

## RESOLUTION NO. 24-5

### RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY OF A WIFIA MASTER AGREEMENT AND CERTAIN OTHER DOCUMENTS AND AUTHORIZING CERTAIN ACTS IN CONNECTION THEREWITH

**WHEREAS**, the Palmdale Water District (the “District”), an irrigation district duly organized and existing under and pursuant to the Constitution and laws of the State of California, is a member of the Palmdale Water District Public Financing Authority (the “Authority”) and proposes to undertake the acquisition of certain improvements to the District’s water system (as more particularly described in the WIFIA Master Agreement referred to below, the “WIFIA Project”); and

**WHEREAS**, the District has determined that it would be in the best interests of the District and citizens of the community to authorize the entry into one or more installment purchase agreements (each such installment purchase agreement a “WIFIA Installment Purchase Agreement”) with the Authority and the United States Environmental Protection Agency (the “WIFIA Lender”) to acquire the WIFIA Project; and

**WHEREAS**, in order to fulfill its obligation to the District under the WIFIA Installment Purchase Agreements, the Authority proposes to obtain one or more loans under the authority of the Water Infrastructure Finance and Innovation Act (the “WIFIA Loans”) from the WIFIA Lender pursuant to a master agreement among the Authority, the WIFIA Lender and the District (the “WIFIA Master Agreement”), and one or more loan agreements (each a “WIFIA Loan Agreement”) among the Authority, the WIFIA Lender and the District pursuant to one or more term sheets (each a “WIFIA Term Sheet”); and

**WHEREAS**, the terms of the initial WIFIA Loan (the “2024 WIFIA Loan”) are set forth in a term sheet (the “2024 WIFIA Term Sheet”) and a WIFIA Loan Agreement (the “2024 WIFIA Loan Agreement”), all of which were approved separately on the date hereof by this Board of Directors, in an amount not to exceed \$14,805,000; and

**WHEREAS**, this Board of Directors now desires to approve the WIFIA Master Agreement; and

**WHEREAS**, the District has completed its environmental review for and approved the projects to be funded by the 2024 WIFIA Loan in accordance with the California Environmental Quality Act.

**NOW, THEREFORE**, the Board of Directors of the Palmdale Water District does hereby resolve as follows:

**SECTION 1.** The WIFIA Master Agreement, in substantially the form attached hereto as Exhibit A, is hereby accepted and approved, subject to such changes, insertions and omissions as may be approved by the President or Vice President of the Board, the General Manager or the designee thereof (each an “Authorized Officer” and together the “Authorized Officers”) who are hereby individually authorized and directed to execute and deliver the WIFIA Master Agreement, said execution being conclusive evidence of such approval.

**SECTION 2.** Notwithstanding anything to the contrary set forth in this Resolution and the WIFIA Master Agreement, the District is not a borrower with respect to the WIFIA Master Agreement, and the District has no obligation to make any payment or provision for payment under the WIFIA

Master Agreement. The WIFIA Master Agreement shall not constitute a contract between the District and the WIFIA Lender by which the District incurs an indebtedness.

SECTION 3. Each Authorized Officer is hereby authorized to execute future WIFIA Loan Agreements, WIFIA Term Sheets and WIFIA Installment Purchase Agreements in accordance with the WIFIA Master Agreement (including any amendments or supplements to the WIFIA Master Agreement and documents and certifications necessary or advisable to effectuate WIFIA Loans under such agreements) so long as the total principal amount of all WIFIA Loans does not exceed \$145,555,000.

SECTION 4. The Authorized Officers, District general counsel and bond counsel and such other officers and staff of the District are authorized and directed, acting singly, to do any and all things and to execute, deliver and implement any and all documents which such officers may deem necessary or advisable in order to consummate the execution and delivery of the WIFIA Master Agreement, and otherwise effectuate the purposes of this Resolution and the WIFIA Master Agreement, and such actions in connection therewith previously taken by such officers and staff are hereby ratified and confirmed.

SECTION 5. The Authorized Officers, District general counsel and bond counsel and such other officers and staff of the District are authorized and directed, acting singly, to do any and all things and to execute, deliver and implement any and all documents which such officers may deem necessary or advisable in order to consummate the execution and delivery of future WIFIA Loan Agreements, WIFIA Term Sheets, and WIFIA Installment Purchase Agreements and otherwise effectuate the purposes of this Resolution, and such actions in connection therewith previously taken by such officers and staff are hereby ratified and confirmed.

SECTION 6. Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given to such terms in the WIFIA Master Agreement, unless the context otherwise clearly requires.

SECTION 7. This Resolution shall take effect immediately.

**ADOPTED** at a Regular Meeting of the Board of Directors of the Palmdale Water District, this 13<sup>th</sup> day of May, 2024.

AYES: President Mac Laren-Gomez, Directors Kellerman, Wilson, Sanchez, Dino

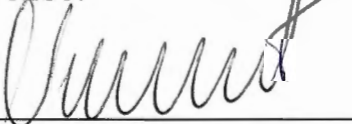
NOES:

ABSTAIN:

ABSENT:

  
Kathy Mac Laren-Gomez, President

ATTEST:

  
\_\_\_\_\_  
Vincent Dino, Secretary

**EXHIBIT A**  
**2024 WIFIA MASTER AGREEMENT**

**UNITED STATES  
ENVIRONMENTAL PROTECTION AGENCY**

**WIFIA MASTER AGREEMENT**

**With**

**PALMDALE WATER DISTRICT PUBLIC FINANCING AUTHORITY and**

**PALMDALE WATER DISTRICT**

**For the**

**PURE WATER ANTELOPE VALLEY MASTER PROGRAM**

**Dated as of [\_\_], 2024**

## TABLE OF CONTENTS

	<b>Page</b>
ARTICLE I DEFINITIONS AND INTERPRETATION.....	2
Section 1. Definitions.....	2
Section 2. Interpretation.....	22
ARTICLE II THE WIFIA LOAN.....	23
Section 3. WIFIA Loans Under the Master Program .....	23
Section 4. Disbursement Conditions.....	24
Section 5. Term.....	25
Section 6. Interest Rate .....	25
Section 7. Security and Priority; Flow of Funds.....	26
Section 8. Payment of Principal and Interest .....	27
Section 9. Prepayment .....	31
Section 10. Fees and Expenses .....	32
ARTICLE III CONDITIONS PRECEDENT .....	34
Section 11. Conditions Precedent .....	34
ARTICLE IV REPRESENTATIONS AND WARRANTIES .....	42
Section 12. Representations and Warranties of the Borrower .....	42
Section 13. Representations and Warranties of the District .....	46
Section 14. Representations and Warranties of WIFIA Lender .....	51
ARTICLE V COVENANTS.....	52
Section 15. Affirmative Covenants of the Borrower .....	52
Section 16. Negative Covenants of the Borrower.....	54
Section 17. Affirmative Covenants of the District.....	55
Section 18. Negative Covenants of the District .....	62
Section 19. Reporting Requirements of the Borrower.....	65
Section 20. Reporting Requirements of the District .....	67
ARTICLE VI EVENTS OF DEFAULT.....	72
Section 21. Events of Default and Remedies.....	72
ARTICLE VII MISCELLANEOUS.....	77
Section 22. Disclaimer of Warranty.....	77
Section 23. No Personal Recourse .....	77
Section 24. No Third Party Rights.....	77
Section 25. Borrower’s Authorized Representative.....	77
Section 26. District’s Authorized Representative .....	77
Section 27. WIFIA Lender’s Authorized Representative .....	78
Section 28. Servicer .....	78
Section 29. Amendments and Waivers .....	78
Section 30. Governing Law .....	78
Section 31. Severability .....	78

Section 32.	Successors and Assigns.....	79
Section 33.	Remedies Not Exclusive.....	79
Section 34.	Delay or Omission Not Waiver.....	79
Section 35.	Counterparts.....	79
Section 36.	Notices .....	79
Section 37.	Indemnification.....	80
Section 38.	Sale of WIFIA Loan.....	81
Section 39.	Effectiveness .....	81
Section 40.	Survival.....	82
Section 41.	Integration.....	82

**SCHEDULE I** – Master Program  
**SCHEDULE II** – Master Program Budget  
**SCHEDULE 7(d)** – Flow of Funds  
**SCHEDULE 12(f)** – Litigation  
**SCHEDULE 12(u)** – Existing Water System Indebtedness

**EXHIBIT A** – Form of WIFIA Note  
**EXHIBIT B** – Requisition Procedures  
**EXHIBIT C** – Form of Certification of Eligible Project Costs Documentation  
**EXHIBIT D** – Form of WIFIA Loan Request  
**EXHIBIT E-1** – Form of Opinion of Borrower’s General Counsel  
**EXHIBIT E-2** – Form of Opinion of Borrower’s Bond Counsel  
**EXHIBIT E-3** – Form of Opinion of District’s General Counsel  
**EXHIBIT E-4** – Form of Opinion of District’s Bond Counsel  
**EXHIBIT F-1** – Form of Closing Certificate of Borrower  
**EXHIBIT F-2** – Form of Closing Certificate of District  
**EXHIBIT F-3** – Form of Project Closing Certificate of Borrower  
**EXHIBIT F-4** – Form of Project Closing Certificate of District  
**EXHIBIT G** – Form of Certificate of Substantial Completion  
**EXHIBIT H** – Form of Construction Monitoring Report  
**EXHIBIT I** – Form of Public Benefits Report  
**EXHIBIT J** – Form of WIFIA Project Term Sheet  
**EXHIBIT K** – Form of WIFIA Loan Agreement  
**EXHIBIT L** – Form of WIFIA IPA

## WIFIA MASTER AGREEMENT

**THIS WIFIA MASTER AGREEMENT** (this “**Agreement**”), dated as of [ ], 2024, is by and among **PALMDALE WATER DISTRICT PUBLIC FINANCING AUTHORITY**, a joint exercise of powers agency duly organized and existing under the laws of the State of California (the “**State**”), with an address at 2029 East Avenue Q, Palmdale, California 93550 (the “**Borrower**”), **PALMDALE WATER DISTRICT**, an irrigation district duly organized and existing under the laws of the State, with an address at 2029 East Avenue Q, Palmdale, California 93550 (the “**District**”), and the **UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency (the “**Administrator**”), with an address at 1200 Pennsylvania Avenue NW, Washington, DC 20460 (the “**WIFIA Lender**”).

### RECITALS:

WHEREAS, the Congress of the United States of America enacted the Water Infrastructure Finance and Innovation Act (“**WIFIA**”), § 5021 *et seq.* of Public Law 113-121 (as amended, and as may be further amended from time to time, the “**Act**”), which is codified as 33 U.S.C. §§ 3901-3915;

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

WHEREAS, the Borrower was formed for the purpose of providing for the financing of public capital improvements for the District;

WHEREAS, pursuant to the Application (as defined herein), the Borrower and the District have proposed the design/planning, development, completion and/or construction of multiple Projects (as defined herein) with respect to the Water System (as defined herein), and desire to obtain WIFIA financial assistance for each Project;

WHEREAS, the Borrower and the WIFIA Lender are entering into this Agreement to set forth certain common terms and conditions applicable to each prospective WIFIA financing;

WHEREAS, the District will request, from time to time, that the WIFIA Lender make a WIFIA Loan (as defined herein) to the Borrower to be used to pay a portion of the Eligible Project Costs (as defined herein) for each Project;

WHEREAS, subject to the terms and conditions set forth herein and in each WIFIA Loan Agreement (as defined herein) and the Act, the WIFIA Lender proposes to make funding available to the Borrower for a portion of the Eligible Project Costs of Projects through the purchase of a WIFIA Note (as defined herein) to be issued by the Borrower for each Project;

WHEREAS, the Borrower will enter into a WIFIA IPA (as defined herein) with the District for each WIFIA Loan, pursuant to which (i) the Borrower will agree to purchase the relevant Project from the District in exchange for the provision of funds, in the amount of such WIFIA Loan, and (ii) the District will agree to purchase the relevant Project from the Borrower in



exchange for the payment of WIFIA Installment Payments (as defined herein) by the District to the Borrower, such payments being secured by the Pledged Collateral (as defined herein);

WHEREAS, the Borrower has agreed to pledge and assign to the WIFIA Lender and grant to the WIFIA Lender Liens for its benefit on (i) all of its right, title and interest to receive the Borrower Revenues (as defined herein), (ii) all of its rights to receive amounts from the District from the WIFIA Debt Service Account (as defined herein) and (iii) all of its rights and remedies to enforce each WIFIA IPA upon an event of default under such WIFIA IPA, in each case for the purpose of securing (y) the payment of all sums due and owing by the Borrower to the WIFIA Lender under the relevant WIFIA Loan Agreement and (z) the observance, performance and discharge of each agreement, condition, covenant and term of the Borrower and the District under this Agreement and the relevant WIFIA Loan Agreement and of the District under such WIFIA IPA; and

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

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

## **ARTICLE I DEFINITIONS AND INTERPRETATION**

### Section 1. Definitions.

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

**“2018 Bonds”** means the Palmdale Water District Public Financing Authority Water Revenue Bonds, Series 2018A issued pursuant to an Indenture of Trust, dated as of June 1, 2018, by and between the Borrower and the Trustee.

**“2018 IPA”** the Installment Purchase Agreement, dated as of June 1, 2018, by and between the District and the Borrower.

**“2020 Bonds”** means the Palmdale Water District 2020 Water Revenue Refunding Bonds (Federally Taxable) issued pursuant to an Indenture of Trust, dated as of November 1, 2020, by and between the District and the Trustee.

**“2020 IPA”** means the Installment Purchase Agreement, dated as of May 1, 2020, by and between the District and Western Alliance Business Trust, as amended.

“**2021 Bonds**” means the Palmdale Water District Public Financing Authority Water Revenue Bonds, Series 2021A issued pursuant to an Indenture of Trust, dated as of July 1, 2021, by and between the District and the Trustee.

“**2021 IPA**” means the Installment Purchase Agreement, dated as of July 1, 2021, by and between the District and the Borrower, as amended.

“**2021A IPA**” means the Installment Purchase Agreement, dated as of August 1, 2021, by and between the District and Sterling National Bank, as amended.

“**2022 ISA**” means the Installment Sale Agreement, dated as of October 10, 2022, by and between the District and the Municipal Finance Corporation.

“**2023 Bonds**” means the Palmdale Water District Public Financing Authority Water Revenue Bonds, Series 2023A issued pursuant to an Indenture of Trust, dated as of September 1, 2021, by and between the District and the Trustee.

“**2023 IPA**” the Installment Purchase Agreement, dated as of September 1, 2023, by and between the District and the Borrower.

“**2024 Bonds**” means the Palmdale Water District Public Financing Authority Subordinate Water Revenue Bonds, Series 2024A issued pursuant to an Indenture of Trust, dated as of [April 1, 2024]<sup>1</sup>, by and between the District and the Trustee.

“**2024 IPA**” the Installment Purchase Agreement, dated as of April 1, 2024, by and between the District and the Borrower.

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

“**Acquisition Fund**” means an acquisition fund established and maintained by the District, as agent of the Borrower, pursuant to each WIFIA IPA.

“**Additional Construction Contract**” means, with respect to each Project, each Construction Contract entered into after the applicable WIFIA Loan Agreement Effective Date.

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

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

“**Additional Senior Obligations**” means any Senior Obligations permitted under Section 18(a) (*Negative Covenants of the District – Indebtedness*), which Senior Obligations are issued or

---

<sup>1</sup> **Note to Borrower:** Please provide copies of the 2024A IPA and 2024 Bonds. Also, a footnote from the Borrower team indicated the 2024A Bonds closed on 4/30/2024. Do these dates need to reflect that closing date instead of 4/1/2024?

incurred on or after the Effective Date; provided that the only permitted Additional Senior Obligations are Refunding Senior Obligations.

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

“**Aggregate Master Program Amount**” means one hundred forty-five million five hundred fifty-five thousand Dollars (\$145,555,000).

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

“**Application**” means the Borrower’s application for WIFIA financial assistance received by the WIFIA Lender on October 18, 2023.

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

Obligation Document for application to the prepayment or repayment of any principal amount of the Obligations other than in accordance with the provisions of this Agreement.

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

**“Board of Directors”** means the governing board of the Borrower or District (as applicable).

**“Bonds”** means all revenue bonds or notes of the District authorized, executed, issued and delivered by the District, the payments of which are on a senior or parity basis with the WIFIA Installment Payments and which are secured by a pledge of and lien on the Water Revenues, including but not limited to, the Senior Bonds. As used herein, the term “Bonds” does not include bonds heretofore or hereafter issued that are required by law to be paid by the District from taxes or assessments that are excluded from Water Revenues.

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

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

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

**“Borrower Financial Statements”** means the audited income statement and balance sheet of the Borrower as of the end of the Borrower Fiscal Year and the related audited statements of operations and of cash flow of the Borrower for such Borrower Fiscal Year; provided that, so long as the Borrower is a component unit of the District, all references to “Borrower Financial Statements” shall be deemed to refer to “District Financial Statements.”

**“Borrower Fiscal Year”** means (a) as of the Effective Date, a fiscal year of the Borrower commencing on January 1 of any calendar year and ending on December 31 of the same calendar year or (b) such other fiscal year as the Borrower may hereafter adopt after giving thirty (30) days’ prior written notice to the WIFIA Lender in accordance with Section 16(c) (*Negative Covenants of the Borrower – Borrower Fiscal Year*).

**“Borrower Material Adverse Effect”** means a material adverse effect on (a) the Borrower Revenues, (b) the business, operations, properties, condition (financial or otherwise) or prospects of the Borrower with respect to the Water System, (c) the legality, validity or enforceability of any material provision of any WIFIA Loan Document to which the Borrower is a party, (d) the ability of the Borrower to enter into, perform or comply with any of its material obligations under any WIFIA Loan Document to which it is a party, (e) the validity, enforceability or priority of the Liens

provided under the WIFIA Loan Documents on the Borrower Revenues or (f) the WIFIA Lender's rights or remedies available under any WIFIA Loan Document to which the Borrower is a party.

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

**“Borrower Project Closing Certificate”** has the meaning provided in Section 11(b)(vii) (*Conditions Precedent – Conditions Precedent to Effectiveness of Each WIFIA Loan Agreement*).

**“Borrower Revenues”** means (a) the WIFIA Installment Payments received by the Borrower pursuant to or with respect to a WIFIA IPA and (b) all interest or gain derived from the investment of amounts in any of the funds or accounts established under any WIFIA IPA or this Agreement.

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

**“Budgeted Transfers”** means, for any District Fiscal Year, lawfully available amounts, including in the Rate Stabilization Fund, as of the last day of such District Fiscal Year, in each case, (a) which may be lawfully used to pay the WIFIA Installment Payments and (b) that have been transferred to the Water Revenue Fund, pursuant to a budget process where such amounts have been budgeted and approved by the Board of Directors of the District (and which removal from the Water Revenue Fund would require a separate budget and approval process by the Board of Directors of the District prior to any such removal), for application solely to the Water System.

**“Burns-Porter Assessments”** means those assessments levied for the benefit of the District in connection with the State Water Supply Contract and pursuant to the Burns-Porter Act of 1959, also known as the California Water Resources Development Bond Act.

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

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

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

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

**“Construction Contract”** means, with respect to any Project, any prime contract entered into by the District with respect to such Project that involves any construction activity (such as demolition, site preparation, civil works construction, installation, remediation, refurbishment,

rehabilitation, or removal and replacement services). For the avoidance of doubt, “**Construction Contract**” shall include each Existing Construction Contract for the relevant Project and, upon the effectiveness thereof, each Additional Construction Contract for such Project.

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

“**Construction Monitoring Report**” means, with respect to each Project, a report on the status of such Project, substantially in the form of **Exhibit H** (*Form of Construction Monitoring Report*), unless otherwise agreed to be in a different form by the WIFIA Lender.

“**Construction Period**” means, with respect to each WIFIA Loan Agreement, the period from the applicable WIFIA Loan Agreement Effective Date through the applicable Substantial Completion Date.

“**Construction Period Servicing Fee**” has the meaning provided in Section 10(a)(ii) (*Fees and Expenses – Fees*) and, for each WIFIA Loan, shall be in the amount specified in Section 10(b) (*Fees and Expenses*) of the applicable WIFIA Loan Agreement and paid in accordance with Section 10(a)(ii) and Section 10(c) (*Fees and Expenses*) hereof.

“**Construction Schedule**” has, for each applicable Project, the meaning provided in Section 1 (*Definitions*) of the applicable WIFIA Loan Agreement.

“**Contracts**” means each WIFIA IPA and any amendments and supplements thereto, and all contracts of the District authorized and executed by the District, the installment payments or the payments under which are on a senior or parity basis with the WIFIA Installment Payments and which are secured by a pledge and lien on the Water Revenues, including but not limited to, the Installment Purchase Agreements. As used herein, the term “Contracts” does not include the contracts with the State of California for the State Water Project, including the State Water Supply Contract.

“**CPI**” means the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for All Items, 1982-84=100 (not seasonally adjusted) or its successor, published by the Bureau of Labor Statistics and located at <https://www.bls.gov/news.release/cpi.t01.htm>.

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

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

(b) those portion of the principal amount of all outstanding serial Bonds required to be paid in such period, but excluding Excluded Principal;

(c) those portion of the principal amounts of all outstanding term Bonds required to be paid in such period, but excluding Excluded Principal; and

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

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

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

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

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

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

**“Debt Service Payment Commencement Date”** has, for each WIFIA Loan, the meaning provided in Section 1 (*Definitions*) of the applicable WIFIA Loan Agreement.

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

“**Default Rate**” means, with respect to each WIFIA Loan, an interest rate equal to the lesser of (a) the sum of (i) the applicable WIFIA Interest Rate plus (ii) two hundred (200) basis points and (b) the maximum interest rate permitted by law.

“**Development Default**” has, for each applicable Project, the meaning provided in Section 1 (*Definitions*) of the applicable WIFIA Loan Agreement.

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

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

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

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

“**District Fiscal Year**” means (a) as of the Effective Date, a fiscal year of the District commencing on January 1 of any calendar year and ending on December 31 of the same calendar year or (b) such other fiscal year as the District may hereafter adopt after giving thirty (30) days’ prior written notice to the WIFIA Lender in accordance with Section 18(e) (*Negative Covenants of the District – District Fiscal Year*).

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

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

“**District Project Closing Certificate**” has the meaning provided in Section 11(b)(viii) (*Conditions Precedent – Conditions Precedent to Effectiveness of Each WIFIA Loan Agreement*).

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

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

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



**“Eligible Project Costs”** means, with respect to each Project, amounts in the Project Budget relating to such Project that have been approved by the WIFIA Lender and which are paid by or for the account of the District, as agent of the Borrower pursuant to the applicable WIFIA IPA, in connection with such Project (including, as applicable, Project expenditures incurred prior to the receipt of WIFIA credit assistance, or the repayment of amounts borrowed to make such expenditures prior to the receipt of WIFIA credit assistance), which shall arise from the following:

(a) development-phase activities, including planning, feasibility analysis (including any related analysis necessary to carry out an eligible project), revenue forecasting, environmental review, permitting, preliminary engineering and design work and other preconstruction activities;

(b) construction, reconstruction, rehabilitation, and replacement activities;

(c) the acquisition of real property or an interest in real property (including water rights, land relating to such Project and improvements to land), environmental mitigation (including acquisitions pursuant to Section 3905(8) of Title 33 of the United States Code), construction contingencies, and acquisition of equipment; or

(d) capitalized interest (with respect to Obligations other than the WIFIA Loans) necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses, and other carrying costs during construction;

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

**“Eligible Project Costs Documentation”** means, with respect to each Project, all supporting documentation with respect to the Eligible Project Costs for such Project, including copies of invoices and records evidencing incurred or previously paid Eligible Project Costs for such Project, which documentation should contain sufficient detail satisfactory to the WIFIA Lender (e.g. if the District, as agent of the Borrower pursuant to the applicable WIFIA IPA, intends to utilize WIFIA Loan proceeds to make construction progress payments for Eligible Project Costs for such Project, the documentation should demonstrate that such progress payments are commensurate with the cost of the work that has been completed).

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

**“Environmental Laws”** has the meaning provided in Section 13(j)(iii) (*Representations and Warranties of the District – Compliance with Laws*).

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

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

**“Excluded Principal”** means the amount of principal of any Bond or Contract for which there is on file with the WIFIA Lender (a) a certificate of an Independent Municipal Consultant to

the effect that such Bond or Contract is commercial paper or otherwise of a short term or revolving nature and has a maturity of less than sixty (60) months and (b) a certificate of the Manager to the effect that the District intends to pay such principal from the proceeds of the Bonds or Contracts, Parity Obligations or other bonds, notes or other obligations of the District. No such determination shall affect the security for such Bonds or Contracts or the obligation of the District to pay such Bonds or Contracts from Net Water Revenues.

“**Existing Construction Contract**” means, with respect to any Project, each Construction Contract of the District existing as of the applicable WIFIA Loan Agreement Effective Date, as set forth in Schedule 13(m) (*Existing Construction Contracts*) to the applicable WIFIA Loan Agreement.

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

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

“**Final Maturity Date**” has, for each WIFIA Loan, the meaning provided in Section 1 (*Definitions*) of the applicable WIFIA Loan Agreement.

“**Flow of Funds**” means the requirements specified in Section 5.2 (*Allocation of Water Revenues*) of each WIFIA IPA, a copy of such section, as of the Effective Date, is attached hereto as **Schedule 7(d)** (*Flow of Funds*) (all capitalized terms used in **Schedule 7(d)** shall have the meanings provided in such WIFIA IPA).

“**Flow of Funds Following Acceleration**” means the requirements specified in Section 8.2 (*Application of Funds Upon Acceleration*) of each WIFIA IPA.

“**Forecast Period**” means, as of any date, the time period from and including the then-current District Fiscal Year until the later ending date of either (a) the four (4) immediately succeeding District Fiscal Years or (b) the end of the District Fiscal Year in which the District’s then-currently effective capital improvement plan for the Water System concludes.

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

“**Manager**” means the general manager of the District, or any other person that is designated by the general manager to act on behalf of the general manager.

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

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

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

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

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

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

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

**“Installment Payment Date”** means the tenth (10th) Business Day prior to each Interest Payment Date occurring on or after the Debt Service Payment Commencement Date.

**“Interest Only Period”** has, for each WIFIA Loan where applicable, the meaning provided in Section 1 (*Definitions*) of the relevant WIFIA Loan Agreement.

**“Interest Payment Date”** has, for each WIFIA Loan, the meaning provided in Section 1 (*Definitions*) of the applicable WIFIA Loan Agreement.

**“Interim Financing”** means interim bond anticipation notes, commercial paper or other short-term temporary financing, in each case with a maturity occurring on or before the Projected Substantial Completion Date under the applicable WIFIA Loan Agreement in effect on the date on which such short-term temporary financing is issued or incurred.

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

“**Investment Policy**” means that certain Resolution No. 23-14 of the District, adopted October 23, 2023, as may be amended by the District from time to time.

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

“**Master Availability Period**” means the period from the Effective Date until the date that is five (5) years following the Effective Date.

“**Master Program**” means the District’s anticipated improvements to the Water System through the design and planning, development, completion and/or construction of each Project component as set forth on **Schedule I** (*Master Program*), as may be amended from time to time with approval of the WIFIA Lender in its sole discretion.

“**Master Program Budget**” means the total estimated aggregate budget for the Project components attached to this Agreement as **Schedule II** (*Master Program Budget*), as updated from time to time to reflect updated Project Budgets as provided in Section 11(b)(vi) (*Conditions Precedent – Conditions Precedent to Effectiveness of Each WIFIA Loan Agreement*), or as otherwise amended from time to time with approval of the WIFIA Lender in its sole discretion.

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

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

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

“**NEPA Determination**” means, with respect to each Project, the final NEPA decision issued for such Project by EPA in accordance with NEPA.

“**Net Proceeds**” means, when used with respect to any insurance or condemnation award, the gross proceeds from such insurance or condemnation award, paid with respect to the Water

System, remaining after payment therefrom of all expenses (including attorneys' fees) incurred in the collection of such gross proceeds.

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

**“Obligation Document”** means any indenture, installment purchase agreement, bond, credit agreement, note, reimbursement agreement, letter of credit, guarantee or any other agreement, contract, instrument or document pursuant to which any Obligation is incurred by the District.

**“Obligations”** means, collectively, the Senior Obligations and the Parity Obligations.

**“Operating Period Servicing Fee”** has the meaning provided in Section 10(a)(iii) (*Fees and Expenses – Fees*) and, for each WIFIA Loan, shall be in the amount specified in Section 10(c) (*Fees and Expenses*) of the applicable WIFIA Loan Agreement and paid in accordance with Section 10(a)(iii) and Section 10(c) (*Fees and Expenses*) hereof.

**“Operation and Maintenance Costs”** means the reasonable and necessary costs paid or incurred by the District for maintenance and operation of the Water System, determined in accordance with GAAP, including any water purchase costs (exclusive of any recovered amount from the State of California's Department of Water Resources in accordance with the State Water Supply Contract) and all reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Water System in good repair and working order, and including all administrative costs of the District that are charged directly or apportioned to the maintenance and operation of the Water System, such as salaries and wages of employees, overhead, insurance, taxes (if any) and insurance premiums, and including all other reasonable and necessary costs of the District or charges required to be paid by it to comply with the terms of each WIFIA IPA and other Bonds and Contracts, such as compensation, reimbursement and indemnification of the trustee with respect to any Bonds and Contracts; excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature, all capital charges, and any contract payments due under the State Water Supply Contract paid from the proceeds of any Burns-Porter Assessments.

**“Organizational Documents”** means (a) with respect to the District, the Division 11 of the Water Code of the State of California, including, but not limited to Sections 22228 through 22231, 22425 and 22426, as amended and supplemented from time to time, and (b) with respect to the Borrower, (i) the Joint Exercise of Powers Agreement creating the Borrower, dated April 10, 2013, as authorized under the provisions of Chapter 5 of Division 7 of Title 1 of the Government Code of the State, and (ii) the Bylaws of the Borrower, dated as of April 10, 2013.

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

**“Outstanding WIFIA Loan Balance”** means, with respect to each WIFIA Loan, (a) the aggregate principal amount of such WIFIA Loan drawn by the Borrower *plus* (b) any capitalized interest added to the principal balance of such WIFIA Loan *minus* (c) the aggregate principal

amount of such WIFIA Loan repaid by the Borrower, as determined in accordance with Section 8(f) (*Payment of Principal and Interest – Adjustments to WIFIA Loan Amortization Schedule*).

**“Parity Obligations”** means the WIFIA Installment Payments and all other obligations of the District or Borrower that (a) are secured by a pledge of and lien on the Pledged Collateral and rank *pari passu* in right of payment and right of security with the WIFIA Installment Payments, including any Additional Parity Obligations, and (b) constitute “Bonds” or “Contracts” under each WIFIA IPA, including the 2024 Bonds and 2024 IPA.

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

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

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

**“Permitted Investment”** means any investment permitted by both State law and the Investment Policy.

**“Permitted Liens”** means:

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

(b) Liens imposed by law, including Liens for taxes that are not yet due or are being contested in compliance with Section 15(g) (*Affirmative Covenants of the Borrower – Material Obligations; Payment of Claims*) and Section 17(k) (*Affirmative Covenants of the District – Material Obligations; Payment of Claims*);

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

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

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

(f) judgment Liens in respect of judgments that do not constitute an Event of Default under Section 21(a)(iv) (*Events of Default and Remedies – Borrower Material*

*Adverse Judgment*) or Section 21(b)(vi) (*Events of Default and Remedies – District Material Adverse Judgment*); and

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

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

“**Pledged Collateral**” has the meaning provided in Section 7(a) (*Security and Priority; Flow of Funds*).

“**Policy Costs**” means the annual amount due with respect to any policy or surety bond, including the Reserve Policy, in lieu of depositing cash in the WIFIA Reserve Fund or any reserve fund established for any Bonds or Contracts.

“**Principal Payment Date**” has, for each WIFIA Loan, the meaning provided in Section 1 (*Definitions*) of the applicable WIFIA Loan Agreement.

“**Project**” has, for each WIFIA Loan Agreement, the meaning provided in Section 1 (*Definitions*) of the applicable WIFIA Loan Agreement.

“**Project Budget**” has, for each Project, the meaning provided in Section 1 (*Definitions*) of the applicable WIFIA Loan Agreement.

“**Project Term Sheet**” means a term sheet substantially in the form attached hereto as **Exhibit J** (*Form of WIFIA Project Term Sheet*) entered into by the Borrower and the WIFIA Lender in respect of each WIFIA Loan.

“**Projected Substantial Completion Date**” has, for each WIFIA Loan, the meaning provided in Section 1 (*Definitions*) of the applicable WIFIA Loan Agreement.

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

“**Rate Covenant**” has the meaning provided in Section 17(a)(i) (*Affirmative Covenants of the District – Rate Covenant*).

“**Rate Stabilization Fund**” means the rate stabilization fund maintained by the District in accordance with each WIFIA IPA.

“**Refunding Senior Obligations**” means Additional Senior Obligations issued for the purpose of refunding any Outstanding Senior Obligations; provided that the issuance of such Refunding Senior Obligations shall not result in (a) an extension of the final maturity date of the

Senior Obligations to be refunded or (b) an increase in annual Debt Service in any year by more than five percent (5%).

“**Related Documents**” means the WIFIA Loan Documents and each other Obligation Document.

“**Requisition**” has the meaning provided in Section 4(a) (*Disbursement Conditions*).

“**Reserve Insurer**” means Assured Guaranty Municipal Corp., Build America Mutual Assurance Company, any successor thereto or assignee thereof, or a similar bond insurance provider, each of which must satisfy the requirements included in Section 17(s) (*WIFIA Reserve Fund*).

“**Reserve Policy**” means the municipal bond debt service reserve insurance policy issued by the Reserve Insurer and deposited in the WIFIA Reserve Fund to satisfy the Reserve Requirement (as defined in the WIFIA IPAs).

“**Sanctions Laws**” means, collectively, any applicable anti-drug trafficking, anti-terrorism, anti-money laundering, anti-bribery, or anti-corruption laws or regulations, as applicable, including those contained in the Bank Secrecy Act of 1970 (as amended) and the U.S. Patriot Act.

“**Senior Bonds**” means, collectively, the 2018 Bonds, 2020 Bonds, 2021 Bonds, and 2023 Bonds.

“**Senior IPAs**” means, collectively, the 2018 IPA, 2020 IPA, 2021 IPA, 2021A IPA and 2023 IPA.

“**Senior ISAs**” means, collectively, the 2020 ISA and 2022 ISA.

“**Senior Obligations**” means all obligations of the District or the Borrower that (a) are secured by a pledge of and lien on the Pledged Collateral and rank senior in right of payment and right of security to the WIFIA Installment Payments and any other Parity Obligations, and (b) constitute “Bonds” or “Contracts” under each WIFIA IPA, which includes each of the Senior Bonds, Senior IPAs, and Senior ISAs.

“**Senior Project Obligations**” means any Senior Obligations or any other obligations on parity with the Senior Obligations, in each case all or a portion of the proceeds of which are or will be applied at any time to fund all or any portion of Total Project Costs with respect to any Project.

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

“**Servicing Fee**” means any Servicing Set-Up Fee, Construction Period Servicing Fee or Operating Period Servicing Fee.

“**Servicing Set-Up Fee**” has the meaning provided in Section 10(a)(i) (*Fees and Expenses – Fees*) and, for each WIFIA Loan, shall be in the amount provided in Section 10(a) (*Fees and*



*Expenses – Fees*) of the applicable WIFIA Loan Agreement and paid in accordance with Section 10(a)(i) and Section 10(c) (*Fees and Expenses – Fees*) hereof.

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

“**State Water Project**” a project owned by the State and operated by the California Department of Water Resources. The State Water Project transports Feather River water stored in and released from Oroville Dam and unregulated flows diverted directly from the Bay-Delta south via the California Aqueduct to delivery points near the boundaries of the District’s service area.

“**State Water Supply Contract**” means that certain contract between the State and the District by which the District obtains water from the State Water Project, as well as any other contract or agreement by which the District obtains water from the State Water Project and pursuant to which the District is entitled to levy assessments for the purpose of paying costs in connection therewith, including the Burns-Porter Assessments.

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

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

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

“**Trustee**” means The Bank of New York Mellon Trust Company, N.A.

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

Borrower nor the District controls the administrative agency or governmental officer or body; provided that the diligent contest in good faith of any such order or judgment shall not constitute or be construed as a willful or negligent action or a lack of reasonable diligence of the Borrower or the District.

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

“**Unique Entity Identifier**” means, with respect to any Person, the unique entity identifier issued by the Government through SAM.gov for such Person.

“**Updated Financial Model/Plan**” means (a) an updated Base Case Financial Model or (b) a financial plan in a format agreed with the WIFIA Lender, in each case reflecting the then-current and projected conditions for the Forecast Period, in accordance with Section 20(a) (*Reporting Requirements of the District – Updated Financial Model/Plan*).

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

“**Variable Interest Rate Obligations**” means Obligations which bear a Variable Interest Rate but does not include any Obligations for which the interest rate has been fixed during the remainder of the term thereof to maturity.

“**Water Revenue Fund**” means the revenue fund maintained by the District in accordance with each WIFIA IPA.

“**Water Revenues**” means, for any District Fiscal Year, all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Water System, including, without limiting the generality of the foregoing:

(a) business interruption insurance proceeds or other moneys derived by the District from the sale, furnishing and supplying of the water or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Water System;

(b) proceeds of the District’s share of the county’s 1% property tax received by the District, if any;

(c) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys, including District reserves and any reserve funds;

(d) the proceeds of any stand by or water availability charges collected by the District, but excluding in all cases customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District, and excluding any

proceeds of any taxes or assessments required by law to be used by the District to pay bonds heretofore or hereafter issued and any Burns-Porter Assessments; and

(e) money withdrawn from the Rate Stabilization Fund in such District Fiscal Year.

“**Water Service**” means the water distribution service made available or provided by the Water System.

“**Water System**” means the entire water supply, treatment, storage and distribution system of the District, including but not limited to all facilities, properties and improvements at any time owned, controlled or operated by the District for the supply, treatment and storage of water to residents of the District and adjacent areas, and any necessary lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto at any time acquired, constructed or installed by the District.

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

“**WIFIA Borrower Resolution**” means Resolution No. [ ], adopted by the Borrower on [ ], 2024, authorizing the execution and delivery of this Agreement, each WIFIA Loan Agreement, each WIFIA IPA and each WIFIA Note and certain related actions by the Borrower in connection therewith.

“**WIFIA CUSIP Number**” has the meaning provided in Section 11(b)(vii)(B) (*Conditions Precedent – Conditions Precedent to Effectiveness of Each WIFIA Loan Agreement*).

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

“**WIFIA Debt Service Account**” means the debt service account established and maintained by the District, as agent of the Borrower pursuant to each WIFIA IPA, pursuant to Section 17(i) (*Affirmative Covenants of the District – WIFIA Debt Service Account*).

“**WIFIA District Resolution**” means Resolution No. [ ], adopted by the District on [ ], 2024, authorizing the execution and delivery of this Agreement, each WIFIA Loan Agreement and each WIFIA IPA and certain related actions by the District in connection therewith.

“**WIFIA Installment Payments**” means, for each WIFIA IPA, the installment payments of interest and principal scheduled to be paid by the District to the Borrower under and pursuant to such WIFIA IPA.

“**WIFIA Interest Rate**” means, for each WIFIA Loan, the rate specified in Section 6 (*Interest Rate*) of the applicable WIFIA Loan Agreement, which shall be computed in accordance with Section 6 (*Interest Rate*) hereof.

“**WIFIA IPA**” means, for each WIFIA Loan, an Installment Purchase Agreement substantially in the form attached hereto as **Exhibit L** (*Form of WIFIA IPA*) entered into by and between the District and the Borrower with respect to the Project corresponding to such WIFIA Loan.

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

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

“**WIFIA Loan**” has, for each WIFIA Loan Agreement, the meaning provided in Section 1 (*Definitions*) thereof.

“**WIFIA Loan Agreement**” means, for each WIFIA Loan, a loan agreement substantially in the form attached hereto as **Exhibit K** (*Form of WIFIA Loan Agreement*) entered into by the Borrower, the District and the WIFIA Lender in respect of the relevant Project.

“**WIFIA Loan Agreement Effective Date**” has, for each WIFIA Loan Agreement, the meaning provided in Section 1 (*Definitions*) thereof.

“**WIFIA Loan Amortization Schedule**” has, for each WIFIA Loan, the meaning provided in Section 1 (*Definitions*) of the applicable WIFIA Loan Agreement.

“**WIFIA Loan Commitment Amount**” has the meaning provided in Section 3(a) (*WIFIA Loans Under the Master Program*).

“**WIFIA Loan Disbursement Schedule**” means, for each WIFIA Loan, the disbursement schedule set forth in the WIFIA Loan Amortization Schedule for such WIFIA Loan, reflecting the anticipated disbursement of proceeds of such WIFIA Loan, as such schedule may be amended from time to time pursuant to Section 4(c) (*Disbursement Conditions*).

“**WIFIA Loan Documents**” means this Agreement, the WIFIA Notes, the WIFIA IPAs, the WIFIA Loan Agreements and the WIFIA Resolutions.

“**WIFIA Loan Request**” has the meaning provided in Section 3(c) (*WIFIA Loans Under the Master Program*).

“**WIFIA Note**” means, collectively, each “WIFIA Note” as defined in Section 1 (*Definitions*) of each WIFIA Loan Agreement.

“**WIFIA Reserve Fund**” means that fund established by the District in accordance with each WIFIA IPA.

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

Section 2. Interpretation.

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

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

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

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

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

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

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

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

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

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

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

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

(m) If any provision of this Agreement (or any other WIFIA Loan Document) conflicts with any provision of a WIFIA Loan Agreement, the provisions of such WIFIA Loan Agreement shall prevail.

## ARTICLE II THE WIFIA LOAN

### Section 3. WIFIA Loans Under the Master Program.

(a) Subject to the terms and conditions set forth in this Agreement and, with respect to each WIFIA Loan requested pursuant to the terms hereof, the terms and conditions set forth in the relevant WIFIA Loan Agreement (and Project Term Sheet related thereto), the Borrower may request WIFIA Loans for the Projects under the Master Program from time to time during the Master Availability Period in an aggregate principal amount for (i) the Master Program, not to exceed the Aggregate Master Program Amount and (ii) each Project component, not to exceed the principal amount set forth in **Schedule II** (*Master Program Budget*) for such Project component (such principal amount, the “**WIFIA Loan Commitment Amount**”); provided that (x) the aggregate WIFIA Loan Commitment Amount at any time shall not exceed the Aggregate Master Program Amount and (y) the availability of the WIFIA Loan for each Project shall be subject to the availability of budgetary authority at the time the WIFIA Loan Request for such WIFIA Loan is made. Such availability of budgetary authority shall be determined by the WIFIA Lender in accordance with the Act and applicable law. WIFIA Loan proceeds to be drawn shall be disbursed from time to time to pay for Eligible Project Costs for the applicable Project in accordance with Section 4 (*Disbursement Conditions*), Section 11(c) (*Conditions Precedent – Conditions Precedent to Disbursements*), and the terms of the applicable WIFIA Loan Agreement related thereto.

(b) Prior to the execution of the relevant WIFIA Loan Agreement, (i) any Project component included in **Schedule I** (*Master Program*) and **Schedule II** (*Master Program Budget*) may be replaced with one or more other Project components and (ii) any WIFIA Loan Commitment Amount included in **Schedule II** (*Master Program Budget*) may be adjusted as necessary, so long as, following such adjustment, (x) the maximum principal amount of the relevant WIFIA Loan, together with the amount of any other credit assistance provided under the Act to the Borrower, would not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs for such Project and (y) the aggregate WIFIA Loan Commitment Amount does not exceed the Aggregate Master Program Amount. In connection with any such modification, the Borrower shall amend **Schedule I** (*Master Program*) and **Schedule II** (*Master Program Budget*)

by submitting a revised version thereof to the WIFIA Lender no later than thirty (30) days prior to the proposed effective date of such modification, together with a detailed explanation of the reasons therefor. Each such revised schedule shall become effective upon the WIFIA Lender's approval thereof, which approval shall be granted in the WIFIA Lender's sole discretion.

(c) From time to time after the Effective Date but in any event (x) not more than once every sixty (60) days and (y) no later than one hundred eighty (180) days prior to the end of the Master Availability Period, the District, as agent of the Borrower pursuant to the applicable WIFIA IPA, may, with respect to each relevant Project, request that the WIFIA Lender enter into a WIFIA Loan Agreement and related WIFIA Loan Documents in respect of such Project by delivering to the WIFIA Lender a written notice in the form of **Exhibit D** (*Form of WIFIA Loan Request*) (a "**WIFIA Loan Request**"), which shall specify the Project components to which such WIFIA Loan Request relates, together with (i) a description of such Project components, (ii) the most recent Updated Financial Model/Plan delivered to the WIFIA Lender in accordance with Section 20(a) (*Reporting Requirements of the District – Updated Financial Model/Plan*), and (iii) such additional information relating to such Project as may be requested by the WIFIA Lender; provided that a WIFIA Loan Request shall not be required in connection with the initial WIFIA Loan Agreement; provided further that no more than five (5) WIFIA Loan Requests shall be delivered during the Master Availability Period. For each WIFIA Loan, the WIFIA Lender and the District, as agent of the Borrower pursuant to the applicable WIFIA IPA, shall, subject to the terms and conditions set forth herein and the applicable WIFIA Loan Agreement, promptly and in good faith, negotiate, finalize and enter into the Project Term Sheet, WIFIA Loan Agreement and the other WIFIA Loan Documents related to such Project.

#### Section 4. Disbursement Conditions.

(a) Pursuant to each WIFIA IPA, the Borrower shall appoint the District as its agent to request funds from time to time under this Agreement and the WIFIA Loan Agreements, and the District shall accept such appointment and assume all rights, liabilities, duties and responsibilities of the Borrower under this Agreement and the WIFIA Loan Agreements regarding the requisition of funds from time to time hereunder and thereunder. WIFIA Loan proceeds shall be disbursed solely in respect of Eligible Project Costs paid or incurred and approved for payment by or on behalf of the Borrower in connection with the applicable Project, including for the purpose of paying or redeeming, in whole or in part, amounts owed by the District under an Interim Financing the proceeds of which were applied to pay Eligible Project Costs. If the Borrower intends to utilize the WIFIA Loan proceeds to make progress payments for construction work performed under the Construction Contracts with respect to such Project, the District, as agent of the Borrower pursuant to the applicable WIFIA IPA, shall demonstrate to the satisfaction of the WIFIA Lender that such progress payments are commensurate with the cost of the work that has been completed. Each disbursement of the applicable WIFIA Loan shall be made pursuant to a requisition and certification (a "**Requisition**") in the form set forth in **Appendix One** (*Form of Requisition*) to **Exhibit B** (*Requisition Procedures*), along with all documentation and other information required thereby, submitted by the District, as agent of the Borrower pursuant to the applicable WIFIA IPA, to, and approved by, the WIFIA Lender, all in accordance with the procedures of **Exhibit B** (*Requisition Procedures*) and subject to the requirements of this Section 4 and the conditions set forth in Section 11(c) (*Conditions Precedent – Conditions Precedent to Disbursements*) and Section 11(b) (*Conditions Precedent – Conditions Precedent to Disbursements*) of the applicable

WIFIA Loan Agreement; provided that no disbursements of WIFIA Loan proceeds shall be made after the Final Disbursement Date with respect to such WIFIA Loan.

(b) Each Requisition shall include a certification by the District, as agent of the Borrower pursuant to the applicable WIFIA IPA, certifying as to the following: (i) whether reimbursement or payment is being requested with respect to (A) Eligible Project Costs that have been submitted by it pursuant to Section 20(c)(iii) (*Reporting Requirements of the District – Construction Reporting – Quarterly Certification of Eligible Project Costs*) and approved by the WIFIA Lender pursuant to Section 20(c)(iii) or (B) other Eligible Project Costs incurred by the District, as agent of the Borrower pursuant to such WIFIA IPA; (ii) the amount for which reimbursement or payment is being requested has not been reimbursed or paid by any previous disbursement of WIFIA Loan proceeds; and (iii) to the extent any Eligible Project Costs described in clause (i)(B) above are included in the Requisition, that such Eligible Project Costs have not and will not be submitted by the District for approval pursuant to Section 20(c)(iii).

(c) Subject to this Section 4, with respect to any WIFIA Loan, any scheduled disbursement (as reflected in the applicable WIFIA Loan Disbursement Schedule) of such WIFIA Loan that remains undrawn as of its scheduled date shall automatically be available for the next scheduled disbursement date, up to the Final Disbursement Date, with the effect of automatically updating such WIFIA Loan Disbursement Schedule (and the WIFIA Loan Amortization Schedule for such WIFIA Loan) without need for the WIFIA Lender's approval. The District may also amend such WIFIA Loan Disbursement Schedule by submitting a revised version thereof to the WIFIA Lender no later than thirty (30) days prior to the proposed effective date of such amendment, together with a detailed explanation of the reasons for such revisions. Such revised WIFIA Loan Disbursement Schedule shall become effective upon the WIFIA Lender's approval thereof, which approval shall be deemed granted if the WIFIA Lender has not objected within thirty (30) days from receipt of the revised schedule, and which approval shall have the effect of updating the WIFIA Loan Amortization Schedule for such WIFIA Loan to reflect the updated WIFIA Loan Disbursement Schedule. Notwithstanding the foregoing, the date of the first disbursement of any WIFIA Loan shall not be earlier than the initial date of disbursement for such WIFIA Loan set out in the applicable WIFIA Loan Amortization Schedule as of the applicable WIFIA Loan Agreement Effective Date.

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

Section 6. Interest Rate. With respect to each WIFIA Loan, interest will accrue and be computed on each Outstanding WIFIA Loan Balance (as well as on any past due interest) from time to time at the relevant WIFIA Interest Rate on the basis of a three hundred sixty (360) day year of twelve (12) thirty (30)-day months; provided that, upon the occurrence of an Event of Default, the Borrower shall pay interest on the Outstanding WIFIA Loan Balance at the Default Rate, (a) in the case of any Payment Default, from (and including) its due date to (but excluding) the date of actual payment and (b) in the case of any other Event of Default, from (and including) the date of such occurrence to (but excluding) the earlier of the date on which (i) such Event of Default has been cured or waived (if applicable) in accordance with the terms of this Agreement



and the relevant WIFIA Loan Agreement and (ii) the Outstanding WIFIA Loan Balance has been irrevocably paid in full by the Borrower in immediately available funds. For the avoidance of doubt, interest on each WIFIA Loan and each WIFIA Note shall accrue and be payable only on those amounts for which a Requisition has been submitted and funds (or such portion of funds as have been approved by the WIFIA Lender) have been disbursed to the Borrower for use on the relevant Project in accordance with Section 4 (*Disbursement Conditions*).

Section 7. Security and Priority; Flow of Funds.

(a) Pursuant to each WIFIA IPA, as security for the WIFIA Installment Payments under such WIFIA IPA and concurrently with the issuance and delivery of the applicable WIFIA Loan Agreement and corresponding WIFIA Note, the District shall pledge, assign and grant to the Borrower for its benefit Liens on (i) the Water Revenues and all associated amounts on deposit in the Water Revenue Fund (subject to payment of Operation and Maintenance Costs and Senior Obligations as they become due and payable), (ii) the Acquisition Fund and all amounts on deposit in the Acquisition Fund, (iii) the WIFIA Debt Service Account and all amounts on deposit in the WIFIA Debt Service Account and (iv) the WIFIA Reserve Fund and all amounts on deposit in the WIFIA Reserve Fund (collectively, the “**Pledged Collateral**”). The obligation of the District to make the WIFIA Installment Payments under each WIFIA IPA shall (i) be secured by the Liens on the Pledged Collateral, (ii) be subordinate in right of payment and in right of security to the Lien on the Pledged Collateral for the benefit of the Senior Obligations and (iii) be *pari passu* in right of payment and right of security to the Lien on the Pledged Collateral for the benefit of the Parity Obligations, in each case, without the need for any notice to or from any Person, physical delivery, recordation, filing or further act. The obligation of the District to make the WIFIA Installment Payments under each WIFIA IPA constitutes Parity Obligations under this Agreement and “Contracts” under each WIFIA IPA, and each WIFIA IPA constitutes a “Contract” under such WIFIA IPA and a “Subordinate Obligation” under each Senior IPA.

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

(c) The Borrower hereby unconditionally pledges and assigns to the WIFIA Lender and grants to the WIFIA Lender Liens for its benefit on (i) all of the Borrower’s right, title and interest to receive the Borrower Revenues and (ii) all of the Borrower’s rights to receive amounts from the District from the WIFIA Debt Service Account, the Acquisition Fund and the WIFIA Reserve Fund (including any Reserve Policy, as defined in each WIFIA IPA) and the proceeds thereof, and assigns to the WIFIA Lender all of the Borrower’s rights and remedies to enforce each WIFIA IPA upon an event of default under each such WIFIA IPA, in each case for the purpose of securing (x) the payment of all sums due and owing to the WIFIA Lender under this Agreement and the relevant WIFIA Loan Agreement and (y) the observance, performance and discharge of each agreement, condition, covenant and term of the Borrower and the District under this Agreement and the relevant WIFIA Loan Agreement and of the District under such WIFIA IPA. The District hereby consents to such pledge, assignment and grant. Notwithstanding anything in

this Agreement or any other WIFIA Loan Document to the contrary, the Borrower does not and shall not assign, and the WIFIA Lender does not and shall not assume, any obligation, duty or liability of the Borrower under each WIFIA IPA. Each WIFIA Loan is and shall be secured by the Liens on the Borrower Revenues. The Borrower Revenues shall be free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto other than the Liens with respect to each WIFIA Loan. The WIFIA Debt Service Account shall be free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto other than the Liens with respect to the WIFIA Installment Payments under each WIFIA IPA.

(d) The District shall not use any Pledged Collateral to make any payments or satisfy any obligations other than in accordance with the Flow of Funds, the provisions of this Section 7 and the Related Documents and shall not apply any portion of the Pledged Collateral in contravention of this Agreement or the other Related Documents. The District shall not use any amounts on deposit in the WIFIA Debt Service Account to make any payments or satisfy any obligations other than the payment of WIFIA Debt Service on the Borrower's behalf; provided that, the last Business Day of each District Fiscal Year, the District may transfer to the Water Revenue Fund any amounts on deposit in the WIFIA Debt Service Account that are not needed for such purpose; provided further that any amounts that are transferred from the WIFIA Debt Service Account to the Water Revenue Fund pursuant to this Section 7(d) shall not be double-counted for purposes of calculating any coverage requirement.

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

(f) All Water Revenues shall, immediately upon receipt thereof, be deposited by the District into the Water Revenue Fund. Amounts deposited in the Water Revenue Fund shall be applied in the order of priority described in, and in accordance with, the Flow of Funds, which includes payment of WIFIA Debt Service in accordance with Section 5.2 (*Allocation of Water Revenues*) of the relevant WIFIA IPA.

(g) Following the acceleration of amounts payable by the Borrower under this Agreement and the relevant WIFIA Loan Agreement or payable by the District under the relevant WIFIA IPA pursuant to Section 21(c) (*Events of Default and Remedies*) or Section 21(d)(vii) (*Events of Default and Remedies*) hereof or Section 21(c) (*Events of Default and Remedies*) of such WIFIA Loan Agreement, amounts deposited in the Water Revenue Fund shall be applied in the order of priority described in, and in accordance with, the Flow of Funds Following Acceleration.

## Section 8. Payment of Principal and Interest.

### (a) Payment of WIFIA Debt Service.

(i) Pursuant to the applicable WIFIA IPA, not later than each Installment Payment Date occurring on or after the applicable Debt Service Payment Commencement Date, the District shall, from moneys in the Water Revenue Fund, transfer to the WIFIA Debt Service

Account for the benefit of the WIFIA Lender the WIFIA Installment Payment under such WIFIA IPA due and payable on the relevant Payment Date. All WIFIA Installment Payments under the applicable WIFIA IPA and any other amounts deposited into the WIFIA Debt Service Account shall be held by the District, as agent of the Borrower pursuant to such WIFIA IPA, in trust for the benefit of the WIFIA Lender until the immediately succeeding Payment Date, whereupon such money shall be applied to the payment of WIFIA Debt Service.

(ii) No WIFIA Debt Service under the applicable WIFIA Loan Agreement shall be due or payable prior to the applicable Debt Service Payment Commencement Date. The Borrower shall pay, or the District, as agent of the Borrower pursuant to the applicable WIFIA IPA, shall transfer from the WIFIA Debt Service Account on the Borrower's behalf, (A) WIFIA Debt Service in the amounts and manner and on the Payment Dates as set forth in the applicable WIFIA Loan Amortization Schedule, as the same may be revised pursuant to Section 8(f) (*Payment of Principal and Interest – Adjustments to WIFIA Loan Amortization Schedule*) and (B) payments of any other amounts on each other date on which payment thereof is required to be made hereunder or under the applicable WIFIA Loan Agreement (including the applicable Final Maturity Date and any date on which payment is due hereunder or thereunder or under the applicable WIFIA Note by reason of the mandatory redemption or prepayment or the acceleration of the maturity of the applicable WIFIA Loan or otherwise); provided that, if any such date is not a Business Day, then payment shall be made on the next Business Day following such date. WIFIA Loan proceeds borrowed and repaid may not be reborrowed.

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

(iv) Any defeasance of the applicable WIFIA Loan in accordance with applicable law shall not be deemed a repayment or prepayment of such WIFIA Loan in full, and each of the Borrower and the District shall comply with all of its respective obligations hereunder and under the other WIFIA Loan Documents (other than with respect to payments of WIFIA Debt Service, which payments shall continue to be made in accordance with the applicable WIFIA Loan Amortization Schedule by the succeeding entity assuming the Borrower's payment obligations), unless otherwise agreed by the WIFIA Lender, until the irrevocable payment in full in immediately available funds by the Borrower of the Outstanding WIFIA Loan Balance with respect to such WIFIA Loan, together with all accrued interest, fees and expenses with respect thereto.

(b) Capitalized Interest. No payment of the principal of or interest on any WIFIA Loan is required to be made during an applicable Capitalized Interest Period. On each applicable Payment Date occurring during an applicable Capitalized Interest Period, and on the day immediately following the end of such Capitalized Interest Period, interest accrued on the applicable WIFIA Loan in the six (6) month period ending immediately prior to such date (or such shorter period if such Capitalized Interest Period ends on a date other than the date immediately prior to an Interest Payment Date) shall be capitalized and added to the relevant Outstanding WIFIA Loan Balance. The accrual of interest on amounts capitalized during an applicable Capitalized Interest Period pursuant to this Section 8(b) shall commence on the date such amounts are added to the relevant Outstanding WIFIA Loan Balance. Within thirty (30) days after the end

of an applicable Capitalized Interest Period, the WIFIA Lender shall give written notice to the Borrower and the District stating the Outstanding WIFIA Loan Balance of the related WIFIA Loan as of the close of business on the last day of such Capitalized Interest Period, which statement thereof shall be deemed conclusive absent manifest error; provided that no failure to give or delay in giving such notice shall affect any payment obligation or other obligation of the Borrower hereunder or under any other WIFIA Loan Document to which the Borrower is a party, or any payment obligation of the District under the applicable WIFIA IPA or any other obligation of the District under this Agreement or under any other WIFIA Loan Document to which the District is a party. Notwithstanding the foregoing, an applicable Capitalized Interest Period shall end immediately upon written notification to the Borrower or the District by the WIFIA Lender that an Event of Default under the relevant WIFIA Loan Agreement has occurred, in which case the provisions of this Section 8(b) shall no longer apply and payments of principal and interest shall be currently due and payable in accordance with the terms hereof and of such WIFIA Loan Agreement and interest shall no longer be capitalized. For purposes of this Section 8(b), an Event of Default under Section 21(b)(v) (*Events of Default and Remedies – Cross Default with Obligation Documents*) shall be deemed to have occurred upon the occurrence of any nonpayment of principal of, interest on or redemption price of any Parity Obligations (other than the WIFIA Loan) or Senior Obligations (as applicable) when due, regardless of whether any holder of the applicable Parity Obligations or Senior Obligations (as applicable), or any legal order, has waived or permitted deferral of any such payment. To the extent that any prepayment of any WIFIA Loan is made during an applicable Capitalized Interest Period, such prepayment shall be applied to the relevant Outstanding WIFIA Loan Balance as provided in Section 9(d) (*Prepayment – General Prepayment Instructions*) and reflected in a revised **Exhibit A** (*WIFIA Loan Amortization Schedule*) to the relevant WIFIA Loan Agreement.

(c) Interest Payments and Interest Only Period.

(i) Interest shall accrue on each WIFIA Loan commencing on the date of the first disbursement of such WIFIA Loan and shall be payable commencing on the applicable Debt Service Payment Commencement Date.

(ii) During an applicable Interest Only Period, the WIFIA Debt Service payable by the Borrower shall consist of one hundred percent (100%) of the amount of interest then due and payable on the relevant Outstanding WIFIA Loan Balance, and no payment of principal will be due and payable.

(d) WIFIA Notes. As evidence of the Borrower's obligation to repay each WIFIA Loan, the Borrower shall issue and deliver to the WIFIA Lender, on or prior to the applicable WIFIA Loan Agreement Effective Date, a WIFIA Note substantially in the form of **Exhibit A** (*Form of WIFIA Note*), having the maximum principal amount (excluding any interest to be capitalized in accordance with the terms hereof and thereof) specified in the WIFIA Loan Agreement for such WIFIA Loan, bearing interest at the applicable WIFIA Interest Rate and having principal and interest payable on the same dates as those set forth in such WIFIA Loan Agreement. Any payment in respect of any WIFIA Note shall be treated as a payment in respect of the corresponding WIFIA Loan and any prepayment of principal in respect of any WIFIA Loan shall be treated as a redemption in respect of the corresponding WIFIA Note.

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

(f) Adjustments to WIFIA Loan Amortization Schedule.

(i) Each Outstanding WIFIA Loan Balance will be (A) increased on each occasion on which the WIFIA Lender disburses proceeds of the applicable WIFIA Loan under the applicable WIFIA Loan Agreement by the amount of such disbursement of loan proceeds; (B) increased on each occasion on which interest on a WIFIA Loan is capitalized pursuant to the provisions of Section 8(b) (*Payment of Principal and Interest – Capitalized Interest*), by the amount of interest so capitalized; and (C) decreased upon each payment or prepayment of the Outstanding WIFIA Loan Balance for the applicable WIFIA Loan by the amount of principal so paid. The WIFIA Lender may in its discretion at any time and from time to time, or when so requested by the Borrower or the District, advise the Borrower or the District by written notice of the amount of such Outstanding WIFIA Loan Balance as of the date of such notice, and its determination of such amount in any such notice shall be deemed conclusive absent manifest error.

(ii) The WIFIA Lender is hereby authorized to modify any WIFIA Loan Amortization Schedule from time to time, in accordance with the principles set forth below in this Section 8(f), to reflect (A) any change to the Outstanding WIFIA Loan Balance for the applicable WIFIA Loan, (B) any change to the date and amount of any principal or interest due and payable or to become due and payable by the Borrower under this Agreement or the corresponding WIFIA Loan Agreement, (C) any mathematical corrections as the WIFIA Lender may determine are necessary and (D) with the consent of the Borrower (not to be unreasonably withheld), such other information as the WIFIA Lender may determine is necessary for administering such WIFIA Loan or such WIFIA Loan Agreement. Any calculations described above shall be rounded up to the nearest whole cent. Any adjustments or revisions to such WIFIA Loan Amortization Schedule as a result of changes in such Outstanding WIFIA Loan Balance shall be applied to reduce future payments due with respect to such WIFIA Loan in inverse order of maturity, other than prepayments which shall be applied in accordance with Section 9(d) (*Prepayment – General Prepayment Instructions*). Absent manifest error, the WIFIA Lender's determination of such matters as set forth on **Exhibit A** (*WIFIA Loan Amortization Schedule*) attached to each WIFIA Loan Agreement shall be conclusive evidence thereof; provided that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner any payment obligation or other obligation of the Borrower hereunder or under any other WIFIA Loan Document to which the Borrower is a party, or any payment obligation of the District under each

WIFIA IPA or other obligation of the District hereunder or under any WIFIA Loan Document to which the District is a party. The WIFIA Lender shall provide the Borrower and the District with a copy of such **Exhibit A** (*WIFIA Loan Amortization Schedule*) as revised pursuant to this Section 8(f)(ii), but no failure to provide or delay in providing the Borrower or the District with such copy shall affect any of the obligations of the Borrower or the District under this Agreement or the other WIFIA Loan Documents.

(g) WIFIA Loan Not District Indebtedness. Each WIFIA Loan and each WIFIA Note are limited obligations of the Borrower, payable solely from the Borrower Revenues, and do not constitute a debt of the State or any of its political subdivisions (including the District), except the Borrower. Notwithstanding anything to the contrary set forth in this Agreement, the District is not a borrower with respect to each WIFIA Loan, each WIFIA Note, or this Agreement and the District has no obligation to make any payment or provision for payment of such WIFIA Loan or such WIFIA Note. This Agreement does not constitute a contract between the District and the WIFIA Lender by which the District has incurred an indebtedness.

Section 9. Prepayment.

(a) Mandatory Prepayment from Insurance Proceeds or Eminent Domain Proceeds.

(i) The Borrower, or the District as agent of the Borrower, shall prepay each WIFIA Loan, without prepayment premium, from and in the amount of any prepayments of the WIFIA Installment Payments received from the District pursuant to Section 6.8 (*Insurance*) and Section 6.14 (*Eminent Domain Proceeds*) of the WIFIA IPA for such WIFIA Loan and Section 17(f) (*Affirmative Covenants of the District – Insurance; Eminent Domain; Net Proceeds*). The amount of any such prepayment shall be equal to the portion of the Outstanding WIFIA Loan Balance for such WIFIA Loan required to be prepaid hereunder plus accrued interest thereon to the date of prepayment. All such prepayments shall be paid to the WIFIA Lender by the District as agent of the Borrower substantially concurrently with the receipt of such amount by the Borrower and applied against such Outstanding WIFIA Loan Balance in accordance with Section 9(d) (*Prepayment – General Prepayment Instructions*).

(ii) Mandatory Prepayment Upon or Prior to Issuance or Existence of Senior Project Obligations. The Borrower shall prepay one hundred percent (100%) of any Outstanding WIFIA Loan Balance in full in immediately available funds upon the incurrence or existence of any Senior Project Obligations. Such prepayment shall be made prior to or concurrently with the incurrence, application or existence of such Senior Project Obligations and shall include all accrued and unpaid interest on the amount to be prepaid to the date of prepayment, without prepayment premium, and shall further include payment of all other Obligations in respect of the related WIFIA Loan, including fees and expenses, then due and payable. The Borrower shall provide written notice to the WIFIA Lender not less than thirty (30) days prior to the date on which the Borrower expects to issue any such Senior Project Obligations, and the anticipated date of the proposed mandatory prepayment; provided that the Borrower's failure to deliver such notice shall not diminish, impair or otherwise affect the Borrower's obligation to make such mandatory prepayment as and when the circumstances requiring such mandatory prepayment have occurred.

(b) Optional Prepayments. After the Final Disbursement Date for a WIFIA Loan, the Borrower (or the District as agent of the Borrower) may prepay such WIFIA Loan in whole or in part (and, if in part, the amounts thereof to be prepaid shall be determined by the Borrower; provided that such prepayments shall be in principal amounts of two hundred fifty thousand Dollars \$(250,000) or any integral multiple of one Dollar (\$1.00) in excess thereof), from time to time, but not more than annually, without penalty or premium, by paying to the WIFIA Lender such principal amount of such WIFIA Loan to be prepaid, together with the unpaid interest accrued on the amount of principal so prepaid to the date of such prepayment, which shall be a Payment Date under the applicable WIFIA Loan Agreement unless otherwise agreed by the WIFIA Lender. Each prepayment of a WIFIA Loan pursuant to this Section 9(b) shall be made on such Payment Date and in such principal amount as shall be specified by the Borrower in a written notice delivered to the WIFIA Lender not less than ten (10) days or more than thirty (30) days prior to the date set for prepayment, unless otherwise agreed by the WIFIA Lender. At any time between delivery of such written notice and the applicable optional prepayment, the Borrower may, without penalty or premium, rescind its announced optional prepayment by further written notice to the WIFIA Lender. Anything in this Section 9(b) to the contrary notwithstanding, the failure by the Borrower to make any optional prepayment shall not constitute a breach or default under this Agreement or the applicable WIFIA Loan Agreement.

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

(d) General Prepayment Instructions. Upon the WIFIA Lender's receipt of confirmation that payment in full in immediately available funds of the entire Outstanding WIFIA Loan Balance with respect to any WIFIA Loan and any unpaid interest, fees and expenses with respect thereto has occurred as a result of a mandatory or optional prepayment, the WIFIA Lender shall surrender the corresponding WIFIA Note to the Borrower or its representative by mail in accordance with Section 36 (*Notices*) or as otherwise agreed between the parties hereto. If the Borrower prepays only part of the unpaid balance of principal of any WIFIA Loan, the WIFIA Lender may make a notation on **Exhibit A** (*WIFIA Loan Amortization Schedule*) attached to the applicable WIFIA Loan Agreement, indicating the amount of principal of and interest on such WIFIA Loan then being prepaid. Absent manifest error, the WIFIA Lender's determination of such matters as set forth on such **Exhibit A** (*WIFIA Loan Amortization Schedule*) shall be conclusive evidence thereof; provided that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner any payment obligation or other obligation of the Borrower hereunder or under any other WIFIA Loan Document to which the Borrower is a party, or any payment obligation of the District under the WIFIA IPA with respect to such WIFIA Loan or any other obligation of the District hereunder or under any WIFIA Loan Document to which the District is a party. All partial prepayments of principal shall be applied to reduce future payments due on the applicable WIFIA Loan on a pro rata basis. If such funds have not been so paid on the prepayment date, such principal amount of such WIFIA Loan shall continue to bear interest until payment thereof at the rate provided in the applicable WIFIA Loan Agreement.

Section 10. Fees and Expenses.

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

(i) a servicing set-up fee equal to the amount specified in clause (a) of Section 10 (*Fees and Expenses*) of the applicable WIFIA Loan Agreement (the “**Servicing Set-Up Fee**”), which shall be due and payable within thirty (30) days after receipt of an invoice from the WIFIA Lender with respect thereto (or, if earlier, the first disbursement date of the related WIFIA Loan);

(ii) an annual construction period servicing fee equal to the amount specified in clause (b) of Section 10 (*Fees and Expenses*) of the applicable WIFIA Loan Agreement (the “**Construction Period Servicing Fee**”), which shall accrue on the first Business Day of the then-current Federal Fiscal Year and shall be due and payable on or prior to each November 15 during the Construction Period under the applicable WIFIA Loan Agreement (including the Federal Fiscal Year during which the applicable Substantial Completion Date occurs); provided that the initial Construction Period Servicing Fee shall be due and payable within thirty (30) days after receipt of an invoice from the WIFIA Lender with respect thereto (or, if earlier, on the first disbursement date of the WIFIA Loan), in an amount pro-rated from the applicable WIFIA Loan Agreement Effective Date through the last day of the then-applicable Federal Fiscal Year; and

(iii) an annual operating period servicing fee equal to the amount specified in clause (c) of Section 10 (*Fees and Expenses*) of the applicable WIFIA Loan Agreement (the “**Operating Period Servicing Fee**”), which shall accrue on the first Business Day of the then-current Federal Fiscal Year and shall be due and payable on or prior to each November 15, beginning with the first November 15 following the end of the Federal Fiscal Year during which the applicable Substantial Completion Date occurs, until (and including) the applicable Final Maturity Date; provided that any Operating Period Servicing Fee due and payable with respect to any Federal Fiscal Year during which such Final Maturity Date occurs shall be equal to the pro-rata monthly portion of the then applicable Operating Period Servicing Fee multiplied by the number of partial or whole months remaining between October 1 and such Final Maturity Date.

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

(c) Expenses. The District, on behalf of the Borrower, agrees, whether or not the transactions hereby contemplated shall be consummated, to reimburse the WIFIA Lender on demand from time to time, within thirty (30) days after receipt of any invoice from the WIFIA Lender, for any and all fees, costs, charges, and expenses incurred by it (including the fees, costs, and expenses of its legal counsel, financial advisors, auditors and other consultants and advisors) in connection with the negotiation, preparation, execution, delivery, and performance of this Agreement and the other WIFIA Loan Documents and the transactions hereby and thereby contemplated, including attorneys’ and engineers’ fees and professional costs, including all such fees, costs, and expenses incurred as a result of or in connection with:



(i) the review of each WIFIA Loan Request and the negotiation, preparation, execution, delivery, and performance of each Project Term Sheet, WIFIA Loan Agreement, and the other WIFIA Loan Documents related to the relevant Project;

(ii) the enforcement of or attempt to enforce, or the protection or preservation of any right or claim under, the Liens on the Pledged Collateral or any provision of this Agreement or any other WIFIA Loan Document or the rights of the WIFIA Lender thereunder;

(iii) any amendment, modification, waiver, or consent with respect to this Agreement or any other Related Document; and

(iv) any work-out, restructuring, or similar arrangement of the obligations of the Borrower or the District under this Agreement or the other WIFIA Loan Documents, including during the pendency of any Event of Default; provided that nothing in this Section 10(c) shall obligate the District to pay principal or interest on any WIFIA Loan or WIFIA Note.

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

### **ARTICLE III CONDITIONS PRECEDENT**

#### Section 11. Conditions Precedent.

(a) Conditions Precedent to Effectiveness of this Agreement. Notwithstanding anything in this Agreement to the contrary, this Agreement shall not become effective until each of the following conditions precedent has been satisfied or waived in writing by the WIFIA Lender in its sole discretion:

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

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

(iii) The District shall have delivered to the WIFIA Lender a copy of the WIFIA District Resolution, along with a certification that the WIFIA District Resolution is in full force and effect, all conditions contained in the WIFIA District Resolution that are necessary to the closing of the WIFIA transactions contemplated hereby have been fulfilled, and no further instruments or documents (including any resolutions, ordinances, and supplements) are necessary for the District to execute and deliver, and to perform its obligations under, this Agreement and each other WIFIA Loan Document to which the District is a party and to consummate and

implement the transactions contemplated by this Agreement and each other WIFIA Loan Document to which the District is a party.

(iv) The Borrower shall have delivered to the WIFIA Lender a copy of the WIFIA Borrower Resolution, along with a certification that the WIFIA Borrower Resolution is in full force and effect, all conditions contained in the WIFIA Borrower Resolution that are necessary to the closing of the WIFIA transactions contemplated hereby have been fulfilled, and no further instruments or documents (including any resolutions, ordinances, and supplements) are necessary for the Borrower to execute and deliver, and to perform its obligations under, this Agreement and each other WIFIA Loan Document to which the Borrower is a party and to consummate and implement the transactions contemplated by this Agreement and each other WIFIA Loan Document to which the Borrower is a party.

(v) (A) Counsel to the Borrower shall have rendered to the WIFIA Lender legal opinions satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth on **Exhibit E-1** (*Opinions Required from Counsel to Borrower*)), (B) bond counsel to the Borrower shall have rendered to the WIFIA Lender legal opinions satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth on **Exhibit E-2** (*Opinions Required from Borrower Bond Counsel*)), (C) counsel to the District shall have rendered to the WIFIA Lender legal opinions satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth on **Exhibit E-3** (*Opinions Required from Counsel to District*)), and (D) bond counsel to the District shall have rendered to the WIFIA Lender legal opinions satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth on **Exhibit E-4** (*Opinions Required from District Bond Counsel*)).

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

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

(B) no Borrower Material Adverse Effect, or any event or condition that could reasonably be expected to have a Borrower Material Adverse Effect, has occurred or arisen since the date of the Application.

(vii) The District shall have delivered to the WIFIA Lender a certificate, signed by the District's Authorized Representative, substantially in the form attached hereto as **Exhibit F-2** (*Form of Closing Certificate of District*) (the "**District Closing Certificate**"), designating the District's Authorized Representative, confirming such person's position and incumbency, and

certifying as to the satisfaction of the following conditions precedent (and, if requested by the WIFIA Lender, shall have provided evidence satisfactory to the WIFIA Lender of such satisfaction):

(A) the District has (x) obtained a Federal Employer Identification Number, (y) obtained a Unique Entity Identifier, and (z) registered with, and obtained confirmation of active registration status from, the federal System for Award Management (www.SAM.gov);

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

(C) no District Material Adverse Effect, or any event or condition that could reasonably be expected to have a District Material Adverse Effect, has occurred or arisen since the date of the Application.

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

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

(x) The District shall have delivered to the WIFIA Lender a copy of the Investment Policy.

(b) Conditions Precedent to Effectiveness of Each WIFIA Loan Agreement. Notwithstanding anything in this Agreement to the contrary, no WIFIA Loan Agreement shall become effective until each of the following conditions precedent has been satisfied or waived in writing by the WIFIA Lender in its sole discretion:

(i) The District shall have duly executed and delivered to the WIFIA Lender, except with respect to the initial WIFIA Loan Agreement, a WIFIA Loan Request that complies with the provisions of Section 3(c) (*WIFIA Loans Under the Master Program*).

(ii) The Borrower and the District shall each have duly executed and delivered to the WIFIA Lender, (A) a Project Term Sheet with respect to the applicable Project, (B) the WIFIA Loan Agreement with respect to such Project and (C) the WIFIA IPA with respect to such Project, in each case in form and substance satisfactory to the WIFIA Lender.

(iii) The Borrower shall have duly executed and delivered to the WIFIA Lender the WIFIA Note with respect to the applicable WIFIA Loan Agreement in form and substance satisfactory to the WIFIA Lender.

(iv) The Borrower and the District shall each have delivered to the WIFIA Lender complete and fully executed copies of each Related Document (to the extent not previously delivered to the WIFIA Lender) and Existing Construction Contract to which it is a party with respect to the applicable Project, together with any amendments, supplements, waivers or modifications thereto, that has been entered into on or prior to the applicable WIFIA Loan Agreement Effective Date, along with a certification in the applicable Borrower Project Closing Certificate and District Project Closing Certificate, respectively, that each such document is complete, fully executed and in full force and effect.

(v) (A) Counsel to the Borrower shall have rendered to the WIFIA Lender legal opinions satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth on **Exhibit E-1** (*Opinions Required from Counsel to Borrower*)), (B) bond counsel to the Borrower shall have rendered to the WIFIA Lender legal opinions satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth on **Exhibit E-2** (*Opinions Required from Borrower Bond Counsel*)), (C) counsel to the District shall have rendered to the WIFIA Lender legal opinions satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth on **Exhibit E-3** (*Opinions Required from Counsel to District*)), and (D) bond counsel to the District shall have rendered to the WIFIA Lender legal opinions satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth on **Exhibit E-4** (*Opinions Required from District Bond Counsel*)), in each case for the relevant Project.

(vi) The Borrower and the District shall each have delivered to the WIFIA Lender (A) each Project Budget for the relevant Project (to be included as Schedule I (*Project Budget*) to the applicable WIFIA Loan Agreement) and (B) except with respect to the initial WIFIA Loan Agreement, a revised Master Program Budget reflecting such Project Budget.

(vii) The Borrower shall have delivered to the WIFIA Lender a certificate with respect to the relevant Project, signed by the Borrower's Authorized Representative, substantially in the form attached hereto as **Exhibit F-3** (*Form of Project Closing Certificate of Borrower*) (the "**Borrower Project Closing Certificate**"), confirming the Borrower's Authorized Representative previously designated and such person's position and incumbency as previously provided to the WIFIA Lender remain unchanged and in full force and effect (or if changed, designating such new Borrower's Authorized Representative and confirming such person's position and incumbency, in form and substance satisfactory to the WIFIA Lender) and certifying as to the satisfaction of the following conditions precedent (and, if requested by the WIFIA Lender, shall have provided evidence satisfactory to the WIFIA Lender of such satisfaction):

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

(B) (1) with respect to the initial WIFIA Loan Agreement, the Borrower has obtained a CUSIP number for the initial WIFIA Loan (the “**WIFIA CUSIP Number**”) for purposes of monitoring through EMMA, and (2) with respect to each other WIFIA Loan Agreement, the Borrower (x) has maintained such WIFIA CUSIP Number and (y) confirmed that the expiration date of such WIFIA CUSIP Number is no earlier than the Final Maturity Date of the relevant WIFIA Loan or has extended the expiration date of the WIFIA CUSIP Number to be no earlier than the Final Maturity Date of the relevant WIFIA Loan;

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

(D) no Borrower Material Adverse Effect, or any event or condition that could reasonably be expected to have a Borrower Material Adverse Effect, has occurred or arisen since the Effective Date.

(viii) The District shall have delivered to the WIFIA Lender a certificate with respect to the relevant Project, signed by the District’s Authorized Representative, substantially in the form attached hereto as **Exhibit F-4** (*Form of Project Closing Certificate of District*) (the “**District Project Closing Certificate**”), confirming the District’s Authorized Representative previously designated and such person’s position and incumbency as previously provided to the WIFIA Lender remain unchanged and in full force and effect (or if changed, designating such new District’s Authorized Representative and confirming such person’s position and incumbency, in form and substance satisfactory to the WIFIA Lender) and certifying as to the satisfaction of the following conditions precedent (and, if requested by the WIFIA Lender, shall have provided evidence satisfactory to the WIFIA Lender of such satisfaction):

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

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

(C) the District has maintained (x) the Federal Employer Identification Number provided to the WIFIA Lender as a condition precedent to the Effective Date, (y) the Unique Entity Identifier provided to the WIFIA Lender as a condition precedent to the Effective

Date, and (z) an active registration status with the federal System for Award Management (www.SAM.gov);

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

(E) no District Material Adverse Effect, or any event or condition that could reasonably be expected to have a District Material Adverse Effect, has occurred or arisen since the Effective Date.

(ix) The Borrower shall have provided evidence to the WIFIA Lender's satisfaction of the assignment by at least one (1) Nationally Recognized Rating Agency of a public Investment Grade Rating to the applicable WIFIA Loan, along with a certification in the Borrower Project Closing Certificate that no such rating has been reduced, withdrawn or suspended as of such WIFIA Loan Agreement Effective Date.

(x) The District shall have delivered to the WIFIA Lender the most recent Updated Financial Model/Plan in compliance with the requirements of Section 20(a) (*Reporting Requirements of the District – Updated Financial Model/Plan*).

(xi) The District shall have delivered to the WIFIA Lender a Public Benefits Report for the relevant Project.

(xii) To the extent not previously paid, the District shall have paid in full (A) any outstanding Servicing Fees due and payable under Section 10 (*Fees and Expenses*) and (B) all invoices delivered by the WIFIA Lender to the District as of the relevant WIFIA Loan Agreement Effective Date for the fees and expenses of the WIFIA Lender's counsel and financial advisors and any auditors or other consultants retained by the WIFIA Lender for the purposes of the WIFIA Loan Documents.

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

(i) The District, as agent of the Borrower pursuant to the relevant WIFIA IPA, shall have delivered to the WIFIA Lender a Requisition that complies with the provisions of Section 4 (*Disbursement Conditions*) (including satisfactory Eligible Project Costs Documentation relating to such Requisition), and the WIFIA Lender shall have approved (or be deemed to have approved in accordance with Section 20(c)(iii) (*Reporting Requirements of the District – Construction Reporting – Quarterly Certification of Eligible Project Costs*)) such Requisition. The District's Authorized Representative shall also certify in such Requisition that:

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

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

(C) the aggregate amount of all disbursements of such WIFIA Loan (including the requested disbursement but excluding any interest that is capitalized in accordance with the terms hereof and of the relevant WIFIA Loan Agreement) will not exceed (1) the maximum principal amount of such WIFIA Loan, (2) the aggregate amount of the Eligible Project Costs with respect to the applicable Project paid or incurred by the District, as agent of the Borrower pursuant to the relevant WIFIA IPA;

(D) the Eligible Project Costs with respect to the applicable Project for which reimbursement or payment is being requested has not been reimbursed or paid by any previous disbursement of such WIFIA Loan or any other source of funding for such Project as identified in the Project Budget for such Project;

(E) (1) the District and each of the contractors and subcontractors at all tiers with respect to the relevant Project have complied with all applicable laws, rules, regulations and requirements, including 40 U.S.C. §§3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto) and 33 U.S.C. §3914 (relating to American iron and steel products); and (2) supporting documentation, such as certified payroll records and certifications for all iron and steel products used for the relevant Project, are being maintained and are available for review upon request by the WIFIA Lender;

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

(G) the District has delivered all required deliverables under and in compliance with the requirements of Section 20 (*Reporting Requirements of the District*), except as has been otherwise agreed by the WIFIA Lender; and

(H) Eligible Project Costs Documentation evidencing Eligible Project Costs in an amount equal to the amount requested for such disbursement, either (1) has been previously submitted to and approved by the WIFIA Lender in accordance with **Exhibit B** (*Requisition Procedures*) and Section 20 (*Reporting Requirements of the District*) of this Agreement or (2) has been submitted to the WIFIA Lender, together with a summary of such

Eligible Project Costs in the Requisition (or attached separately to the Requisition), for approval by the WIFIA Lender.

(ii) To the extent necessary to make the corresponding representations and warranties true, correct and complete as of the date of the applicable disbursement, the District shall have delivered a schedule, in form and substance satisfactory to the WIFIA Lender, listing any exceptions with respect to the representations and warranties set forth in Section 12(f) (*Representations and Warranties of the Borrower – Litigation*), Section 13(f) (*Representations and Warranties of the District – Litigation*) and Section 13(j)(iii) (*Representations and Warranties of the District – Compliance with Laws*).

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

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

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

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

(D) the Borrower has delivered all required deliverables under and in compliance with the requirements of Section 19 (*Reporting Requirements of the Borrower*), except as has been otherwise agreed by the WIFIA Lender.

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

(v) The District, as agent of the Borrower pursuant to the relevant WIFIA IPA, has deposited in the WIFIA Reserve Fund either a Reserve Policy or cash in an amount sufficient to satisfy the Reserve Requirement (as defined in the relevant WIFIA IPA).



**ARTICLE IV  
REPRESENTATIONS AND WARRANTIES**

Section 12. Representations and Warranties of the Borrower. The Borrower hereby represents and warrants that, as of the Effective Date (other than with respect to the representations and warranties contained in Section 12(k) (*Representations and Warranties of the Borrower – Credit Rating*)) and as of each WIFIA Loan Agreement Effective Date (other than with respect to the representations and warranties contained in Section 12(u) (*Representations and Warranties of the Borrower – Existing Water System Indebtedness*)) and, as to each of the representations and warranties other than those (x) contained in Section 12(b) (*Representations and Warranties of the Borrower – Officers’ Authorization*), Section 12(k) (*Representations and Warranties of the Borrower – Credit Rating*), the first sentence of Section 12(f) (*Representations and Warranties of the Borrower – Litigation*) and Section 12(u) (*Representations and Warranties of the Borrower – Existing Water System Indebtedness*), or (y) which expressly relate only to the District, as of each date on which any disbursement of a WIFIA Loan is requested or made:

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

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

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

(d) Non-Contravention. The execution and delivery of the Related Documents to which the Borrower is a party, the consummation of the transactions contemplated by the Related Documents to which the Borrower is a party, and the fulfillment of or compliance with the terms and conditions of the Related Documents to which the Borrower is a party, will not (i) conflict with the Borrower’s Organizational Documents, (ii) conflict in any material respect with, or constitute a violation, breach or default (whether immediately or after notice or the passage of time

or both) by the Borrower of or under, any applicable law, administrative rule or regulation, any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Borrower is a party or by which it or its properties or assets are otherwise subject or bound, or (iii) result in the creation or imposition of any Lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, other than Permitted Liens.

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

(f) Litigation. Except as set forth in **Schedule 12(f)** (*Litigation*), there is no action, suit, proceeding or, to the knowledge of the Borrower, any inquiry or investigation, in any case before or by any court or other Governmental Authority pending or, to the knowledge of the Borrower, threatened against or affecting (i) the Water System or the ability of the Borrower to execute, deliver and perform its obligations under the Related Documents to which the Borrower is a party or (ii) the Borrower or the assets, properties or operations of the Borrower, that in any case could reasonably be expected to result in a Borrower Material Adverse Effect.

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

or financing statements in connection with the foregoing, have been paid. Neither the attachment, validity, enforceability, priority or perfection of the security interest in the Borrower Revenues or the Borrower's rights with respect to the WIFIA Debt Service Account is governed by Article 9 of the UCC.

(h) No Debarment. The Borrower has fully complied with its verification obligations under 2 C.F.R. § 180.320 and confirms, based on such verification, that, to its knowledge, neither the Borrower nor any of its principals (as defined in 2 C.F.R. § 180.995 and supplemented by 2 C.F.R. § 1532.995) (i) is debarred, suspended or voluntarily excluded from participation in Government contracts, procurement or non-procurement matters; (ii) is presently indicted for or otherwise criminally or civilly charged by a Governmental Authority with commission of any of the offenses listed in 2 C.F.R. § 180 or 2 C.F.R. § 1532; or (iii) has, within the three (3) year period preceding the Effective Date, (x) been convicted for or had a civil judgment rendered against the Borrower for any of the offenses within such period or (y) had any public transactions (federal, state or local) terminated for cause or default.

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

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

(k) Credit Rating. As of any WIFIA Loan Agreement Effective Date, the corresponding WIFIA Loan has received a public Investment Grade Rating from at least one (1) Nationally Recognized Rating Agency, written evidence of such rating has been provided to the WIFIA Lender, and no such rating has been reduced, withdrawn or suspended.

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

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

(n) Insurance. The Borrower is in compliance with all insurance obligations applicable to the Borrower required under each Related Document to which the Borrower is a party as of the date on which this representation and warranty is made. To the extent the Borrower self-insures, the Borrower's self-insurance program is actuarially sound.

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

(p) Borrower Financial Statements. Commencing with the Borrower Financial Statements for the Borrower Fiscal Year ended December 31, 2023, each Borrower Financial Statement delivered to the WIFIA Lender by the Borrower pursuant to Section 19(a) (*Reporting Requirements of the Borrower – Annual Financial Statements*) has been, as of such delivery date, prepared in accordance with GAAP and presents fairly, in all material respects, the financial condition of the Borrower as of the respective dates of the balance sheets included therein and the results of operations of the Borrower for the respective periods covered by the statements of income included therein. Except as reflected in such Borrower Financial Statements, there are no liabilities or obligations of the Borrower of any nature whatsoever for the periods to which such Borrower Financial Statements relate that are required to be disclosed in accordance with GAAP.

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

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

(s) Taxes; No Federal Debt. The Borrower has paid all applicable taxes and other material taxes and assessments payable by it that have become due (other than those taxes or assessments that it is contesting in good faith and by appropriate proceedings, for which adequate reserves have been established to the extent required by GAAP). The Borrower has no delinquent federal debt (including tax liabilities but excluding any delinquencies that have been resolved with the appropriate federal agency in accordance with the standards of the Debt Collection Improvement Act of 1996).

(t) No Lobbying. Pursuant to 31 U.S.C. § 1352, to the best of the Borrower's knowledge and belief, (i) no Federal appropriated funds have been paid or will be paid, by or on behalf of the Borrower, to any Person for influencing or attempting to influence an officer or employee of an agency, a member (or employee of a member), officer, or employee of the

Congress, in connection with the making of any WIFIA Loan, execution (including amendments or modifications) of any WIFIA Loan Document, or any other federal action under 31 U.S.C. § 1352(a)(2); and (ii) 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 (or employee of a member), officer, or employee of the Congress in connection with any WIFIA Loan, the Borrower has completed and submitted to the WIFIA Lender Standard Form-LLL, “Disclosure Form to Report Lobbying,” in accordance with its instructions.

(u) Existing Water System Indebtedness. As of the Effective Date, except as set forth in **Schedule 12(u)** (*Existing Water System Indebtedness*), no indebtedness of the Borrower with respect to the Water System is outstanding.

(v) Senior Obligations. (i) The only Outstanding Obligations that are senior to the WIFIA Loan are the Senior Obligations and no other Obligations senior to the WIFIA Loan are permitted or will be incurred (except for Refunding Senior Obligations issued in accordance herewith) and (ii) no Senior Project Obligations exist and no proceeds from the Senior Obligations have been used to pay any Total Project Costs.

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

Section 13. Representations and Warranties of the District. The District hereby represents and warrants that, as of the Effective Date (other than with respect to the representations and warranties contained in the first sentence of Section 13(m) (*Representations and Warranties of the District – Construction Contracts*) and Section 13(o) (*Representations and Warranties of the District – Credit Rating*)) and as of each WIFIA Loan Agreement Effective Date (other than with respect to the representations and warranties contained in the first sentence of Section 13(w) (*Representations and Warranties of the District – Existing Obligations*)) and, as to each of the representations and warranties other than those (x) contained in Section 13(b) (*Representations and Warranties of the District – Officers’ Authorization*), the first sentence of Section 13(f) (*Representations and Warranties of the District – Litigation*), the first sentence of Section 13(m) (*Representations and Warranties of the District – Construction Contracts*), Section 13(o) (*Representations and Warranties of the District – Credit Rating*) and the first sentence of Section 13(w) (*Representations and Warranties of the District – Existing Obligations*) or (y) which expressly relate only to the Borrower, as of each date on which any disbursement of a WIFIA Loan is requested or made:

(a) Organization; Power and Authority. The District (i) is an irrigation district duly organized and validly existing under the laws of the State, (ii) has full legal right, power and authority (A) to do business in the State and to enter into the Related Documents then in existence to which it is a party, (B) to execute and deliver this Agreement and the other Related Documents

to which it is a party, and (C) to carry out and consummate all transactions contemplated hereby and thereby, and (iii) has duly authorized the execution, delivery and performance of this Agreement and the other Related Documents to which it is a party.

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

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

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

(e) Consents and Approvals. No consent or approval of any trustee, holder of any indebtedness of the District or of any other Person, and no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Authority is necessary in connection with (i) the execution and delivery by the District of the Related Documents to which it is a party, except as have been obtained or made and as are in full force and effect, or (ii) (A) the consummation of any transaction contemplated by any of the Related Documents to which the District is a party, or (B) the fulfillment of or compliance by the District with the terms and conditions of any of the Related Documents to which the District is a party, except as have been obtained or made and as are in full force and effect or as are ministerial in nature and can reasonably be expected to be obtained or made in the ordinary course on commercially reasonable terms and conditions when needed.

(f) Litigation. Except as set forth in **Schedule 12(f)** (*Litigation*), there is no action, suit, proceeding or, to the knowledge of the District, any inquiry or investigation, in any case

before or by any court or other Governmental Authority pending or, to the knowledge of the District, threatened against or affecting (i) the Water System (including the Master Program) or the ability of the District to execute, deliver and perform its obligations under the Related Documents to which the District is a party or (ii) the District or the assets, properties or operations of the District, that in any case could reasonably be expected to result in a District Material Adverse Effect.

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

(h) No Debarment. The District has fully complied with its verification obligations under 2 C.F.R. § 180.320 and confirms, based on such verification, that, to its knowledge, neither the District nor any of its principals (as defined in 2 C.F.R. § 180.995 and supplemented by 2 C.F.R. § 1532.995) is (i) debarred, suspended or voluntarily excluded from participation in Government contracts, procurement or non-procurement matters, (ii) is presently indicted for or otherwise criminally or civilly charged by a Governmental Authority with commission of any of the offenses listed in 2 C.F.R. § 180 or 2 C.F.R. § 1532; or (iii) has, within the three (3) year period preceding the Effective Date, (x) been convicted for or had a civil judgment rendered against the District for any of the offenses within such period or (y) had any public transactions (federal, state or local) terminated for cause or default.

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

(j) Compliance with Laws.

(i) The District has complied, and has required its contractors and subcontractors at all tiers with respect to the Master Program to comply, with all applicable laws, rules, regulations and requirements, including 40 U.S.C. §§ 3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto), 33 U.S.C. § 3914 (relating to American iron and steel products), 20 C.F.R. § 180.320 and 20 C.F.R. §1532 (relating to non-debarment), 31 U.S.C. §1352 (relating to non-lobbying), and any applicable Sanctions Laws.

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

(iii) The District is in compliance with all laws applicable to the Water System (including the Master Program) relating to environmental, health or safety matters (collectively, the “**Environmental Laws**”).

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

(l) Governmental Approvals. All Governmental Approvals required as of the Effective Date and required as of any subsequent date on which this representation is made (or deemed made) for the undertaking and completion by the District, as agent of the Borrower pursuant to each WIFIA IPA, of the Master Program, and for the operation and management thereof, have been obtained or effected and are in full force and effect and there is no basis for, nor proceeding that is pending or threatened that could reasonably be expected to result in, the revocation of or a default under any such Governmental Approval.

(m) Construction Contracts. As of any WIFIA Loan Agreement Effective Date, attached as Schedule 13(m) (*Existing Construction Contracts*) to the applicable WIFIA Loan Agreement is a list of the Existing Construction Contracts. With respect to each Construction Contract executed as of any date on which this representation and warranty is made, such Construction Contract is in full force and effect.

(n) Information. Neither the WIFIA Loan Documents to which the District is a party, nor any documents, certificates or statements provided to the WIFIA Lender by representatives of the District in connection with the transactions contemplated thereby, which for purposes of this Section 13(n) shall consist of all financial models, project budgets, documents or statements related to the Application or the Master Program, cash flow schematics, responses to due diligence interrogatories or requests from the WIFIA Lender or its advisors, and documents uploaded to any



data room made accessible to the District by the WIFIA Lender (or its advisors) or provided to the WIFIA Lender in an electronic written communication, to the extent such documents, certificates, statements or other materials relate to the District (including its finances or operations) or the Master Program, contains any untrue statement of any material fact or omits to state any material fact necessary so as to make such WIFIA Loan Documents, documents, certificates, statements or other materials so provided to the WIFIA Lender, in light of the circumstances under which they were made, not misleading.

(o) Credit Rating. As of any WIFIA Loan Agreement Effective Date, the corresponding WIFIA Loan has received a public Investment Grade Rating from at least one (1) Nationally Recognized Rating Agency, written evidence of such rating has been provided to the WIFIA Lender, and no such rating has been reduced, withdrawn or suspended.

(p) Insurance. The District is in compliance with all insurance obligations required under each Related Document to which the District is a party as of the date on which this representation and warranty is made. To the extent the District self-insures, the District's self-insurance program is actuarially sound.

(q) No Prohibited Liens. Except for Permitted Liens, the District has not created, and is not under any obligation to create, and has not entered into any transaction or agreement that would result in the imposition of, any Lien on the Pledged Collateral, the Water System, the Master Program or the properties or assets in relation to the Master Program.

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

(s) Sufficient Funds. The amount of the WIFIA Loans, when combined with all other funds committed for the design/planning, development, completion and construction of the Projects as set forth under the various sources of funds in the Project Budgets and identified in the Base Case Financial Model, will be sufficient to carry out the Master Program, pay all Total Project Costs anticipated for the design/planning, development, completion and construction of the Projects and achieve Substantial Completion with respect to each Project by the Projected Substantial Completion Date with respect to such Project. The total federal assistance provided to each Project, including the maximum principal amount of the WIFIA Loan for such Project (excluding any interest that is capitalized in accordance with the terms hereof), does not exceed eighty percent (80%) of Total Project Costs for such Project. The Updated Financial Model/Plan most recently delivered to the WIFIA Lender pursuant to Section 20(a) (*Reporting Requirements of the District – Updated Financial Model/Plan*) demonstrates that the projected Water Revenues and Borrower Revenues are sufficient to meet the WIFIA Loan Amortization Schedule for each

Project. The District has developed, and identified adequate revenues to implement, a plan for operating, maintaining, and repairing each Project over the useful life of such Project.

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

(u) Taxes; No Federal Debt. The District has paid all applicable taxes and other material taxes and assessments payable by it that have become due (other than those taxes or assessments that it is contesting in good faith and by appropriate proceedings, for which adequate reserves have been established to the extent required by GAAP). The District has no delinquent federal debt (including tax liabilities but excluding any delinquencies that have been resolved with the appropriate federal agency in accordance with the standards of the Debt Collection Improvement Act of 1996).

(v) No Lobbying. Pursuant to 31 U.S.C. § 1352, to the best of the District’s knowledge and belief, (i) no Federal appropriated funds have been paid or will be paid, by or on behalf of the District, to any Person for influencing or attempting to influence an officer or employee of an agency, a member (or employee of a member), officer, or employee of the Congress, in connection with the making of any WIFIA Loan, execution (including amendments or modifications) of any WIFIA Loan Document, or any other federal action under 31 U.S.C. § 1352(a)(2); and (ii) 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 (or employee of a member), officer, or employee of the Congress in connection with any WIFIA Loan, the District has completed and submitted to the WIFIA Lender Standard Form-LLL, “Disclosure Form to Report Lobbying,” in accordance with its instructions.

(w) Existing Obligations. As of the Effective Date, except as set forth in **Schedule 12(u)** (*Existing Water System Indebtedness*), no Obligations of the District are Outstanding.

(x) Senior Obligations. (i) The only Outstanding Obligations that are senior to the WIFIA Loan are the Senior Obligations and no other Obligations senior to the WIFIA Loan are permitted or will be incurred (except for Refunding Senior Obligations issued in accordance herewith) and (ii) no Senior Project Obligations exist and no proceeds from the Senior Obligations have been used to pay any Total Project Costs.

#### Section 14. Representations and Warranties of WIFIA Lender.

The WIFIA Lender represents and warrants that:

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

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

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

## **ARTICLE V COVENANTS**

Section 15. Affirmative Covenants of the Borrower. The Borrower covenants and agrees as follows until the date each WIFIA Note and all of the obligations of the Borrower under this Agreement and each WIFIA Loan Agreement (other than contingent indemnity obligations to the extent applicable) are irrevocably paid in full by the Borrower in immediately available funds and the WIFIA Lender no longer has any commitment to make disbursements to the Borrower, unless the WIFIA Lender waives compliance in writing:

(a) Securing Liens. The Borrower shall at any and all times, to the extent permitted by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable in connection with assuring, conveying, granting, assigning, securing and confirming the Liens on the Borrower Revenues (whether now existing or hereafter arising) and the Borrower's rights with respect to the WIFIA Debt Service Account granted to the WIFIA Lender for its benefit pursuant to the WIFIA Loan Documents to which the Borrower is a party, or intended so to be granted pursuant to the WIFIA Loan Documents to which the Borrower is a party, or which the Borrower may become bound to grant, and the Borrower shall at all times maintain the Borrower Revenues and its rights with respect to the WIFIA Debt Service Account free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto other than the Liens with respect to the WIFIA Loans, and all organizational, regulatory or other necessary action on the part of the Borrower to that end shall be duly and validly taken at all times. The Borrower shall at all times, to the extent permitted by law, defend, preserve and protect the Liens on the Borrower Revenues granted pursuant to the WIFIA Loan Documents and for the benefit of the WIFIA Lender under the WIFIA Loan Documents against all claims and demands of all Persons whomsoever.

(b) Use of Proceeds. The Borrower shall use, and shall cause the District pursuant to the relevant WIFIA IPA to use, the proceeds of each WIFIA Loan solely for purposes permitted by this Agreement and the relevant WIFIA Loan Agreement.

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

(d) Operation of the Borrower. The Borrower shall at all times do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in full force and effect the

Governmental Approvals and any other rights, licenses, franchises, and authorizations material to the conduct of its business.

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

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

(g) Material Obligations; Payment of Claims.

(i) The Borrower shall pay its material obligations with respect to the Water System promptly and in accordance with their terms.

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

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

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

(i) Accounting and Audit Procedures.

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

(ii) The Borrower (or the District on behalf of the Borrower) shall have a single or program-specific audit conducted in accordance with 2 C.F.R. Part 200 Subpart F and 31 U.S.C. § 7502 from (and including) the first Borrower Fiscal Year in which a disbursement is made under the initial WIFIA Loan Agreement and annually thereafter to the extent required by applicable law, except to the extent biennial audits are permitted for the Borrower pursuant to 2 C.F.R. § 200.504 and 31 U.S.C. § 7502(b). Upon reasonable notice, the Borrower (or the District on behalf of the Borrower) shall cooperate fully in the conduct of any periodic or compliance audits conducted by the WIFIA Lender, or designees thereof, pursuant to 40 C.F.R. Part 35, 31 U.S.C. §

7503(b), or 31 U.S.C. § 6503(h) and shall provide full access to any books, documents, papers or other records that are pertinent to the WIFIA Loans, to the WIFIA Lender, or the designee thereof, for any such project or programmatic audit.

(j) Access; Records.

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

(ii) The Borrower shall maintain and retain all pertinent files relating to the WIFIA Loans, as may be necessary for the WIFIA Lender to facilitate an effective and accurate audit and performance evaluation of the Master Program, until five (5) years after the later of the date on which (A) all rights and duties under this Agreement and under the WIFIA Loan Agreements and the corresponding WIFIA Notes (including payments) have been fulfilled and any required audits have been performed and (B) any litigation relating to the Master Program, the WIFIA Loans, this Agreement or the WIFIA Loan Agreements is finally resolved or, if the WIFIA Lender has reasonable cause to extend such date, a date to be mutually agreed upon by the WIFIA Lender and the Borrower.

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

(l) Further Assurances. The Borrower shall adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and of the WIFIA Loan Agreements and for the better assuring and confirming unto the WIFIA Lender the rights and benefits provided to it herein and in the WIFIA Loan Agreements.

Section 16. Negative Covenants of the Borrower. The Borrower covenants and agrees as follows until the date each WIFIA Note and all of the obligations of the Borrower under this Agreement and each WIFIA Loan Agreement (other than contingent indemnity obligations to the extent applicable) are irrevocably paid in full by the Borrower in immediately available funds and the WIFIA Lender no longer has any commitment to make disbursements to the Borrower, unless the WIFIA Lender waives compliance in writing:

(a) No Lien Extinguishment or Adverse Amendments. The Borrower shall not, and shall not permit any Person to, without the prior written consent of the WIFIA Lender, (i) extinguish or impair the Liens on the Borrower Revenues or the Borrower's rights with respect to the WIFIA Debt Service Account granted pursuant to this Agreement, (ii) amend, modify, terminate, assign, replace or supplement, or permit a waiver of any provision of, any WIFIA IPA, (iii) amend, modify, replace or supplement any Related Document to which the Borrower is a party (other than any WIFIA IPA) or permit a waiver of any provision thereof in a manner that could adversely affect the WIFIA Lender or could reasonably be expected to result in a Borrower Material Adverse Effect, or (iv) terminate or assign any Related Document to which the Borrower is a party (other than any WIFIA IPA) in a manner that could adversely affect the WIFIA Lender or could reasonably be expected to have a Borrower Material Adverse Effect. The Borrower shall not take or omit to take any action under any contract if the effect of such act or failure to act would in any manner impair or adversely affect the ability of the District to secure adequate Water Revenues to meet the requirements of the WIFIA Loan Documents.

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

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

(d) Hedging. The Borrower shall not enter into any swap or hedging transaction that is speculative or creates extraordinary leverage or risk, without the prior written consent of the WIFIA Lender.

Section 17. Affirmative Covenants of the District. The District covenants and agrees as follows until the date each WIFIA Note and all of the obligations of the Borrower and the District under this Agreement and each WIFIA Loan Agreement (other than contingent indemnity obligations to the extent applicable) are irrevocably paid in full by the Borrower and the District in immediately available funds and the WIFIA Lender no longer has any commitment to make disbursements to the Borrower or the District, unless the WIFIA Lender waives compliance in writing:

(a) Rate Covenant.

(i) The District, to the fullest extent permitted by law, shall, at all times, fix, prescribe and collect Water Revenues for Water Service which shall be at least sufficient to yield during each District Fiscal Year Net Water Revenues equal to one hundred ten percent (110%) of Debt Service and one hundred percent (100%) of Policy Costs (the "**Rate Covenant**").

(ii) For the purpose of computing the amount of Net Water Revenues for any District Fiscal Year under the Rate Covenant described above, (i) amounts transferred from the Water Revenue Fund to the Rate Stabilization Fund during such District Fiscal Year shall be included and (ii) amounts transferred from the Rate Stabilization Fund to the Water Revenue Fund shall not exceed ten percent (10%) of Debt Service payable in the applicable District Fiscal Year;

provided that no amounts transferred to or from the Rate Stabilization Funding during such District Fiscal Year shall be double-counted for purposes of such computation.

(iii) In accordance with Section 6.13 (*Collection of Rates and Charges*) of each WIFIA IPA, the District will have in effect at all times by-laws, rules and regulations requiring each customer to pay the rates and charges applicable to the Water Service and providing for the billing thereof and for a due date and a delinquency date for each bill.

(b) Securing Liens. The District shall at any and all times, to the extent permitted by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable in connection with assuring, conveying, granting, assigning, securing and confirming the Liens on the Pledged Collateral (whether now existing or hereafter arising) granted to the Borrower for its benefit pursuant to each WIFIA IPA, or intended so to be granted pursuant to each WIFIA IPA, or which the District may become bound to grant, and the District shall at all times maintain the Pledged Collateral free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto that has priority over, or equal rank with, the Liens created by such WIFIA IPA, other than as permitted by this Agreement, the relevant WIFIA Loan Agreement and such WIFIA IPA, and all organizational, regulatory or other necessary action on the part of the District to that end shall be duly and validly taken at all times. The District shall at all times, to the extent permitted by law, defend, preserve and protect the Liens on the Pledged Collateral granted for the benefit of the Borrower pursuant to each WIFIA IPA against all claims and demands of all Persons whomsoever, subject to Permitted Liens.

(c) Use of Proceeds. The District shall use the proceeds of each WIFIA Loan solely for purposes permitted by applicable law, the relevant WIFIA IPA and the other Related Documents to which the District is a party.

(d) Prosecution of Work; Verification Requirements.

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

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

(e) Maintenance and Operation of the Water System. The District shall maintain and preserve the Projects and the Water System in good repair and working order at all times, operate the Project and the Water System in an efficient and economical manner and substantially in accordance with its maintenance and operation plan (that incorporates the Master Program) and pay all Operation and Maintenance Costs as they become due and payable. The District shall at all times do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in

full force and effect the Governmental Approvals and any other rights, licenses, franchises, and authorizations material to the conduct of its business.

(f) Insurance; Eminent Domain; Net Proceeds.

(i) Insurance; Net Proceeds.

(A) The District shall procure and maintain or cause to be procured and maintained insurance on the Water System with responsible insurers in such amounts and against such risks (including accident to or destruction of the Water System) as are usually covered in connection with facilities that are similar to the Water System so long as such insurance is available from reputable insurance companies at reasonable rates.

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

(C) Any insurance required to be maintained by Section 17(f)(i)(A) and Section 17(f)(i)(B) above may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained in connection with facilities, properties, structures and works similar to the Water System and is, in the opinion of an accredited actuary, actuarially sound.

(D) Except for any self-insurance, the District shall cause (1) all liability insurance policies that it maintains (excluding property damage, automobile or workers' compensation insurance), to reflect the WIFIA Lender as an additional insured to the extent of its insurable interest and (2) all required insurance policies to provide that the Borrower shall be given thirty (30) days' prior written notice of any intended cancellation thereof or reduction of coverage provided thereby (and promptly upon receipt of such notice, the Borrower shall deliver to the WIFIA Lender a copy of such notice).

(E) Promptly upon request by the WIFIA Lender, the District shall deliver to the WIFIA Lender certificates of insurance and copies of any underlying insurance policies obtained by or on behalf of the Borrower or the District in respect of Master Program or, as applicable, a letter of self-insurance. All such insurance policies shall be available at all reasonable times for inspection by the WIFIA Lender, its agents and representatives.

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



(G) If such Net Proceeds exceed the costs of such reconstruction, repair or replacement portion of the Water System, and/or the cost of the construction of additions, betterments, extensions or improvements to the Water System, then the excess Net Proceeds shall be applied in part to the prepayment of each WIFIA Loan as provided in Section 9(a) (*Prepayment – Mandatory Prepayment from Insurance Proceeds or Eminent Domain Proceeds*) and in part to such other funds or accounts as may be appropriate and used for the retirement of the Obligations (other than the WIFIA Loans) in the same proportion which the Outstanding WIFIA Loan Balance for such WIFIA Loan then bears to the aggregate unpaid principal amount of the Obligations (other than the WIFIA Loans). If such Net Proceeds are sufficient to enable the District to retire the entire Outstanding WIFIA Loan Balance (and all interest accrued thereon) for each WIFIA Loan prior to the Final Maturity Date of such WIFIA Loan as well as all Obligations then remaining unpaid prior to their final respective due dates, the District may elect not to reconstruct, repair or replace the damaged or destroyed portion of the Water System, and thereupon such Net Proceeds shall be applied to the prepayment in full of such WIFIA Loan as provided in Section 9(a) (*Prepayment – Mandatory Prepayment from Insurance Proceeds or Eminent Domain Proceeds*) and to the retirement in full of all Obligations.

(ii) Eminent Domain; Net Proceeds. If all or any part of the Water System shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied as follows:

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

(B) If any of the conditions set forth in Section 17(s)(i) above are not met, then such Net Proceeds shall be applied by the District in part to the prepayment of the WIFIA Loan as provided in Section 9(a) (*Prepayment – Mandatory Prepayment from Insurance Proceeds or Eminent Domain Proceeds*) and in part to such other funds or accounts as may be appropriate and used for the retirement of the Obligations (other than the WIFIA Loan) in the same proportion which the Outstanding WIFIA Loan Balance then bears to the aggregate unpaid principal amount of the Obligations (other than the WIFIA Loan).

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

(h) Water Revenue Fund; Permitted Investments.

(i) The District shall maintain the Water Revenue Fund in accordance with the terms hereof and the other WIFIA Loan Documents. All Water Revenues received shall be deposited in the Water Revenue Fund when and as received in trust for the benefit of the holders of the Obligations, subject to the application of Water Revenues in accordance with Section 5.2 (*Allocation of Water Revenues*) of each WIFIA IPA. The District shall maintain and hold separate and apart from other funds the Water Revenue Fund so long as any Obligations remain unpaid. Moneys in the Water Revenue Fund shall be used and applied by the District as provided in the Flow of Funds.

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

(i) WIFIA Debt Service Account. The District, as agent of the Borrower pursuant to each WIFIA IPA, shall (i) establish the “WIFIA Debt Service Account” on or prior to the Effective Date and (ii) maintain the WIFIA Debt Service Account in accordance with such WIFIA IPA for the benefit of the Borrower. The WIFIA Debt Service Account shall be subject to a Lien and has been pledged by the District under such WIFIA IPA to the Borrower as security solely for the benefit of the Borrower and shall not be subject to any security interest in favor of any Person other than the Borrower. Amounts on deposit in the WIFIA Debt Service Account shall be applied by the District, as agent of the Borrower pursuant to such WIFIA IPA, solely to pay WIFIA Debt Service and other amounts due with respect to the applicable WIFIA Loan or WIFIA Note.

(j) Compliance with Laws.

(i) The District shall, and shall require the contractors and subcontractors at all tiers with respect to the Master Program to, comply with all applicable laws, rules, regulations and requirements, including 40 U.S.C. §§3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto), 33 U.S.C. §3914 (relating to American iron and steel products), 20 C.F.R. § 180.320 and 20 C.F.R. §1532 (relating to non-debarment), 31 U.S.C. §1352 (relating to non-lobbying), and any applicable Sanctions Laws.

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

(k) Material Obligations; Payment of Claims.

(i) The District shall pay its material obligations with respect to the Water System promptly and in accordance with their terms.

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

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

(l) SAM Registration. The District shall obtain prior to the Effective Date (and provide such registration information to the WIFIA Lender) and maintain through each Final Disbursement Date an active registration status with the federal System for Award Management (www.SAM.gov) (or any successor system or registry).

(m) Unique Entity Identifier. The District shall obtain prior to the Effective Date (and provide to the WIFIA Lender) and maintain through each Final Maturity Date a Unique Entity Identifier.

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

(o) Accounting and Audit Procedures.

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

(ii) The District shall have a single or program-specific audit conducted in accordance with 2 C.F.R. Part 200 Subpart F and 31 U.S.C. § 7502 from (and including) the first District Fiscal Year in which a disbursement is made under the initial WIFIA Loan Agreement and

annually thereafter to the extent required by applicable law, except to the extent biennial audits are permitted for the District pursuant to 2 C.F.R. § 200.504 and 31 U.S.C. § 7502(b). Upon reasonable notice, the District shall cooperate fully in the conduct of any periodic or compliance audits conducted by the WIFIA Lender, or designees thereof, pursuant to 40 C.F.R. Part 35, 31 U.S.C. § 7503(b), or 31 U.S.C. § 6503(h) and shall provide full access to any books, documents, papers or other records that are pertinent to the Master Program or the WIFIA Loans, to the WIFIA Lender, or the designee thereof, for any such project or programmatic audit.

(p) Access; Records.

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

(ii) The District shall maintain and retain all pertinent files relating to the Master Program and the WIFIA Loans, as may be necessary for the WIFIA Lender to facilitate an effective and accurate audit and performance evaluation of the Master Program, until five (5) years after the later of the date on which (A) all rights and duties of the District or the Borrower under this Agreement and under the WIFIA Loan Agreements and corresponding WIFIA Notes (including payments) have been fulfilled and any required audits have been performed and (B) any litigation relating to the Master Program, the WIFIA Loans, this Agreement or the WIFIA Loan Agreements is finally resolved or, if the WIFIA Lender has reasonable cause to extend such date, a date to be mutually agreed upon by the WIFIA Lender and the District. The District shall provide to the WIFIA Lender in a timely manner all records and documentation relating to the Master Program that the WIFIA Lender may reasonably request from time to time.

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

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

(s) WIFIA Reserve Fund.

(i) The District, as agent of the Borrower pursuant to the relevant WIFIA IPA, shall establish and hold in trust the WIFIA Reserve Fund. The District shall cause the Reserve Policy or cash in amount sufficient to satisfy the Reserve Requirement (as defined in the relevant WIFIA IPA) to be deposited in the WIFIA Reserve Fund and such WIFIA Reserve Fund shall be funded in amount sufficient to satisfy such Reserve Requirement at all times. The WIFIA Lender shall have the ability to draw upon the Reserve Policy in accordance with the Reserve Policy Agreement (as defined in the relevant WIFIA IPA).

(ii) Each Reserve Policy shall be insured by a Reserve Insurer with at least an 'A+' rating.

(iii) If at any time a Reserve Insurer's rating drops below 'A+', then the District shall, within sixty (60) calendar days of such Reserve Insurer's rating dropping below 'A+', either replace the Reserve Policy with a Reserve Insurer with at least an 'A+' rating or deposit cash in the WIFIA Reserve Fund, in each case in an amount sufficient to satisfy the Reserve Requirement (as defined in the relevant WIFIA IPA).

(t) Further Assurances. The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and of the WIFIA Loan Agreements and WIFIA IPAs and for the better assuring and confirming unto the WIFIA Lender the rights and benefits provided to it herein and in the WIFIA Loan Agreements and WIFIA IPAs.

Section 18. Negative Covenants of the District. The District covenants and agrees as follows until the date each WIFIA Note and all of the obligations of the Borrower and the District under this Agreement and each WIFIA Loan Agreement (other than contingent indemnity obligations to the extent applicable) are irrevocably paid in full by the Borrower and the District in immediately available funds and the WIFIA Lender no longer has any commitment to make disbursements to the Borrower or the District, unless the WIFIA Lender waives compliance in writing:

(a) Indebtedness.

(i) The District shall not create, incur or suffer to exist (A) any Additional Senior Obligations (provided that Refunding Senior Obligations may be issued for the purpose of refunding any Senior Obligations then Outstanding so long as the issuance of such Refunding Senior Obligations shall not result in (1) an extension of the final maturity date of the Senior Obligations to be refunded or (2) an increase in annual debt service in any year by more than five percent (5%)); (B) any Obligations, all or a portion of the proceeds of which are or will be applied at any time to fund all or any portion of Total Project Costs of any Project, that are secured by a Lien on any assets or property of the District other than the Pledged Collateral; (C) any Obligations, all or a portion of the proceeds of which are or will be applied at any time to fund any purchase, construction, condemnation, acquisition or expansion of the Water System, that are secured by a Lien on the Pledged Collateral or payable from the Pledged Collateral except in either case, Parity Obligations, or obligations so secured on a basis subordinate to the Parity Obligations; or (D) any Senior Project Obligations. While an Event of Default relating to a Payment Default

or a Bankruptcy Related Event has occurred and is continuing, the District shall not incur any indebtedness of any kind payable from, secured or supported by the Pledged Collateral without the prior written consent of the WIFIA Lender.

(b) Additional Parity Obligations. The District may incur Additional Parity Obligations in accordance with the terms of this Agreement; provided that:

(i) the Net Water Revenues for the last audited District Fiscal Year, or for any consecutive twelve (12) calendar month-period during the eighteen (18) calendar month-period preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Consultant on file with the District, shall have produced a sum equal to at least one hundred ten percent (110%) of the Debt Service and one hundred percent (100%) of any Policy Costs for such District Fiscal Year or other twelve (12) month-period;

(ii) the Net Water Revenues for the last audited District Fiscal Year, or for any consecutive twelve (12) calendar month-period during the eighteen (18) calendar-month period preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, including adjustments to give effect as of the first day of such District Fiscal Year or other twelve (12) month-period, to increases or decreases in rates and charges with respect, or applicable, to the Water System approved and in effect as of the date of calculation, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Municipal Consultant on file with the District, shall have produced a sum equal to at least one hundred ten percent (110%) of the Debt Service and one hundred percent (100%) of any Policy Costs for such District Fiscal Year or other twelve (12) month-period, plus the Debt Service which would have accrued on any Contracts executed or Bonds issued since the end of such District Fiscal Year or other twelve (12) month-period, assuming that such Contracts had been executed or Bonds had been issued at the beginning of such District Fiscal Year or other twelve (12) month-period, plus the Debt Service which would have accrued had such proposed additional Contract been executed or proposed additional Bonds been issued at the beginning of such District Fiscal Year or other twelve (12) month-period; and

(iii) the estimated Net Water Revenues for the then current District Fiscal Year and for each District Fiscal Year thereafter, including (after giving effect to the completion of all such uncompleted improvements to the Water System) an allowance for estimated Net Water Revenues for each of such District Fiscal Years arising from any increase in the rates and charges estimated to be fixed and prescribed or received for the Water Service and which are economically feasible and reasonably considered necessary based on projected operations for a period of not to exceed five (5) years, as evidenced by a certificate of the Manager on file with the District, shall produce a sum equal to at least one hundred ten percent (110%) of the estimated Debt Service and one hundred percent (100%) of any estimated Policy Costs for each of such District Fiscal Years, after giving effect to the execution of all Contracts and the issuance of all Bonds estimated to be required to be executed or issued to pay the costs of completing all uncompleted improvements to the Water System within such District Fiscal Years.

For the purpose of computing the amount of Net Water Revenues for any District Fiscal Year under the Additional Parity Obligations test described in Section 18(b) above, the amount of Water Revenues yielding Net Water Revenues may be increased by Budgeted Transfers (excluding amounts transferred from the Water Revenue Fund to the Rate Stabilization Fund) (measured as of the last day of the immediately preceding District Fiscal Year), such amount to be no greater than ten percent (10%) of Debt Service payable in the applicable District Fiscal Year.

(c) Notwithstanding the foregoing but subject to no Event of Default at such issuance or execution being uncured, Bonds issued or Contracts executed, on a parity basis with the WIFIA Installment Payments due under each WIFIA IPA, to refund Bonds or prepay Contracts may be delivered without satisfying the conditions set forth above if Debt Service in each District Fiscal Year after the District Fiscal Year in which such Bonds are issued or Contracts are executed is not greater than one hundred ten (110%) of the Debt Service which would have been payable in each such District Fiscal Year prior to the issuance of such Bonds or execution of such Contracts.

(d) No Lien Extinguishment or Adverse Amendments. The District shall not, and shall not permit any Person to, without the prior written consent of the WIFIA Lender, (i) extinguish the Rate Covenant, (ii) extinguish or impair the Liens on the Pledged Collateral granted pursuant to any WIFIA IPA, (iii) amend, modify, terminate, assign, replace or supplement, or permit a waiver of any provision of, any WIFIA IPA, (iv) amend, modify, replace or supplement any Related Document to which the District is a party (other than any WIFIA IPA) or permit a waiver of any provision thereof in a manner that could adversely affect the WIFIA Lender or could reasonably be expected to result in a Material Adverse Effect, or (v) terminate or assign any Related Document to which the District is a party in a manner that could adversely affect the WIFIA Lender or could reasonably be expected to have a Material Adverse Effect. The District shall not take or omit to take any action under any contract if the effect of such act or failure to act would in any manner impair or adversely affect the ability of the District to secure adequate Water Revenues to meet the requirements of the WIFIA IPAs.

(e) No Prohibited Liens. Except for Permitted Liens, the District shall not create, incur, assume or permit to exist any Lien on the Water System, the Projects, the Pledged Collateral, or the District's respective rights therein.

(f) Restricted Payments and Transfers. The District shall not permit Water Revenues or any funds in any other fund or account held by or on behalf of the District with respect to the Water System, to be paid or transferred or otherwise applied for purposes that would violate the terms of Section 5.2 (*Allocation of Water Revenues*) of the WIFIA IPAs.

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

(h) Hedging. The District shall not enter into any swap or hedging transaction that is speculative or creates extraordinary leverage or risk, without the prior written consent of the WIFIA Lender.

(i) Against Sale or Other Disposition of Property. The District shall not sell, lease or otherwise dispose of the Water System or any part thereof essential to the proper operation of the Water System or to the maintenance of the Water Revenues, and shall not enter into any agreement or lease which impairs the operation of the Water System or any part thereof necessary to secure adequate Water Revenues to meet the requirements of each WIFIA IPA, or which would otherwise impair the rights of the Borrower under each WIFIA IPA or the operation of the Water System. Any real or personal property which has become nonoperative or which is not needed for the efficient and proper operation of the Water System, or any material or equipment which has become worn out, may be sold if (i) such sale will not reduce the Net Water Revenues below the requirements to be maintained under Section 17(a) (*Affirmative Covenants of the District – Rate Covenant*), (ii) such sale will not impair the ability of the District to pay the WIFIA Installment Payments, and (iii) if the proceeds of such sale are deposited in the Water Revenue Fund. Nothing herein shall restrict the ability of the District to sell any portion of the Water System if such portion is immediately repurchased by the District and if such arrangement cannot by its terms result in the purchaser of such portion of the Water System exercising any remedy which would deprive the District of or otherwise interfere with its right to own and operate such portion of the Water System.

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

#### Section 19. Reporting Requirements of the Borrower.

(a) Annual Financial Statements. The Borrower shall deliver to the WIFIA Lender, as soon as available, and within one hundred eighty (180) days after the end of each Borrower Fiscal Year (provided that the failure of the Borrower to furnish the documents required by this Section 19(a) within such one hundred eighty (180)-day period shall not constitute a Default or an Event of Default hereunder or under the WIFIA Loan Agreements so long as the Borrower furnishes to the WIFIA Lender such documents within ninety (90) days after the end of such period; provided further that the parties agree that delivering the documents required by this Section 19(a) within such additional ninety (90)-day period shall not, in and of itself, constitute a default under this Agreement or the WIFIA Loan Agreements, an event of acceleration under this Agreement, the WIFIA Loan Agreements, the WIFIA Loans, or the WIFIA Notes, a termination event under this Agreement, the WIFIA Loan Agreements, the WIFIA Loans, or the WIFIA Notes, a modification of terms with respect to this Agreement, the WIFIA Loan Agreements, the WIFIA Loans, or the WIFIA Notes, or other similar event under this Agreement, the WIFIA Loan Agreements, the WIFIA Loans, or the WIFIA Notes reflecting financial difficulties), a copy of the audited Borrower Financial Statements as of the end of such Borrower Fiscal Year, (i) setting forth in each case in comparative form the figures for the previous fiscal year, (ii) certified without qualification or exception, or qualification as to the scope of the audit, by an independent public accounting firm selected by the Borrower and (iii) which shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein (except for changes approved or required by the independent public accountants certifying such statements and disclosed therein); provided that



the delivery of such audited Borrower Financial Statements can be accomplished through the posting of such document on EMMA under the WIFIA CUSIP Number.

(b) Notices.

(i) The Borrower shall, within fifteen (15) days after it learns of the occurrence, give the WIFIA Lender notice of any of the following events or receipt of any of the following notices, as applicable, setting forth details of such event (provided that the Borrower shall not be obligated to provide such notice to the WIFIA Lender if notice of such event has already been provided to the WIFIA Lender by the District):

(A) Defaults; Events of Default: any Default or Event of Default;

(B) Litigation: (1) the filing of any litigation, suit or action, or the commencement of any proceeding, against the Borrower before any arbitrator, Governmental Authority, alternative dispute resolution body, or other neutral third-party, or the receipt by the Borrower in writing of any threat of litigation, suit, action, or proceeding, or of any written claim against the Borrower that, in each case, could reasonably be expected to have a Borrower Material Adverse Effect, and any material changes in the status of such litigation, suit, action or claim, and (2) any judgments against the Borrower that could reasonably be expected to have a Borrower Material Adverse Effect, either individually or in the aggregate;

(C) Amendments: except as otherwise agreed by the WIFIA Lender in writing, copies of fully executed amendments, modifications, replacements or supplements to any Related Document to which the Borrower is a party within ten (10) days following execution thereof; provided that such notice can be accomplished through the posting of the relevant documents on EMMA under the WIFIA CUSIP Number;

(D) Related Document Defaults: any material breach or default or event of default on the part of the Borrower or any other party under any Related Document to which the Borrower is a party; provided that such notice can be accomplished through the posting of the relevant documents on EMMA under the WIFIA CUSIP Number;

(E) 2 C.F.R. § 180.350 Notices: any notification required pursuant to 2 C.F.R. § 180.350, whether attributable to a failure by the Borrower to disclose information previously required to have been disclosed or due to the Borrower or any of the Borrower's principals meeting any of the criteria set forth in 2 C.F.R. § 180.335;

(F) Issuance of Indebtedness: copies of any final issuing instrument (together with any continuing disclosure documents, ordinances, official statement, certifications or cash flow projections in connection therewith), prepared in connection with the incurrence of any indebtedness; provided that such notice can be accomplished through the posting of the relevant documents on EMMA under the WIFIA CUSIP Number;

(G) Postings on EMMA: the posting of any document of the Borrower on EMMA in accordance with the requirements of any continuing disclosure agreement or similar document relating to annual financial information and operating data and the reporting of

significant events; provided that such notice can be accomplished through the posting of the relevant document on EMMA under the WIFIA CUSIP Number; and

(H) Other Adverse Events: the occurrence of any other event or condition that could reasonably be expected to result in a Material Adverse Effect.

(ii) Within thirty (30) calendar days after the Borrower learns of the occurrence of an event specified in clause (i) above (other than sub-clauses (C) (*Amendments*), (F) (*Issuance of Indebtedness*) or (G) (*Postings on EMMA*)), the Borrower's Authorized Representative shall provide a statement to the WIFIA Lender setting forth the actions the Borrower proposes to take with respect thereto; provided that the Borrower shall not be required to provide such information if and to the extent such information has been provided by the District. The Borrower shall also provide the WIFIA Lender with any further information reasonably requested by the WIFIA Lender from time to time concerning the matters described in clause (i) above.

(c) Requested Information. The Borrower shall, at any time while any WIFIA Loan remains outstanding, promptly deliver to the WIFIA Lender such additional information regarding the business, financial, legal or organizational affairs of the Borrower or the Borrower Revenues as the WIFIA Lender may from time to time reasonably request. The Borrower agrees that the delivery of any documents or information under and pursuant to this Agreement shall not be construed as compliance with, or affect in any manner, any obligations of the Borrower under any other contracts, agreements, decrees, Governmental Approvals, or other documents with EPA (other than the WIFIA Loan Documents) or the Government.

#### Section 20. Reporting Requirements of the District.

(a) Updated Financial Model/Plan. The District shall provide to the WIFIA Lender not later than one hundred eighty (180) days after the end of each District Fiscal Year, an Updated Financial Model/Plan; provided that the failure of the District to deliver to the WIFIA Lender an Updated Financial Model/Plan required under this subsection (a) during the period that is one hundred eighty (180) days after the end of the applicable District Fiscal Year shall not constitute a Default or an Event of Default so long as the District provides such Updated Financial Model/Plan within ninety (90) days after the end of such period. The Updated Financial Model/Plan shall reflect the District's reasonable expectations, using assumptions that the District believes to be reasonable, and include: (i) the District's capital improvement plan, major maintenance plan, projected rates and charges, projected debt outstanding and annual debt service, projected Water Revenues, projected Borrower Revenues, and projected Operation and Maintenance Costs for a reasonable projection period consistent with the District's operating and financial planning and demonstrating that the District has developed and identified adequate revenues to implement a plan for operating, maintaining, and repairing the Water System (including the Master Program); (ii) evidence of compliance with the Rate Covenant for the most recent District Fiscal Year for which the District Financial Statements are available and the projected debt service coverage ratios (including projected Rate Covenant coverages) through the Forecast Period; and (iii) a written narrative identifying any material changes to the underlying assumptions from the previous Updated Financial Model/Plan.

(b) Annual Financial Statements. The District shall deliver to the WIFIA Lender, as soon as available, and within one hundred eighty (180) days after the end of each District Fiscal Year (provided that the failure of the District to furnish the documents required by this Section 20(b) within such one hundred eighty (180)-day period shall not constitute a Default or an Event of Default hereunder or under the WIFIA Loan Agreements so long as the District furnishes to the WIFIA Lender such documents within ninety (90) days after the end of such period; provided further that the parties agree that delivering the documents required by this Section 20(b) within such additional ninety (90)-day period shall not, in and of itself, constitute a default under this Agreement or the WIFIA Loan Agreements, an event of acceleration under this Agreement, the WIFIA Loan Agreements, the WIFIA Loans, or the WIFIA Notes, a termination event under this Agreement, the WIFIA Loan Agreements, the WIFIA Loans, or the WIFIA Notes, a modification of terms with respect to this Agreement, the WIFIA Loan Agreements, the WIFIA Loans, or the WIFIA Notes, or other similar event under this Agreement, the WIFIA Loan Agreements, the WIFIA Loans, or the WIFIA Notes reflecting financial difficulties), a copy of the audited District Financial Statements as of the end of such District Fiscal Year, (i) setting forth in each case in comparative form the figures for the previous fiscal year, (ii) certified without qualification or exception, or qualification as to the scope of the audit, by an independent public accounting firm selected by the District and (iii) which shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein (except for changes approved or required by the independent public accountants certifying such statements and disclosed therein); provided that the delivery of such audited District Financial Statements can be accomplished through the posting of such document on EMMA under the WIFIA CUSIP Number.

(c) Construction Reporting.

(i) Construction Monitoring. The WIFIA Lender shall have the right in its sole discretion to monitor (or direct its agents to monitor) the development of the Master Program, including environmental compliance, design/planning, completion and construction of the Projects. The District shall be responsible for administering design/planning and construction oversight of each Project in accordance with applicable federal, state and local governmental requirements. The District agrees to cooperate in good faith with the WIFIA Lender in the conduct of such monitoring by promptly providing the WIFIA Lender with any Construction Contracts (together with any related contracts, side letters or other understandings) and such reports, documentation or other information as shall be requested by the WIFIA Lender or its agents, including any independent engineer reports, documentation or information.

(ii) Construction Monitoring Report. During the period beginning from the first quarter following bid advertisement of the first Construction Contract entered into for each Project, through and until Substantial Completion of such Project, the District shall furnish to the WIFIA Lender, on a quarterly basis, a Construction Monitoring Report for such Project in substantially the form attached hereto as **Exhibit H** (*Form of Construction Monitoring Report*). Each Construction Monitoring Report shall be delivered to the WIFIA Lender within thirty (30) days of the end of each such quarter (or if such day is not a Business Day, on the next following Business Day). If the then-current projection for the Substantial Completion Date of any Project is a date later than the Projected Substantial Completion Date of such Project, the District shall provide in such Construction Monitoring Report a description in reasonable detail to the reasonable

satisfaction of the WIFIA Lender of the reasons for such projected delay or difference. The Projected Substantial Completion Date for such Project shall automatically be adjusted to the new date specified by the District in such Construction Monitoring Report unless the WIFIA Lender objects to the adjustment in writing to the District within sixty (60) days following receipt of such Construction Monitoring Report on the basis that such report does not demonstrate the matters specified in this paragraph.

(iii) Quarterly Certification of Eligible Project Costs. With respect to any Project, if requested by the WIFIA Lender (on a basis not more frequently than quarterly), the District shall submit to the WIFIA Lender, concurrently with the delivery of the relevant Construction Monitoring Report, a certificate in the form of **Exhibit C** (*Form of Certification of Eligible Project Costs Documentation*), signed by the District's Authorized Representative and attaching Eligible Project Costs Documentation as applicable. If there are no applicable Eligible Project Costs for such quarter for such Project, the District may notify the WIFIA Lender by written confirmation of the same by email in accordance with Section 36 (*Notices*). Within sixty (60) days following the receipt of such certificate and accompanying Eligible Project Costs Documentation (if applicable), the WIFIA Lender shall notify the District confirming (A) which Eligible Project Costs set forth in the certification have been approved or denied (and, if denied, the reasons therefor) and (B) the cumulative amount of Eligible Project Costs that have been approved as of the date of such notice. Any such approved amounts of Eligible Project Costs shall then be deemed to be available for disbursement at such time as the District submits a Requisition in respect of such approved amounts in accordance with Section 4 (*Disbursement Conditions*).

(iv) Final Specifications. The District shall deliver to the WIFIA Lender, prior to bid advertisement for each Project (including each sub-project or component, if applicable), a copy of the final specifications relating to the development and construction of such Project (or such sub-project or component, as the case may be), demonstrating compliance with all applicable federal requirements, and including a summary of the scope of work thereunder. For the avoidance of doubt, no prior consent or approval by the WIFIA Lender shall be required for the District to proceed with such bid advertisement and the relevant procurement for the development and construction of such Project.

(d) Public Benefits Report. With respect to each Project, the District shall deliver to the WIFIA Lender a report, in the form of **Exhibit I** (*Form of Public Benefits Report*) (the "**Public Benefits Report**"), (i) prior to the applicable WIFIA Loan Agreement Effective Date, (ii) within ninety (90) days following the applicable Substantial Completion Date and (iii) within ninety (90) days following the fifth (5th) anniversary of such Substantial Completion Date. The District agrees that information described under this Section 20(d) may be made publicly available by the WIFIA Lender at its discretion.

(e) Operations and Maintenance. The WIFIA Lender shall have the right, in its sole discretion, to monitor (or direct its agents to monitor) each Project's operations and, as the WIFIA Lender may request from time to time, to receive reporting on the operation and management of each Project, and copies of any contracts relating to the operation and maintenance of each Project. The District agrees to cooperate in good faith with the WIFIA Lender in the conduct of such monitoring by promptly providing the WIFIA Lender with such reports, documentation, or other

information requested by the WIFIA Lender. The WIFIA Lender has the right, in its sole discretion, to retain such consultants or advisors, to carry out the provisions of this Section 20(e).

(f) Notices.

(i) The District shall, within fifteen (15) days after it learns of the occurrence, give the WIFIA Lender notice of any of the following events or receipt of any of the following notices, as applicable, setting forth details of such event (provided that the District shall not be obligated to provide such notice to the WIFIA Lender if notice of such event has already been provided to the WIFIA Lender by the Borrower):

(A) Substantial Completion: the occurrence of Substantial Completion of each Project, such notice to be provided in the form set forth in **Exhibit G** (*Form of Certificate of Substantial Completion*);

(B) Defaults; Events of Default: any Default or Event of Default;

(C) Litigation: (1) the filing of any litigation, suit or action, or the commencement of any proceeding, against the District before any arbitrator, Governmental Authority, alternative dispute resolution body, or other neutral third-party, or the receipt by the District in writing of any threat of litigation, suit, action, or proceeding, or of any written claim against the District that, in each case, could reasonably be expected to have a District Material Adverse Effect, and any material changes in the status of such litigation, suit, action or claim, and (2) any judgments against the District that could reasonably be expected to have a District Material Adverse Effect, either individually or in the aggregate;

(D) Delayed Governmental Approvals: any failure to receive or delay in receiving any Governmental Approval or making any required filing, notice, recordation or other demonstration to or with a Governmental Authority, in each case to the extent such failure or delay will or could reasonably be expected to result in a delay to any major milestone date (including any Projected Substantial Completion Date) set forth in any Construction Schedule, together with a written explanation of the reasons for such failure or delay and the District's plans to remedy or mitigate the effects of such failure or delay;

(E) Environmental Notices: any material notice of violation or material change in finding under any Environmental Law related to the Master Program or any material changes to the NEPA Determination;

(F) Amendments: except as otherwise agreed by the WIFIA Lender in writing, copies of fully executed amendments, modifications, replacements or supplements to any Related Document to which the District is a party within ten (10) days following execution thereof; provided that such notice can be accomplished through the posting of the relevant documents on EMMA under the WIFIA CUSIP Number;

(G) Related Document Defaults: any material breach or default or event of default on the part of the District or any other party under any Related Document to which the District is a party; provided that such notice can be accomplished through the posting of the relevant documents on EMMA under the WIFIA CUSIP Number;

(H) Uncontrollable Force: the occurrence of any Uncontrollable Force that could reasonably be expected to materially and adversely affect the Master Program;

(I) Rating Changes: any change in the rating assigned to any WIFIA Loan or any other Obligations by any Nationally Recognized Rating Agency that has provided a public rating on such WIFIA Loan or such Obligations, and any notices, reports or other written materials (other than those that are ministerial in nature) received from any such rating agencies; provided that such notice can be accomplished through the posting of the relevant documents on EMMA under the WIFIA CUSIP Number;

(J) 2 C.F.R. § 180.350 Notices: any notification required pursuant to 2 C.F.R. § 180.350, whether attributable to a failure by the District to disclose information previously required to have been disclosed or due to the District or any of the District's principals meeting any of the criteria set forth in 2 C.F.R. § 180.335;

(K) SAM; Unique Entity Identifier: any change in the District's SAM registration status (including any exclusions, expiration or inactive registration) or Unique Entity Identifier (including any expiration or change in effectiveness); provided that such notice can be accomplished through the posting of the relevant document on EMMA under the WIFIA CUSIP Number;

(L) Issuance of Obligations: copies of any final issuing instrument (together with any continuing disclosure documents, ordinances, official statement, certifications or cash flow projections in connection therewith), prepared in connection with the incurrence of any Additional Obligations (including any Variable Interest Rate Obligations); provided that such notice can be accomplished through the posting of the relevant documents on EMMA under the WIFIA CUSIP Number;

(M) Amendments to Policies: any material amendment or modification to the Investment Policy, along with a copy of such amendment or modification;

(N) WIFIA Reserve Fund: any inability to satisfy the Reserve Requirement (as defined in the relevant WIFIA IPA) due to insufficient amounts being deposited in the WIFIA Reserve Fund or failure to maintain a Reserve Policy in accordance with Section 17(s) (*WIFIA Reserve Fund*); and

(O) Other Adverse Events: the occurrence of any other event or condition, including any notice of breach from a contract counterparty or any holder of any Obligations, that could reasonably be expected to result in a Material Adverse Effect or have a material and adverse effect on the Master Program.

(ii) Within thirty (30) calendar days after the District learns of the occurrence of an event specified in clause (i) above (other than sub-clauses (A) (*Substantial Completion*), (F) (*Amendments*), (I) (*Rating Changes*) (in the case of a rating upgrade), (L) (*Issuance of Obligations*) or (M) (*Amendments to Policies*)), the District's Authorized Representative shall provide a statement to the WIFIA Lender setting forth the actions the District proposes to take with respect thereto. The District shall also provide the WIFIA Lender with any further information reasonably

requested by the WIFIA Lender from time to time concerning the matters described in clause (i) above.

(g) Requested Information. The District shall, at any time while the WIFIA Loan remains outstanding, promptly deliver to the WIFIA Lender such additional information regarding the business, financial, legal or organizational affairs of the District or regarding the Water System (including the Master Program) or the Pledged Collateral as the WIFIA Lender may from time to time reasonably request. The District agrees that the delivery of any documents or information under and pursuant to this Agreement shall not be construed as compliance with, or affect in any manner, any obligations of the District under any other contracts, agreements, decrees, Governmental Approvals, or other documents with EPA (other than the WIFIA Loan Documents) or the Government.

## ARTICLE VI EVENTS OF DEFAULT

### Section 21. Events of Default and Remedies.

(a) A “**Borrower Event of Default**” shall exist under this Agreement and each WIFIA Loan Agreement if any of the following occurs; provided that any event described in Section 21(a)(vii) (*Events of Default and Remedies – Additional Borrower Events of Default*) shall be a Borrower Event of Default solely under the WIFIA Loan Agreement for the relevant Project to which such event relates and not under this Agreement or any other WIFIA Loan Agreement:

(i) Borrower Payment Default. The Borrower shall fail to (A) pay when due any part of the principal amount of or interest on any WIFIA Loan (including WIFIA Debt Service required to have been paid pursuant to the provisions of Section 8 (*Payment of Principal and Interest*)) or (B) make any mandatory prepayment required pursuant to the provisions of Section 9 (*Prepayment*), in each case, when and as the payment thereof shall be required under this Agreement, any WIFIA Loan Agreement or any WIFIA Note or on any Final Maturity Date (each such failure, a “**Borrower Payment Default**”).

(ii) Borrower Covenant Default. The Borrower shall fail to observe or perform any covenant, agreement or obligation of the Borrower under this Agreement, any WIFIA Loan Agreement, any WIFIA Note or any other WIFIA Loan Document to which the Borrower is a party (other than in the case of any Borrower Payment Default), and such failure shall not be cured within thirty (30) days after the earlier to occur of (A) receipt by the Borrower from the WIFIA Lender of written notice thereof or (B) the Borrower’s knowledge of such failure; provided that if such failure is capable of cure but cannot reasonably be cured within such thirty (30)-day cure period, then no Borrower Event of Default shall be deemed to have occurred or be continuing under this Section 21(a)(ii), and such thirty (30)-day cure period shall be extended by up to one hundred fifty (150) additional days, if and so long as (x) within such thirty (30)-day cure period the Borrower shall commence actions reasonably designed to cure such failure and shall diligently pursue such actions until such failure is cured and (y) such failure is cured within one hundred eighty (180) days of the date specified in either (A) or (B) above, as applicable.

(iii) Borrower Misrepresentation Default. Any of the representations, warranties or certifications of the Borrower made in or delivered pursuant to any WIFIA Loan Document to which the Borrower is a party (or in any certificates delivered by the Borrower in connection with any WIFIA Loan Document to which the Borrower is a party) shall prove to have been false or misleading in any material respect when made or deemed made (or any representation and warranty or certification that is subject to a materiality qualifier shall prove to have been false or misleading in any respect); provided that no Borrower Event of Default shall be deemed to have occurred under this Section 21(a)(iii) if and so long as (A) such misrepresentation is not intentional, (B) such misrepresentation is not a misrepresentation in respect of Section 12(h) (*Representations and Warranties of the Borrower – No Debarment*), or Section 12(j) (*Representations and Warranties of the Borrower – Compliance with Laws*), (C) in the reasonable determination of the WIFIA Lender, such misrepresentation has not had, and would not reasonably be expected to result in, a Borrower Material Adverse Effect, (D) in the reasonable determination of the WIFIA Lender, the underlying issue giving rise to the misrepresentation is capable of being cured and (E) the underlying issue giving rise to the misrepresentation is cured by the Borrower within thirty (30) days after the date on which the Borrower first became aware (or reasonably should have become aware) of such misrepresentation.

(iv) Borrower Material Adverse Judgment. Any final, non-appealable judgment related to the Borrower Revenues shall be entered against the Borrower which has a Material Adverse Effect.

(v) Occurrence of Borrower Bankruptcy Related Event. A Bankruptcy Related Event shall occur with respect to the Borrower.

(vi) Invalidity of WIFIA Loan Documents. (A) Any WIFIA Loan Document to which the Borrower is a party ceases to be in full force and effect (other than as a result of the termination thereof in accordance with its terms) or becomes void, voidable, illegal or unenforceable, or the Borrower contests in any manner the validity or enforceability of any WIFIA Loan Document to which it is a party or denies it has any further liability under any WIFIA Loan Document to which it is a party, or purports to revoke, terminate or rescind any WIFIA Loan Document to which it is a party; (B) this Agreement ceases to grant a valid and binding security interest on any material portion of the Borrower Revenues, other than as a result of actions or a failure to act by, and within the control of, the WIFIA Lender; or (C) any event occurs that results in the material impairment in the priority of (1) the Borrower's security interest in the Pledged Collateral or in the value of the Pledged Collateral, (2) the WIFIA Lender's security interest in the Borrower Revenues or in the value of the Borrower Revenues or (3) the Borrower's security interest in the WIFIA Debt Service Account or the assignment to the WIFIA Lender of the Borrower's rights thereto.

(vii) Additional Borrower Events of Default. Any additional Borrower Event of Default specified in a WIFIA Loan Agreement occurs.

(b) A “**District Event of Default**” shall exist under this Agreement and each WIFIA Loan Agreement if any of the following occurs; provided that any event described in Section 21(b)(ix) (*Events of Default and Remedies – Development Default*) or Section 21(b)(x) (*Events of Default and Remedies – Additional District Events of Default*) shall be a District Event of Default



solely under the WIFIA Loan Agreement for the relevant Project to which such event relates and not under this Agreement or any other WIFIA Loan Agreement:

(i) District Payment Default. (A) The District shall fail to pay when due any part of any WIFIA Installment Payment required to have been paid pursuant to the provisions of any WIFIA IPA or (B) the District, as agent of the Borrower pursuant to any WIFIA IPA, shall fail to make any mandatory prepayment required pursuant to the provisions of Section 9 (*Prepayment*) (each such failure, an “**District Payment Default**”).

(ii) District Covenant Default. The District shall fail to observe or perform any covenant, agreement or obligation of the District under this Agreement, any WIFIA Loan Agreement, any WIFIA IPA or any other WIFIA Loan Document to which the District is a party (other than in the case of any District Payment Default or any Development Default), and such failure shall not be cured within thirty (30) days after the earlier to occur of (A) receipt by the District from the WIFIA Lender of written notice thereof or (B) the District’s knowledge of such failure; provided that if such failure is capable of cure but cannot reasonably be cured within such thirty (30)-day cure period, then no Event of Default shall be deemed to have occurred or be continuing under this Section 21(b)(ii), and such thirty (30)-day cure period shall be extended by up to one hundred fifty (150) additional days, if and so long as (x) within such thirty (30)-day cure period the District shall commence actions reasonably designed to cure such failure and shall diligently pursue such actions until such failure is cured and (y) such failure is cured within one hundred eighty (180) days of the date specified in either (A) or (B) above, as applicable.

(iii) District Misrepresentation Default. Any of the representations, warranties or certifications of the District made in or delivered pursuant to any WIFIA Loan Document to which the District is a party (or in any certificates delivered by the District in connection with any WIFIA Loan Document to which the District is a party) shall prove to have been false or misleading in any material respect when made or deemed made (or any representation and warranty or certification that is subject to a materiality qualifier shall prove to have been false or misleading in any respect); provided that no District Event of Default shall be deemed to have occurred under this Section 21(b)(iii) if and so long as (A) such misrepresentation is not intentional, (B) such misrepresentation is not a misrepresentation in respect of Section 13(h) (*Representations and Warranties of the District – No Debarment*), or Section 13(j) (*Representations and Warranties of the District – Compliance with Laws*), (C) in the reasonable determination of the WIFIA Lender, such misrepresentation has not had, and would not reasonably be expected to result in, a District Material Adverse Effect, (D) in the reasonable determination of the WIFIA Lender, the underlying issue giving rise to the misrepresentation is capable of being cured and (E) the underlying issue giving rise to the misrepresentation is cured by the District within thirty (30) days after the date on which the District first became aware (or reasonably should have become aware) of such misrepresentation.

(iv) Acceleration of Obligations. Any acceleration shall occur of the maturity of any Obligation, or any such Obligation shall not be paid by the District in full upon the final maturity thereof.

(v) Cross Default with Obligation Documents. Any default shall occur in respect of the performance of any covenant, agreement or obligation of the District under any

Obligation Document relating to any Obligation (other than the WIFIA Loan Documents), and such default shall be continuing after the giving of any applicable notice and the expiration of any applicable grace period specified in such Obligation Document relating to any Obligations with respect to such default, and the District shall have failed to cure such default or to obtain an effective written waiver thereof in accordance with the terms thereof.

(vi) District Material Adverse Judgment. Any final, non-appealable judgment related to the Pledged Collateral, the Water System (including the Master Program) or any Project shall be entered against the District which has a Material Adverse Effect.

(vii) Occurrence of District Bankruptcy Related Event. A Bankruptcy Related Event shall occur with respect to the District.

(viii) Invalidity of WIFIA Loan Documents. (A) Any WIFIA Loan Document to which the District is a party ceases to be in full force and effect (other than as a result of the termination thereof in accordance with its terms) or becomes void, voidable, illegal or unenforceable, or the District contests in any manner the validity or enforceability of any WIFIA Loan Document to which it is a party or denies it has any further liability under any WIFIA Loan Document to which it is a party, or purports to revoke, terminate or rescind any WIFIA Loan Document to which it is a party; or (B) any WIFIA IPA ceases (other than as expressly permitted thereunder) to be effective or to grant a valid and binding security interest on any material portion of the Pledged Collateral, and with the priority purported to be created thereby, or on the WIFIA Debt Service Account.

(ix) Development Default. A Development Default shall occur.

(x) Additional District Events of Default. Any additional District Event of Default specified in a WIFIA Loan Agreement occurs.

(c) Upon (i) the occurrence of any Bankruptcy Related Event (other than a Bankruptcy Related Event under clause (b)(iii) of the definition thereof) or (ii) the acceleration of any amounts under any WIFIA IPA or under any Obligation Document, all obligations of the WIFIA Lender hereunder and under the WIFIA Loan Agreements with respect to the disbursement of any undisbursed amounts of any WIFIA Loan shall automatically be deemed terminated, and the Outstanding WIFIA Loan Balance of such WIFIA Loan, together with all interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable to the WIFIA Lender under this Agreement, the WIFIA Loan Agreements, the WIFIA Notes and the other WIFIA Loan Documents, shall automatically become immediately due and payable, without presentment, demand, notice, declaration, protest or other requirements of any kind, all of which are hereby expressly waived.

(d) Upon the occurrence of any Event of Default hereunder or under any WIFIA Loan Agreement, the WIFIA Lender, by written notice to the Borrower and the District, may exercise any or all of the following remedies:

(i) the WIFIA Lender may suspend or terminate all of its obligations hereunder or under the relevant WIFIA Loan Agreement with respect to the disbursement of any undisbursed amounts of the relevant WIFIA Loan;

(ii) the WIFIA Lender may cease permitting interest on the relevant WIFIA Loan to be capitalized (if applicable);

(iii) the WIFIA Lender may apply the Default Rate provisions of Section 6 (Interest Rate) hereunder with respect to the relevant WIFIA Loan;

(iv) the WIFIA Lender may suspend or debar the Borrower or the District (or both) from further participation in any Government program administered by the WIFIA Lender and notify other departments and agencies of such default;

(v) the WIFIA Lender shall be entitled and empowered to institute any actions or proceedings at law or in equity against the Borrower for the collection of any sums due from the Borrower and unpaid under this Agreement, the relevant WIFIA Loan Agreement and corresponding WIFIA Note or the other applicable WIFIA Loan Documents, and may prosecute any such judgment or final decree against the Borrower and collect in the manner provided by law out of the property of the Borrower the moneys adjudged or decreed to be payable, and the WIFIA Lender shall have all of the rights and remedies of a creditor and may take such other actions at law or in equity as may appear necessary or desirable to collect all amounts payable by the Borrower under this Agreement, the relevant WIFIA Loan Agreement and corresponding WIFIA Note or the other applicable WIFIA Loan Documents then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement, the relevant WIFIA Loan Agreement and corresponding WIFIA Note or the other applicable WIFIA Loan Documents, including directing the Borrower to exercise any rights or remedies under the relevant WIFIA IPA pursuant to Article VIII (*Events of Default and Remedies of the Authority*) thereto;

(vi) the WIFIA Lender shall be entitled and empowered to institute any actions or proceedings at law or in equity against the District for the collection of any sums due from the District and unpaid under this Agreement, the relevant WIFIA Loan Agreement or the relevant WIFIA IPA, and may prosecute any such judgment or final decree against the District and collect in the manner provided by law out of the property of the District the moneys adjudged or decreed to be payable, and the WIFIA Lender shall have all of the rights and remedies of a creditor and may take such other actions at law or in equity as may appear necessary or desirable to collect all amounts payable by the District under this Agreement, the relevant WIFIA Loan Agreement or the relevant WIFIA IPA then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the District under this Agreement, the relevant WIFIA Loan Agreement or the relevant WIFIA IPA; and

(vii) the WIFIA Lender may declare the unpaid principal amount of the relevant WIFIA Note to be, and the same shall thereupon forthwith become, immediately due and payable, together with the interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable to the WIFIA Lender under this Agreement, the relevant WIFIA Loan Agreement and corresponding WIFIA Note and the other WIFIA Loan Documents, all without presentment, demand, notice, protest or other requirements of any kind, all of which are hereby expressly waived.

(e) Notwithstanding anything to the contrary set forth in any WIFIA Loan Document, the Borrower shall not have the right to (i) accelerate any WIFIA Installment Payments or (ii) exercise any other rights or remedies under any WIFIA IPA following the occurrence of an “Event of Default” under and as defined in such WIFIA IPA without the prior written direction of the WIFIA Lender.

(f) No action taken pursuant to this Section 21 shall relieve either the Borrower or the District from its obligations pursuant to this Agreement, the WIFIA Loan Agreements and corresponding WIFIA Notes or the other WIFIA Loan Documents, all of which shall survive any such action.

## **ARTICLE VII MISCELLANEOUS**

Section 22. Disclaimer of Warranty. The WIFIA Lender makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for a particular purpose or fitness for use of any Project or any portion thereof or any other warranty with respect thereto. In no event shall the WIFIA Lender be liable for any incidental, indirect, special or consequential damages incidental to or arising out of this Agreement, the Water System (including the Master Program) or any Project or the existence, furnishing, functioning or use of any Project or any item or products or services provided for in this Agreement or any WIFIA Loan Agreement.

Section 23. No Personal Recourse. No official, employee or agent of the WIFIA Lender or either the Borrower or the District or any Person executing this Agreement or any of the other WIFIA Loan Documents shall be personally liable under this Agreement or such other WIFIA Loan Documents by reason of the issuance, delivery or execution hereof or thereof.

Section 24. No Third Party Rights. The parties hereby agree that this Agreement creates no third party rights against the Borrower, the District, the Government, or the WIFIA Lender, solely by virtue of the WIFIA Loans, and the Borrower and the District each agree to indemnify on a joint and several basis and hold the WIFIA Lender, the Servicer (if any), the Administrator, and the Government harmless, to the extent permitted by law and in accordance with Section 37 (*Indemnification*), from any lawsuit or claim arising in law or equity solely by reason of any WIFIA Loan, and that no third party creditor of either the Borrower or the District shall have any right against the WIFIA Lender with respect to any WIFIA Loan made pursuant to this Agreement or any WIFIA Loan Agreement.

Section 25. Borrower’s Authorized Representative. The Borrower shall at all times have appointed a Borrower’s Authorized Representative by designating such Person or Persons from time to time to act on the Borrower’s behalf pursuant to a written certificate furnished to the WIFIA Lender and the Servicer, if any, containing the specimen signature or signatures of such Person or Persons and signed by the Borrower.

Section 26. District’s Authorized Representative. The District shall at all times have appointed a District’s Authorized Representative by designating such Person or Persons from time to time to act on the District’s behalf pursuant to a written certificate furnished to the WIFIA Lender and the

Servicer, if any, containing the specimen signature or signatures of such Person or Persons and signed by the District.

Section 27. WIFIA Lender's Authorized Representative. The WIFIA Lender hereby appoints the Director of the WIFIA Program, whose notice details are set forth below in Section 36 (*Notices*), to serve as the WIFIA Lender's Authorized Representative under this Agreement until such time as a successor or successors shall have been appointed. Thereafter, the successor in office shall serve as the WIFIA Lender's Authorized Representative. The WIFIA Lender shall provide notice to the Borrower and the District within a reasonable time period following the succession.

Section 28. Servicer. The WIFIA Lender may from time to time designate another entity or entities to perform, or assist the WIFIA Lender in performing, the duties of the Servicer or specified duties of the WIFIA Lender under this Agreement and the WIFIA Loan Agreements and corresponding WIFIA Notes. The WIFIA Lender shall give the Borrower and the District written notice of the appointment of any successor or additional Servicer and shall enumerate the duties or any change in duties to be performed by any Servicer. Any references in this Agreement to the WIFIA Lender shall be deemed to be a reference to the Servicer with respect to any duties which the WIFIA Lender shall have delegated to such Servicer. The WIFIA Lender may at any time assume the duties of any Servicer under this Agreement and the WIFIA Loan Agreements and corresponding WIFIA Notes. The Borrower and the District shall cooperate and respond to any reasonable request of the Servicer for information, documentation or other items reasonably necessary for the performance by the Servicer of its duties hereunder and under the WIFIA Loan Agreements; provided that (a) neither the Borrower nor the District shall be required to provide any public disclosure, representation, warranty, estoppel, certification or indemnity to the Servicer in connection with the proposed appointment thereof and (b) no fees or costs of the Borrower or the District payable to the WIFIA Lender hereunder shall significantly increase solely as a result of any appointment of a Servicer and such increase in fees or costs shall not in any event be more than the amount of the Construction Period Servicing Fee or the Operating Period Servicing Fee applicable at the time the Servicer is appointed as set forth in the applicable WIFIA Loan Agreement.

Section 29. Amendments and Waivers. No amendment, modification, termination, or waiver of any provision of this Agreement, the WIFIA Loan Agreements or the corresponding WIFIA Notes shall in any event be effective without the prior written consent of each of the parties hereto and thereto.

Section 30. Governing Law. This Agreement and the WIFIA Loan Agreements shall be governed by the federal laws of the United States of America if and to the extent such federal laws are applicable and the internal laws of the State, if and to the extent such federal laws are not applicable.

Section 31. Severability. In case any provision in or obligation under this Agreement shall be invalid, illegal, or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

Section 32. Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective permitted successors and assigns and shall inure to the benefit of the parties hereto and their permitted successors and assigns. Neither the rights nor obligations of the Borrower under this Agreement, the WIFIA Loan Agreements or the corresponding WIFIA Notes nor any interest herein or therein may be assigned or delegated by the Borrower without the prior written consent of the WIFIA Lender. Neither the rights nor obligations of the District under this Agreement or the WIFIA Loan Agreements nor any interest herein or therein may be assigned or delegated by the District without the prior written consent of the WIFIA Lender.

Section 33. Remedies Not Exclusive. No remedy conferred or reserved to the WIFIA Lender under this Agreement, the WIFIA Loan Agreements or the corresponding WIFIA Notes is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or thereunder or now or hereafter existing at law or in equity or by statute.

Section 34. Delay or Omission Not Waiver. No delay or omission of the WIFIA Lender to exercise any right or remedy provided under this Agreement, the WIFIA Loan Agreements or the corresponding WIFIA Notes upon a default of either the Borrower or the District (except a delay or omission pursuant to a written waiver) shall impair any such right or remedy or constitute a waiver of any such default or acquiescence herein or therein. Every right and remedy given by this Agreement, the WIFIA Loan Agreements or the corresponding WIFIA Notes or by law to the WIFIA Lender may be exercised from time to time, and as often as may be deemed expedient by the WIFIA Lender.

Section 35. Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto or in connection herewith may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. Electronic delivery of an executed counterpart of a signature page of this Agreement or of any document or instrument delivered in connection herewith in accordance with Section 36 (*Notices*) shall be effective as delivery of an original executed counterpart of this Agreement or such other document or instrument, as applicable.

Section 36. Notices. Notices hereunder shall be (a) in writing, (b) effective as provided below and (c) given by (i) nationally recognized courier service, (ii) hand delivery, or (iii) email, in each case to:

<u>If to WIFIA Lender:</u>	United States Environmental Protection Agency WJC-E 7334A 1200 Pennsylvania Avenue NW Washington, D.C. 20460 Attention: WIFIA Director Email: WIFIA_Portfolio@epa.gov
----------------------------	--

If to Borrower: Palmdale Water District Public Financing Authority  
2029 E. Avenue Q  
Palmdale, California 93550  
Attention: Dennis Hoffmeyer  
Email: dhoffmeyer@palmdalewater.org

If to District: Palmdale Water District  
2029 E. Avenue Q  
Palmdale, California 93550  
Attention: Dennis Hoffmeyer  
Email: dhoffmeyer@palmdalewater.org

Unless otherwise instructed by the WIFIA Lender’s Authorized Representative, all notices to the WIFIA Lender should be made by email to the email address noted above for the WIFIA Lender. Notices required to be provided herein shall be provided to such different addresses or to such further parties as may be designated from time to time by the Borrower’s Authorized Representative, with respect to notices to the Borrower, or by the District’s Authorized Representative, with respect to notices to the District, or by the WIFIA Lender’s Authorized Representative, with respect to notices to the WIFIA Lender or the Servicer. Each such notice, request or communication shall be effective (x) if delivered by hand or by nationally recognized courier service, when delivered at the address specified in this Section 36 (or in accordance with the latest unrevoked written direction from the receiving party) and (y) if given by email, when such email is delivered to the address specified in this Section 36 (or in accordance with the latest unrevoked written direction from the receiving party); provided that notices received on a day that is not a Business Day or after 5:00 p.m. Eastern Time on a Business Day will be deemed to be effective on the next Business Day.

Section 37. Indemnification. The Borrower and the District shall, to the extent permitted by law, indemnify on a joint and several basis the WIFIA Lender and any official, employee, agent, advisor or representative of the WIFIA Lender (each such Person being herein referred to as an “**Indemnitee**”) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, fines, penalties, costs and expenses (including the fees, charges and disbursements of any counsel for any Indemnitee and the costs of environmental remediation), whether known, unknown, contingent or otherwise, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (a) the execution, delivery and performance of this Agreement or any of the other Related Documents, (b) the WIFIA Loans or the use of the proceeds thereof, or (c) the violation of any law, rule, regulation, order, decree, judgment or administrative decision relating to the environment, the preservation or reclamation of natural resources, the management, release or threatened release of any hazardous material or to health and safety matters; in each case arising out of or in direct relation to the Master Program; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities, fines, penalties, costs or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. In case any action or proceeding is brought against an Indemnitee by reason of any claim with respect to which such Indemnitee is entitled to indemnification hereunder, the Borrower and the District shall each be entitled, at its expense, to

participate in the defense thereof; provided that such Indemnitee has the right to retain its own counsel, at the expense of the Borrower or the District, as applicable, and such participation by the Borrower and/or the District in the defense thereof shall not release the Borrower or the District of any liability that it may have to such Indemnitee. Any Indemnitee against whom any indemnity claim contemplated in this Section 37 is made shall be entitled, after consultation with the Borrower and the District and upon consultation with legal counsel wherein such Indemnitee is advised that such indemnity claim is meritorious, to compromise or settle any such indemnity claim. Any such compromise or settlement shall be binding upon the Borrower and the District for purposes of this Section 37. Nothing herein shall be construed as a waiver of any legal immunity that may be available to any Indemnitee. To the extent permitted by applicable law, none of the Borrower, the District, or the WIFIA Lender shall assert, and the Borrower, the District, and the WIFIA Lender each hereby waives, any claim against any Indemnitee, the Borrower, or the District, respectively, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any of the other Related Documents, the other transactions contemplated hereby and thereby, the WIFIA Loans or the use of the proceeds thereof; provided that nothing in this sentence shall limit the Borrower's or the District's indemnity obligations to the extent such damages are included in any third party claim in connection with which an Indemnitee is entitled to indemnification hereunder. All amounts due to any Indemnitee under this Section 37 shall be payable promptly upon demand therefor. The obligations of the Borrower and the District under this Section 37 shall survive the payment or prepayment in full of any WIFIA Note pursuant to Section 8 (*Payment of Principal and Interest*) or Section 9 (*Prepayment*), the enforcement of any provision of this Agreement or the other Related Documents, any amendments, waivers (other than amendments or waivers in writing with respect to this Section 37) or consents in respect hereof or thereof, any Event of Default, and any workout, restructuring or similar arrangement of the obligations of the Borrower or the District hereunder or thereunder.

Section 38. Sale of WIFIA Loan. The WIFIA Lender shall not sell any WIFIA Loan at any time prior to the Substantial Completion Date of the Project relating to such WIFIA Loan. After such date, the WIFIA Lender may sell such WIFIA Loan to another entity or reoffer such WIFIA Loan into the capital markets only in accordance with the provisions of this Section 38. Such sale or reoffering shall be on such terms as the WIFIA Lender shall deem advisable. However, in making such sale or reoffering the WIFIA Lender shall not change the terms and conditions of such WIFIA Loan without the prior written consent of the Borrower and the District in accordance with Section 29 (*Amendments and Waivers*). The WIFIA Lender shall provide, at least sixty (60) days prior to any sale or reoffering of such WIFIA Loan, written notice to the Borrower and the District of the WIFIA Lender's intention to consummate such a sale or reoffering; provided that no such notice shall be required during the continuation of any Event of Default. The provision of any notice pursuant to this Section 38 shall neither (x) obligate the WIFIA Lender to sell nor (y) provide either of the Borrower or the District with any rights or remedies in the event the WIFIA Lender, for any reason, does not sell such WIFIA Loan. Neither the Borrower nor the District shall have any obligation to provide any disclosure, representation, warranty, estoppel, certificate, consent, agreement, approval, or other assistance to the WIFIA Lender or any proposed purchaser or assignee of any WIFIA Loan in connection with any proposed sale or assignment of such WIFIA Loan.

Section 39. Effectiveness. This Agreement shall be effective on the Effective Date.



Section 40. Survival. The indemnification requirements of Section 37 (*Indemnification*), the reporting and record keeping requirements of Section 15(j) (*Affirmative Covenants of the Borrower – Access; Records*) and Section 17(p) (*Affirmative Covenants of the District – Access; Records*), and the payment requirements of Section 10 (*Fees and Expenses*) shall survive the termination of this Agreement as provided in such sections.

Section 41. Integration. This Agreement, together with the other WIFIA Loan Documents, constitutes the entire contract between the parties relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

*[The remainder of this page intentionally left blank; signature pages immediately follow.]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

**PALMDALE WATER DISTRICT PUBLIC  
FINANCING AUTHORITY**, by its authorized  
representative

By: \_\_\_\_\_  
Name:  
Title:

**PALMDALE WATER DISTRICT,**  
by its authorized representative

By: \_\_\_\_\_  
Name:  
Title:

**UNITED STATES ENVIRONMENTAL  
PROTECTION AGENCY**, acting by and through  
the Administrator of the Environmental Protection  
Agency

By: \_\_\_\_\_  
Name: Michael S. Regan  
Title: Administrator

## SCHEDULE I

### MASTER PROGRAM<sup>2</sup>

The Master Program consists of the District's anticipated improvements to the Water System for the purpose of providing a reliable, drought-proof water supply to a large, disadvantaged community of over 120,00 people. The Project addresses (i) uncertainty of future supplies from the State Water Project (SWP), (ii) resolves near-term water shortages and (iii) alleviates additional subsidence in the over drafted Antelope Valley Groundwater Basin (AV Basin).

Projected Substantial Completion Date for Project 1: September 13, 2025

Projected Substantial Completion Date for Project 2: June 30, 2029

*[Description of the Project components of the Master Program to be inserted.]*

---

<sup>2</sup> **Note to Draft:** To be provided by the WIFIA Lender in coordination with the District.

**SCHEDULE II**  
**MASTER PROGRAM BUDGET<sup>3</sup>**

Project Component Name	Total Project Component Cost	WIFIA Loan Commitment Amount (49%)	Percentage of Aggregate Master Program Amount
<b>TOTAL</b>	<b>\$[•]</b>	<b>\$[•]</b>	<b>100%</b>

---

<sup>3</sup> **Note to Draft:** To be provided by the WIFIA Lender in coordination with the District.

## SCHEDULE 7(d)

### FLOW OF FUNDS

Reference is made to Section 5.2 (*Allocation of Water Revenues*) of each WIFIA IPA, and the requirements and conditions contained therein as of the Effective Date, which are set forth verbatim below. Capitalized terms used in this **Schedule 7(d)** shall have the respective meanings assigned to such terms in the WIFIA IPAs.

**“Section 5.2. Allocation of Water Revenues.** In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants that all Water Revenues shall be received by the District in trust and shall be deposited when and as received in the “Water Revenue Fund” which fund the District has previously established and agrees and covenants to maintain and to hold separate and apart from other funds so long as any Installment Payments, Contracts or Bonds remain unpaid. Moneys in the Water Revenue Fund shall be used and applied by the District as provided in this WIFIA Installment Purchase Agreement.

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

(a) Senior Obligations. On or before the payment of principal or interest is due with respect to any Senior Obligations, the District shall from moneys in the Water Revenue Fund, transfer to the applicable trustee or payee for deposit in the applicable payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without discrimination or preference, the amount needed for payment on such Senior Obligations, in accordance with the provisions of such Senior Obligations.

(b) Senior Obligation Reserve Fund. On or before each payment date required pursuant to the provisions of any Contract or Bond that constitutes a Senior Obligation, or any resolution or indenture related thereto, the District shall, from the remaining moneys in the Water Revenue Fund, thereafter, without preference of priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the applicable trustee for deposit to any reserve fund or account for such Bonds or Contracts the amount, if any, needed to increase the balance in such fund or account to the amount required to be deposited therein and to pay any Policy Costs then due.

(c) Subordinate Obligations. On or before each WIFIA Installment Payment Date, the District shall, from the moneys in the Water Revenue Fund, transfer to Trustee for deposit in the WIFIA Debt Service Account an amount equal to the WIFIA Installment Payment coming due on such WIFIA Installment Payment Date. The District shall also, from the moneys in the Water Revenue Fund, transfer to the applicable trustee or payee for deposit in the applicable

payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service or payments in accordance with the provisions of any Contract or Bond constituting a Subordinate Obligation, or any resolution or indenture relating thereto.

No deposit need be made in the WIFIA Debt Service Account as WIFIA Installment Payments if the amount in the WIFIA Debt Service Account is at least equal to the amount of the WIFIA Installment Payment due and payable on the next succeeding WIFIA Installment Payment Date.

(d) Subordinate Obligation Reserve Fund. On or before each payment date required pursuant to the provisions of any Contract or Bond constituting a Subordinate Obligation, or any resolution or indenture related thereto, the District shall, from the remaining moneys in the Water Revenue Fund, thereafter, without preference of priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the applicable trustee or appropriate party for deposit to any reserve fund or account for such Bonds or Contracts, including the WIFIA Reserve Fund, the amount, if any, needed to increase the balance in such fund or account to the amount required to be deposited therein and to pay any Policy Costs then due.

(e) Surplus. On the last day of each month, moneys on deposit in the Water Revenue Fund not required to make any of the payments required above may be expended by the District at any time for any purpose permitted by law, including but not limited to the deposit of amounts in the Rate Stabilization Fund in accordance with Section 5.5.”



**SCHEDULE 12(f)**  
**LITIGATION**

None.

**SCHEDULE 12(u)**

**EXISTING SYSTEM INDEBTEDNESS<sup>4</sup>**

**A. Existing Senior Obligations**

	<b>Agreement/Series</b>	<b>Outstanding Principal<sup>5</sup></b>
1.	2018 Bonds	\$[ ]
2.	2020 Bonds	\$14,025,000
3.	2021 Bonds	\$[ ]
4.	2023 Bonds	\$[ ]
5.	2018 IPA	\$12,290,000
6.	2020 IPA	\$8,939,354
7.	2021 IPA	\$9,390,000
8.	2021A IPA	\$10,146,820
9.	2023 IPA	\$21,225,000
10.	2022 ISA	\$1,952,719

**B. Existing Parity Obligations**

	<b>Agreement/Series</b>	<b>Outstanding Principal<sup>6</sup></b>
1.	2024A Bonds	\$[ ]
2.	2024A IPA	\$21,700,000

<sup>4</sup> **Note to Borrower:** Please review and confirm that this schedule is a complete list of all existing indebtedness of the Borrower and the District with respect to the Water System. Please also populate the outstanding figures.

<sup>5</sup> **Note to Draft:** As of the Effective Date.

<sup>6</sup> **Note to Draft:** As of the Effective Date.

**EXHIBIT A**

**FORM OF WIFIA NOTE**

**PALMDALE WATER DISTRICT PUBLIC FINANCING AUTHORITY**

**PURE WATER ANTELOPE VALLEY MASTER PROGRAM – PROJECT [ ]**

**(WIFIA ID – [ ])  
WIFIA NOTE**

**Maximum Principal Amount:** \$[ ] ([ ] Dollars) (excluding capitalized interest (if applicable))

**Effective Date:** [ ]

**Interest Rate Per Annum:** [ ]%

**Due:** [ ]

**PALMDALE WATER DISTRICT PUBLIC FINANCING AUTHORITY**, a joint exercise of powers agency duly organized and existing under the laws of the State of California (the “**Borrower**”), for value received, hereby promises to pay to the order of the **UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**, acting by and through the Administrator of the United States Environmental Protection Agency, or its assigns (the “**WIFIA Lender**”), the lesser of (x) the Maximum Principal Amount set forth above and (y) the aggregate unpaid principal amount of all disbursements (the “**Disbursements**”) made by the WIFIA Lender (such lesser amount, together with any interest that is capitalized and added to principal in accordance with the provisions of the WIFIA Loan Agreement (as defined below), being hereinafter referred to as the “**Outstanding Principal Sum**”), together with accrued and unpaid interest (including, if applicable, interest at the Default Rate, as defined in the WIFIA Master Agreement) on the Outstanding Principal Sum and all fees, costs and other amounts payable in connection therewith, all as more fully described in the WIFIA Loan Agreement. The principal hereof shall be payable in the manner and at the place provided in the WIFIA Loan Agreement in accordance with Exhibit A (*WIFIA Loan Amortization Schedule*) to the WIFIA Loan Agreement, as revised from time to time in accordance with the WIFIA Loan Agreement and that certain WIFIA Master Agreement, dated as of [ ], 2024, by and among the Borrower, the District and the WIFIA Lender (the “**WIFIA Master Agreement**”), until paid in full (which Exhibit A, as modified from time to time in accordance with the terms of the WIFIA Loan Agreement and the WIFIA Master Agreement, is incorporated in and is a part of this WIFIA Note). The WIFIA Lender is hereby authorized to modify the WIFIA Loan Amortization Schedule included in Exhibit A to the WIFIA Loan Agreement from time to time in accordance with the terms of the WIFIA Master Agreement and the WIFIA Loan Agreement to reflect the amount of each disbursement made thereunder and the date and amount of principal or interest paid by the Borrower thereunder. Absent manifest error, the WIFIA Lender’s determination of such matters as set forth on Exhibit A to the WIFIA Loan Agreement shall be conclusive evidence thereof; provided that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner the Borrower’s obligations hereunder or under any other WIFIA Loan Document (as defined in the WIFIA Master Agreement).

Payments hereon are to be made in accordance with Section 8(e) (*Payment of Principal and Interest – Manner of Payment*) and Section 36 (*Notices*) of the WIFIA Master Agreement as the same become due. Principal of and interest on this WIFIA Note shall be paid in funds available on or before the due date and in any lawful coin or currency of the United States of America that at the date of payment is legal tender for the payment of public and private debts. If the Substantial Completion Date occurs on any date prior to [ ], the due date of this WIFIA Note shall be deemed to be amended to the Principal Payment Date immediately preceding the date that is thirty-five (35) years following such Substantial Completion Date without any further action required on the part of the Borrower or the WIFIA Lender and such amendment shall in no way amend, modify or affect the other provisions of this WIFIA Note without the prior written agreement of the WIFIA Lender. Any such amendment shall be reflected in a revised WIFIA Loan Amortization Schedule.

This WIFIA Note has been executed under and pursuant to that certain WIFIA Loan Agreement (WIFIA ID – [ ]), dated as of the date hereof, among the WIFIA Lender, the Borrower and the District (the “**WIFIA Loan Agreement**”) and is issued to evidence the obligation of the Borrower under the WIFIA Loan Agreement to repay the loan made by the WIFIA Lender and any other payments of any kind required to be paid by the Borrower under the WIFIA Loan Agreement or the other WIFIA Loan Documents referred to therein. Reference is made to the WIFIA Master Agreement and the WIFIA Loan Agreement for all details relating to the Borrower’s obligations hereunder. All capitalized terms used in this WIFIA Note and not defined herein shall have the meanings set forth in the WIFIA Loan Agreement or, if not defined therein, the WIFIA Master Agreement.

This WIFIA Note may be prepaid at the option of the Borrower in whole or in part (and, if in part, the principal installments and amounts thereof to be prepaid are to be determined in accordance with the WIFIA Loan Agreement; provided such prepayments shall be in principal amounts of at least two hundred fifty thousand Dollars (\$250,000) or any integral multiple of one Dollar (\$1.00) in excess thereof), from time to time, but not more than annually, without penalty or premium, by paying to the WIFIA Lender all or part of the principal amount of the WIFIA Note in accordance with the WIFIA Loan Agreement.

This WIFIA Note shall be subject to mandatory prepayment on the terms and conditions set forth in the WIFIA Master Agreement and the WIFIA Loan Agreement.

Payment of the obligations of the Borrower under this WIFIA Note is secured pursuant to the WIFIA Master Agreement and the WIFIA Loan Agreement.

This WIFIA Note is a limited obligation of the Borrower, payable solely from the Borrower Revenues, and does not constitute a debt of the State or any of its political subdivisions (including the District), except the Borrower. Notwithstanding anything to the contrary set forth in this WIFIA Note, the District is not a borrower with respect to this WIFIA Note and the District has no obligation to make any payment or provision for payment of this WIFIA Note. This WIFIA Note does not constitute a contract between the District and the WIFIA Lender by which the District has incurred an indebtedness.

Any delay on the part of the WIFIA Lender in exercising any right hereunder shall not operate as a waiver of any such right, and any waiver granted with respect to one default shall not operate as a waiver in the event of any subsequent default.

All acts, conditions and things required by the Constitution and laws of the State to happen, exist, and be performed precedent to and in the issuance of this WIFIA Note have happened, exist and have been performed as so required. This WIFIA Note is issued with the intent that the federal laws of the United States of America shall govern its construction to the extent such federal laws are applicable and the internal laws of the State shall govern its construction to the extent such federal laws are not applicable.

IN WITNESS WHEREOF, PALMDALE WATER DISTRICT PUBLIC FINANCING AUTHORITY has caused this WIFIA Note to be executed in its name and its seal to be affixed hereto and attested by its duly authorized officer, all as of the Effective Date set forth above.

**PALMDALE WATER DISTRICT PUBLIC  
FINANCING AUTHORITY,**  
by its authorized representative

(SEAL)

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Secretary

## EXHIBIT B

### REQUISITION PROCEDURES

This **Exhibit B** sets out the procedures which the Borrower and the District agree to follow in submitting Requisitions for the disbursement of WIFIA Loan proceeds in respect of the Eligible Project Costs incurred in connection with each Project. The Borrower and the District expressly agree to the terms hereof, and further agree that (i) the rights of the WIFIA Lender contained herein are in addition to (and not in lieu of) any other rights or remedies available to the WIFIA Lender under (x) that certain WIFIA Master Agreement, dated as of [ ], 2024, by and among the Borrower, the District and the WIFIA Lender (the “**WIFIA Master Agreement**”) and (y) the WIFIA Loan Agreement by and among the Borrower, the District and the WIFIA Lender with respect to the applicable Project (the “**WIFIA Loan Agreement**”), and (ii) nothing contained herein shall be construed to limit the rights of the WIFIA Lender to take actions including administrative enforcement action and actions for breach of contract against the Borrower or the District if it fails to carry out its obligations under the WIFIA Loan Agreement during the term thereof. All capitalized terms used and not defined herein shall have the meanings set forth in the WIFIA Loan Agreement or, if not defined therein, the WIFIA Master Agreement.

#### **PART A. General Requirements.**

(a) Manner of Request: All requests by the District, as agent of the Borrower pursuant to the WIFIA Installment Purchase Agreement by and between the Borrower and the District with respect to the applicable Project (the “**WIFIA IPA**”), for a disbursement of a WIFIA Loan shall be made in writing by electronic submission to the WIFIA Lender, in accordance with Section 36 (*Notices*) of the WIFIA Master Agreement.

(b) Required Documentation: Any request by the District, as agent of the Borrower pursuant to the WIFIA IPA, should include the submission of:

(i) a Requisition, in the form attached as Appendix One (*Form of Requisition*), completed and executed by the District’s Authorized Representative, and otherwise in form and substance satisfactory to the WIFIA Lender; and

(ii) all Eligible Project Costs Documentation that has not otherwise been provided to the WIFIA Lender in accordance with Section 20(c)(iii) (*Reporting Requirements of the District – Construction Reporting – Quarterly Certification of Eligible Project Costs*) of the WIFIA Master Agreement.

(c) Timing: Any request for a disbursement of a WIFIA Loan must be received by the WIFIA Lender and the Servicer (if any) at or before 5:00 P.M. (Eastern Time) by either:

(i) the first (1st) Business Day of a calendar month in order to obtain the requested disbursement of such WIFIA Loan by the fifteenth (15th) day of such calendar month;

(ii) the fifteenth (15th) day of a calendar month, in order to obtain the requested disbursement of such WIFIA Loan by the first (1st) day of the immediately following calendar month;

provided that (x) if any such day is not a Business Day, the Requisition or payment (as the case may be) shall be made by the next succeeding Business Day; (y) the District, as agent of the Borrower pursuant to the WIFIA IPA, shall not request to receive more than one (1) disbursement of such WIFIA Loan per month or every thirty (30) days (whichever is longer); and (z) no disbursements of such WIFIA Loan shall be made after the Final Disbursement Date of such WIFIA Loan.

**PART B. WIFIA Lender Review Process.**

(a) The WIFIA Lender shall review the Requisition and the Eligible Project Costs Documentation for compliance with WIFIA Loan disbursement requirements.

(b) If a Requisition is approved by the WIFIA Lender, the WIFIA Lender will notify the District, as agent of the Borrower pursuant to the WIFIA IPA, of such approval and of the amount so approved. A Requisition containing an apparent mathematical error will be corrected by the WIFIA Lender, after telephonic or email notification to the District, and will thereafter be treated as if submitted in the corrected amount. If the amount requested for disbursement in the Requisition exceeds the available balance of the WIFIA Loan proceeds remaining to be disbursed, the Requisition will be treated as if submitted in the amount of the balance so remaining, and the WIFIA Lender will so notify the District.

(c) The WIFIA Lender shall be entitled to withhold approval (in whole or in part) of any pending or subsequent requests for the disbursement of WIFIA Loan proceeds if: (i) a Default or an Event of Default shall have occurred and be continuing or (ii) the Borrower or the District (1) knowingly takes any action, or omits to take any action, amounting to fraud or violation of any applicable law, in connection with the transactions contemplated hereby; (2) prevents or materially impairs the ability of the WIFIA Lender to monitor compliance by the Borrower and the District with applicable law pertaining to the relevant Project or with the terms and conditions of the relevant WIFIA Loan Agreement; (3) fails to observe or comply with any applicable law, or any term or condition of the relevant WIFIA Loan Agreement; (4) fails to satisfy the conditions set forth in Section 4 (*Disbursement Conditions*) and Section 11(b) (*Conditions Precedent to Disbursements*) of the relevant WIFIA Loan Agreement; or (5) fails to deliver Eligible Project Costs Documentation satisfactory to the WIFIA Lender at the times and in the manner specified by the relevant WIFIA Loan Agreement; provided that in such case of sub-clause (5) above, the WIFIA Lender may, in its sole discretion, partially approve a Requisition in respect of any amounts for which adequate Eligible Project Costs Documentation has been provided and may, in its sole discretion, disburse in respect of such properly documented amounts. The WIFIA Lender will notify the District, as agent of the Borrower pursuant to the WIFIA IPA, of any withholding, and the reasons therefor.

(d) A Requisition may be rejected in whole or in part by the WIFIA Lender if it is: (i) submitted without signature; (ii) submitted under signature of a Person other than a District's Authorized Representative; (iii) submitted after prior disbursement of all proceeds of the relevant WIFIA Loan; or (iv) submitted without adequate Eligible Project Costs Documentation. The WIFIA Lender will notify the District, as agent of the Borrower pursuant to the WIFIA IPA, of any Requisition so rejected, and the reasons therefor. Any Requisition rejected for the reasons



specified under this paragraph (d) must be resubmitted in proper form in order to be considered for approval.

**APPENDIX ONE TO EXHIBIT B**

**FORM OF REQUISITION**

**VIA EMAIL**

United States Environmental Protection Agency  
1200 Pennsylvania Avenue NW  
WJC-E 7334A  
Washington, D.C. 20460  
Attention: WIFIA Director  
Email: WIFIA\_Portfolio@epa.gov

Re: Pure Water Antelope Valley Master Program – Project [ ] (WIFIA ID – [ ])

Ladies and Gentlemen:

Pursuant to Section 4 (*Disbursement Conditions*) of (i) that certain WIFIA Master Agreement, dated as of [ ], 2024 (the “**WIFIA Master Agreement**”), by and among PALMDALE WATER DISTRICT PUBLIC FINANCING AUTHORITY (the “**Borrower**”), PALMDALE WATER DISTRICT (the “**District**”) and the UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator (the “**WIFIA Lender**”) and (ii) that certain WIFIA Loan Agreement (WIFIA ID – [ ]), dated as of [ ], 20[ ] (the “**WIFIA Loan Agreement**”), by and among the Borrower, the District and the WIFIA Lender, the District, as agent of the Borrower pursuant to the WIFIA IPA, hereby requests disbursement in the amount set forth below in respect of Eligible Project Costs paid or incurred by the District, as agent of the Borrower pursuant to the WIFIA IPA. Capitalized terms used but not defined herein have the meaning set forth in the WIFIA Loan Agreement or, if not defined therein, the WIFIA Master Agreement.

In connection with this Requisition the undersigned, as the District’s Authorized Representative, hereby represents and certifies the following:

1.	<b>Project name</b>	Pure Water Antelope Valley Master Program – Project [ ]
2.	<b>Borrower name</b>	Palmdale Water District Public Financing Authority
3.	<b>District name</b>	Palmdale Water District
4.	<b>WIFIA Loan ID</b>	[ ]
5.	<b>District Unique Entity Identifier</b>	[ ]
6.	<b>District FEIN number</b>	[ ]
7.	<b>Requisition number</b>	[ ]
8.	<b>Requested Disbursement amount</b>	[\$[ ]

9.	<b>Requested date of Disbursement (the “Disbursement Date”)<sup>7</sup></b>	<input type="text"/>
10.	<b>Total amounts previously disbursed under the WIFIA Loan Agreement</b>	\$ <input type="text"/>
11.	<b>Wire or ACH transfer instructions (please specify method)</b>	<input type="text"/>

12. As of the date hereof, and immediately after giving effect to the disbursement of WIFIA Loan proceeds requested under this Requisition, (a) no Default or Event of Default and no event of default under any other Related Document shall have occurred and be continuing and (b) no event that, with the giving of notice or the passage of time or both, would constitute an event of default under any other Related Document, shall have occurred and be continuing.
13. No District Material Adverse Effect, or any event or condition that could reasonably be expected to have a District Material Adverse Effect, has occurred since the Effective Date.
14. The aggregate amount of all disbursements of the WIFIA Loan (including the requested disbursement amount under this Requisition but excluding any interest that is capitalized in accordance with the WIFIA Loan Agreement) does not exceed (a) the maximum principal amount of the WIFIA Loan or (b) the aggregate amount of Eligible Project Costs with respect to the Project paid or incurred by the District, as agent of the Borrower pursuant to the WIFIA IPA.
15. The Eligible Project Costs with respect to the Project for which reimbursement or payment is being requested has not been reimbursed or paid by any previous disbursement of (a) any WIFIA Loan proceeds or (b) any other source of funding for the Project as identified in the Project Budget for the Project.
16. The District, and each of its contractors and subcontractors at all tiers with respect to the relevant Project, have complied with all applicable laws, rules, regulations and requirements, including 40 U.S.C. §§3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto) and 33 U.S.C. §3914 (relating to American iron and steel products). Supporting documentation, such as certified payroll records and certifications for all iron and steel products used for the Project, are being maintained and are available for review upon request by the WIFIA Lender.
17. The representations and warranties of the District set forth in the WIFIA Loan Agreement and in each other WIFIA Loan Document are true and correct as of the date hereof and as of the date of the requested disbursement of the WIFIA Loan proceeds, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties are true and correct as of such earlier date).

---

<sup>7</sup> Note this should be the actual disbursement date on which the Borrower requests to receive the funds, not the date that this Requisition form is submitted to the WIFIA Lender.

18. The District has delivered all required deliverables under and in compliance with the requirements of Section 20 (*Reporting Requirements of the District*) of the WIFIA Master Agreement, except as has been otherwise agreed by the WIFIA Lender.
19. Eligible Project Costs Documentation evidencing Eligible Project Costs in an amount equal to the amount requested for such disbursement either (a) has been previously submitted to and approved by the WIFIA Lender in accordance with Exhibit B (*Requisition Procedures*) and Section 20 (*Reporting Requirements of the District*) of the WIFIA Master Agreement or (b) has been submitted to the WIFIA Lender, together with (i) a brief description of the type<sup>8</sup> and nature of the activity covered by such Eligible Project Costs and (ii) a summary of such Eligible Project Costs in the format set out below, in each case for approval by the WIFIA Lender:

								WIFIA USE ONLY	
Vendor or Contractor Name <sup>9</sup>	Invoice Number <sup>10</sup>	Invoice Date	Payment Date	Invoice Amount	WIFIA Requested Amount <sup>11</sup>	Account Number	Account Description	Approved Amount	Notes

The undersigned acknowledges that if the District makes a false, fictitious, or fraudulent claim, statement, submission, or certification to the Government in connection with the Project, the Government reserves the right to impose on the District the penalties of 18 U.S.C. § 1001, to the extent the Government deems appropriate.

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

PALMDALE WATER DISTRICT,  
by its authorized representative

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

Name:

Title: \_\_\_\_\_

<sup>8</sup> Specify whether activity is: (a) **Development phase activity**, which includes planning, preliminary engineering, design, environmental review, revenue forecasting and other pre-construction activities; (b) **Construction**, which includes construction, reconstruction, rehabilitation and replacement activities; (c) **Acquisition of real property**, which includes acquiring an interest in real property, environmental mitigation, construction contingencies and acquisition of equipment; (d) **Carrying costs**, including capitalized interest, as necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses and other carrying costs during construction; (e) **WIFIA fees**, including for application and credit processing; or (f) **Other**, with an explanation of such activity.

<sup>9</sup> If seeking reimbursement for internal costs, enter "Internally financed activities."

<sup>10</sup> Vendor's number indicated on the invoice sent to the Borrower.

<sup>11</sup> If the amount requested for reimbursement by the WIFIA Lender is less than the total amount of the invoice, include an explanation for the difference.

## APPENDIX TWO TO EXHIBIT B

### FORM OF BORROWER'S DISBURSEMENT CERTIFICATE

United States Environmental Protection Agency  
WJC-E 7334A  
1200 Pennsylvania Avenue NW  
Washington, D.C. 20460  
Attention: WIFIA Director

Re: Pure Water Antelope Valley Master Program – Project [ ] (WIFIA ID – [ ])

Ladies and Gentlemen:

Reference is made to (i) that certain WIFIA Master Agreement, dated as of [ ], 2024 (the “**WIFIA Master Agreement**”), by and among Palmdale Water District Public Financing Authority (the “**Borrower**”), Palmdale Water District (the “**District**”) and the United States Environmental Protection Agency, acting by and through the Administrator (the “**WIFIA Lender**”) and (ii) that certain WIFIA Loan Agreement (WIFIA ID – [ ]), dated as of [ ], 20[ ] (the “**WIFIA Loan Agreement**”), by and among the Borrower, the District and the WIFIA Lender. Capitalized terms used but not defined herein have the meaning set forth in the WIFIA Loan Agreement or, if not defined therein, the WIFIA Master Agreement.

Pursuant to Section 11(b)(iii) (*Conditions Precedent – Conditions Precedent to Disbursements*) of the WIFIA Master Agreement, the undersigned, as the Borrower's Authorized Representative, hereby represents and certifies the following:

1. As of the date hereof and on the requested disbursement date (immediately after giving effect to the requested disbursement of WIFIA Loan proceeds), (a) no Default or Event of Default, and no event of default under any other Related Document to which the Borrower is a party and (b) no event that, with the giving of notice or the passage of time or both, would constitute an event of default under any Related Document to which the Borrower is a party, in each case, has occurred and is continuing.
2. No Borrower Material Adverse Effect, or any event or condition that could reasonably be expected to have a Borrower Material Adverse Effect, has occurred or arisen since the Effective Date.
3. The representations and warranties of the Borrower set forth in the WIFIA Master Agreement (including Section 12 (*Representations and Warranties of the Borrower*)) and in each other WIFIA Loan Document to which the Borrower is a party are true and correct as of the date hereof and as of the requested disbursement date, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties shall be true and correct as of such earlier date).
4. The Borrower has delivered all required deliverables under and in compliance with the requirements of Section 19 (*Reporting Requirements of the Borrower*) of the WIFIA Master Agreement, except as has been otherwise agreed by the WIFIA Lender.

The undersigned acknowledges that if the Borrower makes a false, fictitious, or fraudulent claim, statement, submission, or certification to the Government in connection with the Project, the Government reserves the right to impose on the Borrower the penalties of 18 U.S.C. § 1001, to the extent the Government deems appropriate.

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

PALMDALE WATER DISTRICT PUBLIC  
FINANCING AUTHORITY  
by its authorized representative

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT C**

**FORM OF CERTIFICATION OF ELIGIBLE PROJECT COSTS DOCUMENTATION**

**VIA EMAIL**

United States Environmental Protection Agency<sup>12</sup>  
 1200 Pennsylvania Avenue NW  
 WJC-E 7334A  
 Washington, D.C. 20460  
 Attention: WIFIA Director  
 Email: WIFIA\_Portfolio@epa.gov

Re: Pure Water Antelope Valley Master Program – Project [ ] (WIFIA ID – [ ])

Ladies and Gentlemen:

Pursuant to Section 20 (*Reporting Requirements of the District*) of the WIFIA Master Agreement, dated as of [ ], 2024 (the “**WIFIA Master Agreement**”), by and among Palmdale Water District Public Financing Authority (the “**Borrower**”), Palmdale Water District (the “**District**”) and the United States Environmental Protection Agency, acting by and through the Administrator (the “**WIFIA Lender**”), the District, as agent of the Borrower pursuant to the WIFIA IPA, hereby presents this certificate in connection with the District’s delivery of Eligible Project Costs Documentation to the WIFIA Lender. Capitalized terms used but not defined herein have the meaning set forth in the WIFIA Loan Agreement (WIFIA ID – [ ]), dated as of [ ], 20[ ] (the “**WIFIA Loan Agreement**”), by and among the Borrower, the District and the WIFIA Lender or, if not defined therein, the WIFIA Master Agreement.

The undersigned does hereby represent and certify the following:

1. This certificate is being delivered to the WIFIA Lender in connection with the Eligible Project Costs during the period between [ ] and [ ] (the “**Quarterly Period**”).
2. A summary of the Eligible Project Costs incurred, invoiced and/or paid (as the case may be) is set out in the [attached excel sheet][table on the following page:]

							<b>WIFIA USE ONLY</b>	
<b>Vendor or Contractor Name<sup>13</sup></b>	<b>Invoice Number<sup>14</sup></b>	<b>Invoice Date</b>	<b>Payment Date</b>	<b>Invoice Amount</b>	<b>Account Number</b>	<b>Account Description</b>	<b>Approved Amount</b>	<b>Notes</b>

<sup>12</sup> If there is a Servicer for the WIFIA Loan, provide a copy to the Servicer as well and include its notice details here.

<sup>13</sup> If the expectation is to seek reimbursement for internal costs, enter “Internally financed activities.”

<sup>14</sup> Vendor’s number indicated on the invoice sent to the Borrower.

3. The following is a brief description of the type<sup>15</sup> and nature of the activity covered by such Eligible Project Costs: [*insert description*].
4. The anticipated sources of funding for such Eligible Project Costs are [listed below][set forth in the attached excel sheet].
5. Supporting Eligible Project Costs Documentation for the above Eligible Project Costs for the Quarterly Period are also attached hereto.
6. The most recently delivered Construction Monitoring Report delivered in accordance with Section 20 (*Reporting Requirements of the District*) of the WIFIA Master Agreement sets out a summary of the progress of construction of the Project, no change has occurred since the date of such Construction Monitoring Report that could reasonably be expected to cause a Material Adverse Effect, and the District is otherwise in compliance with Section 20(c) (*Reporting Requirements of the District –Construction Reporting*) of the WIFIA Master Agreement.

Dated: [ ]

**PALMDALE WATER DISTRICT**, by its  
authorized representative

By: \_\_\_\_\_  
Name:  
Title:

---

<sup>15</sup> Specify whether activity is: (a) **Development phase activity**, which includes planning, preliminary engineering, design, environmental review, revenue forecasting and other pre-construction activities; (b) **Construction**, which includes construction, reconstruction, rehabilitation and replacement activities; (c) **Acquisition of real property**, which includes acquiring an interest in real property, environmental mitigation, construction contingencies and acquisition of equipment; (d) **Carrying costs**, including capitalized interest, as necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses and other carrying costs during construction; (e) **WIFIA fees**, including for application and credit processing; or (f) **Other**, with an explanation of such activity.



**EXHIBIT D**  
**FORM OF WIFIA LOAN REQUEST**

*[Letterhead of Borrower]*

[Date]<sup>16</sup>

United States Environmental Protection Agency  
WJC-E 7334A  
1200 Pennsylvania Avenue NW  
Washington, DC 20460  
Attention: WIFIA Director  
Email: WIFIA\_Portfolio@epa.gov

**Project:** Pure Water Antelope Valley Master Program – Project [ ] (WIFIA ID – [ ])

Dear WIFIA Director:

This loan request is provided pursuant to Section 3(c) (*WIFIA Loans Under the Master Program*) of that certain WIFIA Master Agreement, dated as of [ ], 2024 (the “**WIFIA Master Agreement**”), by and among Palmdale Water District Public Financing Authority (the “**Borrower**”), Palmdale Water District (the “**District**”) and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (the “**WIFIA Lender**”). Unless otherwise defined herein, all capitalized terms in this loan request have the meanings assigned to those terms in the WIFIA Master Agreement.

I, the undersigned, in my capacity as the District’s Authorized Representative and not in my individual capacity, do hereby request that the WIFIA Lender, in accordance with, and subject to the terms and conditions of, the WIFIA Master Agreement, enter into a WIFIA Loan Agreement and related WIFIA Loan Documents with respect to Pure Water Antelope Valley Master Program – Palmdale Water District – Project [ ] (the “**Project**”).

- (a) The Project consists of [*describe the Project*].
- (b) Attached hereto as Annex A is the most recent Updated Financial Model/Plan delivered to the WIFIA Lender.
- (c) [*Such additional information relating to the Project as may be requested by the WIFIA Lender.*]

---

<sup>16</sup> To be dated no later than 180 days prior to the end of the Master Availability Period.

**PALMDALE WATER DISTRICT**, by its  
authorized representative

By: \_\_\_\_\_  
Name:  
Title:

**ANNEX A TO EXHIBIT D**  
**UPDATED FINANCIAL MODEL/PLAN**

**EXHIBIT E-1<sup>17</sup>**

**FORM OF OPINION OF BORROWER'S GENERAL COUNSEL**

*[To be attached].*

---

<sup>17</sup> **Note to Draft:** The forms of opinions in Exhibits E-1 through E-4 remain subject to EPA team's review and comment in all respects.

**EXHIBIT E-2**

**FORM OF OPINION OF BORROWER'S BOND COUNSEL**

*[To be attached].*

**EXHIBIT E-3**

**FORM OF OPINION OF DISTRICT'S GENERAL COUNSEL**

*[To be attached].*

**EXHIBIT E-4**

**FORM OF OPINION OF DISTRICT'S BOND COUNSEL**

*[To be attached].*

## EXHIBIT F-1

### FORM OF CLOSING CERTIFICATE OF BORROWER

[ ], 2024

Reference is made to that certain WIFIA Master Agreement, dated as of [ ], 2024 (the “**WIFIA Master Agreement**”), by and among Palmdale Water District Public Financing Authority, as Borrower (the “**Borrower**”), Palmdale Water District, and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (the “**WIFIA Lender**”). Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Master Agreement.

In connection with Section 11(a) (*Conditions Precedent – Conditions Precedent to Effectiveness of this Agreement*) of the WIFIA Master Agreement, the undersigned, [ ], as Borrower’s Authorized Representative, does hereby certify on behalf of the Borrower and not in his/her personal capacity, as of the date hereof:

(a) pursuant to Section 11(a)(vi) of the WIFIA Master Agreement, attached hereto as Annex A is an incumbency certificate that lists all persons, together with their positions and specimen signatures, who are duly authorized by the Borrower to execute the WIFIA Loan Documents to which the Borrower is a party and make the certifications of the Borrower delivered in connection therewith, and who have been appointed as a Borrower’s Authorized Representative in accordance with Section 25 (*Borrower’s Authorized Representative*) of the WIFIA Master Agreement;

(b) pursuant to Section 11(a)(ii) of the WIFIA Master Agreement, the Borrower has delivered to the WIFIA Lender a copy of the Borrower’s Organizational Documents, as in effect on the Effective Date, each of which Organizational Documents is in full force and effect;

(c) pursuant to Section 11(a)(iv) of the WIFIA Master Agreement, the Borrower has delivered to the WIFIA Lender a copy of the WIFIA Borrower Resolution, the WIFIA Borrower Resolution is in full force and effect, all conditions contained in the WIFIA Borrower Resolution that are necessary to the closing of the WIFIA transactions contemplated by the WIFIA Master Agreement have been fulfilled, and no further instruments or documents (including any resolutions, ordinances, and supplements) are necessary for the Borrower to execute and deliver, and to perform its obligations under, the WIFIA Master Agreement and each other WIFIA Loan Document to which the Borrower is a party and to consummate and implement the transactions contemplated by the WIFIA Master Agreement and each other WIFIA Loan Document to which the Borrower is a party;

(d) pursuant to Section 11(a)(vi)(A) of the WIFIA Master Agreement, the representations and warranties of the Borrower set forth in the WIFIA Master Agreement and in each other WIFIA Loan Document to which the Borrower is a party are true and correct on and as of the date hereof, except to the extent that such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct as of such earlier date; and



(e) pursuant to Section 11(a)(vi)(B) of the WIFIA Master Agreement, no Borrower Material Adverse Effect, or any event or condition that could reasonably be expected to have a Borrower Material Adverse Effect, has occurred or arisen since the date of the Application.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date first mentioned above.

**PALMDALE WATER DISTRICT PUBLIC  
FINANCING AUTHORITY**

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

Name:

Title:

**ANNEX A TO EXHIBIT F-1**

**INCUMBENCY CERTIFICATE**

The undersigned certifies that he is the Secretary of Palmdale Water District Public Financing Authority, a joint exercise of powers agency duly organized and existing under the laws of the State of California (the “**Borrower**”), and as such [she] / [he] is authorized to execute this certificate and further certifies that the following person has been elected or appointed, is qualified, and is now acting as officer or authorized person of the Borrower in the capacity indicated below, and that the signature set forth opposite the name there is the true and genuine signature. He further certifies that the officer listed below is authorized to sign agreements and give written instructions with regard to any matters pertaining to the WIFIA Loan Documents to which the Borrower is a party on behalf of the Borrower as the Borrower’s Authorized Representative:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____

Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Master Agreement, dated as of the date hereof, by and among the Borrower, Palmdale Water District, and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of this  day of .

**PALMDALE WATER DISTRICT PUBLIC  
FINANCING AUTHORITY**

By: \_\_\_\_\_  
Name:  
Title:

## EXHIBIT F-2

### FORM OF CLOSING CERTIFICATE OF DISTRICT

[ ], 2024

Reference is made to that certain WIFIA Master Agreement, dated as of [ ], 2024 (the “**WIFIA Master Agreement**”), by and among Palmdale Water District Public Financing Authority, as Borrower (the “**Borrower**”), Palmdale Water District (the “**District**”), and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (the “**WIFIA Lender**”). Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Master Agreement. Notwithstanding anything to the contrary set forth in the WIFIA Master Agreement, the District is not a borrower with respect to any WIFIA Loan, any WIFIA Note, or any WIFIA Loan Agreement and the District has no obligation to make any payment or provision for payment of any WIFIA Loan or any WIFIA Note. No WIFIA Loan Agreement shall constitute a contract between the District and the WIFIA Lender by which the District has incurred an indebtedness.

In connection with Section 11(a) (*Conditions Precedent – Conditions Precedent to Effectiveness of this Agreement*) of the WIFIA Master Agreement, the undersigned, [ ], does hereby certify on behalf of the District and not in his/her personal capacity, as of the date hereof:

(a) pursuant to Section 11(a)(vii) of the WIFIA Master Agreement, attached hereto as Annex A is an incumbency certificate that lists all persons, together with their positions and specimen signatures, who are duly authorized by the District to execute the WIFIA Loan Documents to which the District is a party and make the certifications of the District delivered in connection therewith, and who have been appointed as a District’s Authorized Representative in accordance with Section 26 (*District’s Authorized Representative*) of the WIFIA Master Agreement;

(b) pursuant to Section 11(a)(ii) of the WIFIA Master Agreement, the District has delivered to the WIFIA Lender a copy of the District’s Organizational Documents, as in effect on the Effective Date, each of which Organizational Documents is in full force and effect;

(c) pursuant to Section 11(a)(iii) of the WIFIA Master Agreement, the District has delivered to the WIFIA Lender a copy of the WIFIA District Resolution, the WIFIA District Resolution is in full force and effect, all conditions contained in the WIFIA District Resolution that are necessary to the closing of the WIFIA transactions contemplated by the WIFIA Master Agreement have been fulfilled, and no further instruments or documents (including any resolutions, ordinances, and supplements) are necessary for the District to execute and deliver, and to perform its obligations under, the WIFIA Master Agreement and each other WIFIA Loan Document to which the District is a party and to consummate and implement the transactions contemplated by the WIFIA Master Agreement and each other WIFIA Loan Document to which the District is a party.

(d) pursuant to Section 11(a)(vii)(A) of the WIFIA Master Agreement, (i) the District’s Federal Employer Identification Number is 95-6004540, as evidenced by the District’s Form W-9

which is attached hereto as Annex B-1, (ii) the District's Unique Entity Identifier is JJFZR7DXHYS9, and (iii) the District has registered with, and obtained confirmation of active registration status from, the federal System for Award Management (www.SAM.gov), which confirmation is attached hereto as Annex B-2;

(e) pursuant to Section 11(a)(vii)(B) of the WIFIA Master Agreement, the representations and warranties of the District set forth in the WIFIA Master Agreement and in each other WIFIA Loan Document to which the District is a party are true and correct on and as of the date hereof, except to the extent that such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct as of such earlier date; and

(f) pursuant to Section 11(a)(vii)(C) of the WIFIA Master Agreement, no District Material Adverse Effect, or any event or condition that could reasonably be expected to have a District Material Adverse Effect, has occurred or arisen since the date of the Application.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date first mentioned above.

**PALMDALE WATER DISTRICT**

By: \_\_\_\_\_  
Name:  
Title:

**ANNEX A TO EXHIBIT F-2**

**INCUMBENCY CERTIFICATE**

The undersigned certifies that he is the Secretary of Palmdale Water District, an irrigation district duly organized and existing under the Constitution and laws of the State of California (the “**District**”), and as such [she] / [he] is authorized to execute this certificate and further certifies that the following persons have been elected or appointed, are qualified, and are now acting as officers or authorized persons of the District in the capacity or capacities indicated below, and that the signatures set forth opposite their respective names are their true and genuine signatures. He further certifies that any of the officers listed below is authorized to sign agreements and give written instructions with regard to any matters pertaining to the WIFIA Loan Documents to which the District is a party on behalf of the District as the District’s Authorized Representative:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
[ ]	[ ]	_____
[ ]	[ ]	_____
[ ]	[ ]	_____
[ ]	[ ]	_____

Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Master Agreement, dated as of the date hereof, by and among the District, Palmdale Water District Public Financing Authority, and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of this [ ] day of [ ].

**PALMDALE WATER DISTRICT**

By: \_\_\_\_\_  
Name:  
Title:

## EXHIBIT F-3

### FORM OF PROJECT CLOSING CERTIFICATE OF BORROWER

[ ], 20[ ]

Reference is made to that certain WIFIA Master Agreement, dated as of [ ], 2024 (the “**WIFIA Master Agreement**”), by and among Palmdale Water District Public Financing Authority (the “**Borrower**”), Palmdale Water District (the “**District**”) and the United States Environmental Protection Agency, acting by and through the Administrator (the “**WIFIA Lender**”) and that certain WIFIA Loan Agreement (WIFIA ID – [ ]), dated as of [ ], 20[ ] (the “**WIFIA Loan Agreement**”), by and among the Borrower, the District and the WIFIA Lender. Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement or, if not defined therein, the WIFIA Master Agreement.

In connection with Section 11(b) (*Conditions Precedent – Conditions Precedent to Effectiveness of Each WIFIA Loan Agreement*) of the WIFIA Master Agreement and Section 11(a) (*Conditions Precedent – Conditions Precedent to Effectiveness*) of the WIFIA Loan Agreement, the undersigned, [ ], as Borrower’s Authorized Representative, does hereby certify on behalf of the Borrower and not in his/her personal capacity, as of the date hereof:

(a) pursuant to Section 11(b)(vii) of the WIFIA Master Agreement, [the Borrower’s Authorized Representative previously designated and such person’s position and incumbency previously provided to the WIFIA Lender remain unchanged and in full force and effect] [attached hereto as Annex [ ] is an incumbency certificate that lists all persons, together with their positions and specimen signatures, who are duly authorized by the Borrower to execute the WIFIA Loan Documents to which the Borrower is or will be a party, and who have been appointed as a Borrower’s Authorized Representative in accordance with Section 25 (*Borrower’s Authorized Representative*) of the WIFIA Master Agreement];

(b) pursuant to Section 11(b)(iv) of the WIFIA Master Agreement, attached hereto as Annex [ ] are copies of each Related Document (to the extent not previously delivered to the WIFIA Lender) and Existing Construction Contract to which it is a party with respect to the Project, together with any amendments, waivers or modifications thereto, and each such document is complete, fully executed, and in full force and effect;

(c) pursuant to Section 11(b)(vii)(A) of the WIFIA Master Agreement, (i) the maximum principal amount of the WIFIA Loan (excluding any interest that is capitalized in accordance with the terms of the WIFIA Master Agreement and the WIFIA Loan Agreement), together with the amount of any other credit assistance provided under the Act to the Borrower, does not exceed forty-nine percent (49%) of the reasonably anticipated Eligible Project Costs for the Project and (ii) the total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan (excluding any interest that is capitalized in accordance with the terms of the WIFIA Master Agreement and the WIFIA Loan Agreement), does not exceed eighty percent (80%) of Total Project Costs for the Project;



(d) pursuant to Section 11(b)(vii)(B) of the WIFIA Master Agreement, [the WIFIA CUSIP Number is [\_\_]] [the Borrower (i) has maintained the WIFIA CUSIP Number and (ii) [confirms that the expiration date of the WIFIA CUSIP Number is no earlier than the Final Maturity Date] [has extended the expiration date of the WIFIA CUSIP Number to be no earlier than the Final Maturity Date]];

(e) pursuant to Section 11(b)(vii)(C) of the WIFIA Master Agreement, the representations and warranties of the Borrower set forth in the WIFIA Loan Agreement and in each other WIFIA Loan Document to which the Borrower is a party are true and correct on and as of the WIFIA Loan Agreement Effective Date, except to the extent that such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct as of such earlier date;

(f) pursuant to Section 11(b)(vii)(D) of the WIFIA Master Agreement, no Borrower Material Adverse Effect, or any event or condition that could reasonably be expected to have a Borrower Material Adverse Effect, has occurred or arisen since the Effective Date; [and]

(g) pursuant to Section 11(b)(ix) of the WIFIA Master Agreement, no rating in the rating letter delivered to the WIFIA Lender pursuant to such Section 11(b)(ix) has been reduced, withdrawn or suspended as of the WIFIA Loan Agreement Effective Date[; and][.]

(h) [*any other attachments and provision as may apply to the WIFIA Loan Agreement*].

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date first mentioned above.

**PALMDALE WATER DISTRICT PUBLIC  
FINANCING AUTHORITY**

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

Name:

Title:

**EXHIBIT F-4**

**FORM OF PROJECT CLOSING CERTIFICATE OF DISTRICT**

[ ], 20[ ]

Reference is made to that certain WIFIA Master Agreement, dated as of [ ], 2024 (the “**WIFIA Master Agreement**”), by and Palmdale Water District Public Financing Authority (the “**Borrower**”), Palmdale Water District (the “**District**”) and the United States Environmental Protection Agency, acting by and through the Administrator (the “**WIFIA Lender**”) and that certain WIFIA Loan Agreement (WIFIA ID – [ ]), dated as of [ ], 20[ ] (the “**WIFIA Loan Agreement**”), by and among the Borrower, the District and the WIFIA Lender. Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement or, if not defined therein, the WIFIA Master Agreement.

In connection with Section 11(b) (*Conditions Precedent – Conditions Precedent to Effectiveness of Each WIFIA Loan Agreement*) of the WIFIA Master Agreement and Section 11(a) (*Conditions Precedent – Conditions Precedent to Effectiveness*) of the WIFIA Loan Agreement, the undersigned, [ ], as District’s Authorized Representative, does hereby certify on behalf of the District and not in his/her personal capacity, as of the date hereof:

(a) pursuant to Section 11(b)(viii) of the WIFIA Master Agreement, [the District’s Authorized Representative previously designated and such person’s position and incumbency previously provided to the WIFIA Lender remain unchanged and in full force and effect] [attached hereto as Annex [ ] is an incumbency certificate that lists all persons, together with their positions and specimen signatures, who are duly authorized by the District to execute the WIFIA Loan Documents to which the District is or will be a party, and who have been appointed as a District’s Authorized Representative in accordance with Section 26 (*District’s Authorized Representative*) of the WIFIA Master Agreement];

(b) pursuant to Section 11(b)(iv) of the WIFIA Master Agreement, attached hereto as Annex [ ] are copies of each Related Document (to the extent not previously delivered to the WIFIA Lender) and Existing Construction Contract to which it is a party with respect to the Project, together with any amendments, waivers or modifications thereto, and each such document is complete, fully executed, and in full force and effect;

(c) pursuant to Section 11(b)(viii)(A) of the WIFIA Master Agreement, (i) the maximum principal amount of the WIFIA Loan (excluding any interest that is capitalized in accordance with the terms of the WIFIA Master Agreement and the WIFIA Loan Agreement), together with the amount of any other credit assistance provided under the Act to the Borrower, does not exceed forty-nine percent (49%) of the reasonably anticipated Eligible Project Costs for the Project and (ii) the total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan (excluding any interest that is capitalized in accordance with the terms of the WIFIA Master Agreement and the WIFIA Loan Agreement), does not exceed eighty percent (80%) of Total Project Costs for the Project;

(d) pursuant to Section 11(b)(viii)(B) of the WIFIA Master Agreement, the District is in compliance with NEPA and any applicable federal, state or local environmental review and approval requirements with respect to the Project;

(e) pursuant to Section 11(b)(viii)(C) of the WIFIA Master Agreement, the District has maintained (i) the Federal Employer Identification Number provided to the WIFIA Lender as a condition precedent to the Effective Date, (ii) the Unique Entity Identifier provided to the WIFIA Lender as a condition precedent to the Effective Date, and (iii) active registration status with the federal System for Award Management ([www.SAM.gov](http://www.SAM.gov));

(f) pursuant to Section 11(b)(viii)(D) of the WIFIA Master Agreement, the representations and warranties of the District set forth in the WIFIA Loan Agreement and in each other WIFIA Loan Document to which the District is a party are true and correct on and as of the WIFIA Loan Agreement Effective Date, except to the extent that such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct as of such earlier date; [and]

(g) pursuant to Section 11(b)(viii)(E) of the WIFIA Master Agreement, no District Material Adverse Effect, or any event or condition that could reasonably be expected to have a District Material Adverse Effect, has occurred or arisen since the Effective Date[; and][.]

(h) [*any other attachments and provision as may apply to the WIFIA Loan Agreement*].

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date first mentioned above.

**PALMDALE WATER DISTRICT**

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT G**

**FORM OF CERTIFICATE OF SUBSTANTIAL COMPLETION**

*[Letterhead of Borrower]*

*[Date]*

United States Environmental Protection Agency  
WJC-E 7334A  
1200 Pennsylvania Avenue NW  
Washington, DC 20460  
Attention: WIFIA Director

**Project:** Pure Water Antelope Valley Master Program – Project [ ] (WIFIA ID – [ ])

Dear Director:

This certificate is provided pursuant to Section 20(f)(i)(A) (*Reporting Requirements of the District – Notices – Substantial Completion*) of that certain WIFIA Master Agreement, dated as of [ ], 2024 (the “**WIFIA Master Agreement**”), by and among Palmdale Water District Public Financing Authority (the “**Borrower**”), Palmdale Water District (the “**District**”) and the United States Environmental Protection Agency, acting by and through its Administrator (the “**WIFIA Lender**”).

Unless otherwise defined herein, all capitalized terms in this certificate have the meanings assigned to those terms in that certain WIFIA Loan Agreement (WIFIA ID – [ ]), dated as of [ ], 20[ ] (the “**WIFIA Loan Agreement**”), by and among the Borrower, the District and the WIFIA Lender or, if not defined therein, the WIFIA Master Agreement.

I, the undersigned, in my capacity as the District’s Authorized Representative and not in my individual capacity, do hereby certify to the WIFIA Lender that:

- (a) on *[insert date Substantial Completion requirements were satisfied]*, the Project satisfied each of the requirements for Substantial Completion set forth in the Construction Contracts for the Project;
- (b) Substantial Completion has been declared under each of the Construction Contracts for the Project and copies of the notices of Substantial Completion under such agreements are attached to this certification; and
- (c) Substantial Completion for the Project has been achieved and the Substantial Completion Date of the Project is [ ]; and
- (d) The total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan (excluding any interest that is capitalized in accordance with the terms of the WIFIA Loan Agreement), does not exceed eighty percent (80%) of Total Project Costs.

**PALMDALE WATER DISTRICT,**  
by its authorized representative

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

Name:

Title:

**EXHIBIT H**

**FORM OF CONSTRUCTION MONITORING REPORT**

**VIA EMAIL**

United States Environmental Protection Agency  
WJC-E 7334A  
1200 Pennsylvania Avenue NW  
Washington, DC 20460  
Attention: WIFIA Director  
Email: WIFIA\_Portfolio@epa.gov

Re: Pure Water Antelope Valley Master Program – Project [ ] (WIFIA ID – [ ])

This Construction Monitoring Report for the period of [*insert relevant period*] (the “**Quarterly Period**”) is provided pursuant to Section 20(c) (*Reporting Requirements of the District – Construction Reporting – Construction Monitoring Report*) of that certain WIFIA Master Agreement, dated as of [ ], 2024 (the “**WIFIA Master Agreement**”), by and among Palmdale Water District Public Financing Authority (the “**Borrower**”), Palmdale Water District (the “**District**”) and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (the “**WIFIA Lender**”). Unless otherwise defined herein, all capitalized terms in this Construction Monitoring Report have the meanings assigned to those terms in that certain WIFIA Loan Agreement (WIFIA ID – [ ]), dated as of [ ], 20[ ] (the “**WIFIA Loan Agreement**”), by and among the Borrower, the District and the WIFIA Lender or, if not defined therein, the WIFIA Master Agreement.

1. **Project Status.** Provide a narrative summary of the Project’s construction progress during the Quarterly Period, including with respect to the Project components or sub-projects where appropriate. Complete the table in Appendix A to update the Project scope, schedule, and costs with the latest information.

--

2. **Current Projected Substantial Completion Date:**

--

If the current Projected Substantial Completion Date differs than the date set forth in the Construction Monitoring Report most recently delivered to the WIFIA Lender (or, if no such report has yet been provided, the date of the Projected Substantial Completion Date set forth in the WIFIA Loan Agreement as of the WIFIA Loan Agreement Effective Date), provide a description in reasonable detail for such projected delay or difference:

--

3. **Material Problems (if any)**



Note any problems encountered or anticipated during the construction of the Project during the Quarterly Period that (1) impedes Project completion within the scope, costs, and schedule outlined in the WIFIA Master Agreement and the WIFIA Loan Agreement or (2) relates to unforeseen complications in connection with the construction of the Project. This may include commissioning/start-up issues, constructability issues for the Project as planned, adverse impacts to Project surroundings, changes in or issues with meeting environmental or federal compliance requirements, and unanticipated or abnormal permit approval timelines. Include an assessment of the impact and any current plans to address the problems.

4. **Other Matters Related to the Project (if applicable)**

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

**PALMDALE WATER DISTRICT**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## APPENDIX A TO EXHIBIT H<sup>18</sup>

Project Scope		Project Schedule						Project Costs		
Project Component	Completed (Y/N)	Contract/Vendor	Bid Advertisement Date	Contract Award Date	NTP Effective Date	Original Substantial Completion Date	Estimated Substantial Completion Date	Original Contract Amount	Estimated Costs to Complete	Costs Earned or Paid to Date
<b>Total</b>										

<sup>18</sup> Appendix A summarizes all project components that will be bid on in the next quarter, are currently under construction, or have completed construction. It should include a cumulative list of projects that is updated each quarter. A Microsoft Excel spreadsheet with similar table format is also acceptable.

## EXHIBIT I

### FORM OF PUBLIC BENEFITS REPORT

Pursuant to Section 11(b)(xi) and Section 20(d) of that certain WIFIA Master Agreement, dated as of [ ], 2024 (the “WIFIA Master Agreement”), by and among Palmdale Water District Public Financing Authority (the “Borrower”), Palmdale Water District (the “District”), and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (the “WIFIA Lender”), the District is providing this Public Benefits Report in connection with Pure Water Antelope Valley Master Program – Project [ ] (WIFIA ID – [ ]). Capitalized terms used in this Public Benefits Report and not defined shall have the respective meanings ascribed to such terms in that certain WIFIA Loan Agreement, dated as of [ ], 20[ ], by and among the Borrower, the District and the WIFIA Lender or, if not defined therein, the WIFIA Master Agreement.

**Reporting Period:** [Prior to the Effective Date][within ninety (90) days following the Substantial Completion Date][within ninety (90) days following the fifth (5th) anniversary of the Substantial Completion Date]

- (i) **The number of total jobs and direct jobs projected to be created by the Project during the period between the WIFIA Loan Agreement Effective Date and the Substantial Completion Date:**

WIFIA projects that the Project will create [ ] total jobs, of which the District projects [ ] will be direct jobs.

- (ii) **Indicate (yes or no) whether the Project will assist the District in complying with applicable regulatory requirements, and if yes, describe how the Project assists with regulatory compliance:**

Yes

If yes, additional description: [ ]

No

- (iii) **The Project will assist the District with the following environmental measure:<sup>19</sup>**

The amount by which the Project will increase the volume of water recycled, recharged, or redirected (measured in MGD capacity at Substantial Completion): [ ]

---

<sup>19</sup> **Note to Draft:** WIFIA Lender to provide applicable measure.

**EXHIBIT J**

**FORM OF WIFIA PROJECT TERM SHEET**

*[To be attached].*

**EXHIBIT K**  
**FORM OF WIFIA LOAN AGREEMENT**

*[To be attached].*

**EXHIBIT L**  
**FORM OF WIFIA IPA**

*[To be attached].*