

**SPECIAL NOTICE REGARDING
CORONAVIRUS DISEASE 2019 (COVID-19)
AND PARTICIPATION IN PUBLIC MEETINGS**

On March 4, 2020, Governor Newsom declared a State of Emergency resulting from the threat of COVID-19. On September 16, 2021, Governor Newsom signed Assembly Bill No. 361 into law. Assembly Bill No. 361 amends Government Code section 54953(e) by adding provisions for remote teleconferencing participation in meetings by members of a legislative body, without the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions. The Upper Santa Ana River Watershed Financing Authority adopted a resolution determining, by majority vote, that, as a result of the declared State of Emergency, a meeting in person would present imminent risks to the health or safety of attendees. Accordingly, it has been determined that all meetings of the Upper Santa Ana River Watershed Financing Authority will be held pursuant to the Brown Act and will be conducted via teleconference. There will be no public access to the meeting venue.

**MEETING OF THE
UPPER SANTA ANA RIVER
WATERSHED INFRASTRUCTURE FINANCING AUTHORITY
WEDNESDAY, MAY 18, 2022 – 8:30 am**

PUBLIC PARTICIPATION

Public participation is welcome and encouraged. You may participate in the May 18, 2022, meeting of the Upper Santa Ana River Watershed Financing Authority online and by telephone as follows:

**Dial-in Info: (877) 853 5247 US Toll-free
Meeting ID: 818 8828 6875
PASSCODE: 3802020**

<https://sbvmwd.zoom.us/j/81888286875>

If you are unable to participate online or by telephone, you may also submit your comments and questions in writing for consideration by sending them to comments@sbvmwd.com with the subject line “Public Comment Item #” (insert the agenda item number relevant to your comment) or “Public Comment Non-Agenda Item”. Submit your written comments by 6:00 p.m. on Tuesday, May 17, 2022. All public comments will be provided to the Executive Director and may be read into the record or compiled as part of the record.

IMPORTANT PRIVACY NOTE: Participation in the meeting via the Zoom app is strongly encouraged. Online participants MUST log in with a Zoom account. The Zoom app is a free download. Please keep in mind: (1) This is a public meeting; as such, the virtual meeting information is published on the World Wide Web and available to everyone. (2) Should you participate remotely via telephone, your telephone number will be your “identifier” during the meeting and available to all meeting participants; there is no way to protect your privacy if you elect to call in to the meeting.



Agenda

**UPPER SANTA ANA RIVER WATERSHED
INFRASTRUCTURE FINANCING AUTHORITY**
380 East Vanderbilt Way, San Bernardino, CA 92408

WEDNESDAY, MAY 18, 2022

CALL TO ORDER/PLEDGE OF ALLEGIANCE

1. PUBLIC COMMENT

Any person may address the Board on matters within its jurisdiction.

2. APPROVAL OF MINUTES

- 2.1 April 6, 2022, Meeting (Page 4)
[Watershed Connect Minutes 20220406](#)

3. DISCUSSION AND POSSIBLE ACTION ITEMS

- 3.1 Consider Resolution No. 009 authorizing the Authority to conduct remote meetings for the period May 18, 2022, through June 17, 2022, pursuant to Brown Act Provisions (Page 9)
[Staff Memo - Consider Resolution No. 009 authorizing remote meetings for next 30 days](#)
[Resolution No. 009](#)
- 3.2 Consider Approval of Resolution No. 010 Approving the Submission of a Water Infrastructure Finance and Innovation Act (WIFIA) Loan Application and Related Documents to the U.S. Environmental Protection Agency (Page 13)
[Staff Memo - Consider Resolution No. 010 Approving a WIFIA Loan Application and Related Documents](#)
[Resolution No. 010 Authorizing WIFIA Application and Related Documents](#)
[Watershed Connect Phase 1 Summary](#)

4. REPORTS (Discuss and Possible Action)

- 4.1 Executive Director's Report

5. ANNOUNCEMENTS

6. ADJOURNMENT

PLEASE NOTE: Materials related to an item on this Agenda submitted to the Board after distribution of the agenda packet are available for public inspection in the District's office located at 380 E. Vanderbilt Way, San

Bernardino, during normal business hours. Also, such documents are available on the District's website at www.sbvmd.com subject to staff's ability to post the documents before the meeting. The District recognizes its obligation to provide equal access to those individuals with disabilities. Please contact Melissa Zoba at (909) 387-9228 two working days prior to the meeting with any special requests for reasonable accommodation.

MINUTES OF THE UPPER SANTA ANA RIVER WATERSHED INFRASTRUCTURE FINANCING AUTHORITY

Regular Meeting of the Board of Directors | April 6, 2022

ROLL CALL

Member Agency	Director	Attendance
San Bernardino Valley Municipal Water District	Paul Kielhold	Present
Yucaipa Valley Water District	Lonni Granlund	Present
San Bernardino Valley Water Conservation District	Daniel Cozad	Present
San Bernardino Municipal Water Department	Miguel Guerrero	Absent

Member Agency		Attendance
San Bernardino Valley Municipal Water District	T. Milford Harrison, Treasurer	Absent
San Bernardino Municipal Water Department	Cecilia "Toni" Callicott, Alternate	Absent
San Bernardino Valley Municipal Water District	Gil Botello, Alternate	Present
San Bernardino Valley Water Conservation District	Betsy Miller, Alternate	Absent
Yucaipa Valley Water District	Nyles O'Harra, Alternate	Absent
San Bernardino Valley Municipal Water District	Heather Dyer, Executive Director	Absent
San Bernardino Valley Municipal Water District	Jose Macedo, Secretary	Present

Staff Present	Agency
Anthony Flordelis	San Bernardino Valley Municipal Water District
Adekunle Ojo	San Bernardino Valley Municipal Water District
Cindy Saks	San Bernardino Valley Municipal Water District
Melissa Zoba	San Bernardino Valley Municipal Water District
Chris Mann	Yucaipa Valley Water District
Allison Edmisten	Yucaipa Valley Water District
Scott Heil	Varner & Brandt

Others in Attendance:	
Emili Kolevski	US Army Corps of Engineers
Melody McDonald	San Bernardino Valley Water Conservation District

CALL TO ORDER

The Regular Meeting of the Upper Santa Ana River Watershed Infrastructure Financing Authority (USAR WIFA) was called to order by Chair Paul Kielhold at 8:39 a.m. Director Cozad led the Pledge of Allegiance. A quorum was noted present by roll call.

1. PUBLIC COMMENT

Chair Kielhold stated that any member of the public wishing to make any comments to the Authority may do so. There was no comment.

2. APPROVAL OF MINUTES

Action: The minutes of the March 2, 2022, meeting were approved by the following roll-call vote:

MOVED: Cozad	SECONDED: Granlund	APPROVED: 3-0
AYES:	Cozad, Granlund, Kielhold	
NOES:		
ABSTAIN:		
ABSENT:	Guerrero	

3. DISCUSSION AND POSSIBLE ACTION ITEMS

3.1 Consider Resolution No. 008 authorizing the Joint Powers Authority to conduct remote meetings for the period April 6, 2022, through May 5, 2022

Mr. Adekunle Ojo explained this requirement for continued teleconferencing of meetings in compliance with the Brown Act and AB 361.

Action: Resolution No. 008 was adopted by the following roll-call vote:

MOVED: Granlund	SECONDED: Cozad	APPROVED: 3-0
AYES:	Cozad, Granlund, Kielhold	
NOES:		

ABSTAIN:	
ABSENT:	Guerrero

RESOLUTION NO. 008

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE UPPER SANTA ANA RIVER WATERSHED INFRASTRUCTURE FINANCING AUTHORITY PROCLAIMING A LOCAL EMERGENCY, RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY BY GOVERNOR GAVIN NEWSOM ON MARCH 4, 2020, AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE LEGISLATIVE BODIES OF THE UPPER SANTA ANA RIVER WATERSHED INFRASTRUCTURE FINANCING AUTHORITY FOR THE PERIOD APRIL 6, 2022, THROUGH MAY 5, 2022, PURSUANT TO BROWN ACT PROVISIONS

4. REPORTS (Discuss and Possible Action)

4.1 Executive Director's Report

SBVMWD Water Resources Manager Adekunle Ojo updated the Board.

Staff from SBVMWD and YVWD have been working closely with the consulting team to prepare the application and it is close to completion. The YVWD Board of Directors has already approved the Installment Purchase Agreement which defines how the member agency pays the Joint Powers Authority (JPA), and JPA pays the Environmental Protection Agency, Mr. Ojo explained. SBVMWD will schedule this on its Board agenda in the next couple of weeks.

Conversation with Western Municipal Water District about joining the JPA is ongoing, Mr. Ojo reported. This would provide funding for the Enhanced Recharge Project Phase 1B, which is the largest project in Watershed Connect.

Similar conversation is also ongoing with the City of Riverside Public Utilities (RPU) for a Memorandum of Understanding.

These will be coming before the JPA Board within a month, Mr. Ojo advised.

The application process is close to the finish line, Mr. Ojo continued. Everything is coming together well including legal, financial analysis, and environmental. One of the items that will come before the Board is the resolution authorizing the JPA to submit the application and the executive director to execute the documents.

Mr. Ojo advised that Watershed Connect is a finalist for the Association of California Water Agencies (ACWA) 2022 Clair A. Hill Water Agency Award which recognizes exemplary programs with demonstrated success in creatively addressing water industry issues, leadership in water-related issues, and excellence in agency management and operations. The award will be presented during the ACWA 2022 Spring Conference and Exhibition. This applies to the JPA and its respective agencies.

Mr. Ojo advised that staff will likely submit the Watershed Connect program for upcoming awards from the California Special Districts Association (CSDA) for recognition at the annual conference. He encouraged the Board to consider additional award submittals.

There will be a Technical Advisory Committee meeting next week, he noted.

Director Granlund asked if the addition of JPA member agencies would slow the current applications in process. Mr. Ojo assured they would not affect the process. The attorneys are involved throughout to assure that nothing is done to slow the process.

Director Cozad said the Watershed Connect program stands a good chance to win and reminded that the Innovation Award last year from CSDA went to the Groundwater Council. He acknowledged the staff time necessary to assemble the award nominations and noted it is worthwhile.

5. ANNOUNCEMENTS

Director Cozad advised that he will not attend the next meeting; alternate Betsy Miller will attend.

6. ADJOURNMENT

Action: The meeting was adjourned at 8:21 a.m.



<p>APPROVAL CERTIFICATION</p> <p>I hereby certify to approval of the foregoing Minutes of the Upper Santa Ana River Watershed Infrastructure Financing Authority.</p> <hr/> <p>_____</p> <p>Secretary</p> <p>Date</p> <hr/>

Respectfully submitted,

Lynda J. Kerney
Contract Assistant

UPPER SANTA ANA RIVER WATERSHED
INFRASTRUCTURE FINANCING AUTHORITY



DATE: May 18, 2022

TO: Board of Directors

FROM: Heather Dyer, Executive Director

SUBJECT: Consider Resolution No. 009 authorizing the Authority to conduct remote meetings for the period May 18, 2022, through June 17, 2022, pursuant to Brown Act Provisions

Staff Recommendation:

Adopt Resolution No. 009 authorizing remote teleconference of the Board of Directors and Technical Advisory Committee of the Authority for the next 30 days.

Summary:

On April 6, 2022, the Board adopted Resolution No. 008 authorizing remote teleconference meetings for a period of 30 days ending May 5, 2022. Due to the expiration of the resolution, the Board of Directors is required to adopt a new authorizing resolution to continue teleconference meetings in accordance with Brown Act provisions.

Background:

Assembly Bill 361 ("AB 361"), effective on October 1, 2021, amends Government Code 54953 to provide authority and specific requirements for public agencies to hold virtual meetings during a proclaimed state of emergency and remain in compliance with the Brown Act. In accordance with Government Code Section 54953 (e)(3), the Board must review the need and make findings for continuing the teleconferencing as authorized by AB 361 at least once every thirty (30) days until the Governor terminates the state of emergency. With the adoption of Resolution No. 009, the Board is reaffirming its findings and compliance to AB 361 for the next 30 days ending June 17, 2022.

Fiscal Impact:

There is no fiscal impact associated with the requested action.

Attachment:

Resolution No. 009

RESOLUTION NO. 009

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE UPPER SANTA ANA RIVER WATERSHED INFRASTRUCTURE FINANCING AUTHORITY PROCLAIMING A LOCAL EMERGENCY, RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY BY GOVERNOR GAVIN NEWSOM ON MARCH 4, 2020, AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE LEGISLATIVE BODIES OF THE UPPER SANTA ANA RIVER WATERSHED INFRASTRUCTURE FINANCING AUTHORITY FOR THE PERIOD MAY 18, 2022, THROUGH JUNE 17, 2022, PURSUANT TO BROWN ACT PROVISIONS.

WHEREAS, the Upper Santa Ana River Watershed Infrastructure Financing Authority (Authority) is committed to preserving and nurturing public access and participation in meetings of the Board of Directors; and

WHEREAS, all meetings of the Upper Santa Ana River Watershed Infrastructure Financing Authority's legislative bodies are open and public, as required by the Ralph M. Brown Act (Gov't Code § 54950 *et seq.*), so that any member of the public may attend, participate, and watch the Authority's legislative bodies conduct their business; and

WHEREAS, the Brown Act, Government Code section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within the Authority's boundaries, caused by natural, technological, or human-caused disasters; and

WHEREAS, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, the state of emergency continues to directly impact the ability of the members to meet safely in person; and

WHEREAS, such conditions now exist in the Authority, specifically, a state of emergency has been proclaimed due to an outbreak of respiratory illness due to a novel coronavirus (a disease now known as COVID-19); and

WHEREAS, the San Bernardino County Department of Health has recommended measures to promote social distancing; and

WHEREAS, the Board of Directors has determined that the state of emergency continues to directly impact the ability of the members to meet safely in person; and

WHEREAS, the Board of Directors does hereby find that the current state of emergency with respect to COVID-19, local official recommendations to promote social distancing, and conditions causing imminent risk to the health and safety of attendees have caused, and will continue to cause, conditions of peril to the safety of persons within the Authority that are likely to be beyond the control of services, personnel, equipment, and facilities of the Authority, and desires to proclaim a local emergency and ratify the proclamation of state of emergency by the Governor of the State of California; and

WHEREAS, as a consequence of the local emergency, the Board of Directors does hereby find that the legislative bodies of the Upper Santa Ana River Watershed Infrastructure Financing Authority shall conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and that such legislative bodies shall comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE UPPER SANTA ANA RIVER WATERSHED INFRASTRUCTURE FINANCING AUTHORITY as follows:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Proclamation of Local Emergency. The Board hereby proclaims that a local emergency now exists throughout the Authority, and declares that meeting in person would not comply with local official recommendations to promote social distancing and would present imminent risk to the health and safety of attendees.

Section 3. Ratification of Governor's Proclamation of a State of Emergency. The Board hereby ratifies the Governor of the State of California's Proclamation of a State of Emergency, effective as of its issuance date of March 4, 2020.

Section 4. Remote Teleconference Meetings. The Executive Director and legislative bodies of the Upper Santa Ana River Watershed Infrastructure Financing Authority are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution shall take effect on May 18, 2022, and shall be effective until the earlier of (a) June 17, 2022, or (b) such time the Board of Directors adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the legislative bodies of the Upper Santa Ana River Watershed Infrastructure Financing

Authority may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

ADOPTED this 18th day of May, 2022.

Paul Kielhold
Chair

Jose Macedo
Secretary

UPPER SANTA ANA RIVER WATERSHED
INFRASTRUCTURE FINANCING AUTHORITY



DATE: May 18, 2022

TO: Board of Directors

FROM: Heather Dyer, Executive Director

SUBJECT: Consider Resolution No. 010 Approving the Submission of a Water Infrastructure Finance and Innovation Act (WIFIA) Loan Application and Related Documents to the U.S. Environmental Protection Agency

Staff Recommendation:

Adopt Resolution No. 010 approving the submission of a WIFIA loan application and related documents to the U.S. Environmental Protection Agency (EPA).

Summary:

The Resolution before the Board is necessary to submit the WIFIA loan application and it accomplishes the following actions:

1. Approve the submission of the application to the EPA
2. Authorize the Treasurer to pay the application fee in an amount not-to-exceed \$100,000
3. Approve the form of installment purchase agreements with Valley District and the Yucaipa Valley Water District; the Technical Advisory Committee previously reviewed it, and it was shared with the Board at its January 5, 2022 meeting
4. Approve the form of the Memorandum of Understanding between the Authority and City of Riverside Public Utilities (RPU) setting forth the terms and conditions for RPU's participation in certain projects identified in the Application, and
5. Approve the Authority's Disclosure Policy to ensure compliance with the obligations under federal securities laws and contractual disclosure obligations included in such notes, bonds, and other obligations

It is pertinent to note that after EPA's review of the application and approval, the Authority's Board of Directors will have another chance to review and approve the loan and the final installment purchase agreements that will incorporate any changes required by the EPA.

UPPER SANTA ANA RIVER WATERSHED INFRASTRUCTURE FINANCING AUTHORITY

Background:

On July 23, 2021, the Authority submitted to the EPA a letter of interest for a loan under the Water Infrastructure Finance and Innovation Act (WIFIA) and it was invited by the EPA to submit a loan application under the WIFIA program on December 3, 2021.

Watershed Connect Phase 1 is currently comprised of 28 projects programmed to be completed in the next 2-3 years and produce at full capacity almost 36,000 acre-feet of water, 7 megawatts of power, 6,600 new recycled water connections, and restore 641 acres of habitat and 1 stream mile. These water supply and groundwater recharge, habitat restoration, recycled water production and distribution, and energy production and resilience projects have a total estimated costs of approximately \$420 million. This represents a one-of-a-kind investment in the watershed and future phases will elevate this investment towards \$1 billion.

Two (2) Authority Members – Valley District and Yucaipa Valley Water District (YVWD) are participating in this first loan review process immediately, with the possibility of RPU joining the authority and loan application by late summer. Western Municipal Water District will consider joining the authority on May 18th, 2022, and they will be contributing cash towards the loan matching funds for their share of their joint projects with Valley District. Each agency, as an obligor, will pay its loan payment to the Authority, which in turn will pay the EPA pursuant to installment purchase agreements. The Authority's combined loan is expected to be \$191.5 million, with Valley District's portion of the loan being \$61.8 million of the total loan and YVWD being \$99.6 million with RPU potentially borrowing the balance. If the participating agencies receive grant funding, budget earmarks or state funding, they may choose to reduce their WIFIA loan amount.

Of the 28 projects, YVWD 17 projects total is \$210.6 million with \$99.6 million or 47.3% anticipated from WIFIA and the remaining \$110.9 million or 52.7% coming from local financing. Valley District is leading 11 projects, two (2) of them shared with Western Municipal Water District and Riverside Public Utilities; these projects total is \$231.5 million of which \$61.8 is anticipated from WIFIA.

Fiscal Impact:

The loan application fee is \$100,000 and the cost will be borne proportionately by Valley District and Yucaipa Valley Water District based on their respective share of the loan application.

UPPER SANTA ANA RIVER WATERSHED
INFRASTRUCTURE FINANCING AUTHORITY

Attachments:

Resolution No. 010

Watershed Connect Phase 1 Projects

RESOLUTION NO. 010

A RESOLUTION OF THE BOARD OF THE UPPER SANTA ANA RIVER WATERSHED INFRASTRUCTURE FINANCING AUTHORITY APPROVING A WIFIA APPLICATION AND CERTAIN OTHER DOCUMENTS AND AUTHORIZING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, San Bernardino Valley Municipal Water District (“Valley District”), Yucaipa Valley Water District (“YVWD”) and certain other public agencies have created and established the Upper Santa Ana River Watershed Infrastructure Financing Authority (the “Authority”) in accordance with a Joint Exercise of Powers Agreement, dated July 20, 2021 (the “Joint Powers Agreement”); and

WHEREAS, the Authority previously submitted to the United States Environmental Protection Agency (the “EPA”) a letter of interest dated July 23, 2021 for a loan from the EPA under the Water Infrastructure Finance and Innovation Act (“WIFIA”); and

WHEREAS, on December 3, 2021, the Authority was invited by EPA to submit an application for a loan under the WIFIA program (a “WIFIA Loan.”); and

WHEREAS, there has been presented to the Board of Directors of the Authority a substantially final form of application for such WIFIA Loan (the “Application.”); and

WHEREAS, Valley District and YVWD have approved a form of installment purchase agreement with the Authority which will be submitted as a part of the Application; and

WHEREAS, the Authority desires to enter into a memorandum of understanding (the “MOU”) with Riverside Public Utilities (“RPU”) setting forth the terms and conditions for RPU’s participation in certain of the projects identified in the Application; and

WHEREAS, the Board of Directors of the Authority has reviewed the Application, the proposed installment purchase agreements with Valley District and YVWD, the MOU and the provisions of the California Environmental Quality Act (“CEQA”) and has considered whether any direct or indirect physical changes to the environment will result from submitting the Application, together with the forms of such installment purchase agreements, to the EPA or executing and delivering the MOU and has considered whether taking either or both of those actions may possibly have a significant effect on the environment.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE UPPER SANTA ANA WATERSHED INFRASTRUCTURE FINANCING AUTHORITY as follows:

SECTION 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by reference.

SECTION 2. Determinations with Respect to CEQA. The Board of Directors of the Authority does hereby determine that authorizing (1) the execution of the Application by the Chair, the Vice Chair or the Executive Director (each an “Authorized Officer”), (2) the approval of the

forms of the installment purchase agreements with Valley District and YVWD for purpose of submission to EPA in connection with the Application, (3) submission of the Application to EPA, (4) the payment of an application fee by the Treasurer to EPA in an amount not to exceed \$100,000, (5) the execution and delivery of the MOU with RPU, and (6) all steps that are reasonably convenient or necessary to submit the Application, does not constitute a project or projects under CEQA because: the proposed actions represent administrative activities of the Authority that will not result in direct or indirect physical changes in the environment (Section 15378(b)(5) of the CEQA Guidelines); and it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, and thus the proposed action is not subject to CEQA (Section 15061(b)(3) of the CEQA Guidelines).

SECTION 3. Approval of Installment Purchase Agreement with Valley District. The form of the Installment Purchase Agreement between the Authority and Valley District attached hereto as Exhibit A is hereby approved and each Authorized Officer, acting singly, are each hereby authorized to submit the form of the Installment Purchase Agreement with Valley District to EPA substantially in the approved form in connection with the Application, with such changes, insertions and omissions as may be recommended by General Counsel or Stradling Yocca Carlson & Rauth, a Professional Corporation (“Bond Counsel”), said submission being conclusive evidence of such approval.

SECTION 4. Approval of Installment Purchase Agreement with YVWD. The form of the Installment Purchase Agreement between the Authority and YVWD attached hereto as Exhibit B is hereby approved and each Authorized Officer, acting singly, are each hereby authorized to submit the form of the Installment Purchase Agreement with YVWD to EPA substantially in the approved form in connection with the Application, with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel, said submission being conclusive evidence of such approval.

SECTION 5. Approval of the Application. The form of the Application provided to the Board, certain portions of which are attached hereto as Exhibit C, is hereby approved. Each Authorized Officer, acting singly, are each hereby authorized to execute the Application and submit the Application to EPA substantially in the approved form, with such changes, insertions and omissions as may be recommended by Authority General Counsel and Bond Counsel, said execution being conclusive evidence of such approval.

SECTION 6. Authorization of Application Fee. The Treasurer or a designee thereof is hereby authorized and directed to pay an application fee to EPA in an amount not to exceed \$100,000 (the “Application Fee”).

SECTION 7. Approval of MOU with RPU. The form of the MOU between the Authority and RPU attached hereto as Exhibit D is hereby approved. Each Authorized Officer is hereby individually authorized and directed to execute and deliver the MOU substantially in the approved form, with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel, said execution being conclusive evidence of such approval.

SECTION 8. Disclosure Policy. The Board of Directors of the Authority hereby approves the Policy for Disclosure Procedures attached hereto as Exhibit E and adopts such policy as applicable to the Authority going forward.

SECTION 9. General Authorization. Each Authorized Officer and any other proper officer of the Authority, acting singly, are each hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper in connection with the submission of the Application, submission of the forms of the Installment Purchase Agreements with Valley District and YVWD, respectively, submission of the Application Fee, the execution and delivery of the MOU with RPU and for carrying out the transactions contemplated by this Resolution.

SECTION 10. Effective Date of Resolution. This Resolution shall take effect immediately.

ADOPTED at a regular meeting of the Board of Directors this 18th day of May 2022.

Paul Kielhold
Chair

Jose Macedo
Secretary

EXHIBIT A

INSTALLMENT PURCHASE AGREEMENT WITH VALLEY DISTRICT

INSTALLLEMENT PURCHASE AGREEMENT
BETWEEN
THE UPPER SANTA ANA WATERSHED INFRASTRUCTURE FINANCING AUTHORITY
AND
THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

INSTALLMENT PURCHASE AGREEMENT

by and between

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

and

**UPPER SANTA ANA RIVER WATERSHED INFRASTRUCTURE FINANCING
AUTHORITY**

Dated _____, 2022

Relating to

\$ _____

**UPPER SANTA ANA RIVER WATERSHED INFRASTRUCTURE FINANCING
AUTHORITY
WIFIA LOAN AGREEMENT**

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INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT, is entered into and dated as of ____ 1, 2022, by and between SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT, a municipal water district that is duly organized and existing under and by virtue of the laws of the State of California (the “**District**”), and UPPER SANTA ANA RIVER WATERSHED INFRASTRUCTURE FINANCING AUTHORITY, a joint exercise of powers agency that is duly organized and existing under and by virtue of the laws of the State of California (the “**Authority**”).

RECITALS

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

[If a joint project of two members] [The Districts propose to acquire and construct certain improvements, betterments, renovations and expansions of facilities within its System, as described in Exhibit A (the “WIFIA Project”).]

B. The Authority has agreed to assist the District[s] in financing a portion of the WIFIA Project on the terms and conditions that are set forth herein.

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

D. The District is authorized by Division 20 of the Water Code of the State of California, including but not limited to Section 71690 and 71691, to acquire and construct facilities such as the WIFIA Project for its System.

E. The Authority, the District[s] and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (the “Authority Lender”), have entered into a WIFIA Loan Agreement dated ____, 2022 (the “WIFIA Loan Agreement”), secured, inter alia, by the payments to be made by the District to the Authority under this Installment Purchase Agreement, to finance such portion of the WIFIA Project.

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

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

ARTICLE I
DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms that are defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document that is mentioned herein or therein have the meanings that are defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms that are defined herein. All capitalized terms that are used herein and not defined herein shall have the meanings that are ascribed thereto in the WIFIA Loan Agreement.

Accountant's Report

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

Acquisition Fund

The term "Acquisition Fund" means the fund by that name established by the District pursuant to Section 3.04.

Authority

The term "Authority" means Upper Santa Ana River Watershed Infrastructure Financing Authority, a joint exercise of powers agency that is duly organized pursuant to the JPA Agreement and existing under and by virtue of the laws of the State of California, including the successors thereto.

Authority Lender

The term "Authority Lender" has the meaning provided in RECITAL E herein.

Bonds

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

Contracts

The term "Contracts" means all contracts of the District authorized and executed by the District, the scheduled payments under which are payable from Net Revenues on a parity with the WIFIA Installment Payments and which are secured by a pledge and lien on Revenues as described in Section 5.01 hereof; including but not limited to the 2011 Installment Purchase Agreement, but excluding contracts entered into for operation and maintenance of the System.

Debt Service

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

(i) the interest accruing during such period on all outstanding Bonds, assuming that all outstanding serial Bonds are retired as scheduled and that all outstanding term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized or is reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program);

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

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

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

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

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

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

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

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

District

The term “District” means the San Bernardino Valley Municipal Water District, a municipal water district that is duly organized and existing under and by virtue of the Law.

Event of Default

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

Excluded Principal

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

Fiscal Year

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

Generally Accepted Accounting Principles

The term “Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

Independent Certified Public Accountant

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

Independent Municipal Consultant

The term “Independent Municipal Consultant” means a municipal advisor or firm of such municipal advisors appointed by the District, and who, or each of whom: (1) is in fact independent and

not under domination of the District; (2) does not have any substantial interest, direct or indirect, with the District; (3) is not connected with the District as an officer or employee thereof, but who may be regularly retained to make reports thereto; and (4) is registered as a “municipal advisor,” as defined in Section 15B of the Securities Exchange Act of 1934, as amended.

Installment Payment Date

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

Installment Payments

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

JPA Agreement

The term “JPA Agreement” means the Joint Exercise of Powers Agreement, dated July 20, 2021, by and among the District and the other parties thereto, pursuant to which the Authority is established, as such JPA Agreement may be amended and supplemented from time-to-time in accordance therewith.

Law

The term “Law” means the Municipal Water District Act, of the State of California (being Division 20 of the Water Code of the State of California, as amended) and all laws amendatory thereof or supplemental thereto.

Manager

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

Net Proceeds

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

Net Revenues

The term “Net Revenues” means, for any Fiscal Year or other period, the Revenues for such Fiscal Year or other period, as the case may be, less the Operation and Maintenance Costs for such Fiscal Year or other period, as the case may be.

Operation and Maintenance Costs

The term “Operation and Maintenance Costs” means: (i) costs spent or incurred for maintenance and operation of the System calculated in accordance with Generally Accepted Accounting Principles, including (among other things) the reasonable expenses of management and

repair and other expenses that are necessary to maintain and preserve the System in good repair and working order, and including administrative costs of the District that are charged directly or apportioned to the System, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, and including all other reasonable and necessary costs of the District or charges (other than Debt Service) required to be paid by it to comply with the terms of this Installment Purchase Agreement or any Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds (ii) all costs of water provided or otherwise acquired for delivery by the System (including any interim or renewed arrangement therefor), including both fixed and variable components thereof including but not limited to payments under the Water Supply Contracts; *but excluding* in all cases (w) depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar or non-cash nature, (x) all capital charges, (y) any State Water Project costs paid from taxes described in clause (2) in the definition of Revenues or from sources other than Revenues, and (z) all amounts allocable to the District under the JPA Agreement for capital costs thereof, including principal and interest on any bonds, notes or other evidence of indebtedness of the Authority.

Project

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

Purchase Price

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

Rate Stabilization Fund

The term “Rate Stabilization Fund” means the fund by that name that is continued pursuant to Section 5.06.

Revenue Fund

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

Revenues

The term “Revenues” means all income, rents, rates, fees, charges and other moneys derived by the District from the ownership or operation of the System on or after the date hereof, including, without limiting the generality of the foregoing:

(a) all income, rents, rates, fees, charges and other moneys derived by the District from the sale, furnishing and supplying of the water or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the System, including but not limited to income received from retail water agencies under take-or-pay contracts for water produced by the Project;

(b) all proceeds of the County of San Bernardino and County of Riverside 1% *ad valorem* property tax allocated to and received by the District, including all proceeds of the unitary tax received by the District;

(c) pass-through payments from redevelopment or successor agencies pursuant to the Health and Safety Code of the State;

(d) all other income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys received by the District; and

(e) the earnings on and income derived from the investment of amounts described in clauses (a) – (d) above and from District unrestricted reserves;

but excluding:

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

(II) any proceeds of taxes or assessments levied by the District to pay the Water Supply Contract and any other bonds, notes, contracts or obligations hereafter issued or executed.

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

Service

The term “Service” means the water service that is made available or provided by the District, including wholesale water sales to retail water providers.

Subordinate Debt

The term “Subordinate Debt” means all revenue bonds or notes of the District the payments on which are payable subordinate to Debt Service and all contracts of the District the payments under which are payable subordinate to Debt Service as set forth in Section 5.02(c) hereof.

Subordinate Debt Service

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

System

The term “System” means the whole and each and every part of the water system of the District, including all real property and buildings, including the portion thereof existing on the date hereof, and including the WIFIA Project and all additions, betterments, extensions and improvements to such System or any part thereof hereafter acquired or constructed.

Treasurer

The term “Treasurer” means the Chief Financial Officer/Deputy General Manager of the District or the successor thereto.

2011 Installment Purchase Agreement

The term “2011 Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of June 1, 2011, by and between the District and the San Bernardino Valley Municipal Water District Financing Corporation, as originally executed and as it may be amended or supplemented in accordance with the terms thereof.

Unencumbered Fund Balance

The term “Unencumbered Fund Balance” means, for any Fiscal Year, the balance of Net Revenues remaining on deposit in the _____ Fund and any rate stabilization fund related to the water system established by the District as of the last day of such Fiscal Year, as shown on the books of the District, which may be lawfully used to pay the WIFIA Installment Payments. The amount of the Unencumbered Fund Balance as of the last day of the Fiscal Year does not include any funds which the District determines will be required for the payment of the WIFIA Installment Payments or the payment of any Bonds or Contracts during the next six months.

Water Supply Contract

The term “Water Supply Contract” means the Water Supply Contract between the State of California Department of Water Resources and the District, as amended to the date hereof and as may be amended or extended from time to time in accordance therewith and including an interim or renewal arrangement with respect thereto.

WIFIA Amount

The term “WIFIA Amount” means the amount equal to the total disbursements of the WIFIA Loan with respect to the District’s WIFIA Project under the WIFIA Loan Agreement.

WIFIA Debt Service Account

The term “WIFIA Debt Service Account” means the account by that name created and maintained by the District in accordance with Section 5.07 hereof and the WIFIA Loan Agreement.

WIFIA Installment Payment Date

The term “WIFIA Installment Payment Date” means _____, 20__ and the last day of each _____ and the last day of each _____ thereafter.

WIFIA Installment Payments

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

WIFIA Installment Purchase Agreement

The term “WIFIA Installment Purchase Agreement” means this Installment Purchase Agreement, by and between the District and the Authority, dated _____, 2022, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

WIFIA Loan Agreement

The term “WIFIA Loan Agreement” has the meaning provided in RECITAL E herein.

WIFIA Project

The term “WIFIA Project” means the additions, betterments, extensions and improvements to System facilities included within the description as the “Project” in the WIFIA Loan Agreement, as such WIFIA Project may be modified in accordance with any modification to the definition of “Project” in the WIFIA Loan Agreement.

WIFIA-Financed Portion of the WIFIA Project

The term “WIFIA-Financed Portion of the WIFIA Project” means the portion of the WIFIA Project financed by the Authority from the proceeds of the WIFIA Loan allocated to the District, which portion shall be not more than 49% of the Eligible Project Costs of the WIFIA Project.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

- (a) The District is a municipal district that is duly organized and existing under and pursuant to the laws of the State of California.
- (b) The District has full legal right, power and authority to enter into this Installment Purchase Agreement, carry out its obligations hereunder and carry out and consummate all other transactions that are contemplated by this Installment Purchase Agreement, and the District has complied with the provisions of the Law in all matters relating to such transactions.
- (c) By proper action, the District has duly authorized the execution, delivery and due performance of this Installment Purchase Agreement.
- (d) The District has determined that it is necessary and proper for District uses and purposes within the terms of the Law that the District acquire and construct the WIFIA-Financed Portion of the WIFIA Project in the manner that is provided for in this Installment Purchase Agreement in order to provide essential services and facilities to persons residing in the District.

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

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

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

ARTICLE III

THE WIFIA PROJECT

Section 3.01. Acquisition and Construction of the WIFIA Project. The Authority hereby agrees to cause the WIFIA Project and any additions or modifications thereto to be constructed, acquired and installed by the District as its agent. The District shall enter into contracts and provide for, as agent for the Authority, the complete design, construction, acquisition and installation of the WIFIA Project in accordance with the WIFIA Loan Agreement and all applicable laws.

The District hereby agrees that it will cause the construction, acquisition and installation of the WIFIA Project to be diligently performed. The District agrees to deposit the WIFIA Amount (or the relevant portion thereof) (other than any funds to be applied to the prepayment or redemption of any interim financing with respect to the WIFIA-Financed Portion of the WIFIA Project) into the Acquisition Fund, upon satisfactory completion of design work and compliance with the California Environmental Quality Act and approval by the Board of Directors of the District, and that it will use its best efforts to cause the construction, acquisition and installation of the WIFIA Project to be substantially completed by _____, 202_, unforeseeable delays beyond the reasonable control of the District only excepted. It is hereby expressly understood and agreed that the Authority shall be under no liability of any kind or character whatsoever for the payment of any cost of the WIFIA Project and that all such costs and expenses (including the cost of the WIFIA Project not paid from the WIFIA Amount) shall be paid by the District.

Section 3.02. Purchase of WIFIA-Financed Portion of the WIFIA Project. In consideration for the WIFIA Installment Payments, the Authority agrees to sell, and hereby sells, to the District, and the District agrees to purchase, and hereby purchases, from the Authority, the WIFIA-Financed Portion of the WIFIA Project at the purchase price that is specified in Section 4.01 hereof and otherwise in the manner and in accordance with the provisions of this Installment Purchase Agreement.

Section 3.03. Title. Each component of the WIFIA Project shall vest in the District immediately upon acquisition or construction thereof. Such vesting shall occur without further action by the Authority or the District, and the Authority shall, if requested by the District or if necessary, to assure such automatic vesting, deliver any and all documents which are required to assure such vesting.

Section 3.04. Acquisition Fund. The District shall establish, maintain and hold in trust a separate fund designated as the "Acquisition Fund." The moneys in the Acquisition Fund shall be held by the District in trust and applied by the Treasurer of the District to the payment of the costs of acquisition and construction of the WIFIA-Financed Portion of the WIFIA Project and of expenses incidental thereto.

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

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

When the WIFIA-Financed Portion of the WIFIA Project shall have been constructed and acquired in accordance with this Installment Purchase Agreement, a statement of the District stating the fact and date of such acquisition, construction and acceptance and stating that all of such costs of acquisition and incidental expenses have been determined and paid (or that all of such costs and expenses have been paid less specified claims which are subject to dispute and for which a retention in the Acquisition Fund is to be maintained in the full amount of such claims until such dispute is resolved), shall be delivered to the Treasurer and the Authority Lender by the Manager of the District. Upon the receipt of such statement, the Treasurer shall transfer any remaining balance in the Acquisition Fund which is not needed for Acquisition Fund purposes (but less the amount of any such retention, which amount shall be certified to the Treasurer by the Manager of the District) to the Authority Lender for deposit in the WIFIA Debt Service Account.

ARTICLE IV

INSTALLMENT PAYMENTS

Section 4.01. Purchase Price.

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

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

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

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

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

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

The obligation of the District to make the WIFIA Installment Payments is absolute and unconditional, and until such time as the Purchase Price shall have been paid in full, the District will not discontinue or suspend any WIFIA Installment Payment which is required to be made by it under this section when due, whether or not the System or any part thereof is operating or operable or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and whether or not the WIFIA Project has been completed, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

ARTICLE V

SECURITY

Section 5.01. Pledge of Revenues. The Revenues, and all amounts that are on deposit in the Revenue Fund, including amounts that are transferred from the Rate Stabilization Fund to the Revenue Fund as described in Section 5.06, are irrevocably pledged to the payment of the WIFIA Installment Payments. Except for the payment of the Operation and Maintenance Costs, the Revenues shall not be

used for any other purpose while any of the WIFIA Installment Payments remain unpaid; provided that out of the Revenues there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge shall constitute a first lien on Revenues and the Revenue Fund for the payment of the WIFIA Installment Payments and all other Contracts and Bonds in accordance with the terms hereof.

The Acquisition Fund and all amounts that are on deposit in the Acquisition Fund and the WIFIA Debt Service Fund and all amounts on deposit in the WIFIA Debt Service Fund, are irrevocably pledged to the payment of the WIFIA Installment Payments. This pledge shall constitute a first and exclusive lien on the Acquisition Fund and the Debt Service Fund for the payments of the WIFIA Installment Payments.

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

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

(a) Bonds and Contracts. The District shall, from the moneys in the Revenue Fund, transfer to the WIFIA Debt Service Fund and to the applicable trustee for deposit in the applicable payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any Debt Service in accordance with the provisions of the Contract, Bond, resolution or indenture relating thereto. The District shall also, from the moneys in the Revenue Fund, transfer to the applicable trustee or payee for deposit in the applicable payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service in accordance with the provisions of the Contract, Bond, resolution or indenture relating thereto.

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

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

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

(a) The Net Revenues for the last audited Fiscal Year of the District, or for any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Consultant on file with the District, shall have produced a sum equal to at least one hundred twenty five percent (125%) of the Debt Service for such Fiscal Year or other twelve month period; and

(b) The Net Revenues for the last audited Fiscal Year of the District, or for any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, including adjustments to give effect as of the first day of such Fiscal Year or other twelve month period, to increases or decreases in rates and charges with respect, or applicable, to the System approved and in effect as of the date of calculation, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Consultant on file with the District, shall have produced a sum equal to at least one hundred twenty five percent (125%) of the Debt Service for such Fiscal Year or other twelve month period, plus the Debt Service which would have accrued on any Contracts executed or Bonds issued since the end of such Fiscal Year or other twelve month period, assuming that such Contracts had been executed or Bonds had been issued at the beginning of such Fiscal Year or other twelve month period, plus the Debt Service which would have accrued had such proposed additional Contract been executed or proposed additional Bonds been issued at the beginning of such Fiscal Year or other twelve month period.

For purposes of this Section 5.03, the amount of Net Revenues may be increased (in an amount not exceeding 25% of Debt Service payable in the applicable Fiscal Year) by the amount of the Unencumbered Fund Balance as of the last day of the immediately preceding Fiscal Year.

Notwithstanding the foregoing, Bonds issued or Contracts executed to refund Bonds or prepay Contracts may be delivered without satisfying the conditions set forth above if Debt Service in each Fiscal Year after the Fiscal Year in which such Bonds are issued or Contracts executed is not greater than 110% of the Debt Service which would have been payable in each such Fiscal Year prior to the issuance of such Bonds or execution of such Contracts.

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

(a) The Net Revenues remaining after payment of Debt Service on Bonds and Contracts for the last audited Fiscal Year of the District, or any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of issuance or execution of such Subordinate Debt, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Consultant on file with the District, shall have produced a sum equal to at least one hundred ten percent (110%) of the Subordinate Debt Service for such Fiscal Year or other twelve month period.

(b) The Net Revenues remaining after payment of Debt Service on Bonds and Contracts for the last audited Fiscal Year of the District, or any consecutive twelve calendar month period during the eighteen calendar month period preceding the issuance or the execution of such Subordinate Debt, including adjustments to give effect as of the first day of such Fiscal Year or other twelve month period to increases or decreases in rates and charges with respect, or applicable, to the System approved and in effect as of the date of calculation, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Consultant on file with the District, shall have produced a sum equal to at least one hundred ten percent (110%) of the Subordinate Debt Service for such Fiscal Year or other twelve month period, plus the Subordinate Debt Service which would have accrued on any Subordinate Debt issued since the end of such Fiscal Year or other twelve month period, assuming that such Subordinate Debt had been issued or executed at the beginning of such Fiscal Year or other twelve month period, plus the Subordinate Debt Service which would have accrued had such proposed Subordinate Debt been executed or issued at the beginning of such Fiscal Year or other twelve month period.

Notwithstanding the foregoing, Subordinate Debt executed to refund Bonds or prepay Contracts or to prepay or refund Subordinate Debt may be delivered without satisfying the conditions set forth above if Debt Service and Subordinate Debt Service in each Fiscal Year after the Fiscal Year in which such Subordinate Debt issued or executed is not greater than 110% of the Debt Service and Subordinate Debt which would have been payable in each such Fiscal Year prior to the issuance of or execution of such Subordinate Debt.

For purposes of this Section 5.04, the amount of Net Revenues may be increased (in an amount not exceeding 10% of Subordinate Debt Service payable in the applicable Fiscal Year) by the amount of the Unencumbered Fund Balance as of the last day of the immediately preceding Fiscal Year.

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

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

The District may withdraw all or any portion of the amounts on deposit in the Rate Stabilization Fund and transfer such amounts to the Revenue Fund for application in accordance with Section 5.02 or, in the event that all or a portion of the WIFIA Installment Payments are discharged in accordance with Article VII, transfer all or any portion of such amounts for application in accordance with Article VII; provided that any such withdrawals and transfers may be made up to and including the date that is 270 days after the end of the Fiscal Year or 12 calendar month period for which such withdrawals and transfers will be taken into account in calculating Revenues. For avoidance of doubt, any such amounts withdrawn from the Rate Stabilization Fund and transferred to the Revenue Fund constitute Revenues for the Fiscal Year or 12 month calendar month period so long as such withdrawal and transfer occurs not later than 270 days after the end of such Fiscal Year or 12 calendar month period.

Section 5.07. WIFIA Debt Service Account. The District, as agent of the Authority, shall establish, maintain and hold in trust a separate general ledger account within the District's debt service group of funds/accounts, which account shall be designated as the "WIFIA Debt Service Account" and as of the Effective Date is numbered _____. Such account number may change as the District designates from time to time provided that the District must promptly notify the Authority Lender in writing of any such change. Moneys in the WIFIA Debt Service Account shall be held by the District in trust and applied to the payment of the WIFIA Installment Payments hereunder in accordance with [Section 8(a)(i) and Section 17(i)] of the WIFIA Loan Agreement. Any investment earnings thereon shall be transferred by the District to the Revenue Fund no later than the last day of the District's Fiscal Year.

ARTICLE VI

COVENANTS OF THE DISTRICT

Section 6.01. Compliance with Installment Purchase Agreement, the WIFIA Loan Agreement and Ancillary Agreements. The District will punctually pay the WIFIA Installment Payments in strict conformity with the terms hereof, and will faithfully observe and perform all of the agreements, conditions, covenants and terms contained herein which are required to be observed and performed by it, and will not terminate this Installment Purchase Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the WIFIA Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Authority to observe or perform any agreement, condition, covenant or term which is contained herein and required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Authority or any force majeure, including acts of God, tempest, storm, earthquake, epidemics, pandemics, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion or acts or regulations of governmental authorities.

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

The District will faithfully observe and perform all of the agreements, conditions, covenants and terms which are required to be observed and performed by the District pursuant to the WIFIA Loan Agreement: provided that nothing herein shall obligate the District to pay the principal of or interest with respect to the WIFIA Loan or the WIFIA Note, which obligation is solely the responsibility of the Authority as borrower under the WIFIA Loan Agreement.

The District will faithfully observe and perform all the agreements, conditions, covenants and terms required to be observed and performed by it pursuant to all outstanding Contracts and Bonds as such may from time to time be executed or issued, as the case may be, provided that nothing herein shall obligate the District to pay principal of or interest on the WIFIA Loan or the WIFIA Note, which obligation is solely the responsibility of the Authority as borrower under the WIFIA Loan Agreement.

Section 6.02. Against Encumbrances. The District will not make any pledge of or place any lien on Revenues or the moneys in the Revenue Fund except as provided herein and subject to the restrictions agreed to by the District in the WIFIA Loan Agreement. In addition, the District may at any time, or from time to time, issue Bonds or incur Contracts for any lawful purpose which are payable from and secured by a pledge of and lien on Revenues or any moneys in the Revenue Fund as may from time to time be deposited therein (as provided in Section 5.02) on a parity with the pledge and lien securing this Installment Purchase Agreement in accordance with Section 5.03 hereof and the WIFIA Loan Agreement or subordinate to the pledge and lien securing this Installment Purchase Agreement in accordance with Section 5.04 hereof and the WIFIA Loan Agreement. The District will not make any pledge of or place a lien on the Acquisition Fund (including the moneys on deposit therein) or the WIFIA Debt Service Account (including the moneys on deposit therein) except as set forth in the WIFIA Loan Agreement.

Section 6.03. Against Sale or Other Disposition of Property. The District will not enter into any agreement or lease which materially impairs the operation of the System or any part thereof which is necessary to secure adequate Revenues for the payment of the WIFIA Installment Payments, or which would otherwise materially impair the rights of the Authority hereunder or the operation of the System.

Any real or personal property which has become nonoperative or which is not needed for the efficient and proper operation of the System, or any material or equipment which has become worn out, may be sold if such sale will not materially impair the ability of the District to pay the WIFIA Installment Payments and if the proceeds of such sale are deposited in the Revenue Fund. Nothing herein shall restrict the ability of the District to sell any portion of the System if such portion is immediately repurchased by the District and if such arrangement cannot by its terms result in the purchaser of such portion of the System exercising any remedy which would deprive the District of or otherwise interfere with its right to own and operate such portion of the System.

Section 6.04. Against Competitive Facilities. The District and the Authority hereby acknowledge that certain public and private agencies, corporations, districts or other political subdivisions currently operate water supply and distribution systems within the boundaries of the District and that nothing contained in this Agreement is intended to alter or affect such activities. The District: (i) will not, to the extent permitted by law, acquire, construct, maintain or operate; and (ii) will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the service area of the System any water importation and treatment facilities competitive with the System.

Section 6.05. Prompt Acquisition and Construction. The District will take all necessary and appropriate steps to acquire and construct the WIFIA Project, as agent of the Authority, with all practicable dispatch and in an expeditious manner and in conformity with law so as to complete the same as soon as possible.

Section 6.06. Maintenance and Operation of the System. The District will maintain and preserve the System in good repair and working order at all times, operate the System in an efficient and economical manner and pay all Operation and Maintenance Costs as they become due and payable.

Section 6.07. Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Revenues or the

funds or accounts created hereunder or under the WIFIA Loan Agreement or on any funds in the hands of the District pledged to pay the WIFIA Installment Payments or the Bonds, or which might impair the security of the WIFIA Installment Payments.

Section 6.08. Compliance with Contracts. The District will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, which are required to be performed by it contained in all contracts for the use of the System and all other contracts affecting or involving the System, to the extent that the District is a party thereto.

Section 6.09. Insurance.

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

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

If such Net Proceeds exceed the costs of such reconstruction, repair or replacement, then the excess Net Proceeds shall be applied in part to the prepayment of WIFIA Installment Payments as provided in Article VII and in part to such other fund or account as may be appropriate and used for the retirement of Bonds and Contracts in the same proportion which the aggregate unpaid principal balance of WIFIA Installment Payments then bears to the aggregate unpaid principal amount of such Bonds and Contracts. If such Net Proceeds are sufficient to enable the District to retire the entire obligation that is evidenced hereby prior to the final due date of the WIFIA Installment Payments as well as the entire obligations that are evidenced by Bonds and Contracts then remaining unpaid prior to their final respective due dates, the District may elect not to reconstruct, repair or replace the damaged or destroyed portion of the System, and thereupon such Net Proceeds shall be applied to the prepayment of WIFIA Installment Payments as provided in Article VII and to the retirement of such Bonds and Contracts.

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

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

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

Section 6.10. Accounting Records; Financial Statements and Other Reports.

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

(b) The District will prepare and file with the Authority or its assignee, annually within two hundred seventy (270) days after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2022) financial statements of the District for the preceding Fiscal Year prepared in accordance with generally accepted accounting principles, together with an Accountant's Report thereon.

Section 6.11. Protection of Security and Rights of the Authority. The District will preserve and protect the security hereof and the rights of the Authority and the Authority Lender to the WIFIA Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 6.12. Payment of Taxes and Compliance with Governmental Regulations. The District will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the System, or any part thereof or upon the Revenues or amounts on deposit in the Revenue Fund, the Acquisition Fund, the Rate Stabilization Fund or the WIFIA Debt Service Account when the same shall become due. The District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the System, or any part thereof, but the District shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

Section 6.13. Amount of Rates and Charges.

(a) To the fullest extent permitted by law, the District shall fix and prescribe, at the commencement of each Fiscal Year, rates and charges with respect, or applicable, to the System which are reasonably expected to be at least sufficient to yield during each Fiscal Year (i) Net Revenues equal to one hundred twenty five percent (125%) of the Debt Service payable in such Fiscal Year and (ii) Net Revenues remaining after payment of Debt Service on Bonds and Contracts equal to one hundred ten percent (110%) of Subordinate Debt Service payable in such Fiscal Year. The amount of the Unencumbered Fund Balance as of the last day of the immediately preceding Fiscal Year shall be credited towards the District's obligations under this subsection (a), in an amount not to exceed 25% of Debt Service referred to in the preceding sentence.

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

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

Section 6.14. Collection of Rates and Charges. The District will have in effect at all times by-laws, rules and regulations requiring each customer to pay the rates and charges with respect, or applicable, to the Service to such customer's land and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the District may discontinue such service from the System, and such service shall not thereafter be recommenced except in accordance with District by-laws or rules, regulations and State Law governing such situations of delinquency.

Section 6.15. Eminent Domain Proceeds. If all or any part of the System shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied as follows:

(a) If: (1) the District files with the Authority and the Authority Lender a certificate showing: (i) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the District by reason of such eminent domain proceedings; (ii) a general description of the additions, betterments, extensions or improvements to the System that are proposed to be acquired and constructed by the District from such Net Proceeds, and (iii) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements, and (2) the District, on the basis of such certificate filed with the Authority and the Authority Lender, determines that the estimated additional annual Net Revenues will sufficiently offset the estimated loss of annual Net Revenues resulting from such eminent domain proceedings so that the ability of the District to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive), then the District shall promptly proceed with the acquisition and construction of such additions, betterments, extensions or improvements substantially in accordance with such certificate and such Net Proceeds shall be applied for the payment of the costs of such acquisition and construction, and any balance of such Net Proceeds not required by the District for such purpose shall be deposited in the Revenue Fund.

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

Section 6.16. Further Assurances. The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Authority and the Authority Lender the rights and benefits provided to the Authority and the Authority Lender herein.

Section 6.17. Enforcement of Contracts. The District will not voluntarily consent to or permit any rescission of, nor will it consent to any amendment to or otherwise take any action under or in connection with any contracts previously or hereafter entered into which contracts provide for water to be supplied to the District which consent, revision, amendment or other action will reduce the

supply of water thereunder (except as provided therein), unless the Board of Directors of the District determines by resolution that such rescission or amendment would not materially adversely affect the ability of the District to pay WIFIA Installment Payments.

ARTICLE VII

PREPAYMENT OF WIFIA INSTALLMENT PAYMENTS

Section 7.01. Prepayment.

(a) The District may or shall, as the case may be, prepay from Net Proceeds as provided herein the WIFIA Installment Payments or the WIFIA Loan Agreement in whole, or in part, on any date in the order of payment date as directed by the District, at a prepayment price equal to the sum of the principal amount to be prepaid plus accrued interest thereon to the date of prepayment, without premium. Any such prepayment shall occur substantially concurrently with the prepayment of the WIFIA Loan by the Authority pursuant to the terms of Section [9(a) of the WIFIA Loan Agreement].

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

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

Section 7.02. Method of Prepayment. Before making any prepayment pursuant to Section 7.01, the District shall, within five (5) days following the event permitting the exercise of such right to prepay or creating such obligation to prepay, give written notice to the Authority and the Authority Lender describing such event and specifying the date on which the prepayment will be paid, which date shall be not less than thirty (30) nor more than (sixty) 60 days from the date that such notice is given.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF THE AUTHORITY

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

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

(2) if default shall be made by the District in the performance of any of the agreements or covenants which are required herein to be performed by it, and such default shall have

continued for a period of sixty (60) days after the District shall have been given notice in writing of such default by the Authority; or

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

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

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

then the Authority shall immediately notify the Authority Lender of an Event of Default and follow any written directions of the Authority Lender, which may include a direction to declare the entire principal amount of the unpaid WIFIA Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding; provided that the unpaid Purchase Price shall automatically become due and payable without the action of the Authority or any other person if the unpaid principal amount of the WIFIA Loan shall have become immediately due and payable. Notwithstanding anything to the contrary set forth herein, the Authority shall not have the right to (i) declare the unpaid Purchase Price immediately due and payable or (ii) exercise any other rights or remedies hereunder following the occurrence of an Event of Default in each case without the prior written direction of the Authority Lender. This section, however, is subject to the condition that if at any time after the entire principal amount of the unpaid WIFIA Installment Payments and the accrued interest thereon shall have been so declared due and payable, but before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the District shall deposit with the Authority an amount that is sufficient to pay the unpaid principal amount of the WIFIA Installment Payments or the unpaid payment of any other Contract or Bond referred to in clauses (1) or (4) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the WIFIA Installment Payments or such Contract or Bond if paid in accordance with their terms, and the reasonable expenses of the Authority, and any and all other defaults known to the Authority (other than in the payment of the entire principal amount of the unpaid WIFIA Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Authority or provision deemed by the Authority to be adequate shall have been made therefor, then and in every such case the Authority, by written notice to the District, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

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

First, to the payment, without preference or priority, and in the event of any insufficiency of such Revenues ratably without any discrimination or preference, of the fees, costs and expenses of the Authority, the Authority Lender, any agents and assignees of each of the forgoing as the case may be or the trustee with respect to any Bonds or Contracts, in carrying out the provisions of this article, including reasonable compensation to their respective accountants and counsel;

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

Third, to the payment, without preference or priority, and in the event of any insufficiency of such Revenues ratably in proportion to the respective aggregate unpaid principal amounts of the WIFIA Installment Payments and the outstanding Bonds and Contracts, of the entire principal amount of the unpaid WIFIA Installment Payments and the unpaid principal amount of all Bonds and the unpaid principal amount or payments with respect to all Contracts and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the WIFIA Installment Payments and such Bonds and Contracts if paid in accordance with their respective terms.

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

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the District or any director, officer or employee thereof, and to compel the District or any such director, officer or employee to perform and carry out its or his or her duties under the Law and the agreements and covenants required to be performed by it or him or her contained herein;

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

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

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

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

Section 8.05. Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the WIFIA Installment Payments to the Authority at the respective due dates or upon prepayment from the Net Revenues, the Revenue Fund and the other funds herein pledged for such payment, or shall affect or impair the right of the Authority or the Authority Lender, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

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

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

Section 8.06. Remedies Not Exclusive. No remedy that is conferred upon or reserved to the Authority or the Authority Lender herein is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Liability Limited. Notwithstanding anything contained herein, the District shall not be required to advance any moneys derived from any source of income other than the Revenues, the Revenue Fund and the other funds provided herein for the payment of amounts due hereunder or for the performance of any agreements or covenants that are required to be performed by it contained herein. The District may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

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

Section 9.02. Benefits of Installment Purchase Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the District, the Authority or the Authority Lender any right, remedy or claim under or pursuant hereto, and any

agreement or covenant that is required herein to be performed by or on behalf of the District, the Authority or the Authority Lender shall be for the sole and exclusive benefit of the other party.

Section 9.03. Successor Is Deemed Included in all References to Predecessor. Whenever either the District, the Authority or the Authority Lender is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the District, the Authority or the Authority Lender, and all agreements and covenants which are required hereby to be performed by or on behalf of the District, the Authority or the Authority Lender shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 9.04. Waiver of Personal Liability. No director, officer or employee of the District shall be individually or personally liable for the payment of the WIFIA Installment Payments, but nothing contained herein shall relieve any director, officer or employee of the District from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 9.05. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith” and other words of similar import refer to this Installment Purchase Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 9.06. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the District or the Authority shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The District and the Authority hereby declare that they would have executed this Installment Purchase Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 9.07. Assignment. This Installment Purchase Agreement and any rights hereunder may be assigned by the Authority, as a whole or in part, to the Authority Lender without the necessity of obtaining the prior consent of the District. On each Payment Date occurring on or after the Level Payment Commencement Date, the District, as agent of the Authority, shall transfer to the Authority Lender on the Authority’s behalf the WIFIA Installment Payments hereunder from the WIFIA Debt Service Account in accordance with the terms of the WIFIA Loan Agreement.

Section 9.08. Net Contract. This Installment Purchase Agreement shall be deemed and construed to be a net contract, and the District shall pay absolutely net during the term hereof of the WIFIA Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

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

Section 9.10. Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the District: San Bernardino Valley Municipal Water District
380 E Vanderbilt Way
San Bernardino, California 92408
Attention: General Manager

If to the Authority: Upper Santa Ana River Watershed Infrastructure Financing
Authority
c/o San Bernardino Valley Municipal Water District
380 E Vanderbilt Way
San Bernardino, California 92408
Attention: Executive Director

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

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

Section 9.12. Execution in Counterparts. This Installment Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 9.13. Indemnification of the Authority. The District hereby agrees to indemnify and hold harmless the Authority, the Authority Lender and the assigns and officers and directors thereof if and to the extent permitted by law, from and against all claims, advances, damages and losses, including legal fees and expenses, arising out of or in connection with the acceptance or the performance of its duties hereunder or to the extent provided in the WIFIA Loan Agreement, under the WIFIA Loan Agreement.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

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

SAN BERNARDINO VALLEY MUNICIPAL
WATER DISTRICT

By: _____
President of the Board of Directors

ATTEST:

Board Clerk

UPPER SANTA ANA RIVER WATERSHED
INFRASTRUCTURE FINANCING AUTHORITY

By: _____
Chair of the Board of Directors

ATTEST:

Secretary of the Board of Directors

EXHIBIT A

PURCHASE PRICE

1. The principal amount of payments to be made by the District hereunder is \$_____.
2. The WIFIA Installment Payments of principal and interest are payable in the amounts and on the WIFIA Installment Payment Dates as follows:

<i>Installment Payment Dates</i>	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest</i>	<i>Total</i>
--------------------------------------	---	--	--------------

*Installment
Payment Dates*

*Amount Attributable
to Principal*

*Amount Attributable
to Interest*

Total

Total

\$

\$

\$

EXHIBIT B

FORM OF REQUISITION FROM ACQUISITION FUND

\$ _____
UPPER SANTA ANA RIVER WATERSHED INFRASTRUCTURE FINANCING AUTHORITY
WIFIA LOAN AGREEMENT

REQUISITION NO. _ FOR
DISBURSEMENT FROM ACQUISITION FUND

Each of the undersigned, to the extent applicable, hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting General Manager of the San Bernardino Valley Municipal Water District, a municipal water district that is organized and existing under the Constitution and laws of the State of California (the “District”), and as such, is familiar with the facts herein certified and is authorized to certify the same with respect to the District;

(ii) that the undersigned is the duly appointed, qualified and acting Executive Director of the Upper Santa Ana River Watershed Infrastructure Financing Authority, a joint exercise of powers agency that is duly organized and existing under and by virtue of the laws of the State of California (the “Authority”), and as such, is familiar with the facts herein certified and is authorized to certify the same with respect to the Authority;

(ii) that, pursuant to Section 3.04 of that certain Installment Purchase Agreement, dated _____, 2022 (the “WIFIA Installment Purchase Agreement”), by and between the Authority and the District, the undersigned each hereby requests the Treasurer to disburse this date the following amounts from the Acquisition Fund established under the Installment Purchase Agreement relating to the above-captioned obligations, to the payees designated on the attached Exhibit A;

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

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

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

Dated: _____, 20__

SAN BERNARDINO VALLEY MUNICIPAL
WATER DISTRICT

By: _____
Heather Dyer, CEO/General Manager

UPPER SANTA ANA RIVER WATERSHED
INFRASTRUCTURE FINANCING AUTHORITY

By: _____
Heather Dyer, Executive Director

EXHIBIT A
ACQUISITION FUND DISBURSEMENTS

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

INSTALLMENT PURCHASE AGREEMENT WITH YVWD

INSTALLMENT PURCHASE AGREEMENT

by and between

YUCAIPA VALLEY WATER DISTRICT

and

**UPPER SANTA ANA RIVER WATERSHED INFRASTRUCTURE FINANCING
AUTHORITY**

Dated _____, 2022

Relating to

\$ _____

**UPPER SANTA ANA RIVER WATERSHED INFRASTRUCTURE FINANCING
AUTHORITY
WIFIA LOAN AGREEMENT**

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INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT, is entered into and dated as of ____ 1, 2022, by and between YUCAIPA VALLEY WATER DISTRICT, a county water district that is duly organized and existing under and by virtue of the laws of the State of California (the “**District**”), and UPPER SANTA ANA RIVER WATERSHED INFRASTRUCTURE FINANCING AUTHORITY, a joint exercise of powers agency that is duly organized and existing under and by virtue of the laws of the State of California (the “**Authority**”).

RECITALS

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

B. The Authority has agreed to assist the District[s] in financing a portion of the WIFIA Project on the terms and conditions that are set forth herein.

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

D. The District is authorized by Division 12 of the Water Code of the State of California, including but not limited to Sections 31040, 31041 and 31047 thereof, to acquire and construct facilities such as the WIFIA Project for its System.

E. The Authority, the District[s] and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (the “Authority Lender”), have entered into a WIFIA Loan Agreement dated ____, 2022 (the “WIFIA Loan Agreement”), secured, *inter alia*, by the payments to be made by the District to the Authority under this Installment Purchase Agreement, to finance such portion of the WIFIA Project.

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

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

ARTICLE I

DEFINITIONS

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

any report or other document that is mentioned herein or therein have the meanings that are defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms that are defined herein. All capitalized terms that are used herein and not defined herein shall have the meanings that are ascribed thereto in the WIFIA Loan Agreement.

Accountant's Report

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

Acquisition Fund

The term "Acquisition Fund" means the fund by that name established by the District pursuant to Section 3.04.

Authority

The term "Authority" means Upper Santa Ana River Watershed Infrastructure Financing Authority, a joint exercise of powers agency that is duly organized pursuant to the JPA Agreement and existing under and by virtue of the laws of the State of California, including the successors thereto.

Authority Lender

The term "Authority Lender" has the meaning provided in RECITAL E herein.

Bonds

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

Contracts

The term "Contracts" means all contracts of the District previously or hereafter authorized and executed by the District, the payments under which are payable from Net Revenues on a parity with the WIFIA Installment Payments and which are secured by a pledge and lien on Revenues as described in Section 5.01 hereof; including but not limited to the 2022 Installment Purchase Agreement, but excluding contracts entered into for operation and maintenance of the System.

Debt Service

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

(i) the interest required to be paid during such period on all outstanding Bonds, assuming that all outstanding serial Bonds are retired as scheduled and that all outstanding term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized);

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

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

(iv) those portions of the Contracts required to be made during such period, (except to the extent the interest evidenced and represented thereby is capitalized or the principal thereof is Excluded Principal);

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

provided that, as to any such Bonds or Contracts bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall, for all purposes, be assumed to bear interest at a fixed rate equal to the higher of: (1) the then current variable interest rate borne by such Bonds or Contracts plus 1%; and (2) if such Bonds or Contracts have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, or if such Bonds or Contracts have not been outstanding for the twelve prior months, the average rate borne by reference to an index comparable to that to be utilized in determining the interest rate for the Bonds to be issued or the Contracts to be executed;

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

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

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

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

District

The term "District" means Yucaipa Valley Water District, a county water district that is duly organized and existing under and by virtue of the Law.

Event of Default

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

Excluded Principal

The term “Excluded Principal” means each payment of principal of Bonds or Contracts with a maturity of less than 60 months and which the District specifies in a certificate of the District signed by an authorized officer and filed with the Authority Lender that the District intends to pay from the proceeds of Bonds or Contracts, Subordinate Debt other bonds, notes or other obligations of the District or moneys other than Revenues. No such certificate shall affect the security for such Bonds or Contracts or the obligation of the District to pay such Bonds or Contracts from Net Revenues

Fiscal Year

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

Generally Accepted Accounting Principles

The term “Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

Independent Certified Public Accountant

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

Independent Municipal Consultant

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

Installment Payment Date

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

Installment Payments

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

JPA Agreement

The term “JPA Agreement” means the Joint Exercise of Powers Agreement, dated July 20, 2021, by and among the District and the other parties thereto, pursuant to which the Authority is established, as such JPA Agreement may be amended and supplemented from time-to-time in accordance therewith.

Law

The term “Law” means the County Water District Act, of the State of California (being Division 12 of the Water Code of the State of California, as amended) and all laws amendatory thereof or supplemental thereto.

Manager

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

Net Proceeds

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

Net Revenues

The term “Net Revenues” means, for any Fiscal Year, the Revenues for such Fiscal Year less the Operation and Maintenance Costs for such Fiscal Year.

Net Wastewater System Revenues

The term “Net Wastewater System Revenues” means, for any Fiscal Year, the Wastewater System Revenues for such Fiscal Year less the Operation and Maintenance Costs allocable to the wastewater system for such Fiscal Year and less Senior Debt Service on Senior Debt.

Net Water System Revenues

The term “Net Water System Revenues” means, for any Fiscal Year, the Water System Revenues for such Fiscal Year less the Operation and Maintenance Costs allocable to the water system for such Fiscal Year.

Operation and Maintenance Costs

The term “Operation and Maintenance Costs” means:

(i) costs spent or incurred for maintenance and operation of the System in a Fiscal Year calculated in accordance with Generally Accepted Accounting Principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the System in good repair and working order, and including administrative costs of the District that are charged directly or apportioned to the System, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys, consultants or engineers and insurance premiums, and including all other reasonable and necessary costs of the District or charges (other than Debt Service) required to be paid by it to comply with the terms of this WIFIA Installment Purchase Agreement or any other Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds,

(ii) all costs of all water purchased, stored, banked, exchanged or otherwise acquired for delivery by the water system (including any interim or renewed arrangement therefor),

but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature, including but not limited to restatements made in subsequent periods which would not have affected the District's statements of revenues, expenses and changes in net position, prior period adjustments and any amounts transferred to the Rate Stabilization Fund from Revenues.

Project

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

Purchase Price

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

Rate Stabilization Fund

The term "Rate Stabilization Fund" means the fund by that name that is continued pursuant to Section 5.06.

Revenue Fund

The term "Revenue Fund" means the fund by that name that is continued pursuant to Section 5.02.

Revenues

The term "Revenues" means (i) Water System Revenues, (ii) Wastewater System Revenues, and (iii) other revenues received by the District as determined by Generally Accepted Accounting Principles.

Senior Debt

The term “Senior Debt” means the loan evidenced by that certain Construction Installment Sale Agreement and Grant (Agreement No. 06-8162-110), dated July 7, 2021, by and between the District and the State Water Resource Control Board, which contract is payable from Wastewater System Revenues prior to the WIFIA Installment Payments, the Bonds and the Contracts.

Senior Debt Service

The term “Senior Debt Service” means the principal and interest payable on the Construction Installment Sale Agreement and Grant (Agreement No. 06-8162-110), dated July 7, 2021, by and between the District and the State Water Resource Control Board.

Service

The term “Service” means the water and wastewater service that is made available or provided by the District.

Subordinate Debt

The term “Subordinate Debt” means all revenue bonds or notes of the District the payments on which are payable subordinate to Debt Service and all contracts of the District the payments under which are payable subordinate to Debt Service as set forth in Section 5.02(c) hereof.

Subordinate Debt Service

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

System

The term “System” means the whole and each and every part of the water and wastewater system of the District, including all real property and buildings, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such System or any part thereof hereafter acquired or constructed.

Treasurer

The term “Treasurer” means the Chief Financial Officer of the District or the successor thereto.

2022 Installment Purchase Agreement

The term “2022 Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of February 1, 2022, by and between the District and the Yucaipa Valley Water District Financing Authority, as originally executed and as amended or supplemented in accordance with the terms thereof.

Unencumbered Fund Balance

The term “Unencumbered Fund Balance” means, for any Fiscal Year, the balance of Net Revenues remaining on deposit in the accounts identified by general ledger account numbers 02-000-

10101 through 02-000-10399, inclusive, the accounts identified by general ledger codes 03-000-10101 through 03-000-10399, inclusive, and the Rate Stabilization Fund as of the last day of such Fiscal Year, as shown on the books of the District, which may be lawfully used to pay the WIFIA Installment Payments. The amount of the Unencumbered Fund Balance as of the last day of the Fiscal Year does not include any funds which the District determines will be required for the payment of the WIFIA Installment Payments or the payment of any Bonds or Contracts during the next six months.

Wastewater System Revenues

The term “Wastewater System Revenues” means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the wastewater system, determined in accordance with Generally Accepted Accounting Principles, including, without limiting the generality of the foregoing,

- (1) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the District from the furnishing of Wastewater Service, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the wastewater system, plus
- (2) the facility capacity charges and amounts received from infrastructure replacement fund charges or similar charges related to the wastewater system, plus
- (3) for any Fiscal Year, the amount of 1% *ad valorem* property tax allocated by the Board of Directors of the District to the wastewater system, if and to the extent received and so allocated by the District, plus
- (4) the earnings on and income derived from the investment of the amounts described in clauses (1), (2) and (3) hereof,

but excluding in all cases customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District, and excluding any proceeds of taxes restricted by law to be used by the District to pay obligations of the District other than Bonds or Contracts.

Water System Revenues

The term “Water System Revenues” means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the water system, determined in accordance with Generally Accepted Accounting Principles, including, without limiting the generality of the foregoing,

- (1) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the District from the furnishing of water Service, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the water system, plus
- (2) the facility capacity charges and amounts received from infrastructure replacement fund charges or similar charges related the water system, plus

(3) for any Fiscal Year, the amount of 1% *ad valorem* property tax allocated by the Board of Directors of the District to the water system, if and to the extent received and so allocated by the District, plus

(4) the earnings on and income derived from the investment of the amounts described in clauses (1), (2) and (3) hereof,

but excluding in all cases customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District, and excluding any proceeds of taxes restricted by law to be used by the District to pay obligations of the District other than Bonds or Contracts.

WIFIA Amount

The term “WIFIA Amount” means the amount equal to the total disbursements of the WIFIA Loan with respect to the District’s WIFIA Project under the WIFIA Loan Agreement.

WIFIA Debt Service Account

The term “WIFIA Debt Service Account” means, collectively, accounts identified by general ledger code 02-000-10223 and 03-000-10223, created and maintained by the District in accordance with Section 5.07 hereof and the WIFIA Loan Agreement.

WIFIA Installment Payment Date

The term “WIFIA Installment Payment Date” means _____, 20__ and the last day of each _____ and the last day of each _____ thereafter.

WIFIA Installment Payments

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

WIFIA Installment Purchase Agreement

The term “WIFIA Installment Purchase Agreement” means this Installment Purchase Agreement, by and between the District and the Authority, dated _____, 2022, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

WIFIA Loan Agreement

The term “WIFIA Loan Agreement” has the meaning provided in RECITAL E herein.

WIFIA Project

The term “WIFIA Project” means the additions, betterments, extensions and improvements to System facilities included within the description as the “Project” in the WIFIA Loan Agreement, as such WIFIA Project may be modified in accordance with any modification to the definition of “Project” in the WIFIA Loan Agreement.

WIFIA-Financed Portion of the WIFIA Project

The term “WIFIA-Financed Portion of the WIFIA Project” means the portion of the WIFIA Project financed by the Authority from the proceeds of the WIFIA Loan allocated to the District, which portion shall be not more than 49% of the Eligible Project Costs of the WIFIA Project.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

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

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

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

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

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

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

(b) The execution and delivery of this Installment Purchase Agreement and the consummation of the transactions herein contemplated will not violate any provision of law, any order of any court or other agency of government, or any indenture, material agreement or other instrument to which the Authority is now a party or by which it or any of its properties or assets is

bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority.

ARTICLE III

THE WIFIA PROJECT

Section 3.01. Acquisition and Construction of the WIFIA Project. The Authority hereby agrees to cause the WIFIA Project and any additions or modifications thereto to be constructed, acquired and installed by the District as its agent. The District shall enter into contracts and provide for, as agent for the Authority, the complete design, construction, acquisition and installation of the WIFIA Project in accordance with the WIFIA Loan Agreement and all applicable laws.

The District hereby agrees that it will cause the construction, acquisition and installation of the WIFIA Project to be diligently performed. The District agrees to deposit the WIFIA Amount (or the relevant portion thereof) (other than any funds to be applied to the prepayment or redemption of any interim financing with respect to the WIFIA-Financed Portion of the WIFIA Project) into the Acquisition Fund, upon satisfactory completion of design work and compliance with the California Environmental Quality Act and approval by the Board of Directors of the District, and that it will use its best efforts to cause the construction, acquisition and installation of the WIFIA Project to be substantially completed by _____, 202_, unforeseeable delays beyond the reasonable control of the District only excepted. It is hereby expressly understood and agreed that the Authority shall be under no liability of any kind or character whatsoever for the payment of any cost of the WIFIA Project and that all such costs and expenses (including the cost of the WIFIA Project not paid from the WIFIA Amount) shall be paid by the District.

Section 3.02. Purchase of WIFIA-Financed Portion of the WIFIA Project. In consideration for the WIFIA Installment Payments, the Authority agrees to sell, and hereby sells, to the District, and the District agrees to purchase, and hereby purchases, from the Authority, the WIFIA-Financed Portion of the WIFIA Project at the purchase price that is specified in Section 4.01 hereof and otherwise in the manner and in accordance with the provisions of this Installment Purchase Agreement.

Section 3.03. Title. Each component of the WIFIA Project shall vest in the District immediately upon acquisition or construction thereof. Such vesting shall occur without further action by the Authority or the District, and the Authority shall, if requested by the District or if necessary, to assure such automatic vesting, deliver any and all documents which are required to assure such vesting.

Section 3.04. Acquisition Fund. The District shall establish, maintain and hold in trust a separate fund designated as the "Acquisition Fund." The moneys in the Acquisition Fund shall be held by the District in trust and applied by the Treasurer of the District to the payment of the costs of acquisition and construction of the WIFIA-Financed Portion of the WIFIA Project and of expenses incidental thereto.

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

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

When the WIFIA-Financed Portion of the WIFIA Project shall have been constructed and acquired in accordance with this Installment Purchase Agreement, a statement of the District stating the fact and date of such acquisition, construction and acceptance and stating that all of such costs of acquisition and incidental expenses have been determined and paid (or that all of such costs and expenses have been paid less specified claims which are subject to dispute and for which a retention in the Acquisition Fund is to be maintained in the full amount of such claims until such dispute is resolved), shall be delivered to the Treasurer and the Authority Lender by the Manager of the District. Upon the receipt of such statement, the Treasurer shall transfer any remaining balance in the Acquisition Fund which is not needed for Acquisition Fund purposes (but less the amount of any such retention, which amount shall be certified to the Treasurer by the Manager of the District) to the Authority Lender for deposit in the WIFIA Debt Service Account.

ARTICLE IV

INSTALLMENT PAYMENTS

Section 4.01. Purchase Price.

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

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

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

(d) The Authority and the District acknowledge and agree that the WIFIA Installment Payments set forth in Exhibit A hereto are initially equal to the payments of principal and interest set forth on the Loan Amortization Schedule in [Exhibit F (WIFIA Debt Service)] to the WIFIA Loan Agreement allocable to the WIFIA-Financed Portion of the WIFIA Project in all respects, other than with respect to the relevant payment dates. The Authority and the District agree that (i) upon any modification to [Exhibit F (WIFIA Debt Service)] to the WIFIA Loan Agreement, Exhibit A hereto

shall be deemed modified mutatis mutandis, (ii) the District will provide to the Authority a revised Exhibit A which the Authority and the District agree will replace the then current Exhibit A (such replacement being a ministerial act and not an amendment or supplement to this Installment Purchase Agreement), (iii) no modification to Exhibit A hereto shall otherwise be made without the consent of the Authority Lender, and (iv) the District's failure to provide or delay in providing the Authority with such revised Exhibit A shall not affect the modifications deemed to be made thereto or the obligation of the District to make the WIFIA Installment Payments as so modified.

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

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

The obligation of the District to make the WIFIA Installment Payments is absolute and unconditional, and until such time as the Purchase Price shall have been paid in full, the District will not discontinue or suspend any WIFIA Installment Payment which is required to be made by it under this section when due, whether or not the System or any part thereof is operating or operable or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and whether or not the WIFIA Project has been completed, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

ARTICLE V

SECURITY

Section 5.01. Pledge of Revenues. The Revenues, and all amounts that are on deposit in the Revenue Fund, including amounts that are transferred from the Rate Stabilization Fund to the Revenue Fund as described in Section 5.06, are irrevocably pledged to the payment of the WIFIA Installment Payments; subject however to the pledge thereon securing the Senior Debt. Except for the payment of the Operation and Maintenance Costs and Senior Debt Service, the Revenues shall not be used for any other purpose while any of the WIFIA Installment Payments remain unpaid; provided that out of the Revenues there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge shall constitute a second lien on Revenues and the Revenue Fund for the payment of the WIFIA Installment Payments and all other Contracts and Bonds in accordance with the terms hereof subordinate only to the pledge securing the Senior Debt, and subject to the application of Revenues, in accordance with the terms hereof.

The Acquisition Fund and all amounts that are on deposit in the Acquisition Fund and the WIFIA Debt Service Fund and all amounts on deposit in the WIFIA Debt Service Fund, are irrevocably pledged to the payment of the WIFIA Installment Payments. This pledge shall constitute

a first and exclusive lien on the Acquisition Fund and the Debt Service Fund for the payments of the WIFIA Installment Payments.

Section 5.02. Allocation of Revenues. In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants that all Revenues shall be received by the District in trust hereunder and shall be deposited when and as received in a special fund designated as the "Revenue Fund," which fund has been established and is hereby continued and which fund the District agrees and covenants to maintain and to hold separate and apart from other funds so long as any Installment Payments or Bonds remain unpaid. Moneys in the Revenue Fund shall be used and applied by the District, at the following times in the following respective special funds in the following order of priority, as provided in this Section 5.02. All moneys in such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section 5.02.

(a) Operation and Maintenance Costs. The District shall, from the moneys in the Revenue Fund, pay all Operation and Maintenance Costs (including amounts which are reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as they become due and payable.

(b) Senior Debt. Wastewater System Revenues remaining in the Revenue Fund not needed for application set forth in (a) above shall be used to make payments with respect to Senior Debt Service on the Senior Debt in accordance with the terms of the Senior Debt.

(c) Bonds and Contracts. The District shall, from the moneys in the Revenue Fund, transfer to the WIFIA Debt Service Fund and to the applicable trustee for deposit in the applicable payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any Debt Service in accordance with the provisions of the Contract, Bond, resolution or indenture relating thereto.

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

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

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

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

(b) The Net Revenues for the most recent audited Fiscal Year preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, including adjustments to give effect as of the first day of such Fiscal Year, to increases or decreases in rates and charges with respect, or applicable, to the System approved and in effect as of the date of calculation, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Consultant on file with the District, shall have produced a sum equal to at least one hundred twenty percent (120%) of the Debt Service for such Fiscal Year, plus the Debt Service which would have accrued on any Contracts executed or Bonds issued since the end of such Fiscal Year, assuming that such Contracts had been executed or Bonds had been issued at the beginning of such Fiscal Year, plus the Debt Service which would have accrued had such proposed additional Contract been executed or proposed additional Bonds been issued at the beginning of such Fiscal Year.

For purposes of this Section 5.03, the amount of Net Revenues may be increased (in an amount not exceeding 20% of Debt Service payable in the applicable Fiscal Year) by the amount of the Unencumbered Fund Balance as of the last day of the immediately preceding Fiscal Year.

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

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

(a) The Net Revenues remaining after payment of Debt Service on Bonds and Contracts for the most recent audited Fiscal Year of the District, or any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of issuance or execution of such Subordinate Debt, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Consultant on file with the District, shall have produced a sum equal to at least one hundred ten percent (110%) of the Subordinate Debt Service for such Fiscal Year or other twelve month period.

(b) The Net Revenues remaining after payment of Debt Service on Bonds and Contracts for the most recent audited Fiscal Year of the District, or any consecutive twelve calendar month period during the eighteen calendar month period preceding the issuance or the execution of such Subordinate Debt, including adjustments to give effect as of the first day of such Fiscal Year or other twelve month period to increases or decreases in rates and charges with respect, or applicable, to the System approved and in effect as of the date of calculation, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Consultant on file with the District, shall have produced a sum equal to at least one hundred ten percent (110%) of the Subordinate Debt Service for such Fiscal Year or other twelve month period, plus the Subordinate Debt Service which would have accrued on any Subordinate Debt issued since the end of such Fiscal Year or other twelve month period, assuming that such Subordinate Debt had been issued or executed at the beginning of such Fiscal Year or other twelve month period, plus the Subordinate Debt Service which would have accrued had such proposed Subordinate Debt been executed or issued at the beginning of such Fiscal Year or other twelve month period.

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

For purposes of this Section 5.04, the amount of Net Revenues may be increased (in an amount not exceeding 10% of Subordinate Debt Service payable in the applicable Fiscal Year) by the amount of the Unencumbered Fund Balance as of the last day of the immediately preceding Fiscal Year.

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

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

The District may withdraw all or any portion of the amounts on deposit in the Rate Stabilization Fund and transfer such amounts to the Revenue Fund for application in accordance with Section 5.02 or, in the event that all or a portion of the WIFIA Installment Payments are discharged in accordance with Article VII, transfer all or any portion of such amounts for application in accordance with Article VII; provided that any such withdrawals and transfers may be made up to and including the date that is 270 days after the end of the Fiscal Year or 12 calendar month period for which such withdrawals and transfers will be taken into account in calculating Revenues. For avoidance of doubt, any such amounts withdrawn from the Rate Stabilization Fund and transferred to the Revenue Fund constitute Revenues for the Fiscal Year or 12 month calendar month period so long as such withdrawal and transfer occurs not later than 270 days after the end of such Fiscal Year or 12 calendar month period.

Section 5.07. WIFIA Debt Service Account. The District, as agent of the Authority, shall establish, maintain and hold in trust a separate general ledger account within the District's debt service group of funds/accounts, which account shall be designated as the "WIFIA Debt Service Account" and as of the Effective Date is numbered _____. Such account number may change as the District designates from time to time provided that the District must promptly notify the Authority Lender in writing of any such change. Moneys in the WIFIA Debt Service Account shall be held by the District in trust and applied to the payment of the WIFIA Installment Payments hereunder in accordance with [Section 8(a)(i) and Section 17(i)] of the WIFIA Loan Agreement. Any investment earnings thereon shall be transferred by the District to the Revenue Fund no later than the last day of the District's Fiscal Year.

ARTICLE VI

COVENANTS OF THE DISTRICT

Section 6.01. Compliance with Installment Purchase Agreement, the WIFIA Loan Agreement and Ancillary Agreements. The District will punctually pay the WIFIA Installment Payments in strict conformity with the terms hereof, and will faithfully observe and perform all of the agreements, conditions, covenants and terms contained herein which are required to be observed and performed by it, and will not terminate this Installment Purchase Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the WIFIA Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Authority to observe or perform any agreement, condition, covenant or term which is contained herein and required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Authority or any force majeure, including acts of God, tempest, storm, earthquake, epidemics, pandemics, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion or acts or regulations of governmental authorities.

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

The District will faithfully observe and perform all of the agreements, conditions, covenants and terms which are required to be observed and performed by the District pursuant to the WIFIA Loan Agreement: provided that nothing herein shall obligate the District to pay the principal of or interest with respect to the WIFIA Loan or the WIFIA Note, which obligation is solely the responsibility of the Authority as borrower under the WIFIA Loan Agreement.

The District will faithfully observe and perform all the agreements, conditions, covenants and terms required to be observed and performed by it pursuant to all outstanding Contracts and Bonds as such may from time to time be executed or issued, as the case may be, provided that nothing herein shall obligate the District to pay principal of or interest on the WIFIA Loan or the WIFIA Note, which obligation is solely the responsibility of the Authority as borrower under the WIFIA Loan Agreement.

Section 6.02. Against Encumbrances. The District will not make any pledge of or place any lien on Revenues or the moneys in the Revenue Fund except as provided herein and subject to the restrictions agreed to by the District in the WIFIA Loan Agreement. In addition, the District may at any time, or from time to time, issue Bonds or incur Contracts for any lawful purpose which are payable from and secured by a pledge of and lien on Revenues or any moneys in the Revenue Fund as may from time to time be deposited therein (as provided in Section 5.02) on a parity with the pledge and lien securing this Installment Purchase Agreement in accordance with Section 5.03 hereof and the WIFIA Loan Agreement or subordinate to the pledge and lien securing this Installment Purchase Agreement in accordance with Section 5.04 hereof and the WIFIA Loan Agreement. The

District will not make any pledge of or place a lien on the Acquisition Fund (including the moneys on deposit therein) or the WIFIA Debt Service Account (including the moneys on deposit therein) except as set forth in the WIFIA Loan Agreement.

Section 6.03. Against Sale or Other Disposition of Property. The District will not enter into any agreement or lease which materially impairs the operation of the System or any part thereof which is necessary to secure adequate Revenues for the payment of the WIFIA Installment Payments, or which would otherwise materially impair the rights of the Authority hereunder or the operation of the System.

Any real or personal property which has become nonoperative or which is not needed for the efficient and proper operation of the System, or any material or equipment which has become worn out, may be sold if such sale will not materially impair the ability of the District to pay the WIFIA Installment Payments and if the proceeds of such sale are deposited in the Revenue Fund. Nothing herein shall restrict the ability of the District to sell any portion of the System if such portion is immediately repurchased by the District and if such arrangement cannot by its terms result in the purchaser of such portion of the System exercising any remedy which would deprive the District of or otherwise interfere with its right to own and operate such portion of the System.

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

Section 6.05. Prompt Acquisition and Construction. The District will take all necessary and appropriate steps to acquire and construct the WIFIA Project, as agent of the Authority, with all practicable dispatch and in an expeditious manner and in conformity with law so as to complete the same as soon as possible.

Section 6.06. Maintenance and Operation of the System. The District will maintain and preserve the System in good repair and working order at all times, operate the System in an efficient and economical manner and pay all Operation and Maintenance Costs as they become due and payable.

Section 6.07. Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Revenues or the funds or accounts created hereunder or under the WIFIA Loan Agreement or on any funds in the hands of the District pledged to pay the WIFIA Installment Payments or the Bonds, or which might impair the security of the WIFIA Installment Payments.

Section 6.08. Compliance with Contracts. The District will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, which are required to be performed by it contained in all contracts for the use of the System and all other contracts affecting or involving the System, to the extent that the District is a party thereto.

Section 6.09. Insurance.

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

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

If such Net Proceeds exceed the costs of such reconstruction, repair or replacement, then the excess Net Proceeds shall be applied in part to the prepayment of WIFIA Installment Payments as provided in Article VII and in part to such other fund or account as may be appropriate and used for the retirement of Bonds and Contracts in the same proportion which the aggregate unpaid principal balance of WIFIA Installment Payments then bears to the aggregate unpaid principal amount of such Bonds and Contracts. If such Net Proceeds are sufficient to enable the District to retire the entire obligation that is evidenced hereby prior to the final due date of the WIFIA Installment Payments as well as the entire obligations that are evidenced by Bonds and Contracts then remaining unpaid prior to their final respective due dates, the District may elect not to reconstruct, repair or replace the damaged or destroyed portion of the System, and thereupon such Net Proceeds shall be applied to the prepayment of WIFIA Installment Payments as provided in Article VII and to the retirement of such Bonds and Contracts.

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

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

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

Section 6.10. Accounting Records; Financial Statements and Other Reports.

(a) The District will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the System, which records shall be available for

inspection by the Authority, including agents and assignees of and lenders to the Authority (including the Authority Lender), at reasonable hours and under reasonable conditions.

(b) The District will prepare and file with the Authority or its assignee, annually within two hundred seventy (270) days after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2022) financial statements of the District for the preceding Fiscal Year prepared in accordance with generally accepted accounting principles, together with an Accountant's Report thereon.

Section 6.11. Protection of Security and Rights of the Authority. The District will preserve and protect the security hereof and the rights of the Authority and the Authority Lender to the WIFIA Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 6.12. Payment of Taxes and Compliance with Governmental Regulations. The District will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the System, or any part thereof or upon the Revenues or amounts on deposit in the Revenue Fund, the Acquisition Fund, the Rate Stabilization Fund or the WIFIA Debt Service Account when the same shall become due. The District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the System, or any part thereof, but the District shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

Section 6.13. Amount of Rates and Charges.

(a) To the fullest extent permitted by law, the District shall fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the water Service which are reasonably expected to be at least sufficient to yield during each Fiscal Year (i) Net Water System Revenues equal to one hundred twenty percent (120%) of Debt Service payable in such Fiscal Year and (ii) Net Water System Revenues remaining after payment of Debt Service on Bonds and Contracts equal to one hundred ten percent (110%) of Subordinate Debt Service payable in such Fiscal Year. The amount of the Unencumbered Fund Balance as of the last day of the immediately preceding Fiscal Year shall be credited towards the District's obligations under this subsection (a), in an amount not to exceed 20% of Debt Service referred to in the preceding sentence.

(b) To the fullest extent permitted by law, the District shall fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the wastewater Service which are reasonably expected to be at least sufficient to yield during each Fiscal Year (i) Net Wastewater System Revenues equal to one hundred twenty percent (120%) of Debt Service payable in such Fiscal Year and (ii) Net Wastewater System Revenues remaining after payment of Debt Service on Bonds and Contracts equal to one hundred ten percent (110%) of Subordinate Debt Service payable in such Fiscal Year. The amount of the Unencumbered Fund Balance as of the last day of the immediately preceding Fiscal Year shall be credited towards the District's obligations under this subsection (b), in an amount not to exceed 20% of Debt Service referred to in the preceding sentence.

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

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

Section 6.14. Collection of Rates and Charges. The District will have in effect at all times by-laws, rules and regulations requiring each customer to pay the rates and charges with respect, or applicable, to the Service to such customer's land and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the District may discontinue such service from the System, and such service shall not thereafter be recommenced except in accordance with District by-laws or rules, regulations and State Law governing such situations of delinquency.

Section 6.15. Eminent Domain Proceeds. If all or any part of the System shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied as follows:

(a) If: (1) the District files with the Authority and the Authority Lender a certificate showing: (i) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the District by reason of such eminent domain proceedings; (ii) a general description of the additions, betterments, extensions or improvements to the System that are proposed to be acquired and constructed by the District from such Net Proceeds, and (iii) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements, and (2) the District, on the basis of such certificate filed with the Authority and the Authority Lender, determines that the estimated additional annual Net Revenues will sufficiently offset the estimated loss of annual Net Revenues resulting from such eminent domain proceedings so that the ability of the District to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive), then the District shall promptly proceed with the acquisition and construction of such additions, betterments, extensions or improvements substantially in accordance with such certificate and such Net Proceeds shall be applied for the payment of the costs of such acquisition and construction, and any balance of such Net Proceeds not required by the District for such purpose shall be deposited in the Revenue Fund.

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

Section 6.16. Further Assurances. The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Authority and the Authority Lender the rights and benefits provided to the Authority and the Authority Lender herein.

Section 6.17. Enforcement of Contracts. The District will not voluntarily consent to or permit any rescission of, nor will it consent to any amendment to or otherwise take any action under or in connection with any contracts previously or hereafter entered into which contracts provide for

water and wastewater to be supplied to the District which consent, revision, amendment or other action will reduce the supply of water and wastewater thereunder (except as provided therein), unless the Board of Directors of the District determines by resolution that such rescission or amendment would not materially adversely affect the ability of the District to pay WIFIA Installment Payments.

ARTICLE VII

PREPAYMENT OF WIFIA INSTALLMENT PAYMENTS

Section 7.01. Prepayment.

(a) The District may or shall, as the case may be, prepay from Net Proceeds as provided herein the WIFIA Installment Payments or the WIFIA Loan Agreement in whole, or in part, on any date in the order of payment date as directed by the District, at a prepayment price equal to the sum of the principal amount to be prepaid plus accrued interest thereon to the date of prepayment, without premium. Any such prepayment shall occur substantially concurrently with the prepayment of the WIFIA Loan by the Authority pursuant to the terms of Section [9(a) of the WIFIA Loan Agreement].

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

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

Section 7.02. Method of Prepayment. Before making any prepayment pursuant to Section 7.01, the District shall, within five (5) days following the event permitting the exercise of such right to prepay or creating such obligation to prepay, give written notice to the Authority and the Authority Lender describing such event and specifying the date on which the prepayment will be paid, which date shall be not less than thirty (30) nor more than (sixty) 60 days from the date that such notice is given.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF THE AUTHORITY

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

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

(2) if default shall be made by the District in the performance of any of the agreements or covenants which are required herein to be performed by it, and such default shall

have continued for a period of sixty (60) days after the District shall have been given notice in writing of such default by the Authority; or

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

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

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

then the Authority shall immediately notify the Authority Lender of an Event of Default and follow any written directions of the Authority Lender, which may include a direction to declare the entire principal amount of the unpaid WIFIA Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding; provided that the unpaid Purchase Price shall automatically become due and payable without the action of the Authority or any other person if the unpaid principal amount of the WIFIA Loan shall have become immediately due and payable. Notwithstanding anything to the contrary set forth herein, the Authority shall not have the right to (i) declare the unpaid Purchase Price immediately due and payable or (ii) exercise any other rights or remedies hereunder following the occurrence of an Event of Default in each case without the prior written direction of the Authority Lender. This section, however, is subject to the condition that if at any time after the entire principal amount of the unpaid WIFIA Installment Payments and the accrued interest thereon shall have been so declared due and payable, but before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the District shall deposit with the Authority an amount that is sufficient to pay the unpaid principal amount of the WIFIA Installment Payments or the unpaid payment of any other Contract or Bond referred to in clauses (1) or (4) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the WIFIA Installment Payments or such Contract or Bond if paid in accordance with their terms, and the reasonable expenses of the Authority, and any and all other defaults known to the Authority (other than in the payment of the entire principal amount of the unpaid WIFIA Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Authority or provision deemed by the Authority to be adequate shall have been made therefor, then and in every such case the Authority, by written notice to the District, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

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

First, to the payment, without preference or priority, and in the event of any insufficiency of such Revenues ratably without any discrimination or preference, of the fees, costs and expenses of the Authority, the Authority Lender, any agents and assignees of each of the forgoing as the case may be or the trustee with respect to any Bonds or Contracts, in carrying out the provisions of this article, including reasonable compensation to their respective accountants and counsel;

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

Third, to the payment of Senior Debt in accordance with the terms thereof; and

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

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

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the District or any director, officer or employee thereof, and to compel the District or any such director, officer or employee to perform and carry out its or his or her duties under the Law and the agreements and covenants required to be performed by it or him or her contained herein;

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

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

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

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

Section 8.05. Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the WIFIA Installment Payments to the Authority at the respective due dates or upon prepayment from the Net Revenues, the Revenue Fund and the other funds herein pledged for such payment, or shall affect or impair the right of the Authority or the Authority Lender, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

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

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

Section 8.06. Remedies Not Exclusive. No remedy that is conferred upon or reserved to the Authority or the Authority Lender herein is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Liability Limited. Notwithstanding anything contained herein, the District shall not be required to advance any moneys derived from any source of income other than the Revenues, the Revenue Fund and the other funds provided herein for the payment of amounts due hereunder or for the performance of any agreements or covenants that are required to be performed by it contained herein. The District may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

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

Section 9.02. Benefits of Installment Purchase Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the District, the Authority or the Authority Lender any right, remedy or claim under or pursuant hereto, and any

agreement or covenant that is required herein to be performed by or on behalf of the District, the Authority or the Authority Lender shall be for the sole and exclusive benefit of the other party.

Section 9.03. Successor Is Deemed Included in all References to Predecessor. Whenever either the District, the Authority or the Authority Lender is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the District, the Authority or the Authority Lender, and all agreements and covenants which are required hereby to be performed by or on behalf of the District, the Authority or the Authority Lender shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 9.04. Waiver of Personal Liability. No director, officer or employee of the District shall be individually or personally liable for the payment of the WIFIA Installment Payments, but nothing contained herein shall relieve any director, officer or employee of the District from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 9.05. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof and the words "hereby," "herein," "hereof," "hereto," "herewith" and other words of similar import refer to this Installment Purchase Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 9.06. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the District or the Authority shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The District and the Authority hereby declare that they would have executed this Installment Purchase Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 9.07. Assignment. This Installment Purchase Agreement and any rights hereunder may be assigned by the Authority, as a whole or in part, to the Authority Lender without the necessity of obtaining the prior consent of the District. On each Payment Date occurring on or after the Level Payment Commencement Date, the District, as agent of the Authority, shall transfer to the Authority Lender on the Authority's behalf the WIFIA Installment Payments hereunder from the WIFIA Debt Service Account in accordance with the terms of the WIFIA Loan Agreement.]

Section 9.08. Net Contract. This Installment Purchase Agreement shall be deemed and construed to be a net contract, and the District shall pay absolutely net during the term hereof of the WIFIA Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

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

Section 9.10. Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the District: Yucaipa Valley Water District
12770 2nd Street
Yucaipa, California 92399
Attention: General Manager

If to the Authority: Upper Santa Ana River Watershed Infrastructure Financing
Authority
c/o San Bernardino Valley Municipal Water District
380 E Vanderbilt Way
San Bernardino, California 92408
Attention: Executive Director

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

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

Section 9.12. Execution in Counterparts. This Installment Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 9.13. Indemnification of the Authority. The District hereby agrees to indemnify and hold harmless the Authority, the Authority Lender and the assigns and officers and directors thereof if and to the extent permitted by law, from and against all claims, advances, damages and losses, including legal fees and expenses, arising out of or in connection with the acceptance or the performance of its duties hereunder or to the extent provided in the WIFIA Loan Agreement, under the WIFIA Loan Agreement.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

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

_____ DISTRICT

By: _____
President of the Board of Directors

ATTEST:

Board Clerk

UPPER SANTA ANA RIVER WATERSHED
INFRASTRUCTURE FINANCING AUTHORITY

By: _____
Chair of the Board of Directors

ATTEST:

Secretary of the Board of Directors

EXHIBIT A

PURCHASE PRICE

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

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

<i>Installment Payment Dates</i>	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest</i>	<i>Total</i>
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<i>Installment Payment Dates</i>	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest</i>	<i>Total</i>
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Total	\$	\$	\$
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EXHIBIT B

FORM OF REQUISITION FROM ACQUISITION FUND

\$ _____
UPPER SANTA ANA RIVER WATERSHED INFRASTRUCTURE FINANCING AUTHORITY
WIFIA LOAN AGREEMENT

REQUISITION NO. _ FOR
DISBURSEMENT FROM ACQUISITION FUND

Each of the undersigned, to the extent applicable, hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting General Manager of the Yucaipa Valley Water District, a county district that is organized and existing under the Constitution and laws of the State of California (the “District”), and as such, is familiar with the facts herein certified and is authorized to certify the same with respect to the District;

(ii) that the undersigned is the duly appointed, qualified and acting Executive Director of the Upper Santa Ana River Watershed Infrastructure Financing Authority, a joint exercise of powers agency that is duly organized and existing under and by virtue of the laws of the State of California (the “Authority”), and as such, is familiar with the facts herein certified and is authorized to certify the same with respect to the Authority;

(ii) that, pursuant to Section 3.04 of that certain Installment Purchase Agreement, dated _____, 2022 (the “WIFIA Installment Purchase Agreement”), by and between the Authority and the District, the undersigned each hereby requests the Treasurer to disburse this date the following amounts from the Acquisition Fund established under the Installment Purchase Agreement relating to the above-captioned obligations, to the payees designated on the attached Exhibit A;

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

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

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

Dated: _____, 20__

YUCAIPA VALLEY WATER DISTRICT

By: _____
_____, General Manager

UPPER SANTA ANA RIVER WATERSHED
INFRASTRUCTURE FINANCING AUTHORITY

By: _____
_____, Executive Director

EXHIBIT A
ACQUISITION FUND DISBURSEMENTS

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

WIFIA APPLICATION



Section A: Key Applicant and Loan Information

1. Legal name of prospective borrower:

Borrower: Upper Santa Ana River Watershed Infrastructure Financing Authority (USARWIFA). Current members include: San Bernardino Valley Municipal Water District (SBVMWD), Yucaipa Valley Water District (YVWD), San Bernardino Valley Water Conservation District (Conservation District), and City of San Bernardino, on behalf of its Municipal Water Department. A draft MOU has also been prepared between USARWIFA and Riverside Public Utilities in support of the program.

Participating Members: San Bernardino Valley Water District (SBVMWD) and Yucaipa Valley Water District. Riverside Public Utilities (RPU) is expected to join the JPA prior to the execution of the WIFIA Loan.

2. Project name (for purposes of identification assign a short name to the project):

Watershed Connect Phase 1

3. Has the project description changed since Letter of Interest selection?

Yes

If yes, please provide a brief updated project description.

Watershed Connect (Phase 1) is comprised of the following 28 regional water and environmental infrastructure projects:

V01 – Acquisition of Greenspot Pump Station

The Acquisition of the Greenspot Pump Station Project includes Valley District’s purchase of the Greenspot Pump Station (GSPS) and associated Morton Canyon Connector Valve Facility (MCCVF) from the California Department of Water Resources, which includes the following major assets:

Greenspot Pump Station (GSPS)

- 1.0-acre site with 870 linear feet (LF) of 6’High Chain Link Fence
- Nine – Buried Concrete Valve Vaults (varies sizes and depths.)
- One – 4,800 square feet (SF) Reinforced Concrete Masonry Unit (CMU) Block Building – Pump Station
- One – 800 SF Reinforced CMU clock Building – Generator & Compressor Building
- Three – 4,500 gallons per minute (gpm), 800 horsepower (HP), 1,784 RPM Pumps Motors & variable frequency drives (VFD’s). (Units 1, 2 & 3)



- Two – 9,000 gpm, 1500HP, 1,189 RPM Pumps, Motors & VFD's (Units 4 & 5)
- Two – 4,300 cubic feet (CF) Air Chambers
- One – Backup Diesel Generator and Fuel Tank
- 20", 24", 36", and 42" W.S. Station Piping, Valves, Meters & Appurtenances
- One – 100' high Communications Tower
- Approximately 17,500 LF of Direct Buried Fiber Optic Cable
- One – 12' Dia. X 560' long W.S.P. Surge Riser
- One – 750 gal. Septic tank w/Leach Field
- One – 33 killavolt (kV) Switchyard and Electrical Facilities

Morton Canyon Connector Valve Facility

- One – 294 SF Reinforced Concrete Block Communications/Control Building
- One – 786 SF Buried Concrete Valve Vault
- One – 36 SF Buried Concrete Manway Access Vault
- One – 42 SF Buried Concrete Manway Access Vault
- Two – 42" Butterfly Valves w/Electric Motor Operation (EMO)
- One – 36" Butterfly Valves w/Manual Operator
- One – 24" Butterfly Valves w/Manual Operator
- Six – 8" Butterfly Valves w/Manual Operator

The GSPS and MCCVF complex was part of the East Branch Extension of the California Aqueduct and facilitated the movement of State Water Project (SWP) water through San Bernardino Valley Municipal Water District (SBVMWD) facilities to the San Gorgonio Pass Water Agency. Phase 2 of the East Branch Extension of the California Aqueduct (which delivers imported water directly to San Gorgonio Pass Water Agency) has made the GSPS available to serve other purposes. The GSPS now plays a crucial role in facilitating the movement of water in the region in emergencies (i.e., supply interruptions) and is also used to move imported water to groundwater recharge basins and maximize recharge during wet years when SBVMWD may receive a large volume of imported water. Additionally, these facilities may also facilitate conveyance of local stormwater to recharge basins and/or treatment plants.

V02 – Central Feeder – EBX Intertie

The Central Feeder – EBX Intertie Project will connect the Central Feeder Pipeline to the East Branch Extension of the California Aqueduct to protect the region from future water supply disruption. The project will facilitate water banking/conjunctive use and allow for the bidirectional movement of SWP water and groundwater (conjunctive use). During dry years, this intertie is expected to facilitate the delivery of an additional 3,750 acre-ft/year (AF/Y) of water—stored in the Bunker Hill groundwater basin—to Yucaipa Valley Water District, South Mesa Water Company, and San Gorgonio Pass Water Agency. The project includes construction of the following facilities:

- Approximately 500 LF of 24- to 60-inch diameter pipeline
- Associated valves and meters
- Flow control vault structure



- Guard valve vault
- Manhole structure
- Supervisory Control and Data Acquisition (SCADA) controls
- Process instrumentation controls
- Electrical sitework

V03 – Lytle Creek/Cajon Creek Mitigation Lands

Lytle Creek and Cajon Creek are alluvial fan systems that support Riversidean Alluvial Fan Sage Scrub (RAFSS); a rare habitat community. RAFSS is the preferred habitat of the federally and state endangered San Bernardino kangaroo rat (SBKR), and Lytle and Cajon Creeks support one of the three remaining populations of this species. Habitat supporting SBKR within Lytle and Cajon Creeks is needed to mitigate impacts associated with proposed construction of new groundwater recharge facilities, and the operations and maintenance of existing water infrastructure (e.g., existing pipelines) within this SBKR population area. The project proposes land acquisition, habitat improvement (restoration and/or rehabilitation), and management of lands within the Lytle/Cajon Creek area. The portion of this project funded by the WIFIA Application for Watershed Connect Phase 1 includes the purchase of 30 acres of land within Lytle Creek.

V05 – Cactus Basin Connector Pipeline

The Cactus Basin Connection Pipeline Project will facilitate SWP recharge in Cactus Basins for the Rialto–Colton Basin. SBVMWD is working with the San Bernardino County Flood Control District and the City of Rialto to facilitate recharge of supplemental SWP water in the Cactus Basins by installing the Cactus Basin Connector Pipeline between the regional SWP Lytle Pipeline and the City of Rialto Storm Drain System. The project would recharge up to a maximum of approximately 7,000 AF/Y of high-quality SWP water into the depleted Rialto-Colton Basin. The project includes construction of the following major facilities and associated appurtenances in the general area of the Metropolitan Water District of Southern California’s right of way between Locust Avenue and Riverside Avenue:

- 2,200 LF of 24-inch HDPE pipe
- 200 LF of CML&C pipe
- 60 LF of RCP
- Concrete vault structures
- Electrical site work
- SCADA controls

V06 – Regional Recycled Water System Phase 1

The Regional Recycled Water System Phase 1 Project includes new conveyance pipelines and recharge basins that will serve as a regional facility to augment the groundwater supply of the San Bernardino Basin with drought-proof recycled water. East Valley Water District’s Sterling Natural Resource Center (SNRC) and the San Bernardino Municipal Water Department’s Tertiary Treatment System (TTS) will treat wastewater generated in their service areas for beneficial



reuse in the Upper Santa Ana River Watershed. The SNRC and TTS will treat and convey up to approximately 16,600 AF/Y of the tertiary-treated water to SBVMWD at the Weaver Basins; a new regional facility being built by SBVMWD to accept recycled water from various sources for groundwater replenishment. The discharged water will percolate into the groundwater basin, augmenting local water supplies pursuant to Title 22 regulations governing indirect potable reuse (IPR) projects. A portion of the Weaver Basins site is suitable habitat for the federally and state listed, San Bernardino kangaroo rat. Habitat will be enhanced and conserved for the benefit of the species.

Phase 1 of this project includes the construction of approximately 5.0 miles of 30-inch cement mortar lined and coated (CML&C) recycled water pipe originating at the intersection of Sterling Avenue and 5th Street and terminating at the intersection of Greenspot Road and Weaver Street in the City of Highland, and a series of five (5) recharge basins to facilitate recharge of recycled water.

V07 – Enhanced Recharge Phase 1B

The Enhanced Recharge Project is located on the Santa Ana River and will divert up to 500 cubic feet per second (cfs) and is estimated to recharge an average of 15,500 AF/Y and up to approximately 80,000 AF/Y of stormwater during extremely wet years. Water will be temporarily captured at the Seven Oaks Dam and diverted stormwater will flow to recharge basins for recharge into the San Bernardino Basin. Phase 1B includes construction of new recharge basins, construction of new channels, and modification/improvements to existing basins and channel structures. This project will improve regional drought resiliency by capturing and storing wet-year stormwater in the groundwater basin, which can be used during dry years. The project also helps improve the water quality of the groundwater basin by diluting salts and nutrients from the aforementioned recycled water projects. Habitat will be restored and protected within this project area for the federally and state listed San Bernardino kangaroo rat, as well as the Santa Ana River woolly-star and slender-horned spineflower, two plant species listed by the federal and state Endangered Species Acts.

Major elements of the Enhanced Recharge Phase 1B project include:

- Construction of 18 new recharge basins and the expansion of two existing basins
- Improvements to and extension of the existing channel
- Installation of inter-basin and channel-basin 48-inch reinforced concrete pipe connector pipelines
- Construction of new unpaved roads

V08 – Enhance Recharge Phase 1A Liner

The Enhanced Recharge Project is located on the Santa Ana River and will divert up to 500 cubic feet per second (cfs) and is estimated to recharge an average of 15,500 AF/Y and up to approximately 80,000 AF/Y of stormwater during extremely wet years. Water will be temporarily captured at the Seven Oaks Dam and diverted stormwater will flow to recharge



basins for recharge into the San Bernardino Basin. The Phase 1A Liner project includes the installation of a geosynthetic liner within an existing sedimentation basin that is designed to reduce sediment load and water turbidity before it travels to downstream groundwater recharge basins. The liner is intended to reduce the infiltration rate within the sedimentation basin.

V10 – SAR Center for Headwaters Resiliency and Watershed Sustainability – Multipurpose Area

The Santa Ana River Center for Headwaters Resiliency and Watershed Sustainability – Multipurpose Area includes land acquisition for the following facilities:

- 521 acres of conserved, restored, and managed native species habitat
- 830 acres of open space at the wildland forest/urban interface
- 33 acres for water storage facilities to enhance water supply and reliability

Not financed through WIFIA, but also included in this project, is an educational and public outreach facility. This multi-purpose area will be in the open space near the wildland forest/urban interface and designed to educate the public while promoting and facilitating proactive forest and wildland management activities to reduce the risk and impacts of wildfires. The center will educate the public about the ties between healthy headwater forests and a resilient watershed, including the potential risk to water supply and water quality from wildfires. The center will promote conservation and habitat management as key to the function and long-term resilience of a watershed system. The focus of educational materials will be on watershed climate resilience and stewardship of the natural resources.

V11 – SAR Sustainable Parks & Tributaries Water Reuse

The Santa Ana River Sustainable Parks & Tributaries Water Reuse (Purple Pipe) Project is a joint project between the SBVMWD and its Habitat Conservation Plan partners, and Riverside Public Utilities (RPU), to deliver tertiary treated recycled water from the Riverside Regional Water Quality Control Plant (RWQCP) to tributary restoration sites that are part of the conservation strategy of the Habitat Conservation Plan, as well as to future City of Riverside recycled water customers. The project will provide a high-quality, drought-proof water supply to approximately 3.5 miles of fish habitat. This restoration will benefit the federally protected Santa Ana sucker, the state species of special concern Arroyo chub, and several other native semi-aquatic species. The project will improve habitat conditions including water supply and water quality and provide a dependable minimum flow to these highly urbanized stream systems. The tributary restoration projects are being built to offset and mitigate the impacts of the water supply projects being constructed within the watershed.

The project is to be constructed in two phases: West Branch Facilities (phase 1) and East Branch Facilities (phase 2). Only West Branch Facilities, including the following, will be funded through WIFIA in Watershed Connect Phase 1:

- Expansion of existing recycled water booster at RWQCP from 4,800 gpm to 12,000 gpm, including installation of three additional 250 HP pumps and construction of a new electrical room and controls



- 2,350 LF of 18-inch pipeline from RWQCP to intersection of Jurupa Avenue and Rutland Avenue
- 3,700 LF of 24-inch pipeline from Jurupa Avenue and Rutland Avenue to Tyler Street
- 12-inch service lateral and metering facility for discharge to Hole Creek
- 16-inch service lateral and metering facility for discharge to Hidden Valley Creek
- Dechlorination, Monitoring, Stream Gauge, and Automated Flow Control facility at Hole and Hidden Valley Creeks
- Hidden Valley Wetlands turnout structure
- Aerating discharge standpipe and riprap at Hole and Hidden Valley Creeks
- Site access control infrastructure at Hole and Hidden Valley Creeks
- Electrical service connections at Hole and Hidden Valley Creeks
- 50 LF 24-inch recycled water lateral to Future La Sierra Development
- Rutland Park recycled water lateral
- Rutland Park customer site conversion

V12 – Active Recharge – Highland Hills Land Acquisition

The Active Recharge – Highland Hills Land Acquisition Project includes the acquisition of approximately 50 acres of unimproved land in the foothills of the San Bernardino Mountains. In a later phase of the project, recharge basins may be constructed on the land to facilitate recharge of stormflows from Cook Creek, and potentially City Creek, to the San Bernardino Basin. Recharge of State Water Project water in these recharge basins is also being contemplated.

V13 – HCP Tributaries Restoration

The HCP Tributaries Restoration Project includes stream and riparian enhancement activities at four tributaries to the Santa Ana River in Riverside: Old Farm Road, Anza Drain, Hole Creek, and Hidden Valley Wetlands. The streams flowing through these riparian areas are to be augmented with tertiary recycled water through the SAR Sustainable Parks and Tributaries Water Reuse project (West Branch – Hole Creek and Hidden Valley; East Branch – Old Farm Road and Anza Drain).

Restoration activities include the following:

Old Farm Road

- Non-native riparian plant management
- Native riparian planting

Anza Drain

- Restoration of 33.7 acres of riparian habitat extending a minimum of 50 feet either side of the channel
- Construction of 1,700 linear feet (LF) of new stream channel, including pool and riffle morphology throughout and instream woody material spaced every 200 LF
- Enhancement of all 1,700 LF of new stream channel with gravel to provide coarse substrate for Santa Ana sucker habitat



- Construction of 2.1 acres of new floodplain adjacent to the Anza Drain
- Excavation of 580 LF of steep bank to reduce slope, and planting of 0.8 acres of riparian plants and coastal scrub to reduce erosion
- Planting of 2.2 acres of additional coastal scrub

Hole Creek

- Non-native riparian plant management
- Native riparian planting

Hidden Valley Wetlands

- Construction of 4,500 LF of new stream channel
- Construction of 1.2 acres of new floodplain habitat
- Enhancement of all 4,500 LF of new channel with microhabitat features to provide high quality habitat for native fish (including pool and riffle morphology throughout and woody material every 200 feet)
- Enhancement of a minimum of 19.7 acres of riparian habitat adjacent to the newly created stream channel

Y01 – Calimesa Aquifer Storage and Recovery Project Phase 1

The Aquifer Storage and Recovery Project Phase 1 will allow for the Beaumont Groundwater Basin to be recharged with up to 2,890 AF/y of recycled water through the use of 4 Aquifer Storage & Recovery (ASR) wells. This project will include the construction and installation of all 4 ASR wells. During the summer months the ASR wells will be reversed to extract up to 400 AF/Y of recycled water to meet the peak demand. Another project will address the use of production wells to recover the recharge water as potable water after the appropriate amount of time has passed to complete the process.

In the first phase of the proposed recycled recharge project surface infiltration was found to be an infeasible option at the Oak Valley Partners Development site. A series of infiltration tests in a constructed spreading basin showed low infiltration rates due to shallow restrictive paleosol layers. After conducting multiple permeameter tests below the paleosol and drilling a deep boring to further evaluate the shallow and deep lithology a second phase, deep aquifer injection testing, was proposed for the Yucaipa Valley Water District Oak Valley Town Center Indirect Potable Reuse Project. This next step involves the construction of one test injection well (IW-1) and one monitoring well (MW-1) for the purpose of acquiring objective aquifer data and to determine site-specific groundwater level effects from proposed future recycled water injection. The data collected during pumping and injection tests will be used to refine current groundwater model parameters and to determine baseline basin groundwater quality in the zones where future injection wells are planned to be constructed. The monitoring well will be placed at a targeted location to better refine estimates of aquifer characteristics, mounding effects, and travel times. Results from this study, along with feedback from Yucaipa Valley Water District (YVWD) and Oak Valley Partners, will be used to select the optimal placement of the remaining four proposed injection wells and two recovery wells that will be constructed in Phase 2.



Part of the proposed work includes geochemical analysis of the potential effects of recycled water injectate into the future Oak Valley Town Center site. The purpose of this study will be to evaluate any potential adverse effects from recycled water injection based on injection water and site-specific aquifer water chemistries and lithologic data. An expert in soil science and geochemistry with experience in injection and recovery projects will be consulted to offer procedural recommendations for addressing any potential water quality issues.

Additionally, a geotechnical engineering firm has been consulted to evaluate any potential shallow soil impacts from recycled water injection into the deep aquifer at the proposed site adjacent to the I-10 freeway.

Y02 – Calimesa Aquifer Storage and Recovery Project Phase 2

Phase 2 of the Aquifer Storage and Recovery Project will allow for the Beaumont Groundwater Basin to be recharged with up to 2,890 acre-ft per year of recycled water through the use of 4 ASR wells and 2 drinking water production wells. The addition of the Phase 2 facilities to Aquifer Storage and Recovery Project Phase 1 (completed) includes the construction and installation of 2 production wells. When finished, these wells will be used to recover up to 2,490 AF/Y of drinking water for use in Yucaipa and Calimesa.

Y03 – Calimesa Regional Recycled Water Pipeline Project

The Calimesa Recycled Water Conveyance Project is an essential transmission mainline that will convey 12 Zone recycled water to the Summerwind and Shopoff developments without the need for a booster. The project is located within the City of Calimesa, a connection at Ave 'L' and 3rd Street south to the Bore and Jack and Calimesa Boulevard. The project will consist of 11,865 LF of 24" ductile iron pipe that will connect the existing 12 Zone distribution system in Ave 'L' to the Bore and Jack tunnel that is serving the Summerwind residential development.

The project will use existing recycled water facilities to provide recycled water to dual plumbed customers who are currently receiving drinking water through recycled water infrastructure. This will reduce reliance on State water and conserve drinking water by utilizing recycled water for outdoor irrigation and usage.

Related Project Requirements: Future 12.5 Zone recycled reservoirs will be constructed within the Shopoff development. The District will build the reservoirs and a private developer will construct the off-site pipeline

Y04 – R-12.5 Recycled Water Reservoirs

The R-12.5 Recycled Water Reservoirs project includes the installation of 2 recycled water reservoirs located within the commercial warehouse development (I-10 Logistics) fronting Cherry Valley Boulevard in the City of Calimesa. The reservoirs will be connected to the 12 Zone recycled water system and will be 1,000,000 gallons each. The location of this site will balance the 12 Zone recycled demand flows as the nearest recycled reservoir in the 12 Zone is over 5 miles to the north in Chapman Heights.



Y05 – Wochholz Regional Water Recycling Facility Energy Resiliency Project

The Wochholz Regional Water Recycling Facility (WRWRF) Energy Resiliency Project is an energy independent microgrid system consisting of solar power arrays, peak battery backup and a natural gas generator, and will be installed at the WRWRF to protect the facility from Public Safety Power Shutoff events and emergency power outages. The project will produce 4 megawatts (MW) of renewable solar energy.

Y06 – Yucaipa Valley Regional Water Filtration Facility Energy Resiliency Project

The Yucaipa Valley Regional Water Filtration Facility (YVRWFF) Energy Resiliency Project is an energy independent microgrid system consisting of solar power arrays, peak battery backup and a natural gas generator, and will be installed at the YVRWFF to protect the facility from Public Safety Power Shutoff events and emergency power outages. The project will produce 3 MW of renewable solar energy.

Y07 – Salinity and Groundwater Enhancement Project

The primary objectives of the Salinity and Groundwater Enhancement (SAGE) project include the following:

- Expand the WRWRF from a 6 mgd plant to an 8 mgd plant
- Expand the RO system from 2.25 mgd to a full 7.0 mgd
- Add Advanced Oxidation Processes to produce recycled water that will meet Groundwater Recharge Regulation Article 5.2
- Increase RO concentration recovery from 80 percent to 92 percent
- Treat and reuse wastewater for multiple beneficial uses to meet existing and future needs within the YVWD's service area
- Increase groundwater replenishment opportunities in the Yucaipa subbasin with recycled water resources
- Increase the use of recycled water to continue efforts toward resolving regional water supply challenges in a cost effective and environmentally responsible manner
- Increase local water supply operational flexibility within the upper Santa Ana River watershed region to advance the integrated water management objectives of the District and the region

The construction of the SAGE project will occur in two phases. Phase 1 will include the necessary modification in facilities, buildings, and associated infrastructure for operation at a capacity of up to 6.0 mgd. Phase 2 will increase to operating capacity to 8.0 mgd. The District estimates Phase 1 will be complete by September 2022 and Phase 2 will take an additional 18 to 24 months to complete. This project will increase the production of recycled water from 2.25 mgd to 4 mgd, producing an additional 1,680 AF/Y of recycled water annually at the completion of the SAGE project. At maximum capacity of wastewater treatment, the WRWRF plant production of recycled water is estimated to be 5,040 AF/Y.

Y08 – Salinity Concentration Reduction and Minimization System



The Salinity Concentration Reduction and Minimization (SCRAM) system will operate at the YVRWFF to reduce the amount of wasted backwash water produced by the membrane filtration process. The project will turbocharge the treatment system to increase drinking water production with an estimated savings of 190 million gallons of water each year. This meets the Basin Plan objectives to remove salinity and enhances the efficiency of project Y07.

Y09 – 3.0 MG R-11.4 Recycled Water Reservoir

The R-11.4 Recycled Water Reservoir Project will provide both potable and recycled water to the future Summerwind and Mesa Verde developments in the City of Calimesa as an expansion of the Pressure Zone 11 service area. This project will consist of a single 5.5 MG reinforced concrete recycled water storage reservoir. Off-site pipelines will need to be installation to provide service to the reservoir complex and a separate project will be used to construct the second tank.

Y10 – R-10.3 Recycled Water Booster to R-11.4 Recycled Water Reservoir

The R-10.3 Recycled Water Booster Project includes installation of a recycled water booster station to the existing recycled water 10.3 Reservoir and Booster Complex. The existing 10.3 Reservoir and Booster Complex includes the R-10.3.1 and R-10.3.2 Recycled Water Tanks, each with a capacity of 1-million gallons. The two boosters on-site (B- 10.3.1, B-10.3.2) both pump to the 12 Zone. This project will add two boosters that are designed to pump to the 11 Zone within the recycled system. The existing electrical system at the site will need to be upgraded to accommodate for the new pumping equipment.

Y11 – 24-inch Recycled Water Pressure Zone 11 Regional Pipeline

The 24-inch Recycled Water Pressure Zone 11 Regional Pipeline Project includes the installation of approximately 12,000 LF of 11 Zone recycled water pipeline connecting the future booster station at R-10.3 and supplying the future 11 Zone Pipeline (to be constructed by others) that will ultimately connect to the future R-11.4 reservoir site. The pipeline will be constructed of 24-inch ductile iron pipe (DIP) and will follow a similar alignment to the sewer infrastructure in the area.

Y12 – Recycled Water Reservoir R-7.2 at the Resource Ranch

YVWD owns and operates recycled water infrastructure that crosses a 50-acre parcel, owned by YVWD. The 50-acre parcel has storm water capture and recycled water capture opportunities due to its location and topography. The Recycled Water Reservoir R-7.2 at the Resource Ranch Project will include the design and construction of multiple recharge basins on the 50-acre parcel. The recycled water infrastructure that will convey recycled water to the future basins is planned to include site piping, tanks, and diversion structures. The parcel has existing structures that could be utilized for educational programs for the community. This project maximizes the use of recycled water in the service area and allows YVWD to recharge the water in order to optimize other recycled water projects and the Calimesa Aquifer Storage and Recovery Projects.

Y13 – North Bench Recycled Water Project



The North Bench Recycled Water Project will provide the North Bench area within the City of Yucaipa (Zones 16-20) the option of using recycled water services. As an extension of the current recycled water system, 4 booster stations, 3 reservoirs, and 19,100 LF of ductile iron pipe (DIP) will need to be constructed and integrated throughout the North Bench area to accommodate each of the different pressure zones. 11,600 LF of the total pipe length will be 16-inch DIP while the remaining 7,500 LF will be 12-inch DIP.

Y14 – Calimesa Lake Project

The Calimesa Lake Project will consist of a five-acre open recycled water reservoir, grading, roadways, and site improvements surrounding the reservoir. The open recycled water reservoir will provide equalization and storage for the Calimesa Aquifer Storage and Recovery project.

Y15 – Wochholz Regional Water Recycling Facility – SCADA Upgrades

The SCADA system consists of field devices, centralized computerized systems and network connected assets that serves as a tool for controlling and monitoring system operations at the WRWRF. The WRWRF SCADA Upgrades Project will implement upgrades to the existing SCADA network by replacing the existing workstation PC and the existing system hardware with a new operation system that will increase security measures and prolong the life of the SCADA system. The upgrades are an important project component for the Salinity and Groundwater Enhancement Project and the Salinity Concentration Reduction and Minimization System.

Y16 – Yucaipa Valley Regional Water Filtration Facility – SCADA Upgrades

The SCADA system consists of field devices, centralized computerized systems and network connected assets that ultimately serves as a tool for controlling and monitoring system operations at the Yucaipa Valley Regional Water Filtration Facility. The Yucaipa Valley Regional Water Filtration Facility – SCADA Upgrades Project will implement upgrades to the existing SCADA network by replacing the existing workstation PC and the existing system hardware with a new operation system that will increase security measures and prolong the life of the SCADA system. The District is underway with a matching SCADA upgrade project at the WRWRF. The scope and cost of this project is mirrored for this location for planning purposes until the proposals for this specific site are received. The upgrades are an important project component for the Salinity and Groundwater Enhancement Project and the Salinity Concentration Reduction and Minimization System.

Y17 – Oak Valley Lift Station, Gravity and Force Main Project

The Oak Valley Lift Station, Gravity and Force Main Project will convey sewage from approximately 4,500 equivalent dwelling units (EDUs) in the Summerwind, Oak Valley, and Eastern Power Center developments to the WRWRF. The project includes construction of the Oak Valley Lift Station, approximately 15,000 ft of 10-inch high density poly ethylene (HDPE) and polyvinyl chloride (PVC) force main, 15,000 ft of 12-inch HDPE and PVC force main, 9,000 ft 15- to 24-inch HDPE and vitrified clay pipe (VCP) gravity main, 9,000 LF of 3-inch gas service to the WRWRF, and 5,000 LF of 12-inch waterline to the WRWRF, and relocation of existing South Mesa Water Company water facilities. This project provides additional recycled water for all



projects mentioned above to better integrate the recycled water, water, and wastewater systems.

4. Estimated total eligible project costs (in dollars):

The total Eligible Project Costs for Phase 1 Projects is \$446,692,232.32.

Check here if total eligible project costs have changed since the letter of interest submittal

5. Requested amount of the WIFIA loan (in dollars):

\$195,840,961.01

6. Anticipated Closing Date and what is driving date: The anticipated closing date is 2/3/2023. The intent is to close the loans as quickly as possible to secure the most favorable interest rate and expedite construction to achieve water resilience as quickly as possible.

7. Applicant Contact Information

Team Member	Name and Title	Email	Phone Number
Authorized Signatory	Heather Dyer	heatherd@sbvmwd.com	909-387-9256
WIFIA Point of Contact	Adekunle Ojo	adekunleo@sbvmwd.com	909-387-9231
Financial Advisor	Robert Porr	rporr@fieldman.com	949-660-7323
Bond Counsel	Doug Brown	dbrown@stradlinglaw.com	949-500-0855
Project Manager	Adekunle Ojo	adekunleo@sbvmwd.com	909-387-9231
Environmental Review Contact	Joanna Gibson	joannag@sbvmwd.com	909-387-9259
Environmental Review Contact	Jennifer Ares	jares@yvwd.us	(909) 790-3301
Other: Technical Lead	Wen Huang	wenh@sbvmwd.com	(909)387-9223
Other: Technical Lead	Matt Porras	mporras@yvwd.us	909-790-3300

8. Employer/taxpayer identification number (EIN/TIN):

87-1784293

9. Dun and Bradstreet Data Universal Number System (DUNS) number:



118537486

10. Is the applicant registered in the System for Award Management (SAM)?

Yes

If yes, provide a PDF or JPEG screenshot that shows evidence of the SAM registration and an “active status” for the entity receiving the WIFIA loan.

See PDF file QA10.pdf for evidence of SAM registration by USAR WIFA. Activation of SAM registration has been confirmed.

Working Draft; text and numbers subject to change



Section B: Applicant Background

1. Describe the authorizing actions required by the applicant in order to enter into a loan agreement with the WIFIA program (e.g., board vote, local vote, ordinance).

USARWIFA Board will adopt a resolution authorizing the Executive Director to sign the Master Agreement, the initial WIFIA Loan Agreement, and WIFIA installment purchase agreements with each Participating Member. The Board of each Participating Member will approve a resolution authorizing the general manager or other authorized officer to execute its respective WIFIA installment purchase agreement.

2. Disclose any current, threatened, or pending litigation involving the applicant related to permitting, public involvement, environmental irregularities, construction defects, securities fraud, conflict of interest, failure to perform under a State or Federal contract, or other charges which may reflect on the applicant's financial position or ability to complete the project(s).

None identified.

3. List the historical, if available, or projected customer concentration analysis, including a breakdown of customers by class (residential, non-residential, commercial, bulk, etc.), usage, and revenues for the past 12 months and a list of the top ten (10) customers by percentage of revenues.

SBVMWD: SBVMWD delivers water State Water Project (SWP) water to wholesale customers as well as groundwater pumped from the Baseline Feeder Project and delivered to the Baseline Feeder Retail Agencies (City of Rialto, West Valley Water District and Riverside Highland Water Company) through take-or-pay contracts.

In addition to the Baseline Feeder Retail Agencies, SBVMWD sells wholesale SWP water to other retail water agencies. The following table shows the largest wholesale water customers for FY 2021. Please be advised the below table excludes Baseline Feeder Project water sales.



<i>CUSTOMER</i>	<i>ANNUAL PAYMENTS</i>
BIG BEAR MUNICIPAL WATER DISTRICT	1,623,905
SAN BERNARDINO BASIN GROUNDWATER COUNCIL	895,914
YUCAIPA VALLEY WATER DISTRICT	751,708
WEST VALLEY WATER DISTRICT - STATE PROJECT WATER	501,263
EAST VALLEY WATER DISTRICT	189,644
CRESTLINE LAKE ARROWHEAD WATER AGENCY	112,469
FONTANA WATER COMPANY	71,832
MARYGOLD MUTUAL WATER COMPANY	47,300
YUCAIPA REGIONAL PARK	38,761
CITY OF REDLANDS	36,469
TOTAL	<u>\$ 4,269,265</u>

YWWD: Below are the top ten customers by percentage of revenues for the water system and wastewater system and the FY 2021 breakdown of water and wastewater customer connections by classification.

<u>Water Customer</u>	<u>Annual Payments</u>	<u>% of Water Sales Revenues</u>
Sun Lakeview Mobile Estates	218,472	1.7%
El Dorado Palms	173,070	1.3%
Wildwood Mobile Home Park	129,346	1.0%
Hitching Post Mobile Home	102,275	0.8%
Fremont Hts Mobile Home Park	93,897	0.7%
Group XIII Properties #0990	89,568	0.7%
San Diego, Inc., Coach of	88,930	0.7%
YCJUSD	35,953	0.3%
Executive Mobile Home Park	31,670	0.2%
City of Yucaipa	16,023	0.1%
Total	\$979,205	7.5%



<u>Wastewater Customer</u>	<u>Annual Payments</u>	<u>% of Wastewater Sales Revenues</u>
Hillcrest Mobile Home Park	\$166,548	1.4%
Sun Lakeview Mobile Estates	\$132,153	1.1%
Sharondale Owners Association	\$107,911	0.9%
El Dorado Palms	\$106,873	0.9%
Rancho Calimesa Mobile Home Park	\$104,462	0.9%
Crafton Hills Mobile Estates	\$78,839	0.6%
Executive Mobile Home Park	\$75,390	0.6%
Wildwood Mobile Home Park	\$73,419	0.6%
Crestview Mobile Home Park	\$73,339	0.6%
Lynk Investments, LLC.	\$67,999	0.6%
Total	\$986,933	8.1%

	Water System	Wastewater System
	Number of Service Connections	Number of Service Connections
Single Family Residential	12,585	10,926
Multi-Family Residential	504	468
Commercial	239	230
Institutional	84	57
Industrial	14	3
Irrigation	118	4
Fire Detectors	1,013	0
Construction Water	18	0
Sewer Only	0	3,034
Total	14,575	14,722

4. Provide the average residential customer combined water and sewer rates as a percentage of Median Household Income.

Responses for the two member agencies leading WATERSHED CONNECT Phase 1 projects are provided below.

SBVMWD: This question does not apply as SBVMWD delivers water to wholesale customers and does not own or operate any retail water distribution system or facilities.

YVWD:



	San Bernardino County	Riverside County	Average
Median Household Income			
Income	\$74,883	\$80,571	\$77,727
Avg. Water & Sewer Bill (Monthly)			
(Monthly)	\$76	\$76	\$76
% of Income	1.21%	1.13%	1.17%

Source: Environics Analytics Spotlight data

- Describe the applicant’s capital improvement planning process. Include a capital improvement plan, other planning documents, and capital budgets produced in the current year and previous three (3) years as attachments.

SBVMWD: Please see [Attachments QB5a1, QB5a2, QB5a3, and QB5a4](#) for the current and prior 3 years of General Fund Budgets.

YVWD: The District projects capital improvements to the Water and Wastewater systems over a 20-year period. Please see [Attachments QB5b1, QB5b2, QB5b3, and QB5b4](#) for the current and prior 3 years of Operating Budgets and Capital Improvement Programs.

- Describe accounts receivables outstanding, including the 12-month trailing average of on-time payment amounts as a percentage of amount billed per period. Include a brief description of the process for collections.

SBVMWD: Refer to the SBVMWD FY 2021 Audit Income Statement for the amount of \$1,751,641 for accounts receivable as of FYE. SBVMWD receives cash advances from various water purveyors in exchange for commitments of future water deliveries – as of June 30, 2021, total unearned revenue amounted to \$7,944,393 (see Note 6 in the FY 2021 Audit). SBVMWD also receives property taxes which are due to the County in two installments; the first installment is due on November 1st and payable by December 10th and the second installment is due on February 1st and payable by April 10th. Property taxes are remitted to SBVMWD from the County of San Bernardino and County of Riverside at various times throughout the year.

YVWD: For Accounts Receivable YVWD averages \$3.1 million in utility billing per month. The average 30 days uncollected amount is approximately 8.1% and 60 days uncollected amount is approximately 2.6%. The District has not experienced a material change as a result of COVID-19. Pre-COVID the District would shut off water service after ~45 days non-payment. All unpaid sewer bills would be placed on the property as a lien annually. Currently, YVWD applies late fees to past due charges and will continue to lien unpaid sewer bills and are looking into the possibility of liens for water service. The District receives approximately half of property tax revenue by mid-December and the remaining amount in mid-April.



7. Describe or provide an attachment with the status of liabilities and funding for pension contributions, defined benefits, and other post-employment benefits.

SBVMWD: Please refer to the Base Financial Statement and Supplemental Information (**Attachment QB7a**). See Notes to Financial Statements 8 & 9 and following supplementary information section.

YVWD: Please refer to the FY 2021 Audit (**Attachment QB7b**). See Notes to Financial Statements 6 & 7 and following supplementary information section

8. Provide the latest system condition assessment report or master plan available for the water and/or wastewater system this project supports. If a report or plan is unavailable, provide a brief description of significant facilities (i.e. pump stations or treatment plants) within the system, including construction and major rehabilitation dates, and any asset management processes utilized for the system.

Capital expenditures for SBVMWD and YVWD (see response to Question 5 above) are informed by facility specific condition assessments and both systems are in a state of good repair. Copies of assessments for specific facilities can be provided on request. The projects proposed for Watershed Connect are generally new facilities that will be added into the ongoing condition assessment and asset management programs being implemented by the agencies.

9. If applicable, describe community outreach efforts conducted to date and planned for the project(s). Include community meetings, outreach sessions and groups contacted.

In support of WATERSHED CONNECT, the project team continues to engage in both in-person and virtual community outreach efforts. The program recently launched a comprehensive website, www.watershedconnect.net, featuring an interactive map of planned projects, meeting schedules, news articles, etc. The site provides opportunities for the community to learn more about program benefits, participate in the JPA meetings, ask questions, and express support. Since its launch, the website has been visited over 300 times.

There have been extensive efforts to engage community groups, educational institutions, environmental organizations, trade groups, land use stakeholders, and legislators within the project service area. This has resulted in more than 40 letters of support for the project. These efforts are ongoing and have recently included the following community presentations:

- **Integrated Water Stakeholder Discussion:** WATERSHED CONNECT: Achieving resiliency through integrated infrastructure
- **University of California at Riverside Osher LIFE Lecture Series:** *The Future of Resilience in the Inland Empire*
- **Inland Southern California Climate Collaborative:** *Planning for Resilience: Incorporating Regional Collaboration as a Counterweight to Climate Change Unknowns*
- **Upper Santa Ana River Water Forum:** *Collaborating on Multi-Benefit Projects Across the Region*



To support broader, ongoing outreach efforts, the team is building a Media and Marketing Plan and a Community Engagement Plan to announce project milestones, funding wins, groundbreaking events, tours, etc.

10. Provide a description of the environmental, societal, or quality of life benefits to the community as a result of the project, such as (but not limited to), improving system resiliency, mitigating climate change, supporting small and/or disadvantaged communities, improving access to safe water, addressing contaminants, developing the water workforce.

The purpose of WATERSHED CONNECT is to achieve regional water supply security, provide resilience against extended drought and mitigate the effects of climate change to holistically enhance the health of the USAR Watershed. The USAR Watershed, spanning over 850 square miles in San Bernardino and Riverside Counties, is an interconnected system of surface water, groundwater, and rich habitat that the region depends on for its water supply. The region is investing to diversify its water supply portfolio, recharge its groundwater basins, restore critical habitat and secure a sustainable water future.

WATERSHED CONNECT Phase 1 will capture over 15,000 acre feet per year (AFY) of stormwater runoff, recharge over 1,300 AFY of imported water and over 14,500 AFY of recycled water into local groundwater basins, augment streams home to endangered species with over 4,300 AFY of recycled water, restore over 640 acres of habitat, create 830 acres of open space, and generate 7 megawatts (MW) of renewable energy. WATERSHED CONNECT provides the following benefits:

- **Resiliency in the Face of Climate Change:** Recycled water, stormwater capture, groundwater storage, renewable energy, and ecosystem restoration projects will improve water supply security. New local water supplies, expanded storage, and system redundancies will increase resilience to climate threats.
- **Infrastructure Enhancements:** Modernization of existing infrastructure, combined with new conveyance, will enable more efficient use of water resources. Upgrades, including pipeline protection and solar energy for treatment plants, will reduce climate-related vulnerabilities and maintain services during natural disasters.
- **Drought Resiliency:** The program’s stormwater capture, groundwater recharge, and water reuse projects position the region to sustain short and long-term droughts.
- **Improved Water Quality:** Advanced treatment upgrades will reduce the amount of salt, nutrients, and emerging contaminants introduced to surface waters and groundwater basins. Stormwater capture and treatment projects will produce high-quality water for blending with groundwater supplies high in total dissolved solids.
- **Ecological Health:** Planned habitat mitigation and restoration initiatives will holistically enhance the ecological health of the Upper SAR Watershed.

11. Will the project assist in complying with applicable regulatory requirements?

- Yes No

If yes, describe how the project assists with regulatory compliance.



The Region 8 Water Quality Control Board Basin Plan (Basin Plan) establishes a TDS limit of 330 mg/L in the Yucaipa Subbasin. WATERSHED CONNECT Phase 1 includes installation of reverse osmosis treatment at the Wochholz Regional Water Recycling Facility (WRWRF) to produce purified recycled water with very low levels of TDS. This purified, low TDS recycled water will reduce the overall TDS of the basin through direct recharge and natural percolation after being used to irrigate landscaping overlying the basin.

The wastewater discharging agencies in the USAR Watershed are required by *Orange County Water District v. City of Chino et al, Case No. 117628* (Orange County Judgment) to maintain a base flow of 15,250 acre-feet per year (AFY) measured at the Riverside Narrows, which is the downstream boundary of the USAR Watershed. Further, the Orange County Judgment requires that the water passing through the Riverside Narrows be 700 mg/L in TDS or else is subject to an increased flow requirement. WATERSHED CONNECT Phase 1 implements reverse osmosis treatment at the WRWRF to improve water quality and reduce TDS to remain compliant with the Orange County Judgment.

The Safe Drinking Water Act Maximum Contaminant Level (MCL) for nitrate is 10 mg/L. The ongoing Salt and Nutrient Management planning effort within the San Bernardino Subbasin has found that nitrate levels at monitoring wells are ranging between 6 and 9 mg/L. The imported water recharge and stormwater capture projects in WATERSHED CONNECT will replenish the San Bernardino Subbasin with high quality, low nitrate water to maintain compliance with the nitrate MCL.

The WATERSHED CONNECT projects listed in the table below will help maintain compliance with regulatory limits in the Upper SAR Watershed.

Program Project	Water Quality Concerns Addressed
V01 – Acquisition of Greenspot Pump Station	During years of high imported water availability, if all groundwater recharge facilities along the Foothill Pipeline (SBVMWD’s primary raw imported water distribution pipeline) are full, the Greenspot Pump Station can be used to move imported water from the Foothill Pipeline to the Mill Creek spreading grounds to maximize groundwater recharge into the San Bernardino Subbasin, which reduces nitrate concentrations to remain compliant with the drinking water MCL.
V03 – Lytle Creek/Cajon Creek Mitigation Lands	Restores habitat to meet Valley District’s obligations under the Upper Santa Ana River Draft Habitat Conservation Plan (HCP).
V05 – Cactus Basin Connector Pipeline	Recharges imported water to replenish the Rialto-Colton Subbasin with high-quality, low nitrate and low-TDS water.
V07 – Enhanced Recharge Phase 1B	Captures stormwater to replenish the San Bernardino Subbasin with high-quality, low nitrate water to remain compliant with the drinking water MCL.



V08 – Enhanced Recharge Phase 1A Liner	Captures stormwater to replenish the San Bernardino Subbasin with high-quality, low nitrate water to remain compliant with the drinking water MCL.
V10 – SAR Center for Headwaters Resiliency and Watershed Sustainability	Restores habitat to meet Valley District’s obligations under the Upper Santa Ana River Draft Habitat Conservation Plan (HCP).
V11 – SAR Sustainable Parks and Tributaries Water Reuse (Purple Pipe)	Restores habitat to meet Valley District’s obligations under the Upper Santa Ana River Draft Habitat Conservation Plan (HCP).
V12 – Active Recharge – Highland Hills Land Acquisition	Recharges imported water to replenish the San Bernardino Subbasin with high-quality, low nitrate and low-TDS water.
V13 – HCP Tributaries Restoration	Restores habitat to meet Valley District’s obligations under the Upper Santa Ana River Draft Habitat Conservation Plan (HCP).
Y01 – Calimesa Aquifer Storage & Recovery (ASR) Project Phase 1	Provides infrastructure to recharge and extract purified recycled water produced at the Wochholz Regional Water Recycling Plant to replenish the Yucaipa Subbasin with high quality, low-TDS water to remain compliant with Regional Water Board Basin Plan objectives.
Y02 – Calimesa Aquifer Storage & Recovery (ASR) Project Phase 2	Provides infrastructure to recharge and extract purified recycled water produced at the Wochholz Regional Water Recycling Plant to replenish the Yucaipa Subbasin with high quality, low-TDS water to remain compliant with Regional Water Board Basin Plan objectives.
Y03 – Calimesa Regional Recycled Water Pipeline Project	Conveys purified recycled water from the SAGE Project to the Calimesa ASR recharge facilities to replenish the Yucaipa Subbasin with high quality, low-TDS water to remain compliant with Regional Water Board Basin Plan objectives.
Y04 – R-12.5 Recycled Water Reservoir	Provides interim storage for purified recycled water from the SAGE Project on its way to the Calimesa ASR recharge facilities to replenish the Yucaipa Subbasin with high quality, low-TDS water to remain compliant with Regional Water Board Basin Plan objectives.
Y05 – Wochholz Regional Water Recycling Facility Energy Resiliency Project	Provides energy resilience through on-site generation and battery storage to reduce the risk of plant failure, thereby reducing risk of plant sanitary sewer overflows which are a violation of the facility’s NPDES permit, and reducing the risk of interruptions to the purified recycled water supply that replenishes the Yucaipa Subbasin with low-TDS water through the SAGE and Calimesa ASR Projects to remain compliant with Regional Water Board Basin Plan objectives.
Y07 – Salinity & Groundwater Enhancement Project	Produces purified recycled water using advanced oxidation and reverse osmosis for groundwater recharge and indirect potable reuse through the Calimesa ASR Project, which improves



	groundwater quality through recharge of low-TDS water to remain compliant with Regional Water Board Basin Plan objectives.
Y12 – RW Reservoir and Recharge Facilities at the Resource Ranch	Provides infrastructure to recharge purified recycled water produced at the Wochholz Regional Water Recycling Plant to replenish the Yucaipa Subbasin with high quality, low-TDS water to remain compliant with Regional Water Board Basin Plan objectives.
Y14 – Calimesa Lake Project	Provides surface recycled water storage to equalize flows to and from the Calimesa ASR wells to replenish the Yucaipa Subbasin with high quality, low-TDS water to remain compliant with Regional Water Board Basin Plan objectives.
Y15 – Wochholz Plant SCADA Upgrades	Provides SCADA infrastructure upgrades to reduce the risk of plant failure, thereby reducing risk of plant sanitary sewer overflows which are a violation of the facility’s NPDES permit, and reducing the risk of interruptions to the purified recycled water supply that replenishes the Yucaipa Subbasin with low-TDS water through the SAGE and Calimesa ASR Projects to remain compliant with Regional Water Board Basin Plan objectives.

For Project and Corporate Financing Transactions Only:

12. Provide a project-level organizational chart, include the major parties involved in planning, owning, financing, providing supply and/or offtake, constructing, operating, and/or maintaining the project(s). Include the major service contractors that have been, or will be, retained for the project (e.g., architects, developers, engineers, attorneys, financial advisors and underwriters, environmental consultants). Please also disclose if there is a financial relationship between the project sponsor and any key project partners.

Please see [Attachment QB12](#) for the project-level organization chart.

Section C: Financing Plan

1. Provide a sources and uses of funds table for the proposed project(s), including the proposed WIFIA assistance. For applicants other than Public Entities, please identify the amount and source(s) of project equity, letters of credit, and other sources of debt as applicable. Note any ineligible project costs. More information about eligible costs is available in the [WIFIA program handbook](#). If other debt is being issued, including a SRF loan, describe the timing and certainty.

Sources Category	Estimated Dollar Value
1. WIFIA Loan (cannot exceed 49% of eligible costs)	\$195,840,961.01
2. Revenue Bonds	\$15,000,000.00
3. SRF Loan	\$5,665,383.32
4. Borrower Cash	\$142,051,639.00
5. Previously Incurred Eligible Costs*	TBD
6. Other (please specify) SCIP Funds, grants, and Power Purchase Agreements	\$88,134,253.45
TOTAL SOURCES	\$446,692,232.32
Uses Category	Estimated Cost
1. Construction	
2. Design	
3. Planning	
4. Land Acquisition	
5. Other Capital Costs	
6. Contingency	
7. Total Capital Costs	\$442,392,232.32
8. Financing Costs	\$4,300,000.00
8. Ineligible Costs (if applicable)	\$0.00
9. Other (please specify)	\$0.00
10. Other (please specify)	\$0.00
TOTAL USES	\$446,692,232.32

*Previously Incurred Eligible Costs are project related costs incurred prior to the WIFIA loan's execution. Please see the WIFIA Program Handbook for additional information on Eligible Costs.

2. Describe the proposed credit terms of the WIFIA assistance. Complete the following table and include additional text below.

Credit Term	Proposed Credit Term for WIFIA
Lien Priority	<input checked="" type="radio"/> Senior Lien: all debt for the project (including WIFIA) will be senior/first lien <input type="radio"/> Subordinate Lien: all debt for the project (including WIFIA) will be subordinated/second lien debt

	<ul style="list-style-type: none"> ○ Subordinate Lien: all debt for the project (including WIFIA) will be subordinated/second lien debt ○ Subordinate Lien: WIFIA will be subordinated/second lien and other debt for the project will be senior/first lien debt (in this case, WIFIA will automatically spring to senior/first lien debt upon the occurrence of a bankruptcy related
Security Pledge	<p>Participating Phase 1 Members will make payments under their respective Project Financing Agreements from net revenues, of their respective water, recycled water and/or wastewater systems. To the extent currently available, the Participating Phase 1 Members also will pledge connection fees and the portion of the 1% <i>ad valorem</i> property tax received from the counties in which their service territories lie. The payments from Participating Phase 1 Members owed in connection with debt service on the WIFIA Loan will be on parity with their senior lien obligations.</p> <p>SBVMWD will have rate covenant of Net Revenue = 125% of WIFIA debt service and other parity debt on their respective senior lien, including unencumbered funds (see Attachment QC2a for the draft SBVMWD WIFIA Installment Purchase Agreement). SBVMWD has an additional bonds test of 125% of annual debt service for senior debt and can use unencumbered fund balances in the amount of 25% of annual debt service to meet the additional bonds test. The additional bonds test includes a refunding exception such that new refunding bonds can be issued if the new debt service is not greater than 110% of prior debt service.</p> <p>YVWD will have rate covenant of Net Revenue = 120% of WIFIA debt service and other parity debt on their respective senior lien for each its water and wastewater systems, including unencumbered funds (see Attachment QC2b for the draft YVWD WIFIA Installment Purchase Agreement). YVWD has an additional bonds test of 120% of annual debt service for senior debt and can use unencumbered fund balances in the amount of 20% of annual debt service to meet the additional bonds test. The additional bonds test includes a refunding exception such that new refunding bonds can be issued if the new debt service is not greater than 105% of prior debt service.</p>
WIFIA Loan Maturity Date	<p>SBVMWD WIFIA Loan: 4/1/2059</p> <p>YVWD WIFIA Loan: 4/1/2062</p> <p>RPU WIFIA Loan: 4/1/2059</p>

3. Describe all dedicated revenue sources to be used to repay project financing, the expected rate(s), and the base to which such rates will be applied (e.g. average monthly consumption). Include rate covenant requirements that may affect these revenue sources. If the dedicated source for repayment is different from the assets covered by the security pledge described in the above table, please specify this in the response.

USARWIFA will pledge all Revenues received from Participating Phase 1 Members to the WIFIA Loan with no deduction for administrative or other costs of the Authority. Please refer to [Attachments QC3a and QC3b](#) for the draft WIFIA Installment Purchase Agreements for the participating members that describes the revenue sources used to repay the project financing to the Authority as well as the rate covenant requirements.

Participating Phase 1 Members will agree in the Installment Purchase Agreements to pay their share of WIFIA loan payments from “Net Revenues” (meaning water, recycled water and/or wastewater revenues (depending on the member) remaining after payment of operations and maintenance expenses).

[Attachment QC3c](#) represents the draft Memorandum of Understanding (MOU) between USARWIFA and Riverside Public Utilities (RPU) regarding RPU’s intent to join the USARWIFA and enter into a WIFIA Installment Purchase Agreement with USARWIFA for its payments on its share of the WIFIA projects.

4. **Provide the file name for and submit a new or recent preliminary rating letter from a nationally recognized statistical rating organization opining on the proposed WIFIA financing and describing the applicant’s ability to obtain an investment grade rating on the project’s senior obligations. An existing rating may be used in place of a preliminary rating letter if it is recent and actively maintained. The applicant should discuss using an existing rating with its transaction team prior to application submittal. Note, this application will not be deemed complete without inclusion of a preliminary rating letter.**

[Attachment QC4a1 and QC4a2](#) reflects the current senior-lien rating for Yucaipa Valley Water District of “A+” for S&P and “AA” for Fitch.

[Attachment QC4b](#) is RPU’s recent rating report from S&P reflecting a “AA+” rating.

5. **Provide the year-end audited financial statement for the applicant for past three (3) years, as an attachment, and enter the file names below.**

SBVMWD’s past 3 years of Audits are provided as [Attachment QB7a](#):

YVWD’s past 3 years of Audits are provided as [Attachments QB7b](#):

6. **Attach the financial model for the project(s) security structure (i.e. the system for system credits or project for P3/project financings) and provide its file name below. All amounts should be expressed on a cash (year-of-expenditure) basis and should clearly show assumptions used to arrive at such estimates. A sample pro forma can be found [here](#). The pro forma(s) should include:**
 - a. Details on projected revenues, operations and maintenance expense, capital expenditures and other key line items. Include rate changes and inflation factors as appropriate;
 - b. Estimated total debt service coverage. Also show senior and junior lien debt coverages separately, if applicable;

- c. Disbursement and repayment schedule for all debt sharing the WIFIA security, addressing, as applicable, senior- and junior-lien debt. Same lien debt amounts may be aggregated;
- d. Anticipated disbursement and repayment schedule of the requested WIFIA loan.

See [Attachment QC6](#) for the financial pro forma related to SBVWD and YVWD.
 A financial pro forma for RPU will be forthcoming.

7. Describe the rate setting process, including regulations governing rate setting, approval requirements, timing for implementation, etc. Include 10 years of rate schedule history for the applicant and specify if recommended rate increases were ever rejected.

Payments for the USARWIFA WIFIA Loan will be collected from the Participating WIFIA Phase 1 Members. These financing participants have the authority to adjust rates following a Proposition 218 protest hearing process for its rate payers. YVWD recently conducted a public hearing in 2020, see [Attachment QC7a1](#) for the recent Rate Study report from 2020 reflecting current rate in effect over a five year period. YVWD’s prior public hearing only resulted in a total of 17 protests from customers (less than 0.05%). Prior to the recent 2020 rate hearing, YVWD increased rates in 2011 for a multi-year period as shown in [Attachment QC7a2](#).

SBVMWD operating revenue for its General Fund includes its allocable share of the 1% County property taxes. In addition, SBVMWD charges its wholesale customers water rate that includes an energy charge and conveyance charge – see [Attachment QC7b. SBVMWD Resolution 888](#) which has been in effect for the prior 10 years. These wholesale rates are not subject to Proposition 218 requirements to setting these rates.

8. If available, provide a flow of funds diagram or description and summarize key obligations in the flow of funds.

N/A

9. Describe what document(s) will be the starting point for the WIFIA loan agreement:

- Standard WIFIA loan agreement.
- Existing Master Indenture or Bond Ordinance. Included as an attachment is the Existing Master Indenture or Bond Ordinance.
- Customized loan agreement for the project(s) and applicant.
- Other. Master Agreement with first customized WIFIA Loan Agreement

Additional notes for loan agreement: The USARWIFA will enter into three separate WIFIA Loan Agreements, each secured by one of the Participating Phase 1 Members.

Working Draft; text and numbers subject to change

EXHIBIT D

MEMORANDUM OF UNDERSTANDING

**MEMORANDUM OF UNDERSTANDING
BETWEEN
UPPER SANTA ANA RIVER WATERSHED INFRASTRUCTURE FINANCING
AUTHORITY AND RIVERSIDE PUBLIC UTILITIES
FOR PARTICIPATION IN THE ACQUISITION OF CERTAIN CAPITAL IMPROVEMENT
PROJECTS**

This Memorandum of Understanding (“MOU”), dated as of _____ 1, 2022, is entered into by and between the Upper Santa Ana River Watershed Infrastructure Financing Authority (the “Authority”) and Riverside Public Utilities (“RPU”).

RECITALS

- A. The Authority was created pursuant to the terms of a Joint Exercise of Powers Agreement, dated as of July 20, 2021 (the “JPA Agreement”), by and among the San Bernardino Valley Municipal Water District (“Valley District”), the Yucaipa Valley Water District and certain other public agencies to, among other things, assist its members in issuing revenue bonds or incurring other financial obligations from time-to-time.
- B. The Authority previously submitted to the United States Environmental Protection Agency (the “EPA”) a letter of interest (the “Letter of Interest”) for a loan from the EPA under the Water Infrastructure Finance and Innovation Act (“WIFIA”), and on December 3, 2021, the Authority was invited by EPA to submit an application for a loan under the WIFIA program (the “WIFIA Loan”).
- C. The Letter of Interest identified, and the Application will identify, certain projects that the Authority has selected to be funded, in part, with proceeds of the WIFIA Loan (the “WIFIA Projects”).
- D. RPU has been working with Valley District on the development of two of the WIFIA Projects, the Enhanced Recharge Project and the SAR Sustainable Parks and Tributaries Water Reuse Project.
- E. RPU desires to become a member of the Authority in order to allow for the financing of the portion of the costs of the Enhanced Recharge Project and/or the SAR Sustainable Parks and Tributaries Water Reuse Project allocable to RPU. In the future, Valley District and Riverside may have an interest in utilizing the Authority for the financing of additional projects.
- F. The Authority and RPU are entering into this MOU to set forth the framework for RPU to join the Authority, participate in financing the acquisition of part of the Enhanced Recharge Project and/or the SAR Sustainable Parks and Tributaries Water Reuse Project and contribute certain costs in connection with the preparation and submission of the Letter of Interest and the Application, closing the WIFIA Loan and the formation of the Authority.

NOW, THEREFORE, in consideration of the foregoing recitals and provisions herein, the parties agree as follows:

Section 1. Negotiation in Good Faith. The parties agree to negotiate in good faith regarding RPU's continued participation in the development of the Enhanced Recharge Project and the SAR Sustainable Parks and Tributaries Water Reuse Project.

Section 2. RPU Membership in the Authority. The parties acknowledge that RPU desires to become a member of the Authority. RPU agrees to present the JPA Agreement to its Board of Public Utilities and to the City Council of the City of Riverside (the "City Council") for consideration of its terms and RPU's membership in the Authority on or before the earlier of: (i) the date that is 60 days after the effective date of this MOU or (ii) August 31, 2022, in order to accommodate the timeframe set forth in the Application. If the JPA Agreement is approved by RPU's Board and the City Council, RPU agrees to promptly execute the JPA Agreement and provide such executed JPA Agreement to the Authority.

Section 3. Installment Purchase Agreement. RPU agrees to present to its Board of Public Utilities and the City Council a form of Installment Purchase Agreement for consideration and approval by RPU's Board and the City Council on or before the earlier of: (i) the date that is 90 days after the effective date of this MOU or (ii) October 1, 2022. Such Installment Purchase Agreement will be in the form approved by the Authority on January 5, 2022, with such changes as may be agreed to by the Authority and RPU. Following the approval of the form of the Installment Purchase Agreement, the Authority and RPU agree to negotiate the final terms of such agreement in good faith.

Section 4. Acquisition of the Enhanced Recharge Project and the SAR Sustainable Parks and Tributaries Water Reuse Project. The parties agree that RPU's continued participation in Enhanced Recharge Project and the SAR Sustainable Parks and Tributaries Water Reuse Project shall be subject to the following terms:

- a. RPU agrees to repay Valley District for amounts advanced with respect to the Enhanced Recharge Project on and prior to the closing date of the WIFIA Loan relating to such project, and for amounts advanced with respect to the SAR Sustainable Parks and Tributaries Water Reuse Project on and prior to the closing date of WIFIA Loan relating to such project.
- b. In the event RPU has made payments to Valley District in partial satisfaction of its obligations set forth in paragraph a. above, RPU will receive a credit for such payments.
- c. RPU agrees that it will be responsible for (i) installment payments equal to the debt service with respect to the WIFIA Loan attributable to RPU's 23.95%, or as may be agreed upon in a subsequent cost share agreement, participation in the Enhanced Recharge Project and (ii) installment payments equal to debt service with respect to the WIFIA Loan attributable to RPU's 50.0%, or as may be agreed upon in a subsequent cost share agreement, participation in the SAR Sustainable Parks and Tributaries Water Reuse Project. RPU's agreement to pay the installment payments in the amounts specified in this paragraph shall be memorialized in the final forms of one or more Installment Purchase Agreements with the Authority relating to such projects.

- e. The Authority agrees that (i) the balance of the debt service on the WIFIA Loan with respect to in the Enhanced Recharge Project and the SAR Sustainable Parks and Tributaries Water Reuse Project will be payable solely by Valley District pursuant to one or more Installment Purchase Agreements entered into by the Authority with Valley District and (ii) RPU shall have no obligation to pay such balance.
- f. RPU agrees to pay the Authority its proportionate share of the costs of preparing and submitting the Letter of Interest and forming the Authority.
- g. RPU further agrees to pay its proportionate share of the costs (i) to complete and submit the Application and (ii) to negotiate and close the WIFIA Loan.

Section 6. Effective Date. This MOU shall become effective upon its execution and delivery.

Section 7. Counterparts. This may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

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

**Upper Santa Ana River Watershed
Infrastructure Financing Authority**

By: _____
Chair of the Board of Directors

Riverside Public Utilities

By: _____
[Chair of the Board of Public Utilities]

EXHIBIT E

POLICY FOR DISCLOSURE PROCEDURES

UPPER SANTA ANA RIVER WATERSHED INFRASTRUCTURE FINANCING AUTHORITY

POLICY FOR DISCLOSURE PROCEDURES

PURPOSE

The purpose of these Disclosure Procedures (the “Procedures”) is to memorialize and communicate key principles and procedures in connection with obligations, including notes, bonds, certificates of participation, loans and other obligations, issued by or on behalf of the Upper Santa Ana River Watershed Infrastructure Financing Authority (the “Authority”). The Procedures are intended to ensure that Authority officials and staff remain in full compliance with the obligations under the federal securities laws and contractual disclosure obligations included in such notes, bonds, certificates of participation, loans and other obligations.

BACKGROUND

From time to time, the Authority may issue, or cause to be issued, revenue bonds, notes or other obligations (collectively, “Obligations”) on behalf of its members (each a “Member”) in order to fund or refund capital investments, other long-term programs and working capital needs of such Members. Typically, Obligations are issued on behalf of certain of its Members, although the Authority has the legal authority to issue or enter into Obligations for its own benefit. In offering Obligations to the public, and at other times when the Authority makes certain reports, the Authority must comply with the “anti-fraud rules” of federal securities laws. (“Anti-Fraud Rules” refers to Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities and Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission under those Acts, particularly “Rule 10b-5” under the 1934 Act.) Similarly, the Authority may, from time to time, enter into agreements with lenders that contain disclosure covenants which include disclosure obligations similar to the Anti-Fraud Rules.

At their core these rules require that information provided to investors and potential investors must not contain any material misstatements, and the Authority must not omit material information which would be necessary to provide to investors a complete and transparent description of the Obligations and the Authority’s financial condition. In the context of the sale of securities, a fact is generally considered to be “material” if there is a substantial likelihood that a reasonable investor would consider it to be important in determining whether or not to purchase the securities being offered or alter the total mix of available information.

When Obligations are issued in the public debt markets, the two central disclosure documents which are prepared are a preliminary official statement (“POS”) and a final official statement (“OS”, and collectively with the POS, “Official Statement”). The Official Statement generally consists of (i) the forepart (which describes the specific transaction including maturity dates,

interest rates, redemption provisions, the specific type of financing, and other matters particular to the financing), (ii) a section which provides information on the Authority and the project being financed (“Authority Section”), (iii) one or more appendices which provide information about the Authority Member(s) who are obligated to pay a material portion of Authority debt service (those members being referred to as “Authority Members” in this Disclosure Procedure), including information about such Authority Members’ financial condition, certain operating information relating to such Authority Members and the Authority Members’ audited financial report (each a “Member Section”), and (iv) various other appendices, including the form of the proposed legal opinion of Bond Counsel and form of continuing disclosure undertaking. Investors use the Official Statement as one of their primary resources for making informed investment decisions regarding the Obligations.

DISCLOSURE COVENANTS, CERTIFICATIONS AND OTHER OBLIGATIONS ESTABLISHED PURSUANT TO CONTRACTUAL ARRANGEMENTS WITH LENDERS

From time to time, the Authority may enter into agreements or other contractual arrangements with lenders, which such lenders may include a financial institution in a private placement transaction, the State Water Resources Control Board in connection with a State Revolving Fund loan or a federal agency, like the United States Environmental Protection Agency (the “EPA”) in connection with its Water Infrastructure Finance and Innovation Act (“WIFIA”) loan program. Such agreements may include disclosure covenants or certifications that are similar in substance to the disclosure standards established by the Anti-Fraud Rules. Due to such similarities, the process and procedures detailed below regarding the disclosure process in a public offering, to the extent applicable, should be followed by the Authority and its staff to ensure compliance with any such covenants and the accuracy of any disclosure related certifications.

For example, the EPA has developed a template WIFIA loan agreement (the “WIFIA Loan Agreement”) which will be used for borrowers such as the Authority. A provision in the WIFIA Loan Agreement is the requirement that at the closing of the WIFIA loan, the Authority representative executing the WIFIA loan (i.e. Chair of the Board of Directors, Executive Director or designee) must make two certifications with respect to the information provided to the EPA team (including EPA staff, counsel and consultants) during the loan application (the “WIFIA Application”) and loan negotiation process.

The first certification required to be made by the Authority is that all such information is accurate and complete. The second certification to be made by the Authority is that the responses to EPA team requests did not omit any information that would make such responses misleading. Accordingly, the process and procedures detailed in these Procedures should be followed when preparing and submitting information to the EPA in connection with the WIFIA Application and loan negotiation process.

The certifications to be made by the Authority at the closing of the WIFIA loan cover any certificates or statements provided to the EPA in connection with the transactions contemplated by the WIFIA Loan Agreement, which consist of all financial models, project budgets, documents or statements related to the WIFIA Application or the projects or projects to be financed with the proceeds of the WIFIA loan, cash flow schematics, responses to due diligence interrogatories or requests from the EPA or its advisors, and documents uploaded to any data room made accessible

to the Authority by the EPA team or provided to the EPA in an electronic written communication.

A SUMMARY OF THE DISCLOSURE PROCESS IN A PUBLIC OFFERING

When the Authority determines to issue Obligations, the Authority Executive Director requests the involved Authority Member(s) on whose behalf the Authority is incurring the Obligations and Authority staff to commence preparation of the portions of the Official Statement for which they are responsible. While the general format and content of the Official Statement may not normally change substantially from offering to offering, except as necessary to reflect major events, the Authority Executive Director, other relevant staff of the Authority and relevant Authority Member(s) staff are responsible for reviewing and preparing or updating certain portions of the Authority Section which are within their particular areas of knowledge. The Executive Director and other relevant Authority staff are also responsible for coordinating with the appropriate Authority Members' staff as the various Member Sections are reviewed, prepared or updated. Once the Official Statement has been substantially updated, the entire Official Statement is shared with the Executive Director for review and input.

The Authority shall engage a disclosure counsel ("Disclosure Counsel"), which should be a law firm that is expert in federal securities law disclosure matters relating to public agencies, in connection with any publicly offered obligations. Disclosure Counsel may serve as disclosure counsel for the Authority Member(s) as well as the Authority in a particular financing.

Members of the financing team, including the Bond Counsel, Disclosure Counsel and the municipal advisor, if one is engaged with respect to the Obligations (the "Municipal Advisor"), assist staff in determining the materiality of any particular item, and in the development of specific language in the Authority Section and the Member Section(s). Members of the financing team also assist the Authority in the development of a "big picture" overview of the Authority's and each Authority Members' financial condition, included in the Authority Section or the Member Section(s). Bond and Disclosure Counsel have a confidential, attorney-client relationship with officials and staff of the Authority as well as with Authority Member staff serving in official capacities with the Authority (for example, those who serve as Authority board members, Authority committee members or alternates).

The Authority Executive Director or a designated member of the financing team schedules one or more meetings or conference calls of the financing team (which includes Authority staff, Member staff, Authority General Counsel, Bond Counsel, Disclosure Counsel, the Municipal Advisor, the underwriter of the Obligations, and the underwriter's counsel), and new drafts of the sections of the Official Statement that precede the Authority Section, the Authority Section and the Member Section(s) are circulated and discussed. Revised versions of the Official Statement, the Authority Section and Member Section(s) will be recirculated and revised until the Authority and Authority Member(s) have confirmed that their respective sections are substantially final and complete. Such communications may occur via electronic means rather than by meetings or conference calls. During this part of the process, there is substantial contact among Authority staff, Authority Member(s) staff and other members of the financing team to discuss issues which may arise, determine the materiality of particular items and ascertain the prominence in which the items should be disclosed.

Prior to distributing a POS to potential investors, there is typically a formal conference call which includes Authority staff and Authority Member(s) staff involved in the preparation of the POS, members of the financing team and the underwriters and the underwriter's counsel, during which the POS is reviewed in its entirety, to obtain final comments and to allow the underwriters to ask questions of the Authority staff and Authority Member(s) staff. This is referred to as a "due diligence" meeting.

A substantially final form of each Member Section is provided to the respective Authority Member's board of directors in advance of approval to afford such Authority Member's board of directors an opportunity to review the Member Section, ask questions and make comments. The substantially final form of such Member Section is typically approved by the Authority Member's board of directors which generally authorizes certain senior Authority Member staff to make additional corrections, changes and updates to the Member Section in consultation with counsel to the Authority Member and Bond Counsel and Disclosure Counsel.

A substantially final form of the POS is provided to the Authority Board of Directors in advance of approval to afford the Authority's Board of Directors an opportunity to review the POS, ask questions and make comments. The substantially final form of the POS is approved by the Board of Directors which generally authorizes certain senior Authority staff to make additional corrections, changes and updates to the POS in consultation with counsel to the Authority and Bond Counsel and Disclosure Counsel.

At the time the POS is posted for review by potential investors, senior Authority officials execute certificates deeming certain portions of the POS (except for the Member Sections and certain pricing terms) complete as required by SEC Rule 15c2-12. At the same time, senior officials from the relevant Authority Members execute certificates deeming such Authority Member's Member Section (except for certain pricing terms) complete as required by SEC Rule 15c2-12 ("Member "15c2-12 Certificates").

Between the posting of the POS for review by potential investors and delivery of the final OS to the underwriter for redelivery to actual investors in the Obligations, any changes and developments will have been incorporated into the POS, including particularly the Authority Section and the Members Sections, if required. If necessary to reflect developments following publication of the POS or OS, as applicable, supplements will be prepared and published.

In connection with the closing of the transaction, one or more senior Authority staff and Authority Member(s) staff execute certificates stating that certain portions of the OS, as of the date of each OS and as of the date of closing, does not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements contained in the OS in light of the circumstances under which they were made, not misleading. Disclosure Counsel, also provides a negative assurance letter (generally addressed to the underwriters) with respect to the Authority Section and Member Section(s) of the OS (or specified portions thereof). Disclosure Counsel does not give negative assurances to the underwriters or to other third parties as to any financial, statistical, economic or demographic data or forecasts, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, and certain other customary matters.

In connection with the closing of the transaction, one or more senior official of each relevant Authority Member execute certificates ("Member 10(b)-5 Certificates") stating that the relevant

Member Section, as of the date of the OS and as of the date of closing, does not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements contained in the Member Section of the OS in light of the circumstances under which they were made, not misleading. General Counsel to each relevant Authority Member also provides a negative assurance letter (generally addressed to the underwriters) advising that information contained in the relevant Member Section of the OS (or specified portions thereof) as of its date did not, and as of the date of the closing, does not contain any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (“Member 10(b)-5 Opinions”). Such Authority Member counsel does not provide assurances to the underwriters or to other third parties as to any financial, statistical, economic or demographic data or forecasts, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, and certain other matters which are customarily excluded.

AUTHORITY SECTION

The information contained in the Authority Section is developed by personnel under the direction of the Authority Executive Director with the assistance of the financing team. In certain circumstances, additional officials will be involved, as necessary. The following principles govern the work of the respective staff that contributes information to the Authority Section:

- Authority staff involved in the disclosure process is responsible for being familiar with its responsibilities under federal securities laws as described above.
- Authority staff involved in the disclosure process should err on the side of raising issues when preparing or reviewing information for disclosure. Officials and staff are encouraged to consult Bond Counsel, Disclosure Counsel, General Counsel or members of the financing team if there are questions regarding whether an issue is material.
- Care should be taken not to shortcut or eliminate any steps outlined in the Procedures on an ad hoc basis. However, the Procedures are not necessarily intended to be a rigid list of procedural requirements, but instead to provide guidelines for disclosure review. If warranted, based on experience during financings or because of additional SEC pronouncements or other reasons, the Authority should consider revisions to the Procedures.
- The process of updating the Authority Section from transaction to transaction should not be viewed as being limited to updating tables and numerical information. While it is not anticipated that there will be major changes in the form and content of the Authority Section at the time of each update, everyone involved in the process should consider the need for revisions in the form, content and tone of the sections for which they are responsible at the time of each update.
- The Authority must make sure that the staff involved in the disclosure process is of sufficient seniority such that it is reasonable to believe that, collectively, they are in possession of material information relating to the Authority, its operations and its finances.

In addition, the foregoing principles, to the extent applicable, should be applied by Authority staff in connection with the preparation and submission of information to the EPA or other lenders in order to allow the Authority to comply with the disclosure related covenants and

certifications discussed under the heading “DISCLOSURE COVENANTS, CERTIFICATIONS AND OTHER OBLIGATIONS ESTABLISHED PURSUANT TO CONTRACTUAL ARRANGEMENTS WITH LENDERS” of these Procedures.

For purposes of providing information to the EPA in connection with the submission of the WIFIA Application and the negotiation of the WIFIA Loan Agreement, the Authority and its staff should follow the Authority’s adopted WIFIA Loan Application Protocol and Information Distribution with the EPA WIFIA Team (the “WIFIA Communication Protocol”).

AUTHORITY MEMBER SECTIONS

While the Authority is not primarily responsible for information in each Authority Member’s Member Section, Authority staff and members of the finance team will be available to assist Authority Members in preparation of the Member Sections if requested. Authority staff will confirm that the 15c2-12 Certificate, Member 10b-5 Certificates and Member 10b-5 Opinions have been received from Authority Members participating in the Obligation in a timely manner. The Authority has suggested that each Authority Member adopt disclosure policies to assist with the Authority Member’s compliance with federal securities law which detail how the Member Sections will be prepared. Bond Counsel and/or Disclosure Counsel may, with the consent of the Authority, serve as bond counsel and/or disclosure counsel to the Authority Member on the same transaction.

DISTRIBUTION AND TRAINING

The Procedures shall be provided to all members of senior staff and any other member of the Authority staff that is involved in the Authority’s disclosure obligations and shall also be provided to the Board of Directors of the Authority.

Periodic training for the staff involved in the preparation of the Official Statement (including the Authority Section) is coordinated by the finance team and the Authority Executive Director. These training sessions are provided to assist staff members involved in identifying relevant disclosure information to be included in the Authority Section. The training sessions also provide an overview of federal laws relating to disclosure, situations in which disclosure rules apply, the purpose of the Official Statement and the Authority Section, a description of previous SEC enforcement actions and a discussion of recent developments in the area of municipal disclosure. Attendees at the training sessions are provided the opportunity to ask questions of finance team members, including Disclosure Counsel concerning disclosure obligations and are encouraged to contact members of the finance team at any time if they have questions.

ANNUAL CONTINUING DISCLOSURE REQUIREMENTS

In connection with the issuance or execution and delivery of Obligations, the Authority expects to require that the Authority Member(s) on whose behalf the Obligations are being issued to enter into contractual agreements (“Continuing Disclosure Certificates”) to provide annual reports related to its financial condition (including its audited financial statements) as well as notice of certain events relating to the Obligations specified in the Continuing Disclosure Certificates. Under certain circumstances, the Authority may enter into Continuing Disclosure Certificates itself.

The Authority must comply with the specific requirements of each Continuing Disclosure Certificate. Continuing Disclosure Certificates generally require that the annual reports be filed within 270 days after the end of the Authority's fiscal year, and event notices are generally required to be filed within 10 days of their occurrence.

Specific events which require "listed event" notices are set forth in each particular Continuing Disclosure Certificate.

The Authority's Executive Director shall be responsible, in consultation with Disclosure Counsel for preparing and filing the annual reports and material event notices required pursuant to the Continuing Disclosure Certificates and for other secondary market disclosures as described under the caption "Secondary Market Disclosure." Particular care shall be paid to the timely filing of any changes in credit ratings on Obligations (including changes resulting from changes in the credit ratings of insurers of particular Obligations).

The General Counsel or Executive Director will provide written notice to the Authority's Board of any receipt by the Authority of any default, event of acceleration, termination event, modification of terms (only if material or may reflect financial difficulties), or other similar events (collectively, a "Potentially Reportable Event") under any agreement or obligation to which the Authority is a party and which may be a "financial obligation" as discussed below. Such written notice should be provided by General Counsel or Executive Director to the Authority's Board as soon as the General Counsel or Executive Director is placed on written notice by Authority staff, consultants, or external parties of such event or receives written notice of such event. The Executive Director, with the assistance of Disclosure Counsel, will determine and notify the Board whether notice of such Potentially Reportable Event is required to be filed on the Electronic Municipal Market Access ("EMMA") website pursuant to the disclosure requirements of SEC Rule 15c2-12 (the "Rule"). If filing on EMMA is required, the filing is due within 10 business days of such Potentially Reportable Event to comply with the continuing disclosure undertaking for the various debt obligations of the Authority.

The General Counsel or Executive Director will report to the Authority's Board regarding the execution by the Authority of any agreement or other obligation which might constitute a "financial obligation" for purposes of Rule 15c2-12. Amendments to existing Authority agreements or obligations with "financial obligation" which relate to covenants, events of default, remedies, priority rights, or other similar terms should be reported to the Authority's Board as well as soon as the General Counsel or Executive Director is placed on written notice by Authority staff, consultants, or external parties of such event or receives a written notice of such amendment requests. The Executive Director will determine, with the assistance of Disclosure Counsel, whether such agreement or other obligation constitutes a material "financial obligation" for purposes of Rule 15c2-12. If such agreement or other obligation is determined to be a material "financial obligation" or a material amendment to a "financial obligation" described above, notice thereof would be required to be filed on EMMA within 10 business days of execution or incurrence. The types of agreements or other obligations which could constitute "financial obligations" and which could need to be reported on EMMA include:

1. Bank loans or other obligations which are privately placed;
2. State or federal loans;
3. Commercial paper or other short-term indebtedness for which no offering document has been filed on EMMA;
4. Letters of credit, surety policies or other credit enhancement with respect to the Authority's publicly offered debt;
5. Letters of credit, including letters of credit which are provided to third parties to secure the Authority's obligation to pay or perform (an example of this is a standby letter of credit delivered to secure the Authority's obligations for performance under a mitigation agreement);
6. Capital leases for property, facilities, fleet or equipment; and
7. Agreements which guarantee the payment or performance obligations of a third party (regardless of whether the agreements constitute guarantees under California law).

Types of agreements which could be a "financial obligation" under the Rule include:

1. Payment agreements which obligate the Authority to pay a share of another public agency's debt service (for example, an agreement with a joint powers agency whereby the Authority agrees to pay a share of the joint powers agency's bonds, notes or other obligations); and
2. Service contracts with a public agency or a private party pursuant to which the Authority is obligated to pay a share of such public agency or private party's debt service obligation (for example, certain types of P3 arrangements).

Types of agreements which may be a "financial obligation" subject to the Rule include:

1. Any agreement the payments under which are not characterized as an operation and maintenance expenses for accounting purposes if such agreement could be characterized as the borrowing of money;

The Executive Director will continue to work with the General Counsel and Disclosure Counsel to refine the definition of financial obligation going forward based on future SEC guidance.

Secondary Market Disclosure

On February 7, 2020, the SEC released a staff legal bulletin (the "Bulletin") concerning secondary market disclosure in the municipal bond market. The Bulletin included SEC staff views on a variety of matters, including but not limited to, the applicability of the federal securities law to public agency websites, reports delivered to governmental and institutional bodies and statements made by public officials including elected board members. Documents, reports and other written statements of the Authority which contains current financial and operational conditions of the Authority will be included in a section of the Authority's website appropriately identified. The Authority and its Disclosure Counsel have reviewed the Bulletin and have incorporated certain SEC staff recommendations into these Procedures and into disclosure training for Authority staff and Authority Board members. The Bulletin requires Authority staff review. The Authority and its

Disclosure Counsel will be cognizant of those reviews and will consider whether those reviews require the Authority to make secondary market disclosures.

WIFIA COMMUNICATION PROTOCOL

The Executive Director has promulgated a WIFIA Communication Protocol in connection with the submission of the WIFIA Application and the negotiation of the WIFIA loan to ensure that the Authority can provide the certifications described under the heading “DISCLOSURE COVENANTS, CERTIFICATIONS AND OTHER OBLIGATIONS ESTABLISHED PURSUANT TO CONTRACTUAL ARRANGEMENTS WITH LENDERS” of these Procedures. The WIFIA Communication Protocol sets forth practices to ensure that accurate and consistent information is provided to the EPA in manner and within timeframes prescribed by the WIFIA loan application and negotiation process.

CERTIFICATION AND RECEIPT OF UNDERSTANDING

I certify that I have received a copy of the Upper Santa Ana River Watershed Infrastructure Financing Authority Policy for Disclosure Procedures. I have reviewed and understand its contents and agree to abide by the principles and requirements in the Disclosure Procedures.

Name: _____

Date: _____



Water Supply and Groundwater Recharge	Project Name	Groundwater Recharge	Cost
	Enhanced Recharge Phase 1A & 1B	15,400 AFY	\$66,553,000
	Regional Recycled Water System Phase 1	11,600 AFY	\$53,073,000
	Salinity and Groundwater Enhancement Project	2,900 AFY	\$34,149,000
	Calimesa Aquifer Storage and Recovery Project Phase 1 & 2		\$16,452,000
	Calimesa Lake Project		\$10,001,000
	Active Recharge Highland Hills Land Acquisition	TBD	\$7,247,000
	Cactus Basin Connector Pipeline	1,360 AFY	\$2,211,000
	Salinity Concentration Reduction and Minimization System	4,500 AFY	\$9,501,000
	Total	35,760 AFY	\$194,850,000

Habitat Restoration	Project Name	Habitat Restoration	Cost
	Headwaters Resiliency Multipurpose Area	520 Acres	\$32,500,000
	SAR Sustainable Parks and Tributaries Water Reuse	1 mile of stream restored	\$27,746,000
	HCP Tributaries Restoration	43 Acres	\$14,294,000
	Lytle Creek-Cajon Creek Mitigation Lands	78 Acres	\$11,590,000
	Total	641 Acres + 1 Mile of Stream	\$86,130,000

Recycled Water Distribution	Project Name	Recycled Water Connections	Cost
	North Bench Recycled Water Project	6,600 Connections	\$21,982,000
	R-11.4 Recycled Water Reservoir		\$10,864,000
	Recycled Water Zone 11 Regional Pipeline		\$9,371,000
	Recycled Water Reservoir at the Resource Ranch		\$7,665,000
	Calimesa Regional Recycled Water Pipeline Project		\$5,665,000
	R-12.5 Recycled Water Reservoirs		\$4,753,000
	Recycled Water Booster		\$1,749,000
Total	6,600 Connections		\$60,300,000

Energy Resilience	Project Name	Energy Production	Cost
	Wochholz Regional Water Recycling Facility Energy Resiliency Project	4 MW	\$29,967,000
	Yucaipa Valley Regional Water Filtration Facility Energy Resiliency Project	3 MW	\$16,299,000
	Total	7 MW	\$46,266,000

Infrastructure Resilience	Project Name	Cost
	Oak Valley Lift Station, Gravity and Force Main Project	\$27,710,000
	Greenspot Pump Station	\$14,000,000
	Yucaipa Valley Regional Water Filtration Facility - SCADA Upgrades	\$2,830,000
	Central Feeder - East Branch Extension Intertie	\$2,327,000
	Wochholz Regional Water Recycling Facility - SCADA Upgrades	\$1,893,000
Total	\$48,760,000	

GRAND TOTAL:

\$436,306,000