

RESOLUTION NO. 2026-05

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE BURNEY WATER DISTRICT PROVIDING FOR THE BORROWING OF FUNDS IN ANTICIPATION OF THE RECEIPT OF STATE GRANTS AND AUTHORIZING THE ISSUANCE AND SALE OF GRANT ANTICIPATION NOTES RELATED THERETO

WHEREAS, the Burney Water District (the “District”) is a county water district existing under the laws of the State of California; and

WHEREAS, the Board of Directors of the District (the “Board”) is the governing body of the District; and

WHEREAS, the District is authorized to provide water service, operate recreational facilities, and provide wastewater collection services for the benefit of the residents within the District’s service area; and

WHEREAS, the District has been awarded grants and loans (the “Grant”) from the State Water Resources Control Board (the “SWRCB”) pursuant to that certain Drinking Water Construction Loan (Principal Forgiveness) Agreement (Agreement No. D2302003) (the “Grant Agreement”) in order to fund a portion of the eligible costs of the Water System Improvement Project (Project No. 4510003-003C) (the “Project”); and

WHEREAS, the District anticipates receiving the Grant funds on a reimbursement basis under the Grant Agreement, with the final reimbursement request to be submitted no later than April 1, 2028; and

WHEREAS, the Grant funds have been committed and appropriated in writing by the SWRCB and evidence that the Grant funds have been budgeted and appropriated by the SWRCB is described in Exhibit C hereto as in the form of the Grant Agreement; and

WHEREAS, the Board of the District proposes to issue one or more taxable grant anticipation notes (or portions thereof, collectively, the “Note”) to be purchased on a revolving basis pursuant to a note purchase agreement (the “Note Purchase Agreement”) constituting a revolving line of credit (the “Facility”), pursuant to Article 7.7 (commencing with Section 53859) of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code (the “Authorizing Law”); and

WHEREAS, Tri Counties Bank (the “Bank”) has agreed to purchase the Note in a private sale pursuant to the Note Purchase Agreement with the District, the form of which is presented to this meeting; and

WHEREAS, the proposed Note Purchase Agreement will provide for a taxable, revolving line of credit in a principal amount outstanding at any time not to exceed \$2,500,000, which such principal may be repaid and reborrowed up to a principal amount that, when added to the interest payable thereon and to all previous principal amounts borrowed, in the aggregate shall never exceed ninety-five percent (95%) of the Grant anticipated to be received that will be available for the payment of the interest on and the principal of the Note (such amount, the “Maximum Amount”); and

WHEREAS, pursuant to Section 5852.1 of the Government Code, which became effective on January 1, 2018 by the enactment of Senate Bill 450, certain information relating to the Note is set forth in Exhibit A attached to this Resolution, and such information is hereby disclosed and made public; and

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. Issuance of the Note; Terms of the Note. Pursuant to the Authorizing Law, the Note shall be issued in a principal amount of not to exceed the lesser of \$2,500,000 or 95% of the total amount of the Grant, and may further be issued in portions thereof equal to the amounts borrowed thereunder. The Note shall be designated as the “Burney Water District 2026 Grant Anticipation Note” and shall be dated the date of issuance thereof. The Note shall be payable at such times and in such amounts as set forth in the Note Purchase Agreement. The Note shall mature and be payable no later than 36 months from the date of issuance. The Note shall bear interest computed on the basis of a 360-day year based on twelve 30-day months.

The interest rate on advances under the Facility as evidenced by the Note shall be as set forth in the Note Purchase Agreement based upon the final terms agreed to by the District and the Bank pursuant to the Term Sheet attached hereto as Exhibit D; but in no event shall such interest rate exceed the maximum rate allowed under California law.

Advances under the Facility as evidenced by the Note are expected to be made on a revolving basis, and no advance may be made after the maturity date of the Note, all as more particularly set forth in the Note Purchase Agreement.

The Note shall not be: (a) assigned a rating by any rating agency; (b) registered with The Depository Trust Company or any other securities depository; (c) issued pursuant to any type of offering document or official statement; or (d) assigned a CUSIP number.

The obligation of the District to make payments of principal and interest on the Note is payable from Pledged Receipts (as defined further herein) and any taxes, income, revenue, cash receipts or other moneys of the District lawfully available therefor as set forth in Section 5 hereof.

The Note 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 and does not constitute an obligation for which the District is obligated to levy or pledge any form of taxation.

SECTION 2. Execution of the Note. The President or Vice President of the Board or the District Manager of the District (each, an “Authorized Officer”) is hereby authorized and directed to sign the Note by such officer’s manual, printed, lithographed or facsimile signatures. The Note shall be authenticated by the District Manager, who shall act as Paying Agent for the Note as set forth in Section 14 (the “Paying Agent”). The District Manager may designate another officer or employee of the District to serve as Paying Agent and perform any or all duties of the Paying Agent under this Resolution, and the District may at any time appoint a successor Paying Agent by written designation of the District Manager or other Authorized Officer, without further action of the Board.

If any officer whose signature appears on the Note ceases to be such officer before delivery of the Note to the Bank, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Note to the Bank. The Note may be signed and attested on behalf of the District by such persons as at the actual date of the execution of such Note shall be the proper officers of the District although at the nominal date of such Note any such person shall not have been such officer of the District.

Only the Note bearing thereon a certificate of authentication and registration in the form set forth in Exhibit B, executed by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of the Paying Agent shall be conclusive evidence that the Note so registered has been duly authenticated, registered and delivered hereunder and is entitled to the benefits of this Resolution.

SECTION 3. Form of the Note. The Note shall be issued as one fully registered note without coupons, in the maximum principal amount of \$2,500,000, in substantially the form set forth in Exhibit B attached hereto and incorporated herein, and may be issued in typewritten form.

SECTION 4. Use of Note Proceeds. The District shall use the proceeds of the Note solely for the purposes for which the Grant is to be received, including but not limited to capital expenditures for the Project and related water project construction costs described in the Grant Agreement. Note proceeds and moneys set aside to repay the Note shall not be invested by the District for a term that exceeds the maturity date of the Note.

SECTION 5. Payment of the Note; Security. The Note shall be payable solely from proceeds of the Grant and any taxes, income, revenue, cash receipts or other moneys of the District lawfully available therefor. As security for the payment of the Note, the District hereby pledges to the Bank the total amounts received by the District with respect to the Grant and deposited in the Repayment Account described in Section 12 (such pledged amounts being hereinafter called the "Pledged Receipts"). The principal of the Note and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Receipts. Notwithstanding the foregoing, to the extent that the principal of or interest on the Note is not paid from Pledged Receipts, as herein provided, such principal of or interest on the Note shall be paid, to the extent permitted by law, from any taxes, income, revenue, cash receipts or other moneys of the District lawfully available therefor.

SECTION 6. Sale of Note. The Note will be purchased at a price of par by and deposited with the Bank, all in accordance with the Note Purchase Agreement.

SECTION 7. Note Purchase Agreement. The substantive terms of the Note Purchase Agreement as presented to the Board in the Term Sheet are hereby approved. The District Manager is authorized and directed to take all necessary action on behalf of the District to negotiate and finalize the Note Purchase Agreement and each Authorized Officer is hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver the final Note Purchase Agreement, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 8. Transfer of Note. The Bank may transfer the Note in whole, in accordance with the Note Purchase Agreement and upon delivery to the District of a purchaser letter in substantially the form set forth therein.

SECTION 9. Note Mutilated, Lost, Destroyed or Stolen. If the Note shall become mutilated, the District, at the expense of the owner of the Note, shall execute, and the Paying Agent shall authenticate, deliver, and record on District books, a new Note of like maturity, interest rate and principal amount in exchange and substitution for the Note so mutilated, but only upon surrender of the mutilated Note to the District. The mutilated Note shall be canceled by the District.

If the Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the District and, if such evidence be satisfactory to the District and indemnity satisfactory to it shall be given, the District, at the expense of the owner of the Note, shall execute, and the Paying Agent shall authenticate, deliver, and record on District books, a new Note of like maturity, interest rate and principal amount in lieu of and in substitution for the Note so lost, destroyed or stolen.

The District may require payment of a sum not exceeding the actual cost of preparing each new Note issued under this Section 9 and of the expenses which may be incurred by the District in connection therewith. A Note issued under the provisions of this Section 9 in lieu of any Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the District whether or not the Note so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Resolution.

SECTION 10. Note Register. The District, acting through the Paying Agent, shall maintain books for the registration and transfer of the Note.

SECTION 11. Note Proceeds Account. There is hereby created by the District a special account to be designated the “2026 Grant Anticipation Note Proceeds Account” (the “Proceeds Account”) and applied as directed in this Resolution. The proceeds received by the District from the sale of the Note or portions thereof from time to time shall be deposited in the Proceeds Account. The moneys deposited in the Proceeds Account shall be used and expended by the District solely for the purpose of financing the Project.

SECTION 12. Repayment Account. There is hereby created by the District a special account to be designated the “2026 Grant Anticipation Note Repayment Account” (the “Repayment Account”) and applied as directed in this Resolution. Within the Repayment Account, there is hereby created a special subaccount to be designated the “2026 Grant Anticipation Note Principal Subaccount” (the “Principal Subaccount”) and a special subaccount to be designated the “2026 Grant Anticipation Note Interest Subaccount” (the “Interest Subaccount”).

Any money placed in the Repayment Account shall be for the benefit of the registered owner of the Note and, until the Note and all interest thereon are paid or until provision has been made for the payment of the Note at maturity with interest to maturity, the moneys in the Repayment Account shall be applied solely for the purposes for which the Repayment Account is

created; provided, however, that any interest earned on amounts deposited in the Repayment Account shall be used for a lawful purpose of the District.

When received, the District shall deposit all Grant proceeds in the Principal Subaccount of the Repayment Account. Amounts deposited in the Principal Subaccount may be applied by the District to the payment or prepayment of the Note in accordance with this Resolution and the Note Purchase Agreement. The deposit and application of Grant proceeds to the repayment of the Note shall not limit the District's right to incur additional advances under the Facility to the extent permitted by the Note Purchase Agreement.

Upon the election of the District to prepay all or a portion of the Note, the District shall apply amounts on deposit in the Repayment Account to prepay the Note or such portion to be prepaid and such payments shall also comply with the terms of the Grant Agreement. Any such prepayment shall not impair the District's right to reborrow amounts under the Facility to the extent permitted by the Note Purchase Agreement.

On or prior to each principal or interest payment date with respect to the Note, the District shall transfer the moneys in the applicable subaccount of the Repayment Account necessary to pay the principal of and interest on the Note. Any moneys remaining in the Repayment Account after the Note and the interest thereon have been paid, or provision for such payment has been made, shall be used for a lawful purpose of the District provided that the terms set forth in the Grant Agreement shall also apply with respect to any such uses.

SECTION 13. Deposit and Investment of Proceeds Account and Repayment Account. All moneys held by the District in the Proceeds Account and the Repayment Account shall be invested or deposited in accordance with applicable law. Any amounts held on deposit as public funds shall be secured as required by California law governing public deposits.

Moneys in the Proceeds Account and the Repayment Account shall, to the greatest extent possible, be invested by the District directly, or through an investment agreement, in investments permitted by the laws of the State of California as now in effect and as hereafter amended, and the proceeds of any such investments shall be deposited in the Proceeds Account or the Repayment Account, as applicable.

Notwithstanding anything to the contrary set forth herein, Note proceeds and moneys in the Proceeds Account and the Repayment Account or otherwise set aside to repay the Note shall not be invested by the District for a term that exceeds the maturity date of the Note.

SECTION 14. Paying Agent. The Paying Agent, who shall be an officer or employee of the District designated by the District for such purpose, is hereby appointed to act on behalf of the District as the paying agent of the Note. The Paying Agent shall receive and administer payments of principal and interest on the Note and perform such other duties and exercise such powers as are prescribed in this Resolution. All actions taken by the Paying Agent pursuant to this Resolution shall be taken solely in such person's official capacity on behalf of the District.

The recitals of facts, covenants and agreements herein and in the Note shall be taken as statements, covenants and agreements of the District, and the Paying Agent, acting solely in such person's official capacity on behalf of the District, shall have no responsibility for the correctness of the same and shall make no representations as to the validity or sufficiency of this Resolution or of the Note, nor incur any responsibility in respect thereof, other than as set forth in this Resolution. The Paying Agent shall not be liable in connection with the performance of the duties hereunder, except for its own negligence or willful default.

In the absence of bad faith, the Paying Agent may conclusively rely upon certificates, records, opinions and determinations of the District furnished or made in accordance with this Resolution and made in the ordinary course of business. The Paying Agent shall be entitled to assume the accuracy of such materials unless the Paying Agent has actual knowledge to the contrary.

The Paying Agent, acting solely in such person's official capacity on behalf of the District, shall not be liable for any action taken or omitted in good faith in the performance of the duties assigned under this Resolution, except for negligence or willful misconduct in the performance of such duties.

No provision of this Resolution shall require the Paying Agent to incur any personal financial liability or personal obligation in the performance of the duties assigned under this Resolution.

The Paying Agent may exercise any powers and perform any duties under this Resolution directly or by or through other agents or attorneys of the District and may rely upon information, records, certificates, opinions, and determinations maintained or furnished by the District in the ordinary course of business.

Whenever the Paying Agent determines it is necessary or appropriate to establish the existence of any fact or matter prior to taking any action under this Resolution, the Paying Agent may rely upon District records, certificates, opinions, or other evidence reasonably available to the Paying Agent and may require such additional information as the Paying Agent reasonably deems necessary.

SECTION 15. Covenants and Warranties. It is hereby covenanted and warranted by the District that all representations and recitals contained in this Resolution and to be contained in the Note Purchase Agreement are (or will be) true and correct, and that the District and its appropriate officials have duly taken all proceedings necessary to be taken by them, and will take any additional proceedings necessary to be taken by them, for carrying out the provisions of this Resolution. In addition, it is hereby covenanted by the District that the District will: (a) proceed to complete, with all practicable dispatch, the construction and acquisition of the Project; (b) not make or cause or permit to be made any application of the proceeds of the Note or of any moneys in the Repayment Account except in accordance with this Resolution, the Note Purchase Agreement, and the Grant Agreement; (c) comply in all respects with the terms and provisions of the Grant Agreement and with all applicable local, state and federal laws and regulations governing implementation of the Grant Agreement; (d) take all actions necessary to preserve its right to receive payments under the Grant Agreement; (e) apply or continue to apply any other available

funds to pay those costs not expected to be reimbursed from Pledged Receipts until all such costs have been paid; (f) promptly request each payment to which it has become entitled under the Grant Agreement; and (g) to the extent that the principal of or interest on the Note is not paid from Pledged Receipts, as herein provided, such principal of or interest on the Note shall be paid, to the extent permitted by law, from any taxes, income, revenue, cash receipts or other moneys of the District lawfully available therefor.

SECTION 16. Events of Default; Remedies. The provisions relating to Events of Default and Remedies shall be as set forth in the executed Note Purchase Agreement.

SECTION 17. Preparation of Note; Official Action. Nixon Peabody LLP, as Note Counsel, is directed to cause or have caused a suitable Note to be prepared showing on its face that the same bears interest at the rate or rates specified in the Note Purchase Agreement (including any default rate as provided therein), to cause the blank spaces therein to be filled in to comply with the provisions of this Resolution, to procure the execution and authentication of the Note by the proper officers of the District and to cause the Note to be delivered when so executed to the Bank.

SECTION 18. Further Action. The Authorized Officers are hereby authorized, empowered and directed, individually, to execute and deliver such other documents, certificates and agreements in addition to those enumerated herein and to take such other actions as each deems necessary or advisable in order to consummate the issuance of the Note (including, but not limited to, approving changes to the name and/or series designation of the Note to reflect the timing of the issuance of the Note). Any such actions previously taken by the Authorized Officers or their designees are hereby ratified, confirmed and approved.

SECTION 19. District Representations.

(a) The District's issuance of the Note and execution of the Note Purchase Agreement will not cause a material breach of any of the terms or provisions of, or constitute a material violation of or default under, any resolution, indenture, mortgage, deed of trust or other agreement or instrument to which the District is now a party or by which it or any of its properties are now bound;

(b) The District has taken all necessary actions to issue the Note and execute the Note Purchase Agreement and no consent, authorization or approval of any governmental or regulatory officer or body not already obtained is required to be obtained by the District to take such actions; and

(c) There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending with respect to which the District has been served with process or, threatened against or affecting the District in which an unfavorable decision, ruling or finding would materially adversely affect the District's participation in or consummation of the transactions contemplated by the issuance of the Note and execution of the Note Purchase Agreement, or in any way contesting the existence of the District, or the powers of the District with respect thereto, or the ability of the District to collect or receive the revenues that are the source of the payment of the Note or to apply such revenues to the payment of the Note.

SECTION 20. Good Faith Estimates. The good faith estimates required by Section 5852.1 of the California Government Code are set forth in Exhibit A.

SECTION 21. Effective Date. This Resolution shall take effect upon adoption.

PASSED AND ADOPTED by the Board of Directors of Burney Water District this 18th day of June 2026, by the following vote:

AYES: _____

NAYS: _____

ABSENT: _____

BURNEY WATER DISTRICT
David Barry, President

Attested:

BURNEY WATER DISTRICT
David Zevely, Secretary

EXHIBIT A

GOOD FAITH ESTIMATES

The following information is provided in compliance with California Government Code Section 5852.1 with respect to the Note:

- (A) Estimated True Interest Cost of the Note: 5.35%
- (B) Estimated Finance Charge of the Note (Sum of all fees/charges paid to third parties): \$75,000
- (C) Estimated Net Proceeds of the Note to be Received (net of finance charges, reserves and capitalized interest, if any): \$2,445,000
- (D) Estimated Total Payment Amount through Maturity of the Note: \$2,899,000

The foregoing constitute good faith estimates only and are based on information available as of the date of adoption of this Resolution. The principal amount of the Note, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to: (a) the actual date of issuance of the Note being different than the date assumed for purposes of such estimates; (b) the actual principal amount of the Note being different from the estimated amount used for purposes of such estimates; (c) the actual amortization of the Note being different than the amortization assumed for purposes of such estimates; (d) the actual market interest rates at the time of sale of the Note being different than those estimated for purposes of such estimates; (e) other market conditions; or (f) alterations in the District's financing plan, or a combination of such factors.

The actual date of issuance of the Note and the actual principal amount of the Note will be determined by the District based on a variety of factors. The actual interest rate borne by the Note will depend on market interest rates at the time of sale thereof. The actual amortization of the Note will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the District.

EXHIBIT B

FORM OF NOTE

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THIS NOTE MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH SECTION 8 OF THE RESOLUTION DESCRIBED HEREIN.

UP TO \$2,500,000
BURNEY WATER DISTRICT
2026 GRANT ANTICIPATION NOTE

ISSUE DATE	INTEREST RATE	MATURITY DATE
_____, 2026	Variable	_____, 20__

OWNER: Tri Counties Bank (including its successors and assigns)

PRINCIPAL AMOUNT: UP TO \$2,500,000 TO BE OUTSTANDING AT ANY TIME AND NOT TO EXCEED THE MAXIMUM AMOUNT (AS DEFINED HEREIN)

FOR VALUE RECEIVED, the Burney Water District (the “District”), a county water district duly organized and existing under the laws of the State of California, acknowledges itself indebted to and promises to pay to the registered Owner stated above in lawful money of the United States of America, the aggregate unpaid principal amount of this Note purchased by the Bank and outstanding from time to time, not to exceed the Principal Amount stated above, on the Maturity Date stated above, together with interest thereon, at the Payment Office (as defined in the NPA) in like lawful money from the date each portion of this Note is purchased pursuant to the NPA until payment in full of said outstanding Principal Amount. Interest on this Note shall accrue at the Interest Rate set forth in the Note Purchase Agreement, dated _____, 2026, by and between the District and the initial registered Owner of this Note (the “NPA”) (computed on the basis of a 360-day year based on twelve 30-day months), except that interest shall accrue at the Default Rate set forth in the NPA upon an Event of Default, all as set forth in Section 16 of the Resolution (as defined below) and the NPA. Interest on this Note shall be payable, initially, on [____ 1, 20__] and thereafter on the first Business Day of each month and on any prepayment date.

This Note shall be subject to prepayment, in whole or in part, at the option of the District on any Business Day, upon prior notice to the Owner or any subsequent owner of the Note as provided in the NPA, at a prepayment price equal to the principal amount prepaid plus accrued and unpaid interest thereon to the date of prepayment, without premium or penalty, subject to any applicable minimum prepayment amounts and any SOFR breakage costs if such prepayment occurs on a day other than an interest reset date.

It is hereby certified, recited and declared that this Note is issued by authority of Article 7.7, Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, and a Resolution of the Board of Directors of the District adopted on June 18, 2026 (the “Resolution”), that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner

as required by law, and that this Note, together with all other indebtedness and obligations of the District, does not exceed any limit prescribed by the Constitution or laws of the State of California. Reference is made to the Resolution and the NPA for a fuller description of the terms under which this Note is issued.

This Note shall be payable from proceeds of grants and loans (collectively, the “Grant”) from the State Water Resources Control Board, which has been committed and appropriated in writing by the State Water Resources Control Board pursuant to that certain Drinking Water Construction Loan (Principal Forgiveness) Agreement (Agreement No. D2302003) (the “Grant Agreement”). The proceeds of the Grant, which are expected to be delivered to the District on or before the Maturity Date, are hereby pledged on a first lien basis to the repayment of this Note.

This Note shall also be payable from any taxes, income, revenue, cash receipts or other moneys of the District lawfully available therefor as further described in the Resolution.

The District may use the proceeds of this Note solely for the purposes for which the Grant is to be received, including but not limited to capital expenditures for the water project construction costs described in the Grant Agreement.

The Principal Log attached as Schedule I hereto shall be used by the Bank to record the principal amount of the Note (or portions thereof) purchased by the Bank from time to time, which shall evidence the principal amount of the Note outstanding and the prepayment or payment of principal of the Note. The Bank shall provide the District with a statement showing in reasonable detail the Interest Period, SOFR Rate and interest rate applicable to the Note (or portion thereof) from time to time. The total amount outstanding under the Note may not exceed \$2,500,000 at any time, which such principal may be repaid and reborrowed up to a principal amount that, when added to the interest payable thereon and to all previous principal amounts borrowed, in the aggregate, shall never exceed ninety-five percent (95%) of the Grant anticipated to be received that will be available for the payment of the interest on and the principal of the Note (the “Maximum Amount”).

The District may treat the registered Owner hereof as the absolute owner of this Note, and the District shall not be affected by any notice to the contrary. This Note is subject to transfer as set forth in Section 8 of the Resolution.

This Note shall not be entitled to any benefit under the Resolution or become obligatory or valid for any purpose until authenticated by the District’s Paying Agent.

IN WITNESS WHEREOF, the District has caused this Note to be executed by the manual or facsimile signature of the President of its Board of Directors this ____ day of ____, 2026.

BURNEY WATER DISTRICT
David Barry, President

Attested:

BURNEY WATER DISTRICT
David Zevely, Secretary

CERTIFICATE OF AUTHENTICATION

This is the Note described in the Resolution.

David Zevely
District Manager,
as Paying Agent

[FORM OF ASSIGNMENT]

For value received, the undersigned hereby sells, assigns and transfers unto _____ whose address and social security or other tax identifying number is _____, the within-mentioned Note and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the Note register with full power of substitution in the premises.

Dated: _____

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Note in every particular without alteration or enlargement or any change whatsoever.

**SCHEDULE I
PRINCIPAL LOG**

<u>Purchase Amount</u>	<u>Purchase Date</u>	<u>Prepayment or Payment Amount</u>	<u>Prepayment Date</u>	<u>Outstanding Principal</u>	<u>Bank Initials</u>
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EXHIBIT C
SWRCB GRANT AGREEMENT
[ATTACHED HERETO]



State Water Resources Control Board

October 24, 2023

Burney Water District
Attn: David Zevely, District Manager
20222 Hudson Street
Burney, CA 96013

Agreement Number: [SWRCB0000000000]D2302003

Please review, and if appropriate, electronically sign the signature page of the Agreement via Adobe Sign. Once electronically signed, the Agreement will be routed automatically to the next signer. You will automatically receive a copy of the fully executed Agreement/Amendment via Adobe Sign once the final signer has signed. This Agreement cannot be considered binding by either party until executed by the State Water Resources Control Board (State Water Board).

For the Funding Agreement to be executed by the State Water Board, the following items **must also be returned electronically with the signed signature pages**. The Opinion will need to be dated and signed on or after the date the agreement is signed. Counsel can file and attach the letters and submit back to Adobe.

1. Opinion of General Counsel.

If you have questions about the General Counsel Opinion Letter, Bond Counsel Letter, and Closing Resolution should be directed by your legal counsel to Ellen Brooks, at (916) 341-5150 or email at ellen.brooks@waterboards.ca.gov.

PLEASE NOTE: VERY IMPORTANT TO SUCCESSFUL GRANT COMPLETION
Project funding may be jeopardized by not responding to this letter in a timely manner. If you cannot comply with the ten (10) day turnaround, you must notify us by e-mail immediately with the reason for the delay and an approximate date when you will be able to comply. Your immediate attention and compliance with the request(s) in this letter is greatly appreciated.

If you have any questions, please contact Rasheed Hawkins at (916)449-5628 or rasheed.hawkins@waterboards.ca.gov

Thank you,
Rasheed Hawkins

E. JOAQUIN ESQUIVEL, CHAIR | EILEEN SOBECK, EXECUTIVE DIRECTOR

1001 I Street, Sacramento, CA 95814 | Mailing Address: P.O. Box 100, Sacramento, CA 95812-0100 | www.waterboards.ca.gov



**DRINKING WATER CONSTRUCTION
LOAN (PRINCIPAL FORGIVENESS)**

AGREEMENT NO. D2302003

by and between

BURNEY WATER DISTRICT ("Recipient")

AND

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD ("State Water Board")

for the purpose of the

PROJECT NO. 4510003-003C
WATER SYSTEM IMPROVEMENT PROJECT ("Project")

-
- Section 116760 et seq. of the Health and Safety Code and Resolution Nos. 2023-0021 and 2019-0065.

PROJECT FUNDING AMOUNT: \$13,981,000
PRINCIPAL FORGIVENESS COMPONENT: \$13,981,000

ESTIMATED REASONABLE PROJECT COST: \$13,981,000
ELIGIBLE WORK START DATE: NOVEMBER 4, 2014
ELIGIBLE CONSTRUCTION START DATE:
DATE OF EXECUTION OF THIS AGREEMENT
COMPLETION OF CONSTRUCTION DATE: OCTOBER 1, 2027
FINAL REIMBURSEMENT REQUEST DATE: APRIL 1, 2028
RECORDS RETENTION END DATE: OCTOBER 1, 2063

1. The State Water Board and the Recipient mutually promise, covenant, and agree to the terms, provisions, and conditions of this Agreement, including the following Exhibits, which are attached hereto or are incorporated by reference:
 - EXHIBIT A – SCOPE OF WORK AND SCHEDULE
 - EXHIBIT B – FUNDING PROVISIONS
 - EXHIBIT C – GENERAL TERMS AND CONDITIONS 2019-NOV
 - EXHIBIT D – SPECIAL CONDITIONS

2. The following documents are also incorporated by reference, as well as any documents incorporated by reference in Exhibit D:
 - the Final Plans & Specifications, which are the basis for the construction contract to be awarded by the Recipient;
 - the Drinking Water System Permit No. 70-015 and any amendments thereto;
 - the Davis-Bacon requirements found at:

https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/2023/2023-dwsrf-governmental-entities-public.pdf

3. Party Contacts during the term of this Agreement are:

State Water Board		Burney Water District	
Section:	Division of Financial Assistance		
Name:	Michael Ngai, Project Manager	Name:	David Zevely, District Manager
Address:	1001 I Street, 16th Floor	Address:	20222 Hudson Street
City, State, Zip:	Sacramento, CA 95814	City, State, Zip:	Burney, CA 96013
Phone:	(916) 319-9060	Phone:	(530)335-3582
Fax:		Fax:	
Email:	Michael.ngai@waterboards.ca.gov	Email:	dzevely@burneywater.org

Each party may change its contact upon written notice to the other party. While Party Contacts are contacts for day-to-day communications regarding Project work, the Recipient must provide official communications and notices to the Division’s Deputy Director in addition to the Party Contacts.

4. Conditions precedent to this Agreement are set forth as follows:
 - (a) The Recipient must deliver to the Division a resolution authorizing this Agreement and identifying its authorized representative by title.
 - (b) The Recipient must deliver an opinion of general counsel satisfactory to the State Water Board’s counsel dated on or after the date that the Recipient signs this Agreement.

5. The Recipient represents, warrants, and commits to the following as of the Eligible Work Start Date and continuing thereafter for the term of this Agreement, which shall be at least until the Records Retention End Date:
 - (a) The Recipient agrees to comply with all terms, provisions, conditions, and commitments of this Agreement, including all incorporated documents.

- (b) The execution and delivery of this Agreement, including all incorporated documents, has been duly authorized by the Recipient. Upon execution by both parties, this Agreement constitutes a valid and binding obligation of the Recipient, enforceable in accordance with its terms, except as such enforcement may be limited by law.
 - (c) None of the transactions contemplated by this Agreement will be or have been made with an actual intent to hinder, delay, or defraud any present or future creditors of Recipient. The Recipient is solvent and will not be rendered insolvent by the transactions contemplated by this Agreement. The Recipient is able to pay its debts as they become due. The Recipient maintains sufficient insurance coverage considering the scope of this Agreement, including, for example but not necessarily limited to, general liability, automobile liability, workers compensation and employer liability, professional liability.
 - (d) The Recipient is in compliance with all State Water Board funding agreements to which it is a party.
6. This Agreement, and any amendments hereto, may be executed and delivered in any number of counterparts, each of which when delivered shall be deemed to be an original, but such counterparts shall together constitute one document. The parties may sign this Agreement, and any amendments hereto, either by an electronic signature using a method approved by the State Water Board or by a physical, handwritten signature. The parties mutually agree that an electronic signature using a method approved by the State Water Board is the same as a physical, handwritten signature for the purposes of validity, enforceability, and admissibility.

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

BURNEY WATER DISTRICT:

David Zevely
By: David Zevely (Oct 25, 2023 08:36 PDT)
Name: David Zevely
Title: District Manager

Date: Oct 25, 2023

STATE WATER RESOURCES CONTROL BOARD:

J. Karkoski
By: _____
Name: Joe Karkoski
Title: Deputy Director
Division of Financial Assistance

Date: Nov 9, 2023

EXHIBIT A – SCOPE OF WORK AND SCHEDULE

A.1 PROJECT PURPOSE AND DESCRIPTION.

The Project is for the benefit of the Recipient and has a Useful Life of thirty (30) years. The funding under this Agreement shall be used to address old infrastructure, source capacity issues, lack of system redundancy to meet maximum day demand, drought resiliency, and fire protection in accordance with California Waterworks Standards. Specifically, the project will upgrade the booster pump station, rehabilitate the existing wells and storage tanks, upgrade the supervisory control and data acquisition system, and demolish the inactive water system components.

A.2 SCOPE OF WORK.

The Recipient agrees to do the following:

1. Upgrade the booster pump station by installing a new electric system, replace the existing pumps with two (2) 125 horsepower pumps and associated valves and piping, and rehabilitate the current building structure according to County building code.
2. Replace the existing motors on Well 6, 7, and 8 with variable frequency drive (VFD) type, including the associated valves and pumps.
3. Upgrade the well house structure for Well 6, 7, and 8 according to County building code, install liquid sodium hypochlorite chlorination facilities to be utilized in case of an emergency, and install an emergency backup generator.
4. Rehab the Ivan Marx Tank, Timber Ridge Tank, and Mountain View Tank by repairing and re-applying tank interior and exterior coatings, overflow screen, and fence around the tanks. Also, upgrade existing antenna, control panel, and programmable logic control to be used on new SCADA system.
5. Upgrade the SCADA system and associate electrical components on drinking water equipment to match with sewage system.
6. Demolish the existing diesel pump for the booter pump station, the existing natural gas engine for Well 8, and the out-of-service Water Tank No. 3.

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

A.3 SIGNAGE.

The Recipient shall comply with the requirements below or with any modified requirements approved by the Division and by the USEPA.

(a) Investing in America Emblem: The Recipient shall ensure that a professionally prepared sign is placed at construction sites supported in whole or in part by this Agreement displaying the official Investing in America emblem and must identify the project as a “project funded by President Biden’s Bipartisan Infrastructure Law.” The sign must be placed at construction sites in an easily visible location that can be directly linked to the work taking place and must be maintained in good condition throughout the construction period. The Recipient shall ensure compliance with the guidelines and design specifications provided by the USEPA for using the official Investing in America emblem available at:

<https://www.epa.gov/invest/investing-america-signage>.

(b) Logos. The Recipient shall include the following logos on the signage in addition to the official Investing in America emblem using the customizable sign template at the link provided in section (a).



(c) Procuring Signs: Consistent with section 6002 of the Resource Conservation and Recovery Act, 42 U.S.C. 6962, and 2 CFR 200.323, Recipients are encouraged to use recycled or recovered materials when procuring signs. Signage costs are considered an eligible cost under this Agreement provided that the costs associated with signage are reasonable. Additionally, to increase public awareness of projects serving communities where English is not the predominant language, Recipients are encouraged to translate the language on signs (excluding the official Investing in America emblem or USEPA logo or seal) into the appropriate non-English language(s). The costs of such translation are eligible, provided the costs are reasonable.

A.4 SCHEDULE.

Failure to provide items by the due dates indicated in the table below may constitute a material violation of this Agreement. The Project Manager may adjust the dates in the “Estimated Due Date” column of this table, but Critical Due Date adjustments will require an amendment to this Agreement. The Recipient must complete and submit all work in time to be approved by the Division prior to Project Completion. As applicable for specific submittals, the Recipient must plan adequate time to solicit, receive, and address comments prior to submitting the final submittal. The Recipient must submit the final Reimbursement Request prior to the Final Reimbursement Request Date set forth on the Cover Page.

ITEM	DESCRIPTION OF SUBMITTAL	CRITICAL DUE DATE	ESTIMATED DUE DATE
EXHIBIT A – SCOPE OF WORK			
A.	ADDITIONAL SUBMITTAL(S) TO DIVISION		
1.	Final Plans and Specifications	N/A	JANUARY 2025
2.	Open Bids	N/A	JUNE 2025
3.	Final Budget Approval Package	N/A	JULY 2025
4.	Construction Begins	N/A	OCTOBER 2025
5.	Completion of Construction	October 1, 2027	N/A
B.	REPORTS		
A.5	Progress Reports	N/A	Quarterly
A.6	Project Completion Report	N/A	DECEMBER 2027
A.8	Final Project Inspection and Certification	N/A	Upon completion of the Project
C.37	As Needed Information and Reports	N/A	As Requested by Division
EXHIBIT B – REIMBURSEMENTS, BUDGET DETAIL, AND REPORTING PROVISIONS			
A.	REIMBURSEMENTS		
B.6(2)	First Reimbursement Requests	No later than 90 days from Agreement Execution Date	N/A
B.6(3)	Reimbursement Request	N/A	As Needed
C.15	Final Reimbursement Request	April 1, 2028	N/A

The Recipient must award the prime construction contract and begin construction timely. The Recipient must deliver any request for extension of the Completion of Construction date no less than 90 days prior to the Completion of Construction date.

The Division may require corrective work to be performed prior to Project Completion. The State Water Board is not obligated to reimburse corrective work under this Agreement.

A.5 PROGRESS REPORTS.

The Recipient must provide a progress report to the Division each quarter, beginning no later than 90 days after execution of this Agreement. The Recipient must provide a progress report with each Reimbursement Request. Failure to provide a complete and accurate progress report may result in the withholding of Project Funds, as set forth in Exhibits B and C. A progress report must contain the following information:

- 1) A summary of progress to date including a description of progress since the last report, percent construction complete, percent contractor invoiced, and percent schedule elapsed;
- 2) A description of compliance with environmental requirements;
- 3) A listing of change orders including amount, description of work, and change in contract amount and schedule; and
- 4) Any problems encountered, proposed resolution, schedule for resolution, and status of previous problem resolutions.

A.6 PROJECT COMPLETION REPORT.

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

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

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

A.7 DISADVANTAGED BUSINESS ENTERPRISE REPORTS.

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

A.8 FINAL PROJECT INSPECTION AND CERTIFICATION.

Upon completion of the Project, the Recipient must provide for a final inspection and must certify that the Project has been completed in accordance with this Agreement, any final plans and specifications submitted to the State Water Board, and any amendments or modifications thereto. If the Project involves the planning, investigation, evaluation, design, or other work requiring interpretation and proper application of engineering, or other professionals, the final inspection and certification must be conducted by a California Registered Civil Engineer or other appropriate California registered professional. The results of the final inspection and certification must be submitted to the Project Manager.

EXHIBIT B – FUNDING PROVISIONS

B.1 ESTIMATED REASONABLE COST AND PROJECT FUNDS.

The estimated reasonable cost of the total Project is set forth on the Cover Page of this Agreement, and is greater than or equal to the funding anticipated to be provided by the State Water Board under this Agreement. Subject to the terms of this Agreement, the State Water Board agrees to provide Project Funds not to exceed the amount of the Project Funding Amount set forth on the Cover Page of this Agreement.

B.2 RECIPIENT CONTRIBUTIONS.

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

The loan component of this Agreement is forgiven. The estimated amount of principal that will be due to the State Water Board from the Recipient under this Agreement is Zero dollars and no cents (\$0.00).

If the Recipient recovers funds from any responsible parties, the Recipient shall immediately notify the Division. The amount of this Agreement may be reduced to reflect the recovered funds.

B.3 VERIFIABLE DATA.

Upon request by the Division, the Recipient must submit verifiable data to support deliverables specified in the Scope of Work. The Recipient's failure to comply with this requirement may be construed as a material breach of this Agreement.

B.4 BUDGET COSTS

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

LINE ITEM	TOTAL ESTIMATED COST	PROJECT FUNDING AMOUNT
Construction	\$9,740,000	\$9,740,000
Pre-Purchased Material/Equipment	\$15,000	\$15,000
Real Property or Easement Acquisition	\$0	\$0
Change Order Contingency	\$1,271,000	\$1,271,000
Force Account	\$0	\$0
Allowances (Soft Costs)	\$2,955,000	\$2,955,000
TOTAL	\$13,981,000	\$13,981,000

The Division's Final Budget Approval and related Form 259 and Form 260 will document a more detailed budget of eligible Project Costs and Project funding amounts. Construction of the Project may be completed in phases with written approval of the Division. If construction proceeds under separate phases, the Recipient must submit a Final Budget Approval package and receive Final Budget Approval from the Division for each phase.

The Recipient is prohibited from requesting disbursement amounts that represent Recipient's mark-ups to costs invoiced or otherwise requested by consultants or contractors.

Project Costs incurred prior to the Eligible Work Start Date on the cover page of this Agreement are not eligible for reimbursement.

Reasonable indirect costs may be allowable upon approval by the Division.

B.5 LINE ITEM ADJUSTMENTS.

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

Under no circumstances may the sum of line items in the budget approved through the Final Budget Approval process exceed the Project Funding Amount. Any increase in the Project Funding Amount will require an Agreement amendment.

B.6 REIMBURSEMENT PROCEDURE.

Except as may be otherwise provided in this Agreement, reimbursements will be made as follows:

1. Upon execution and delivery of this Agreement by both parties, the Recipient may request immediate reimbursement of any eligible incurred planning and design allowance costs through submission to the State Water Board of the Reimbursement Request Form 260 and Form 261, or any amendment thereto, duly completed and executed. To be eligible for reimbursement, Project Costs, including planning and design allowance costs, must have been incurred in compliance with all applicable requirements, including the cross-cutting requirements listed in Exhibits C and D.
2. The Recipient must submit a Reimbursement Request for costs incurred prior to the date this Agreement is executed by the State Water Board no later than ninety (90) days after this Agreement is executed by the State Water Board. Late Reimbursement Requests may not be honored.
3. Additional Project Funds will be promptly disbursed to the Recipient upon receipt of Reimbursement Request Form 260 and Form 261, or any amendment thereto, duly completed and executed by the Recipient for incurred costs consistent with this Agreement, along with receipt of progress reports due under this Agreement.
4. The Recipient must not request reimbursement for any Project Cost until such cost has been incurred and is currently due and payable by the Recipient, although the actual payment of such cost by the Recipient is not required as a condition of Reimbursement Request. Supporting documentation (e.g., receipts) must be submitted with each Reimbursement Request. The amount requested for Recipient's administration costs must include a calculation formula (i.e., hours or days worked times the hourly or daily rate = total amount claimed). Reimbursement of Project Funds will be made only after receipt of a complete, adequately supported, properly documented, and accurately addressed Reimbursement Request. Upon request by the Division, supporting documents for professional and administrative services must include the employees' names, classifications, labor rates, hours worked, and descriptions of the tasks performed. Reimbursement Requests submitted without supporting documents may be wholly or partially withheld at the discretion of the Division.
5. The Recipient must spend Project Funds within 30 days of receipt. If the Recipient earns interest earned on Project Funds, it must report that interest immediately to the State Water Board. The State Water Board may deduct earned interest from future reimbursements.
6. The Recipient must not request a reimbursement unless that Project Cost is allowable, reasonable, and allocable.
7. Notwithstanding any other provision of this Agreement, no reimbursement shall be required at any time or in any manner which is in violation of or in conflict with federal or state laws, policies, or regulations.

Notwithstanding any other provision of this Agreement, the Recipient agrees that the State Water Board may retain an amount equal to ten percent (10%) of the Project Funding Amount until Project Completion. Any retained amounts due to the Recipient will be promptly disbursed to the Recipient, without interest, upon Project Completion.

Except as follows, construction costs and disbursements are not available until after the Division has issued a Final Budget Approval for the corresponding costs. The Deputy Director of the Division may authorize the disbursement of up to ten percent (10%) of Project Funds for the reimbursement of eligible construction costs and

pre-purchased materials prior to Division approval of the final budget form submitted by the Recipient. All other construction costs are not eligible for reimbursement until after the Division has approved the corresponding final budget form submitted by the Recipient. Construction costs incurred prior to the Eligible Construction Start Date are not eligible for reimbursement.

B.7 REVERTING FUNDS AND DISENCUMBRANCE.

In the event the Recipient does not submit Reimbursement Requests for all funds encumbered under this Agreement timely, any remaining funds revert to the State. The State Water Board may notify the Recipient that the project file is closed, and any remaining balance will be disencumbered and unavailable for further use under the Agreement.

EXHIBIT C – GENERAL TERMS AND CONDITIONS 2019-NOV

GENERAL TERMS AND CONDITIONS 2019-NOV is posted at
https://www.waterboards.ca.gov/water_issues/programs/grants_loans/general_terms.html and replicated below:

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

- “Agreement” means this agreement, including all exhibits and attachments hereto.
- “Cover Page” means the front page of this Agreement.
- “Days” means calendar days unless otherwise expressly indicated.
- “Deputy Director” means the Deputy Director of the Division.
- “Division” means the Division of Financial Assistance of the State Water Board or any other division or unit of the State Water Board authorized to administer this Agreement.
- “Event of Default” means the occurrence of any of the following events:
 - a) A representation or warranty made by or on behalf of the Recipient in this Agreement or in any document furnished by or on behalf of the Recipient to the State Water Board pursuant to this Agreement shall prove to have been inaccurate, misleading or incomplete in any material respect;
 - b) Failure by the Recipient to observe and perform any covenant, condition, or provision in this Agreement, which failure shall continue for a period of time, to be determined by the Division;
 - c) Initiation of proceedings seeking arrangement, reorganization, or any other relief under any applicable bankruptcy, insolvency, or other similar law; the appointment of or taking possession of the Recipient’s property by a receiver, liquidator, assignee, trustee, custodian, conservator, or similar official; the Recipient’s entering into a general assignment for the benefit of creditors; the initiation of resolutions or proceedings to terminate the Recipient’s existence, or any action in furtherance of any of the foregoing;
 - d) A determination pursuant to Gov. Code section 11137 that the Recipient has violated any provision in Article 9.5 of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code; or
 - e) Loss of the Recipient’s rights, licenses, permits, or privileges necessary for the Project, or the occurrence of any material restraint on the Recipient’s enterprise by a government agency or court order.
- “Final Reimbursement Request Date” means the date set forth as such on the Cover Page of this Agreement, after which date, no further reimbursements or disbursements may be requested.
- “Fiscal Year” means the period of twelve (12) months terminating on June 30 of any year.
- “GAAP” means generally accepted accounting principles, the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor, or the Uniform System of Accounts, as adopted by the California Public Utilities Commission for water utilities.

- “Material Obligation” means an obligation of the Recipient that is material to this transaction.
 - “Party Contact” means, for the Recipient, the Authorized Representative of the Recipient or any designee of the Authorized Representative, and, for the State Water Board, the Division staff set forth in Section 2 of this Agreement.
 - “Project” means the Project funded by this Agreement as described in Exhibits A and B and in the documents incorporated by reference herein.
 - “Project Completion” means, as determined by the Division, that the Project is complete to the reasonable satisfaction of the Division.
 - “Project Costs” means the incurred costs of the Recipient which are eligible for funding under this Agreement, pursuant to applicable statutes, policy, regulations, or guidelines.
 - “Project Funding Amount” means the maximum amount payable under this Agreement, as set forth on the Cover Page.
 - “Project Funds” means all moneys disbursed to the Recipient by the State Water Board for eligible Project Costs pursuant to this Agreement.
 - “Project Manager” means the person designated by the State Water Board to manage performance of this Agreement. The Project Manager is set forth on the Cover Page.
 - “Records Retention End Date” means the last date that the Recipient is obligated to maintain records related to this Agreement and is set forth on the Cover Page of this Agreement.
 - “Regional Water Quality Control Board” or “Regional Water Board” means the appropriate Regional Water Quality Control Board.
 - “Reimbursement Period” means the period during which Project Funds may be disbursed.
 - “Reimbursement Request” means the Recipient’s request for Project Funds from the State Water Board as set forth in Exhibit B.
 - “State” means State of California.
 - “State Water Board” means the State Water Resources Control Board.
 - “Work Completion” means the Recipient’s submittal of all work set forth under Exhibit A for review and approval by the Division.
 - “Work Completion Date” means the date set forth on the Cover Page of this Agreement and is the last date on which Project Costs may be incurred under this Agreement.
 - “Year” means calendar year unless otherwise expressly indicated.
1. ACCESS, INSPECTION, AND PUBLIC RECORDS. The Recipient must ensure that the State Water Board, the State Auditor, or any authorized representative of the foregoing, will have safe and suitable access to the Project site at all reasonable times through the Records Retention End Date or useful life of the Project, whichever is longer. The Recipient acknowledges that, except for a subset of information regarding archaeological records and personally identifiable information, the Project records and locations may be public records, including but not limited to all of the submissions accompanying the application, all of the documents incorporated into this Agreement by reference, and all reports, Reimbursement Requests, and supporting documentation submitted hereunder.

2. ACCOUNTING AND AUDITING STANDARDS; FINANCIAL MANAGEMENT SYSTEMS. The Recipient must maintain GAAP-compliant project accounts, including GAAP requirements relating to the reporting of infrastructure assets. Without limitation of the requirement to maintain Project accounts in accordance with GAAP, the Recipient must:
 - (a) Establish an official file for the Project which adequately documents all significant actions relative to the Project;
 - (b) Establish separate accounts which will adequately and accurately depict all amounts received and expended on the Project, including all Project Funds received under this Agreement;
 - (c) Establish separate accounts which will adequately depict all income received which is attributable to the Project, specifically including any income attributable to Project Funds disbursed under this Agreement;
 - (d) Establish an accounting system which will accurately depict final total costs of the Project if authorized under this Agreement;
 - (e) Establish such accounts and maintain such records as may be necessary for the State to fulfill federal reporting requirements, including any and all reporting requirements under federal tax statutes or regulations; and
 - (f) If the Recipient uses its own employees, equipment, or resources for any phase of the Project, accounts will be established which reasonably document all employee hours charged to the Project and the associated tasks performed by each employee.
3. AMENDMENT. No amendment or variation of the terms of this Agreement shall be valid unless made in writing and signed by both the Recipient and the Deputy Director or designee and approved as required.
4. ASSIGNABILITY. This Agreement is not assignable by the Recipient, either in whole or in part, without the consent of the State Water Board. Amendment of the Agreement may be required.
5. AUDIT. The Division may call for an audit of financial information relative to the Project if the Division determines that an audit is desirable to assure program integrity or if an audit becomes necessary because of State or federal requirements. If an audit is called for, the audit must be performed by a certified public accountant independent of the Recipient and at the cost of the Recipient. The audit must be in the form required by the Division. The Recipient must return, or ensure the return of, any audit disallowances within 30 days.
6. BONDING. Where construction contractors are used, the Recipient must not authorize construction to begin until each contractor has furnished a performance bond in favor of the Recipient in the following amounts: faithful performance (100%) of contract value; labor and materials (100%) of contract value. This requirement shall not apply to any contract for less than \$25,000.00.
7. COMPETITIVE BIDDING. Recipient must adhere to any applicable State law or local ordinance for competitive bidding and applicable labor laws. If Recipient is a private entity, any construction contracts related in any way to the Project must be let by competitive bid procedures which assure award of such contracts to the lowest responsive and responsible bidders. Recipient must not award a construction contract until a summary of bids and identification of the selected lowest responsible bidder is submitted to and approved in writing by the Division. Recipient must provide a full explanation if Recipient is proposing to award a construction contract to anyone other than the lowest responsible bidder.
8. COMPLIANCE WITH APPLICABLE LAWS, RULES, AND REQUIREMENTS. The Recipient must, at all times, comply with and require its contractors and subcontractors to comply with all applicable federal and State laws, rules, guidelines, regulations, and requirements and with provisions of the adopted environmental mitigation plan, if any, for the useful life of the Project.

9. **COMPUTER SOFTWARE.** The Recipient certifies that it has appropriate systems and controls in place to ensure that State funds will not be used in the performance of this Agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.
10. **CONFLICT OF INTEREST.** The Recipient certifies that it, its owners, officers, directors, agents, representatives, and employees are in compliance with applicable State and federal conflict of interest laws and will remain in compliance for the useful life of the Project. Any service provider or contractor with which the Recipient contracts must not have any role or relationship with the Recipient, that, in effect, substantially limits the Recipient's ability to exercise its rights, including cancellation rights, under the contract, based on all the facts and circumstances. Public entities are required to have adopted conflict of interest codes and may be required to provide documentation of those codes to the Division.
11. **DATA MANAGEMENT.** The Recipient will undertake appropriate data management activities so that Project data can be incorporated into statewide data systems.
12. **DEBARRED, DISQUALIFIED, OR EXCLUDED CONTRACTORS.** The Recipient must not contract or allow subcontracting with excluded parties. The Recipient must not contract with any party who is debarred or suspended or otherwise excluded from or ineligible for participation in any work overseen, directed, funded, or administered by the State Water Board program for which this funding is authorized. For any work related to this Agreement, the Recipient must not contract with any individual or organization on the State Water Board's List of Disqualified Businesses and Persons that is identified as debarred or suspended or otherwise excluded from or ineligible for participation in any work overseen, directed, funded, or administered by the State Water Board program for which funding under this Agreement is authorized. The State Water Board's List of Disqualified Businesses and Persons is located at http://www.waterboards.ca.gov/water_issues/programs/enforcement/fwa/dbp.shtml
13. **DRUG-FREE WORKPLACE.** The Recipient certifies that it will provide a drug-free workplace in compliance with the Drug-Free Workplace Act (Gov. Code. §§ 8350-8357). The Recipient shall publish a statement notifying employees that the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited in the Recipient's workplace and specifying the actions to be taken against employees for violations of the prohibition. The Recipient shall establish a drug-free awareness program to inform employees about the dangers of drug abuse in the workplace, the Recipient's policy of maintaining a drug-free workplace, any available drug counseling, rehabilitation and employee assistance programs, and penalties that may be imposed upon employees for drug abuse violations. The Recipient shall provide that every employee who works on the Project receives a copy of the Recipient's drug-free workplace policy statement and agrees to abide by the terms of the statement as a condition of employment on the Project.
14. **ENVIRONMENTAL CLEARANCE.** No work that is subject to California Environmental Quality Act (CEQA) or the National Environmental Policy Act (NEPA) may proceed under this Agreement until the State Water Board has provided approval to proceed. Upon receipt and review of the Recipient's environmental documents, the State Water Board shall make the appropriate environmental findings before determining whether to approve construction or implementation funding for the Project under this Agreement. Providing approval for such construction or implementation funding is fully discretionary. The State Water Board may require changes in the scope of work or additional mitigation as a condition to providing construction or implementation funding under this Agreement. Recipient shall not perform any work subject to CEQA and/or NEPA before the State Water Board completes its environmental review and specifies any changes in scope or additional mitigation that may be required. Proceeding with work subject to CEQA and/or NEPA without approval by the State Water Board shall constitute a breach of a material provision of this Agreement. If this Project includes modification of a river or stream channel, the Recipient must fully mitigate environmental impacts resulting from the modification. The Recipient must provide documentation that the environmental impacts resulting from such modification will be fully mitigated considering all of the impacts of the modification and any mitigation, environmental enhancement, and environmental benefit resulting from the Project, and whether, on balance, any environmental enhancement or benefit equals or exceeds any negative environmental impacts of the Project.

15. **FINAL REIMBURSEMENT REQUEST.** The Recipient agrees to ensure that its final Reimbursement Request is received by the Division no later than the Final Reimbursement Request Date, unless prior approval has been granted by the Division. If the final Reimbursement Request is not received timely, the undisbursed balance of this Agreement may be deobligated.
16. **FRAUD AND MISUSE OF PUBLIC FUNDS.** All requests for disbursement must be accurate and signed by the Recipient or its Authorized Representative under penalty of perjury. All costs submitted pursuant to this Agreement must only be for the work or tasks set forth in this Agreement. The Recipient must not submit any invoice containing costs that are ineligible or have been reimbursed from other funding sources unless required and specifically noted as such (i.e., match costs). Any costs for which the Recipient is seeking reimbursement shall not be reimbursed from any other source. Double or multiple billing for time, services, or any other cost is improper and will not be compensated. Any suspected occurrences of fraud, forgery, embezzlement, theft, or any other misuse of public funds may result in suspension of disbursements and, notwithstanding any other section in this Agreement, the termination of this Agreement requiring the immediate repayment of all funds disbursed hereunder. Additionally, the Deputy Director of the Division may request an audit and refer the matter to the Attorney General's Office or the appropriate district attorney's office for criminal prosecution or the imposition of civil liability.
17. **FUNDING CONTINGENCY.** The State Water Board's disbursement of funds hereunder is contingent on the Recipient's compliance with the terms and conditions of this Agreement. The State Water Board's obligation to disburse funds is contingent upon the availability of sufficient funds to permit the disbursements provided for herein. If sufficient funds are not available for any reason, including but not limited to failure of the federal or State government to appropriate funds necessary for disbursement of funds, the State Water Board shall not be obligated to make any disbursements to the Recipient under this Agreement. If this Agreement's funding for any fiscal year expires due to reversion or is reduced, substantially delayed, or deleted by the Budget Act, by Executive Order, or by order or action of the Department of Finance, the State Water Board has the option to either cancel this Agreement with no liability accruing to the State Water Board, or offer an amendment to the Recipient to reflect the reduced amount. This provision shall be construed as a condition precedent to the obligation of the State Water Board to make any disbursements under this Agreement. Nothing in this Agreement shall be construed to provide the Recipient with a right of priority for disbursement over any other entity. If any disbursements due the Recipient under this Agreement are deferred because sufficient funds are unavailable, it is the intention of the State Water Board that such disbursement will be made to the Recipient when sufficient funds do become available, but this intention is not binding.
18. **GOVERNING LAW.** This Agreement is governed by and shall be interpreted in accordance with the laws of the State of California.
19. **RECIPIENT'S SHARE.** The Recipient agrees that it will provide for the payment of its full share, if any share is required, of Project Costs and that all costs connected with the Project will be timely paid by the Recipient.
20. **INDEMNIFICATION AND STATE REVIEWS.** The parties agree that review or approval of Project plans and specifications by the State Water Board is for administrative purposes only, including conformity with application and eligibility criteria, and expressly not for the purposes of design defect review or construction feasibility, and does not relieve the Recipient of its responsibility to properly plan, design, construct, operate, and maintain the Project. To the extent permitted by law, the Recipient agrees to indemnify, defend, and hold harmless the State Water Board and any trustee, and their officers, employees, and agents for the Bonds, if any (collectively, "Indemnified Persons"), against any loss or liability arising out of any claim or action brought against any Indemnified Persons from and against any and all losses, claims, damages, liabilities, or expenses, of every conceivable kind, character, and nature whatsoever arising out of, resulting from, or in any way connected with (1) the Project or the conditions, occupancy, use, possession, conduct, or management of, work done in or about, or the planning, design, acquisition, installation, or construction, of the Project or any part thereof; (2) the carrying out of any of the transactions contemplated by this Agreement or any related document; (3) any violation of any applicable law, rule or regulation, any environmental law (including, without limitation, the Federal Comprehensive

Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act, the California Hazardous Substance Account Act, the Federal Water Pollution Control Act, the Clean Air Act, the Toxic Substances Control Act, the Occupational Safety and Health Act, the Safe Drinking Water Act, the California Hazardous Waste Control Law, and California Water Code Section 13304, and any successors to said laws), rule or regulation or the release of any toxic substance on or near the Project; or (4) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements required to be stated therein, in light of the circumstances under which they were made, not misleading with respect to any information provided by the Recipient for use in any disclosure document utilized in connection with any of the transactions contemplated by this Agreement, except those arising from the gross negligence or willful misconduct of the Indemnified Persons. The Recipient must also provide for the defense and indemnification of the Indemnified Persons in any contractual provision extending indemnity to the Recipient in any contract let for the performance of any work under this Agreement, and must cause the Indemnified Persons to be included within the scope of any provision for the indemnification and defense of the Recipient in any contract or subcontract. To the fullest extent permitted by law, the Recipient agrees to pay and discharge any judgment or award entered or made against Indemnified Persons with respect to any such claim or action, and any settlement, compromise or other voluntary resolution. The provisions of this section survive the term of this Agreement.

21. **INDEPENDENT ACTOR.** The Recipient, and its agents and employees, if any, in the performance of this Agreement, shall act in an independent capacity and not as officers, employees, or agents of the State Water Board.
22. **INSPECTION.** Throughout the useful life of the Project, the State Water Board shall have the right to inspect the Project area to ascertain compliance with this Agreement.
23. **INTEGRATION.** This Agreement constitutes the complete and final agreement between the parties. No oral or written understanding or agreement not incorporated in this Agreement shall be binding on either party.
24. **LIENS.** The Recipient must not make any pledge of or place any lien on the Project or Project assets except upon consent of the Division.
25. **NO DISCRIMINATION.** The Recipient must comply with Government Code section 11135 and the implementing regulations (Cal. Code Regs, tit. 2, § 11140 et seq.), including, but not limited to, ensuring that no person is unlawfully denied full and equal access to the benefits of, or unlawfully subjected to discrimination in the operation of, the Project on the basis of sex, race, color, religion, ancestry, national origin, ethnic group identification, age, mental disability, physical disability, medical condition, genetic information, marital status, or sexual orientation as such terms are defined under California law, for as long as the Recipient retains ownership or possession of the Project. If Project Funds are used to acquire or improve real property, the Recipient must include a covenant of nondiscrimination running with the land in the instrument effecting or recording the transfer of such real property. The Recipient must comply with the federal American with Disabilities Act of 1990 and implementing regulations as required by Government Code section 11135(b). The Recipient's obligations under this section shall survive the term of this Agreement. During the performance of this Agreement, Recipient and its contractors and subcontractors must not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, sexual orientation, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, denial of family care leave, or genetic information, gender, gender identity, gender expression, or military and veteran status. The Recipient, its contractors, and subcontractors must ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. The Recipient, its contractors, and subcontractors must comply with the provisions of the Fair Employment and Housing Act and the applicable regulations promulgated thereunder. (Gov. Code, §12990, subds. (a)-(f) et seq.; Cal. Code Regs., tit. 2, § 7285 et seq.) Such regulations are incorporated into this Agreement by reference and made a part hereof as if set forth in full. The Recipient, its contractors, and subcontractors must give written notice of their obligations under this

clause to labor organizations with which they have a collective bargaining or other agreement. The Recipient must include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this Agreement.

26. NO THIRD-PARTY RIGHTS. This Agreement creates no rights in and grants no remedies to any third party as a beneficiary of this Agreement.
27. NO OBLIGATION OF THE STATE. Any obligation of the State Water Board herein contained shall not be an obligation, debt, or liability of the State and any such obligation shall be payable solely out of the moneys encumbered pursuant to this Agreement.
28. NON-WAIVER. Nothing in this Agreement shall affect or impair the Recipient's obligation to undertake work under this Agreement or shall affect or impair the right of the State Water Board to bring suit to enforce such work. No delay or omission of the State Water Board in the exercise of any right arising upon an Event of Default shall impair any such right or be construed to be a waiver of any such Event of Default. The State Water Board may exercise from time to time and as often as shall be deemed expedient by the State Water Board, any remedy or right provided by law or pursuant to this Agreement. Any waiver of rights by the State Water Board with respect to a default or other matter arising under this Agreement at any time shall not be considered a waiver of rights with respect to any other default or matter.
29. OTHER FUNDING SOURCES; INCOME RESTRICTIONS. If funding for Project Costs is made available to the Recipient from sources other than this Agreement, the Recipient must notify the Division. The Recipient may retain such funding up to an amount which equals the Recipient's contribution to Project costs. To the extent allowed by requirements of other funding sources, excess funding must be remitted to the State Water Board. The Recipient agrees that any refunds, rebates, credits, or other amounts (including any interest thereon) accruing to or received by the Recipient as related to this Agreement must be paid by the Recipient to the State Water Board, to the extent that they are properly allocable to costs for which the Recipient has been reimbursed by the State Water Board under this Agreement.
30. PERMITS AND AUTHORIZATIONS. Recipient must procure all permits, licenses and other authorizations necessary to accomplish the work contemplated in this Agreement, pay all charges and fees, and give all notices necessary and incidental to the due and lawful prosecution of the work. Signed copies of any such permits or licenses must be submitted to the Division before any construction or implementation begins.

Any contractors, outside associates, or consultants required by the Recipient in connection with the services covered by this Agreement shall be limited to such individuals or firms as were specifically identified and agreed to during negotiations for this Agreement, or as are specifically authorized by the State Water Board's Project Manager during the performance of this Agreement. Any substitutions in, or additions to, such contractors, associates, or consultants, shall be subject to the prior written approval of the State Water Board's Project Manager.
31. PREVAILING WAGES. If applicable, the Recipient agrees to be bound by all applicable provisions of State Labor Code regarding prevailing wages. If applicable, the Recipient must monitor all agreements subject to reimbursement from this Agreement to ensure that the applicable prevailing wage provisions of the State Labor Code are being met. Division of Industrial Relations (DIR) requirements may be found at: <http://www.dir.ca.gov/lcp.asp>. For more information, please refer to DIR's Public Works Manual at: <http://www.dir.ca.gov/dlse/PWManualCombined.pdf>.
32. PRIOR COSTS. No costs incurred prior to the Eligible Work Start Date are eligible for reimbursement.
33. PROFESSIONALS. The Recipient agrees that only licensed professionals will be used to perform services under this Agreement where such services are called for. All technical reports required pursuant to this Agreement that involve planning, investigation, evaluation, design, or other work requiring interpretation and proper application of engineering, architectural, or geologic sciences, shall be prepared

by or under the direction of persons registered to practice in California pursuant to Business and Professions Code, sections 5536.1, 6735, 7835, and 7835.1. As required by these laws, completed technical reports must bear the signature(s) and seal(s) of the registered professional(s) in a manner such that all work can be clearly attributed to the professional responsible for the work.

34. RECORDS, INSPECTION, AUDITS, AND INTERVIEWS; RECORDS RETENTION. The Recipient must maintain separate books, records and other material relative to the Project and retain such books, records, subcontracts, and other material until at least the Records Retention End Date set forth on the Cover Page of this Agreement. The Recipient must require that such books, records, and other material are subject at all reasonable times (at a minimum during normal business hours) to inspection, copying, and audit by the State Water Board, the Department of Finance, the California State Auditor, the Bureau of State Audits, or any authorized representatives of the aforementioned, including federal funding agencies and their auditors, if any. The Recipient must allow and must require its contractors to allow interviews during normal business hours of any employees who might reasonably have information related to such records. The Recipient agrees to include a similar duty regarding audit, interviews, and records retention in any contract or subcontract related to the performance of this Agreement. The provisions of this section survive the term of this Agreement.
35. RELATED LITIGATION. Under no circumstances may the Recipient use funds from any reimbursement under this Agreement to pay costs associated with any litigation the Recipient pursues against the State Water Board or any Regional Water Board. Regardless of the outcome of any such litigation, and notwithstanding any conflicting language in this Agreement, the Recipient agrees to complete the Project funded by this Agreement or to repay all of the disbursed funds plus interest.
36. REMEDIES. The State Water Board may enforce its rights under this Agreement by any judicial proceeding, whether at law or in equity. None of the remedies available to the State Water Board shall be exclusive of any other remedy, and each such remedy shall be cumulative and in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. The State Water Board may exercise any remedy, now or hereafter existing, without exhausting and without regard to any other remedy. Any dispute of the Recipient is limited to the rights and remedies provided to the Recipient under this Agreement and is subject to the procedures provided to the Recipient under this Agreement.
37. REPORTS - AS NEEDED. The Recipient must provide expeditiously any reports, data, and information reasonably required by the Division, including but not limited to material necessary or appropriate for evaluation of the funding program or to fulfill any reporting requirements of the State or federal government.
38. RESPONSIBILITY FOR WORK. The Recipient shall be responsible for all work and for persons or entities engaged in work performed pursuant to this Agreement, including, but not limited to, contractors, subcontractors, suppliers, and providers of services. The Recipient shall be responsible for responding to any and all disputes arising out of its contracts for work on the Project, including, but not limited to, payment disputes with contractors and subcontractors. The State Water Board will not mediate disputes between the Recipient and any other entity concerning responsibility for performance of work.
39. RIGHTS IN DATA. The Recipient agrees that all data, plans, drawings, specifications, reports, computer programs, operating manuals, notes, and other written or graphic work produced in the performance of this Agreement are subject to the rights of the State as set forth in this section. The State shall have the right to reproduce, publish, and use all such work, or any part thereof, in any manner and for any purposes whatsoever and to authorize others to do so. If any such work is copyrightable, the Recipient may copyright the same, except that, as to any work which is copyrighted by the Recipient, the State reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, and use such work, or any part thereof, and to authorize others to do so, and to receive electronic copies from the Recipient upon request. The Recipient may disclose, disseminate and use in whole or in part, any final form data and information received, collected, and developed under this Agreement, subject to appropriate acknowledgement of credit to the State Water Board for financial support. The Recipient shall not utilize the materials for any profit-making venture or sell or grant rights to a third party who intends to do so.

40. STATE WATER BOARD ACTION; COSTS AND ATTORNEY FEES. In the event of litigation between the parties hereto arising from this Agreement, it is agreed that each party shall bear its own costs and attorney fees.
41. STATUS QUO. If any action to enforce any right or exercise any remedy shall be brought and either discontinued or determined adversely to the State Water Board, then the State Water Board shall be restored to its former position, rights, and remedies as if no such action had been brought.
42. TERMINATION, IMMEDIATE REPAYMENT, AND INTEREST: This Agreement may be terminated by written notice at any time, at the option of the State Water Board, if:
 - a. the Recipient has received funds as a result of a material misrepresentation in the funding application or other submitted document; or
 - b. upon violation by the Recipient of any material provision of this Agreement after such violation has been called to the attention of the Recipient and after failure of the Recipient to bring itself into compliance with the provisions of this Agreement within a reasonable time as established by the State Water Board.

In the event of such termination, the Recipient agrees, upon demand, to immediately repay to the State Water Board an amount equal to the amount of Project Funds disbursed to the Recipient prior to such termination. In the event of termination, interest shall accrue on all amounts due at the highest legal rate of interest from the date that notice of termination is mailed to the Recipient to the date of full repayment by the Recipient.
43. TIMING. Time is of the essence. The Recipient must expeditiously proceed with and complete the Project. Failure to proceed according to the timelines set forth in this Agreement may require the Recipient to repay to the State Water Board all disbursed Project Funds.
44. TRAVEL AND PER DIEM. No work or travel outside the State of California is permitted under this Agreement unless the Division provides prior written authorization. No work or travel outside the United States of America is authorized. Failure to comply with this restriction may constitute an Event of Default and result in termination of this Agreement. Any reimbursement for necessary travel and per diem shall be set pursuant to and at rates not to exceed those set by the California Department of Human Resources at <http://www.calhr.ca.gov/employees/Pages/travel-reimbursements.aspx>. as of the date costs are incurred by the Recipient.
45. UNDISBURSED FUNDS. The Recipient is not entitled to interest earned on undisbursed funds.
46. UNENFORCEABLE PROVISION; SEVERABILITY. In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.
47. UNION ACTIVITIES: The Recipient hereby acknowledges the applicability of Government Code sections 16645 through 16649 to this Agreement. The Recipient certifies that none of the Project Funds will be used to assist, promote, or deter union organizing. If the Recipient incurs costs or makes expenditures to assist, promote, or deter union organizing, the Recipient will maintain records sufficient to show that no reimbursement from Project Funds has been sought for these costs and the Recipient shall provide those records to the Attorney General upon request.
48. VENUE. Any action arising out of this Agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California.
49. WAIVER AND RIGHTS OF THE STATE WATER BOARD. Any waiver of rights by the State Water Board with respect to a default or other matter arising under this Agreement at any time shall not be considered a waiver of rights with respect to any other default or matter.
50. WATER CONSERVATION AND EFFICIENCY PROGRAMS: The Recipient acknowledges that it has appropriate water conservation and efficiency programs in place, and that this provision constitutes a condition of this Agreement. A web link with examples of water conservation and efficiency programs is

available at:

http://www.waterboards.ca.gov/waterrights/water_issues/programs/drought/conservation.shtml.

51. WATER DIVERSION AND USE: To the extent applicable, the Recipient has complied with, and shall continue to comply with, the requirements of Water Code, division 2, part 5.1, section 5100 et seq. for filing statements of water diversion and use.
52. WITHHOLDING OF DISBURSEMENTS AND REIMBURSEMENTS. Notwithstanding any other provision of this Agreement, the State Water Board may withhold all or any portion of the Project Funds upon the occurrence of any of the following events:
 - a) Failure of the Recipient to maintain reasonable progress on the Project as determined by the Division;
 - b) Commencement of litigation or a judicial or administrative proceeding related to the Project, or Recipient that the State Water Board determines may impair the timely satisfaction of Recipient's obligations under this Agreement;
 - c) Any investigation by State, local, or federal investigators or auditors, or a grand jury, relating to the Recipient's financial management, accounting procedures, or internal fiscal controls;
 - d) A material adverse change in the condition of the Recipient, or the Project, that the Division reasonably determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement, or any other event that the Division reasonably determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement;
 - e) The Recipient's material violation of, or threat to materially violate, any provision of this Agreement;
 - f) Suspicion of fraud, forgery, embezzlement, theft, or any other misuse of public funds by the Recipient or its employees, or by its contractors or agents directly or indirectly regarding the Project;
 - g) An event requiring notice under this Agreement; or
 - h) An Event of Default or an event that the Division determines may become an Event of Default.

EXHIBIT D – SPECIAL CONDITIONS

D.1 DEFINITIONS.

(a) Notwithstanding Exhibit C, the following terms have no meaning for the purposes of this Agreement:

- Work Completion
- Work Completion Date

(b) Each capitalized term used in this Agreement has the following meaning:

- "Allowance" means an amount based on a percentage of the accepted bid for an eligible project to help defray the planning, design, and construction engineering and administration costs of the Project.
- "Authorized Representative" means the duly appointed representative of the Recipient as set forth in the certified original of the Recipient's authorizing resolution that designates the authorized representative by title.
- "Completion of Construction" means the date, as determined by the Division after consultation with the Recipient, that the work of building and erection of the Project is substantially complete, and is established on the Cover Page of this Agreement.
- "District Office" means District Office of the Division of Drinking Water of the State Water Board.
- "Division of Drinking Water" means the Division of Drinking Water of the State Water Board.
- "Eligible Construction Start Date" means the date set forth on the Cover Page of this Agreement, establishing the date on or after which construction costs may be incurred and eligible for reimbursement hereunder.
- "Eligible Work Start Date" means the date set forth on the Cover Page of this Agreement, establishing the date on or after which any non-construction costs may be incurred and eligible for reimbursement hereunder.
- "Enterprise Fund" means the enterprise fund of the Recipient in which Revenues are deposited.
- "Event of Default" means, in addition to the meanings set forth in Exhibit C, the occurrence of any of the following events:
 - a) A material adverse change in the condition of the Recipient, the Revenues, or the System, which the Division reasonably determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement.
 - b) Failure to operate the System or the Project, unless the Division has given its approval for such non-operation.
 - c) The occurrence of a material breach or event of default under any Recipient obligation that results in the acceleration of principal or interest or otherwise requires immediate prepayment, repurchase or redemption, or that the Division determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement.
 - d) Failure to obtain and keep necessary water rights for the Useful Life of the Project.
- "Final Budget Approval (FBA)" means the Division-approved final budget for the Project, as set forth in Exhibit B.

- "Indirect Costs" means those costs that are incurred for a common or joint purpose benefiting more than one cost objective and are not readily assignable to the Project (i.e., costs that are not directly related to the Project). Examples of Indirect Costs include, but are not limited to: central service costs; general administration of the Recipient; non-project-specific accounting and personnel services performed within the Recipient organization; depreciation or use allowances on buildings and equipment; the costs of operating and maintaining non-project-specific facilities; tuition and conference fees; generic overhead or markup; and taxes.
- "Initiation of Construction" means the date that notice to proceed with work is issued for the Project, or, if notice to proceed is not required, the date of commencement of building and erection of the Project.
- "Net Revenues" means, for any Fiscal Year, all Revenues received by the Recipient less the Operations and Maintenance Costs for such Fiscal Year.
- "Operations and Maintenance Costs" means the reasonable and necessary costs paid or incurred by the Recipient for maintaining and operating the System, determined in accordance with GAAP, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the System in good repair and working order, and including all reasonable and necessary administrative costs of the Recipient that are charged directly or apportioned to the operation of the System, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits, licenses, and charges to operate the System and insurance premiums; but excluding, in all cases depreciation, replacement, and obsolescence charges or reserves therefor and amortization of intangibles.
- "Policy" means the State Water Board's "Policy for Implementing the Drinking Water State Revolving Fund," as amended from time to time, including the Intended Use Plan in effect as of the execution date of this Agreement.
- "Revenues" means, for each Fiscal Year, all gross income and revenue received or receivable by the Recipient from the ownership or operation of the System, determined in accordance with GAAP, including all rates, fees, and charges (including connection fees and charges) as received by the Recipient for the services of the System, and all other income and revenue howsoever derived by the Recipient from the ownership or operation of the System or arising from the System, including all income from the deposit or investment of any money in the Enterprise Fund or any rate stabilization fund of the Recipient or held on the Recipient's behalf, and any refundable deposits made to establish credit, and advances or contributions in aid of construction.
- "System" means all drinking water collection, transport, treatment, storage, and delivery facilities, including land and easements thereof, owned by the Recipient, or its successor agency, and all other properties, structures, or works hereafter acquired and constructed by the Recipient and determined to be a part of the System, together with all additions, betterments, extensions, or improvements to such facilities, properties, structures, or works, or any part thereof hereafter acquired and constructed.
- "Useful Life" means the economically useful life of the Project beginning at Project Completion and is set forth in Exhibit A.

D.2 ADDITIONAL REPRESENTATIONS AND WARRANTIES.

The Recipient represents, warrants, and covenants each of the following:

- a) The Recipient has not made any untrue statement of a material fact in its application for this financial assistance or omitted to state in its application a material fact that makes the statements in its application not misleading.
- b) The Recipient agrees to fulfill all assurances, declarations, representations, and commitments in its application, accompanying documents, and communications filed in support of its request for funding under this Agreement.
- c) The execution, delivery, and performance by Recipient of this Agreement, including all incorporated documents, do not violate any provision of any law or regulation in effect as of the date of execution of this Agreement by the Recipient, or result in any breach or default under any contract, obligation, indenture, or other instrument to which Recipient is a party or by which Recipient is bound as of the date of execution of this Agreement by the Recipient.
- d) There are, as of the date of execution of this Agreement by the Recipient, no pending or, to Recipient's knowledge, threatened actions, claims, investigations, suits, or proceedings before any governmental authority, court, or administrative agency that materially affect the financial condition or operations of the Recipient, the Revenues, and/or the Project.
- e) There are no proceedings, actions, or offers by a public entity to acquire by purchase or the power of eminent domain any of the real or personal property related to or necessary for the Project.
- f) The Recipient is duly organized and existing and in good standing under the laws of the State of California. Recipient must at all times maintain its current legal existence and preserve and keep in full force and effect its legal rights and authority. Within the preceding ten years, the Recipient has not failed to demonstrate compliance with state or federal audit disallowances.
- g) Any financial statements or other financial documentation of Recipient previously delivered to the State Water Board as of the date(s) set forth in such financial statements or other financial documentation: (a) are materially complete and correct; (b) present fairly the financial condition of the Recipient; and (c) have been prepared in accordance with GAAP. Since the date(s) of such financial statements or other financial documentation, there has been no material adverse change in the financial condition of the Recipient, nor have any assets or properties reflected on such financial statements or other financial documentation been sold, transferred, assigned, mortgaged, pledged or encumbered, except as previously disclosed in writing by Recipient and approved in writing by the State Water Board.
- h) The Recipient is current in its continuing disclosure obligations associated with its material debt, if any.
- i) The Recipient has no conflicting or Material Obligations.
- j) The Recipient has sufficient real or personal property rights necessary for the purposes of this Agreement, not subject to third party revocation, which rights extend at least to the Records Retention End Date of this Agreement, except as disclosed to the State Water Board. The Recipient legally possesses property access rights to any real or personal property necessary for the purposes of this Agreement for which the Recipient does not legally possess all real or personal property rights. The Recipient has disclosed to the State Water Board all proceedings,

actions, or offers of which the Recipient has knowledge or belief that may in any way affect the Recipient's ability to access or legally possess all of the property necessary for the purpose of this Agreement, including any proceedings, actions, or offers to lease, purchase, or acquire by eminent domain any of the real or personal property related to or necessary for the Project.

- k) The Recipient and its principals, contractors, and subcontractors, to the best of the Recipient's knowledge and belief, are not presently debarred, suspended, proposed for debarment, declared ineligible, or otherwise excluded from participation in any work overseen, directed, funded, or administered by the State Water Board program for which this funding is authorized; nor have they engaged or permitted the performance of services covered by this Agreement from parties that are debarred or suspended or otherwise excluded from or ineligible for participation in any work overseen, directed, funded, or administered by the State Water Board program for which this funding is authorized.
- l) The Recipient possesses all water rights necessary for this Project.

D.3 ACKNOWLEDGEMENTS.

The Recipient must include the following acknowledgement in any document, written report, or brochure to be shared with the general public prepared in whole or in part pursuant to this Agreement:

- "Funding for this project has been provided in full or in part under the Drinking Water State Revolving Fund, which may include capitalization funding from the United States Environmental Protection Agency through an agreement with the State Water Resources Control Board. The contents of this document do not necessarily reflect the views and policies of the foregoing, nor does mention of trade names or commercial products constitute endorsement or recommendation for use."

D.4 RATES, FEES, AND CHARGES.

The Recipient must, to the extent permitted by law, fix, prescribe and collect rates, fees and charges for the System during each Fiscal Year which are reasonable, fair, and nondiscriminatory and which will be sufficient to generate Revenues in the amounts necessary to cover Operations and Maintenance Costs, and must ensure that Net Revenues are in an amount necessary to meet its obligations under this Agreement. The Recipient may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates, fees and charges then in effect unless the Net Revenues from such reduced rates, fees, and charges will at all times be sufficient to meet the requirements of this section.

D.5 RESERVED

D.6 RESERVED

D.7 RESERVED

D.8 TECHNICAL SPECIAL CONDITIONS.

1. Recipient shall submit a copy of the Project's final bid package to the Division for approval prior to bidding for construction.
2. Recipient shall notify the Division of the start of the Project construction and subsequently at fifty percent (50%) and one hundred percent (100%) complete.

3. Upon completion of the Project the Recipient shall submit a water supply permit amendment request for review to the Division of Drinking Water Lassen District Office.
4. The Recipient shall submit its professional engineering services contract(s) to the Division for approval prior to disbursement of funds for costs incurred under such contract(s).

D.9 FUNDS RELATED TO CONTAMINATION.

- a. As a condition precedent to this Agreement, the Recipient shall (i) notify the Division of any demands, including but not limited to litigation and insurance claims, made by the Recipient against third parties for reimbursement of costs, monetary damages, or other relief, related to drinking water contamination, including but not limited to contamination by 1,2,3-trichloropropane (1,2,3-TCP), perfluoroalkyl and polyfluoroalkyl substances (PFAS), or other contaminants (Contamination-Related Demands); (ii) notify the Division of any payments or funds received by the Recipient, agreements, settlements, and court or administrative orders that have arisen out of or are related to drinking water contamination or Contamination-Related Demands (Contamination-Related Payments, Agreements, or Orders); and (iii) to the extent requested by the Division or the Division's counsel, provide information and access to documentation of any Contamination-Related Demands and Contamination-Related Payments, Agreements, or Orders.
- b. After execution of this Agreement, the Recipient shall promptly notify the Division of the new occurrence of any Contamination-Related Demands and Contamination-Related Payments, Agreements, or Orders. Upon request, the Recipient shall promptly provide information and access to documents to the extent requested by the Division or the Division's counsel.
- c. If the Recipient is not regulated by the California Public Utilities Commission (CPUC), the provisions of this paragraph (c) shall apply. Unless the Division provides approval to exclude certain funds, the Recipient shall place all funds received as a result of Contamination-Related Demands or Contamination-Related Payments, Agreements, or Orders (Recovered Funds) into a restricted reserve account to be used for Operation and Maintenance costs related to addressing the associated drinking water contamination or for a capital improvement project other than the Project that addresses the associated drinking water contamination. Alternatively, upon written consent of the Division, the Recovered Funds may be placed into a restricted reserve account to be used as co-funding or match funding for the Project, to support the financial capacity of the System, for Operation and Maintenance Costs of the System, or for other purposes approved by the Division. To the extent requested by the Division, the Recipient shall provide access to (i) documentation satisfactory to the Division showing the total amount of Recovered Funds deposited into a restricted reserve account prior to the start of construction of the Project and (ii) documentation thereafter of any Recovered Funds that Recipient receives and places into such an account. The Recipient may seek reimbursement under this Agreement for costs previously paid by Recovered Funds but shall place any reimbursement from the Division for such costs into a restricted reserve account in accordance with the requirements stated above.
- d. If the Recipient is regulated by the CPUC, paragraph (c) shall not apply, and the Recipient shall comply with all applicable CPUC rules with respect to the Recovered Funds and shall provide to the Division copies of all notices, applications, and any other documents filed with the CPUC, and any documents issued by the CPUC, within 10 days of submittal or issuance as applicable, with respect to the receipt and use of Recovered Funds and with respect to any proposed transfer of any assets funded by Recovered Funds.
- e. The amount of this Agreement may be reduced, and disbursements withheld, to offset the amount of any Recovered Funds or any Contamination-Related Payments, Agreements, or Orders to avoid double recovery. The Recipient shall ensure that no duplicative reimbursements of costs occur under this

Agreement and any past or future Recovered Funds or Contamination-Related Payments, Agreements, or Orders. Upon demand by the Division, the Recipient shall return Project Funds to the extent necessary to avoid double recovery. Noncompliance with this Funds Related to Contamination section shall be an Event of Default.

D.10 APPOINTMENT OF RECEIVER OR CUSTODIAN.

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

D.11 RETURN OF FUNDS.

Notwithstanding any other provision of this Agreement, if the Division determines that an Event of Default has occurred, the Recipient may be required, upon demand, to immediately return to the State Water Board any grant or principal forgiveness amounts received pursuant to this Agreement and pay interest at the highest legal rate on all of the foregoing.

D.12 RESERVED

D.13 RESERVED

D.14 OPERATION AND MAINTENANCE.

The Recipient shall sufficiently and properly staff, operate, and maintain the facility and structures constructed or improved as part of the Project throughout the term of this Agreement, consistent with the purposes of this Agreement. The Recipient assumes all operations and maintenance costs of the facilities and structures; the State Water Board shall not be liable for any cost of such maintenance, management or operation.

D.15 INSURANCE.

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

In the event of any damage to or destruction of the System/Project 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/Project. The Recipient must begin such reconstruction, repair or replacement as expeditiously as possible, and must pay out of such net proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same must be completed and the System/Project must be free and clear of all claims and liens.

Recipient agrees that for any policy of insurance concerning or covering the construction of the Project, it will cause, and will require its contractors and subcontractors to cause, a certificate of insurance to be issued showing the State Water Board, its officers, agents, employees, and servants as additional

insured; and must provide the Division with a copy of all such certificates prior to the commencement of construction of the Project.

D.16 CONTINUOUS USE OF PROJECT; NO LEASE, SALE, TRANSFER OF OWNERSHIP, OR DISPOSAL OF PROJECT.

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

D.17 NOTICE.

Upon the occurrence of any of the following events, the Recipient must notify the Division's Deputy Director and Party Contacts by phone and email within the time specified below:

- (a) Within 24 hours, the Recipient must notify the Project Manager by phone and by email and the Division by phone at (916) 327-9978 and by email to DrinkingWaterSRF@waterboards.ca.gov, of any discovery of any potential tribal cultural resource, archaeological or historical resource, or human remains in the Project area. If there are any applicable provisions of a mitigation, monitoring and reporting program adopted for the project, the Recipient shall comply with such provisions. The Recipient must coordinate with the Division to determine the appropriate course of action necessary to mitigate potential impacts. In the event of the discovery of human remains during construction of the Project, the Recipient shall cease construction and take other action required by any applicable laws, which may include but are not limited to Health and Safety Code, section 7050.5 and Public Resources Code, section 5097.98.
- (b) RESERVED.
- (c) The Recipient must notify the Division and Party Contacts promptly of the occurrence of any of the following events:
 - i. Bankruptcy, insolvency, receivership or similar event of the Recipient, or actions taken in anticipation of any of the foregoing;
 - ii. Change of ownership of the Project (no change of ownership may occur without written consent of the Division);
 - iii. Loss, theft, damage, or impairment to Project;
 - iv. Events of Default, except as otherwise set forth in this section;
 - v. A proceeding or action by a public entity to acquire the Project by power of eminent domain.
 - vi. Any litigation pending or threatened with respect to the Project or the Recipient's technical, managerial or financial capacity or the Recipient's continued existence, or any judgment or court order relating to such litigation that has a material effect on the Project or the System;
 - vii. Consideration of dissolution, or disincorporation;

- viii. Enforcement actions by or brought on behalf of the State Water Board or Regional Water Board.
- ix. The discovery of a false statement of fact or representation made in this Agreement or in the application to the Division for this funding, or in any certification, report, or request for reimbursement made pursuant to this Agreement, by the Recipient, its employees, agents, or contractors;
- x. Any substantial change in scope of the Project. The Recipient must undertake no substantial change in the scope of the Project until prompt written notice of the proposed change has been provided to the Division and the Division has given written approval for the change;
- xi. Any circumstance, combination of circumstances, or condition, which is expected to or does delay Completion of Construction for a period of ninety (90) days or more;
- xii. Cessation of all major construction work on the Project where such cessation of work is expected to or does extend for a period of thirty (30) days or more;
- xiii. The Recipient must promptly notify the Division and Party Contacts of the discovery of any unexpected endangered or threatened species, as defined in the federal Endangered Species Act. Should a federally protected species be unexpectedly encountered during implementation of the Project, the Recipient agrees to promptly notify the Division. This notification is in addition to the Recipient's obligations under the federal Endangered Species Act;
- xiv. Any Project monitoring, demonstration, or other implementation activities required in this Agreement;
- xv. Any public or media event publicizing the accomplishments and/or results of this Agreement and provide the opportunity for attendance and participation by state representatives with at least ten (10) working days' notice to the Division;
- xvi. Any event requiring notice to the Division pursuant to any other provision of this Agreement;
- xvii. The award of the prime construction contract for the Project; and the initiation of construction of the Project; and
- xviii. Completion of Construction, and Project Completion.

D.18 FRAUD, WASTE, AND ABUSE.

The Recipient shall prevent fraud, waste, and the abuse of Project Funds, and shall cooperate in any investigation of such activities that are suspected in connection with this Agreement. The Recipient understands that discovery of any evidence of misrepresentation or fraud related to Reimbursement Requests, invoices, proof of payment of invoices, or other supporting information, including but not limited to double or multiple billing for time, services, or any other eligible cost, may result in an administrative action by the State Water Board and/or referral to the Attorney General's Office or the applicable District Attorney's Office for appropriate action. The Recipient further understands that any suspected occurrences of false claims, misrepresentation, fraud, forgery, theft or any other misuse of Project Funds may result in withholding of reimbursements and/or the termination of this Agreement requiring the immediate repayment of all funds disbursed hereunder. A person who knowingly makes or causes to be

made any false statement, material misrepresentation, or false certification in any submittal may be subject to a civil penalty, criminal fine, or imprisonment. (Wat. Code, § 13490 et seq.)

D.19 DISPUTES.

The Recipient must continue with the responsibilities under this Agreement during any dispute. The Recipient may, in writing, appeal a staff decision within 30 days to the Deputy Director of the Division or designee, for a final Division decision. The Recipient may appeal a final Division decision to the State Water Board within 30 days. The Office of the Chief Counsel of the State Water Board will prepare a summary of the dispute and make recommendations relative to its final resolution, which will be provided to the State Water Board's Executive Director and each State Water Board Member. Upon the motion of any State Water Board Member, the State Water Board will review and resolve the dispute in the manner determined by the State Water Board. Should the State Water Board determine not to review the final Division decision, this decision will represent a final agency action on the dispute. This provision does not preclude consideration of legal questions, provided that nothing herein shall be construed to make final the decision of the State Water Board, or any official or representative thereof, on any question of law. This section relating to disputes does not establish an exclusive procedure for resolving claims within the meaning of Government Code sections 930 and 930.4.

D.20 EXECUTIVE ORDER N-6-22 — RUSSIAN SANCTIONS.

On March 4, 2022, Governor Gavin Newsom issued Executive Order N-6-22 (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. "Economic Sanctions" refers to sanctions imposed by the U.S. government in response to Russia's actions in Ukraine, as well as any sanctions imposed under state law. The EO directs state agencies to terminate contracts with, and to refrain from entering any new contracts with, individuals or entities that are determined to be a target of Economic Sanctions. Accordingly, should the State Water Board determine Recipient is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for termination of this Agreement. The State Water Board shall provide Recipient advance written notice of such termination, allowing Recipient at least 30 calendar days to provide a written response. Termination shall be at the sole discretion of the State Water Board.

The Recipient represents that the Recipient is not a target of economic sanctions imposed in response to Russia's actions in Ukraine imposed by the United States government or the State of California. The Recipient is required to comply with the economic sanctions imposed in response to Russia's actions in Ukraine, including with respect to, but not limited to, the federal executive orders identified in California Executive Order N-6-22, located at <https://www.gov.ca.gov/wp-content/uploads/2022/03/3.4.22-Russia-Ukraine-Executive-Order.pdf> and the sanctions identified on the United States Department of the Treasury website (<https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/ukraine-russia-related-sanctions>). The Recipient is required to comply with all applicable reporting requirements regarding compliance with the economic sanctions, including, but not limited to, those reporting requirements set forth in California Executive Order N-6-22 for all Recipients with one or more agreements with the State of California with an aggregated value of Five Million Dollars (\$5,000,000) or more. Notwithstanding any other provision in this Agreement, failure to comply with the economic sanctions and all applicable reporting requirements may result in termination of this Agreement.

For Recipients with an aggregated agreement value of Five Million Dollars (\$5,000,000) or more with the State of California, reporting requirements include, but are not limited to, information related to steps taken in response to Russia's actions in Ukraine, including but not limited to:

1. Desisting from making any new investments or engaging in financial transactions with Russian institutions or companies that are headquartered or have their principal place of business in Russia;
2. Not transferring technology to Russia or companies that are headquartered or have their principal place of business in Russia; and
3. Direct support to the government and people of Ukraine.

D.21 STATE CROSS-CUTTERS.

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

- The California Environmental Quality Act (CEQA), as set forth in Public Resources Code 21000 et seq. and in the CEQA Guidelines at Title 14, Division 6, Chapter 3, Section 15000 et seq.
- Water Conservation requirements, including regulations in Division 3 of Title 23 of the California Code of Regulations.
- Monthly Water Diversion Reporting requirements, including requirements set forth in Water Code section 5103.
- Public Works Contractor Registration with Department of Industrial Relations requirements, including requirements set forth in Sections 1725.5 and 1771.1 of the Labor Code.
- Volumetric Pricing & Water Meters requirements, including the requirements of Water Code sections 526 and 527.
- Urban Water Management Plan requirements, including the Urban Water Management Planning Act (Water Code, § 10610 et seq.).
- Urban Water Demand Management requirements, including the requirements of Section 10608.56 of the Water Code.
- Delta Plan Consistency Findings requirements, including the requirements of Water Code section 85225 and California Code of Regulations, title 23, section 5002.
- Agricultural Water Management Plan Consistency requirements, including the requirements of Water Code section 10852.
- Charter City Project Labor Requirements, including the requirements of Labor Code section 1782 and Public Contract Code section 2503.
- The Recipient agrees that it will, at all times, comply with and require its contractors and subcontractors to comply with directives or orders issued pursuant to Division 7 of the Water Code.
- Regulations in Division 4 of Title 22 of the California Code of Regulations, including but not limited to California Waterworks Standards in Chapter 16, and Lead and Copper regulations in Chapter 17.5.

D.22 DAMAGES FOR BREACH OF FEDERAL CONDITIONS.

In the event that any breach of any of the provisions of this Agreement by the Recipient results in the failure of Project Funds to be used pursuant to the provisions of this Agreement, or if such breach results in an obligation on the part of the State or any subdivision or agency thereof to reimburse the federal government, the Recipient must immediately reimburse the State or any subdivision or agency thereof in an amount equal to any damages paid by or loss incurred by the State or any subdivision or agency thereof due to such breach.

D.23 ACCESS AND INSPECTION.

In addition to the obligations set forth in section 2 of the General Terms and Conditions incorporated in Exhibit C of this Agreement, the Recipient must ensure that the United States Environmental Protection Agency, the Office of Inspector General, any member of Congress, or any authorized representative of the foregoing, will have safe and suitable access to the Project site at all reasonable times during the term of the Agreement.

D.24 FINANCIAL MANAGEMENT SYSTEMS.

The Recipient must comply with federal standards for financial management systems. The Recipient agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit preparation of reports required by the federal government and tracking of Project funds to a level of expenditure adequate to establish that such funds have not been used in violation of federal or state law or the terms of this Agreement. To the extent applicable, the Recipient is bound by, and must comply with, the provisions and requirements of the federal Single Audit Act (SAA) of 1984, 2 CFR part 200, subpart F, and 2 CFR section 200.302, and updates or revisions, thereto, including but not limited to:

- Maintain an annual (Fiscal Year) accounting system and identify all expenditures of federal financial assistance;
- Conduct a SAA audit using an independent auditor in those Fiscal Years when expenditures of total federal financial assistance equal or exceed \$750,000, and submit the SAA audit to the Federal Audit Clearinghouse within the earlier of thirty (30) calendar days after receipt of the auditor's report(s) or nine (9) months of the end of the audit period;
- Notify the Division when a SAA audit has been conducted and submitted to the Federal Audit Clearinghouse;
- Notify and provide the Division with a copy of the SAA audit within thirty (30) days of completion of the audit;
- Inform the Division of findings and recommendations pertaining to federal financial assistance provided through the State Water Board contained in SAA audits conducted by the Recipient;
- Initiate corrective actions for audit reports with findings and recommendations that impact federal financial assistance provided through the State Water Board and notify the Division when corrective actions are complete.

D.25 FEDERAL CROSS-CUTTERS.

The Recipient acknowledges, warrants compliance with, and covenants to continuing compliance with the following federal terms and conditions with respect to all Project Costs for the term of this Agreement and for the Useful Life of the Project:

- i. Unless the Recipient has obtained a waiver from USEPA on file with the State Water Board or unless this Project is not a project for the construction, alteration, maintenance or repair of a public water system or treatment work, the Recipient shall not purchase "iron and steel products"

produced outside of the United States on this Project. Unless the Recipient has obtained a waiver from USEPA on file with the State Water Board or unless this Project is not a project for the construction, alteration, maintenance or repair of a public water system or treatment work, the Recipient hereby certifies that all "iron and steel products" used in the Project were or will be produced in the United States. For purposes of this section, the term "iron and steel products" means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials. "Steel" means an alloy that includes at least 50 percent iron, between .02 and 2 percent carbon, and may include other elements.

- ii. The Recipient agrees to comply with the Davis-Bacon provisions incorporated by reference in this Agreement. The Recipient must include in full the Wage Rate Requirements (Davis-Bacon) language incorporated by reference in all construction contracts and subcontracts.
- iii. The Recipient shall notify the State Water Board and the USEPA contact of public or media events publicizing the accomplishment of significant events related to this Project and provide the opportunity for attendance and participation by federal representatives with at least ten (10) working days' notice.
- iv. The Recipient shall comply with applicable USEPA general terms and conditions found at <https://www.epa.gov/grants/epa-general-terms-and-conditions-effective-october-1-2022-or-later>.
- v. No Recipient may receive funding under this Agreement unless it has provided its Unique Entity Identifier, assigned by the System for Award management, to the State Water Board.
- vi. RESERVED
- vii. The Recipient represents and warrants that it and its principals are not excluded or disqualified from participating in this transaction as such terms are defined in Parts 180 and 1532 of Title 2 of the Code of Federal Regulations (2 CFR). If the Recipient is excluded after execution of this Agreement, the Recipient shall notify the Division within ten (10) days and shall inform the Division of the Recipient's exclusion in any request for amendment of this Agreement. The Recipient shall comply with Subpart C of Part 180 of 2 CFR, as supplemented by Subpart C of Part 1532 of 2 CFR. Such compliance is a condition precedent to the State Water Board's performance of its obligations under this Agreement. When entering into a covered transaction as defined in Parts 180 and 1532 of 2 CFR, the Recipient shall require the other party to the covered transaction to comply with Subpart C of Part 180 of 2 CFR, as supplemented by Subpart C of Part 1532 of 2 CFR.
- viii. To the extent applicable, the Recipient shall disclose to the State Water Board any potential conflict of interest consistent with USEPA's Final Financial Assistance Conflict of Interest Policy at <https://www.epa.gov/grants/epas-final-financial-assistance-conflict-interest-policy>. A conflict of interest may result in disallowance of costs.
- ix. USEPA and the State Water Board have the right to reproduce, publish, use and authorize others to reproduce, publish and use copyrighted works or other data developed under this assistance agreement.
- x. Where an invention is made with Project Funds, USEPA and the State Water Board retain the right to a worldwide, nonexclusive, nontransferable, irrevocable, paid-up license to practice the invention owned by the Recipient. The Recipient must utilize the Interagency Edison extramural

invention reporting system at <http://Edison.gov> and shall notify the Division when an invention report, patent report, or utilization report is filed.

- xi. The Recipient agrees that any reports, documents, publications or other materials developed for public distribution supported by this Agreement shall contain the Acknowledgment statement set forth in Exhibit D.
- xii. The Recipient acknowledges that it is encouraged to follow guidelines established under Section 508 of the Rehabilitation Act, codified at 36 CFR Part 1194, with respect to enabling individuals with disabilities to participate in its programs supported by this Project.
- xiii. The Recipient, its employees, contractors and subcontractors and their employees warrants that it will not engage in severe forms of trafficking in persons, procure a commercial sex act during the term of this Agreement, or use forced labor in the performance of this Agreement. The Recipient must include this provision in its contracts and subcontracts under this Agreement. The Recipient must inform the State Water Board immediately of any information regarding a violation of the foregoing. The Recipient understands that failure to comply with this provision may subject the State Water Board to loss of federal funds. The Recipient agrees to compensate the State Water Board for any such funds lost due to its failure to comply with this condition, or the failure of its contractors or subcontractors to comply with this condition. The State Water Board may unilaterally terminate this Agreement if the Recipient that is a private entity is determined to have violated the foregoing.
- xiv. The Recipient certifies to the best of its knowledge and belief that:
 - a. No federal appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
 - b. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with this Agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions, and notify the State Water Board.

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

- xv. The Recipient must comply with the following federal non-discrimination requirements:
 - a. Title VI of the Civil Rights Act of 1964, which prohibits discrimination based on race, color, and national origin, including limited English proficiency (LEP).
 - b. Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against persons with disabilities.
 - c. The Age Discrimination Act of 1975, which prohibits age discrimination.
 - d. Section 13 of the Federal Water Pollution Control Act Amendments of 1972, which prohibits discrimination on the basis of sex.
 - e. 40 CFR Part 7, as it relates to the foregoing.
 - f. Executive Order 13798, including, to the greatest extent practicable and to the extent permitted by law, the requirement to respect and protect the freedom of persons and organizations to engage in political and religious speech.

- g. All applicable federal civil rights regulations, including statutory and national policy requirements (2 CFR section 200.300).
- xvi. Executive Order No. 11246. The Recipient shall include in its contracts and subcontracts related to the Project the following provisions:

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

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

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

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

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

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

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

may request the United States to enter into such litigation to protect the interests of the United States."

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

The Recipient shall not suppress, alter, or otherwise impede the timely release of scientific findings or conclusions; intimidate or coerce scientists to alter scientific data, findings, or professional opinions or exert non-scientific influence on scientific advisory boards; knowingly misrepresent, exaggerate, or downplay areas of scientific uncertainty; or otherwise violate the USEPA's Scientific Integrity Policy. The Recipient must refrain from acts of research misconduct,

including publication or reporting, as described in USEPA's Policy and Procedures for Addressing Research Misconduct, Section 9.C, and must ensure scientific findings are generated and disseminated in a timely and transparent manner, including scientific research performed by contractors and subcontractors.

- xxvi. The Recipient agrees to comply with the Animal Welfare Act of 1966 (7 USC 2131-2156). Recipient also agrees to abide by the "U.S. Government Principles for the Utilization and Care of Vertebrate Animals used in Testing, Research, and Training," available at <http://grants.nih.gov/grants/olaw/references/phspol.htm#USGovPrinciples>.
- xxvii. The Recipient certifies that no Project Funds will be used on:
- a. Video surveillance or telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities), telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities);
 - b. Telecommunications or video surveillance services produced by such entities;
 - c. Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country; or
 - d. Other telecommunications or video surveillance services or equipment in violation of [2 CFR 200.216](#).
- xxxiii. The Recipient agrees to ensure that if the Project includes lead service line replacement, each lead service line replaced using Project Funds must be replaced in its entirety, unless the remaining portion of that service line has already been replaced or is concurrently being replaced with another funding source.

[FORM OF OPINION OF GENERAL COUNSEL]

[DATE]

State Water Resources Control Board
Division of Financial Assistance
Attn: Anabel Ruiz
1001 I St., 16th floor
Sacramento, CA 95814

Re: [Insert Name of Applicant] (“City/County/District”) – [Name of Project] –
Project No. [xxxxxxxxxxx] (“Project”) – Agreement No. [XXXXXXXXXXXXXXXXXX]
 (“Agreement”)

Ladies and Gentlemen:

This firm serves as General Counsel to the [City/County/District] in connection with the Project. This opinion is delivered to the State Water Resources Control Board (“State Water Board”) at the request of the [City/County/District]. In connection therewith, I have examined the laws pertaining to the [City/County/District], originals of the Agreement, between the [City/County/District] and the State Water Board (“Agreement”), the [City/County/District]’s authorized representative resolution [number] adopted on [DATE], the [City/County/District]’s authorizing resolution [xxx] adopted on [DATE], the [City/County/District]’s reimbursement resolution [number] adopted on [DATE], the [City/County/District]’s rate-setting resolution [number] adopted on [DATE], (collectively, “the Resolutions”), the [City/County/District]’s debt management policy, documents related to each of the Material Obligations as set forth in the Agreement, and such other documents, legal opinions, instruments and records, and have made such investigation of law, as I have considered necessary or appropriate for the purpose of this opinion.

Based on the foregoing, it is my opinion that:

- a. The [City/County/District], a [general law city/charter city/county/special district/joint powers authority] of the State of California duly organized, validly existing under the laws of the State of California pursuant to [INSERT SPECIFIC LEGAL AUTHORITY], has the requisite legal right, power, and authority to execute and deliver the Agreement and carry out and consummate all transactions contemplated therein.

[and if charter city] [The [City/County/District] is a charter city, the governing board of which is not prohibited, limited or constrained in any way from adopting, requiring, or utilizing a project labor agreement that includes all taxpayer protection provisions of Public Contract Code section 2500.]

[AND IF JOINT POWERS AUTHORITY][None of the [City/County/District]’s member charter cities is prohibited, limited or

constrained in any way from adopting, requiring, or utilizing a project labor agreement that includes all taxpayer protection provisions of Public Contract Code section 2500.]

- b. The Resolutions have been duly adopted at meetings of the [City/County/District] which were called and held pursuant to law with all public notice required by law and at which a quorum was present and acting when the Resolutions were adopted. The Resolutions are in full force and effect and have not been amended, modified, supplemented, or rescinded, nor has the rate-setting resolution been challenged or the rates become subject of a referendum or initiative or other similar process.
- c. To the best of my knowledge and based upon a reasonable investigation, all proceedings required by law or under the ordinances or bylaws of the [City/County/District] to be taken by the [City/County/District] in connection with the authorization of the Agreement and the transactions contemplated by and related thereto, and all such approvals, authorizations, consents or other orders of or filings or registrations with such public boards or bodies, if any, as may be legally required to be obtained by the [City/County/District] prior to the date hereof with respect to all or any of such matters have been taken or obtained and are in full force and effect, except that no opinion is expressed as to any approvals, obligations or proceedings which may be required under any federal securities laws or state blue sky or securities laws.
- d. To the best of my knowledge and based upon a reasonable investigation, the execution and delivery of the Agreement and the consummation of the transactions therein will not conflict with or constitute a breach of or default (with due notice or the passage of time or both) under (i) the statutes creating the [City/County/District] or any amendments thereto, (ii) the ordinances or by laws of the [City/County/District], (iii) any bond, debenture, note or other evidence of indebtedness, or any material contract, agreement or lease to which the [City/County/District] is a party or by which it or its properties are otherwise subject or bound or (iv) any applicable law or administrative regulation or any applicable court or administrative decree or order.
- e. To the best of my knowledge and based upon a reasonable investigation, the [City/County/District] has sufficient property rights in the Project property for the purposes contemplated in the Agreement and has complied with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601) with respect to any property acquired for the purposes of the Project. Project property rights extend/s in perpetuity/until [date].
- f. To the best of my knowledge and based upon a reasonable investigation, there is no action, suit, proceeding, inquiry or investigation before or by any court of federal, state, municipal or

other governmental authority pending or threatened against or affecting the [City/County/District]'s System, as defined in the Agreement, or the assets, properties or operations of the [City/County/District] relating to its System which, if determined adversely to the [City/County/District] or its interests would result in any material change in the assets or financial condition of the [City/County/District], the [City/County/District]'s System or the financial condition thereof, and the [City/County/District] is not in default with respect to any order or decree of any court or any order, regulation, or demand of any federal, state, municipal, or other governmental agency which default might have consequences that would materially and adversely affect the financial condition of the [City/County/District] or its System.

- g. No facts have come to my attention which lead me to believe that the [City/County/District]'s authorized representative has made any untrue statement of a material fact or omitted or omits to state a material fact or has made misleading statements in the Agreement.
- h. The Agreement has been duly authorized, executed, and delivered, and assuming due authorization, execution and delivery of the Agreement by the State Water Board, constitutes legal, valid, and binding obligation of the [City/County/District] enforceable against the [City/County/District] in accordance with its terms, subject to the laws relating to bankruptcy, insolvency, reorganization, or creditors' rights generally and to the application of equitable principles, if equitable remedies are sought.

Sincerely,

General Counsel
[City/County/District]

EXHIBIT D
TERM SHEET
(ATTACHED HERETO)

Vanessa Ryan
SVP, Director of Public Sector Banking
vanessaryan@tcbk.com
(916) 749-8790

Ben Lindstedt
AVP, Senior Portfolio Manager
benlindstedt@tcbk.com
(530) 848-5763



May 1, 2026

Burney Water District 2026 Grant Anticipation Notes

Tri Counties Bank (the “Lender”) is pleased to provide the following loan terms and conditions for discussion purposes. This Term Sheet is not a loan commitment and should not be treated as a definitive commitment. The terms outlined reflect a loan structure that the Lender is willing to consider, subject to additional due diligence, final underwriting, and formal credit approval. The Lender informs you and your advisors, if any, that it requires that the documentation and additional information to complete its underwriting is subject to the Lender’s review and approval and such approval is in its sole discretion.

- Borrower:** Burney Water District (the “District”)
- Amount:** \$2,500,000, on a revolving basis, with a maximum aggregate amount able to be borrowed to be set at per Government Code Section 53859.08, which provides that the amount of GANS (or portions thereof) issued cannot exceed 95% of the grant or loan funds that have been committed and appropriated in writing by the granting authority(s).
- Purpose:** Provide revolving interim financing for the District’s Water System Improvement Project
- Security:** Pledge of State Grant Funding and a general fund obligation of the District (any other taxes, income, and revenues to the repayment of GANS)
- Term:** Up to 36 Months
- Interest Rate:** Variable - One Month SOFR + 1.70% (5.35% as of 4/26/26)
• 30/360 Interest Accrual
- Rate Floor:** 4.00%
- Tax Status:** Taxable
- Loan Fee:** \$0, waived due to banking relationship
- Payments:** Monthly interest-only until proposed maturity. Principal & interest due in full at note maturity.

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vanessaryan@tcbk.com
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Expenses: The District will be required to pay all fees, expenses and charges in connection with this request as are reasonably incurred in connection with the processing of a loan of this nature including, but not limited to, fees of the Lender's counsel, CDIAC fees, real estate related-fees and environmental (each if applicable) and documentation costs, including, fees of Lender Counsel, R. Salo of Nixon Peabody, LLP. Associated fees of Nixon Peabody, LLP are estimated at \$35,000 for the preparation of all documents, assuming that the GANs are taxable and the assistance of General Counsel of the District in review and updating as necessary, and no delays or protracted negotiations. All fees must be paid at the closing of the Loan.

Legal Opinion: Borrower's General Counsel will deliver a legal opinion as to validity and enforceability of the assignment of the security in addition to the standard other opinions, the form of which shall be provided by Bank Counsel

Reporting

Requirements: Reporting requirements customarily required by the Lender for similar loans/structures and/or similar District's will be required, to include, but not limited to, the following:

- Annual Audited Financial Statements within 270 days of the fiscal year end
- Annual Budget within 60 days of adoption
- Quarterly reporting of Grant reimbursement requests submitted to state
- Material litigation, events of default, material adverse events and other reasonably requested information.

Additional Terms:

- Maintain primary depository relationship with the lender
- A default interest rate of interest + 3% will be required as applicable.
- No amendment to the documents or otherwise that would adversely affect the payment obligations of the District, or any of the Lender's rights, interest, security, or remedies of the Lender, without the Lender's consent.
- Compliance with other documents, all applicable laws, statutes, acts, rules, and regulations and investment policy guidelines.
- Compliance with all covenants, including compliance with anti-terrorism / OFAC.

The Lender is offering this loan to be evidenced by the GANs under the following additional conditions: (i) the GANs are not being registered under the Securities Act of 1933 and is not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state; (ii) the Lender will hold the GANs as one single debt instrument; (iii) no CUSIP numbers will be obtained for the GANs; (iv) no final official statement has been prepared in connection with the direct placement of the Series GANs; (v) the GANs will not close through DTC or any similar

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repository and will not be in book entry form; and (vi) the GANs is not listed on any stock or other securities exchange; and (vii) the GANs will not be rated.

The Lender intends that the purchase of the GANs be exempt from the requirements for CUSIP numbers under Municipal Securities Rulemaking Board Rule G-34. The Lender represents and warrants that (i) it is a bank or an entity directly or indirectly controlled by a bank or under common control with a bank, other than a broker, dealer or municipal securities dealer registered under the Securities Exchange Act of 1934, and (ii) the present intent of the Lender is to hold the GANs to maturity or earlier redemption or mandatory tender. Any placement agent, broker or financial advisor may rely upon the representations and warranties contained in this paragraph.

The Borrower acknowledges and agrees that (i) the transaction contemplated herein is an arm's length commercial transaction between the Borrower and Lender and its affiliates, (ii) in connection with such transaction, Lender and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), agent or a fiduciary of the Borrower, (iii) Lender and its affiliates are relying on the bank exemption in the Municipal Advisor Rules, (iv) Lender and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the Borrower with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not Lender, or any affiliate of Lender, has provided other services or advised, or is currently providing other services or advising the Borrower on other matters), (v) the Lender and its affiliates have financial and other interests that differ from those of the Borrower, and (vi) the Borrower has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, IN THE EVENT ANY MATERIAL CHANGE SHALL OCCUR IN THE FINANCIAL MARKETS AFTER THE DATE OF THIS TERM SHEET, BUT BEFORE CLOSING, INCLUDING BUT NOT LIMITED TO ANY GOVERNMENTAL ACTION OR OTHER EVENT WHICH MATERIALLY ADVERSELY AFFECTS THE EXTENSION OF CREDIT BY BANKS, LEASING COMPANIES OR OTHER LENDING INSTITUTIONS, BANK MAY MODIFY THE INDICATIVE PRICING DESCRIBED ABOVE.

Sincerely,

Tri Counties Bank

A handwritten signature in black ink, appearing to read 'Vanessa Ryan', written over a horizontal line.

Vanessa Ryan

Vanessa Ryan
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vanessaryan@tcbk.com
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Ben Lindstedt
AVP, Senior Portfolio Manager
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SVP, Director of Public Sector Banking

Agreed and Accepted: David Levely

Name: DAVID LEVELY

Title: DISTRICT MANAGER, BURNEY WATER DISTRICT

Date: 5/12/2026