1. PROPERTY*

*IS THIS SECTION INCLUDED IN THE PROPOSAL? Yes

CARRIER:

- Allied World Assurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Special Causes of Loss
- Proprietary
- Integrated

LIMITS:

Blanket Property: (Real Property & Business Personal Property)	\$39,006,621
Blanket Coverage Extension: A separate blanket limit that applies to the following coverages: Business Income, Extended Business Income, Commandeered Property, Civil Authority, Extra Expense, Tenant Leasehold Interest, Electronic Data, Preservation of Property.	\$2,000,000
Equipment Breakdown / Boiler & Machinery:	Included
Mobile Equipment (Scheduled):	\$607,295
Mobile Equipment (unscheduled, maximum \$10,000 any one item):	\$100,000
Mobile Equipment (borrowed, rented & leased):	\$300,000
Earthquake (earth movement excluded):	N/A
Flood Zone AE:	N/A
Flood Zone X (unshaded):	N/A

DEDUCTIBLES:

\$1,000	Property
\$1,000	Mobile Equipment
\$1,000	Equipment Breakdown (aboveground & less than 50 feet belowground)
\$2,500	Equipment Breakdown (greater than 50 feet belowground)
N/A	Earthquake (earth movement excluded)
N/A	Flood Zone X (per occurrence)
N/A	Flood Zone AE ¹ (per occurrence)
N/A	Flood Zone AE ¹ (per damaged structure / per occurrence)
	¹ the greater of the deductibles will be applied
N/A	Wind/Hail ² (per occurrence)
N/A	Wind/Hail ² (per damaged structure / per occurrence)
	² the greater of the deductibles will be applied

POLICY HIGHLIGHTS:

- Blanket Policy Limits
- Blanket Coverage Extension Limits
- No Coinsurance Penalty
- Equipment Breakdown
- Broad Definition of Covered Property
- Proprietary Coverage Extensions

VALUATION:

- Replacement Cost: Real Property & Business Personal Property
- Actual Cash Value: Mobile Equipment
- Actual Loss Sustained: Loss of Income & Expenses
- Market Price: Fine Arts

INSURED: Valley Sanitary District
EFFECTIVE DATE: 7/1/2022

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.



SPECIAL COVERAGES:

- **New Locations Or Newly Constructed Property:**
Pays up to \$1,000,000 for your new real property while being built on or off described premises as well as real property you acquire, lease or operate at locations other than the described premises; and business personal property located at new premises.
- **Utility Services – Direct Damage, Business Income & Expense:**
Pays up to \$250,000 for covered property damaged by an interruption in utility service to the described premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss and does not apply to loss or damage to electronic data, including destruction or corruption of electronic data. Separate limits apply to Direct Damage and Business Income/Expense Expense.
- **Pollution Remediation Expenses:**
Pays up to \$100,000 or \$250,000 for remediation expenses resulting from a Covered Causes of Loss or Specified Cause of Loss occurring during the policy period and reported within 180 days. Covered Causes of Loss means risks of direct physical loss unless the loss is excluded or limited by the Property Coverage Form. Specified Cause of Loss means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow; ice or sleet; water damage; and equipment breakdown.
- **SCADA Upgrades:**
Pays up to \$100,000 to upgrade your scheduled SCADA system after direct physical loss from a Covered Cause of Loss. The upgrade is in addition to its replacement cost. SCADA means the Supervisory Control and Data Acquisition system used in water and wastewater treatment and distribution to monitor leaks, waterflow, water analysis, and other measurable items necessary to maintain operations.
- **Contract Penalties:**
Pays up to \$100,000 for contract penalties you are required to pay due to your failure to deliver your product according to contract terms solely as a result of direct physical loss or damage by a Covered Cause of Loss to Covered Property.
- **Contamination:**
Pays up to \$100,000 for loss or damage to covered property because of contamination as a result of a Covered Cause of Loss. Contamination means direct damage to real property and business personal property caused by contact or mixture with ammonia, chlorine, or any chemical used in the water and / or wastewater treatment process.
- **Property In Transit:**
Pays up to \$100,000 for direct physical loss or damage to covered property while in transit more than 1000 feet from the described premises. Shipments by mail must be registered for covered to apply. Electronic data processing property and fine arts are excluded.
- **Unintentional Errors:**
Pays up to \$100,000 for any unintentional error or omission you make in determining or reporting values or in describing the covered property or covered locations.



KEY DEFINITIONS

■ **Real Property:**

The buildings, items or structures described in the Declarations that you own or that you have leased or rented from others in which you have an insurable interest. This includes:

- Aboveground piping;
- Aboveground and belowground penstock;
- Additions under construction;
- Alterations and repairs to the buildings or structures;
- Buildings;
- Business personal property owned by you that is used to maintain or service the real property or structure or its premises, including fire-extinguishing equipment; outdoor furniture, floor coverings and appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- Completed additions;
- Exterior signs, meaning neon, automatic, mechanical, electric or other signs either attached to the outside of a building or structure, or standing free in the open;
- Fixtures, including outdoor fixtures;
- Glass which is part of a building or structure;
- Light standards;
- Materials, equipment, supplies and temporary structures you own or for which you are responsible, on the premises or in the open (including property inside vehicles) within 1000 feet of the premises, used for making additions, alterations or repairs to buildings or structures at the premises;
- Paved surfaces such as sidewalks, patios or parking lots;
- Permanently installed machinery and equipment;
- Permanent storage tanks;
- Solar panels;
- Submersible pumps, pump motors and engines;
- Underground piping located on or within 1000 feet of premises described in the Declarations;
- Underground vaults and machinery.

■ **Business Personal Property:**

The property you own that is used in your business including:

- Furniture and fixtures;
- Machinery and equipment;
- Computer equipment;
- Communication equipment;
- Labor materials or services furnished or arranged by you on personal property of others;
- Stock;
- Your use interest as tenant in improvements and betterments.
- Leased personal property for which you have a contractual responsibility to insure.

■ **Pollution Conditions:**

The discharge, dispersal, release, seepage, migration, or escape of any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, minerals, chemical elements and waste. Waste includes materials to be recycled, reconditioned or reclaimed.



KEY DEFINITIONS *(continued)*

■ **Remediation Expenses:**

Expenses incurred for or in connection with the investigation, monitoring, removal, disposal, treatment, or neutralization of pollution conditions to the extent required by: (1) Federal, state or local laws, regulations or statutes, or any subsequent amendments thereof enacted to address pollution conditions; and (2) a legally executed state voluntary program governing the cleanup of "pollution conditions.

■ **Outdoor Property:**

Fixed or permanent structures that are outside covered real property including but not limited to:

- Historical markers or flagpoles;
- Sirens, antennas, towers, satellite dishes, or similar structures and their associated equipment;
- Exterior signs not located at a premises;
- Fences or retaining walls;
- Storage sheds, garages, pavilions or other similar buildings or structures not located at a premises;
- Dumpsters, concrete trash containers, or permanent recycling bins;
- Hydrants; or
- Electric utility power transmission and distribution lines and related equipment owned by the insured.

■ **Equipment Breakdown:**

Direct damage to mechanical, electrical or pressure systems as follows:

- Mechanical breakdown including rupture or bursting caused by centrifugal force;
- Artificially generated electrical current, including electrical arcing, that disturbs electrical devices, appliances or wires;
- Explosion of steam boilers, steam piping, steam engines or steam turbines owned or leased by you, or operated under your control;
- Loss or damage to steam boilers, steam pipes, steam engines or steam turbines; or
- Loss or damage to hot water boilers or other water heating equipment;
- If covered electrical equipment requires drying out as a result of a flood, we will pay for the direct expenses for such drying out.
- None of the following are covered objects as respects to equipment breakdown:
 - a. Insulating or refractory material;
 - b. Buried vessel or piping;
 - c. Sewer piping, piping forming a part of a fire protection system or water piping other than:
 - (1) Feed water piping between any boiler and its feed pump or injector;
 - (2) Boiler condensate return piping; or
 - (3) Water piping forming a part of refrigerating and air conditioning vessels and piping used for cooling, humidifying or space heating purposes;
 - d. Structure, foundation, cabinet or compartment containing the object;
 - e. Power shovel, dragline, excavator, vehicle, aircraft, floating vessel or structure, penstock, draft tube or well-casing;
 - f. Conveyor, crane, elevator, escalator or hoist, but not excluding any electrical machine or electrical apparatus mounted on or used with this equipment; and
 - g. Felt, wire, screen, die, extrusion, late, swing hammer, grinding disc, cutting blade, cable chain, belt, rope, clutch late, brake pad, non-metallic part or any part or tool subject to frequent, periodic replacement.



PROPERTY SUBLIMITS:

Coverage	Limit
Accounts Receivable	\$500,000
Valuable Papers and Records	\$500,000
Contamination	\$100,000
Tools and Equipment Owned by Your Employees	\$5,000
Personal Effects and Property of Others	\$5,000
Outdoor Property (unscheduled)	\$25,000
New Locations or Newly Constructed Property	\$1,000,000
Business Personal Property at New Locations	\$1,000,000
Utility Services - Direct Damage	\$250,000
Utility Services – Business Income and Extra Expense	\$250,000
Dependent Business Premises	\$250,000
Property at Other Locations	\$250,000
Pollution Remediation Expense (specified cause of loss)	\$250,000
Pollution Remediation Expense (covered cause of loss)	\$100,000
Contract Penalties	\$100,000
SCADA Upgrades	\$100,000
Property in Transit	\$100,000
Backup/Overflow of Water from Sewer, Drain, Sump	\$100,000
Fine Arts	\$25,000
Limited Coverage for “Fungus”, Wet Rot or Dry Rot	\$25,000
Trees, Shrubs & Plants (maximum \$1,000 any one item)	\$25,000
Indoor and Outdoor Signs (unscheduled)	\$25,000
Arson Reward	\$10,000
Fire Department Service Charge	\$5,000
Non-Owned Detached Trailers	\$5,000
Cost of Inventory or Adjustment	\$5,000
Patterns, Dies, Molds, Forms	\$2,500
Fire Protection Devices	\$2,500
Debris Removal	25% of scheduled limit
Ordinance or Law Provision	25% of scheduled limit

NOTES:

Premium is calculated from attached property schedule; review property schedule for coverage and limit adequacy.

Earthquake and Flood coverages are excluded.

INSURED: Valley Sanitary District
EFFECTIVE DATE: 7/1/2022

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.



SECTION 2. COMMERCIAL CRIME*

***IS THIS SECTION INCLUDED IN THE PROPOSAL? Yes**

CARRIER:

- Allied World Assurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Proprietary
- Integrated

RATING BASIS:

- On file with underwriter
- Non auditable

LIMITS:

EMPLOYEE THEFT	FORGERY OR ALTERATION	INSIDE THE PREMISES Theft of Money and Securities	INSIDE THE PREMISES Robbery or Safe Burglary or Other Property	OUTSIDE THE PREMISES	COMPUTER FRAUD	FUNDS TRANSFER FRAUD	MONEY ORDERS & COUNTERFEIT PAPER CURRENCY
\$500,000	\$250,000	\$250,000	\$5,000	\$250,000	\$100,000	\$100,000	\$100,000

DEDUCTIBLE:

\$1,000 each claim

DESIGNATED EMPLOYEE BENEFIT PLAN(S):

POLICY HIGHLIGHTS:

- Separate Limits Apply to Each Coverage
- Coverage Extended to Directors and Authorized Volunteers
- Faithful Performance

NOTES:

INSURED: Valley Sanitary District
EFFECTIVE DATE: 7/1/2022

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.



SECTION 3. COMMERCIAL GENERAL LIABILITY *

***IS SECTION INCLUDED IN THE PROPOSAL? Yes**

CARRIER:

- Allied World Assurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Occurrence
- Proprietary

RATING BASIS:

- On file with underwriter
- Non auditable

LIMITS:

Per Occurrence	\$1,000,000
General Aggregate	\$3,000,000
Products & Completed Operations Aggregate	\$3,000,000
Personal & Advertising Injury Limit	\$1,000,000
Damage to Premises Rented to You	\$1,000,000
Medical Payments	\$10,000

DEDUCTIBLE:

N/A

POLICY HIGHLIGHTS:

- Duty to Defend
- Broad Definition of Insured
- Fellow Employee
- Per Location Aggregate
- Blanket Additional Insured Endorsement

OPTIONAL COVERAGES INCLUDED IN QUOTE:

INSURED: Valley Sanitary District
EFFECTIVE DATE: 7/1/2022

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.



SPECIAL COVERAGES:

- **Water & Wastewater Testing Errors & Omissions:**
Coverage is provided for damages arising out of an act, error or omission which arises from your water or wastewater testing.
- **Failure To Supply:**
Coverage is provided for bodily injury or property damage arising out of the failure of any insured to adequately supply water.
- **Waterborne Asbestos:**
Coverage is provided for bodily injury or property damage from waterborne asbestos arising out of potable water which is provided by you to others.
- **Contractual Liability - Railroads:**
Coverage is provided for any contract or agreement that indemnifies a railroad for bodily injury or property damage arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing.
- **Pollution:**
Coverage is provided for bodily injury or property damage which occurs or takes place as a result of your operations and arises out of the following:
 - Potable water which you supply to others;
 - Chemicals you use in your water or wastewater treatment process;
 - Natural gas or propane gas you use in your water or wastewater treatment process;
 - Urgent response for the protection of property, human life, health or safety conducted away from premises owned by or rented to or regularly occupied by you;
 - Your application of pesticide or herbicide chemicals if such application meets all standards of any statute, ordinance, regulation or license requirement of any federal, state or local government;
 - Smoke drift from controlled or prescribed burning that has been authorized and permitted by an appropriate regulatory agency.
 - Fuels, lubricants or other operating fluids needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of mobile equipment or its parts
 - Escape or back-up of sewage or waste water from any sewage treatment facility or fixed conduit or piping that you own, operate, lease, control or for which you have the right of way, but only if property damage occurs away from land you own or lease.
 - Sudden and accidental events that are neither expected nor intended by an Insured. However, no coverage is provided under this exception for petroleum underground storage tanks.

NOTES:

INSURED: Valley Sanitary District
EFFECTIVE DATE: 7/1/2022

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.



SECTION 4. PUBLIC OFFICIALS & MANAGEMENT LIABILITY *

***IS THIS SECTION INCLUDED IN THE PROPOSAL? Yes**

CARRIER:

- Allied World Assurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Occurrence

DEFENSE COSTS:

- Outside the Limits of Liability

LIMITS:

Wrongful Acts	\$1,000,000	per act
Employment Practices <i>(including third party discrimination)</i>	\$1,000,000	per offense
Employee Benefit Plans	\$1,000,000	per offense
Injunctive Relief	\$5,000	per act
	\$3,000,000	aggregate limit

PRIVACY LIABILITY AND NETWORK RISK¹:

Privacy & Network Security Wrongful Acts	\$1,000,000	per act
Breach Consultation Services	\$50,000	per act
Breach Response Services	\$50,000	per act
Public Relations & Data Forensics	\$50,000	per act

¹Coverage provided for Privacy Liability & Network Risk Coverage is issued on a claims made basis with defense inside the limit of liability. Privacy Retroactive Date: 7/1/2018. Privacy Deductible: \$1,000.

SPECIAL COVERAGES:

- Inverse Condemnation: Yes

DEDUCTIBLE

\$1,000 each claim including expenses

RETROACTIVE DATE:

POLICY HIGHLIGHTS:

- Duty To Defend
- Broad Definition of Named Insured including Past and Future Employees
- Outside Directorship
- Punitive Damages are Covered Where Insurable by Law
- No Intentional Acts, Assault & Battery or Bodily Injury Exclusions

NOTES:

INSURED: Valley Sanitary District
EFFECTIVE DATE: 7/1/2022

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.



SECTION 5. BUSINESS AUTO*

***IS THIS SECTION INCLUDED IN THE PROPOSAL? Yes**

CARRIER:

- Allied World Assurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- ISO Business Auto

PORTFOLIO:

	Symbol	Limit
Combined Single Limit for Bodily Injury & Property Damage (each accident)	1	\$1,000,000
Hired Auto Liability	8	\$1,000,000
Non-Owned Auto Liability	9	\$1,000,000
"No-Fault" or Statutory Personal Injury Protection (each person)	No Coverage	N/A
Medical Payments	2	\$5,000
Uninsured / Underinsured Motorists	2	\$1,000,000
Hired Physical Damage	8	\$50,000
Owned Physical Damage – Comprehensive	2	ACV
Owned Physical Damage – Collision	2	ACV

DEDUCTIBLE:

Liability: None
 Comprehensive: \$500
 Collision: \$500

NOTES:

Please refer to Auto terms provided for per unit coverage.

INSURED: Valley Sanitary District
EFFECTIVE DATE: 7/1/2022

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.



SECTION 6. COMMERCIAL EXCESS LIABILITY *

***IS THIS SECTION IS INCLUDED IN THE PROPOSAL? Yes**

CARRIER:

- Allied World Assurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Proprietary
- Following Form

LIMITS:

\$10,000,000 / \$10,000,000

RATING BASIS:

- On file with underwriter
- Non auditable

SCHEDULED UNDERLYING POLICIES:

Commercial General Liability - Yes

Hired and Non-Owned Auto Liability - Yes

Public Officials & Management Liability - Yes

Wrongful Acts - Yes

Employment Practices - Yes

Employee Benefit Plans - Yes

Owned Auto Liability - Yes

Employer's Liability (minimum underlying limit requirement of \$500,000 / \$500,000 / \$500,000) - No

Other:

NOTABLE EXCLUSION:

- Workers' Compensation

NOTES:

Employers' Liability subject to Allied World security requirements.

INSURED: Valley Sanitary District

EFFECTIVE DATE: 7/1/2022

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

Allied World Assurance Company Proposal

Insured	04/01/2022
Valley Sanitary -C136950	Policy: 5106-0837-08
45-500 Van Buren	FEIN: 95-2405871
Indio, CA 92201	e-mail:

Description	Renewal	Business Auto	\$20,198.00
Lock Rates Date	07/01/2022		
Effective Date	07/01/2022		
Expiration Date	07/01/2023	Total	\$20,198.00
Type of Business	Renewal		
Program Name	WaterPlus		
		Policy Surcharges and Taxes	\$28.16
		POLICY TOTAL	\$20,226.16

Policy Totals Breakdown

<u>Business Auto</u>		<u>Policy / Other</u>	
Liability	\$10,308.00	Surch / Taxes	\$28.16
Medical	\$528.00		
UM/UIM	\$1,365.00		
Other Than Coll	\$1,646.00		
Collision	\$6,117.00		
Non-Owned	\$234.00		
Total	\$20,198.00	Total	\$28.16

Policywide Surcharges and Taxes

<u>BUSINESS AUTO</u>	Premium
CA Vehicle Fee	\$28.16

Policy Information - Business Auto

Legal Entity	Other	Type of Fleet	Fleet
Liability	1,000,000	CSL Deductible	Full

Location 1 Allied World Assurance Company

45-500 Van Buren	Business Auto	\$20,198.00
Indio, CA 92201		
Riverside County	Total	\$20,198.00

Business Auto

Territory 069	Total Fleet Premium Information...
	Liability \$10,308
	UM/UIM \$1,365
	Med Pay \$528
	OTC \$1,646
	Collision \$6,117
	Non-Owned \$234
	Fleet Grand Total \$20,198

Non-Owned Auto class 6602 (26 Employees)

	Limit	Premium
Liability	1,000,000	\$234

Vehicles

Vehicle # 1 - Truck 2004 International Vactor 1HTWGADT4J026232	Vehicle Total	\$2,591
Cost New 280,135 Code 40499 Age Group 12		

	Limit	Premium
Liability	1,000,000	\$1,520
Med Payments	5,000	\$40
Un Motorist	1,000,000	\$105
	Deduct	Premium
Comprehensive	500	\$165
Collision	500	\$761

Vehicle # 2 - Truck 2009 Ford F-150 1FTRW14849FB02441	Vehicle Total	\$928
Cost New 23,000 Code 01499 Age Group 12		

	Limit	Premium
Liability	1,000,000	\$605
Med Payments	5,000	\$40
Un Motorist	1,000,000	\$105
	Deduct	Premium
Comprehensive	500	\$64
Collision	500	\$114

Vehicle # 3 - Truck-Tractor 2014 Kenworth T400 1NKBLJ0X8EJ405381	Vehicle Total	\$3,852
Cost New 413,744 Code 50499 Age Group 9		

	Limit	Premium
Liability	1,000,000	\$1,701
Med Payments	5,000	\$40
Un Motorist	1,000,000	\$105
	Deduct	Premium
Comprehensive	500	\$269
Collision	500	\$1,737

Vehicle # 4 - Truck 2014 Ford F150 1FTFW1CF7EKD33533	Vehicle Total	\$999
Cost New 26,761 Code 01499 Age Group 9		

	Limit	Premium
Liability	1,000,000	\$605
Med Payments	5,000	\$40
Un Motorist	1,000,000	\$105
	Deduct	Premium
Comprehensive	500	\$82
Collision	500	\$167

Vehicle # 5 - Truck 2014 Ford F150 1FTMF1CM7EKF39019			Vehicle Total	\$961
Cost New	20,295	Code 01499	Age Group 9	
	Limit		Premium	
Liability	1,000,000		\$605	
Med Payments	5,000		\$40	
Un Motorist	1,000,000		\$105	
	Deduct		Premium	
Comprehensive	500		\$75	
Collision	500		\$136	

Vehicle # 6 - Truck 2017 Ford Video Inspection Van 1FTXE4FS6HDC01126			Vehicle Total	\$1,500
Cost New	190,313	Code 31499	Age Group 6	
	Limit		Premium	
Liability	1,000,000		\$716	
Med Payments	5,000		\$40	
Un Motorist	1,000,000		\$105	
	Deduct		Premium	
Comprehensive	500		\$120	
Collision	500		\$519	

Vehicle # 7 - Truck 2018 Ford F-150 1FTMF1CB6JKC64364			Vehicle Total	\$1,193
Cost New	55,000	Code 01499	Age Group 5	
	Limit		Premium	
Liability	1,000,000		\$605	
Med Payments	5,000		\$40	
Un Motorist	1,000,000		\$105	
	Deduct		Premium	
Comprehensive	500		\$113	
Collision	500		\$330	

Vehicle # 8 - Truck 2017 Ford F-150 1FTMF1EP2HKD82818			Vehicle Total	\$1,140
Cost New	45,000	Code 01499	Age Group 6	
	Limit		Premium	
Liability	1,000,000		\$605	
Med Payments	5,000		\$40	
Un Motorist	1,000,000		\$105	
	Deduct		Premium	
Comprehensive	500		\$101	
Collision	500		\$289	

Vehicle # 9 - Trailer 2009 Sewer Equipment 1S9KU15129C381728			Vehicle Total	\$205
Cost New	40,855	Code 68499	Age Group 12	
	Limit		Premium	
Liability	1,000,000		\$60	
Med Payments	5,000		\$4	
	Deduct		Premium	
Comprehensive	500		\$38	
Collision	500		\$103	

Vehicle # 10 - Trailer 2018 Shorelander Trailer Boat Trailer 1MDP1AM16JA626266			Vehicle Total	\$111
Cost New	1,200	Code 68499	Age Group 5	
	Limit		Premium	
Liability	1,000,000		\$60	
Med Payments	5,000		\$4	
	Deduct		Premium	
Comprehensive	500		\$17	
Collision	500		\$30	

Vehicle # 11 - Truck 2019 Ford F-250 1FT7X2A65KEE88439			Vehicle Total	\$1,098
Cost New 40,000	Code 01499	Age Group 4		
	Limit	Premium		
Liability	1,000,000	\$605		
Med Payments	5,000	\$40		
Un Motorist	1,000,000	\$105		
	Deduct	Premium		
Comprehensive	500	\$111		
Collision	500	\$237		

Vehicle # 12 - Truck 2020 Ford F450 1FX0X4GN3LED08545			Vehicle Total	\$1,290
Cost New 56,289	Code 01499	Age Group 3		
	Limit	Premium		
Liability	1,000,000	\$605		
Med Payments	5,000	\$40		
Un Motorist	1,000,000	\$105		
	Deduct	Premium		
Comprehensive	500	\$127		
Collision	500	\$413		

Vehicle # 13 - Truck 2021 Ford F-750 1FDNF7DE2MDF00383			Vehicle Total	\$1,359
Cost New 94,709	Code 31499	Age Group 2		
	Limit	Premium		
Liability	1,000,000	\$716		
Med Payments	5,000	\$40		
Un Motorist	1,000,000	\$105		
	Deduct	Premium		
Comprehensive	500	\$104		
Collision	500	\$394		

Vehicle # 14 - Trailer 2020 Maxey Trailers 10 x 61 Welding Trailer 5R8BS1015LM072898			Vehicle Total	\$116
Cost New 2,000	Code 68499	Age Group 3		
	Limit	Premium		
Liability	1,000,000	\$60		
	Deduct	Premium		
Comprehensive	500	\$19		
Collision	500	\$37		

Vehicle # 15 - Truck 2021 Ford F-550 4x2 XL Utility 1FD0X5GNXMEC40381			Vehicle Total	\$1,331
Cost New 98,812	Code 21499	Age Group 2		
	Limit	Premium		
Liability	1,000,000	\$635		
Med Payments	5,000	\$40		
Un Motorist	1,000,000	\$105		
	Deduct	Premium		
Comprehensive	500	\$114		
Collision	500	\$437		

Vehicle # 16 - Truck 2022 Ford F-150 1FTFW1ED5NFA51976			Vehicle Total	\$1,290
Cost New 45,860	Code 01499	Age Group 1		
	Limit	Premium		
Liability	1,000,000	\$605		
Med Payments	5,000	\$40		
Un Motorist	1,000,000	\$105		
	Deduct	Premium		
Comprehensive	500	\$127		
Collision	500	\$413		



ARROWHEAD

Special Risk Division

701 B Street, Suite 2100, San Diego CA 92101

We are pleased to provide you with the following quotation. Please review it carefully. Coverages, terms and conditions may be different or more restrictive than what was requested.

Quote Date: 4/5/2022 Quote Valid Until: 6/30/2022 12:01 AM; Local time at the location of the property involved Account Number: 106465

Written request to bind is needed prior to the expiration of this quote or the quote will be considered closed

Named Insured: VALLEY SANITARY DISTRICT, INC. Term: 6/30/2022 to 6/30/2023
Mailing Address: 45-500 VAN BUREN, INDIO, CA 92201

Renewal of 92870

New Business

Layer 1 Carrier Listing:

Everest Indemnity Insurance Company	62.50%	\$25,000,000
Palomar Excess and Surplus Insurance Company	37.50%	\$15,000,000

NON ADMITTED CARRIERS - Current rating may be found at ambest.com

Perils: Earthquake only Including Earthquake, Excluding Flood, Excluding Earthquake Sprinkler Leakage
 Terrorism (TRIPRA of 2015)
 Building Ordinance: Excluded

If excess - BO coverage applies only if all underlying carriers are including with no sublimits

Layer 1: \$ 40,000,000 (100.00%) part of \$ 40,000,000 Primary
Limits apply per occurrence and in the aggregate for the following: Earthquake

Deductibles: CA EQ 10 % per Unit

Including Time Element -

Business Income

Extra Expense

Rental Value

Excluding Time Element

BI deductible if different from PD:

Minimum EQ Deductible:

\$ 50,000

EQSL:

Excluded

Flood:

Excluded

AOP:

Excluded

Terrorism:

Same as EQ

- Unit is defined as:
- a) Each Separate Building or Structure
 - b) Contents in each Separate Building or Structure
 - c) Property in the Yard
 - d) Business Income/Extra Expense

- | | | |
|-------------------|--|--|
| Property Covered: | <input checked="" type="checkbox"/> Real Property | <input checked="" type="checkbox"/> Business Personal Property |
| | <input type="checkbox"/> Hard Costs | <input type="checkbox"/> Soft Costs |
| | <input checked="" type="checkbox"/> Business Income | <input checked="" type="checkbox"/> EDP |
| | <input checked="" type="checkbox"/> Extra Expense | <input type="checkbox"/> Tenant Improvements/Betterments |
| | <input type="checkbox"/> Rental Value | <input type="checkbox"/> Stock |
| | <input type="checkbox"/> Leasehold Interests | <input checked="" type="checkbox"/> Machinery and Equipment |
| | <input type="checkbox"/> Contingent Business Income | <input type="checkbox"/> Accounts Receivable |
| | <input type="checkbox"/> Per Submission | <input type="checkbox"/> Valuable Papers |
| | <input type="checkbox"/> Fine Arts | <input checked="" type="checkbox"/> fences |
| | <input checked="" type="checkbox"/> Foundations, walls, walkways | <input type="checkbox"/> |
| | <input checked="" type="checkbox"/> underground piping3MM | |

- | | | | |
|------------|--------------------------------------|--|---|
| Valuation: | Property Damage | <input checked="" type="checkbox"/> RC | <input type="checkbox"/> ACV |
| | Time Element including Extra Expense | <input type="checkbox"/> RC | <input checked="" type="checkbox"/> ALS |

Territory/Locations: CA only per SOV on file with company dated 3/30/22

TIV: \$ 39,006,621

- Forms:**
- Company Form
 - Company Excess Follow Form (subject to review and approval of form we are to follow)
Copy of policy we are to follow must be received within 75 days of effective date or we will issue our form
 - Manuscript Form (subject to approval of final executed policy form and approval of form we are following if following form)
Manuscript form and copy of policy we are to follow must be received within 75 days of effective date or we will issue our form
- If doing Excess Follow Form or Manuscript Form, we require a complete copy of the policy we are following which is subject to approval prior to issuing our policy. Our policy will not be issued without it.**

- Exclusions:**
- Pollution (Company Form)
 - Asbestos / Contamination (Company Form)
 - Mold (Company Form)
 - Flood EQSL Theft
 - Flood - locations located in 100 year flood plain
 - Flood - locations located in 100 year flood plain, X500, X(Shaded) and B flood zones
 - Building Ordinance, Increased Cost of Construction and Demolition
 - Exclude but allow BO/ICC/Demo losses to erode the aggregate
 - Boiler and Machinery
 - Communicable Disease, Virus or Bacteria
 - Cyber Exclusion Endorsement
 - Underlying Sublimited Coverages Exclusion
 - All Risk Perils (Including Windstorm)
 - Ensuing Loss
 - War Exclusion
 - Nuclear/Radioactive/Biological and Chemical Exclusion
 - CONTRACTORS EQUIP-SCHEDULED & UNSCHED

-
- Conditions:
- Warrant All Risk Underlyer
 - Debris Removal clause (Company Form)
 - Excess Limit of Liability and Participation Clause (Company Form)
 - Drop Down
 - Statement of Values form
 -
-

PREMIUM: \$ 189,000	25% Minimum Earned
TRIPRA of 2015 Premium: \$ 94,500	Not included in premium above
Total Premium inc fees: \$ 195,762	
Catastrophe Analysis Fee: \$ 600	Fully Earned
Surplus Lines Fees: \$6,162	Fully Earned

Plus applicable SLA Taxes and Fees - broker is responsible for the calculation of these taxes and fees, payment to the appropriate SLA office and filing of the SLA form. Broker is responsible for maintaining signed insurance applications and acknowledgement of state fraud warnings.

This quote does not guarantee the addition of additional locations/coverages at the account rate or any rate. Should coverage be bound, the agreement to add additional locations/coverages is subject to carrier approval.

Quote Subject to:

Comments:

This insurance does not apply to "bodily injury", "property damage", "time element" or "personal and advertising injury" arising out of the actual or alleged transmission of a communicable disease caused by either virus or bacteria whether engineered or naturally occurring.

This quote may vary from coverage requested.

This quote is a summary of coverage and may not be all encompassing. In the event of difference, policy language will prevail. Locations covered under this policy may be subject to inspection and underwriting action may be taken if the exposure is found to be different than the submitted application.

<https://www.bbinsurance.com/ccpa-privacy-notice/>

<https://www.munichre.com/us-non-life/en/general/privacy-statement.html>

Notice Regarding Surplus Lines Filing Confirmation and TRIPRA Rejection Forms

On all accounts effective 2/1/2019 and later, we will be using DocuSign to collect Surplus Lines Filing Confirmations and TRIPRA rejection notices. These notices and forms will no longer be appended to your Quotes or Binders.

PLEASE NOTE THAT AT THE TIME OF BINDING YOU MUST ADVISE US IF THE INSURED HAS ELECTED OR REJECTED THE PURCHASE OF TRIPRA COVERAGE. BINDERS CANNOT BE SENT UNTIL THIS INFORMATION IS PROVIDED.

After your account is bound, you will receive separate emails with instructions to complete the Surplus Lines Filing confirmation and TRIPRA Rejection forms in DocuSign. You will also be able to reassign or forward the request to another party for completion.

After all documents are signed they will automatically be returned to your underwriter and no further action will be required on your part.

Schedule of Applicable Fees

Catastrophe Analysis Fee \$ 600

Everest Indemnity Insurance Company - \$ 300.00
Palomar Excess and Surplus Insurance Company - \$ 300.00

Inspection Fee \$ 0

Not Applicable

April 19, 2022

Valley Sanitary District
45-500 Van Buren
Indio, CA 92201

Dear Beverli and Jeanette:

After many delays trying to establish coverage parameters and to build the best product available, Allied Public Risk has finalized a Cyber Security insurance product with Lloyds of London. This is very broad coverage, and it has taken a year to get it negotiated and approved through the best Lloyds syndicate available. I am including a copy of Paul Fuller's email outlining the scope of coverages which I feel the Board should consider.

The anticipated annual premium for a \$1,000,000 limit will be approximately \$10,000. Additional \$1,000,000 layers would be about \$2,000. This number is based on the information that we submitted in February.

Paul will be able to start releasing quotes as of May 1, 2022, and we can get this quote firmed up by then, but I wanted you to have a "ballpark" price for consideration in the meantime.

As you can see from Paul's email, coverages and enhancements include the following:

- Data Liability & Network Security
- Cyber Extortion & Terrorism
- Ransomware & Malware
- Data Restoration & Forensics
- Public Relations & Crisis Management
- Funds Transfer Fraud
- Third Party Funds Theft
- Duty to Defend
- Inclusion of Employee-Owned Devices

You can review the requirements per Paul's indication but based on the application you submitted it appears that you qualify for this program with the changes you have made in your internal internet security.

Hopefully you can get this in the Board packet for the Directors' review, and we can discuss it next Tuesday at the Board meeting.

Sincerely,



Hugh K. Curtis



**Valley Sanitary District
Board of Directors Meeting
May 10, 2022**

TO: Board of Directors
FROM: Beverli A. Marshall, General Manager
THROUGH: Jeanette Juarez, Business Services Manager
SUBJECT: **Resolution 2022-1160 Authorizing the Execution and Delivery of An Installment Sales Agreement and Escrow Agreement with Banc of America Public Capital Corp**

<input checked="" type="checkbox"/> Board Action	<input checked="" type="checkbox"/> New Budget Approval	<input type="checkbox"/> Contract Award
<input type="checkbox"/> Board Information	<input type="checkbox"/> Existing FY Approved Budget	<input type="checkbox"/> Closed Session

Executive Summary

The purpose of this report is for the Board of Directors to review and authorize the execution and delivery of an installment sales agreement and escrow agreement with Banc of America Public Capital Corp.

Strategic Plan Compliance

This item complies with VSD Strategic Plan Objective 3.1: Facilities are managed using comprehensive long-range plans that are integrated with the financial plan.

Fiscal Impact

The proceeds of the financing are expected to be delivered in the amount of \$71,000,000, with the resolution authorizing a not-to-exceed amount of \$75,000,000

Background

The District is moving forward with the financing of its Recycled Water Project – Phase 1 (the “Project”), which is a capital improvement project of high priority for the District. The Project will replace an aging and capacity-restricting grit chamber and provide redundancy by adding a second digester and expanding the bar screens. The Project will also include adding a sludge thickener unit.

The Board of Directors has reviewed this item, including the financing therefore, at its regular meetings on January 25, 2022, and March 8, 2022. After reviewing several options for financing, the Board of Directors determined that delivery of an installment sales agreement with Bank of America was the best option and authorized the General

Manager to execute a financing proposal from Bank of America to lock in an interest rate for the financing.

The Board of Directors has before it at this meeting a resolution (the "Resolution") authorizing the execution and delivery of an Installment Sales Agreement and Escrow Agreement (together, the "Financing Documents") with Banc of America Public Capital Corp (the "Bank"), the forms of which are attached thereto, and related documents and actions for the financing of the Project. The proceeds of the financing are expected to deliver in the amount of \$71,000,000, with the resolution authorizing a not-to-exceed amount of \$75,000,000. Certain good faith estimates of the financing, as required by Government Code Section 5852.1, have been provided by the Bank and are disclosed in Exhibit A to the Resolution.

The legal structure of the financing requires the District to acquire the improvements to the system in connection with the Project. In exchange for the financing amount from the Bank, the District will enter into the Financing Documents, under which it is required to pay installment payments to the Bank.

General Summary of Security: The Installment Sales Agreement is the instrument under which the District makes installment payments to the Bank. The financing is secured by the net revenues of the District, which consist of gross revenues received from the system, less the amount of maintenance and operation costs of the system. The financing will be on parity with the District's existing debt obligations.

Recommendation

It is recommended that the Board of Directors approve the Resolution and Financing Documents. The Board of Directors has the option to either approve the financing via the Resolution or determine not to move forward with the financing of the Project. Should the Board of Directors determine not to approve the Resolution, the District will lose the rate lock for the financing that is secured by the executed financing proposal with the Bank. In such an event, the staff would like to seek authorization to revisit financing options and the scope and phasing of the Project.

Attachments

- Attachment A Resolution 2022-1160 authorizing the execution and delivery of an Installment Sales Agreement and Escrow Agreement with Banc of America Public Capital Corp
- Attachment B Installment Sale Agreement
- Attachment C Escrow Agreement

RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY SANITARY DISTRICT, AUTHORIZING THE EXECUTION AND DELIVERY OF AN INSTALLMENT SALE AGREEMENT WITH RESPECT TO THE ACQUISITION, FINANCING AND PURCHASE OF CERTAIN EQUIPMENT FOR THE PUBLIC BENEFIT WITHIN THE TERMS PROVIDED HEREIN; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION.

WHEREAS, the Valley Sanitary District (the "*District*"), a sanitary district duly organized and existing under the laws of the State of California (the "*State*"), is authorized by the laws of the State to acquire, finance, and purchase personal property for the benefit of the District and its inhabitants and to enter into contracts with respect thereto; and

WHEREAS, the District desires to acquire, finance, and purchase certain equipment with a cost not to exceed \$75,000,000 constituting personal property necessary for the District to perform essential governmental functions (the "*Equipment*"); and

WHEREAS, in order to acquire such Equipment, the District proposes to enter into that certain Installment Sale Agreement (the "*Agreement*") with Banc of America Public Capital Corp (or one of its affiliates), as lessor, (the "*Seller*" or "*Bank*"), the form of which has been presented to the governing body of the District at this meeting; and

WHEREAS, the District desires to pledge its net revenues for the repayment of all installment payments payable under the Agreement on a parity basis with (a) the Valley Sanitary District Wastewater Revenue Refunding Bonds, Series 2015, (b) the Installment Service Agreement (No. D16-01003) dated May 27, 2016, by and between the State Water Resources Control Board and the District, as supplemented and amended, and (c) all other bonds, notes or other obligations (including without limitation long-term contracts, loans, sub-leases or other legal financing arrangements) of the District issued in accordance with the terms of the Agreement and payable from and secured by a pledge of and lien upon any of the net revenues of the District (collectively, "*Parity Obligations*"); and

WHEREAS, Banc of America Public Capital Corp or its affiliate has offered to enter into that certain Escrow and Account Control Agreement (the "*Escrow Agreement*," and, together with the Agreement, the "*Financing Agreements*"), with the District and Bank of America, National Association, as escrow agent, under terms which are beneficial to the District; and

WHEREAS, Section 5852.1 of the Government Code of the State of California ("Section 5852.1") provides that the District obtain from an underwriter, financial advisor, or private lender and disclose, in a meeting open to the public, prior to authorization of the issuance of the obligation, good faith estimates of: (a) the true interest cost of the obligation, (b) the finance charge of the obligation, meaning the sum of all fees and charges paid to third parties, (c) the amount of

proceeds of the obligation received less the finance charge described above and any reserves or capitalized interest paid or funded with proceeds of the obligation, and (d) the sum total of all debt service payments on the obligation calculated to the final maturity of the obligation plus the fees and charges paid to third parties not paid with the proceeds of the obligation; and

WHEREAS, in accordance with Government Code Section 5852.1, the District has obtained such good faith estimates from the Bank and such estimates are disclosed in Exhibit A attached hereto; and

WHEREAS, the District, pursuant to Government Code Section 8855, has adopted a debt policy and the Agreement is in compliance with such policy; and

WHEREAS, the governing body of the District deems it for the benefit of the District and for the efficient and effective administration thereof to enter into the Agreement and the other documentation relating to the acquisition, financing and leasing of the Equipment to be therein described on the terms and conditions therein and herein provided.

NOW THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the Valley Sanitary District as follows:

Section 1. Findings and Determinations. It is hereby found and determined that the terms of the Financing Agreements, in the form presented to the governing body of the District at this meeting, are in the best interests of the District for the acquisition, financing and purchase of the Equipment. All installment payments and other obligations of the District under the Financing Agreements shall be secured by a lien on and pledge of the District's Revenue Fund and Enterprise Fund and all net revenues of the District on a parity with all Parity Obligations.

Section 2. Approval of Documents. The form, terms, and provisions of the Financing Agreements are hereby approved in substantially the forms presented at this meeting, with such insertions, omissions and changes as shall be approved by the President of the Board of Directors, General Manager or Business Services Manager of the District or other members of the governing body of the District executing the same (the "*Authorized Officers*"), with such changes therein, deletions therefrom and additions thereto as may be approved by such Authorized Officers, the execution of such documents being conclusive evidence of such approval. The Authorized Officers are hereby each, acting alone, authorized and directed to execute, and the Clerk of the Board of Directors of the District (the "*Clerk*") is hereby authorized and directed to attest to, the Financing Agreements and any related exhibits attached thereto and to deliver the Financing Agreements (including such exhibits) to the respective parties thereto, and the Clerk is hereby authorized to affix the seal of the District to such documents.

Section 3. Other Actions Authorized. The officers and employees of the District shall take all action necessary or reasonably required by the parties to the Financing Agreements to carry out, give effect to, and consummate the transactions contemplated thereby. The Authorized Officers are hereby each, acting alone, authorized and directed in the name of the District to do and cause to be done any and all acts and to execute and deliver any documents or agreements necessary to accomplish the delivery of the Financing Agreements, including, without limitation, the execution and delivery of a final acceptance certificate, an escrow agreement, disbursement

requests and any tax certificate, as contemplated in the Financing Agreements, and to take all action necessary in conformity therewith, including, without limitation, the execution and delivery of any closing and other documents required to be delivered in connection with the Financing Agreements. Such actions heretofore taken by such officials and staff are hereby ratified, confirmed, and approved.

Section 4. No General Liability. Nothing contained in this Resolution, the Agreement, any escrow agreement nor any other instrument shall be construed with respect to the District as incurring a pecuniary liability or charge upon the general credit of the District or against its taxing power, nor shall the breach of any agreement contained in this Resolution, the Agreement, any escrow agreement or any other instrument or document executed in connection therewith impose any pecuniary liability upon the District or any charge upon its general credit or against its taxing power, except to the extent that the payments payable under the Agreement are limited obligations of the District, as provided in the Agreement.

Section 5. Appointment of Authorized Lessee Representatives. The President of the Board of Directors, General Manager and Business Services Manager of the District are each hereby designated to act as Authorized Officers of the District for purposes of the Financing Agreements, any escrow agreement, and all other related documents until such time as the governing body of the District shall designate any other or different authorized representative for such purposes.

Section 6. Severability. If any section, paragraph, clause, or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 7. Repealer. All bylaws, orders and resolutions or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency with respect to this Resolution. This repealer shall not be construed as reviving any bylaw, order, resolution or ordinance or part thereof.

Section 8. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

The foregoing Resolution is **PASSED AND ADOPTED** by the Board of Directors of the Valley Sanitary District this 10th day of May, 2022, by the following vote:

AYES: _____

NOES: _____

ABSTAIN: _____

ABSENT: _____

Scott Sear,
President of the Board of Directors

ATTEST:

Dennis Coleman,
Secretary/Treasurer

EXHIBIT A

GOOD FAITH ESTIMATES

Set forth below are good faith estimates have been provided by the Bank, as required under Section 5852.1 of the California Government Code (the "Code") for the Installment Sale Agreement (the "Agreement") to finance the acquisition, construction, installation and equipping of certain improvements of the District. The following estimates have no bearing on, and should not be misconstrued as, any not-to-exceed financial parameters authorized by the Resolution.

- (a) The good faith estimate of the true interest cost of the installment payments under the Agreement is 2.7551%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.
- (b) The good faith estimate of the finance charge of the Agreement, including all fees and charges paid to third parties, is \$35,000.
- (c) The good faith estimate of the amount of proceeds of the Agreement received by the District, less the finance charges set forth in (b) above, and any reserves or capitalized interest paid or funded with proceeds of the Agreement, is \$70,965,000.
- (d) The good faith estimate of the total payment amount, calculated as provided in Section 5852.1(a)(1)(D) of the Code, is \$93,748,506.

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

**INSTALLMENT SALE AGREEMENT
(ESCROW ACCOUNT)**

This Installment Sale Agreement (this “*Agreement*”) dated as of May 13, 2022, and entered into by and between Banc of America Public Capital Corp, a Kansas corporation (together with its successors, assigns and transferees, and as more particularly defined herein, “*Seller*”), and Valley Sanitary District, a sanitary district existing under the laws of the State of California (“*District*”).

WITNESSETH:

WHEREAS, District desires to acquire and purchase from Seller certain Equipment (as such term is defined herein), subject to the terms and conditions hereof; and,

WHEREAS, District is authorized under the constitution and laws of the State (as such term is defined herein) to enter into this Agreement for the purposes set forth herein;

NOW, THEREFORE, for good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, and in consideration of the premises hereinafter contained, the parties hereby agree as follows:

ARTICLE I

Section 1.01. Definitions. The following terms will have the meanings indicated below unless the context clearly requires otherwise:

“*Acquisition Amount*” means \$71,000,000.00. The Acquisition Amount is the amount represented by District to be sufficient, together with other funds of District (if any) that are legally available for the purpose of designing, acquiring and installing the Equipment.

“*Acquisition Period*” means the period ending five (5) business days prior to April 27, 2025.

“*Agreement*” means this Installment Sale Agreement, including the exhibits hereto, together with any amendments and modifications to this Agreement pursuant to Section 13.04.

“*Charges*” means fees, assessments, rates and charges prescribed by the Board of Directors of the District for the services and facilities of the Wastewater System furnished by the District.¹

“*Code*” means the Internal Revenue Code of 1986, as amended. Each reference to a Section of the Code herein shall be deemed to include the relevant United States Treasury Regulations proposed or in effect thereunder.

¹ 2015 OS

“*Commencement Date*” means the date when District’s obligation to pay Installment Payments commences hereunder, which shall be the date on which the Acquisition Amount is deposited with the Escrow Agent.

“*Contract Rate*” means the rate identified as such in the Payment Schedule.

“*Costs of Issuance*” means the costs of executing and delivering this Agreement, including legal fees.

“*Debt Service*” means, during any period of computation, the amount obtained for such period by totaling the following amounts: (a) the principal amount of all outstanding Parity Obligations payable by their terms in such period and scheduled to be paid or redeemed by operation of mandatory sinking fund installments or amortizations in such period; and (b) the interest which would be due during such period on the aggregate principal amount of Parity Obligations which would be outstanding in such period if the Parity Obligations are paid or redeemed as scheduled; *provided that* with respect to the issuance of additional Subordinate Obligations, Debt Service shall include all debt service payable on all System Obligations for such period of computation.²

“*Default*” means an event which with the passage of time or the giving of notice or both would constitute an Event of Default.

“*Disbursement Request*” means the disbursement request attached to the Escrow Agreement as Schedule 1 and made a part thereof.

“*District*” means the entity referred to as District in the first paragraph of this Agreement.

“*Enterprise Fund*” or “*Revenue Fund*” means the enterprise fund of the District in which Gross Revenues are deposited and held in trust (also known as the Enterprise Fund under the 2016 ISA and the Revenue Fund under the Indenture).³

“*Equipment*” means the equipment, fixtures and other goods and property listed in the Equipment Schedule and all replacements, repairs, restorations, modifications and improvements thereof or thereto made pursuant to Article V or Section 8.01. Whenever reference is made in this Agreement to Equipment, such reference shall be deemed to include all such replacements, repairs, restorations, modifications and improvements of or to such Equipment.

² Compare with definition from 2015 OS: “*Debt Service*” means, during any period of computation, the amount obtained for such period by totaling the following amounts: (a) The principal amount of all Outstanding Serial Bonds payable by their terms in such period; (b) The principal amount of all Outstanding Term Bonds scheduled to be paid or redeemed by operation of mandatory Sinking Fund Installments in such period; and (c) The interest which would be due during such period on the aggregate principal amount of Bonds which would be Outstanding in such period if the Bonds are paid or redeemed as scheduled.

³ “Enterprise Fund” in 2016 ISA; “Revenue Fund” in 2015 OS.

“*Equipment Costs*” means the total cost of the Equipment, including related soft costs such as freight, installation and taxes and other capitalizable costs, and other costs incurred in connection with the acquisition, installation and/or financing of the Equipment.

“*Equipment Schedule*” means the Equipment Schedule attached hereto as *Exhibit A* and made a part hereof, as such Equipment Schedule may be amended in connection with a Vendor Agreement with a Vendor approved by Seller pursuant to Section 3.05 hereof.

“*Escrow Account*” means the account established and held by the Escrow Agent pursuant to the Escrow Agreement.

“*Escrow Agent*” means the Escrow Agent identified in the Escrow Agreement, and its successors and assigns.

“*Escrow Agreement*” means the Escrow and Account Control Agreement in form and substance acceptable to and executed by District, Seller and the Escrow Agent, pursuant to which the Escrow Account is established and administered.

“*Event of Default*” means an Event of Default described in Section 12.01.

“*Existing Parity Obligations*” means, as of the Commencement Date, the 2015 Bonds, the 2016 ISA and this Agreement.

“*Fiscal Year*” means the period commencing on July 1 of each year and terminating on the next succeeding June 30.⁴

“*Gross Revenues*” means for any period of computation, all gross charges received for, and all other gross income and revenues derived by the District from, the ownership or operation of the System or otherwise arising from the System during such period, including but not limited to (a) all Charges received by the District for use of the System, (b) all receipts derived from the investment of funds held by the District or the Trustee under the Indenture, (c) transfers from (but exclusive of any transfers to) any rate stabilization reserve accounts, (d) property tax to the extent permitted by law and (e) all moneys received by the District from other public entities whose inhabitants are served pursuant to contracts with the District⁵; and includes, without limitation, for each Fiscal Year, all gross income and revenue received or receivable by the District 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 District for the services of the System, and all other income and revenue howsoever derived by the District 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

4 From 2015 OS

5 From 2015 OS

District or held on the District's behalf, and any refundable deposits made to establish credit, and advances or contributions in aid of construction⁶.

"Improvement" means any addition, extension, improvement, equipment, machinery or other facilities to or for the Wastewater System.⁷

"Indenture" means the Indenture dated as of June 1, 2015 by and between the District and the Trustee in connection with the issuance of the 2015 Bonds, as it may from time to time be supplemented, modified or amended by any Parity Obligations Instrument pursuant to the provisions hereof.

"Independent Certified Public Accountant" means any certified public accountant or firm of such accountants appointed and paid by the District, and who, or each of whom: (a) is in fact independent and not under domination of the District; (b) does not have any substantial identity of interest, direct or indirect, with the District; and (c) is not and no member of which is connected with the District as an officer or employee of the District, but who may be regularly retained to make annual or other audits of the books of or reports to the District.⁸

"Independent Consultant" means any financial or engineering consultant (including without limitation any Independent Certified Public Accountant) with an established reputation in the field of municipal finance or firm of such consultants appointed and paid by the District, and who, or each of whom: (a) is in fact independent and not under domination of the District; (b) does not have any substantial identity of interest, direct or indirect, with the District; and (c) is not and no member of which is connected with the District as an officer or employee of the District, but who may be regularly retained to make annual or other audits of the books of or reports to the District.⁹

"Installment Payment Date" means each date on which District is required to make an Installment Payment under this Agreement as specified in the Payment Schedule.

"Installment Payments" means the Installment Payments payable by District on the Installment Payment Dates and in the amounts as specified in the Payment Schedule, consisting of a principal component and an interest component, and in all cases sufficient to repay such principal component and interest thereon at the applicable Contract Rate (or Taxable Rate if then in effect).

"Lien" means any lien (statutory or otherwise), security interest, mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, encumbrance, preference, priority or other security or preferential arrangement of any kind or nature whatsoever (including, without

⁶ This is the definition of "Revenues" from 2016 ISA

⁷ From 2016 ISA

⁸ From 2016 ISA

⁹ From 2016 ISA

limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing and the filing of any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction).

“*Listed Event*” means, so long as the District has outstanding any System Obligation subject to Rule 15c2-12, any of the events required to be reported pursuant to Rule 15c2-12(b)(5).¹⁰

“*Material Adverse Change*” means any change in District’s creditworthiness that could have a material adverse effect on (i) the financial condition or operations of District, or (ii) District’s ability to perform its obligations under this Agreement.

“*Material Event*” means any event that might cause the State Water Board to violate the terms and conditions of its agreements with USEPA or its bond covenants, including any of the following: (a) revenue shortfalls; (b) unscheduled draws on a reserve fund, if any, or the Enterprise Fund; (c) substitution of insurers, or their failure to perform; (d) adverse findings by the Regional Water Quality Control Board; (e) litigation related to the Revenues, the System, or the Equipment, whether pending or anticipated; (f) any false warranty or representation made by the District relevant to this Agreement; (g) loss, theft, damage, or impairment to the Revenues or the System; (h) seizure of, or levy on any collateral securing this Agreement; (i) dissolution or cessation of operations by the District, termination of District’s existence, insolvency of District, or filing of a voluntary or involuntary bankruptcy petition by or on behalf of District; (j) any event set forth in section 2.01(ii) of this Agreement.¹¹

“*Maximum Annual Debt Service*” means, as of the date of calculation, the maximum amount of Debt Service for the current or any future Fiscal Year.¹²

“*Net Revenues*” means, for any Fiscal Year (or other period of computation, as the case may be), the amount of the Gross Revenues received from the Wastewater System during such period, less the amount of O&M Costs of the Wastewater System becoming payable during such period.

“*O&M Costs*” means, the reasonable and necessary costs spent or incurred by the District for maintaining and operating the Wastewater System, calculated in accordance with sound accounting principles, including the cost of supply of water, gas and electric energy under contracts or otherwise, the funding of reasonable reserves, and all reasonable and necessary expenses of management and repair and other expenses to maintain and preserve the Wastewater System in good repair and working order, and including all reasonable and necessary administrative costs of the District attributable to the Wastewater System and this Agreement, such as salaries and wages and the necessary contribution to retirement of employees, overhead, insurance, taxes (if any),

10 Definition is from 2016 Installment Sale Agreement.

11 Definition is from 2016 Installment Sale Agreement.

12 From 2016 ISA

expenses, compensation and indemnification of the Seller, and fees of auditors, accountants, attorneys or engineers, and including all other reasonable and necessary costs of the District or charges required to be paid by it to comply with the terms of the Parity Obligations Instruments, but excluding depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature¹³, and includes, without duplication, the reasonable and necessary costs paid or incurred by the District 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 District 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 intangibles¹⁴.

“*Outstanding Balance*” means the amount that is shown for each Installment Payment Date under the column titled “Outstanding Balance” on the Payment Schedule.

“*Parity Interest Payment Date*” means, with respect to any Parity Obligations, any date on which interest is due and payable thereon as established under the applicable Parity Obligations Instrument, and continuing so long as any Parity Obligations remain outstanding.¹⁵

“*Parity Principal Installment*” means, with respect to any particular Parity Principal Payment Date, an amount equal to the aggregate principal amount of Parity Obligations payable on such Parity Principal Payment Date as determined by the applicable Parity Obligations Instrument.¹⁶

“*Parity Principal Payment Date*” means, with respect to any Parity Obligations, any date on which principal thereof is due and payable as established under the applicable Parity Obligations Instrument, and continuing so long as any Parity Obligations remain outstanding.

“*Parity Obligations*” means all bonds, notes or other obligations (including without limitation long-term contracts, loans, sub-leases or other legal financing arrangements) of the

13 Definition is from 2015 Official Statement (but I've deleted reference to Trustee and the Indenture).

14 Definition is from 2016 Installment Sale Agreement.

15 Compare with definition of “Interest Payment Date” from 2015 Official Statement: “*Interest Payment Date*” means, with respect to the Bonds, June 1 and December 1 in each year, beginning December 1, 2015, and with respect to any Parity Bonds, any date on which interest is due and payable thereon, and continuing so long as any Bonds or Parity Bonds remain Outstanding.

16 Compare with definition of “Principal Installment” from 2015 Official Statement: “*Principal Installment*” means, with respect to any particular Principal Payment Date, an amount equal to the aggregate principal amount of Outstanding Serial Bonds payable on such Principal Payment Date as determined by the applicable Parity Bonds Instrument.

District payable from and secured by a pledge of and lien upon any of the Net Revenues issued or incurred pursuant to any Parity Obligations Instrument.¹⁷

“*Parity Obligations Instrument*” means the resolution, trust indenture or installment sale agreement or other instrument, adopted, entered into or executed and delivered by the District, and under which Parity Obligations are issued, and includes without limitation, this Agreement, the Indenture and the 2016 ISA, as supplemented and amended.¹⁸

“*Payment Schedule*” means the Payment Schedule attached hereto as *Exhibit B* and made a part hereof.

“*Permitted Preliminary Expenditures*” means design, architectural, engineering, surveying, soil testing, Costs of Issuance and similar costs that are incurred prior to commencement of acquisition, installation, construction of the Equipment (excluding any costs related to land acquisition, site preparation and similar costs incident to commencement of construction), in an aggregate amount that does not exceed 10% of the Acquisition Amount (or such higher amount with the prior written consent of the Seller, which shall not be unreasonably withheld).

“*Permitted Preliminary Expenditures Limit*” means \$7,100,000 (which is 10% of the Acquisition Amount) or such higher amount with the prior written consent of the Seller, which shall not be unreasonably withheld.

“*Prepayment Price*” means the amount that is shown for each Installment Payment Date under the column titled “Prepayment Price” on the Payment Schedule.

“*Principal Portion*” means the amount that is shown for each Installment Payment Date under the column titled “Principal Portion” on the Payment Schedule.

“*Related Documents*” means this Agreement, the Escrow Agreement and the Vendor Agreement, each as may be amended and supplemented.

“*Revenues*” means Gross Revenues and/or Net Revenues.

¹⁷ 2015 Official Statement calls this: “*Parity Bonds*” means all bonds, notes or other obligations (including without limitation long-term contracts, loans, sub-leases or other legal financing arrangements) of the District payable from and secured by a pledge of and lien upon any of the Net Revenues issued or incurred pursuant to the Indenture.

The 2016 ISA calls this: “*Material Obligations*” means any senior or parity obligation of the District payable from Revenues as identified as of the date of this Agreement in Exhibit F, this Agreement, and such additional obligations as may hereafter be issued in accordance with the provisions of such obligations and this Agreement.

¹⁸ Compare with “*Parity Bonds Instrument*” from 2015 Official Statement: “*Parity Bonds Instrument*” means the resolution, trust indenture or installment sale agreement adopted, entered into or executed and delivered by the District, and under which Parity Bonds are issued.

“*Sale Proceeds*” means the Acquisition Amount plus amounts constructively received from the sale of this Agreement to Seller, including amounts derived from the sale of any right that is part of the terms of this Agreement or is otherwise associated with this Agreement.

“*Scheduled Term*” means the period from the Commencement Date until all Installment Payments and other amounts payable under this Agreement are paid in full.

“*SEC*” means the U.S. Securities and Exchange Commission.

“*Seller*” means (a) the entity referred to as Seller in the first paragraph of this Agreement and its successors or (b) any assignee or transferee of any right, title or interest of Seller in and to this Agreement pursuant to Section 11.01 hereof, including the right, title and interest of Seller in and to the Equipment, the Installment Payments and other amounts due hereunder, the Escrow Agreement and Escrow Account and other Collateral, but does not include any entity solely by reason of that entity retaining or assuming any obligation of Seller to perform hereunder.

“*Subordinate Obligations*” means all bonds, notes or other obligations (including without limitation long-term contracts, loans, sub-leases or other legal financing arrangements) of the District payable from and secured by a pledge of and lien upon any of the Net Revenues, subordinate to the pledge of Net Revenues to pay this Agreement and any other Parity Obligations.¹⁹

“*Subordinate Obligations Instrument*” means the resolution, trust indenture or installment sale agreement adopted, entered into or executed and delivered by the District, and under which Subordinate Obligations are issued.²⁰

“*Special Counsel*” means Best & Krieger LLP.

“*State*” means the State of California.

“*System*” or “*Wastewater System*” means all wastewater collection, pumping, transport, treatment, storage, and disposal facilities, including land and easements thereof, owned by the District, including the Equipment, and all other properties, structures, or works hereafter acquired and constructed by the District and determined to be a part of the System, together with all additions, betterments, extensions, or improvements to such facilities, properties, structures, or

¹⁹ Compare with definition of “Subordinate Bonds” in 2015 Official Statement: “*Subordinate Bonds*” means all bonds, notes or other obligations (including without limitation long-term contracts, loans, sub-leases or other legal financing arrangements) of the District payable from and secured by a pledge of and lien upon any of the Net Revenues, subordinate to the pledge of Net Revenues to pay the Bonds and any Parity Debt.

²⁰ Compare with definition of “*Subordinate Bonds Instrument*” in 2015 Official Statement: “*Subordinate Bonds Instrument*” means the resolution, trust indenture or installment sale agreement adopted, entered into or executed and delivered by the District, and under which Subordinate Bonds are issued.

works, or any part thereof hereafter acquired and constructed,²¹ including, without limitation, the existing wastewater system of the District, comprising all facilities for the collection, treatment and removal of wastewater for the residential, commercial and industrial consumers of the District²².

“*System Obligation*” means any long-term obligation of the District payable from the Enterprise Fund, including this Agreement and all other Parity Obligations and Subordinate Obligations.²³

“*Taxable Rate*” means, for each day that the interest component of Installment Payments is taxable for Federal income tax purposes, an interest rate equal to the Contract Rate plus a rate sufficient such that the total interest to be paid on any Installment Payment Date would, after such interest was reduced by the amount of any Federal, state or local income tax (including any interest, penalties or additions to tax) actually imposed thereon, equal the amount of interest otherwise due to Seller.

“*Trustee*” means The Bank of New York Mellon Trust Company, N.A. as the trustee for the 2015 Bonds, and any successor trustee.

“*2015 Bonds*” means the Valley Sanitary District Wastewater Revenue Refunding Bonds, Series 2015.

“*2016 ISA*” the Installment Service Agreement (No. D16-01003) dated May 27, 2016 between the State Water Resources Control Board and the District, as supplemented and amended.

“*Vendor*” means the manufacturer, installer or supplier of the Equipment or any other person who assists the District in designing or identifying the Equipment as well as the agents or dealers of the manufacturer, installer or supplier with whom District arranged District’s acquisition, installation, maintenance and/or servicing of the Equipment.

“*Vendor Agreement*” means any contract entered into by District and any Vendor for the acquisition, installation, maintenance and/or servicing of the Equipment.

21 Definition is from 2016 Installment Sale Agreement.

22 Definition is from 2015 Official Statement (but I’ve replaced references to Bonds with this Agreement).

23 Compare with definition of “System Obligation” from 2016 Installment Sale Agreement: “*System Obligation*” means any long-term obligation of the Buyer payable from the Enterprise Fund, including this Obligation and obligations reflected in Exhibit F hereto.

ARTICLE II

Section 2.01. Representations and Covenants of the District. The District represents, covenants and warrants for the benefit of Seller on the date hereof as follows:

(a) The District is a political subdivision of the State, duly organized and existing and in good standing under the constitution and laws of the State, with full power and authority to enter into the Related Documents and the transactions contemplated thereby and to perform all of its obligations thereunder and will remain so during the term of the Related Documents.

(b) The District has duly authorized the execution and delivery of the Related Documents by proper action of its governing body at a meeting duly called, regularly convened and attended throughout by the requisite quorum of the members thereof, or by other appropriate official approval, and all requirements have been met and procedures have occurred in order to ensure the validity and enforceability of the Related Documents.

(c) No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default exists at the date hereof. 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 District. As of the date set forth on the first page hereof, District is solvent and will not be rendered insolvent by the transactions contemplated by this Agreement. District is able to pay its debts as they become due.

(d) The District will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a sanitary district of the State. District shall at all times maintain its current legal existence and preserve and keep in full force and effect its legal rights and authority. District shall maintain its eligibility for funding under this Agreement for the term of this Agreement.

(e) The District has complied with such procurement and public bidding requirements as may be applicable to this Agreement and the Escrow Agreement. The District will comply with all procurement and public bidding requirements as may be applicable to each Vendor Agreement and the acquisition and installation by the District of the Equipment.

(f) During the Scheduled Term, the Equipment will be used by the District only for the purpose of performing essential governmental or proprietary functions of the District consistent with the permissible scope of the District's authority. The District does not intend to sell or otherwise dispose of the Equipment or any interest therein prior to the last Installment Payment scheduled to be paid hereunder.

(g) The District has kept, and throughout the Scheduled Term shall keep, its books and records in accordance with generally accepted accounting principles and practices consistently applied, and shall deliver to Seller (i) annual audited financial

statements (including (1) a balance sheet, (2) statement of revenues, expenses and changes in fund balances for budget and actual, (3) statement of cash flows, and (4) footnotes, schedules and attachments to the financial statements) within two hundred seventy (270) days after the end of its fiscal year, (ii) such other financial statements and information as Seller may reasonably request, and (iii) upon Seller's request, its annual budget for any prior or current fiscal year or for the following fiscal year when approved but not later than thirty (30) days prior to the end of its current fiscal year. The financial statements described in this subsection (g)(i) shall be accompanied by an unqualified opinion of District's independent auditor. Credit information relating to District may be disseminated among Seller and any of its affiliates and any of their respective successors and assigns.

(h) The District has an immediate need for the Equipment and expects to make immediate use of the Equipment. The District's need for the Equipment is not temporary and the District does not expect the need for any item of the Equipment to diminish during the Scheduled Term.

(i) The payment of the Installment Payments or any portion thereof is not (under the terms of this Agreement or any underlying arrangement) directly or indirectly (x) secured by any interest in property used or to be used in any activity carried on by any person other than a state or local governmental unit or payments in respect of such property; or (y) on a present value basis, derived from payments (whether or not to the District) in respect of property, or borrowed money, used or to be used in any activity carried on by any person other than a state or local governmental unit. The Equipment will not be used, directly or indirectly, in any activity carried on by any person other than a state or local governmental unit. No portion of the Acquisition Amount will be used, directly or indirectly, to make or finance loans to any person other than the District. The District has not entered into any management or other service contract with respect to the use and operation of the Equipment.

(j) There are no pending or, to best of the District's knowledge, threatened actions, claims, investigations, suits, or proceedings before any governmental authority, court, or administrative agency which affect the financial condition or operations of the District, the System, any Revenues, any Vendor Agreement and/or the Equipment. There is no pending litigation, tax claim, proceeding or dispute for which the District has been served that may adversely affect the District's financial condition or impairs its ability to perform its obligations under the Related Documents. The District will, at its expense, maintain its legal existence and do any further act and execute, acknowledge, deliver, file, register and record any further documents Seller may reasonably request in order to protect Seller's security interest in the Equipment (to the extent permitted by the Indenture and the 2016 ISA and subject to the rights of the holders of the Parity Obligations) and the Escrow Account and Seller's rights and benefits under the Related Documents.

(k) The District is the fee owner of the real estate where the Equipment is and will be located (the "*Real Property*") and has good and marketable title thereto, and there exists no mortgage, pledge, Lien, security interest, charge or other encumbrance of any nature whatsoever on or with respect to such Real Property. In the event any lien,

encumbrance, restriction, asserted encumbrance, claim, dispute or other issue exists or arises with respect to the District's legal title to or valid and marketable, beneficial use and enjoyment of the Real Property or impairs or adversely impacts Seller's right, title or interest in the Equipment or any of Seller's rights or remedies under this Agreement with respect to the Equipment (each of the foregoing referred to as a "*Real Property Issue*"), District will take all steps necessary to promptly quiet, resolve and/or eliminate such Real Property Issue to the satisfaction of Seller and ensure that District and Seller have adequate access to and use of (including beneficial use and enjoyment of) the Real Property for all purposes of the Equipment contemplated herein and District shall ensure that its fee interest in the Real Property and Seller's right, title or interest in the Equipment and rights or remedies under this Agreement with respect to the Equipment remain free and clear of Real Property Issues.

(l) No lease, rental agreement, installment purchase or sale agreement, lease-purchase agreement, payment agreement or contract for purchase to which District has been a party at any time has been terminated by District as a result of insufficient funds being appropriated or available in any fiscal year. Within the past ten years, no event has occurred which would constitute an event of default under any debt, revenue bond or obligation which District has issued.

(m) District represents to Seller that that it has adopted a debt policy in compliance with SB 1029 and Section 8855 of the Government Code of California *et seq.* and covenants that it shall comply with Section 8855 of the Government Code of California *et seq.* as amended (the "*CDIAC Act*") throughout the Scheduled Term, including (i) preparing, submitting and filing the report of the proposed debt issuance relating to this Agreement by the method required by the California Debt and Investment Advisory Commission ("*CDIAC*"), (ii) preparing, submitting and filing the report of final sale (and accompanying documents) relating to this Agreement by the method required by CDIAC, (iii) submitting an annual report relating to the report of final sale for this Agreement by the method required by CDIAC, and (iv) paying all fees charged by CDIAC or the CDIAC Act relating to this Agreement, including, but not limited to the fee in an amount equal to one-fortieth of one percent of the Acquisition Amount or as otherwise prescribed by the CDIAC Act.

(n) As of the date of execution and delivery of this Agreement, the District has not granted any Lien on the Collateral that would be senior in priority to, or *pari passu* with, the first priority Lien on the Collateral granted to Seller under Sections 3.02 and 6.02 of this Agreement.

(o) Upon consideration of a voter initiative to reduce Revenues, the District shall make a finding regarding the effect of such a reduction on the District's ability to satisfy the rate covenant set forth in Section 3.02(d) of this Agreement. The District agrees to make its findings available to the public and to request, if necessary, the authorization of the District'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 Section 3.02(d) hereof and its obligation to operate and maintain the Equipment and the

System for its useful life. The District shall diligently pursue and bear any and all costs related to such challenge. The District shall notify and regularly update the Seller regarding any such challenge.²⁴

(p) All financial statements and other information delivered to Seller by the District is correct as of the date thereof, present fairly the financial condition of the District; and have been prepared in accordance with GAAP. Since June 30, 2021 no material adverse change has occurred in the District’s financial condition that would adversely affect the District’s ability to perform its obligations hereunder. Since the date(s) of such financial statements, there has been no material adverse change in the financial condition of the District, 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 District and approved in writing by the Seller.²⁵

(q) The District agrees to expeditiously proceed with and complete acquisition, installation and construction of the Equipment in accordance with the Vendor Agreement.²⁶ District will pay all Equipment Costs and costs of issuance in excess of the Acquisition Amount available therefor out of its own funds. Seller shall not have any responsibility to pay amounts for any Equipment Costs or costs of issuance with respect to the Related Documents or the Equipment that individually or collectively exceed the Acquisition Amount.

(r) As of the Commencement Date the only Parity Obligations outstanding are the Existing Parity Obligations. As of the Commencement Date, no Subordinate Obligations or other System Obligations (besides the Existing Parity Obligations), are outstanding. There exists as of the Commencement no lien on Revenues other than those in favor of the Existing Parity Obligations on a *pari passu* basis. This Agreement constitutes (i) a “Parity Bond” and “Parity Bonds Instrument” as defined in the Indenture and (ii) a “Material Obligation” as defined in the 2016 ISA.

(s) The District shall punctually pay or cause to be paid the interest and principal to become due with respect to all of the Parity Obligations in strict conformity with the terms of this Agreement and the other Parity Obligations Instruments, and will faithfully observe and perform all of the conditions, covenants and requirements of this Agreement and the other Parity Obligations Instruments.²⁷

24 Covenant is from 2016 Installment Sale Agreement.

25 Covenant is from 2016 Installment Sale Agreement.

26 Covenant is from 2016 Installment Sale Agreement.

27 Compare with the following covenant from 2015 OS: “Punctual Payment; Compliance With Documents. The District shall punctually pay or cause to be paid the interest and principal to become due with respect to all of the Bonds in strict conformity with the terms of the Bonds and of the Indenture, and will faithfully observe and perform all of the conditions, covenants and requirements of the Indenture and all Parity Bonds Instruments.”

(t) Except for the grant of the security interest in the Equipment to the Seller hereunder (which is subject to the terms of the Indenture and the 2016 ISA and the rights of the holders of the Parity Obligations under the 2015 Indenture and 2016 ISA), the District will not mortgage or otherwise encumber, pledge or place any charge upon the Wastewater System or any part thereof, or upon any of the Net Revenues, except as provided in this Agreement; *provided, however*, that nothing herein shall be construed to prevent the District from entering into long-term contracts to finance supplies of water, gas, or electric energy, payments under which are accounted for as O&M Costs.²⁸

(u) The District covenants that in order to fully preserve and protect the priority and security of the Parity Obligations the District shall pay from the Net Revenues and discharge all lawful claims for labor, materials and supplies furnished for or in connection with the Wastewater System which, if unpaid, may become a lien or charge upon the Net Revenues prior or superior to the lien of the Parity Obligations and impair the security of the Parity Obligations. The District shall also pay from the Net Revenues all taxes and assessments or other governmental charges lawfully levied or assessed upon or in respect of the Wastewater System or upon any part thereof or upon any of the Net Revenues therefrom.²⁹

(v) The District will acquire, construct, or finance any Improvements to the Wastewater System to be financed with the proceeds of any Parity Obligations with all practicable dispatch, and such Improvements will be made in an expeditious manner and in conformity with laws so as to complete the same as soon as possible.³⁰

(w) The District covenants and agrees to maintain and operate the Wastewater System in an efficient and economical manner and to operate, maintain and preserve the Wastewater System in good repair and working order.³¹

(x) The District will not sell, lease or otherwise dispose of the Wastewater System or any part thereof essential to the proper operation of the Wastewater System or to the maintenance of the Net Revenues except as herein expressly permitted. The District will not enter into any lease or agreement which impairs the operation of the Wastewater System or any part thereof necessary to secure adequate Net Revenues for the payment of the interest on and principal of the Parity Obligations, or which would otherwise impair

28 Compare with the following covenant from 2015 OS: “Against Encumbrances. The District will not mortgage or otherwise encumber, pledge or place any charge upon the Wastewater System or any part thereof, or upon any of the Net Revenues, except as provided in the Indenture; provided, however, that nothing in the Indenture shall be construed to prevent the District from entering into long-term contracts to finance supplies of water, gas, or electric energy, payments under which are accounted for as Maintenance and Operation Costs.”

29 Covenant is from 2015 OS.

30 Covenant is from 2015 OS.

31 Covenant is from 2015 OS.

the rights of the holders of Parity Obligations with respect to the Net Revenues or the operation of the Wastewater System. Any real or personal property which has become non-operative or which is not needed for the efficient and proper operation of the Wastewater System, or any material or equipment which has worn out, may be sold at not less than the market value thereof without the consent of the Seller if such sale will not reduce Net Revenues and if all of the Net Proceeds of such sale are deposited in the Revenue Fund.³²

(y) If all or any part of the Wastewater System shall be taken by eminent domain proceedings, the Net Proceeds realized by the District therefrom shall be deposited by the District with the Trustee in a special fund in trust and applied by the District to the cost of acquiring or constructing or financing Improvements to the Wastewater System if (A) the District first secures and files with the Seller and the Trustee (i) a Certificate of the District showing the estimated loss in annual Net Revenues, if any, suffered, or to be suffered, by the District by reason of such eminent domain proceedings, (ii) a general description of the Improvements to the Wastewater System then proposed to be acquired or constructed by the District from such Net Proceeds, and (iii) an estimate of the additional Net Revenues to be derived from such Improvements; and (B) the Seller and Trustee, on the basis of such Certificate of the District, determines that such additional Net Revenues will sufficiently offset the loss of Net Revenues, resulting from such eminent domain proceedings so that the ability of the District to meet its obligations under this Agreement and the other Parity Obligations Instruments will not be substantially impaired, which determination shall be final and conclusive. If the foregoing conditions are met, the District shall then promptly proceed with the acquisition or construction or financing of such Improvements substantially in accordance with such Certificate of the District and payments therefor shall be made by the Trustee from such Net Proceeds and from other moneys of the District lawfully available therefor, and any balance of such Net Proceeds not required by the District for the purposes aforesaid shall be deposited in the Revenue Fund. If the foregoing conditions are not met, then such Net Proceeds shall be held in trust by the Trustee and applied to the payment of the Parity Obligations of such Series as the same become due by their terms, and, pending such application, such remaining moneys may be invested by the Trustee in the manner provided in the Indenture.³³

(z) The District covenants that it shall at all times maintain such insurance on the Wastewater System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to such works or properties. If any useful part of the Wastewater System shall be damaged or destroyed, such part shall be restored to use. The Net Proceeds of insurance against accident to or destruction of the physical Wastewater System shall be used for repairing or rebuilding the damaged or destroyed portions of the Wastewater System, (to the extent that such repair or rebuilding is determined by the District to be useful or of continuing value to the Wastewater System)

32 Covenant is from 2015 OS.

33 Covenant is from 2015 OS.

and to the extent not so applied, shall be held by the Trustee and applied to the payment of the Parity Obligations as the same becomes due by the terms and pending such application, such remaining moneys, may be invested by the Trustee in the manner provided in the Indenture. Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to the District, or may be in the form of self-insurance by the District. The District shall establish such fund or funds or reserves as it determines, in its sole judgment, are necessary to provide for its share of any such self-insurance.³⁴

(aa) The District covenants that it shall keep proper books of record and accounts of the Wastewater System, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Wastewater System. Said books shall, upon reasonable request, be subject to the inspection of the Seller or its representatives authorized in writing.³⁵

The District covenants that it will cause the books and accounts of the Wastewater System to be audited annually by an Independent Certified Public Accountant and will make available for inspection by the Seller at the office of the Trustee in Los Angeles, California, upon reasonable request, a copy of the report of such Independent Certified Public Accountant.³⁶

(bb) The District covenants that it will cause to be prepared annually, not more than one hundred eighty (180) days after the close of each Fiscal Year, as a part of its regular annual financial report, a summary statement showing the amount of Gross Revenues and the amount of all other funds collected which are required to be pledged or otherwise made available as security for payment of principal of and interest on the Parity Obligations, the disbursements from the Gross Revenues and other funds in reasonable detail, and a general statement of the financial and physical condition of the Wastewater System. The District shall furnish a copy of the statement to the Seller.³⁷

(cc) The District will preserve and protect the security of the Parity Obligations and the rights of the Seller and the Trustee and the other owners of the Parity Obligations, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any Parity Obligations by the District, such Parity Obligations shall be incontestable by the District.³⁸

34 Covenant is from 2015 OS.

35 Covenant is from 2015 OS.

36 Covenant is from 2015 OS.

37 Covenant is from 2015 OS.

38 Covenant is from 2015 OS.

(dd) The District will not acquire, construct, operate or maintain the Wastewater System or utility within the service area of the District that would be competitive with the Wastewater System.³⁹

(ee) The District will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Wastewater System or any part thereof or upon any Revenues when the same shall become due. The District will duly observe and conform with all valid requirements of any governmental authority relative to the Wastewater System or any part thereof, and will comply with all requirements with respect to any state or federal grants received to assist in paying for the costs of the acquisition, construction or financing of any Improvements to the Wastewater System.⁴⁰

(ff) District has complied and/or will comply with California Government Code Section 4217.10 *et seq.* and other applicable law pertaining to the authorization of this Agreement and the financing and acquisition by the District of the Equipment.

(gg) To the extent applicable, as determined by District in its sole discretion, District has complied with the requirements of California Government Code Section 5852.1 *et seq.* in connection with this Agreement and the Equipment.

(hh) In connection with the District's compliance with any continuing disclosure undertakings (each, a "*Continuing Disclosure Agreement*") entered into by the District pursuant to SEC Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the "*Rule*"), the District may be required to file with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, or its successor ("*EMMA*"), notice of its incurrence of its obligations under the Related Documents and notice of any accommodation, waiver, amendment, modification of terms or other similar events reflecting financial difficulties in connection with the Related Documents, in each case including posting a full copy thereof or a description of the material terms thereof (each such posting, an "*EMMA Posting*"). Except to the extent required by applicable law, including the Rule, the District shall not file or submit or permit the filing or submission of any EMMA Posting that includes the following unredacted confidential information about the Seller or its affiliates and the Escrow Agent in any portion of such EMMA Posting: address and account information of the Seller or its affiliates and the Escrow Agent; e-mail addresses, telephone numbers, fax numbers, names and signatures of officers, employees and signatories of the Seller or its affiliates and the Escrow Agent; and the form of Disbursement Request that is attached to the Escrow Agreement.

39 Covenant is from 2015 OS.

40 Covenant is from 2015 OS.

The District acknowledges and agrees that the Seller and its affiliates are not responsible for the District's or any other entity's (including, but not limited to, any broker-dealer's) compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with the Rule, any Continuing Disclosure Agreement or any applicable securities or other laws, including but not limited to those relating to the Rule.

(ii) So long as the 2016 ISA remains outstanding, to the extent that such information is not otherwise available on EMMA:

(A) The District agrees to notify the Seller in writing within five (5) working days of the occurrence of the following:

- (1) Material defaults on this Agreement;
- (2) Unscheduled draws on debt service reserves held for this Agreement, if any, reflecting financial difficulties;
- (3) Bankruptcy, insolvency, receivership or similar event of the District;
- (4) Actions taken pursuant to state law in anticipation of filing for bankruptcy;
- (5) Other Material Events or Listed Events;
- (6) Change of ownership of the Equipment or change of management or service contracts, if any, for operation of the Equipment; and/or

(B) The District agrees to notify the Seller within 10 business days of the following:

- (1) Material defaults on System Obligations, other than this Agreement;
- (2) Unscheduled draws on debt service reserves held for System Obligations, other than this Agreement, if any, reflecting financial difficulties;
- (3) Unscheduled draws on credit enhancements on System Obligations, if any, reflecting financial difficulties;
- (4) Substitution of credit or liquidity providers, if any, or their failure to perform;
- (5) Any litigation pending or threatened against District regarding its wastewater capacity or its continued existence, circulation of a petition to challenge rates, consideration of dissolution, or disincorporation, or any other material threat to the District's Revenues;

(6) 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;

(7) Rating changes on outstanding System Obligations, if any; and/or

(8) Issuance of additional Parity Obligations.⁴¹

(jj) The District agrees that, except as provided in the Agreement, it will not abandon, substantially discontinue use of, lease, or dispose of the Equipment or any significant part or portion thereof during the useful life of the Equipment without prior written approval of the Seller. Such approval may be conditioned as determined to be appropriate by the Seller, including a condition requiring repayment of all disbursed Equipment Funds of all or any portion of all remaining funds covered by this Agreement together with accrued interest and any penalty assessments which may be due.⁴²

(kk) In addition to all other rights of the Seller under the Escrow Agreement, the Seller may withhold all or any portion of the funds in the Escrow Account if:⁴³

(1) The District has materially violated, or threatens to materially violate, any term, provision, condition, or commitment of this Agreement; or

(2) The District fails to maintain reasonable progress toward acquisition, installation and completion of the Equipment.

For the purposes of this Agreement, the terms “material violation” or “threat of material violation” include, but are not limited to:

(1) Placement on the ballot of an initiative or referendum to reduce Revenues;

(2) Passage of such an initiative or referendum;

(3) Successful challenges by ratepayer(s) to the process used by District to set, dedicate, or otherwise secure Revenues; or

(4) Any other action or lack of action that may be construed by the Seller as a material violation or threat thereof.

41 Covenant is from 2016 Installment Sale Agreement.

42 Covenant is from 2016 Installment Sale Agreement.

43 Incorporate into Escrow Agreement

The District agrees that it will not request a disbursement unless that Equipment Cost is allowable, reasonable, and allocable. Notwithstanding any other provision of this Agreement or the Escrow 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.⁴⁴

(ll) In the event that the District shall, directly or indirectly, enter into or otherwise consent to any instrument which such instrument provides any Person with different or more restrictive covenants, different or additional events of default and/or greater rights and remedies with respect to the Net Revenues than are provided to the Seller in this Agreement, the District shall provide the Seller with a copy of each such instrument and such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies shall automatically be deemed to be incorporated into this Agreement and the Seller shall have the benefits of such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies as if specifically set forth herein. The District shall promptly enter into an amendment to this Agreement to include different or more restrictive covenants, different or additional events of default and/or greater rights and remedies; *provided* that the Seller shall have and maintain the benefit of such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies even if the District fails to provide such amendment.

(mm) *The Equipment — Binding Commitment and Timing.* The District has incurred or will, within six months of the Commencement Date, incur a substantial binding obligation (not subject to contingencies within the control of the District) to a Vendor approved by Seller to expend at least five percent of the Sale Proceeds on the Equipment. It is expected that the work of acquiring, installing and constructing the Equipment and the expenditure of amounts deposited into the Escrow Account will continue to proceed with due diligence through the last date shown in *Exhibit G*, which is no later than three years after Commencement Date, at which time it is anticipated that all Sale Proceeds and investment earnings thereon will have been spent.

It is expected that the Sale Proceeds deposited into the Escrow Account, plus investment earnings on the Escrow Account, will be spent to pay costs of the Equipment, including any capitalized interest on the Installment Payments, in accordance with the estimated drawdown schedule contained in *Exhibit G*.

Estimated total investment income as set forth in *Exhibit G* has been calculated on the basis of the District's expected overall investment rate on amounts in the Escrow Account assuming that (a) the costs of the Equipment are drawn down in accordance with the schedules contained in *Exhibit G* and (b) Costs of Issuance will be drawn down during the three-month period after Commencement Date. The foregoing assumptions represent the

⁴⁴ Covenant is from 2016 Installment Sale Agreement.

District's best estimate, as of this date, of the drawdown schedules of and investment earnings on the Sale Proceeds and investment earnings thereon.

ARTICLE III

Section 3.01. Agreement to Purchase Equipment on an Installment Basis. Subject to the terms and conditions of this Agreement, Seller agrees to provide the Acquisition Amount to acquire and install the Equipment. District hereby agrees to acquire and purchase all the Equipment under a Vendor Agreement with a Vendor approved by the Seller, and by depositing the Acquisition Amount in the Escrow Account Seller hereby agrees to facilitate the sale and transfer of title of the Equipment to District from an approved Vendor, all on the terms and conditions set forth in this Agreement and the Escrow Agreement. All right, title, and interest in the Equipment shall immediately vest in the District on the date of execution and delivery of this Agreement without further action on the part of the District or the Seller, subject to the Seller's security interest therein. The Seller's approval of disbursement of funds under the Escrow Agreement is contingent on the District's compliance with the terms and conditions of this Agreement.

Section 3.02. Pledge; Rates, Fees and Charges. (a) Establishment of Enterprise Fund. In order to secure the repayment in full of this Agreement and the other Parity Obligations, the District agrees and covenants that it shall establish and maintain or shall have established and maintained the Enterprise Fund. The District covenants and agrees that all Gross Revenues, when and as received, will be received and held by the District in trust under the Enterprise Fund and will be deposited by the District in the Enterprise Fund (which has heretofore been created and now exists in the District Treasury) and will be accounted for through and held in trust in the Enterprise Fund, and the District shall only have such beneficial right or interest in any of such money as in this Agreement and the other Parity Obligation Instruments provided. All such Gross Revenues shall be transferred, disbursed, allocated and applied solely to the uses and purposes provided in the Parity Obligation Instruments, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

(b) Pledge of Net Revenues and Enterprise Fund. All Installment Payments and other obligations of the District hereunder shall be secured by a lien on and pledge of the Enterprise Fund and Net Revenues on a parity with all Parity Obligations. The District hereby pledges and grants such first priority senior lien on and pledge of the Enterprise Fund and Net Revenues, and authorizes the Seller's UCC filing on the hereinafter defined Collateral to secure its obligations under this Agreement, including payment of Installment Payments and all other 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 District. The District has transferred, placed a charge upon, assigned and set over to the holders of the Parity Obligations that portion of the Net Revenues which is necessary to pay the principal of and interest on the Parity Obligations in any Fiscal Year and such portion of the Net Revenues has been irrevocably pledged to the punctual payment of the principal of and interest on the Parity

Obligations. The Net Revenues shall not be used for any other purpose while any of the Parity Obligations remain outstanding, except that out of Net Revenues there may be apportioned and paid such sums for such purposes, as are expressly permitted by this Agreement and the other Parity Obligation Instruments. Said pledge shall constitute a first, direct and exclusive charge and lien on the Net Revenues for the payment of the principal of and interest on the Parity Obligations in accordance with the terms thereof.

(c) *Application and Purpose of the Enterprise Fund.* Money on deposit in the Enterprise Fund shall be applied, transferred, used and withdrawn only as follows:

(i) *First*, the District shall first pay from the moneys in the Enterprise Fund the budgeted O&M Costs as such costs become due and payable.

(ii) *Second*, the District shall transfer from the Enterprise Fund to the respective holders for the Parity Obligations (or their designated trustee, if applicable) (A) on or before the second business day prior to each Parity Interest Payment Date, an amount equal to the aggregate amount of interest to become due and payable on all outstanding Parity Obligations on the next succeeding Parity Interest Payment Date, plus (B) on or before the second business day prior to each Parity Principal Payment Date an amount equal to the aggregate amount of Parity Principal Installments becoming due and payable on all outstanding Parity Obligations on the next succeeding Parity Principal Payment Date (collectively, the “*Parity Debt Service*”). If there are insufficient moneys in the Enterprise Fund to pay all Parity Debt Service on all Parity Obligations at any time, the District shall apply funds in the Enterprise Fund to pay Parity Debt Service on *pro-rata* and *pari passu* basis.

(iii) After making all payments hereinabove required to be made in each Fiscal Year, so long as no Default or Event of Default has occurred and is continuing, the District may expend in such Fiscal Year any remaining money in the Enterprise Fund for any lawful purpose of the District, including payment of Subordinate Obligations.⁴⁵

(d) *Rates, Fees and Charges.* (i) The District covenants and agrees, to the extent permitted by law, to fix, prescribe and collect rates, fees and charges for the Wastewater System during each Fiscal Year which are reasonable, fair, and nondiscriminatory and which will be at least sufficient to yield during each Fiscal Year Net Revenues equal to the debt service on System Obligations, including this Agreement, for such Fiscal Year, plus amounts as provided in subsection (ii) below. The District 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.

45

Contrast this with 2015 OS which provides:

Surplus. As long as all of the foregoing payments, allocations and transfers are made at the times and in the manner described above in subsections (i) and (ii), any moneys remaining in the Revenue Fund may at any time be treated as surplus and applied for any lawful purpose.

(ii) The District shall fix, prescribe, revise and collect Charges for the Wastewater System during each Fiscal Year which are at least sufficient, after making allowances for contingencies and error in the estimates, to pay the following amounts in the following order:

(A) all O&M Costs of the Wastewater System estimated by the District to become due and payable in such Fiscal Year;

(B) the Debt Service on this Agreement and all other Parity Obligations;

(C) all other payments required for compliance with this Agreement and the other Parity Obligations Instruments pursuant to which any outstanding Parity Obligations relating to the Wastewater System shall have been issued; and

(D) all payments required to meet any other obligations of the District (including any State Loans) which are charges, liens, encumbrances upon or payable from the Gross Revenues of the Wastewater System or the Net Revenues of the Wastewater System.

(iii) In addition, the District shall fix, prescribe, revise and collect Charges for the Wastewater System (exclusive of connection fees and transfers to the Wastewater Enterprise Fund from a rate stabilization fund, should one be established) during each Fiscal Year which are sufficient to yield Net Revenues of the Wastewater System at least equal to one hundred percent (100%) of the amounts payable under the preceding subsection (ii) in such Fiscal Year for Parity Obligations which have a lien on such Net Revenues.

(iv) In addition, the District shall fix, prescribe, revise and collect Charges for the Wastewater System during each Fiscal Year which are sufficient to yield Net Revenues of the Wastewater System at least equal to One Hundred Twenty Five percent (125%) of the amounts payable under the preceding subsection (ii) in such Fiscal Year for Parity Obligations which have a lien on such Net Revenues.

(e) *Further Assurances.* The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Agreement, and for the better assuring and confirming unto the owners of the Parity Obligations the rights and benefits provided in the Parity Obligations Instruments.

Section 3.03. Additional System Obligations. (a) *Parity Obligations.* In addition to the Existing Parity Obligations, the District may, by Parity Obligations Instrument, issue Parity Obligations to provide financing for the Wastewater System, subject to satisfaction of the following specific conditions precedent to the issuance and delivery of such Parity Obligations:

(i) The District shall be in compliance with all covenants set forth in this Agreement and each other Parity Obligation Instrument.

(ii) The Net Revenues of the Wastewater System, calculated on sound accounting principles, as shown by the books of the District for the latest Fiscal Year or any more recent twelve (12) month period selected by the District ending not more than sixty (60) days prior to the adoption of the Parity Obligations Instrument pursuant to which such proposed Parity Obligations are issued, *plus*, at the option of the District, any or all of the items hereinafter in this paragraph designated (A) and (B), shall at least equal One Hundred Twenty Five percent (125%) of Maximum Annual Debt Service and debt service of any State Loans, with Maximum Annual Debt Service calculated on all Parity Obligations to be outstanding immediately subsequent to the issuance of such Parity Obligations which have a lien on Net Revenues of the Wastewater System. The items any or all of which may be added to such Net Revenues for the purpose of issuing or incurring Parity Obligations under the Indenture are the following:

(A) An allowance for Net Revenues from any additions to or improvements or extensions of the Wastewater System to be made with the proceeds of such Parity Obligations, and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of such Fiscal Year or such twelve (12) month period, were not in service, all in an amount equal to ninety percent (90%) of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first thirty-six (36) month period in which each addition, improvement or extension is respectively to be in operation, all as shown in the written report of an Independent Consultant engaged by the District; and

(B) An allowance for earnings arising from any increase in the Charges which has become effective prior to the incurring of such additional Parity Obligations but which, during all or any part of such Fiscal Year or such twelve (12) month period, was not in effect, in an amount equal to the amount by which the Net Revenues would have been increased if such increase in Charges had been in effect during the whole of such Fiscal Year or such twelve (12) month period, all as shown in the written report of an Independent Consultant engaged by the District.

(iii) The Parity Obligations Instrument providing for the issuance of such Parity Obligations under this provision shall provide that:

(A) The proceeds of such Parity Obligations shall be applied to the acquisition, construction, improvement, financing or refinancing of additional facilities, improvements or extensions of existing facilities within the Wastewater System, or otherwise for facilities, improvements or property which the District determines are of benefit to the Wastewater System, or for the purpose of refunding any Parity Obligations in whole or in part, including all costs (including costs of issuing such Parity Obligations and including capitalized interest on such Parity Obligations during any period which the District deems necessary or advisable) relating thereto;

(B) Interest on such Parity Obligations shall be payable on a Parity Interest Payment Date;

(C) The principal of such Parity Obligations shall be payable on June 1 in any year in which principal is payable; and

(D) Money or a surety bond may be, but shall not be required to be, deposited in a reserve account for such Parity Obligations from the proceeds of the sale of such Parity Obligations in an amount as may be determined by the District.

(b) *Subordinate Obligations.* Nothing herein prohibits or impairs the authority of the District to issue bonds or other obligations secured by a lien on Net Revenues which is subordinate to the lien established under the Indenture securing the Parity Obligations or Parity Obligations upon such terms and in such principal amounts as the District may determine; provided, that the District may issue or incur any such Subordinate Obligations subject to the following specific conditions:

(i) The District must be in compliance with all covenants set forth in this Agreement and each other Parity Obligations Instrument and no Default or Event of Default shall have occurred or be continuing.

(ii) The Net Revenues of the Wastewater System, calculated on sound accounting principles, as shown by the books of the District for the latest Fiscal Year or any more recent 12 month period selected by the District ending not more than 60 days prior to the adoption of the Subordinate Obligations Instrument pursuant to which such proposed Subordinate Obligations are issued, as shown by the books of the District, plus, at the option of the District, any or all of the items designated as (i) and (ii) below, must at least equal 100% of Maximum Annual Debt Service, with Maximum Annual Debt Service calculated on this Agreement and all other Parity Obligations to be outstanding immediately subsequent to the issuance of such Subordinate Obligations which have a lien on Net Revenues of the Wastewater System.

(iii) The Subordinate Obligations Instrument providing for the issuance of Subordinate Obligations must provide that:

(A) The proceeds of such Subordinate Obligations must be applied to the acquisition, construction, improvement, financing or refinancing of additional facilities, improvements or extensions of existing facilities within the Wastewater System, or otherwise for facilities, improvements or property which the District determines are of benefit to the Wastewater System, or for the purpose of refunding any Parity Obligations and Parity Obligations in whole or in part, including all costs (including costs of issuing such Subordinate Obligations and including capitalized interest on such Subordinate Obligations during any period which the District deems necessary or advisable) relating thereto;

(B) Interest on such Subordinate Obligations must be payable on an Interest Payment Date and no more frequently; and

(C) The principal of such Subordinate Obligations must be payable on June 1 in any year in which principal is payable.

(c) *No Priority for Additional Obligations.* The District hereby covenants and agrees that no additional bonds or other obligations shall be issued or incurred having any priority in payment of principal or interest out of the Net Revenues over the Parity Obligations.

Section 3.04. Conditions to Seller's Performance. (a) As a prerequisite to the performance by Seller of any of its obligations under this Agreement, District shall deliver to Seller, in form and substance satisfactory to Seller, the following:

(i) An Escrow Agreement substantially in the form attached hereto as *Exhibit I*, satisfactory to Seller and executed by District and the Escrow Agent;

(ii) A certified copy of a resolution, ordinance or other official action of District's governing body, substantially in the form attached hereto as *Exhibit C-1*, authorizing the execution and delivery of this Agreement and the Escrow Agreement and performance by District of its obligations under this Agreement and the Escrow Agreement;

(iii) A Certificate completed and executed by the Clerk or Secretary or other comparable officer of District, substantially in the form attached hereto as *Exhibit C-2*, completed to the satisfaction of Seller;

(iv) Opinions of Special Counsel and general counsel to District, which in the aggregate opine on the matters set forth in the form attached hereto as *Exhibit D* and which are otherwise satisfactory to Seller;

(v) Evidence of insurance as required by Section 2.01(z) hereof;

(vi) Evidence that all the requirements under the Indenture and the 2016 ISA and with respect to the execution and delivery of this Agreement and the Escrow Agreement and the District's acquisition, installation and financing of the Equipment and the transactions contemplated under this Agreement have been satisfied and evidence of compliance with all the additional debt tests and restrictions and other conditions precedent in the Indenture and the 2016 ISA in connection with the incurrence of debt evidenced by this Agreement as a Parity Obligation;

(vii) A copy of the Form 8038-G, fully completed by Special Counsel as paid preparer and executed by District;

(viii) In the event that District is to be reimbursed for expenditures that it has paid more than sixty (60) days prior to the Commencement Date, evidence of the adoption of a

reimbursement resolution or other official action covering the reimbursement from tax exempt proceeds of expenditures incurred not more than sixty (60) days prior to the date of such resolution;

(ix) Copies of invoices (and proofs of payment of such invoices, if District seeks reimbursement) relating to Costs of Issuance or Permitted Preliminary Expenditures;

(x) Confirmation that the grant of the security interest in the Equipment to the Seller (to the extent permitted by the Indenture and the 2016 ISA and subject to the rights of the holders of the Parity Obligations) does not violate the terms of the Existing Parity Obligations;

(xi) (A) a certificate signed by an authorized officer of District dated the Commencement Date certifying that: (i) the representations and warranties of District contained herein and in the other Related Documents to which District is a party are true and correct on and as of the Commencement Date; (ii) no Event of Default has occurred and is continuing or would result from the execution, delivery or performance of this Agreement or any other Related Document to which District is a party; (iii) there has been no event or circumstance since the date of the audited annual financial statements of District for the Fiscal Year ended June 30, 2022, that has resulted or could be reasonably expected to result, either individually or in the aggregate, in a Material Adverse Change; (iv) the accuracy and genuineness of the names and signatures of the persons authorized to sign, on behalf of District, the Related Documents to which District is a party; (v) attached thereto are copies of the resolutions of the governing board of District substantially in the form attached hereto as Exhibit C-1 approving the execution and delivery of the Related Documents to which District is a party, and the other matters contemplated hereby that are true and complete and in full force and effect on the Commencement Date; (vi) there is no proceeding pending or threatened in any court or before any governmental authority or arbitration board or tribunal that challenges the organization or existence of District, the authority of its governing board or officers, the proper authorization, approval and execution of the Related Documents to which District is a party, the ability of District otherwise to perform its obligations under the Related Documents to which District is a party and the transactions contemplated thereby, the title of District, as the case may be, in the Equipment or the *pari passu* pledge of the Net Revenues granted to the Seller or its assigns or the security interest granted to the Seller or its assigns in and to the Collateral; and (vii) the correct legal name of District for purposes of the Uniform Commercial Code in effect in the State is Valley Sanitary District; (B) a certificate signed by an authorized officer of District dated the Commencement Date in substantially the form attached hereto as Exhibit C-2; and (C) such other closing certificates of the District in form and substance satisfactory to the Seller; and

(xii) Such other items reasonably required by Seller.

(b) In addition to satisfaction of the conditions set forth in subsection (a) of this Section 3.04, the performance by Seller of any of its obligations under the Related Documents

shall be subject to: (i) no Material Adverse Change having occurred since the date of this Agreement, and (ii) no Event of Default or Default having occurred and then be continuing.

(c) Subject to satisfaction of the foregoing, Seller will deposit the Acquisition Amount with the Escrow Agent to be held and disbursed pursuant to the Escrow Agreement.

Section 3.05. Conditions Subsequent to Commencement Date and Conditions Precedent to Disbursements from Escrow Account other than Permitted Preliminary Expenditures.

(a) Except for Permitted Preliminary Expenditures up to \$7,100,000 (or such higher amount with the prior written consent of the Seller, which shall not be unreasonably withheld), as a prerequisite to the approval by Seller of any disbursements from the Escrow Account for the Equipment under a Vendor Agreement, District must first satisfy each of the following conditions precedent:

(i) The District shall comply with all procurement and public bidding requirements applicable to the acquisition and installation by the District of the Equipment and proceed with due diligence to identify a qualified Vendor (which Vendor shall be subject to the prior written approval of the Seller) and promptly enter into a valid and binding Vendor Agreement with such approved Vendor;

(ii) Prior to the satisfaction of the conditions precedent described in subsection (iii) below, on a monthly basis, the District shall hold a meeting (at a mutually agreeable location and time or, at the option of Seller, by conference call) with representatives of Seller at which meeting the District shall provide the Seller with updates and answer questions from Seller regarding the bidding and procurement process for the Vendor Agreement, bid responses, selection of the Vendor (which Vendor shall be subject to the prior written approval of the Seller), terms of the Vendor Agreement and negotiations with the Vendor;

(iii) The District shall deliver to Seller, each in form and substance satisfactory to Seller, the following:

(1) The Vendor Agreement executed by the District and the approved Vendor (the "*Approved Vendor Agreement*");

(2) Opinions of Special Counsel and general counsel to District addressed to the Seller and dated the effective date of the Approved Vendor Agreement, to the effect that the Approved Vendor Agreement has been duly authorized, approved, executed and delivered by and on behalf of District and is the legal, valid and binding obligation of the District, enforceable against District in accordance with its terms and the authorization, approval, execution and delivery of the Approved Vendor Agreement and all other proceedings of District relating to the transactions contemplated thereby have been performed in accordance with all open meeting laws, procurement and public bidding laws and all other applicable State or Federal laws;

(3) Evidence of insurance as required by Section 7.02 hereof;

(4) A certified copy of the Surety Bonds relating to the Approved Vendor Agreement satisfying the conditions set forth in Section 7.04 hereof;

(5) An updated Equipment Schedule to be attached hereto as *Exhibit A* and made a part hereof, as such Equipment Schedule may be amended to include the Equipment under an Approved Vendor Agreement;

(6) All documents, including financing statements, affidavits, notices and similar instruments which Seller deems necessary or appropriate at that time pursuant to Section 6.02 hereof;

(7) Copies of invoices (and proofs of payment of such invoices, if District seeks reimbursement) and bills of sale (if title to Equipment has passed to District), to the extent required by Section 5.01(b) hereof;

(8) Wire instructions for payments to be made to Vendors and Form W-9 from each such Vendor;

(9) Evidence that Seller's purchase of the Equipment to the District under this Agreement does not, and will not, result in an obligation of Seller to pay any ad valorem property (whether on real or personal property) or other taxes of any kind under state, State law or federal law and, if any such taxes are so payable during the Scheduled Term, that Lessee has expressly provided for payment of such taxes in accordance with Section 7.01 hereof; and

(10) Evidence that the Approved Vendor Agreement or approved Vendor provides that: (A) for and in consideration of amounts to be disbursed from the Escrow Account, that automatically and without any further act or action, ownership of and title to the Equipment (or portion thereof, as applicable) paid for by such disbursement shall vest in District (or its assigns) immediately upon the Escrow Agent's disbursement of moneys from the Escrow Account; or (B) acknowledges the vesting of legal title in the Equipment in District as provided in Sections 3.01 and 6.01 hereof;

(b) In addition to satisfaction of the conditions set forth in subsection (a) of this Section 3.05, the approval by Seller of any disbursements from the Escrow Account for the Equipment under a Vendor Agreement (except for Permitted Preliminary Expenditures) shall be subject to: (i) no Material Adverse Change having occurred since the date of this Agreement, (ii) no Event of Default or Default having occurred and then be continuing, and (iii) satisfaction of all requirements set forth in the Escrow Agreement for such disbursement.

Section 3.06. Evidence of Filing Form 8038-G. As soon as it is available, District shall provide to Seller evidence that it, or its paid preparer, has filed the Form 8038-G for this Agreement with the Internal Revenue Service by delivering to Seller proof of mailing such Form 8038-G. Notwithstanding anything to the contrary in this Agreement, it shall not be an Event of Default

hereunder if District does not provide to Seller evidence that it (or its paid preparer) filed the Form 8038-G for this Agreement with the Internal Revenue Service.

ARTICLE IV

Section 4.01. Installment Payments. District shall promptly pay Installment Payments, in lawful money of the United States of America, to Seller on the dates and in such amounts as provided in the Payment Schedule. If any Installment Payment or other amount payable hereunder is not paid within ten (10) days of its due date, District shall pay an administrative late charge of five percent (5%) of the amount not timely paid or the maximum amount permitted by law, whichever is less. From and after the Commencement Date, District shall commence making Installment Payments as indicated on the Payment Schedule. District's obligation to pay Installment Payments and other amounts under this Agreement is an unconditional obligation of District that is payable from (i) Net Revenues of the District on a parity with all other Parity Obligations and (ii) all other legally available funds of the District to pay Installment Payments and other amounts under the Lease. The District shall not permit the Federal Government to guarantee any Installment Payments under this Agreement. Installment Payments consist of principal and interest components as more fully detailed on the Payment Schedule, the interest on which begins to accrue as of the Commencement Date.

Section 4.02. Interest and Principal Components. A portion of each Installment Payment is paid as, and represents payment of, interest, and the balance of each Installment Payment is paid as, and represents payment of, principal as more fully detailed on the Payment Schedule.

Section 4.03. Special Revenues of the District. The Net Revenues constitute a trust fund for the security and payment of principal of and interest on the Parity Obligations. The general fund of the District is not liable and the credit or taxing power of the District is not pledged for the payment of the principal of and interest on the Parity Obligations. The owners of the Parity Obligations shall not compel the exercise of the taxing power by the District or the forfeiture of its property. The principal of and interest on the Parity Obligations are not a debt of the District, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of its property, or upon any of its income, receipts, or revenues except the Net Revenues of the Wastewater System. The parties intend that (i) for purposes of 11 U.S.C. §902(2)(E), the Revenues constitute "taxes specifically levied to finance one or more projects or systems" of the District and are not "general property, sales or income taxes . . . levied to finance the general purposes of" the District, and (ii) the pledge of the Net Revenues constitutes a pledge of "special revenues" for purposes of 11 U.S.C. §§901 *et seq.*, and that a petition filed by the District under 11 U.S.C. §§901 *et seq.*, will not operate as a stay under 11 U.S.C. §362 of the application of such Net Revenues to payment when due of the Installment Payments on each Installment Payment Date in accordance with Section 9 hereof, subject to 11 U.S.C. §928, if and to the extent applicable. The District acknowledges and agrees that it is a material inducement for the Seller to enter into this Agreement and make the loan to the District hereby that the treatment of the pledge of the Net Revenues is treated as a pledge of "special revenues" for purposes of 11 U.S.C. §§901 *et seq.*, and that a petition filed by the District under 11 U.S.C. §§901 *et seq.*, will not operate as a stay under 11 U.S.C. §362 of the application of such Net Revenues to payment when due of the Installment Payments on each Installment Payment Date in accordance with this Agreement. The District will not take any action inconsistent

with its agreement and statement of intention hereunder, and will not deny that the pledge of the Net Revenues constitutes a pledge of special revenues for purposes of 11 U.S.C. §§901 *et seq.*

Section 4.04. Installment Payments to be Unconditional. The obligations of District to make Installment Payments and to perform and observe the other covenants and agreements contained in this Agreement shall be absolute and unconditional in all events without abatement, diminution, deduction, set-off or defense, for any reason, including without limitation any failure of the Equipment, disputes with the Seller or the Vendor of any Equipment, any defects, malfunctions, breakdowns or infirmities in the Equipment or any accident, condemnation or unforeseen circumstances, or failure of any Vendor to deliver any Equipment or otherwise perform any of its obligations for whatever reason, including bankruptcy, insolvency, reorganization or any similar event with respect to any Vendor or under any Vendor Agreement.

Section 4.05. Tax Covenants. District agrees that it will not take any action that would cause the interest component of Installment Payments to be or to become ineligible for the exclusion from gross income of the owner or owners thereof for Federal income tax purposes, nor will it omit to take or cause to be taken, in a timely manner, any action, which omission would cause the interest component of Installment Payments to be or to become ineligible for the exclusion from gross income of the owner or owners thereof for Federal income tax purposes. In connection with the foregoing, District hereby agrees that (a) so long as any Installment Payments remain unpaid, moneys on deposit in the Escrow Account shall not be used in a manner that will cause this Agreement to be classified as an “arbitrage bond” within the meaning of Section 148(a) of the Code; and (b) District shall rebate, from funds legally available for the purpose, an amount equal to excess earnings on the Escrow Account to the Federal Government if required by, and in accordance with, Section 148(f) of the Code, and make the determinations and maintain the records required by the Code.

Section 4.06. Event of Taxability. Upon the occurrence of an Event of Taxability, the interest component of Installment Payments and any charge on Installment Payments or other amounts payable based on the Contract Rate shall have accrued and be payable at the Taxable Rate retroactive to the date as of which the interest component is determined by the Internal Revenue Service to be includible in the gross income of the owner or owners thereof for Federal income tax purposes (which retroactive date shall be the earliest date as of which the interest component of any Installment Payment is deemed includible in the gross income of the owner or owners thereof for Federal income tax purposes, which may be earlier than the date of delivery of such determination by the Internal Revenue Service), and District will pay such additional amount as will result in the owner receiving the interest component at the Taxable Rate.

For purposes of this Section, “*Event of Taxability*” means the circumstance of the interest component of any Installment Payment paid or payable pursuant to this Agreement becoming includible for Federal income tax purposes in an owner’s gross income as a consequence of any act, omission or event whatsoever, including but not limited to the matters described in the immediately succeeding sentence, and regardless of whether the same was within or beyond the control of District. An Event of Taxability shall be presumed to have occurred upon (a) the receipt by Seller or District of an original or a copy of an Internal Revenue Service Technical Advice Memorandum or Statutory Notice of Deficiency or other written correspondence which legally

holds that the interest component of any Installment Payment is includable in the gross income of the owner thereof; (b) the issuance of any public or private ruling of the Internal Revenue Service that the interest component of any Installment Payment is includable in the gross income of the owner thereof; or (c) receipt by Seller or District of a written opinion of a nationally recognized firm of attorneys experienced in matters pertaining to the tax-exempt status of interest on obligations issued by states and their political subdivisions, selected by Seller and acceptable to District, to the effect that the interest component of any Installment Payment has become includable in the gross income of the owner thereof for Federal income tax purposes. For all purposes of this definition, an Event of Taxability shall be deemed to occur on the date as of which the interest component of any Installment Payment is deemed includable in the gross income of the owner thereof for Federal income tax purposes.

Section 4.07. Mandatory Prepayment. (a) Any funds not applied to Equipment Costs and remaining in the Escrow Account on the earliest of (i) the expiration of the Acquisition Period, (ii) the date on which District delivers to the Seller the executed Disbursement Request to effect the final disbursement to pay (or reimburse) Equipment Costs from the Escrow Account or (iii) a termination of the Escrow Account as provided in the Escrow Agreement shall be applied by Seller on each successive Installment Payment Date thereafter to pay all or a portion of the Installment Payment due and owing in the succeeding twelve (12) months and any remaining amounts shall be applied by Seller as prepayment to the applicable unpaid Principal Portion of Installment Payments owing hereunder in the inverse order of the Installment Payment Dates at a price of 103% of such prepaid Principal Portion plus accrued interest thereon to the prepayment date.

(b) In connection with any prepayment pursuant to subsection (a) of this Section 4.07, District shall pay the prepayment premium and interest portion of Installment Payments accrued to the prepayment date on such principal portion to be prepaid from funds legally available to District for that purpose, but not from funds remaining in the Escrow Account pursuant to subsection (a) of this Section 4.07.

(c) District will give Seller notice of any such prepayment in accordance with this Section 4.07 not less than 60 days in advance of the prepayment date.

(d) In connection with any partial prepayment of Installment Payments, Seller shall prepare a new Payment Schedule and deliver the same to the District, which shall be binding, absent manifest error.

ARTICLE V

Section 5.01. Acquisition, Delivery, Installation and Acceptance of Equipment. (a) District shall order the Equipment to be acquired and financed hereunder, cause the Equipment to be delivered and installed at the location specified in the Equipment Schedule and pay any and all delivery and installation costs and other Equipment Costs in connection therewith. District shall conduct such inspection and testing of the Equipment as it deems necessary and appropriate in order to determine the Equipment's capability and functionality in order to accept such Equipment. When the Equipment has been delivered and installed, District shall promptly accept such Equipment and evidence said acceptance by executing and delivering Disbursement Requests to

the Seller pursuant to the Escrow Agreement for the purpose of effecting disbursements from the Escrow Account to pay (or reimburse) Equipment Costs for the Equipment so acquired and installed. In connection with the execution and delivery by District to Seller of the final Disbursement Request, District shall deliver to Seller a “Final Acceptance Certificate” in the form attached hereto as *Exhibit E*.

(b) District shall deliver to Seller together with each Disbursement Request copies of invoices (and proof of payment of such invoices if District seeks reimbursement for prior expenditures) and bills of sale or other evidence of title transfer to District relating to each item of Equipment accepted by District as evidenced by such Disbursement Request. Once approved, Seller shall deliver such Disbursement Request to the Escrow Agent for disbursement from the Escrow Account in accordance with the Escrow Agreement.

Section 5.02. Quiet Enjoyment of Equipment. So long as no Event of Default exists hereunder, neither Seller nor any entity claiming by, through or under Seller, shall interfere with District’s quiet use and enjoyment of the Equipment during the Scheduled Term.

Section 5.03. Location; Inspection. Once installed, no item of the Equipment will be moved or relocated from the location specified for it in the Equipment Schedule without Seller’s prior written consent, which consent shall not be unreasonably withheld. Seller shall have the right at all reasonable times during regular business hours to enter into and upon the property where the Equipment is located for the purpose of inspecting the Equipment.

Section 5.04. Use and Maintenance of the Equipment. District shall not install, use, operate or maintain the Equipment (or cause the Equipment to be installed, used, operated or maintained) improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated hereby. District shall provide all permits and licenses, if any, necessary for the installation and operation of the Equipment. In addition, District agrees to comply in all respects with all applicable laws, regulations and rulings of any legislative, executive, administrative, or judicial body, including, without limitation, all anti-money laundering laws and regulations; *provided* that District may contest in good faith the validity or application of any such law, regulation or ruling in any reasonable manner that does not, in the opinion of Seller, adversely affect the interest of Seller in and to the Equipment or its interest or rights hereunder.

District agrees that it shall (a) maintain, preserve, and keep the Equipment in good repair and working order, in a condition comparable to that recommended by the manufacturer; (b) proceed promptly, at its expense, to protect its rights and exercise its remedies under any warranty then in effect with respect to the Equipment; and (c) replace or rebuild any component of the Equipment that becomes permanently unfit for normal use or inoperable during the Scheduled Term (herein, the “*Inoperable Component*”) in order to keep the Equipment as a whole in good repair and working order during the Scheduled Term. District shall promptly notify Seller in writing when any component of the Equipment is reasonably expected within forty-five (45) days to become an Inoperable Component. District shall promptly replace or rebuild the Inoperable Component with a similar component of comparable or improved make and model that has at least the equivalent value and utility of the Inoperable Component, a remaining useful life of no less than the remaining Scheduled Term and such replacement or rebuilt component shall be

in good operating condition. Seller shall have no responsibility to maintain, repair or make improvements or additions to the Equipment. In all cases, District agrees to pay any costs necessary for the manufacturer to re-certify the Equipment as eligible for manufacturer's maintenance upon the return of the Equipment to Seller as provided for in Section 12.02(b) of this Agreement.

District shall not alter any item of Equipment or install any accessory, equipment or device on an item of Equipment if that would impair any applicable warranty, the originally intended function or the value of that Equipment. All repairs, parts, accessories, equipment and devices furnished, affixed to or installed on any Equipment, excluding temporary replacements, shall thereupon become subject to the security interest of Seller (to the extent permitted by the Indenture and the 2016 ISA and subject to the rights of the holders of the Parity Obligations).

ARTICLE VI

Section 6.01. Title to the Equipment. During the Scheduled Term, so long as District is not in default under Article XII hereof, all right, title and interest in and to each item of the Equipment shall be vested in District immediately upon its acceptance of each item of Equipment, subject to the terms and conditions hereof. District shall at all times protect and defend, at its own cost and expense, its title, and Seller's security interest, in and to the Equipment (to the extent permitted by the Indenture and the 2016 ISA and subject to the rights of the holders of the Parity Obligations) and Seller's other Collateral as defined in Section 6.02 hereof, from and against all claims, Liens and legal processes of its creditors, and keep all Equipment (and such other Collateral) free and clear of all such claims, Liens and processes. District will, at its expense, do any further act and execute, acknowledge, deliver, file, register and record any further documents the Seller may reasonably request in order to protect Seller's security interest in the Collateral. Upon the occurrence of an Event of Default, full and unencumbered legal title to the Equipment shall, at Seller's option, pass to Seller, and District shall have no further interest therein. In addition, upon the occurrence of such an Event of Default or such termination, District shall execute and deliver to Seller such documents as Seller may request to evidence the passage of such legal title to Seller and the termination of District's interest therein, and upon request by Seller shall deliver possession of the Equipment to Seller in accordance with Section 3.03 or 12.02 of this Agreement, as applicable. Upon payment of all amounts due and owing hereunder by District in accordance with Section 10.01 hereof, Seller's security interest or other interest in the Equipment shall terminate, and Seller shall execute and deliver to District such documents as District may reasonably request to evidence the termination of Seller's security interest in the Equipment.

Section 6.02. Security Interest. As additional security for the payment and performance of all of District's obligations hereunder, District hereby grants to Seller (a) to the extent permitted by the Indenture and the 2016 ISA, a security interest in the Equipment, together with all replacements, repairs, restorations, modifications and improvements thereof or thereto and all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment, and all substitutions, renewals, or replacements of and additions, improvements, accessions and accumulations to any and all of such Equipment, together with all the rents, issues, income, profits, proceeds and avails therefrom (subject to the rights of the holders of the Parity Obligations), (b) first priority security interest constituting a first Lien on moneys and investments held from time

to time in the Escrow Account, (c) a first priority security interest constituting a first Lien on the Enterprise Fund and Net Revenues on a parity basis with the other Parity Obligations, (d) a first priority security interest constituting a first Lien on all accounts, chattel paper, deposit accounts, documents, instruments, general intangibles and investment property (including any securities accounts and security entitlements relating thereto) evidenced by or arising out of or otherwise relating to the foregoing collateral described in clauses (b) and (c) above, as such terms are defined in Article 9 of the California Commercial Code, and (e) any and all proceeds of any and all of the foregoing, including, without limitation, insurance proceeds (collectively, the “Collateral”). District authorizes Seller to file (and District agrees to execute, if applicable) such notices of assignment, chattel mortgages, financing statements and other documents, in form satisfactory to Seller, which Seller deems necessary or appropriate to establish and maintain Seller’s security interest in the Collateral, including, without limitation, such financing statements with respect to personal property and fixtures under Article 9 of the California Commercial Code and treating such Article 9 as applicable to entities such as District. **Notwithstanding the foregoing or anything herein to the contrary, Seller acknowledges and agrees that its security interest in the Equipment is subject in all respects to the terms of the Indenture and the 2016 ISA and all rights of the holders of the Parity Obligations, and it shall not exercise any remedies with respect to its security interest in the Equipment if doing so would impair the operation of the Wastewater System or any part thereof necessary to secure adequate Net Revenues for the payment of the interest on and principal of the Parity Obligations, or which would otherwise impair the rights of the holders of Parity Obligations with respect to the Net Revenues or the operation of the Wastewater System.**

Section 6.03. Personal Property, No Encumbrances. District agrees that the Equipment is deemed to be and will remain personal property, and will not be deemed to be affixed to or a part of the real estate on which it may be situated, notwithstanding that the Equipment or any part thereof may be or hereafter become in any manner physically affixed or attached to real estate or any building thereon. District shall not create, incur, assume or permit to exist any mortgage, pledge, Lien, security interest, charge or other encumbrance of any nature whatsoever on any of the real estate where the Equipment is or will be located or enter into any agreement to sell or assign or enter into any sale/leaseback arrangement of such real estate without the prior written consent of Seller; *provided*, that if Seller or its assigns is furnished with a waiver of interest in the Equipment acceptable to Seller or its assigns in their respective discretion from any party taking an interest in any such real estate prior to such interest taking effect, such consent shall not be unreasonably withheld.

ARTICLE VII

Section 7.01. Liens, Taxes, Other Governmental Charges and Utility Charges. District shall keep the Equipment free of all levies, Liens, and encumbrances except those created by this Agreement. The parties to this Agreement contemplate that the Equipment will be used for a governmental or proprietary purpose of District and that the Equipment will therefore be exempt from all property taxes. If the lease, sale, purchase, operation, use, possession or acquisition of any Equipment is nevertheless determined to be subject to taxation, District shall pay when due all sales and other taxes, special assessments, governmental and other charges of any kind that are at any time lawfully assessed or levied against or with respect to the Equipment, the Installment

Payments or any part of either thereof, or which become due during the Scheduled Term, whether assessed against District or Seller. District shall pay all utility and other charges incurred in the operation, use and maintenance of the Equipment. District shall pay such taxes, assessments or charges as the same may become due; *provided* that, with respect to any such taxes, assessments or charges that may lawfully be paid in installments over a period of years, District shall be obligated to pay only such installments as accrue during the Scheduled Term. Seller will not claim ownership of the Equipment under this Agreement for the purposes of any tax credits, benefits or deductions with respect to such Equipment. District shall pay the fee charged by the California Debt and Investment Advisory Commission with respect to this Agreement pursuant to Section 8856 (or any successor provision) of the California Government Code.

Section 7.02. Insurance. District shall during the Scheduled Term maintain or cause to be maintained (a) casualty insurance naming Seller and its assigns as loss payee and insuring the Equipment against loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State, and any other risks reasonably required by Seller, in an amount at least equal to the greater of (i) the then applicable Prepayment Price of the Equipment or (ii) the replacement cost of the Equipment; (b) liability insurance naming Seller and its assigns as additional insured that protects Seller from liability with limits of at least \$5,000,000 per occurrence for bodily injury and property damage coverage (such liability insurance coverage may be in a combination of primary general liability and/or excess liability umbrella coverage), and in all events under clauses (a) and (b) above issued in form and amount satisfactory to Seller and by an insurance company that is authorized to do business in the State and having a financial strength rating by A.M. Best Company of “A-” or better; and (c) worker’s compensation coverage as required by the laws of the State. Notwithstanding the foregoing, District may self-insure against the risks described in clauses (a) and/or (b) through a government pooling arrangement, self-funded loss reserves, risk retention program or other self-insurance program, in each case with Seller’s prior written consent (which Seller may grant, withhold or deny in its sole discretion) and *provided* that District has delivered to Seller such information as Seller may request with respect to the adequacy of such self-insurance to cover the risks proposed to be self-insured and otherwise in form and substance acceptable to Seller. In the event District is permitted, at Seller’s sole discretion, to self-insure as provided in this Section 7.02, District shall provide to Seller a self-insurance letter in substantially the form attached hereto as *Exhibit F*. District shall furnish to Seller evidence of such insurance or self-insurance coverage throughout the Scheduled Term. District shall not cancel or modify such insurance or self-insurance coverage in any way that would affect the interests of Seller without first giving written notice thereof to Seller at least thirty (30) days in advance of such cancellation or modification.

Section 7.03. Risk of Loss. Whether or not covered by insurance or self-insurance, District hereby assumes all risk of loss of, or damage to and liability related to injury or damage to any persons or property arising from the Equipment from any cause whatsoever, and no such loss of or damage to or liability arising from the Equipment shall relieve District of the obligation to make the Installment Payments or to perform any other obligation under this Agreement. Whether or not covered by insurance or self-insurance, District hereby agrees to reimburse Seller (to the fullest extent permitted by applicable law, but only from legally available funds) for any and all liabilities, obligations, losses, costs, claims, taxes or damages suffered or incurred by Seller, regardless of the cause thereof and all expenses incurred in connection therewith (including, without limitation,

counsel fees and expenses, and penalties connected therewith imposed on interest received) arising out of or as a result of (a) entering into this Agreement or any of the transactions contemplated hereby, (b) the ordering, acquisition, ownership use, operation, condition, purchase, delivery, acceptance, rejection, storage or return of any item of the Equipment, (c) any accident in connection with the operation, use, condition, possession, storage or return of any item of the Equipment resulting in damage to property or injury to or death to any person, and/or (d) the breach of any covenant of District under or in connection with this Agreement or any material misrepresentation provided by District under or in connection with this Agreement. The provisions of this Section 7.03 shall continue in full force and effect notwithstanding the full payment of all obligations under this Agreement or the termination of the Scheduled Term for any reason.

Section 7.04. Surety Bonds; District to Pursue Remedies Against Contractors and Sub-Contractors and Their Sureties. District shall secure from each Vendor directly employed by District in connection with the acquisition, construction, installation, improvement or equipping of the Equipment, a payment and performance bond (“*Surety Bond*”) executed by a surety company authorized to do business in the State, having a financial strength rating by A.M. Best Company of “A-” or better, and otherwise satisfactory to Seller and naming Seller as a co-obligee in a sum equal to the entire amount to become payable under each Vendor Agreement. Each bond shall be conditioned on the completion of the work in accordance with the plans and specifications for the Equipment and upon payment of all claims of subcontractors and suppliers. District shall cause the surety company to add Seller as a co-obligee on each Surety Bond, and shall deliver a certified copy of each Surety Bond to Seller promptly upon receipt thereof by District. Any proceeds from a Surety Bond shall be applied in accordance with such Surety Bond to the payment and performance of the Vendor’s obligations in accordance with the related Vendor Agreement and, if for whatever reason such proceeds are not so applied, first to amounts due Seller under this Agreement, and any remaining amounts shall be payable to District.

In the event of a material default by any Vendor under any Vendor Agreement in connection with the acquisition, construction, maintenance and/or servicing of the Equipment or in the event of a material breach of warranty with respect to any material workmanship or performance guaranty with respect to the Equipment, District will promptly proceed to exhaust its remedies against the Vendor in default. District shall advise Seller of the steps it intends to take in connection with any such default. Any amounts received by District in respect of damages, refunds, adjustments or otherwise in connection with the foregoing shall be paid to Seller and applied against District’s obligations hereunder.

Section 7.05. Advances. In the event District shall fail to keep the Equipment in good repair and working order or shall fail to maintain any insurance required by Section 7.02 hereof, Seller may, but shall be under no obligation to, maintain and repair the Equipment or obtain and maintain any such insurance coverages, as the case may be, and pay the cost thereof. All amounts so advanced by Seller shall constitute additional payments owing to Seller and District covenants and agrees to pay such amounts so advanced by Seller with interest thereon from the due date until paid at a rate equal to the Contract Rate (or the Taxable Rate if then in effect) *plus* five percent (5%) per annum or the maximum amount permitted by law, whichever is less.

ARTICLE VIII

Section 8.01. Damage, Destruction and Condemnation. If, prior to the termination of the Scheduled Term, (a) the Equipment or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Equipment or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, (i) District and Seller will cause the Net Proceeds of any insurance claim or condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Equipment or such part thereof and any balance of the Net Proceeds remaining after such work has been completed shall be paid to District or (ii) District shall exercise its option to prepay the obligations hereunder in accordance with Section 10.01(a)(ii) hereof.

If District elects to replace any item of the Equipment (the “*Replaced Equipment*”) pursuant to this Section 8.01, the replacement equipment (the “*Replacement Equipment*”) shall be new or of a quality, type, utility and condition at least as good as the Replaced Equipment, shall be of equal or greater value than the Replaced Equipment and shall provide at least the same level of energy and/or operational savings expected in the aggregate from the Replaced Equipment prior to such casualty, destruction or condemnation. District shall grant to Seller a security interest in any such Replacement Equipment (to the extent permitted by the Indenture and the 2016 ISA and subject to the rights of the holders of the Parity Obligations). District shall represent, warrant and covenant to Seller that each item of Replacement Equipment is free and clear of all claims, Liens, security interests and encumbrances, excepting only those Liens created by or through Seller, and shall provide to Seller any and all documents as Seller may reasonably request in connection with the replacement, including, but not limited to, documentation in form and substance satisfactory to Seller evidencing Seller’s security interest in the Replacement Equipment. Seller and District hereby acknowledge and agree that any Replacement Equipment acquired pursuant to this paragraph shall constitute “*Equipment*” for purposes of this Agreement. District shall complete the documentation of Replacement Equipment on or before the next Installment Payment Date after the occurrence of a casualty event, or be required to exercise its option to prepay the obligations hereunder with respect to the damaged Equipment in accordance with Section 10.01(a)(ii) hereof.

For purposes of this Article VIII, the term “*Net Proceeds*” shall mean the amount remaining from the gross proceeds of any insurance claim or condemnation award or sale under threat of condemnation after deducting all expenses, including attorneys’ fees, incurred in the collection thereof.

Section 8.02. Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to in Section 8.01, District shall either (a) complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds, or (b) pay or cause to be paid to Seller the amount of the then applicable Prepayment Price *plus* all other amounts then owing hereunder, and, upon such payment, the Scheduled Term shall terminate and Seller’s security interest in the Equipment shall terminate as provided in Section 6.01 hereof. The

amount of the Net Proceeds remaining, if any, after completing such repair, restoration, modification or improvement or after paying such Prepayment Price *plus* all other amounts then owing hereunder shall be retained by District. If District shall make any payments pursuant to this Section 8.02, District shall not be entitled to any reimbursement therefor from Seller nor shall District be entitled to any diminution of the amounts payable under Article IV.

ARTICLE IX

Section 9.01. Disclaimer of Warranties. Seller makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for particular purpose or fitness for use of any of the Equipment, or any other warranty or representation, express or implied, with respect thereto and, as to Seller, District's acquisition of the Equipment shall be on an "as is" basis. In no event shall Seller be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Agreement, the Equipment or the existence, furnishing, functioning or District's use of any item, product or service provided for in this Agreement.

Section 9.02. Vendor Agreements; Warranties. District covenants that it shall not in any material respect amend, modify, rescind or alter any Vendor Agreement without the prior written consent of Seller. Seller hereby irrevocably appoints District its agent and attorney-in-fact during the Scheduled Term, so long as District shall not be in default under this Agreement, to assert from time to time whatever claims and rights (including without limitation warranties) relating to the Equipment that Seller may have against a Vendor. District's sole remedy for the breach of such warranty, indemnification or representation shall be against the applicable Vendor of the Equipment, and not against Seller. Any such matter shall not have any effect whatsoever on the rights and obligations of Seller under this Agreement, including the right to receive full and timely Installment Payments and other payments hereunder. District expressly acknowledges that Seller makes, and has made, no representations or warranties whatsoever as to the existence or the availability of such warranties relating to any of the Equipment.

ARTICLE X

Section 10.01. Prepayment; Payment in Full.

(a) *Prepayment.* District shall have the option to prepay or satisfy all, but not less than all, of its obligations hereunder, at the following times and upon the following terms:

(i) *Optional Prepayment.* From and after the date specified (if any) in the Payment Schedule (the "*Prepayment Option Commencement Date*"), on the Installment Payment Dates specified in the Payment Schedule, upon not less than forty-five (45) days prior written notice, and upon payment in full of the sum of all Installment Payments then due *plus* the then applicable Prepayment Price, which shall include a prepayment premium on the unpaid Outstanding Balance as set forth in the Payment Schedule *plus* all other amounts then owing hereunder; or

(ii) *Casualty or Condemnation Prepayment.* In the event of substantial damage to or destruction or condemnation of substantially all of the Equipment, on the day specified in District's notice to Seller of its exercise of the prepayment option (which shall be the earlier of the next Installment Payment Date or sixty (60) days after the casualty event) upon payment in full to Seller of (A) in the event such prepayment occurs on an Installment Payment Date, the sum of (i) all Installment Payments then due *plus* (ii) the then applicable Prepayment Price *plus* (iii) all other amounts then owing hereunder OR, (B) in the event such prepayment occurs on a date other than an Installment Payment Date, the sum of (i) the applicable Prepayment Price shown on the Payment Schedule for the Installment Payment Date immediately preceding the applicable date of such prepayment (or if the date of such prepayment occurs prior to the first Installment Payment Date, the earliest Prepayment Price shown on the Payment Schedule) *plus* (ii) accrued interest at the Contract Rate (or the Taxable Rate if then in effect) on the Outstanding Balance as of the Installment Payment Date immediately preceding the applicable date of such prepayment from such Installment Payment Date (or if the date of such prepayment occurs prior to the first Installment Payment Date, the Commencement Date) to the date of such prepayment *plus* (iii) all other amounts then owing hereunder.

(b) *Payment in Full.* Upon the expiration of the Scheduled Term, upon payment in full of all Installment Payments then due and all other amounts then owing hereunder to Seller.

(c) After either (i) payment of the applicable Prepayment Price and all other amounts then owing hereunder in accordance with either Section 10.01(a)(i) or Section 10.01(a)(ii) of this Agreement or (ii) upon the expiration of the Scheduled Term and payment in full of all Installment Payments then due and all other amounts then owing hereunder in accordance with Section 10.01(b) of this Agreement, Seller's security interests in and to the Equipment will be terminated and District will own such Equipment free and clear of Seller's security interest in such Equipment.

ARTICLE XI

Section 11.01. Assignment by Seller. (a) Seller's right, title and interest in and to this Agreement, the Installment Payments and any other amounts payable by District hereunder, the Escrow Agreement, its security interest in the Collateral (collectively, the "*Assigned Rights*"), may be assigned and reassigned by Seller at any time, in whole or in part, to one or more assignees or sub-assignees without the necessity of obtaining the consent of District; *provided*, that any such assignment, transfer or conveyance (i) shall be made only to investors each of whom Seller reasonably believes is a "*qualified institutional buyer*" as defined in Rule 144A(a)(1) promulgated under the Securities Act of 1933, as amended, or an "*accredited investor*" as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act of 1933, as amended, and in either case is purchasing the Assigned Rights (or any interest therein) for its own account with no present intention to resell or distribute such Assigned Rights (or interest therein), subject to each investor's right at any time to dispose of the Assigned Rights (or any interest therein) as it determines to be in its best interests, (ii) shall not result in more than 35 owners of the Assigned Rights or the creation of any interest in the Assigned Rights in an aggregate principal component that is less than \$100,000 and (iii) shall not require District to make

Installment Payments, to send notices or otherwise to deal with respect to matters arising hereunder or under the Escrow Agreement with or to more than one Servicer (as such term is defined below), and any trust agreement, participation agreement or custodial agreement under which multiple ownership interests in the Assigned Rights are created shall provide the method by which the owners of such interests shall establish the rights and duties of a single entity, trustee, owner, servicer or other fiduciary or agent acting on behalf of all of the assignees (herein referred to as the “*Servicer*”) to act on their behalf with respect to the Assigned Rights, including with respect to the exercise of rights and remedies of Seller on behalf of such owners upon the occurrence of an Event of Default under this Agreement. Seller and District hereby acknowledge and agree that the restrictions and limitations on transfer as provided in this Section 11.01 shall apply to the first and subsequent assignees and sub-assignees of any of the Assigned Rights (or any interest therein).

(b) Unless to an affiliate controlling, controlled by or under common control with Seller, no assignment, transfer or conveyance permitted by this Section 11.01 shall be effective as against District until District shall have received a written notice of assignment that discloses the name and address of each such assignee; *provided*, that if such assignment is made to a bank or trust company as trustee or paying agent for owners of certificates of participation, participation interests, trust certificates or partnership interests with respect to the Installment Payments payable under this Agreement, it shall thereafter be sufficient that District receives notice of the name and address of the bank, trust company or other entity that acts as the Servicer. Notices of assignment provided pursuant to this Section 11.01(b) shall contain a confirmation of compliance with the transfer requirements imposed by Section 11.01(a) hereof. During the Scheduled Term, District shall keep, or cause to be kept, a complete and accurate record of all such assignments in form necessary to comply with Section 149 of the Code. District shall retain all such notices as a register of all assignees and shall make all payments to the assignee or assignees or Servicer last designated in such register. District shall not have the right to and shall not assert against any assignee any claim, counterclaim or other right District may have against Seller or the Vendor. Assignments in part may include without limitation assignment of all of Seller’s security interest in and to the Equipment and all rights in, to and under this Agreement related to such Equipment, and all of Seller’s security interest in and to the Collateral, or all rights in, to and under the Escrow Agreement.

(c) If Seller notifies District of its intent to assign this Agreement, District agrees that it shall execute and deliver to Seller a Notice and Acknowledgement of Assignment substantially in the form of *Exhibit H* attached hereto within five (5) business days after its receipt of such request.

Section 11.02. Assignment and Subleasing by District. None of District’s right, title, and interest in, to and under this Agreement or any portion of the Equipment, the Escrow Agreement, the Escrow Account or the other Collateral may be assigned, encumbered or subleased by District for any reason, and any purported assignment, encumbrance or sublease without Seller’s prior written consent shall be null and void.

ARTICLE XII

Section 12.01. Events of Default Defined. Any of the following events shall constitute an “Event of Default” under this Agreement:

(a) Failure by District to (i) pay any Installment Payment or other payment required to be paid under this Agreement within ten (10) days after the date when due as specified herein, (ii) maintain insurance required under Section 7.02 hereof, or (iii) observe and perform any covenant, condition or agreement on its part to be observed or performed under Section 3.02, 3.03, 3.05, 6.01 or 6.02 hereof;

(b) Failure by District to observe and perform any covenant, condition or agreement contained in this Agreement or any Parity Obligations Instrument on its part to be observed or performed, other than as referred to in subsection (a) above, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to District by Seller, unless Seller shall agree in writing to an extension of such time prior to its expiration; *provided* that, if the failure stated in the notice cannot be corrected within the applicable period, Seller will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by District within the applicable period and diligently pursued until the default is corrected;

(c) Any statement, representation or warranty made by District in or pursuant to this Agreement or its execution, delivery or performance shall prove to have been false, incorrect, misleading, or breached in any material respect on the date when made;

(d) Any default occurs (i) under any Parity Obligations Instrument or with respect to any System Obligation; or (ii) any other agreement for borrowing money, lease financing of property or otherwise receiving credit under which District is an obligor, if such default (A) arises under any other agreement for borrowing money, lease financing of property or provision of credit provided by Seller or any affiliate of Seller, or (B) arises under any obligation under which there is outstanding, owing or committed an aggregated amount in excess of \$100,000.00;

(e) District shall (i) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of District, or of all or a substantial part of the assets of District, (ii) be unable, fail or admit in writing its inability generally to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) have an order for relief entered against it under applicable Federal bankruptcy law, (v) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against District in any bankruptcy, liquidation, readjustment, reorganization, moratorium or insolvency proceeding or (vi) the filing by the District of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the District, seeking reorganization under the federal bankruptcy laws or any other applicable

law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property;

(f) An order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator for District or of all or a substantial part of the assets of District, in each case without its application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of thirty (30) consecutive days.

Section 12.02. Remedies on Default. Whenever any Event of Default exists, Seller shall have the right, at its sole option without any further demand or notice, to take one or any combination of the following remedial steps:

(a) By written notice to District, Seller may declare all Installment Payments payable by District and other amounts payable by District hereunder to the end of the Scheduled Term to be immediately due and payable;

(b) With or without terminating the Scheduled Term, Seller may enter the premises where the Equipment is located and, subject to the limitations in Section 6.02 hereof, retake possession of such Equipment or require District at District's expense to promptly return any or all of such Equipment to the possession of Seller at such place within the United States as Seller shall specify, and sell or lease such Equipment or, for the account of District, sublease such Equipment, continuing to hold District liable, but solely from legally available funds, for the difference between (i) the Installment Payments payable by District and other amounts hereunder that are payable by District to the end of the Scheduled Term, as the case may be, and (ii) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of Seller in exercising its remedies hereunder, including without limitation all expenses of taking possession, storing, reconditioning and selling or leasing such Equipment and all brokerage, auctioneer's and attorney's fees), subject, however, to the provisions of Section 6.02 of this Agreement. The exercise of any such remedies respecting any such Event of Default shall not relieve District of any other liabilities hereunder or with respect to the Equipment;

(c) Seller may terminate the Escrow Agreement and apply any proceeds in the Escrow Account to the Installment Payments scheduled to be paid hereunder; and/or

(d) Seller may take whatever action at law or in equity as may appear necessary or desirable to enforce its rights under this Agreement or the Escrow Agreement or as a secured party in any or all of the Equipment or the Escrow Account.

Section 12.03. Application of Funds Upon Acceleration or Event of Default.

Following an Event of Default, the District shall cause all Net Revenues to be applied to the payment of the principal of and interest then due on the Parity Obligations (upon presentation

of the Parity Obligations to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) as follows:

(1) Unless the principal of all of the Parity Obligations shall have become or have been declared due and payable,

FIRST: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the persons entitled thereto of the unpaid principal of any Parity Obligations which shall have become due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the Parity Obligations, and, if the amount available shall not be sufficient to pay in full all the Parity Obligations, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

(2) If the principal of all of the Parity Obligations shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Parity Obligations, with interest on the overdue principal at the rate borne by the Parity Obligations, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Parity Obligation over any other Parity Obligation, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Notwithstanding anything in any other instrument to the contrary, following an Event of Default, no Net Revenues shall pay any Subordinate Obligations or other System Obligations other than Parity Obligations until all Parity Obligations have been paid current and all Events of Default have been fully cured.

Section 12.04. No Remedy Exclusive. No remedy herein conferred upon or reserved to Seller is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Seller to exercise any remedy reserved to it in this Article XII it shall not be necessary to give any notice other than such notice as may be required in this Article XII.

ARTICLE XIII

Section 13.01. Notices. All notices, certificates or other communications under this Agreement shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, or delivered by overnight courier, or sent by facsimile transmission (with electronic confirmation) to the parties hereto at the addresses immediately after the signatures to this Agreement (or at such other address as either party hereto shall designate in writing to the other for notices to such party) and to any assignee at its address as it appears on the registration books maintained by District.

Section 13.02. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon Seller and District and their respective successors and assigns.

Section 13.03. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.04. Amendments, Changes and Modifications. This Agreement may only be amended by Seller and District in writing.

Section 13.05. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument; *provided*, that only Counterpart No. 1 of this Agreement shall constitute chattel paper for purposes of the applicable Uniform Commercial Code.

Section 13.06. Applicable Law; Venue; Waiver of Jury Trial. This Agreement shall be governed by and construed in accordance with the laws of the State. The parties hereto consent and submit to the jurisdiction of the State and venue in any state or Federal court of such State for the purposes of any suit, action or other proceeding arising in connection with this Agreement, and each party expressly waives any objections that it may have to the venue of such courts. The parties hereto expressly waive any right to trial by jury in any action brought on or with respect to this Agreement. If the waiver of jury trial contained herein is unenforceable for any reason, then the parties hereto agree that the court shall, and is hereby directed to, make a general reference pursuant to California Code of Civil Procedure Section 638 to a referee to hear and determine all of the issues in such action or proceeding (whether of fact or of law) and to report a statement of decision.

Section 13.07. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

Section 13.08. No Advisory or Fiduciary Relationship. In connection with all aspects of each transaction contemplated by this Agreement (including in connection with any amendment, waiver or other modification hereof or of any other related document), the District acknowledges and agrees that: (a) (i) the transactions regarding this Agreement provided by the Seller and any affiliate thereof are arm's-length commercial transactions between the District, on the one hand,

and the Seller and its affiliates, on the other hand, (ii) the District has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the District is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated by this Agreement and by the other related documents; (b) (i) the Seller and its affiliates each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary, for the District, or any other person and (ii) neither the Seller nor any of its affiliates has any obligation to the District with respect to the transactions contemplated by this Agreement except those obligations expressly set forth herein and in the other related documents; and (c) the Seller and its affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the District, and neither the Seller nor any of its affiliates has any obligation to disclose any of such interests to the District. To the fullest extent permitted by law, the District, hereby waives and releases any claims that it may have against the Seller or any of its affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated by this Agreement.

Section 13.09. Entire Agreement. The parties agree that this Agreement constitutes the final and entire agreement between the parties superseding all conflicting terms or provisions of any prior proposals, term sheets, solicitation documents, requests for proposals, award notices, approval letters or any other agreements or understandings between the parties.

Section 13.10. Electronic Signatures. The Related Documents may be executed and delivered by facsimile signature or other electronic or digital means (including, without limitation, Adobe's Portable Document Format ("PDF")). Any such signature shall be of the same force and effect as an original signature, it being the express intent of the parties to create a valid and legally enforceable contract between them. The exchange and delivery of the Related Documents and the related signature pages via facsimile or as an attachment to electronic mail (including in PDF) shall constitute effective execution and delivery by the parties and may be used by the parties for all purposes. Notwithstanding the foregoing, at the request of either party, the parties hereto agree to exchange inked original replacement signature pages as soon thereafter as reasonably practicable.

[Remainder of Page Intentionally Left Blank]

[Signature Page Follows]

IN WITNESS WHEREOF, Seller and District have caused this Installment Sale Agreement to be executed in their names by their duly authorized representatives as of the date first above written.

SELLER:

DISTRICT:

BANC OF AMERICA PUBLIC CAPITAL CORP

VALLEY SANITARY DISTRICT

11333 McCormick Road
Hunt Valley II
M/C MD5-031-06-05
Hunt Valley, MD 21031
Attention: Contract Administration
Fax No.: (443) 541-3057

45500 Van Buren Street
Indio, CA 92201
Attention: Business Services Manager
Fax No.: (800) 750-2280

By: _____
Name: _____
Title: _____

By: _____
Name: Scott Sear
Title: Board President

By: _____
Name: Beverli Marshall
Title: General Manager

APPROVED AS TO FORM:

By: _____
Name: Robert Hargreaves
Title: General Counsel

Counterpart No. _____ of _____ manually executed and serially numbered counterparts. To the extent that this Agreement constitutes chattel paper (as defined in the applicable Uniform Commercial Code), no security interest or ownership herein may be created through the transfer or possession of any Counterpart other than Counterpart No. 1.

LIST OF EXHIBITS

EXHIBIT A	—	Form of Equipment Schedule
EXHIBIT B	—	Form of Payment Schedule
EXHIBIT C-1	—	Form of Authorizing Resolution
EXHIBIT C-2	—	Form of Incumbency and Authorization Certificate
EXHIBIT D	—	Form of Opinion of District’s Counsel
EXHIBIT E	—	Form of Final Acceptance Certificate
EXHIBIT F	—	Form of Self-Insurance Certificate
EXHIBIT G	—	Estimated Drawdown Schedule
EXHIBIT H	—	Form of Notice and Acknowledgement of Assignment
EXHIBIT I	—	Form of Escrow and Account Control Agreement

EXHIBIT A

EQUIPMENT SCHEDULE

Location of Equipment: 45500 Van Buren Street, Indio, California

Equipment Description (Scope of Work):

Scope of Work – ECM Overview

1. ECM-1 Mechanical Bar Screen and Conveyor
2. ECM-2 Grit Chamber and 54" RS Piping and Ferric Chloride Relocation
3. ECM-4 2nd Digester and Related Systems and Secondary Flare
4. ECM-5 Switchboard-MS Replacement
5. ECM-6 Sludge Dewatering Filtrate Return

EQUIPMENT DESCRIPTION
Bar Screen
Conveyor
Digester Equipment
Digester Tank
Heat Exchanger
Slide Gates & Stop Logs
Chopper Recirc. Pumps
Digester Mixing System
Self-Priming Pump Skid
Hot Water Subloop Pumps
Submersible Sump Pumps
Flare
Grit System
Polymer
Boiler
Electrical switchgear
Gas Flow Meter
Gas Scrubber

ECM & DESCRIPTION	DETAIL
TYPICAL EQUIPMENT TYPE #1 [PUMPS]	
ECM-1-Mechanical Bar Screen	
ECM-2-Grit Chamber	Grit Pump
	Grit Sump Pump
ECM-3-WAS Thickening (DAFT)	WAS Pump
	DAFT Recirculation Pump
	Thickened WAS (TWAS) Pump
ECM-4-2nd Digester and Related Systems, including Secondary Flare	Digester Mixing Pump
	Sludge Recirculation Pump
	Sludge Transfer Pump
	Digester 1&2 Bi-Directional-Transfer Pump
	Subloop Hot Water Recirc Pump
ECM-5-Switchboard -MS Replacement	
ECM-6-Returning Sludge Dewatering Filtrate	Drain Pump
TYPICAL EQUIPMENT TYPE #2 [TANKS, VESSELS, & HEAT EXCHANGERS]	
ECM-1-Mechanical Bar Screen	
ECM-2-Grit Chamber	Grit Chamber Tank
ECM-3-WAS Thickening (DAFT)	DAFT Tank
	DAFT Retention Tank
ECM-4-2nd Digester and Related Systems, including Secondary Flare	Digester Tank
	Digester Heat Exchanger
ECM-5-Switchboard -MS Replacement	
ECM-6-Returning Sludge Dewatering Filtrate	
TYPICAL EQUIPMENT TYPE #2 [MISCELLANEOUS]	
ECM-1-Mechanical Bar Screen	Bar Screen
	Belt (Screening) Conveyor
	Foul Air Fan

ECM & DESCRIPTION	DETAIL
ECM-2-Grit Chamber	Grit Collector
	Grit Classifier
ECM-3-WAS Thickening (DAFT)	DAFT #1 Drive Unit
	Polymer Dosing Unit
	Air Compressor
ECM-4-2nd Digester and Related Systems, including Secondary Flare	Digester Gas Flare #2
	Hot Water Boiler #2
ECM-5-Switchboard -MS Replacement	
ECM-6-Returning Sludge Dewatering Filtrate	

EXHIBIT B

PAYMENT SCHEDULE

INSTALLMENT PAYMENT DATE	INSTALLMENT PAYMENT AMOUNT	INTEREST PORTION	PRINCIPAL PORTION	OUTSTANDING BALANCE	PREPAYMENT PRICE (including prepayment premium, if applicable)
5/13/22				\$71,000,000.00	
12/1/22	\$1,073,875.00	\$1,073,875.00	\$ 0.00	71,000,000.00	NA
6/1/23	1,896,546.26	976,250.00	920,296.26	70,079,703.74	NA
12/1/23	963,595.93	963,595.93	0.00	70,079,703.74	NA
6/1/24	2,865,151.63	963,595.93	1,901,555.70	68,178,148.04	NA
12/1/24	937,449.54	937,449.54	0.00	68,178,148.04	NA
6/1/25	2,209,838.97	937,449.54	1,272,389.43	66,905,758.61	NA
12/1/25	919,954.18	919,954.18	0.00	66,905,758.61	NA
6/1/26	3,286,925.68	919,954.18	2,366,971.50	64,538,787.11	NA
12/1/26	887,408.32	887,408.32	0.00	64,538,787.11	NA
6/1/27	3,464,056.68	887,408.32	2,576,648.36	61,962,138.75	\$63,821,002.91
12/1/27	851,979.41	851,979.41	0.00	61,962,138.75	63,821,002.91
6/1/28	4,538,891.10	851,979.41	3,686,911.69	58,275,227.06	60,023,483.87
12/1/28	801,284.37	801,284.37	0.00	58,275,227.06	60,023,483.87
6/1/29	4,744,475.41	801,284.37	3,943,191.04	54,332,036.02	55,961,997.10
12/1/29	747,065.50	747,065.50	0.00	54,332,036.02	55,961,997.10
6/1/30	4,737,747.12	747,065.50	3,990,681.62	50,341,354.40	51,851,595.03
12/1/30	692,193.62	692,193.62	0.00	50,341,354.40	51,851,595.03
6/1/31	4,731,275.03	692,193.62	4,039,081.41	46,302,272.99	47,691,341.18
12/1/31	636,656.25	636,656.25	0.00	46,302,272.99	47,691,341.18
6/1/32	4,731,940.93	636,656.25	4,095,284.68	42,206,988.31	43,473,197.96
12/1/32	580,346.09	580,346.09	0.00	42,206,988.31	43,051,128.08
6/1/33	4,726,403.07	580,346.09	4,146,056.98	38,060,931.33	38,822,149.96
12/1/33	523,337.81	523,337.81	0.00	38,060,931.33	38,822,149.96
6/1/34	4,711,925.90	523,337.81	4,188,588.09	33,872,343.24	34,549,790.10
12/1/34	465,744.72	465,744.72	0.00	33,872,343.24	34,549,790.10
6/1/35	4,670,160.58	465,744.72	4,204,415.86	29,667,927.38	30,261,285.93
12/1/35	407,934.00	407,934.00	0.00	29,667,927.38	30,261,285.93
6/1/36	4,639,100.99	407,934.00	4,231,166.99	25,436,760.39	25,945,495.60
12/1/36	349,755.46	349,755.46	0.00	25,436,760.39	25,945,495.60
6/1/37	4,575,575.94	349,755.46	4,225,820.48	21,210,939.91	21,635,158.71
12/1/37	291,650.42	291,650.42	0.00	21,210,939.91	21,423,049.31
6/1/38	4,451,450.81	291,650.42	4,159,800.39	17,051,139.52	17,221,650.92
12/1/38	234,453.17	234,453.17	0.00	17,051,139.52	17,221,650.92
6/1/39	4,393,571.26	234,453.17	4,159,118.09	12,892,021.43	13,020,941.64
12/1/39	177,265.29	177,265.29	0.00	12,892,021.43	13,020,941.64
6/1/40	4,325,483.26	177,265.29	4,148,217.97	8,743,803.46	8,831,241.49
12/1/40	120,227.30	120,227.30	0.00	8,743,803.46	8,831,241.49
6/1/41	4,246,499.97	120,227.30	4,126,272.67	4,617,530.79	4,663,706.10
12/1/41	63,491.05	63,491.05	0.00	4,617,530.79	4,663,706.10
6/1/42	<u>4,681,021.84</u>	<u>63,491.05</u>	<u>4,617,530.79</u>	0.00	0.00
TOTAL	\$94,353,709.86	\$23,353,709.86	\$71,000,000.00		

Contract Rate. The Contract Rate is 2.750% per annum.

Prepayment Option Commencement Date. For purposes of Section 10.01 of the Agreement, the Prepayment Option Commencement Date is June 1, 2027.

[Signature Page Follows]

SELLER:

BANC OF AMERICA PUBLIC CAPITAL CORP

By: _____
Name: _____
Title: _____

DISTRICT:

VALLEY SANITARY DISTRICT

By: _____
Name: Scott Sear
Title: Board President

By: _____
Name: Beverli Marshall
Title: General Manager

APPROVED AS TO FORM:

By: _____
Name: Robert Hargreaves
Title: General Counsel

EXHIBIT C-1

FORM OF AUTHORIZING RESOLUTION

See Item #3 in Transcript

EXHIBIT C-2

FORM OF INCUMBENCY AND AUTHORIZATION CERTIFICATE

The undersigned, a duly elected or appointed and acting Clerk of the Board of the Valley Sanitary District (“*District*”) certifies as follows:

A. The following listed persons are duly elected or appointed and acting officials of District (the “*Officials*”) in the capacity set forth opposite their respective names below and the facsimile signatures below are true and correct as of the date hereof;

B. The Officials are duly authorized, on behalf of District, to negotiate, execute, in writing or electronically, and deliver the Installment Sale Agreement dated as of May 13, 2022 by and between District and Banc of America Public Capital Corp (“*Seller*”), the Escrow and Account Control Agreement dated as of May 13, 2022 by and among Seller, District and Bank of America, N.A., as Escrow Agent, all documents related thereto and delivered in connection therewith, and any future modification(s) or amendments thereof (collectively, the “*Operative Agreements*”), and the Operative Agreements each are the binding and authorized agreements of District, enforceable in all respects in accordance with their respective terms.

NAME OF OFFICIAL	TITLE	SIGNATURE
Scott Sear	Board President	_____
Beverli Marshall	General Manager	_____

Dated: May 13, 2022

By: _____
Name: Holly Gould
Title: Clerk of the Board

(The signer of this Certificate cannot be listed above as authorized to execute the Operative Agreements.)

EXHIBIT C-2

FORM OF INCUMBENCY AND AUTHORIZATION CERTIFICATE

The undersigned, a duly elected or appointed and acting Clerk of the Board of the Valley Sanitary District (“*District*”) certifies as follows:

A. The following listed persons are duly elected or appointed and acting officials of District (the “*Officials*”) in the capacity set forth opposite their respective names below and the facsimile signatures below are true and correct as of the date hereof;

B. The Officials are duly authorized, on behalf of District, to negotiate, execute, in writing or electronically, and deliver the Installment Sale Agreement dated as of May 13, 2022 by and between District and Banc of America Public Capital Corp (“*Seller*”), the Escrow and Account Control Agreement dated as of May 13, 2022 by and among Seller, District and Bank of America, N.A., as Escrow Agent, all documents related thereto and delivered in connection therewith, and any future modification(s) or amendments thereof (collectively, the “*Operative Agreements*”), and the Operative Agreements each are the binding and authorized agreements of District, enforceable in all respects in accordance with their respective terms.

NAME OF OFFICIAL	TITLE	SIGNATURE
Scott Sear	Board President	_____
Beverli Marshall	General Manager	_____

Dated: May 13, 2022

By: _____
Name: Holly Gould
Title: Clerk of the Board

(The signer of this Certificate cannot be listed above as authorized to execute the Operative Agreements.)

District under the Agreement will constitute an obligation of District within the meaning of Section 103(a) of the Code, notwithstanding Section 103(b) of the Code.

2. District has the requisite power and authority to **[sell]**, purchase and acquire the Equipment and to execute and deliver the Transaction Documents and to perform its obligations under the Transaction Documents. The execution and delivery of the Agreement and the incurrence of debt thereunder complies in all respects with the limitations and restrictions set forth in the 2015 Indenture and the 2016 ISA. The entering into and performance of the Transaction Documents by the District does not and will not violate any judgment or order or law or regulation applicable to the District (including, without limitation, the 2015 Indenture or the 2016 ISA) or any material contract known to such counsel and to which District is a party.

3. The Transaction Documents have been duly authorized, approved, executed and delivered by and on behalf of District and the Transaction Documents are legal, valid and binding obligations of District, enforceable against District in accordance with their respective terms, except to the extent limited by state and federal law affecting creditor's remedies and by bankruptcy, reorganization, moratorium or other laws of general application relating to or affecting the enforcement of creditors' rights.

4. The Agreement establishes a first lien on and pledge of the Net Revenues (as such term is defined in the Agreement) and other funds pledged thereby for the security of the Installment Payments and other amounts payable under the Agreement, on a parity with the 2015 Bonds and the 2016 ISA (the "*Existing Parity Obligations*").

5. The authorization, approval, execution and delivery of the Transaction Documents and all other proceedings of District relating to the transactions contemplated thereby have been performed in accordance with all open meeting laws, procurement and public bidding laws and all other applicable State or Federal laws.

6. There is no proceeding pending or threatened in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would adversely affect the transactions contemplated by the Transaction Documents or the pledge of Net Revenues to repay Installment Payments and other amounts payable under the Agreement on a *pari passu* basis with the Existing Parity Obligations or the security interest of Seller or its assigns, as the case may be, in the Equipment, the Escrow Account or other Collateral thereunder.

7. The portion of Installment Payments designated as interest is excluded from gross income for Federal income tax purposes under Section 103 of the Code and is exempt from State of California personal income taxes; and such interest is not a specific item of tax preference for purposes of the federal alternative minimum tax.

All capitalized terms herein shall have the same meanings as in the Transaction Documents unless otherwise provided herein. Seller and its successors and assigns are entitled to rely on this opinion.

Sincerely,

Date: _____

DISTRICT:

Valley Sanitary District

By: _____

Name: _____

Title: _____

EXHIBIT F

FORM OF SELF INSURANCE CERTIFICATE

Banc of America Public Capital Corp
11333 McCormick Road
Mail Code: MD5-031-06-05
Hunt Valley, MD 21031
Attn: Contract Administration

Re: Installment Sale Agreement,
dated as of May 13, 2022, (the "Agreement")
by and between Banc of America Public Capital Corp, as Seller,
and the Valley Sanitary District, as District

In connection with the above-referenced Agreement, the Valley Sanitary District (the "District") hereby warrants and represents to Banc of America Public Capital Corp the following information. The terms capitalized herein but not defined herein shall have the meanings assigned to them in the Agreement.

1. The District is self-insured for damage or destruction to the Equipment. The dollar amount limit for property damage to the Equipment under such self-insurance program is \$_____. **[The District maintains an umbrella insurance policy for claims in excess of District's self-insurance limits for property damage to the Equipment which policy has a dollar limit for property damage to the Equipment under such policy of \$_____.]**

2. The District is self-insured for liability for injury or death of any person or damage or loss of property arising out of or relating to the condition or operation of the Equipment. The dollar limit for such liability claims under the District's self-insurance program is \$_____. **[The District maintains an umbrella insurance policy for claims in excess of District's self-insurance limits for liability which policy has a dollar limit for liabilities for injury and death to persons as well as damage or loss of property arising out of or relating to the condition or operation of the Equipment in the amount of \$_____.]**

[3]. The District maintains a self-insurance fund. Monies in the self-insurance fund **[are/are not]** subject to annual appropriation. The total amount maintained in the self-insurance fund to cover District's self-insurance liabilities is \$_____. **[Amounts paid from the District's self-insurance fund are subject to a dollar per claim of \$_____.]**

[3]. The District does not maintain a self-insurance fund. The District obtains funds to pay claims for which it has self-insured from the following sources:

_____. Amounts payable for claims from such sources are limited as follows: _____

4. Attached hereto are copies of certificates of insurance with respect to policies maintained by District.

DISTRICT:

Valley Sanitary District

By: _____

Name: _____

Title: _____

EXHIBIT G

ESTIMATED DRAWDOWN SCHEDULE OF ACQUISITION AMOUNT

QUARTER	BEGINNING BALANCE ⁴⁶	PLUS ESTIMATED INVESTMENT EARNINGS ⁴⁷	MINUS DRAWDOWN ⁴⁸	ENDING BALANCE
Commencement Date (reimbursements)	\$ _____	\$ _____	\$ _____	\$ _____
First (following Commencement Date)	_____	_____	_____	_____
Second	_____	_____	_____	_____
Third	_____	_____	_____	_____
Fourth	_____	_____	_____	_____
Fifth	_____	_____	_____	_____
Sixth	_____	_____	_____	_____
Seventh	_____	_____	_____	_____
Eighth	_____	_____	_____	_____
Ninth	_____	_____	_____	_____
Tenth	_____	_____	_____	_____
Eleventh	_____	_____	_____	_____
Twelfth	_____	_____	_____	_____

The above drawdown schedule was determined based on [the District’s past construction experience][consultation with developers, engineers, architects or other advisors to the District] [_____].

⁴⁶ Ending balance from prior period becomes beginning balance for period.

⁴⁷ Assumes an estimated investment return of _____% per annum.

⁴⁸ Amount of reimbursement: \$ _____.
Date the official intent to reimburse was adopted: _____, 20__.

EXHIBIT H

FORM OF NOTICE AND ACKNOWLEDGEMENT OF ASSIGNMENT

Dated _____

Banc of America Public Capital Corp (“*Assignor*”) hereby gives notice that it has assigned and sold to _____ (“*Assignee*”) all of Assignor’s right, title and interest in, to and under the Installment Sale Agreement dated as of May 13, 2022 (the “*Agreement*”), by and between Assignor and the Valley Sanitary District (“*District*”), together with all exhibits, schedules, addenda and attachments related thereto, and all certifications and other documents delivered in connection therewith, the Installment Payments and other amounts due under the Agreement, all of Assignor’s right, title and interest in the Equipment (as defined in the Agreement), and all of Assignor’s right, title and interest in, to and under the Escrow and Account Control Agreement dated as of May 13, 2022 (the “*Escrow Agreement*”) by and among District, Assignor and Bank of America, N.A., as Escrow Agent, together with the Escrow Account and other Collateral (collectively, the “*Assigned Property*”). Each capitalized term used but not defined herein has the meaning set forth in the Agreement.

1. District hereby acknowledges the effect of the assignment of the Assigned Property and absolutely and unconditionally agrees to deliver to Assignee all Installment Payments and other amounts coming due under the Agreement in accordance with the terms thereof on and after the date of this Acknowledgment.

2. District hereby agrees that: (i) Assignee shall have all the rights of Seller under the Agreement and all related documents, including, but not limited to, the rights to issue or receive all notices and reports, to give all consents or agreements to modifications thereto, to receive title to the Equipment in accordance with the terms of the Agreement, to declare a default and to exercise all rights and remedies thereunder in connection with the occurrence of an Event of Default; and (ii) the obligations of District to make Installment Payments are payable from Net Revenues and the obligations of District to perform and observe the other covenants and agreements contained in the Agreement shall be absolute and unconditional in all events without abatement, diminution, deduction, set-off or defense.

3. District agrees that, as of the date of this Notice and Acknowledgment of Assignment (this “*Acknowledgement*”), the following information about the Agreement is true, accurate and complete:

Number of Installment Payments Remaining	_____
Amount of Each Installment Payment	\$ _____
Total Amount of Installment Payments Remaining	\$ _____
Frequency of Installment Payments	_____
Next Installment Payment Due	_____
Funds Remaining in Escrow Account	\$ _____

4. The Agreement remains in full force and effect, has not been amended, no Event of Default (or event which with the passage of time or the giving of notice or both would constitute an Event of Default) has occurred thereunder.

5. Assignor hereby acknowledges the transfer restrictions imposed by Section 11.01 of the Agreement and confirms that the assignment to Assignee has been made in accordance with the provisions of that Section.

6. Any inquiries of District related to the Agreement and any requests for disbursements from the Escrow Account, if applicable, and all Installment Payments and other amounts coming due pursuant to the Agreement on and after the date of this Acknowledgment should be remitted to Assignee at the following address (or such other address as provided to District in writing from time to time by Assignee):

ACKNOWLEDGED AND AGREED:

DISTRICT: VALLEY SANITARY DISTRICT

By: _____
Name: _____
Title: _____

ASSIGNOR: BANC OF AMERICA PUBLIC CAPITAL CORP

By: _____
Name: _____
Title: _____

EXHIBIT I

ESCROW AND ACCOUNT CONTROL AGREEMENT

See Item #4 in Transcript

ESCROW AND ACCOUNT CONTROL AGREEMENT

This Escrow and Account Control Agreement (this “*Agreement*”), dated as of May 13, 2022, by and among Banc of America Public Capital Corp, a Kansas corporation (together with its successors and assigns, hereinafter referred to as “*Seller*”), Valley Sanitary District, a sanitary district existing under the laws of the State of California (hereinafter referred to as “*District*”) and Bank of America, National Association, a national banking association organized under the laws of the United States of America (hereinafter referred to as “*Escrow Agent*”).

Reference is made to that certain Installment Sale Agreement dated as of May 13, 2022 between Seller and District (hereinafter referred to as the “*ISA*”), covering the acquisition, sale and purchase of certain Equipment described therein (the “*Equipment*”). It is a requirement of the ISA that the Acquisition Amount (\$71,000,000.00) be deposited into a segregated escrow account under terms satisfactory to Seller, for the purpose of fully funding the ISA, and providing a mechanism for the application of such amounts to the purchase of and payment for the Equipment.

NOW, THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. *Creation of Escrow Account.* (a) There is hereby created an escrow fund to be known as the “Valley Sanitary District Escrow Account” (the “*Escrow Account*”) to be held by the Escrow Agent for the purposes stated herein, for the benefit of Seller and District, to be held, disbursed and returned in accordance with the terms hereof.

(b) District may, from time to time, provide written instructions for Escrow Agent to use any available cash in the Escrow Account to purchase any money market fund or liquid deposit investment vehicle that Escrow Agent from time to time makes available to the parties hereto. Such written instructions shall be provided via delivery to Escrow Agent of a signed and completed Escrow Account Investment Selection Form (such form available from Escrow Agent upon request). All funds invested by Escrow Agent at the direction of District in such short-term investments (as more particularly described in Escrow Agent’s Escrow Account Investment Selection Form) shall be deemed to be part of the Escrow Account and subject to all the terms and conditions of this Agreement. If any cash is received for the Escrow Account after the cut-off time for the designated short-term investment vehicle, the Escrow Agent shall hold such cash uninvested until the next Business Day. “*Business Day*” means a day other than a Saturday, Sunday or legal holiday, on which banking institutions are not closed in Chicago, Illinois, Indio, California or New York, New York. In the absence of written instructions from District (on Escrow Agent’s Escrow Account Investment Selection Form) designating a short-term investment of cash in the Escrow Account, cash in the Escrow Account shall remain uninvested and it shall not be collateralized. Escrow Agent shall have no obligation to pay interest on cash in respect of any period during which it remains uninvested. District shall be solely responsible for ascertaining that all proposed investments and reinvestments are Qualified Investments and that they comply with federal, state and local laws, regulations and ordinances governing investment of such funds and for providing appropriate notice to the Escrow Agent for the reinvestment of any maturing investment. Accordingly, neither the Escrow Agent nor Seller shall be responsible for any liability,

cost, expense, loss or claim of any kind, directly or indirectly arising out of or related to the investment or reinvestment of all or any portion of the moneys on deposit in the Escrow Account, and District agrees to and does hereby release the Escrow Agent and Seller from any such liability, cost, expenses, loss or claim. Interest on the Escrow Account shall become part of the Escrow Account, and gains and losses on the investment of the moneys on deposit in the Escrow Account shall be borne by the District. The Escrow Agent shall have no discretion whatsoever with respect to the management, disposition or investment of the Escrow Account. The Escrow Agent shall not be responsible for any market decline in the value of the Escrow Account and has no obligation to notify Seller and District of any such decline or take any action with respect to the Escrow Account, except upon specific written instructions stated herein. For purposes of this Agreement, “Qualified Investments” means any investments which meet the requirements of California Government Code Sections 53600 *et seq.*

(c) Unless the Escrow Account is earlier terminated in accordance with the provisions of paragraph (d) below, amounts in the Escrow Account shall be disbursed by the Escrow Agent in payment of amounts described in Section 2 hereof upon receipt of written instruction(s) from Seller, as is more fully described in Section 2 hereof. If the amounts in the Escrow Account are insufficient to pay such amounts, District shall provide any balance of the funds needed to complete the acquisition of the Equipment. Any moneys remaining in the Escrow Account on or after the earlier of (i) the expiration of the Acquisition Period or (ii) the date on which District executes an Acceptance Certificate shall be applied as provided in Section 4 hereof.

(d) The Escrow Account shall be terminated at the earliest of (i) the final distribution of amounts in the Escrow Account, (ii) the date on which District executes a Final Acceptance Certificate or (iii) written notice given by Seller of the occurrence of an Event of Default under the ISA or termination of the ISA. Notwithstanding the foregoing, this Agreement shall not terminate nor shall the Escrow Account be closed until all funds deposited hereunder have been disbursed.

(e) The Escrow Agent may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine and may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument. The Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner of execution, or validity of any instrument nor as to the identity, authority, or right of any person executing the same; and its duties hereunder shall be limited to the receipt of such moneys, instruments or other documents received by it as the Escrow Agent, and for the disposition of the same in accordance herewith. Notwithstanding and without limiting the generality of the foregoing, concurrent with the execution of this Agreement, District and Seller, respectively, shall deliver to the Escrow Agent an authorized signers form in the form of Exhibit A-1 (District) and Exhibit A-2 (Seller) attached hereto. Notwithstanding the foregoing sentence, the Escrow Agent is authorized to comply with and rely upon any notices, instructions or other communications believed by it to have been sent or given by the parties or by a person or persons authorized by the parties. The Escrow Agent specifically allows for receiving direction by written or electronic transmission from an authorized representative with the following caveat, to the extent permitted by law, District and Seller agree to indemnify and hold harmless the Escrow Agent against any and all claims, losses, damages, liabilities, judgments, costs and expenses (including reasonable attorneys’ fees) (collectively,

“Losses”) incurred or sustained by the Escrow Agent as a result of or in connection with the Escrow Agent’s reliance upon and compliance with instructions or directions given by written or electronic transmission given by each, respectively, provided, however, that such Losses have not arisen from the gross negligence or willful misconduct of the Escrow Agent, it being understood that forbearance on the part of the Escrow Agent to verify or confirm that the person giving the instructions or directions, is, in fact, an authorized person shall not be deemed to constitute gross negligence or willful misconduct.

In the event conflicting instructions as to the disposition of all or any portion of the Escrow Account are at any time given by Seller and District, the Escrow Agent shall abide by the instructions or entitlement orders given by Seller without consent of the District.

(f) Unless the Escrow Agent is guilty of gross negligence or willful misconduct with regard to its duties hereunder, District agrees to and does hereby release and indemnify the Escrow Agent and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity, or any other expense, fees or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Escrow Agent under this Agreement; and in connection therewith, does to the extent permitted by law indemnify the Escrow Agent against any and all expenses; including reasonable attorneys’ fees and the cost of defending any action, suit or proceeding or resisting any claim.

(g) If District and Seller shall be in disagreement about the interpretation of the ISA, or about the rights and obligations, or the propriety of any action contemplated by the Escrow Agent hereunder, the Escrow Agent may, but shall not be required to, file an appropriate civil action including an interpleader action to resolve the disagreement. The Escrow Agent shall be reimbursed by District for all costs, including reasonable attorneys’ fees, in connection with such civil action, and shall be fully protected in suspending all or part of its activities under the ISA until a final judgment in such action is received.

(h) Unless determined in a court of competent jurisdiction that it engaged in willful misconduct or acted in bad faith, any action or non-action asserted by Escrow Agent to have been taken by it on the advice of reasonably selected outside counsel shall be presumed not to have constituted gross negligence, willful misconduct or bad faith. Escrow Agent shall not be liable for any mistake of fact or error in judgment unless such mistake of fact or error in judgment is determined by a court of competent jurisdiction to have been made in bad faith.

(i) District shall reimburse the Escrow Agent for all reasonable costs and expenses, including those of the Escrow Agent’s attorneys, agents and employees incurred for non-routine administration of the Escrow Account and the performance of the Escrow Agent’s powers and duties hereunder in connection with any Event of Default under the ISA, any termination of the ISA or in connection with any dispute between Seller and District concerning the Escrow Account.

(j) The Escrow Agent or any successor may at any time resign by giving mailed notice to District and Seller of its intention to resign and of the proposed date of resignation (the “*Effective Date*”), which shall be a date not less than 60 days after such notice is delivered to an express carrier, charges prepaid, unless an earlier resignation date and the appointment of a

successor shall have been approved by the District and Seller. After the Effective Date, the Escrow Agent shall be under no further obligation except to hold the Escrow Account in accordance with the terms of this Agreement, pending receipt of written instructions from Seller regarding further disposition of the Escrow Account.

(k) The Escrow Agent shall have no responsibilities, obligations or duties other than those expressly set forth in this Agreement and no implied duties responsibilities or obligations shall be read into this Agreement.

(l) In accordance with the recordkeeping requirements of the Federal Deposit Insurance Corporation, concurrent with the execution of this Agreement, District shall deliver to the Escrow Agent a Certificate of Plenary Authority in the form of Exhibit B attached hereto.

2. *Acquisition and Installation of Equipment.*

(a) *Acquisition Contracts.* District will arrange for, supervise and provide for, or cause to be supervised and provided for, the acquisition of the Equipment, with moneys available in the Escrow Account. District represents the estimated costs of the Equipment are within the funds estimated to be available therefor, and Seller makes no warranty or representation with respect thereto. Seller shall have no liability under any of the acquisition or construction contracts. District shall obtain all necessary permits and approvals, if any, for the acquisition, equipping and installation of the Equipment, and the operation and maintenance thereof. Escrow Agent shall have no duty to monitor or enforce District's compliance with the foregoing covenant.

(b) *Authorized Escrow Account Disbursements.* It is agreed as between District and Seller that disbursements from the Escrow Account shall be made for the purpose of paying (including the reimbursement to District for advances from its own funds to accomplish the purposes hereinafter described) the cost of acquiring the Equipment.

(c) *Requisition Procedure.* No disbursement from the Escrow Account shall be made unless and until Seller has approved in writing such requisition, and other than Permitted Preliminary Expenditures in an aggregate amount not to exceed \$7,100,000 (the "*Permitted Preliminary Expenditures Limit*"), no disbursement from the Escrow Account shall be made, until District has satisfied all conditions subsequent to Commencement Date and all conditions precedent to disbursements from Escrow Account described in Section 3.05 of the ISA, and delivered all items required by Section 3.05(a)(iii) to Seller and Seller has confirmed in writing that all conditions subsequent to Commencement Date and all conditions precedent to disbursements from Escrow Account described in Section 3.05 of the ISA have been satisfied. Prior to disbursement from the Escrow Account there shall be filed with the Escrow Agent a requisition for such payment in the form of Disbursement Request attached hereto as Schedule 1, stating each amount to be paid and the name of the person, firm or corporation to whom payment thereof is due. All disbursements shall be made by wire transfer. The Escrow Agent is authorized to obtain and rely on confirmation of such Disbursement Request and payment instructions by telephone call-back to the person or persons designated for verifying such requests on Exhibit A-2 (such person verifying the request shall be different than the person initiating the request). The Seller and District hereby confirm that any call-back performed by Escrow Agent to verify a

disbursement instruction pursuant to a Disbursement Request submitted pursuant to this Section 2(c) before release, shall be made to Seller only and Escrow Agent shall have no obligation to call-back District.

Each such Disbursement Request shall be signed by an authorized representative of District (an “*Authorized Representative*”) and by Seller, and shall be subject to the following conditions, which Escrow Agent shall conclusively presume have been satisfied at such time as a requisition executed by District and Seller is delivered to it:

1. Delivery to Seller of an executed Disbursement Request in the form attached hereto as Schedule 1;
2. Delivery to Seller of copies of invoices (and proofs of payment of such invoices, if District seeks reimbursement) and bills of sale therefor or other evidence of title transfer, and release by Vendor of any security interest, therefor as required by Section 3.04 of the ISA and any additional documentation reasonably requested by Seller; and
3. The disbursement shall occur during the Acquisition Period.

District and Seller agree that their execution of the form attached hereto as Schedule 1 and delivery of the executed form to Escrow Agent confirms that all of the requirements and conditions with respect to disbursements set forth in this Section 2 have been satisfied.

3. *Deposit to Escrow Account.* Upon satisfaction of the conditions specified in Section 3.04 of the ISA, Seller will cause the Acquisition Amount to be deposited in the Escrow Account. District agrees to pay any costs with respect to the Equipment in excess of amounts available therefor in the Escrow Account.

4. *Excess Proceeds in Escrow Account.* Upon receipt of written instructions from Seller including a representation that one of the following conditions has been satisfied (upon which representation Escrow Agent shall conclusively rely), any funds remaining in the Escrow Account on or after the earliest of (a) the expiration of the Acquisition Period, (b) the date on which District delivers to the Seller the executed Final Acceptance Certificate or the executed Disbursement Request to effect the final disbursement to pay (or reimburse) Equipment Costs from the Escrow Account or (c) a termination of the Escrow Account as provided in this Agreement, shall be distributed by the Escrow Agent to the Seller in order for the Seller to apply such funds to amounts owed by District under the ISA in accordance with Section 4.07 of the ISA.

5. *Security Interest.* The Escrow Agent and District acknowledge and agree that the Escrow Account and all proceeds thereof are being held by Escrow Agent for disbursement or return as set forth herein. District hereby grants to Seller a first priority perfected security interest in the Escrow Account, and all proceeds thereof, and all investments made with any amounts in the Escrow Account. If the Escrow Account, or any part thereof, is converted to investments as set forth in this Agreement, such investments shall be made in the name of Escrow Agent and the

Escrow Agent hereby agrees to hold such investments as bailee for Seller so that Seller is deemed to have possession of such investments for the purpose of perfecting its security interest.

6. *Control of Escrow Account.* In order to perfect Seller's security interest by means of control in (i) the Escrow Account established hereunder, (ii) all securities entitlements, investment property and other financial assets now or hereafter credited to the Escrow Account, (iii) all of District's rights in respect of the Escrow Account, such securities entitlements, investment property and other financial assets, and (iv) all products, proceeds and revenues of and from any of the foregoing personal property (collectively, the "*Collateral*"), Seller, District and Escrow Agent further agree as follows:

(a) All terms used in this Section 6 which are defined in the California Commercial Code (the "*Commercial Code*") but are not otherwise defined herein shall have the meanings assigned to such terms in the Commercial Code, as in effect on the date of this Agreement.

(b) Escrow Agent will comply with all entitlement orders originated by Seller with respect to the Collateral, or any portion of the Collateral, without further consent by District.

(c) Provided that account investments shall be held in the name of the Escrow Agent, Escrow Agent hereby represents and warrants (i) that the records of Escrow Agent show that District is the sole owner of the Collateral, (ii) that Escrow Agent has not been served with any notice of levy or received any notice of any security interest in or other claim to the Collateral, or any portion of the Collateral, other than Seller's claim pursuant to this Agreement, and (iii) that Escrow Agent is not presently obligated to accept any entitlement order from any person with respect to the Collateral, except for entitlement orders that Escrow Agent is obligated to accept from Seller under this Agreement and entitlement orders that Escrow Agent, subject to the provisions of paragraph (e) below, is obligated to accept from District.

(d) Without the prior written consent of Seller, Escrow Agent will not enter into any agreement by which Escrow Agent agrees to comply with any entitlement order of any person other than Seller or, subject to the provisions of paragraph (e) below, District, with respect to any portion or all of the Collateral. Escrow Agent shall promptly notify Seller if any person requests Escrow Agent to enter into any such agreement or otherwise asserts or seeks to assert a Lien, encumbrance or adverse claim against any portion or all of the Collateral.

(e) Except as otherwise provided in this paragraph (e) and subject to Section 1(b) hereof, District may effect sales, trades, transfers and exchanges of Collateral within the Escrow Account, but will not, without the prior written consent of Seller, withdraw any Collateral from the Escrow Account. Escrow Agent acknowledges that Seller reserves the right, by delivery of written notice to Escrow Agent, to prohibit District from effecting any withdrawals (including withdrawals of ordinary cash dividends and interest income), sales, trades, transfers or exchanges of any Collateral held in the Escrow

Account. Further, Escrow Agent hereby agrees to comply with any and all written instructions delivered by Seller to Escrow Agent (once it has had a reasonable opportunity to comply therewith) and has no obligation to, and will not, investigate the reason for any action taken by Seller, the amount of any obligations of District to Seller, the validity of any of Seller's claims against or agreements with District, the existence of any defaults under such agreements, or any other matter.

(f) District hereby irrevocably authorizes Escrow Agent to comply with all instructions and entitlement orders delivered by Seller to Escrow Agent.

(g) Escrow Agent will not attempt to assert control, and does not claim and will not accept any security or other interest in, any part of the Collateral, and Escrow Agent will not exercise, enforce or attempt to enforce any right of setoff against the Collateral, or otherwise charge or deduct from the Collateral any amount whatsoever.

(h) Escrow Agent and District hereby agree that any property held in the Escrow Account shall be treated as a financial asset under such section of the Commercial Code as corresponds with Section 8-102 of the Uniform Commercial Code, notwithstanding any contrary provision of any other agreement to which Escrow Agent may be a party.

(i) Escrow Agent is hereby authorized and instructed, and hereby agrees, to send to Seller at its address set forth in Section 8 below, concurrently with the sending thereof to District, duplicate copies of any and all monthly Escrow Account statements or reports issued or sent to District with respect to the Escrow Account.

7. *Information Required Under USA PATRIOT ACT.* The parties acknowledge that in order to help the United States government fight the funding of terrorism and money laundering activities, pursuant to Federal regulations that became effective on October 1, 2003 (Section 326 of the USA PATRIOT Act) all financial institutions are required to obtain, verify, record and update information that identifies each person establishing a relationship or opening an account. The parties to this Agreement agree that they will provide to the Escrow Agent such information as it may request, from time to time, in order for the Escrow Agent to satisfy the requirements of the USA PATRIOT Act, including but not limited to the name, address, tax identification number and other information that will allow it to identify the individual or entity who is establishing the relationship or opening the account and may also ask for formation documents such as articles of incorporation or other identifying documents to be provided.

8. *Miscellaneous.* Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the ISA. This Agreement may not be amended except in writing signed by all parties hereto. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original instrument and each shall have the force and effect of an original and all of which together constitute, and shall be deemed to constitute, one and the same instrument. Notices hereunder shall be made in writing and shall be deemed to have been duly given when personally delivered or when deposited in the mail, first class postage prepaid, or

delivered to an express carrier, charges prepaid, or sent by facsimile with electronic confirmation, addressed to each party at its address below.

Notices and other communications hereunder may be delivered or furnished by electronic mail *provided* that any formal notice be attached to an email message in PDF format and provided further that any notice or other communication sent to an e-mail address shall be deemed received upon and only upon the sender's receipt of affirmative acknowledgement or receipt from the intended recipient. For purposes hereof no acknowledgement of receipt generated on an automated basis shall be deemed sufficient for any purpose hereunder or admissible as evidence of receipt.

If to Seller: Banc of America Public Capital Corp
11333 McCormick Road
Mail Code: MD5-031-06-05
Hunt Valley, MD 21031
Attn: Contract Administration
Fax: (443) 541-3057

If to District: Valley Sanitary District
45500 Van Buren Street
Indio, CA 92201
Attention: Business Services Manager
Fax No.: (800) 750-2280

If to Escrow Agent: Bank of America, National Association
Global Custody and Agency Services
540 W. Madison Street
Mail Code: IL4-540-21-03
Chicago, Illinois 60661
Attention: GCAS AMRS Escrow Client Services
Telephone: 312-992-9802
Fax: (312) 453-4443
Email: gcas_amrs_escrow_client_service@bofa.com

9. District and Seller understand and agree that they are required to provide the Escrow Agent with a properly completed and signed Tax Certification (as defined below) and that the Escrow Agent may not perform its duties hereunder without having been provided with such Tax Certification. As used herein "Tax Certification" shall mean an IRS form W-9 or W-8 as described above. The Escrow Agent will comply with any U.S. tax withholding or backup withholding and reporting requirements that are required by law. With respect to earnings allocable to a foreign person, the Escrow Agent will withhold U.S. tax as required by law and report such earnings and taxes withheld, if any, for the benefit of such foreign person on IRS Form 1042-S (or any other required form), unless such earnings and withheld taxes are exempt from reporting under Treasury Regulation Section 1.1461-1(c)(2)(ii) or under other applicable law. With respect to earnings allocable to a United States person, the Escrow Agent will report such income, if required, on IRS Form 1099 or any other form required by law. The IRS Forms 1099 and/or 1042-S shall show the

Escrow Agent as payor and District as payee. Escrow Agent shall recognize District as the designated party for regulatory reporting purposes.

District and Seller agree that they are not relieved of their respective obligations, if any, to prepare and file information reports under Code Section 6041, and the Treasury regulations thereunder, with respect to amounts of imputed interest income, as determined pursuant to Code Sections 483 or 1272. The Escrow Agent shall not be responsible for determining or reporting such imputed interest.

10. This Agreement shall be governed by and construed in accordance with the laws of the State of California and the parties hereto consent to jurisdiction in the State of California and venue in any state or Federal court located in the State of California, and each party expressly waives any objections that it may have to the venue of such courts. The parties hereto expressly waive any right to trial by jury in any action brought on or with respect to this Agreement. If the waiver of jury trial contained herein is unenforceable for any reason, then the parties hereto agree that the court shall, and is hereby directed to, make a general reference pursuant to California Code of Civil Procedure Section 638 to a referee to hear and determine all of the issues in such action or proceeding (whether of fact or of law) and to report a statement of decision.

11. Any bank or corporation into which the Escrow Agent may be merged or with which it may be consolidated, or any bank or corporation to whom the Escrow Agent may transfer a substantial amount of its escrow business, shall be the successor to the Escrow Agent without the execution or filing of any paper or any further act on the part of any of the parties, anything herein to the contrary notwithstanding. Any bank or corporation into which the Seller may be merged or with which it may be consolidated, or any bank or corporation to whom the Seller may transfer a substantial amount of its business, shall be the successor to the Seller without the execution or filing of any paper or any further act on the part of any of the parties, anything herein to the contrary notwithstanding.

12. This Agreement may be amended, modified, and/or supplemented only by an instrument in writing executed by all parties hereto.

13. No party hereto shall assign its rights hereunder until its assignee has submitted to the Escrow Agent (i) Patriot Act disclosure materials and the Escrow Agent has determined that on the basis of such materials it may accept such assignee as a customer and (ii) assignee has delivered an IRS Form W-8 or W-9, as appropriate, to the Escrow Agent which the Escrow Agent has determined to have been properly signed and completed.

14. Escrow Agent will treat information related to this Agreement as confidential but, unless prohibited by law, District and Seller authorize the transfer or disclosure of any information relating to the Agreement to and between the subsidiaries, officers, affiliates and other representatives and advisors of Escrow Agent and third parties selected by any of them, wherever situated, for confidential use in the ordinary course of business, and further acknowledge that Escrow Agent and any such subsidiary, officer, affiliate or third party may transfer or disclose any such information as required by any law, court, regulator or legal process.

Seller will treat information related to this Agreement as confidential but, unless prohibited by law, Escrow Agent and District authorize the transfer or disclosure of any information relating to the Agreement to and between the subsidiaries, officers, affiliates, other representatives and advisors of Seller and debt and equity sources and third parties selected by any of them, and to their prospective assignees wherever situated, for confidential use in the ordinary course of business, and further acknowledge that Seller and any such subsidiary, officer, affiliate, debt and equity source or third party or prospective assignee may transfer or disclose any such information as required by any law, court, regulator or legal process.

District will treat the terms of this Agreement as confidential except on a “need to know” basis to persons within or outside District’s organization (including affiliates of such party), such as attorneys, accountants, bankers, financial advisors, auditors and other consultants of such party and its affiliates, except as required by any law, court, regulator or legal process and except pursuant to the express prior written consent of the other parties, which consent shall not be unreasonably withheld;

15. The Related Documents may be executed and delivered by facsimile signature or other electronic or digital means (including, without limitation, Adobe’s Portable Document Format (“*PDF*”). Any such signature shall be of the same force and effect as an original signature, it being the express intent of the parties to create a valid and legally enforceable contract between them. The exchange and delivery of the Related Documents and the related signature pages via facsimile or as an attachment to electronic mail (including in *PDF*) shall constitute effective execution and delivery by the parties and may be used by the parties for all purposes. Notwithstanding the foregoing, at the request of either party, the parties hereto agree to exchange inked original replacement signature pages as soon thereafter as reasonably practicable.

IN WITNESS WHEREOF, the parties have executed this Escrow and Account Control Agreement as of the date first above written.

BANC OF AMERICA PUBLIC CAPITAL CORP, as
Seller

BANK OF AMERICA, NATIONAL ASSOCIATION, as
Escrow Agent

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

VALLEY SANITARY DISTRICT, as District

By: _____
Name: Scott Sear
Title: Board President

By: _____
Name: Beverli Marshall
Title: General Manager

APPROVED AS TO FORM:

By: _____
Name: Robert Hargreaves
Title: General Counsel

**SCHEDULE 1
TO THE ESCROW AND ACCOUNT CONTROL AGREEMENT**

FORM OF DISBURSEMENT REQUEST

Re: Installment Sale Agreement dated as of May 13, 2022 by and between Banc of America Public Capital Corp, as Seller, and the Valley Sanitary District, as District (the “ISA”) (Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the ISA.)

In accordance with the terms of the Escrow and Account Control Agreement, dated as of May 13, 2022 (the “Escrow and Account Control Agreement”) by and among Banc of America Public Capital Corp (“Seller”), the Valley Sanitary District (“District”) and Bank of America, National Association, (the “Escrow Agent”), the undersigned hereby requests the Escrow Agent pay the following persons the following amounts from the Escrow Account created under the Escrow and Account Control Agreement for the following purposes:

DISBURSEMENT AMOUNTS:

Payee’s Name and Address (if disbursement via wire, must include wire transfer instructions)	Invoice Number	Dollar Amount	Purpose
<Payee’s Name> <Payee Address 1> <Payee Address 2> <Payee Address 3> <Payee Bank Name*> <Payee Bank ABA/Routing*> <Payee Bank Account No*> <Payee Account Name*> <*Payee Address and Payee Bank information is required.>	<invoice list OR “see attached” with a spreadsheet>	< invoice amount>	<general description of equipment; ex “police cruiser”>
<Payee’s Name> <Payee Address 1> <Payee Address 2> <Payee Address 3> <Payee Bank Name*> <Payee Bank ABA/Routing*> <Payee Bank Account No*> <Payee Account Name*> <*Payee Address information is required. Payee Bank information only to be included for wire/EFT.>	<invoice list OR “see attached” with a spreadsheet>	<invoice amount>	[<mobilization fee that is payable to the Vendor under the Vendor Agreement>]

District hereby represents, covenants and warrants for the benefit of Seller on the date hereof as follows:

(i) Each obligation specified in the table herein titled as “Disbursement Amounts” (a) has been incurred by District in the stated amount, (b) the same is a proper charge against the Escrow Account for (i) Equipment Costs relating to the Equipment identified above and has not been paid (or has been paid by District and District requests reimbursement thereof) and (ii) the mobilization fee in the amount of \$ _____, which has been approved by Seller, and (c) has not been paid (or has been paid by District and District requests reimbursement thereof), and the Equipment relating to such obligation has been delivered, installed and accepted by District.

(ii) For each item of Equipment relating to an obligation specified in the table herein titled as “Disbursement Amounts” (a) District has conducted such inspection and testing of the Equipment as it deems necessary and appropriate in order to determine the Equipment’s capability and functionality in order to accept such Equipment, (b) such Equipment has been delivered, installed, is operating in a manner consistent with the manufacturer’s intended use and has been inspected and finally accepted for all purposes by District and title thereto has transferred to District and any security interest of Vendor therein has been released and (c) the date on which Equipment acceptance occurred is _____, 20__ . Attached hereto is the original invoice, and certification from Vendor as to title transfer and release by Vendor of any security interest with respect to such obligation and the related AIA forms.

(iii) The undersigned, as Authorized Representative, has no notice of any vendor’s, mechanic’s or other Liens or rights to Liens, chattel mortgages, conditional sales contracts or security interest which should be satisfied or discharged before such payment is made.

(iv) This requisition contains no item representing payment on account, or any retained percentages which District is, at the date hereof, entitled to retain (except to the extent such amounts represent a reimbursement to District).

(v) The Equipment is insured in accordance with the ISA.

(vi) No Event of Default, and no event which with notice or lapse of time, or both, would become an Event of Default, under the ISA has occurred and is continuing at the date hereof.

(vii) The disbursement shall occur during the Acquisition Period.

(viii) The representations, warranties and covenants of District set forth in the ISA are true and correct as of the date hereof.

(ix) No Material Adverse Change has occurred since the date of the execution and delivery of the ISA.

(x) The information in this Disbursement Request regarding each Payee, including their respective name, address and wiring instructions (collectively, the “Payee Information”), is true and correct, such Payee Information has been verified and confirmed by District and the Seller can rely on District’s verification and confirmation of the accuracy of such Payee Information. District hereby acknowledges and agrees that any call-back performed by Seller to verify the disbursement instructions pursuant to this

Disbursement Request shall be made to District only and Seller shall have no obligation to call-back any Payee listed above.

(xi) [Each obligation specified in the table herein titled as “Disbursement Amounts” relates to _____ and constitutes a Permitted Preliminary Expenditure under the ISA.¹ The sum of the principal amount of all obligations specified in the table herein titled as “Disbursement Amounts” plus the sum of all disbursements from the Escrow Account made prior to the date hereof (which heretofore equaled \$_____) does not exceed the Permitted Preliminary Expenditures Limit of \$7,100,000.] OR [All conditions subsequent to Commencement Date and all conditions precedent to disbursements from Escrow Account described in Section 3.05 of the ISA, and delivered all items required by Section 3.05(a)(iii) to Seller and Seller has confirmed in writing that all conditions subsequent to Commencement Date and all conditions precedent to disbursements from Escrow Account described in Section 3.05 of the ISA have been satisfied.]²

Dated: May 13, 2022

VALLEY SANITARY DISTRICT

By: _____
Name: Jeanette Juarez
Title: Business Services Manager

Disbursement of funds from the Escrow
Account in accordance with the foregoing
Disbursement Request hereby is authorized

BANC OF AMERICA PUBLIC CAPITAL CORP
as Seller under the ISA

By: _____
Name:
Title:

¹ Note: “Permitted Preliminary Expenditures” means design, architectural, engineering, surveying, soil testing, Costs of Issuance and similar costs that are incurred prior to commencement of acquisition, installation, construction of the Equipment (excluding any costs related to land acquisition, site preparation and similar costs incident to commencement of construction), in an aggregate amount that does not exceed 10% of the Acquisition Amount (or such higher amount with the prior written consent of the Seller, which shall not be unreasonably withheld).

² See Section 3.05 of the ISA and separate Equipment Closing Index for all deliverables required to be satisfied prior to disbursements other than Permitted Preliminary Expenditures up to the Permitted Preliminary Expenditures Limit.

[AN "EXHIBIT A-1" MUST BE COMPLETED AND EXECUTED AT TIME OF EXECUTION OF THE AGREEMENT]

EXHIBIT A-1
FORM OF INCUMBENCY AND AUTHORIZATION CERTIFICATE

The undersigned, a duly elected or appointed and acting Clerk of the Board of the Valley Sanitary District ("*District*") certifies as follows:

A. The following listed persons are duly elected or appointed and acting officials of District (the "*Officials*") in the capacity set forth opposite their respective names below and the facsimile signatures below are true and correct as of the date hereof;

B. The Officials are duly authorized, on behalf of District, to negotiate, execute, in writing or electronically, and deliver the Installment Sale Agreement dated as of May 13, 2022 by and between District and Banc of America Public Capital Corp ("*Seller*"), the Escrow and Account Control Agreement dated as of May 13, 2022 by and among Seller, District and Bank of America, National Association, as Escrow Agent, all documents related thereto and delivered in connection therewith, and any future modification(s) or amendments thereof (collectively, the "*Operative Agreements*"), and the Operative Agreements each are the binding and authorized agreements of District, enforceable in all respects in accordance with their respective terms.

NAME OF OFFICIAL	TITLE	SIGNATURE
Scott Sear	Board President	_____
Beverli Marshall	General Manager	_____
Jeanette Juarez	Business Services Manager	_____

Dated: May 13, 2022

By: _____

Name: Holly Gould

Title: Clerk of the Board

(The signer of this Certificate cannot be listed above as authorized to execute the Operative Agreements.)

[AN "EXHIBIT A-2" MUST BE COMPLETED AND EXECUTED AT TIME OF EXECUTION OF THE AGREEMENT]

EXHIBIT A-2

Escrow and Account Control Agreement dated as of May 13, 2022 by and among Banc of America Public Capital Corp, as Seller, the Valley Sanitary District, as District and Bank of America, National Association, as Escrow Agent

Certificate of Authorized Representatives – [Seller]

Name: Terri Preston
Title: Authorized Agent
Phone: 443-541-3642
Facsimile: 443-541-3057
E-mail: Terri.Preston@bofa.com
Signature:

Name: Nancy Nusenko
Title: Authorized Agent
Phone: 443-541-3646
Facsimile: 443-541-3057
E-mail: Nancy.a.nusenko@bofa.com
Signature:

Fund Transfer / Disbursement Authority Level:

- Initiate
Verify transactions initiated by others

Fund Transfer / Disbursement Authority Level:

- Initiate
Verify transactions initiated by others

Name: Nancy K. Hepner
Title: Authorized Agent
Phone: 443-541-3645
Facsimile: 804-553-2407
E-mail: Nancy.k.hepner@bofa.com
Signature:

Name: Arlene Sobieck
Title: Authorized Agent
Phone: 443-541-3643
Facsimile: 443-541-3057
E-mail: Arlene.sobieck@bofa.com
Signature:

Fund Transfer / Disbursement Authority Level:

- Initiate
Verify transactions initiated by others

Fund Transfer / Disbursement Authority Level:

- Initiate
Verify transactions initiated by others

The Escrow Agent is authorized to comply with and rely upon any notices, instructions or other communications believed by it to have been sent or given by the person or persons identified above including without limitation, to initiate and verify funds transfers as indicated.

Banc of America Public Capital Corp

By:

Name:

Title:

Date: May 13, 2022

[AN "EXHIBIT B" MUST BE COMPLETED AND EXECUTED AT TIME OF EXECUTION OF THE AGREEMENT]

EXHIBIT B

FORM OF CERTIFICATE OF PLENARY AUTHORITY

The undersigned, a duly elected or appointed and acting Clerk of the Board of the Valley Sanitary District ("*District*") certifies as follows:

A. In accordance with the laws that govern District and its governing body, each person that (i) is either duly elected or an appointed official of District and (ii) holds the following titles listed below (each, an "*Official Custodian*"), are the only persons that have plenary authority over funds of the District.

TITLE

General Manager

Business Services Manager

Dated: May 13, 2022

By: _____
Name: Holly Gould
Title: Clerk of the Board



**Valley Sanitary District
Board of Directors Meeting
May 10, 2022**

TO: Board of Directors

FROM: Beverli A. Marshall, General Manager

THROUGH: Jeanette Juarez, Business Services Manager

SUBJECT: Authorize the Investment of the Proceeds of the Bank of America Financing in a Short-Term US Governments & Agency Money Market Fund

<input checked="" type="checkbox"/> Board Action	<input checked="" type="checkbox"/> New Budget Approval	<input type="checkbox"/> Contract Award
<input type="checkbox"/> Board Information	<input type="checkbox"/> Existing FY Approved Budget	<input type="checkbox"/> Closed Session

Executive Summary

The purpose of this report is for the Board of Directors to review and authorize the investment of the proceeds of the Bank of America financing in a short-term US Governments & Agency Money Market Fund.

Strategic Plan Compliance

This item complies with VSD Strategic Plan Objective 5.1: Align long-term financial planning with strategic priorities.

Fiscal Impact

The fiscal impact for this item is \$71M invested in a short-term US Governments & Agency Money Market Fund.

Background

The District has an investment policy in place that provide guidelines for the prudent investment of the Valley Sanitary District's (District) surplus monies not required for the immediate necessities of the District in accordance with federal, state, and other legal requirements, including applicable portions of California Government Code sections 53600 through 53686 and the District Resolution as adopted by the Board of Directors for the Valley Sanitary District.

The Recycled Water Project will be financed through Bank of America for \$71M. The project is projected to be completed in December of 2025. Bank of America, N.A. offers short-term investment vehicles to escrow clients for purposes of short-term cash investment. The Escrow Account Investment Selection Form (Attachment A) represents

money market funds and bank deposit investment vehicles that are currently available for investment of funds held in a Bank of America, N.A.

Bank of America, N.A. provided three (3) Escrow Account Investment Selection options

1. Interest Bearing Deposit Account
2. US Governments & Agency Money Market Funds
3. Treasury Money Market Funds

After reviewing the District's Investment Policy Section VII. Suitable and Authorized investments and the escrow account investment selection, staff is recommending that the proceeds of the financing be deposited to a US Government & Agency Money Market Fund through Goldman Sachs Financial Square Government Fund- Service. Attached to this report is Goldman Sachs Financial Square Government Fund's historical performance (Attachment D). The organization has over 38 years of experience in the investment of short-term U.S. Government debt and offers a high-quality market portfolio. The Investment meets the District's authorized investments and criteria.

Recommendation

Staff recommends that the Board of Directors approve the proceeds of the financing be deposited to a US Government & Agency Money Market Fund through Goldman Sachs Financial Square Government Fund- Service.

Attachments

- | | |
|--------------|---|
| Attachment A | Leasing Escrow - Investment Selection Form |
| Attachment B | Escrow Interest Bearing Demand Deposit Account (IBDA) 3 |
| Attachment C | Escrow Operationally Available Funds with Yield Information |
| Attachment D | Goldman Sachs Financial Square Government Fund's Historical Performance |

BANK OF AMERICA MERRILL LYNCH

Escrow Account Investment Selection Form for funds invested in a money market fund or interest bearing deposit account

Bank of America, N.A. offers short-term investment vehicles to our escrow clients for purposes of short-term cash investment. Clients can choose a short-term investment solution for use as the daily “cash sweep” vehicle for all funds not being employed for other investment purposes. This Escrow Account Investment Selection Form represents money market funds and bank deposit investment vehicles which are currently available for investment of funds held in a Bank of America, N.A. Escrow Account, which availability is subject to change following the date of the Escrow Account and Account Control Agreement. A properly completed, signed and dated Escrow Account Investment Selection Form must be received by the Escrow Agent in order for the Escrow Account to be invested in a money market fund or bank deposit investment vehicle.

Any investment in a money market fund or bank deposit investment vehicle may be changed by delivery to the Escrow Agent of a written request executed by LESSEE including a revised and re-executed Escrow Account Investment Selection Form. Upon receipt of such request the Escrow Agent will reinvest the Escrow Fund in the indicated investment within two (2) Business Days or such additional time as may be required due to circumstances beyond the Escrow Agent’s control.

The Escrow Agent shall not be responsible to any party hereto or to any other person or entity for any loss or liability arising in respect of any investment made in accordance with the written direction of the LESSEE. If a money market fund is designated herein as the initial investment for the Escrow Account, the LESSEE acknowledges receipt of the prospectus for such fund.

INFORMATION AND DISCLOSURES REGARDING INVESTMENTS

Interest Bearing Deposit Account:

U.S and non U.S. Corporate and Institutional Investor Use Only

TERMS AND CONDITIONS - The Interest Bearing Deposit Account (“IBDA”) is a Deposit Account held at Bank of America, N.A. To deposit funds in IBDA you must establish and maintain an account with Bank of America, N.A. (the “Bank”) pursuant to the terms of a written account agreement, including the Escrow Agreement (the “Relationship Terms”). Your funds may only be placed on deposit in or withdrawn from IBDA by the Escrow Agent acting on your behalf under the Relationship Terms and under the terms and conditions set forth herein. You will receive a statement from the Escrow Agent reflecting any balances held in IBDA at Bank and such balances, and any deposits to or withdrawals from IBDA on your behalf, will not be reflected on any other statement you receive from Bank.

An IBDA is a type of demand deposit account as described in the Bank Deposit Agreement and Disclosures, and may be reflected on your account statement as Interest Bearing Deposit Account. IBDA will pay interest at a rate determined by the Bank based on market conditions. Market conditions and/or other factors may cause the Bank to change the rate after funds are invested. In the event the rate changes, Escrow Agent will reflect the implementation of the new rate on your account statement as of the effective date of the change. The Bank reserves the right to pay no interest on the account, in which case the account will be held as a Non-Interest Bearing demand deposit account as described in the Bank Deposit Agreement and Disclosures.

Funds deposited in IBDA or a Non-Interest Bearing demand deposit account, as applicable are insured to the maximum extent permitted by law and regulation by the Federal Deposit Insurance Corporation. **IBDA as available through Bank of America, N.A. as Escrow Agent is not collateralized.** IBDA has a normal cutoff time of 4:00PM (central time) and any cash received after that time will not be invested until the next business day. Past performance is no guarantee of future results.

Money Market Funds:

U.S Corporate and Institutional Investor Use Only

For more complete information about a money market fund listed in this **form**, including expenses, investment objectives, and past performance, please refer to the prospectus. You should read and review this information carefully before investing. Past performance is no guarantee of future results. Investments in money market mutual funds are neither insured nor guaranteed by Bank of America, N.A. and its affiliates, or by any Government Agency. **There can be no assurance that the funds can maintain a stable net asset value of \$1.00 per share.** Bank of America, N. A. typically has a normal cut-off time of one hour prior to the money market mutual fund’s stated cut off time and any cash received after that time will not be invested until the next Business Day.

The parties to the agreement understand and agree that the Escrow Agent may receive certain revenue associated with money market fund investments. These revenues take one of two forms:

BANK OF AMERICA MERRILL LYNCH

Escrow Account Investment Selection Form for funds invested in a money market fund or interest bearing deposit account

Shareholder Servicing Payments: The Escrow Agent may receive shareholder servicing payments commensurate with the shareholder services provided for the money market fund company. Shareholder services typically provided by Bank of America, N.A. include the maintenance of shareholder ownership records, distributing prospectuses and other shareholder information materials to investors and handling proxy-voting materials. Typically shareholder servicing payments are paid under a money market fund’s 12b-1 distribution plan and impact the investment performance of the fund by the amount of the fee. The shareholder servicing fee payable from any money market fund is detailed in the fund’s prospectus provided to you.

Revenue Sharing Payments: The Escrow Agent may receive revenue sharing payments from a money market fund company. These payments represent a reallocation to the Escrow Agent of a portion of the compensation payable to the fund company in connection with a money market fund investment. Revenue sharing payments constitute a form of fee sharing between the fund company and the Escrow Agent and do not, as a general rule, result in any additional charge or expense in connection with a money market fund investment, are not paid under a 12b-1 plan, and do not impact the investment performance of the fund. The amount of any revenue share, if any, payable to the Escrow Agent with respect to your account’s investments is available upon request.

In the event that a money market fund has been designated as the investment, the parties hereto acknowledge delivery of the prospectus for such fund. **The Parties hereto acknowledge that with respect to any such “cash sweep vehicle”, if applicable, money market funds and other non-deposit investments are not deposits within the meaning of the Federal Deposit Insurance Act (12 U.S.C. 1813(l)), are not insured or guaranteed by the U.S. Government, the FDIC or any other government agency, are not insured, endorsed or guaranteed by Bank of America, are not obligations of Bank of America, and involve investment risk, including possible loss of principal. If a receiver were appointed for Bank of America, the client would have an ownership interest in the shares of the Mutual Fund that Bank of America purchased on behalf of the client.**

ESCROW ACCOUNT INVESTMENT SELECTION			
Please place an “X” to the left of the investment selected below	CUSIP	TICKER	INTERNAL
<i>Interest Bearing Deposit Account (“IBDA”) held at Bank of America, N.A.</i>			
Bank of America Interest Bearing Deposit Account (IBDA)	N/A	N/A	
<i>US Government & Agency Money Market Funds</i>			
BlackRock Lq FedFund - Cash Mgmt	09248U882	BFFXX	9998CT315
Dreyfus Government Cash Management – Participant Share	262006505	DPGXX	999300973
Federated Government Obligations Fund - Trust Shares	60934N153	GORXX	999507031
Goldman Sachs Financial Square Government Fund- Service	38141W257	FOSXX	9998SF342
Invesco Govt & Agency Personal	825252844	AIM38	999101033
<i>Treasury Money Market Funds</i>			
BlackRock Liquidity Fund: T-Fund - Cash Management	09248U668	BPTXX	9998CT257
BlackRock Liquidity Fund: Treas Trust - Cash Management	09248U536	BTCXX	9998CT448
Dreyfus Treasury & Agency Cash Management - Participant Share	261908404	DTPXX	999301591
Federated Treasury Obligations Fund - Trust Shares	60934N120	TOTXX	999507023
Fidelity Inv Treasury Portfolio - IV	31607A406	FTVXX	9998SF870
Goldman Sachs Financial Square Treasury Oblig Fund - Service	38141W299	FYAXX	9998SF219
Invesco Treasury Personal	825252208	AIM24	999101066

Acknowledged and agreed this 10 day of May, 2022:

Lessee Name: Valley Sanitary District

By: _____

Name: Scott Sear

Title: Board President

Escrow Account Name: _____

Escrow Account Number: _____



**Bank of America Merrill Lynch
Global Custody and Agency Services**

Interest Bearing Deposit Account (IBDA)

IBDA is an interest bearing deposit account that does not have minimum deposit requirements. IBDA is available through Bank of America NA Global Custody and Agency Services.

Fund Name	Daily Yield Information as of	Daily Yield (365-Day)	Internal CUSIP	Cut Off Time (CT*)
Interest Bearing Deposit Account (IBDA)	May 1, 2022	0.030000		4:30 PM

Prior Month Daily Rate Data	Daily Yield (365-Day)
April 1, 2022	0.03
April 2, 2022	0.03
April 3, 2022	0.03
April 4, 2022	0.03
April 5, 2022	0.03
April 6, 2022	0.03
April 7, 2022	0.03
April 8, 2022	0.03
April 9, 2022	0.03
April 10, 2022	0.03
April 11, 2022	0.03
April 12, 2022	0.03
April 13, 2022	0.03
April 14, 2022	0.03
April 15, 2022	0.03
April 16, 2022	0.03
April 17, 2022	0.03
April 18, 2022	0.03
April 19, 2022	0.03
April 20, 2022	0.03
April 21, 2022	0.03
April 22, 2022	0.03
April 23, 2022	0.03
April 24, 2022	0.03
April 25, 2022	0.03
April 26, 2022	0.03
April 27, 2022	0.03
April 28, 2022	0.03
April 29, 2022	0.03
April 30, 2022	0.03
Average	0.03

* The cut off time is subject to change due to holidays and bank processing requirements. Any cash or redemption requests received after the cut off time, which is shown as Central Time, will be processed the next business day.

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Bank of America Merrill Lynch
Global Custody and Agency Services
135 S. LaSalle Street, 5th Fl, Chicago, IL 60603 USA



Bank of America Merrill Lynch
Global Custody and Agency Services

Interest Bearing Deposit Account (IBDA)

Supplemental Global Custody and Agency Services

Terms and Conditions

IBDA is a Interest Bearing Deposit Account ("IBDA") held at Bank of America, National Association ("Bank") and is available with the establishment of an account with Global Custody and Agency Services, a division of Bank acting on your behalf ("GCAS"). These terms supplement the terms of the Bank Deposit Agreement and Disclosures and the terms of the applicable Bank Deposit Agreement and Disclosures are hereby incorporated into these Terms and Conditions as if fully set forth herein. To the extent the Terms and Conditions conflict with the Bank Deposit Agreement and Disclosures these Terms and Conditions shall control.

TERMS AND CONDITIONS - To deposit funds in IBDA you must establish and maintain an account with GCAS pursuant to the terms of a written account agreement (the "Relationship Terms") and your funds may only be placed on deposit in or withdrawn from IBDA by GCAS acting on your behalf under the Relationship Terms and under the terms and conditions set forth herein. The IBDA at Bank is held in the name of GCAS. You will receive a separate statement from GCAS reflecting any balances held in IBDA at Bank and such balances, and any deposits to or withdrawals from IBDA on your behalf, will not be reflected on any other statement you receive from Bank. IBDA is a type of demand deposit as described in the Bank Deposit Agreement and Disclosures and may be reflected on your account statement as Interest Bearing Deposit Account.

PERMISSIBILITY; COMMINGLING. You represent and warrant that IBDA is an "eligible investment", as such terms may be defined in your agreement with GCAS and may be made by GCAS. The funds deposited by GCAS in IBDA may be commingled with the funds of other IBDA depositors. You represent and warrant that your deposits do not consist of the type of funds that are prohibited from being commingled.

INTERESTS AND CHARGES - The rate of interest you earn may or may not be the same amount earned by GCAS from the Bank. Any interest earned and paid on the amount of funds deposited on your behalf in IBDA may be netted against any expenses you owe GCAS for administering your account and GCAS will assess or pass through any charges by the Bank on IBDA. The amount of this management and other charges will be established by GCAS as set forth in an exhibit to your Relationship Terms or otherwise made known to you. IBDA will pay interest at a rate determined by the Bank based on market conditions. Market conditions and/or other factors may cause the Bank to change the rate after funds are invested. In the event the rate changes, Escrow Agent will reflect the implementation of the new rate on your account statement as of the effective date of the change. The Bank reserves the right to pay no interest on the account.

ADDITIONAL SERVICES - Additional services available with IBDA may be performed by GCAS in accordance with your Relationship Terms.

TERMINATION - Bank may terminate the services or IBDA availability at any time upon notice to you or your designated GCAS representative for any reason, including, but not limited to your violation or termination or your Relationship Terms.

AMENDMENT OF TERMS - Terms and Conditions may be amended by Bank from time to time without prior notice to you or GCAS. If you continue to permit GCAS to deposit your funds in IBDA and service or keep your account open after the effective date of any change, you will be deemed to have agreed to any changes.

GENERAL -These Terms and Conditions are subject to the governing law provisions under the Bank Deposit Agreement and Disclosure. Funds deposited in IBDA are insured to the maximum extent permitted by law and regulation by the Federal Deposit Insurance Corporation.

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Bank of America Merrill Lynch
Global Custody and Agency Services
135 S. LaSalle Street, 5th Floor
Chicago, IL 60603 USA

Money Fund	Symbol	CUSIP	1Day%	7Day%	30Day	DivFactor	AM	Moody's	S&P	Fitch	NAIC	Date
US Government & Agency												
BlackRock Lq FedFund Cash Mgmt	BFFXX	09248U882	0.02	0.02	0.02	0.000001357	37	Aaa-mf	AAAm	-	-	4/22/22
Dreyfus Government Cash Mgmt Participant	DPGXX	262006505	0.03	0.03	0.03	0.000002466	19	Aaa-mf	AAAm	-	-	4/22/22
Federated Hermes Government Oblig Trust	GORXX	60934N153	0.01	0.01	0.01	0.000000275	10	Aaa-mf	AAAm	AAAmmf	-	4/22/22
Goldman Sachs FS Government Service	FOSXX	38141W257	0.01	0.02	0.01	0.000000167	13	Aaa-mf	AAAm	-	-	4/22/22
Invesco Govt & Agency Personal	AIM38	825252844	0.03	0.03	0.03	0.000002130	51	Aaa-mf	AAAm	AAAmmf	-	4/22/22
Treasury												
BlackRock Lq T-Fund CM	BPTXX	09248U668	0.01	0.01	0.00	0.000000419	32	Aaa-mf	AAAm	-	Y	4/22/22
BlackRock Lq Treas Trust Cash Mgmt	BTCXX	09248U536	0.03	0.01	0.01	0.000002064	44	Aaa-mf	AAAm	-	Y	4/22/22
Dreyfus Treasury & Agency Cash Mgmt Participant	DTPXX	261908404	0.01	0.01	0.01	0.000000822	15	Aaa-mf	AAAm	-	-	4/22/22
Federated Hermes Treasury Obligations Fund Trust	TOTXX	60934N120	0.01	0.01	0.01	0.000000151	9	Aaa-mf	AAAm	-	-	4/22/22
Fidelity Inv MM: Treas Port IV	FTVXX	31607A406	0.01	0.01	0.01	0.000000274	21	Aaa-mf	AAAm	-	-	4/22/22
Goldman Sachs FS Treasury Oblig Service	FYAXX	38141W299	0.01	0.01	0.01	0.000000167	10	Aaa-mf	AAAm	-	Y	4/22/22
Invesco Treasury Personal	AIM24	825252208	0.01	0.01	0.01	0.000000840	39	Aaa-mf	AAAm	AAAmmf	Y	4/22/22
Social (Government)												
BlackRock Lq FedTrust Cash Mg	BFMXX	09248U858	0.01	0.01	0.01	0.000000419	44	Aaa-mf	AAAm	AAAmmf	-	4/22/22
Dreyfus Govt Sec Cash Mgmt Participant	DGPXX	262006604	0.01	0.01	0.01	0.000000822	25	Aaa-mf	AAAm	-	-	4/22/22
Goldman Sachs FS Federal Instr Service	FILXX	38148U627	0.01	0.01	0.01	0.000000167	50	Aaa-mf	AAAm	-	-	4/22/22

U.S Corporate and Institutional Investor Use Only

Client acknowledges that all cash management selections are self-directed and that no advice has been or will be given as to the attractiveness of any particular option.

All performance numbers shown are updated weekly. For up to date numbers, please visit each fund's websites. Bank of America, N.A. has gathered this information from sources it believes to be reliable, but Bank of America, N.A. does not warrant its accuracy or completeness. The rate sheet should not be construed to constitute the provision of investment advice or recommendations by Bank of America, N.A. The data set forth herein is provided for informational purposes only and is not an offer or recommendation of any security, or a prediction of future performance.

Past performance is not a guarantee of future results. For certain funds the manager may have waived or rebated a portion of the fees or the overall expense ratio during a given period. This waiver or rebate would have the effect of overstating a fund's return during the period in question. Information about expense caps and waivers can be found in each fund's prospectus. A link to the prospectus for each of the funds is embedded in this summary. The prospectus for each fund contains important information about the investment objectives and restrictions, expenses and operations of each fund. Please read it carefully before investing.

The funds do not charge any sales commission, or exchange fee in connection with the purchase, sale, or exchange of shares of any of the funds.

An investment in a money market fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation (FDIC), or any other government agency. Money Market Funds are not deposits or obligations of or guaranteed by Bank of America, N.A.. Investments in mutual funds involve risk, including loss of the principal amount invested.

Although money market funds seek to preserve a stable net asset value, it is possible to lose money by investing in a money market fund.

Certain funds have agreements with certain shareholder organizations, including affiliates of Bank of America, N.A. ("Shareholder Organizations") that provides services, which may include acting as record shareholder to their customers who beneficially own shares in the funds. As consideration for these services, each fund may pay a Shareholder Organization an administrative service, shareholder service, or sub transfer-agent fee based on the average net asset value of the funds shares held by the Shareholder Organization's customers. Client consents to the payment of such fees to Bank of America, N.A. or its affiliate.

Source: Crane Data

Bank of America N A
Global Custody and Agency Services
540 W. Madison Street; 21st Floor
Chicago, IL 60661 USA

Goldman Sachs Financial Square Government Fund

Data as of 03.31.22
A Shares:
FSOXX/38148U452

A SHARES

FUND FACTS

A high quality money market portfolio that comprises U.S. Government and U.S. Treasury securities including bills, bonds, notes and repurchase agreements.

Seeks to maximize current income to the extent consistent with the preservation of capital and the maintenance of liquidity by investing exclusively in high quality money market instruments.

A diversified alternative to investing in short-term U.S. Government debt. GSAM has over 38 years of experience as a leading provider of money market funds.

STANDARDIZED PERFORMANCE (%)

Inception Date of A Class	02.29.16
Dividends Declared	Daily
Standardized 7-Day Current Yield (%) as of 03.31.22	0.01%
Standardized 7-Day Effective Yield (%) as of 03.31.22	0.01%
Weighted Average Maturity (Days)	14
Weighted Average Life (Days)	111
Assets (\$MM)	\$232149.10

Quarter-End Total Returns (%) as of 03.31.22

1 Year	5 Year	10 Year	Since Inception
0.03	0.82	-	0.69

AAAm, Aaa-mf rated by Standard & Poor's Rating Group and Moody's Investor Service, Inc.

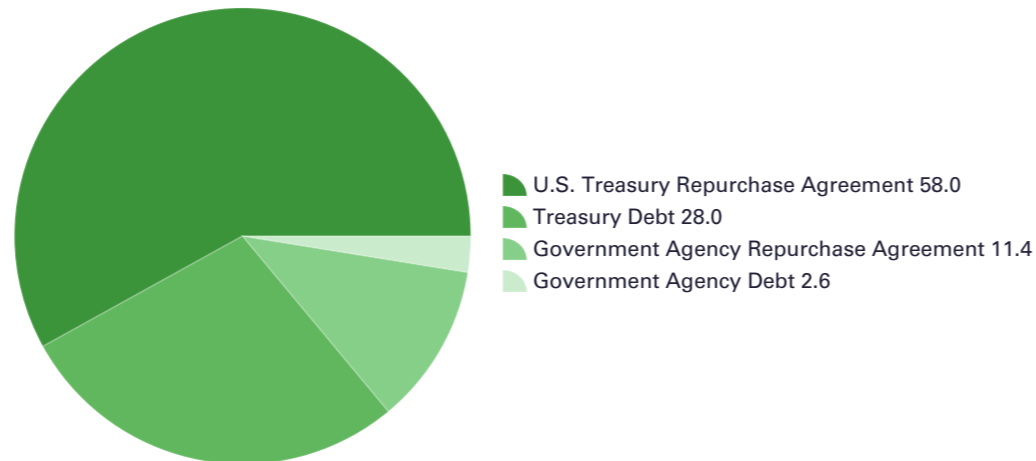
HISTORICAL PERFORMANCE (NAV) (%)

	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Mar 2022	0.01	0.03	0.55	0.82	-	0.69
Dec 2021	0.03	0.03	0.72	0.83	-	0.72
Dec 2020	0.27	0.27	1.20	-	-	0.86
Dec 2019	1.86	1.86	1.29	-	-	1.02
Dec 2018	1.49	1.49	-	-	-	0.72
Dec 2017	0.52	0.52	-	-	-	0.30
Dec 2016	-	-	-	-	-	0.04

The yields and returns represent past performance. Past performance does not guarantee future results. Current performance may be lower or higher than the performance quoted above. Please visit www.GSAMFUNDS.com to obtain the most recent month-end returns. Yields and returns will fluctuate as market conditions change. The yield quotations more closely reflect the current earnings of the Fund than the total return quotations. The Quarter-End Total Returns are average annual total returns or cumulative total returns (only if the performance period is one year or less) as of the most recent calendar quarter end. They assume reinvestment of all distributions at net asset value. The Standardized 7-Day Current Yield and Standardized 7-Day Effective Yield of a fund are calculated in accordance with securities industry regulations and do not include capital gains. Standardized 7-Day Current Yield may differ slightly from the actual distribution rate of a given portfolio because of the exclusion of distributed capital gains, which are non-recurring. The Standardized 7-Day Effective Yield assumes reinvestment of dividends for one year.

Fund holdings and allocations shown are unaudited, and may not be representative of current or future investments. Fund holdings and allocations may not include the Fund's entire investment portfolio, which may change at any time. Fund holdings should not be relied on in making investment decisions and should not be construed as research or investment advice regarding particular securities. Current and future holdings are subject to risk.

PORTFOLIO COMPOSITION (%)



CURRENT YIELDS (%)

Period	Monthly Yield (%)
Mar 2022	0.01
Feb 2022	0.03
Jan 2022	0.03
Dec 2021	0.03
Nov 2021	0.03
Oct 2021	0.03
Sep 2021	0.03
Aug 2021	0.03
Jul 2021	0.03
Jun 2021	0.03
May 2021	0.03
Apr 2021	0.03

The investment adviser may contractually agree to waive or reimburse certain fees and expenses until a specified date. The investment adviser may also voluntarily waive certain fees and expenses, and such voluntary waivers may be discontinued or modified at any time without notice. The performance shown above reflects any waivers or reimbursements that were in effect for all or a portion of the periods shown. When waivers or reimbursements are in place, the Fund's operating expenses are reduced and the Fund's yield and total returns to the shareholder are increased.

This material is not authorized for distribution unless preceded or accompanied by a current prospectus or summary prospectus, if available. Investors should consider a fund's objectives, risks, and charges and expenses, and read the summary prospectus, if available, and the prospectus carefully before investing or sending money. The summary prospectus, if available, and the Prospectus contains this and other information about the Fund.

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Percentages may not sum to 100% due to rounding.

Performance reflects cumulative total returns for periods of less than one year and average annual total returns for periods of greater than one year. Since inception returns for periods of less than one year are cumulative. All Fund performance data reflect the reinvestment of distributions.

The monthly yield represents a simple average of the one-day yield for all of the days within the month shown, net of management fees and expenses. These figures may contain capital gains and losses and therefore do not conform to the same formula as the 7-day yield calculations.

The money market fund's weighted average maturity (WAM) is an average of the effective maturities of all securities held in the portfolio, weighted by each security's percentage of net assets.

The money market fund's weighted average life (WAL) is an average of the final maturities (or where applicable the date of demand) of all securities held in the portfolio, weighted by each security's percentage of net assets.

Simple average yield is used to show performance under a year.

Assets Under Supervision (AUS) includes assets under management and other client assets for which Goldman Sachs does not have full discretion.

Standard & Poor's AAAM rating: "Fund has extremely strong capacity to meet financial commitments." Moody's Aaa-mf rating: "Money market funds rated Aaa-mf have very strong ability to meet the dual objectives of providing liquidity and preserving capital." Ratings are subject to change and do not imply the elimination of risk. For complete information on the methodology used by each rating agency, please visit the following websites:S&P - http://www.standardandpoors.com/en_US/web/guest/home; Moody's -http://v3.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004

Source of Fund data: GSAM. Information may slightly differ from custodian records.

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Founded in 1869, Goldman Sachs is a leading global investment banking, securities and investment management firm.

You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.



**Valley Sanitary District
Board of Directors Meeting
May 10, 2022**

TO: Board of Directors

THROUGH: Beverli A. Marshall, General Manager

SUBJECT: **Authorize the General Manager to Execute a Contract Amendment with CV Strategies for Requested Outreach Support Services in an Additional Amount Not to Exceed \$49,000**

<input checked="" type="checkbox"/> Board Action	<input type="checkbox"/> New Budget Approval	<input type="checkbox"/> Contract Award
<input type="checkbox"/> Board Information	<input checked="" type="checkbox"/> Existing FY Approved Budget	<input type="checkbox"/> Closed Session

Executive Summary

The purpose of this report is for the Board to discuss the additional outreach services requested by the District.

Strategic Plan Compliance

This item complies with VSD Strategic Plan Objective 4.1: Increase community understanding and support for the District and its programs.

Fiscal Impact

The cost for these services is approximately \$33,000 and can be funded from the adopted Comprehensive Budget for Fiscal Year 2021/22.

Background

In October 2021, the District approved a contract with CV Strategies to develop a communications and outreach plan that informs the rate payers of the services and benefits provided by the District as well as educating the public on a variety of water quality topics required by the NPDES permit and the District’s adopted Sewer System Management Plan.

The scope of services provided by CV Strategies (Attachment A) includes the following deliverables.

- ✓ Develop a Communications Strategy and Outreach Plan (Plan)
- ✓ Regular social media posts on wastewater industry and VSD topics, including monitoring and responding to comments
- ✓ Develop a design and write content for three quarterly newsletters
- ✓ Develop a design and write content for one State of the District report

- ✓ Develop and assist with outreach materials such as flyers, fact sheets, and promotional materials
- ✓ Write and disseminate press releases and media alerts
- ✓ Provide a monthly communications update report with social media analytics

As part of the Plan, CV Strategies proposed a series of telenovela style informational videos to educate Indio residents, many of whom speak Spanish, on important issues like what not to flush and fats, oils, and grease (FOG). The cost of the six segments, which used professional directing, editing, and telenovela actors, is \$18,000.

In addition to the planned services and the telenovela segments, VSD staff asked CV Strategies to help develop the Water Bear public relations program, including the purchase of the mascot costume, which were not included in the original RFP. The cost for the Water Bear program services and costume is \$18,600.

During the Board orientation workshop, the Board gave direction to staff to contact the Coachella Valley History Museum to see if they would be interested in developing a “History of Sanitation in Indio” display centered around the onsite outhouse. After successfully negotiating with the Museum and the Board approving a three-year services contract, staff asked CV Strategies to assist with developing educational materials and designing the outhouse display. The cost for these services, which were not included in the original RFP, is \$12,100.

Recommendation

Staff recommends that the Board of Directors authorize the General Manager to execute a contract amendment with CV Strategies for the requested outreach support services in an additional amount not to exceed \$49,000.

Attachments

- Attachment A: Telenovela Video Proposal
- Attachment B: Water Bear Public Relations Program Proposal
- Attachment C: Coachella Valley History Museum “Outhouse” Proposal

Ms. Beverli Marshall
 General Manager
 Valley Sanitary District
 45500 Van Buren Street, Indio CA 9221

Project Goal: Customer & Stakeholder Outreach
 Strengthen and update communication channels to effectively reach target audiences and convey engaging, timely and relevant information for FOG and Wipes.

January 2022

Professional Videography Services: Telenovela

OUTREACH STRATEGY	DESCRIPTION	NOT TO EXCEED COST
Video Campaigns:	<ul style="list-style-type: none"> » Participate in preproduction strategy discussion and preparation, review archive assets, existing footage, etc. » One day of shooting (8 hour) » Capture footage for video with crew of 3 <ul style="list-style-type: none"> o Camera operator o Director » Provide and utilize equipment as follows: <ul style="list-style-type: none"> o Panasonic 4k Professional plus media (fixed LEICA lens) + kit o Panasonic Gh4 plus operator/camera assistant / Lumix 14-55 lens PKG + kit o DJI Ronin-S mounted gimbal and steady camera rig o DJI Phantom 4k Pro-grade Drone o Senheisser Lavalier audio package (3 mics available in kit) o Manfrotto Professional grade tripod with Bogen head o Mobile LED lighting kit 	\$4,000
FOG & Wipes	<ul style="list-style-type: none"> » Develop original Telenovela storyline and draft compelling scripts for 6 videos » Deliver a combined total of 15 minutes of produced videos consisting of 6 videos, each 2-3 minutes in length » Conduct casting for 4 roles in the videos » Design brief animated sequences, as needed to support the narrative » Provide and direct professional network TV level voice talent » Facilitate basic sound mix and color correction (no CGI) » Incorporate existing and stock video, photography and screen captures as appropriate/as-needed b-roll » Provide client with access to all raw footage and final cuts on hard drive for future use » Translate script and soundbites to deliver Spanish version with English subtitles » Provide multiple formats for client use; assist client in adapting product for online distribution 	\$14,000
Total Cost (not to exceed)		\$18,000

..... **Rates for Communication Services**

- | | |
|--|--|
| <ul style="list-style-type: none"> » President – \$225/hour » Vice-President – \$200/hour » Account Manager/Specialist – \$175/hour | <ul style="list-style-type: none"> » Graphics/Design/Video – \$150/hour » Photographer – \$125/hour » Translator – \$125/hour » Support Staff – \$100/hour |
|--|--|

..... *Terms & Compensation*

Either party may end this agreement by providing written notice to the other party. In the event of termination, CV Strategies shall be paid for all hours and expenses accrued up to the date of termination.

Hard costs incurred by CV Strategies will be billed to the client with a nominal service charge of 10% (not to exceed \$1000). This includes all anticipated hard costs such as printing, mailing, photography, video, advertising, etc. Required travel mileage will be billed at the published IRS rate.

All services and hard costs will be billed monthly. Invoices should be paid in full upon receipt.

..... *Agreed & Approved*

Name Signature

Title Date

Ms. Beverli Marshall
 General Manager
 Valley Sanitary District
 45500 Van Buren Street, Indio CA 92210

Project Goal: Customer & Stakeholder Outreach
 Leverage educational and outreach opportunities by developing a specific campaign for the Water Bear.

February 2022

Professional Services: Water Bear Campaign

Prepared for Valley Sanitary District

OUTREACH STRATEGY	DESCRIPTION	Not to Exceed Cost
Artwork	<ul style="list-style-type: none"> • Create art concept for Water Bear (3 hours) • Create animation for Water Bear (5 hours) • Draft art for mascot costume (2 hours) • Secure and coordinate vendor for costume (2 hours) • (Costume cost – approximately \$6,000) 	\$3,300
Event	<p>Press conference</p> <ul style="list-style-type: none"> • Produce event invitation for digital and print distribution • Create media alert (2 hours), press release (3 hours), script/talking points (2 hours) • Capture event photography (3 hours) • Create and post social media post(s) (2 hours) • Utilize a single-person crew to capture video and audio live for streaming on the VSD social media (6 hours) 	\$2,700
Campaign Items	<ul style="list-style-type: none"> • Create art for Vactor Truck wrap; secure and coordinate vendor for artwork (6 hours) • Create artwork for water bottle stickers (3 hours) • Research, recommend and secure vendor to produce Water Bear giveaways (4 hours) • Craft a visually striking billboard to promote the wastewater treatment/Water Bear (4 hours) • Create newsletter and e-blast content (4 hours) • Create social media content and ad content (4 hours) • Design ads (4 hours) • Draft website content (2 hours) • Digital and print ads (8 hours) • Themed children’s activities (one for ES, MS and HS) for booklet/web <ul style="list-style-type: none"> - Content development (12 hours) - Web design (12 hours) 	\$9,300
ESTIMATED HOURS: 93		\$15,300

..... Rates for Communication Services

- » President - \$225/hour
- » Vice-President - \$200/hour
- » Account Manager/Specialist - \$175/hour
- » Graphics/Design/Video - \$150/hour
- » Photographer - \$125/hour
- » Translator - \$125/hour
- » Support Staff - \$100/hour

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All services and hard costs will be billed monthly. Invoices should be paid in full upon receipt.

..... Agreed & Approved

Artwork

Name Signature

Title Date

Event

Name Signature

Title Date

Campaign Items

Name Signature

Title Date

Ms. Beverli Marshall
 General Manager
 Valley Sanitary District
 45500 Van Buren Street, Indio CA 92210

Project Goal: Partnership Outreach

Revitalize historic Outhouse in partnership with Coachella Valley History Museum to teach the history and importance of wastewater services.

April 2022

Professional Services: Historic Outhouse Project

Prepared for Valley Sanitary District

OUTREACH STRATEGY	DESCRIPTION	Not to Exceed Cost
Project Design	<ul style="list-style-type: none"> • Create project concept and design for overall outhouse/history/project (8 hours) • Secure architectural design firm to assist with full-scale implementation of piping around outhouse (2 hours) 	\$1,850
Signage	<ul style="list-style-type: none"> • Design signage for outside of outhouse (4) (20 hours) • Design signage for inside outhouse (1) (6 hours) 	\$4,500
Collateral	<ul style="list-style-type: none"> • Create educational collateral <ul style="list-style-type: none"> - Educational fact sheet (8 hours) - Sticker design (3 hours) - Website content (6 hours) - Social media posts (4 hours) • Script for docents (6 hours) 	\$5,000
Media	Develop an Op-Ed in conjunction with Coachella History Museum to highlight regional efforts to enhance groundwater quality through improved wastewater treatment – tie-in historical significance of outhouse (8 hours)	\$750
ESTIMATED HOURS: 71		\$12,100

..... *Rates for Communication Services*

- » President – \$225/hour
- » Vice-President – \$200/hour
- » Account Manager/Specialist – \$175/hour

- » Graphics/Design/Video – \$150/hour
- » Photographer – \$125/hour
- » Translator – \$125/hour
- » Support Staff – \$100/hour

Terms & Compensation

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All services and hard costs will be billed monthly. Invoices should be paid in full upon receipt.

..... *Agreed & Approved*

Project Design

Name Signature

Title Date

Signage

Name Signature

Title Date

Collateral

Name Signature

Title Date

Media

Name Signature

Title Date



**Valley Sanitary District
Board of Directors Meeting
May 10, 2022**

TO: Board of Directors

THROUGH: Beverli A. Marshall, General Manager

FROM: Ronald Buchwald, Engineering Services Manager

SUBJECT: Award Contracts to Three (3) Consultants and Authorize the General Manager to Execute a Professional Services Agreement with each Consultant

<input checked="" type="checkbox"/> Board Action	<input type="checkbox"/> New Budget Approval	<input checked="" type="checkbox"/> Contract Award
<input type="checkbox"/> Board Information	<input checked="" type="checkbox"/> Existing FY Approved Budget	<input type="checkbox"/> Closed Session

Executive Summary

The purpose of this report is for the Board of Directors to review and discuss the proposals submitted by three consultants (Carollo Engineers, Dudek, Harris & Associates) for three types of engineering support services (engineering design, construction management, and construction inspection).

Strategic Plan Compliance

This item complies with VSD Strategic Plan Objective 1.1: Enough staff to fulfill goals and objectives safely and efficiently.

Fiscal Impact

It is the intention of staff to solicit a detailed scope, budget, and schedule proposal from the best suited consultant and to issue a task authorization to complete the as-needed support service. Each detailed proposal will be submitted to the Board for approval prior to task authorization. For small design projects, it is requested to authorize staff a limit of \$50,000 for each design proposal (2) to allow staff to issue task authorizations as-needed expeditiously without prior Board approval. The budget for this and any future contract awards will be out of the Capital Improvement Program or specific projects Budgets, not out of the general Operations Budget.

Environmental Review

This item is not a “project” as defined by CEQA and does not require any CEQA action.

Background

The District solicited proposals through a Request for Proposal process for engineering support services for engineering design, construction management and construction

inspection services for a three-year contract with the ability to extend the contract for two (2) additional, one (1) year extensions. The purpose of this solicitation was to pre-qualify consultants to perform consulting services in the near and intermediate future for District projects, including:

- Collection System Capital Improvements
- Treatment Plant Capital Improvements
- Advisory services on the EVRA recycled water projects

Three (3) responses were received for various categories (see table below). Category A is for engineering design services, Category B is for construction management services and Category C is for construction inspection services.

Firm Name	Category A	Category B	Category C	All Information Submitted	Exceptions to Contract Language
Harris and Associates	X	✓	✓	✓	Yes
Carollo Engineers	✓	✓	✓	✓	Yes
Dudek	✓	✓	✓	✓	Yes

Based on a Qualifications Based Selection (QBS) process including Firm capabilities, project experience, staff experience, cost control, project management performance and the ability to respond to a wide variety of needs, staff recommends that each of the above listed Firms be selected to be utilized for future assignments. Each consultant had exceptions to VSD's Professional Services Agreement (not unusual). Early review by BB&K is that these exceptions should be easily negotiable.

Due to the number and size of the proposals, the proposals will be available to the public by visiting the District office during normal business hours.

Recommendation

Staff recommends that the Board of Directors authorize the General Manager to execute a professional services agreement with each of the three consultants for each type of proposal submitted, contingent upon successfully negotiating a revised agreement with each consultant. If staff and legal counsel are unable to negotiate a revised agreement, then the consultant will not be awarded a contract.

Attachments

None



**Valley Sanitary District
Board of Directors Meeting
May 10, 2022**

TO: Board of Directors

THROUGH: Beverli A. Marshall, General Manager

SUBJECT: **Monthly General Managers Report – March 2022**

<input type="checkbox"/> Board Action	<input type="checkbox"/> New Budget Approval	<input type="checkbox"/> Contract Award
<input checked="" type="checkbox"/> Board Information	<input type="checkbox"/> Existing FY Approved Budget	<input type="checkbox"/> Closed Session

Executive Summary

The purpose of this report is to keep the Board and the public informed on VSD’s day-to-day operations.

Strategic Plan Compliance

The recommendation complies with the VSD Strategic Plan Goal 6: Improve Planning, Administration, and Governance.

Fiscal Impact

There is no fiscal impact from this report.

Background

The following data represents the activities and metrics for the month of March 2022.

Administrative Services

- Held budget workshop on 04/19/2022
- Held Operations Committee Meeting 04/05/2022
- Held Safety Committee Meeting for the quarter on 04/27/2022
- Posted Health & Wellness Request for Proposal (RFP)
- Filed California State Board of Equalization (BOE) use tax return for 2021
- Completed quarterly sewer service billing
- The submission of the 2021 Government Compensation in California (GCC) report to the State Controller's Office (SCO) has been submitted.
- Preparing deliverables from the Provided by Client (PBC) list requested by the auditors. The interim audit will be conducted onsite May 9-13, 2022.
- Continue to work on the final draft of the Fiscal Year 2022/23 Budget Book.

Operations & Maintenance

- Operations has been shutting down extra equipment (one of our primary clarifiers, one of our aeration basins, etc.) to balance hydraulic flows and organic loadings through the plant. This is being done to maximize organic loadings which should allow for additional nitrification in the plant. These shutdowns will also give us additional storage space in the event of a high flow from rain, etc. This way staff will be able to keep the flows in the plant without disrupting treatment processes which could upset the plant then return the flows through the plant when the high flows have subsided.
- Operations and Maintenance is still working with Engineering to set up the Lucity Maintenance Management Software to be a functional computerized maintenance management system and develop a functioning work order system for maintenance and housecleaning activities. I am the lead for Operations and Maintenance for this project and all changes to our programs will go through me.
- One of our operators, Andrew Sorensen, passed his Grade III Operator certification test and is currently awaiting his certificate. This gives the District five (5) Grade III certified operators. Tino is moving to take the Grade III Advanced Water Treatment certification from CA-NV AWWA and CWEA. I am also working towards taking this exam soon.
- I am working on a report on what outcomes I can determine from my staff interviewing project to improve training and staff preparation for supervisory functions and organizational improvements.
- Staff has completed the plant visits to look at different Rotary Drum Thickeners for the plant upgrade. We are in the process of scheduling Zoom/telephone meetings with two more facilities that are out of the area. Staff hopes the Zoom meetings can take place within the next couple of weeks.

Development Services

- Construction has begun on the new 7-Eleven gas station and convenience store on the northwest corner of Golf Center Parkway and Avenue 45.
- Construction has begun on the Sunburst RV storage near the intersection of Monroe Street and Oleander Avenue.
- Construction has begun on the Arroyo Crossing I project, a 184-unit low-income apartment complex located on the west side of Jefferson Street, south of Hwy 111.
- Construction has begun on a new Juvenile Court building to Replace the existing Juvenile Court Building next the existing Juvenile Hall on Oasis Street just North of Avenue 48.
- The tenant improvement has begun on StorQuest inside self-storage within the former Target building on the southwest corner of Avenue 42 and Jackson Street.
- Construction has begun on the El Pollo Loco near the southwest corner of Jackson Street and Avenue 42 in Shadow Hills.

Collection Services

- No-Spill report for the month of April will be submitted to the California Integrated Water Quality System, as required in the Waste Discharge Requirements Monitoring and Reporting Program. Due by the end of the month.
- City of Indio Street rehab project has begun on Oasis Street, between Dr. Carreon and Highway 111. Contractor will then proceed on to Highway 111, between Arabia and Smurr Ave. The contractor will be lowering 10 manholes during this project, that will eventually be re-exposed. During this time the department will closely monitor sewer flow conditions in the area.
- Field Vactor crew is currently jetting in the area of Jefferson Street and Miles Avenue.
- CCTV Inspection work is currently being conducted in the area of Indian Palms Country Club.

Capital Improvement Program

- The Reclaimed Water Project - Phase 1 was awarded to Schneider Electric / Stantec in June 2020. Construction costs will be determined during the design phase and will be awarded to Schneider Electric / Stantec upon approval of the Board. This project will replace an aging and capacity restricting grit chamber and provide redundancy by adding a second digester and expanding the bar screens. This project will also include replacement of the Main Switch Control Panel and the addition of a sludge thickener unit. Schneider has completed the 60% design submittal and has prepared the guaranteed maximum price based on the latest design plans. *Update: This project is going through legal and financial review and approval.*
- The Preliminary Design Report for the replacement of the sewer siphon at Westward Ho Drive is complete. This is a FEMA funded project to replace the damaged sewer siphon from the February 2019 storm. The design is in progress. Staff and the consultant had a preliminary meeting with CVWD regarding requirements for crossing the channel. Staff reviewed the 50% design plans and the updated project cost schedule. Staff reviewed the 90% design plans and specifications and submitted comments for correction. Staff is finishing their review of the submitted 95% set of plans and specifications. Staff has met with both the City of Indio and La Quinta, and both have no revisions or concerns. Staff has sent plans to CVWD and IWA for review and VSD received comments back from both agencies for incorporation. Carollo will be performing additional potholing to verify IWA and other utilities. Potholing has revealed that an IWA water line is closer to the project alignment than indicated on record drawings and must be rerouted around the proposed siphon manhole. *Update: Permitted Plans have been signed by CVWD. VSD Staff is currently preparing an encroachment permit license application as required by CVWD for the permanent pipeline crossing of the channel. This project is currently being held up by FEMA. They are severely back logged due to the pandemic.*

VSD needs FEMA approval before proceeding with bidding and construction.

- Staff is continuing to work with Harris and Associates on the Collections System Rehabilitation and Maintenance project. The first rehabilitation project on Indio Blvd. is complete. This was a good first project and lessons were learned on how to better the process for the next project. The CCTV inspection project is complete. Harris is currently developing plans for the downtown Indio rehabilitation and repair project. This is being done to rehabilitate and replace deficient sewer mains in the streets and allies of the downtown area. The 50% plans for the Downtown Indio Rehabilitation project have been reviewed and comments have been returned to Harris for revision. The 100% design plans have been reviewed by IWA and the City of Indio and both agencies returned comments for revision. *Update: Harris has received approval from the Department of Drinking Water. Harris has provided 60% project specifications for staff to review. Inspection of all lift stations has been completed and Harris is preparing the assessment report and program recommendations which should be complete by May 16th, 2022.*
- VSD is currently working with Stantec, who is acting as an Owner's Representative, on the repair and rehabilitation of the Influent Pump Station. The Request for Proposal (RFP) was released on August 28 and was closed on September 28, 2020. The Board awarded the project to the DCI / Dudek team, and a pre-construction meeting was held on December 4th, 2020. The DCI / Dudek has developed a preliminary bypass plan for the initial inspection and shutdown of the influent pump station structure. The preliminary bypass and inspection were completed from February 22nd to February 26th. VSD has chosen the valves and gates that will be used for this project based on Dudek / DCI and Stantec's recommendations. Dudek and VSD are coordinating the ordering and purchasing of long, lead items. Dudek has submitted the Basis of Design Report which Stantec and VSD staff have reviewed. *Update: The Board has approved the guaranteed maximum price. The Notice of Award has been issued and Change Order No.2 signed. The contractor is preparing the necessary submittals for VSD and Stantec review and approval.*
- The above ground, steel waterline adjacent to the aeration basins is old and prone to leaks, especially at the grooved joints, and has exceeded its useful life. The new steel waterline will have traditional joints that will provide a longer life. This project has been on the books for several years and has been a lower priority due to lack of leaks in recent years and the difficult nature of replacement. The project design was awarded to Dudek who has completed the project design and specifications. The construction portion of the project was put out to bid on February 7th, 2022. The project bid opening took place on March 16th, 2022, and VSD received six sealed bids for this project with Van Dyke Corporation being the lowest responsible bidder. *Update: The notice to proceed has been issued and a preconstruction meeting was held on May 3rd. The contractor is currently ordering the*

necessary materials before mobilizing and beginning work (estimated to take about three weeks).

- VSD has chosen SGH Architects as the architectural firm for the preliminary design of a new single-story training/office building and new laboratory building. Staff has selected a new location for the training/office building that will allow the single-story building with minimal demolition. The architect has completed the schematic design and cost estimate for both the training/office building and laboratory building. An onsite survey was conducted on July 7th. SGH Architects is continuing with final design of both the Office & Training and Laboratory Buildings. *Update: SGH has submitted 50% design plans which include both buildings for staff review and comment in December 2021. This project has been delayed for a year or two to allow other priority projects to proceed and maintain our debt coverage.*

Recommendation

Staff recommends that the Board receive the Manager's Report for activities during the month of March 2022.

Attachments

- Attachment A: Administrative Services Report
- Attachment B: Monthly NPDES Report
- Attachment C: Collection System Report
- Attachment D: Development Services Report
- Attachment E: Capital Improvement Program Update
- Attachment F: Laboratory & Compliance Report

Administrative Services - Task Summary 2022

Task	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total To Date
Active litigation filed	-	-	-										-
Board meeting	2	2	3										7
Budget/Finance Committee meeting	1	-	2										3
Operations Committee meeting	-	1	-										1
Community Engagement Committee meeting	2	-	1										3
Employee anniversaries	-	4	1										5
Employee promotions	-	-	-										-
Facebook postings	2	2	8										12
Insurance claims initiated	-	-	-										-
Lost time work incidents	-	-	-										-
Media coverage items		3	-										3
New hires	1	1	-										2
Press release	-	2	1										3
Public records request	1	-	-										1
Resignations	-	-	1										1
Retirements	-	-	-										-

March 2022	Plant Influent		ASP Effluent		Pond Effluent		Total Plant Discharge (Outfall) Grab										
	CBOD (mg/L)	TSS (mg/L)	Monthly Average Flow (MGD)	CBOD (mg/L)	TSS (mg/L)	Monthly Average Flow (MGD)	CBOD	TSS	EColi (MPN/100ml)	Oil and Grease (mg/L)	Copper (ug/L)	Di(2-ethylhexyl)phthalate (ug/L)	Cyanide (total) (ug/L)	Ammonia (total, as N) (mg/L)	Nitrate (as N) (mg/L)	Nitrite (as N) (mg/L)	Total Nitrogen (mg/L)
1									4.1	< 1.4	3.1	< 0.5	2.2	4.7	5.6	0.95	13
2																	
3	332	268		7.7	3												
4																	
5																	
6																	
7																	
8																	
9									9.7								
10	278	250		2.6	5.2												
11																	
12																	
13																	
14																	
15																	
16																	
17	480	360		< 10					9.7								
18																	
19																	
20																	
21																	
22																	
23									5.2								
24	282	268		7.9	4.7												
25																	
26																	
27																	
28	238	243		16	4.7												
29									15.6								
30			6.66			0.000											
31																	
Average	322	278	6.66	8.8	4.4	0.000			7.9*	1.4	3.1	0.5	2.2	4.7	5.6	0.95	13
Minimum	238	243	6.66	2.6	3	0.000			4.1	< 1.4	3.1	< 0.5	2.2	4.7	5.6	0.95	13
Maximum	480	360	6.66	16	5.2	0.000			15.6	< 1.4	3.1	< 0.5	2.2	4.7	5.6	0.95	13
Exceedences / Violations	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0

Collection Services Task Summary Report for 2022

Task	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total To Date
Customer Service Calls	-	2	2	1									-
F.O.G. Inspection - Completed													-
F.O.G. Inspection - Fail													-
F.O.G. Inspection - Pass													-
Hot spot cleaning (total)*	26	-	-	36									-
Lift station inspection	19	19	20	19									-
Manhole inspection	47	65	172	103									-
Sewer line CCTV (feet)	8,412	7,016	9,477	9,375									-
Sewer line cleaning (feet)	28,012	25,782	59,902	56,005									-
SSO Response - Cat 1	0	0	0	0									0
SSO Response - Cat 2	0	0	0	0									0
SSO Response - Cat 3	0	0	0	0									0
USA Markings	40	39	45	44									-

*Note: Hot spot cleaning is performed quarterly



VALLEY SANITARY DISTRICT DEVELOPMENT SERVICES REPORT

10-May-22

Plan Check in Progress
 Inspection in Progress
 New Project

PROJECT NAME	STREET ADDRESS / CROSS STREET	CURRENT PROJECT STATUS	NEXT ACTION ITEM
7-Eleven Golf Center	44925 Golf Center/Avenue 45	Civil plans submitted for new 7-Eleven store approved. Arch. plans approved and returned to the applicant 10/26/20. Issued permit 3915 on 10/26/20.	Inspect work improvements as scheduled.
Add'l Dwelling Unit - Cebreros Residence	83181 Blue Mountain Court	Plans submitted for additional dwelling unit. Plans approved and notified applicant 3/3/21. Permit 3967 7/26/2021	Inspect work improvements as scheduled.
Advance Auto Parts/Pep Boys	81246 Hwy 111/Madison	Plans submitted for building remodel.	In queue
Anytime Fitness	81801 Indio Blvd/Hoover Street	Plans submitted for gym in existing building. Plans approved and notified applicant 4/28/22. Permit 4028 4/29/22. Finalized 4/29/22	No further action required
Arroyo Crossing Phase 1 architectural plans	47555 Jefferson Street/Highway 111	Architectural plans submitted for new apartment complex. Plans approved and notified applicant 12/22/21. Permit 3998 issued 1/6/22.	Inspect work improvements as scheduled.
Arroyo Crossing Phase 1 civil plans	47555 Jefferson Street/Highway 111	Civil plans submitted for new apartment complex. Plan review completed. Plans approved and returned to applicant 12/22/21. Permit 3998	Inspect work improvements as scheduled.
Arroyo Crossing Phase 2 architectural plans	47777 Jefferson Street/Highway 111	Architectural plans submitted for new apartment complex. Plans approved and notified applicant 1/21/22 Permit 4005 on 2/7/22.	Inspect work improvements as scheduled.
Arroyo Crossing Phase 2 civil plans	47777 Jefferson Street/Highway 111	Civil plans submitted for new apartment complex. Plans approved and notified applicant 1/21/22. Permit 1005	Inspect work improvements as scheduled.
Autozone Jackson Street	41850 Jackson Street/Avenue 42	Plans submitted for plan check. Sewer main relocation. Plans approved 1/21/21. Waiting for engineer to finalize easements docs. Permit 3954 issued 5/13/21.	10% warranty bond in place Reinspect and notice of acceptance Due 1/1/2023
Buzzbox	42625 Jackson Street #112	Plans submitted existing building TI. Completed 1st plan check and returned to the City 2/22/19.	Perform 2nd plan check upon plan resubmittal.
Chandi Plaza Building "B" Shell	81-971 Indio Blvd/Avenue 44	Plans submitted for plan check. Completed 1st check and returned to the applicant 10/13/20. Issued permit 3963 on 6/29/21.	Inspect work improvements as scheduled.
Citadel RV Storage-Phase 1	83667 Dr. Carreon Blvd/Calhoun Street	Plans submitted for construction of new RV storage facility. Plans approved and returned to the applicant 3/17/2020.	Waiting for owner to process permit paperwork.
COD Child Development Center	45742 Oasis Street	Plans submitted for child development center. Plans approved and notified applicant 1/25/22. Permit 4025 4/21/22	Inspect work improvements as scheduled.
College of the Desert	45524 Oasis Street	Plans submitted for campus expansion. Plan review completed, plan approved and notified applicant 1/25/22. Permit 4026 4/22/22	Inspect work improvements as scheduled.
Corso Residence	49491 Braley Court	Plans submitted for single family residence. Plans approved and notified applicant 9/2/20. Permit 3931 issued 1/5/21	Inspect work improvements as scheduled.
Destiny Church	80250 Highway 111/Jefferson Street	Plans submitted for plan check. Plans approved and notified applicant 7/12/21. Issued permit 3974 on 9/14/21.	Inspect work improvements as scheduled.
Dr. Oscar Arias	46100 Rubidoux Street Ste C-4/Hwy 111	Plans submitted for dental office TI. Completed 1st plan check and notified applicant 2/9/22. Permit 4019 4/6/22	Inspect work improvements as scheduled.
El Pollo Loco	42223 Jackson Street/Showcase Parkway	Plans submitted for restaurant building. Completed first plan check and returned to applicant 8/5/21. Permit issued 10/21/21 3982	Inspect work improvements as scheduled.
EOS Fitness Hwy 111	Highway/Jefferson Street	Plans submitted for construction of new gym facility. Plans approved and notified applicant 4/27/20.	Waiting for Development Agreement and Bonds before owner can process permit paperwork.
EOS Fitness Public Sewer Extension	SWC of Spectrum Street & Avenue 42	Mainline complete. Waiting on Maintenance Bond to release Performance Bond	Release Performance Bond when Maintenance Bond is received
J Young (Villa Hermosa Apts Phase III)	83801 Dr. Carreon Blvd / West of Van Buren	Plans submitted for apts at Fred Young Farm Labor Dev. Plans approved and returned to the applicant 7/17/2019. Submitted revision to approved plans 9/16/20 Revised Plans approved 11/5/2020. Permit 3944 issued 3/23/21.	Inspect work improvements as scheduled.
ery at Indian Springs	Jefferson St/Westward Ho Drive	Tract is Complete. Warranty Bond received 8/25/2021.	Notice of acceptance after 12 month warranty bond release.

Monthly Capital Improvement Project Update - May 2022

Project Title	Project Description	Current Status	Fiscal Year Budget	Total Spent to Date
Westward Ho Sewer Siphon Replacement Design and Construction	Due to the February 2019 rain event, the existing VSD sewer siphon that crosses the CVWD storm channel at Westward Ho Drive became exposed and was damaged. In order to prevent this from happening again in the future, Carollo Engineers is currently working with VSD on the final design of a new sewer that is to be constructed well below the new channel scour depth. The design being proposed would utilize horizontal directional drilling to create a new sewer siphon alignment under the channel and adjacent to the original siphon. Permit processing with at least CVWD and possibly other regulatory agencies may extend the design/permit period. Some or possibly all the project costs will be reimbursed by FEMA / CalOES.	Permitted Plans have been signed by CVWD. VSD Staff is currently preparing an encroachment permit license application as required by CVWD for the permanent pipeline crossing of the channel. This project is currently being held up by FEMA. They are severely back logged due to the pandemic. VSD needs FEMA approval before proceeding with bidding and construction.	\$2,562,063.00	\$56,717.37
Collections System Rehabilitation Projects	Harris & Associates is assisting the District in creating a 10-year rehabilitation and replacement program for the collections system. The purpose of this project is to repair, rehabilitate, replace and/or realign aging or defective pipelines and/or segments projected to reach capacity within the foreseeable future. Harris and the District have assigned a rating and priority to all of the pipes in the collection system and are splitting them up into projects for each fiscal year. The first project for this fiscal year will consist of the rehabilitation of approximately 2,300 feet of sewer located in Indio Boulevard and underneath the railroad near Cabazon Avenue using cured in place lining. The second project will consist of hiring a contractor to perform CCTV inspections of all pipes within the District that cannot be surveyed by collections staff due to high flows or pipe diameter. The third project is the downtown Indio rehabilitation and repair project. This project is being done to rehabilitate and replace deficient sewer mains in the streets and allies of the downtown area.	Harris has received approval from the Department of Drinking Water. Harris has provided 60% project specifications for staff to review. Inspection of all lift stations has been completed and Harris is preparing the assessment report and program recommendations which should be complete by May 16th, 2022.	\$2,900,000.00	\$385,848.91
Reclaimed Water Project Phase 1	The contract for this project was awarded to Schneider Electric / Stantec. The project design cost is \$2,200,000 and project schedule is approximately 460 days. Construction costs will be determined during the design phase and will be awarded to Schneider Electric / Stantec upon approval of the Board. The Reclaimed Water Project – Phase 1 will replace an aging and capacity restricting grit chamber and provide redundancy by adding a second digester and expanding the bar screens. This project will also include adding a biofilter, and a sludge thickener unit.	This project is going through legal and financial review and approval.	\$2,200,000.00	\$0.00. Per the contract, no payment is due until the project reaches the 60% design phase. This project will be financed.
Influent Pump Station Rehabilitation	Stantec is assisting the District as an Owner’s Representative and DCI / Dudek are acting as the design-build team for this project. The influent pump station structure is showing significant signs of deterioration. Proposed improvements to the pump station include: bypass of the pump station for inspection and repair, repair/replacement of leaking and broken gates, repair of interior concrete coating, installation of new valves for proper isolation/drainage, installation of a new jockey pump in the empty pump bay.	The Board has approved the guaranteed maximum price. The Notice of Award has been issued and Change Order No.2 signed. The contractor is preparing the necessary submittals for VSD and Stantec review and approval.	\$3,634,476.00	\$182,477.59
New Training and Office Building and Laboratory Building	The District and SGH Architects are developing the intital design for a new office / training building that will be located to the west of the existing Operations building. The purpose of this new building is to provide space for new offices for collections and maintenance personnel as well as a training area for company events and meetings. Also as part of this project, VSD has contracted SGH to develop designs for a new laboratory building to replace the existing lab due to the current issues lab staff are experiencing with the layout and air filtering system.	SGH has submitted 50% design plans which include both buildings for staff review and comment in December 2021. This project has been delayed for a year or two to allow other priority projects to proceed and maintain our debt coverage.	\$1,922,000.00	\$267,228.00

Monthly Capital Improvement Project Update - May 2022

Project Title	Project Description	Current Status	Fiscal Year Budget	Total Spent to Date
Steel WaterLine Replacement	The above ground, steel waterline adjacent to the aeration basins is old and prone to leaks, especially at the grooved joints, and has exceeded its useful life. The new steel waterline will have traditional joints that will provide a longer life. This project has been on the books for several years and has been a lower priority due to lack of leaks in recent years and the difficult nature of replacement. The project was awarded to Dudek who has begun the development of the project design and specifications.	The notice to proceed has been issued and a preconstruction meeting was held on May 3rd. The contractor is currently ordering the necessary materials before mobilizing and beginning work (estimated to take about three weeks).	\$642,000.00	\$39,643.60
Additional Parking and Landscaping	The District is need of additional parking for employees and customers. Staff proposes to remove the lawn at the front of the property and replace it with parking and drought tolerant landscaping.	A preliminary design of the Project has been completed. In que for the next steps.	\$500,000.00	\$0.00

Lab & Compliance Services Summary Report for 2022

Task	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Pretreatment												
Customer Service Calls	5	6	11	8								
Commercial Approval Letters		1	1	2								
Change of Ownership Inspection	1	1	0	1								
SIU Permit Compliance	3	3	4	7								
FOG-FSE Inspections Completed	23	24	25	17								
Commercial Inspections Completed	4	6	16	27								
Environmental & Collections investigations	3	1	1	1								
Failed Inspections or NOV												
Total # of Inspections	33	34	46	52	0	0	0	0	0	0	0	0
Laboratory												
# of Collected Samples	478	233	233									
# of Tests (Analyses)	692	449	481									
# of Samples sent to Contract Labs	41	21	19									
# of Contracted Tests (Analyses)	79	46	13									
% of Samples performed In-House	91.4%	91.0%	91.8%									

Total YTD
30
17
89
53
6
0
165
Total YTD
944
1622
81
138
91.4%