

VALLEY CENTER MUNICIPAL WATER DISTRICT
AGENDA

Regular Meeting of the Board of Directors

Monday, November 17, 2025 — 2:00 P.M.

The VCMWD Board of Directors welcomes the public to attend its meetings both in-person at its Board Room and virtually via livestream. *Please note that in the event of technical issues that disrupt the meeting livestream or receipt of public comments by phone or email, the meeting will continue, unless otherwise required by law, such as when a Director is attending the meeting virtually pursuant to certain provisions of the Brown Act.*

Instructions for members of the public who wish to address the Board of Directors:

Members of the public can address the Board of Directors during “Public Comments” or on specific agenda items, may do so as instructed below. All comments will be subject to a limit of three (3) minutes.

- Making Public Comment for In-Person Attendance: Members of the public who wish to observe or to address the Board may join the Board Members at the noticed, physical location. A Request to Speak slip must be submitted to the Board Secretary prior to start of the meeting (*if possible*).
- Phone Comments During the Meeting: Before the meeting, or before public comment period for the item closes during the meeting, submit a telephone number by email to the Board Secretary at publiccomments@vcmwd.org, together with the agenda item number, and the Board Secretary will call when the board is ready to hear public comments; *or*
- Emailed Comments: Before the meeting, or before public comment period for that item closes at the meeting, email your comments to the Board Secretary at publiccomments@vcmwd.org and they will be read aloud during the public comment period; *or*
- Written Comments: Written comments can be also be physically dropped off or mailed in advance of the meeting at the District’s Administrative located at 29300 Valley Center Rd., Valley Center, CA 92082, for receipt no later than 1:00 pm on meeting day.

These public comment procedures supersede any District public comment policies and procedures to the contrary. If modifications or accommodations from individuals with disabilities are required, such persons should provide a request at least 24 hours in advance of the meeting by email to the Board Secretary at boardsecretary@vcmwd.org.

Meeting Broadcast: Members of the public may watch the meeting electronically by visiting the District’s website at vcmwd.org/Board/Board-Documents and then clicking the link listed below “live stream” on the page.

Meeting Documents: Board Meeting Packets (*except for closed session materials*) will be made available to the public once distributed to the Board. Please visit the District’s website at vcmwd.org/Board/Board-Documents for Agenda and related Board Meeting Documents.

ROLL CALL

APPROVAL OF AGENDA

At its option, the Board may approve the agenda, delete an item, reorder items and add an item to the agenda (Government Code Section 54954.2).

PUBLIC COMMENTS

Comments and inquiries from the audience will be received on any matter not on the agenda, but within the jurisdiction of the Board. Comments and inquiries pertaining to an item on the agenda will be received during the deliberation of the agenda item (Government Code Section 54954.3).

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CONSENT CALENDAR ITEMS

Consent calendar items will be voted on together by a single motion unless separate action is requested by a Board member, staff or member of the audience.

1. **Minutes of the Regular Board Meeting Held Monday, October 20, 2025;**
2. **Audit Demands and Wire Disbursements;**
3. **Treasurer's Report for Month Ending September 30, 2025; and**
4. **Financial Statements for the Quarter Ended September 30, 2025.**

PRESENTATION

5. **Informational Presentation by San Diego County Water Authority on the San Diego Aqueduct Bifurcation Project:**

An informational presentation from the San Diego County Water Authority (SDCWA) on the San Diego Aqueduct Bifurcation Project will be provided.

- a. Report by Valerie Airey, SDCWA Principal Construction Manager
- b. Discussion
- c. Audience comments/questions
- d. Informational presentation only

ACTION ITEM(S)

6. **Ratify Execution of Recycled Water Use Agreement with San Pasqual Economic Development Council (SPEDC) dba Native Oaks Golf Club, adopt Resolution No. 2025-30, and Authorize Filing the Agreement with the County:**

The updated Recycled Water Use Agreement with Native Oaks Golf Club has been executed to reflect current parties and operational needs. Staff requests the Board of Directors adopt Resolution No. 2025-30 ratifying the former General Manager's action and authorizing the Agreement to be recorded with the County.

- a. Report by Gary Arant
- b. Discussion
- c. Audience comments/questions
- d. If desired, motion to approve or deny Resolution No. 2025-30

7. **Request Approval of Woods Valley Ranch (WVR) Capacity Transfer Installment Purchase Agreement:**

The Board will consider the approval of Resolution No. 2025-26 approving the Installment Purchase Agreement for funding the multi-year transfer of Woods Valley Ranch WRF capacity from the North Village Area for use by Community Facilities District No. 2020-1 in accordance with the Capacity Reservation Transfer Policy (Administrative Code Section 171.11).

- a. Report by District Engineer
- b. Discussion

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- c. Audience comments/questions
- d. If desired, motion to approve or deny Resolution No. 2025-26

8. Old Castle Pipeline Replacement—DWSRF Good Faith Estimate Approval and Loan Document Authorization:

Request the Board of Directors adopt Resolution No. 2025-29 approving the form of agreement and authorizing staff to enter into the Drinking Water State Revolving Fund (DWSRF) Loan for the Old Castle Pipeline Replacement Project.

- a. Report by District Engineer
- b. Discussion
- c. Audience comments/questions
- d. If desired, motion to approve or deny Resolution No. 2025-29

INFORMATIONAL ITEMS

9. Legislative and Regulatory Report:

An update to the Board on current and developing legislative and regulatory matters that may impact District operations.

- a. Report by Special Projects and Regulatory Compliance Manager
- b. Discussion
- c. Audience comments/questions
- d. Information item only, no action required

10. San Diego County Water Authority (SDCWA) Board Meeting Summary:

A report on the SDCWA's Board of Directors' Meeting October 23, 2025 will be provided.

- a. Report by Gary Arant
- b. Discussion
- c. Audience comments/questions
- d. Information item only, no action required

11. General Information:

General Information items will be reviewed.

- a. Report by General Manager
- b. Discussion
- c. Audience comments/questions
- d. Information item only, no action required

DISTRICT GENERAL COUNSEL'S REPORT

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BOARD OF DIRECTORS' AGENDA AND AB1234 REPORTING*

* Directors must provide brief reports on meetings/events attended in the performance of their official duties for which compensation or reimbursement is provided. Authority: Government Code Section 53232.3.

CLOSED SESSION ITEM

At any time during the regular session, the Board may adjourn to closed session to consider litigation, personnel matters, or to discuss with legal counsel matters within the attorney-client privilege. Discussion of litigation is within the attorney-client privilege and may be held in closed session (per Government Code § 54956.9).

12. A Closed Session will be held pursuant to the following item:

- **Government Code §54956.9 (d)(1) – Conference with Legal Counsel – Existing Litigation:**
HOLLOWAY V. SAN DIEGO GAS & ELECTRIC COMPANY et al.,
Case No. 37-2023-00053167-CU-OR-NC.

ADJOURNMENT

NOTICE TO THE PUBLIC

This agenda was posted at least 72 hours before the meeting in a location freely accessible to the public. No action may be taken on any item not appearing on the posted agenda, except as provided by Government Code Section 54954.2. Any written materials provided to a majority of the Board of Directors within 72 hours prior to the meeting regarding any item on this agenda will be available for public inspection on the District's website. The agenda is available for public review on the District's website, <http://www.vcmwd.org>.

For questions or request for information related to this agenda contact Coral Williams, *Board Secretary*, at (760) 735-4517 or publiccomments@vcmwd.org. Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the American with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the Board Secretary at least 48 hours before the meeting, if possible.

— **End of Agenda** —

**VALLEY CENTER MUNICIPAL WATER DISTRICT
MINUTES
Regular Meeting of the Board of Directors
Monday, October 20, 2025 — 2:00 P.M.**

The Valley Center Municipal Water District Board of Directors' meeting was called to order by President Ferro at 2:00 PM. In the Board Room at 29300 Valley Center Rd.; Valley Center, CA 92082, and livestreamed on the District's website at www.vcmwd.org.

ROLL CALL

Board Members Present: *Directors Ferro, Holtz, Baker, Ness (arrived at 2:02 p.m.), and Stehly.*

Board Members Absent: *None.*

Staff Members Present: *General Manager Arant, District Engineer Grabbe, Director of Finance and Administration Pugh, Director of Operations and Facilities Lovelady, Manager of Accounting/Deputy Director of Finance & Administration Velasquez; Director of IT Pilve, Administrative Assistant/Assistant Board Secretary Williams, Special Projects and Regulatory Compliance Manager Nichols, General Counsel Paula de Sousa, and HR Analyst Lackerdas present in-person.*

PUBLIC COMMENT(S)

President Ferro established for the record the process by which public comments are received by the Board; this process was also described in the Agenda for the meeting.

CONSENT CALENDAR ITEMS

Consent calendar items will be voted on together by a single motion unless separate action is requested by a Board member, staff or member of the audience.

- 1. Minutes of the Regular Board Meeting Held Monday, September 15, 2025;**
- 2. Audit Demands and Wire Disbursements;**
- 3. Quarterly Expense Reimbursement Disclosures (July 1 – September 30, 2025) per Government Code Section 53065;**
- 4. Treasurer's Report for Month Ending September 31, 2025;**
- 5. Request Approval of Purchase Order No. 118973 for the Purchase of Four (4) New Vehicles; and**
- 6. Resolution No. 2025-28 to Approve of Task Order No. 16 to TSAC Engineering for the North Broadway Pipeline Replacement Project.**

Action: Upon motion by Holtz, seconded by Stehly; and carried with 5 affirmative votes, the previously listed consent calendar items were approved.

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INFORMATION ITEM / POSSIBLE ACTION ITEM(S)

7. Consideration of Adopting Ordinance 2025-09, Updating Administrative Code Article 1 "Insurance" for Policy Clarification:

Ordinance No. 2025-09, amending Administrative Code Article 1, "Insurance," to formally establish a policy allowing future retired District staff (hired on or after July 1, 2008), current District Board Members, and former District Board Members who have served at least one full term, to continue participation in the District's Medical, Dental, and Vision program on a self-pay basis, was presented for Board consideration.

Action: Upon motion by Stehly, seconded by Ness; motion to approve the following Ordinance passed with five (5) affirmative votes:

**ORDINANCE OF THE BOARD OF DIRECTORS OF
VALLEY CENTER MUNICIPAL WATER DISTRICT
AMENDING ADMINISTRATIVE CODE ARTICLE 1 TO FORMALLY ESTABLISH A POLICY
ALLOWING FUTURE RETIRED STAFF MEMBERS WHO ARE NOT ELIGIBLE FOR THE
DISTRICT'S "RETIREES' HEALTH BENEFITS PLAN" AND DISTRICT BOARD MEMBERS,
PAST AND PRESENT, TO PARTICIPATE IN THE DISTRICT'S MEDICAL, DENTAL AND
VISION PROGRAM, AT NO COST TO THE DISTRICT**

Was adopted by the following vote, to wit:

AYES: *Directors Ferro, Holtz, Baker, Ness, and Stehly*
NOES: *None*
ABSENT: *None*

8. Consideration of Adopting Ordinance 2025-10, Amending Article 40, "Organization of Staff," Section 40.1, "General Manager," Regarding the Time for Annual Performance and Compensation Evaluation:

Ordinance No. 2025-10, amending the Administrative Code, Article 40, "Organization of Staff," Section 40.1, "General Manager." The amendment aligns the timing of the General Manager's annual Performance and Compensation Evaluation with the terms of the current Employment Agreement. Under the Employment Agreement with General Manager Lindsay Leahy, the Performance and Compensation Review is scheduled for July each year, beginning in July 2026. The Administrative Code currently specifies that the evaluation is to occur in January. To maintain consistency between governing documents, Ordinance No. 2025-10 proposes establishing July as the officially designated evaluation period, beginning in 2026.

Action: Upon motion by Ness, seconded by Stehly; motion to approve the following Ordinance passed with five (5) affirmative votes:

**ORDINANCE NO. 2025-10
ORDINANCE OF THE BOARD OF DIRECTORS OF
VALLEY CENTER MUNICIPAL WATER DISTRICT AMENDING ARTICLE 40,
"ORGANIZATION OF STAFF," SECTION 40.1, "GENERAL MANAGER,"
REGARDING THE TIME FOR ANNUAL
PERFORMANCE AND COMPENSATION EVALUATION.**

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Was adopted by the following vote, to wit:

AYES: *Directors Ferro, Holtz, Baker, Ness, and Stehly*
NOES: *None*
ABSENT: *None*

9. Review of Notice of Public Hearing for Proposed Changes to Water and Wastewater Rates Effective January 1, 2026, and Consideration of Setting a Public Hearing:

The Director of Finance presented the proposed 2026 water and wastewater rates, reflecting pass-through increases from the San Diego County Water Authority (SDCWA) and Metropolitan Water District (MWD), as well as adjustments to local commodity, monthly service, pumping, fire protection, and wastewater charges. These rates are aligned with the Fiscal Year 2025-2026 Budget assumptions and are necessary to offset wholesale cost increases, operational inflation, and to support planned capital improvements.

Water Rates: In January 2026, aggregate wholesale costs from SDCWA and MWD will increase \$130.85 per acre foot (4.7%) for domestic water purchases and \$189.09 per acre foot (9.9%) for Permanent Special Agricultural Water Rate (PSAWR) purchases. The District's local cost component of the water rate is proposed to be \$321.17 per acre foot. This represents an increase of 9.8% over the current rate of \$292.51. Total revenue increases, including the District's component, are 5.1% for domestic and 9.9% for PSAWR customers.

Included in water charges the District is required to pay CWA in 2026 are fixed charges for Customer Service, Storage, Supply Reliability, and Transportation. The District calculates the per-acre-foot equivalent of these charges by dividing the total charges by projected water sales, less a 10% reserve for sales levels under budgeted amounts. For the fiscal year ending 2026 budgeted sales are 12,500 acre feet and the fixed charges totaling \$5,468,160 are allocated over 11,250 acre feet.

Beginning in Calendar Year 2026, the SDCWA Board approved a refined methodology for calculating the Storage Charge. Prior to January 2026 PSAWR customers were exempt from paying the full Storage Charge. The Storage Charge will now be segregated into two parts: 1) the Operating component, which all users including agricultural customers benefit from, and; 2) the component for the Emergency Storage Program (ESP) and Carryover (CO) Storage Program. PSAWR customers will be subject to the Operating component and will remain exempt from the ESP & CSP component. This refined methodology ensures that PSAWR customers pay proportionately for the operational storage benefits they receive, while maintaining their exemption from emergency and carryover storage costs.

Current and Proposed Water Wholesale/Commodity Charge Rates (\$/HCF)

<u>Customer Class</u>	<u>Costs</u>	<u>Current</u>	<u>Proposed Change</u>	<u>Effective Jan. 1, 2026</u>
Domestic/Commercial	MWD/SDCWA Wholesale	\$6.4496	\$0.3004	\$6.7500
	VCMD Commodity	0.6715	0.0658	0.7373
	Total	\$7.1211	\$0.3662	\$7.4873
PSAWR:	MWD/SDCWA Wholesale	\$4.3634	\$0.4341	\$4.7975
	VCMD Commodity	0.6715	0.0658	0.7373
	Total	\$5.0349	\$0.4999	\$5.5348

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Water Meter Service Charges: Staff proposed increasing the monthly meter service charge to offset local inflation of its operating costs by a range of 9.8% to 11.3%. This would increase the charge for a ¾-inch meter from \$51.28 to \$57.06 and a 1-inch meter from \$69.30 to \$76.09 per month. The charge is based on the 1-inch equivalent meter size. The increase for the ¾-inch is slightly higher to bring it in line with the 1-inch equivalent.

Staff proposes increasing the monthly fire service charge to offset local inflation of its operating costs by a range of 9.8% to 13.7%. This would increase the charge for a ¾-inch fire service from \$10.61 to \$12.06 per month and a 1-inch service from \$14.86 to \$16.31 per month. The charge is based on the 1-inch equivalent meter size serving the parcel. The increase for the ¾-inch is slightly higher to bring it in line with the 1-inch equivalent.

Pumping Rates: Staff proposes a 17.3% increase to the pumping rates. This is required to offset the costs passed through from San Diego Gas & Electric as well as the costs for the maintenance of pumps and motors. In Fiscal Year 2023-24 the Board approved a 5-year plan to close the gap between Pumping Charge Revenues and Total Pumping Costs. The ultimate goal is that the Pumping Charge Revenues be sufficient to cover the Total Pumping Costs.

Current and Proposed Pumping Zone Rates

Zone	Current \$/Unit	Proposed Change	Effective Jan. 1, 2026
1	\$0.16612	\$0.02873	\$0.19485
2	\$0.33215	\$0.05746	\$0.38961
3	\$0.36849	\$0.06374	\$0.43223
4	\$0.55030	\$0.09520	\$0.64550
5	\$0.80714	\$0.13963	\$0.94677
6	\$0.90035	\$0.15576	\$1.05611
7	\$0.95481	\$0.16518	\$1.11999
8	\$1.08217	\$0.18721	\$1.26938
9	\$1.12087	\$0.19391	\$1.31478
10	\$1.48459	\$0.25683	\$1.74142

SDCWA Infrastructure Access Charge (IAC): Annually the SDCWA assesses the District a fixed charge based on the number and size of the active meters within the District. The annual charge to the District is divided into monthly charges passed through and collected each month from active customers. No change is proposed to the current rates at this time.

MWD Fixed Charge: The Metropolitan Water District (MWD) has two fixed charges, the Capacity Reservation and Readiness-to-Serve charge that are passed directly through to the District from the SDCWA totaling \$1,009,240. The VCMWD Board approved the MWD Fixed Charge that went into effect in January 2025. The MWD Fixed Charge is based on the meter size serving the parcel. The current charge is \$7.50 for a ¾-inch meter and \$10.00 for a 1- inch meter. Larger meter charges are based on the 1-inch meter charge. No change is proposed to the current rates at this time.

Proposed SDCWA Fixed Transportation Charge: The San Diego County Water Authority (SDCWA) has several fixed charges that are passed directly through to the District. One of these fixed charges, the Transportation Charge which totals \$2,016,265 for calendar 2026, has tentatively been approved by the VCMWD Board to be covered with a new fixed charge, the

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SDCWA Fixed Transportation Charge. The VCMWD Board is proposing this new fixed charge to be phased in over a three-year period that will ultimately cover the full cost of the Fixed Transportation Charge from SDCWA. It will be proposed to be added to the monthly customer water bills beginning February 2026 for service starting January 1, 2026. The new fixed charge will be billed based on the customers active meter size serving the parcel and is proposed at \$4.75 for a ¾-inch meter and \$6.34 for a 1-inch meter. Larger meter charges are based on the 1-inch meter charge. The balance will continue to be included in the variable wholesale rate until years 2 and 3 when ultimately the Total Transportation Charge will be collected with the monthly Fixed Transportation Charge Passthrough on the customer water bills.

**Proposed SDCWA
Fixed Transportation Charge
(\$/Meter Size)**

<u>Meter Size</u>	<u>Effective Jan. 1, 2026</u>
3/4 inch	\$4.75
1 inch	\$6.34
1-1/2 inch	\$9.51
2 inch	\$12.68
3 inch	\$19.02
4 inch	\$25.36
6 inch	\$38.04
8 inch	\$50.72

Proposed Water Capital Improvement Charge: The Water 2020 Master Plan Update encompasses a 20-year capital improvement planning horizon. A proposed \$91.1M, five to ten-year, multi-phased capital improvement program was recommended that included replacement projects needed to extend the service life of the existing facilities, provide greater operational redundancy, and enhance reliability and operation efficiencies. Given the reduction in water sales over the past several years, funding that was normally available for capital improvements has been diverted to operational expenses. This has occurred to such an extent that there is not sufficient funding to carry out the capital improvement program that was laid out in the Water 2020 Master Plan Update at the rate needed to keep up with the District's aging infrastructure. Funding for these projects would be from capital replacement reserves and short and long term low interest rate loans with repayment from a combination of the current net revenues and a proposed Water Capital Improvement Charge intended to be added to the monthly bill. The new Water Capital Improvement Charge of \$15.00 will be implemented over a five year period and is based on the customers active meter size serving the parcel and is proposed at \$5.00 for a ¾-inch meter and \$6.67 for a 1-inch meter. Larger meter charges are based on the 1-inch meter charge. This charge would go into effect starting on January 1, 2026.

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Proposed Water Capital Improvement Charge (\$/Meter Size)

<u>Meter Size</u>	<u>Effective Jan. 1, 2026</u>	<u>Effective Jan. 1, 2028</u>	<u>Effective Jan. 1, 2030</u>
3/4 inch	\$5.00	\$10.00	\$15.00
1 inch	\$6.67	\$13.33	\$20.00
1-1/2 inch	\$10.00	\$20.00	\$30.00
2 inch	\$13.34	\$26.66	\$40.00
3 inch	\$20.00	\$39.99	\$60.00
4 inch	\$26.67	\$53.32	\$80.00
6 inch	\$40.00	\$79.98	\$120.00
8 inch	\$53.35	\$106.64	\$160.00

Wastewater Monthly Service Charges:

- Lower Moosa Canyon Service Area (Moosa):

The Moosa Reclamation Facility monthly service fee be increased by \$3.24, or 5.0%, per equivalent dwelling unit (EDU), from \$64.86 to \$68.10 to offset inflationary impacts. The low-pressure wastewater collection system maintenance fee is recommended to increase 10%. The fee is currently \$53.52 and is proposed to increase \$5.35 for a new rate of \$58.87 per EDU per month to offset inflation impacts.

Certain property owners in the Lower Moosa Canyon service area have paid for and reserved wastewater capacity but have not connected to the District's system. These customers have an agreement with the District and pay a monthly Wastewater Capacity Reservation Fee. The Wastewater Capacity Reservation Fee is half of the monthly service charge

Moosa Capital Improvement Charge: The Lower Moosa Canyon Water Reclamation Facility 2023 Master Plan Update encompasses a 20-year capital improvement planning horizon. A \$10.7M, five to ten-year, multi-phased capital improvement program was adopted that included replacement projects needed to extend the service life of the existing facilities, provide greater operational redundancy, and enhance reliability and operation efficiencies to accommodate changes in the waste stream characteristics and flow. Funding for these projects comes from capital replacement reserves and short and long term low interest rate loans with repayment from a combination of the current net wastewater revenues and the Moosa Capital Improvement Charge which went into effect on January 3, 2024. The current Moosa Capital Improvement Charge is \$12 per month per EDU and is billed on the monthly wastewater bill. An EDU is the flow equivalent of a single-family residential unit. Commercial properties are assigned multiple EDUs depending on the size and type of business. No change is proposed to the current rate at this time.

- Woods Valley Ranch Service Area (WVR):

Sewer Service Charges and Sewer Standby Fees for properties not yet connected to the sewer system are collected as a fixed charge on the property tax roll. Changes proposed for effective date of July 1, 2026, are \$113.85 per month, or \$1,366.20 per year compared to the current fee of \$103.50, or \$1,242.00 per year. The Standby Fee is \$45.86 per month, or \$550.32 per year.

Grinder Pump Maintenance Charge is normally collected as a fixed charge on the property tax roll. However, mid-year connections may occur which will result in the collection of the charge on

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the monthly water bill until the end of the fiscal year. Changes proposed for effective date of July 1, 2026, are \$58.87 per month, or \$706.44 per year compared to the current fee of \$53.52 per month, or \$642.24 per year.

Excess Use Charge is dependent on the amount of excess wastewater discharged, based on 5,250 gallons per month per EDU. Any wastewater discharged greater than 7.0 HCF times the number of EDUs allocated to the property would be charged the Wastewater Excess Usage Charge. No change was proposed to the current rates at this time.

Proposition 218: Mr. Pugh concluded his presentation with an overview of the Proposition 218 process, reminding the Board that the Notice includes language that outlines the District's rate structure and customer classes, explains what the rates are comprised of, reasons for proposed rate increases, and the proposed increases for the coming year. The Notice will be mailed to approximately 26,000 property owners of record or any tenant directly responsible for the payment of water/wastewater service fees.

Staff recommended approving the Notice of Public Hearing/Proposition 218 Notice and to direct staff to mail out the notice to all property owners and tenants directly responsible for paying water/wastewater charges within the District, and to set the public hearing for December 15, 2025, at 2:00 p.m. (or a date selected by staff that is at least 45 days after mailing the Proposition 218 notice).

Action: Upon motion by Ness seconded by Holtz, and carried with 5 affirmative votes the Board approved setting a public hearing date of December 15, 2025, or different date selected by staff that is at least 45 days after mailing the Proposition 218 notice.

10. Request Approval of Woods Valley Ranch (WVR) Capacity Transfer Installment Purchase Agreement:

As previously reported, staff recommended that this item be deferred to the November 17th, 2025 Regular Board Meeting.

Action: Informational item only, no action required.

11. Request Approval of Professional Services Agreement with Hoch Consulting for Preparation of the 2025 Urban Water Management Plan:

Special Projects and Regulatory Compliance Manager Nichols presented the request to award a professional services agreement to Hoch Consulting for preparation of the District's 2025 Urban Water Management Plan (UWMP). Water suppliers serving more than 3,000 customers or over 3,000 acre-feet annually are required to prepare an UWMP assessing water supply reliability over a 20-year planning horizon. The 2025 update will identify and address items of significance that have occurred since the submittal of the 2020 UWMP, including the incorporation of state Water Use Efficiency and Water Loss Performance standards and climate change considerations into future water supply planning. Both the UWMP and the District's Water Shortage Contingency Plan must be updated on a five-year cycle. A compliant UWMP is necessary to maintain eligibility for state grants and funding. Staff recommended adoption of Resolution No. 2025-27 awarding the contract to Hoch Consulting in the amount of \$60,614.

RESOLUTION NO. 2025-27

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
VALLEY CENTER MUNICIPAL WATER DISTRICT
AUTHORIZING STAFF TO ENTER INTO A PROFESSIONAL
SERVICES AGREEMENT FOR THE PREPARATION OF THE
2025 URBAN WATER MANAGEMENT PLAN
[ACCOUNT NO. 01-06-78-51610]

Action: Upon motion by Stehly, seconded by Ness; motion to approve the following Ordinance passed with five (5) affirmative votes:

Was adopted by the following vote, to wit:

AYES: *Directors Ferro, Holtz, Ness, Stehly and Baker.*
NOES: *None*
ABSENT: *None*

12. Approval of LAFCO Special Districts Advisory Committee Nomination:

General Manager Arant presented the nomination of Lindsay Leahy for the Local Agency Formation Commission (LAFCO) Special District's Advisory Committee for the 2026-2029.

Action: Upon motion by Holtz seconded by Stehly, and carried with 5 affirmative votes the board approved the nomination of Lindsay Leahy for the Local Agency Formation Commission (LAFCO) Special District's Advisory Committee for 2026-2029.

13. Lake Turner Solar Array Expansion:

The General Manager provided a report to advise the Board of an opportunity to expand the solar generating capacity at the Lake Turner Solar Array and to discuss authorization for the General Manager to extend a preliminary indication of intent to enter into a future Power Purchase Agreement (PPA) with White Pines Renewables (WPR) for additional solar energy generation.

The General Manager reviewed the history of the Lake Turner Solar Array, including its initial installation under a PPA in 2008, subsequent operational issues following fire-related damage, and successful restoration of the array to service in December 2024. He noted that advances in solar technology have created unused support system capacity, enabling the potential development of up to an additional 1.2 MW of solar energy without expanding the footprint of the facility.

Staff reported that WPR has submitted a proposal for the expansion, with renewable power to be distributed to various District facilities under the SDG&E Renewable Energy Self-Generation Bill Credit Transfer (RES-BCT) Program. Preliminary review indicates the proposal is competitive with other recent PPAs and could generate significant operational savings over the 30-year contract term. Staff also intends to pursue the same Renewable Energy Credit ownership structure as existing District agreements.

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The timing of the proposed expansion is driven by federal tax credit provisions scheduled for phase-down in mid-2026, requiring early action to preserve eligibility and allow adequate time for interconnection and procurement activities.

Action: Upon motion by Ness seconded by Baker, and carried with 5 affirmative votes the Board authorized the General Manager to provide a non-binding preliminary indication of the District's intent to enter into a future Power Purchase Agreement with White Pines Renewables for the development of additional solar generating capacity at the Lake Turner facility, subject to final negotiations and subsequent Board approval.

INFORMATION ITEM / POSSIBLE ACTION ITEM(S)

14. San Diego County Water Authority (SDCWA) Board Meeting Summary:

A report on the SDCWA's Board of Directors' Meeting of September 25, 2025 was provided.

Action: Informational item only; no Board action required

15. General Information:

An overview of the District Status report for the month of August was provided.

Action: Informational item only, no action required.

DISTRICT GENERAL COUNSEL'S ITEM(S)

None.

BOARD OF DIRECTORS' AB1234 REPORTS ON MEETINGS ATTENDED

None.

CLOSED SESSION ITEM(S)

At any time during the regular session, the Board may adjourn to closed session to consider litigation, personnel matters, or to discuss with legal counsel matters within the attorney-client privilege. Discussion of litigation is within the attorney-client privilege and may be held in closed session (per Government Code § 54956.9).

16. A Closed Session was called by President Ferro at 3:18 PM pursuant to the following item:

- **Government Code §54957 - Public Employee Performance Evaluation:**
Unrepresented Employee: *General Manager*

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RECONVENE

Action: The Board came out of closed session at 3:25 PM with no reportable action.

ADJOURNMENT

The adjournment was in honor and remembrance of Oliver J. Smith, for his service as Division Director 3.

Action: Upon motion by Ness seconded by Stehly; motion passed with 5 affirmative votes, the regular meeting of the Board of Directors was adjourned at 3:25 PM.

ATTEST:

ATTEST:

Coral L. Williams, *Acting Board Secretary*

Enrico P. Ferro, *President*

VALLEY CENTER M.W.D.
DISBURSEMENTS
FOR PERIOD OCTOBER 11, 2025 THROUGH OCTOBER 17, 2025

OCTOBER

CHECK #	PAYEE	DESCRIPTION	AMOUNT
ACH	ACWA/JPIA	Blue Cross Medical Premiums - November 2025	87,407.56
ACH	Alpha Analytical Laboratories, Inc.	Testing	1,342.50
ACH	AlterTech Solutions, LLC	Services - Cityworks Configuraion	1,328.00
ACH	Continental Pump Co., Inc	Materials - Field	4,691.26
ACH	Escondido Metal Supply	Materials - Field	113.95
ACH	Koppel & Gruber Public Finance	Services	5,789.25
ACH	Dave Mancino	Medicare Part B Reimbursement - 3rd Qtr 2025	534.00
ACH	Orion Construction Corporation	North County Emergency Storage Project	424,040.55
ACH	Partners In Control Inc.	SCADA/HMI Services	31,455.00
ACH	Prudential Overall Supply	Uniform Rentals - September 2025	3,700.96
ACH	Betty Randolph	Medicare Part B Reimbursement - 3rd Qtr 2025	444.00
ACH	Franchot Randolph	Medicare Part B Reimbursement - 3rd Qtr 2025	444.00
ACH	Rockwell Construction Services, LLC	North County Emergency Storage Project and Wa	5,950.00
ACH	Self Insured Services Company LLC	Reimbursement Request For Dental Funding Date	1,338.90
172413	A-1 Irrigation, Inc	Materials - Field	3,521.83
172414	Accredited Certification Associates LL	Annual Certification	500.00
172415	Bekker's, Inc.	Deposit For Holiday Luncheon	2,159.64
172416	California Environmental Consulting L	Materials - Field	1,845.81
172417	CalMat Co	Materials - Field	570.11
172418	Corodata Media Storage, Inc.	Record Storage - September 2025	254.19
172419	County of San Diego	Permits - Record Number DEH2004-HUPFP-2038	2,346.00
172420	Delta Pest Management Inc	Pest Control	1,300.00
172421	Fallbrook Printing Corp	Printing Services	208.92
172422	Erik Gonzalez	Educational Reimbursement - WECA Get Wired! :	339.00
172423	Hach Company	Materials - Field	699.51
172424	iDrains LLC	Services	1,775.00
172425	Interstate Battery of San Diego, Inc.	Batteries	169.99
172426	Ramon Lastra	Carpet Cleaning	1,105.84
172427	Martin Marietta Materials, Inc	Materials - Field	1,719.66
172428	William Morris	Reimbursement For COSS Recertification	149.00
172429	Nakamichi Consulting Services, Inc.	Services	1,690.00
172430	Pacific Pipeline Supply	Materials - Field	3,514.75
172431	Palomar Broadband Inc.	Services	69.95
172432	Petty Cash	Petty Cash	581.41
172433	Powerland Equipment Inc.	Services - Sharpen Hand Hedger	66.58
172434	Quality Chevrolet	Vehicle Maintenance	144.35
172435	San Diego County Assessor/Recorder	October 2025 MPR - Number of Records 40,074	125.00
172436	San Diego County Water Authority	Capacity & Water Treatment Fees - 1st Qtr FY 20	31,402.00
172437	Self Insured Services Company	Medical & Dental Insurance Premiums - October 2	672.40
172438	Southern Counties Lubricants LLC	Gasoline and Oil	13,971.68
172439	Sulzer Electro-Mechanical Services (L	Materials - Field	105.57
172440	SWRCB	Renewal For Distribution Grade 3 - Jeson Nikrasc	120.00
172441	Walter's Wholesale Electric Co	Materials - Field	900.74
172442	Westcoast Rotor, Inc.	Materials - Field	173.86

VALLEY CENTER M.W.D.
DISBURSEMENTS
FOR PERIOD OCTOBER 11, 2025 THROUGH OCTOBER 17, 2025

OCTOBER

CHECK #	PAYEE	DESCRIPTION	AMOUNT
172443	Yardley Orgill Co. Inc.	Materials - Field	4,503.52
	TOTAL		<u>645,286.24</u>

Approved By:

General Manager

Director of Finance & Administration

VALLEY CENTER M.W.D.
DISBURSEMENTS
FOR PERIOD OCTOBER 18, 2025 THROUGH OCTOBER 24, 2025

OCTOBER

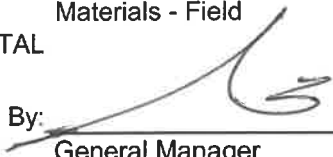
CHECK #	PAYEE	DESCRIPTION	AMOUNT
ACH	ACWA-JPIA	Auto and General Liability Program 10/01/25-10/0	329,402.34
ACH	ACWA-JPIA	Worker's Comp Premium 1st Qtr 2025-2026 (07/0	28,474.19
ACH	Alpha Analytical Laboratories, Inc.	Testing	785.00
ACH	Amazon Capital Services, Inc.	Materials - Field and Materials - IT	11,036.48
ACH	Best Best & Krieger LLP	Legal Services - September 2025	21,461.30
ACH	Grainger, Inc	Materials - Field	1,926.79
ACH	Hasa, Inc.	Chemicals	1,017.60
ACH	HD Supply Facilities Maintenance Ltd.	Materials - Field. Customer# 19969	4,262.14
ACH	International City Mgmt Association R	Plan# 801966. MissionSquare Remittance 10/03/2	3,989.42
ACH	Thad Klimas	Medicare Part B Reimbursement - 3rd Qtr 2025	555.00
ACH	Monument Row	Gordon Hill Upper - Water Line Easement Project	1,522.50
ACH	Self Insured Services Company LLC	Reimbursement Request For Dental Funding Date	852.25
ACH	Francesca Shough	Medicare Part B Reimbursement - 3rd Qtr 2025	1,110.00
ACH	Siemens Industry, Inc	Materials - Field	2,102.20
ACH	State Water Resources Control Board	2020 Pipelines - Contract# D2102015, Project# 37	317,640.12
ACH	United Parcel Service, Inc.	Shipping	13.28
ACH	Valley Center Municipal Water District	Employee Contributions 10/03/25-10/17/25 - Barg	563.75
ACH	VCMWD Employees Association	Employee Contributions 10/03/25-10/17/25 - Soci	540.00
ACH	Westflex, Inc.	Materials Field	224.38
172444	Aaron Mehandroo LLC	Vehicle Maintenance	389.04
172445	Babcock Laboratories, Inc	Testing	650.34
172446	Bavco	Materials - Field	2,608.13
172447	CalMat Co	Materials - Field	474.00
172448	Complete Office of California, Inc	Office Supplies	7,328.50
172449	Brandon Dendy	Safety Boot Reimbursement	206.57
172450	Diamond Environmental Services, LP	Services	71.34
172451	DIRECTV	Moosa Dish Service 10/11/25-11/10/25	60.49
172452	EDCO Waste & Recycling Service	Trash Services - September 2025	2,651.50
172453	Ferguson Waterworks #1083	Materials - Field	2,382.35
172454	HealthEquity Inc.	Employee Contributions 10/03/25-10/17/25	277.00
172455	iDrains LLC	Services	1,880.00
172456	Esther T. May	Medicare Part B Reimbursement - 3rd Qtr 2025	555.00
172457	Occupational Health Centers of Califo	Medical Services	363.00
172458	Pacific Pipeline Supply	Materials - Field	4,065.94
172459	PDQ Equipment LLC	Materials - Field	103.86
172460	Polydyne Inc.	Chemicals	1,907.01
172461	Prographics Screenprinting Inc	Hats	1,176.13
172462	Quality Chevrolet	Vehicle Maintenance	193.95
172463	Moses Shubin	Reimbursement For ABPA Backflow Prevention E	215.00
172464	Southern Counties Lubricants LLC	Gasoline and Oil	11,811.58
172465	Transamerican Direct, Inc.	Postage For 218 Notice	7,438.83
172466	United Way of San Diego County	Employee Contributions 10/03/25-10/17/25	20.00

VALLEY CENTER M.W.D.
DISBURSEMENTS
FOR PERIOD OCTOBER 18, 2025 THROUGH OCTOBER 24, 2025

OCTOBER

CHECK #	PAYEE	DESCRIPTION	AMOUNT
172467	Walter's Wholesale Electric Co	Materials - Field	333.60
	TOTAL		<u>774,641.90</u>

Approved By:


General Manager


Director of Finance & Administration

VALLEY CENTER M.W.D.
DISBURSEMENTS
FOR PERIOD OCTOBER 25, 2025 THROUGH OCTOBER 31, 2025

OCTOBER

CHECK #	PAYEE	DESCRIPTION	AMOUNT
ACH	Alpha Analytical Laboratories, Inc.	Testing	1,677.50
ACH	Clearway Energy LLC	Solar Power Lake Turner - September 2025	21,261.05
ACH	Grainger, Inc	Materials - Field	978.40
ACH	HD Supply Facilities Maintenance Ltd.	Materials - Field. Customer# 19969	469.60
ACH	ISC Sales, Inc	Materials - Field	253.68
ACH	Konica Minolta Premier Finance	Copier Rental 10/15/25-11/14/25	2,319.39
ACH	Stephanie Lackerdas	CalPers Educational Forum 10/13/25-10/15/25	195.33
ACH	Parkhouse Tire, Inc.	Vehicle Maintenance	2,514.88
ACH	Paymentus Corporation	Transaction Fees - September 2025	18,139.91
ACH	Quartic Solutions LLC	GIS Support	1,900.00
ACH	Self Insured Services Company LLC	Reimbursement Request For Dental Funding Date	4,548.36
ACH	Service Lighting & Electrical Supplies	Materials - Field	400.30
ACH	Waterline Technologies Inc	Materials - Field	825.47
ACH	Larry Watson	Medicare Part B Reimbursement - 3rd Qtr 2025	549.00
172468	ACC CA Inc.	Materials - Field	423.16
172469	ACWA	2026 Annual Agency Dues	28,285.00
172470	Ardurra Group, Inc.	TO#2 Old Castle Waterline Replacement Phase 2	9,767.11
172471	Asbury Environmental Services	Hazardous Waste Removal	385.00
172472	AT&T	Services	730.41
172473	AT&T Mobility	Services - Account No. 287290784385	3,883.03
172474	Babcock Laboratories, Inc	Testing	565.51
172475	Carl Bayney	Refund Check 020978-000, 1416609 FH@Tall O	2,194.97
172476	California Bank & Trust	Credit Cards - Meals, Travel, Meetings	3,090.43
172477	California Bank & Trust	Credit Cards - Meals, Travel, Meetings	4,505.34
172478	California Bank & Trust	Credit Cards - Meals, Travel, Meetings	2,931.36
172479	California Bank & Trust	Credit Cards - Meals, Travel, Meetings	439.40
172480	California Bank & Trust	Credit Cards - Meals, Travel, Meetings	1,564.52
172481	California Surveying & Drafting Supply	Materials - Engineering	737.55
172482	City of Escondido	Escondido Woods Sewer Charges - October 2025	1,776.19
172483	Complete Office of California, Inc	Office Supplies	120.59
172484	Computer & Peripherals Group, Inc.	Materials - Engineering	607.71
172485	Core & Main LP	Materials - Field	3,079.15
172486	Lorena Espinoza	Janitorial Service - October 2025	1,875.00
172487	Fallbrook Printing Corp	Printing Services	648.86
172488	Fallbrook Public Utility District	Services	7,500.00
172489	Ferguson Waterworks #1083	Materials - Field	24,410.27
172490	Infosend	A/R Processing, Mail & Postage	11,085.86
172491	Infrastructure Engineering Corporation	Cole Grade Road Pipeline Replacement	2,125.00
172492	Richard Mingeram	Refund Check 020991-000, 23933102 FH@33.20	1,237.37
172493	Occupational Health Centers of Califo	Medical Services	318.00
172494	Pacific Pipeline Supply	Materials - Field	915.88
172495	Powerland Equipment Inc.	Materials - Field	197.81
172496	Republic Services Inc.	Hazardous Waste Removal	1,921.18
172497	San Diego Gas & Electric	Electric Services - Acct 0007242272582	99,946.54

VALLEY CENTER M.W.D.
DISBURSEMENTS
FOR PERIOD OCTOBER 25, 2025 THROUGH OCTOBER 31, 2025

OCTOBER

CHECK #	PAYEE	DESCRIPTION	AMOUNT
172498	San Diego Gas & Electric	Electric Services - Acct 0010212819358	53,383.32
172499	San Diego Tax Collector	Property Taxes VC4 & VC7	85.34
172500	San Diego Tax Collector	Property Taxes VC4 & VC7	232.68
172501	Brennan Scott	Safety Boot Reimbursement	288.17
172502	Moses Shubin	Reimbursement For AWWA Backflow Prevention	340.00
172503	Uline	Materials - Field	745.07
172504	Valley Center Fire Protection District	CPR Training	264.00
172505	Walter's Wholesale Electric Co	Materials - Field	285.80
172506	Waxie Sanitary Supply	Janitorial Supplies	1,451.94
172507	Western Heavy Equip Rental	Refund Check 014640-012, 190473204 FH@33.:	1,958.33
TOTAL			<u>332,335.72</u>

Approved By: _____

General Manager

Vanessa Velazquez for J. Pugh 10/30/25
Director of Finance & Administration

VALLEY CENTER M.W.D.
DISBURSEMENTS
FOR PERIOD NOVEMBER 01, 2025 THROUGH NOVEMBER 07, 2025

NOVEMBER

CHECK #	PAYEE	DESCRIPTION	AMOUNT
ACH	Alpha Analytical Laboratories, Inc.	Testing	450.00
ACH	BluePath Finance Solar III LLC	Lower Moosa Canyon Solar - October 2025	5,263.16
ACH	BluePath Finance Solar V LLC	VCMWD Corporate Center - October 2025	2,513.00
ACH	BlueTriton Brands Inc	Deliveries - October 2025	79.95
ACH	Grainger, Inc	Materials - Field	1,571.69
ACH	HD Supply Facilities Maintenance Ltd.	Materials - Field. Customer# 19969	2,528.45
ACH	International City Mgmt Association R	Plan# 801966. MissionSquare Remittance 10/17/25	4,023.48
ACH	Pinpoint Pest Control Co Inc	Bee/Wasp Hive Removal	350.00
ACH	Priority Door Systems	Replacement Of Engineering Office Door	3,121.66
ACH	Self Insured Services Company LLC	Reimbursement Request For Dental Funding Date	639.60
ACH	Underground Service Alert/SC	Services - October 2025	337.24
ACH	Valley Center Municipal Water District	Employee Contributions 10/17/25-10/31/25 - Barg	563.75
ACH	VCMWD Employees Association	Employee Contributions 10/17/25-10/31/25 - Soci	540.00
172508	- 172512 Payroll	Payroll 10/17/25-10/31/25 LSB	21,111.85
172513	APCD - County of San Diego	Permits	753.00
172514	Aqua-Metric Sales Company	Materials - Field	16,480.78
172515	AWWA	Membership Dues 01/01/26-12/31/26	5,233.00
172516	Babcock Laboratories, Inc	Testing	160.00
172517	Bavco	Materials - Field	4,677.14
172518	Core & Main LP	Materials - Field	924.33
172519	Diamond Environmental Services, LP	Services	71.34
172520	DIRECTV	Dish Service 10/24/25-11/23/25	86.58
172521	EDCO Waste & Recycling Service	Trash Services - October 2025	1,005.75
172522	Farmer Brothers Co.	Breakroom Supplies	298.10
172523	Ferguson Waterworks #1083	Materials - Field	4,180.70
172524	Fidelity Security Life Insurance Comp	Vision Plan Premium - November 2025. Group ID	206.55
172525	Fidelity Security Life Insurance Comp	Vision Plan Premium - November 2025. Group ID	950.50
172526	Fleetpride	Vehicle Maintenance	51.72
172527	GFT Infrastructure, Inc.	North County Emergency Storage Project	44,676.29
172528	HealthEquity Inc.	Employee Contributions 10/17/25-10/31/25	277.00
172529	HealthEquity Inc.	Employee Contributions 10/17/25-10/31/25 LSB	7,045.31
172530	Interstate Battery of San Diego, Inc.	Batteries	173.22
172531	Kaiser Foundation Health Plan Inc	Medical Premiums/Purchaser ID 104350 - Novem	72,474.60
172532	Matheson Tri-Gas Inc	Materials - Field	777.22
172533	Mutual of Omaha	Life Insurance - November 2025	2,833.92
172534	National Safety Compliance, Inc	DQF Online Monthly Fee - October 2025	65.70
172535	North County Lawnmower, Inc.	Materials - Field	591.59
172536	Occupational Health Centers of Califo	Medical Services	118.00
172537	O'Reilly Automotive, Inc.	Vehicle Maintenance	1,691.08
172538	Pamer & Pamer LLC	Services - Pump Load From Teatment Plant	1,580.00
172539	R.D. Offutt Company	Materials - Field	247.12
172540	Rancho California Water District	CropSwap 15% Cost Share - Q3 2025	12,000.00
172541	Reliance Standard Life Insurance	Life Insurance Premiums - November 2025	9,410.12
172542	Roadrunner Publications, Inc	2 Year Subscription Renewal	55.00

VALLEY CENTER M.W.D.
DISBURSEMENTS
FOR PERIOD NOVEMBER 01, 2025 THROUGH NOVEMBER 07, 2025

NOVEMBER

CHECK #	PAYEE	DESCRIPTION	AMOUNT
172543	Payton Rutherford	Safety Boot Reimbursement	265.00
172544	San Diego Gas & Electric	Gas Services - October 2025	19,061.73
172545	Southwest Answering Service, Inc	Answering Service 10/02/25-10/29/25	480.30
172546	SWRCB	Application For D3 Exam - Payton Rutherford Ope	100.00
172547	The Box Office	Shipping Service	72.68
172548	Tri County Pump Company	Services	550.00
172549	United Way of San Diego County	Employee Contributions 10/17/25-10/31/25	20.00
172550	Vista Paint Corporation	Materials - Field	240.21
172551	Westcoast Rotor, Inc.	Materials - Field	70.38
TOTAL			<u>253,049.79</u>

Approved By:


General Manager


Director of Finance & Administration

VALLEY CENTER MUNICIPAL WATER DISTRICT
ELECTRONIC DISBURSEMENTS
FOR PERIOD OCTOBER 1, 2025 THROUGH OCTOBER 31, 2025

SEQ. #	DATE	PAYEE	DESCRIPTION	AMOUNT
BANK TRANSFERS:				
ACH:				
	10/01/25	SDGE	Project# 300000801172 NB 10030 W LILAC RD OUTAGE OS	1,276.00
	10/09/25	CALPERS	ANNUAL UNFUNDED ACCRUED LIABILITY - OCTOBER	242,403.67
607	10/09/25	Direct Deposit	DIRECT DEP PAYROLL 09/19/25-10/03/25	219,391.65
	10/10/25	IRS	P/R TAX 09/19/25-10/03/25	46,249.44
	10/10/25	EDD	P/R TAX 09/19/25-10/03/25	14,430.61
	10/10/25	PEBSCO/NATIONWIDE	DEFERRED COMPENSATION 09/19/25-10/03/25	17,257.84
	10/10/25	EXPERTPAY	GARNISHMENT 09/19/25-10/03/25	780.00
	10/10/25	CALPERS	CALPERS CONTRIBUTIONS 09/19/25-10/03/25	66,860.86
608	10/23/25	Direct Deposit	DIRECT DEP PAYROLL 10/03/25-10/17/25	217,405.70
	10/24/25	IRS	P/R TAX 10/03/25-10/17/25	45,824.79
	10/24/25	EDD	P/R TAX 10/03/25-10/17/25	14,217.14
	10/24/25	PEBSCO/NATIONWIDE	DEFERRED COMPENSATION 10/03/25-10/17/25	17,258.41
	10/24/25	EXPERTPAY	GARNISHMENT 10/03/25-10/17/25	780.00
	10/24/25	CALPERS	CALPERS CONTRIBUTIONS 10/03/25-10/17/25	66,511.74
	10/24/25	EDD	3rd QTR 2025 UI & ETT	67.71

ONE TIME WIRES:

RECURRING WIRES:

647	10/09/25	SDCWA	WATER DELIVERY - AUGUST 2025	3,663,695.00
648	10/31/25	CAMP	TEMPORARY INVESTMENT	1,500,000.00
			TOTAL	<u>6,134,410.56</u>

APPROVED BY:

GENERAL MANAGER

DIRECTOR OF FINANCE

**VALLEY CENTER MUNICIPAL WATER DISTRICT
TREASURER'S REPORT - SUMMARY
September 30, 2025**

ACTIVE DEPOSITS

Checking Accounts
Deposits with Fiscal Agents

Cost Basis

\$379,422.49

TOTAL ACTIVE DEPOSITS

\$379,422.49

INVESTMENTS

	<u>Market Value</u>	<u>Average Yield</u>	<u>Percent</u>	
Money Market Funds	\$20,812,200.55	4.23%	51.426%	\$20,782,199.64
CAMP Term	\$5,286,832.04	3.96%	12.841%	\$5,189,430.00
U.S. Treasury Notes	200,000.06	4.27%	0.493%	199,066.73
Federal Agencies Securities	12,528,627.95	4.32%	30.937%	12,502,393.45
Certificates of Deposit, insured	<u>1,776,569.59</u>	<u>4.65%</u>	<u>4.303%</u>	<u>1,738,945.39</u>
TOTAL INVESTMENTS	<u>\$40,604,230.19</u>	<u>4.24%</u>	<u>100.000%</u>	<u>\$40,412,035.21</u>

TOTAL ALL FUNDS

\$40,791,457.70

TOTAL ALL FUNDS (PRIOR MONTH - AUGUST 2025)

\$40,625,537.69

Maturity Analysis of Investments

	<u>Percent</u>	<u>Cost Basis</u>
Money Market Funds	51.426%	\$20,782,199.64
Maturity within one year	18.196%	7,353,464.71
Maturity later than one year	<u>30.378%</u>	<u>12,276,370.86</u>
Total Investments	<u>100.000%</u>	<u>\$40,412,035.21</u>

Weighted Average Days to Maturity

422

Maximum permitted single investment maturity is 5 years.

Yield Comparatives

<u>Security</u>	<u>Term</u>	<u>Yield</u>	<u>Security</u>	<u>Term</u>	<u>Yield</u>
LAIF	1 day	4.212%	12 mo. rolling T Bond	1 year	4.075%
T Bills	3 months	4.070%	T Bonds	1 year	3.660%
T Bills	6 months	3.840%	T Bonds	2 years	3.570%

Sufficient funds are available to meet the next six month's expenditure requirements. All investments are in compliance with the District's adopted statement of investment policy. Market values for the Governmental / Federal Securities and Certificates of Deposit were provided by Zions Capital Advisors.


Reviewed by James P. Pugh, Treasurer

11/07/25


Received by Gary T. Arant, General Manager

11/07/25

Date

VALLEY CENTER MUNICIPAL WATER DISTRICT
TREASURER'S REPORT - DETAIL
September 30, 2025

ACTIVE DEPOSITS

Checking Accounts:

California Bank & Trust	\$365,759.62
California Bank & Trust	\$3,500.00
California Bank & Trust	\$8,762.87
Petty Cash	\$1,400.00
Zions	
	<u>\$379,422.49</u>

INVESTMENTS

Money Market Funds:

Local Agency Investment Fund				\$7,519,392.65	4.21%	\$7,519,392.65
County of San Diego Investment Fund				\$2,751,261.88	3.76%	2,749,570.99
Zions Institutional Liquidity Management				\$29,109.89	4.03%	29,109.89
CAMP				\$10,512,436.13	4.36%	10,484,126.11
				<u>\$20,812,200.55</u>	<u>4.23%</u>	<u>\$20,782,199.64</u>

CAMP Term:

CAMP Term	5,000,000	4/11/2025	3/31/2026	5,286,832.04	3.96%	5,189,430.00
				<u>\$5,286,832.04</u>	<u>3.96%</u>	<u>\$5,189,430.00</u>

U.S. Treasury Notes:

U S Treasury Notes 4.250%	200,000	10/19/2023	10/15/2025	200,000.06	4.27%	199,066.73
				<u>\$200,000.06</u>	<u>4.27%</u>	<u>\$199,066.73</u>

Federal Agencies Securities - CB&T, a subsidiary of Zion Bank

Federal Home Ln Bnk 5.250%	1,000,000	4/12/2024	4/10/2029	1,006,322.32	5.25%	\$1,000,000.00
Federal Home Ln Mtg Corp 4.0850%	530,000	9/29/2025	9/18/2030	529,479.70	4.09%	529,214.78
Federal Home Loan Banks 0.80%	350,000	3/16/2021	3/16/2026	345,059.64	0.80%	350,000.00
Federal Home Loan Banks 1.00%	125,000	6/30/2021	6/30/2026	122,588.12	1.00%	125,000.00
Federal Farm Credit Bks 4.500%	600,000	8/26/2024	8/26/2026	600,461.06	4.50%	600,000.00
Federal Farm Credit Bks Bds 4.480%	400,000	9/3/2024	9/3/2026	400,150.55	4.48%	400,000.00
Federal Home Loan Banks 1.05%	250,000	10/15/2021	10/15/2026	243,295.10	1.05%	250,000.00
Federal Home Ln Bk Bds 4.500%	300,000	11/13/2024	11/13/2026	299,615.66	4.50%	300,000.00
Federal Home Loan Banks 3.000%	250,000	4/4/2024	2/25/2027	248,032.32	3.09%	242,349.57
Federal Home Loan Banks 4.400%	600,000	3/5/2025	3/5/2027	599,756.07	4.40%	600,000.00
Federal Home Ln Mtg Corp 4.280%	310,000	3/25/2025	3/25/2027	310,396.77	4.28%	310,000.00
Federal Natl Mtg Assn 4.500%	550,000	2/3/2025	1/28/2028	549,919.02	4.50%	549,767.35
Federal Home Loan Banks 4.375%	700,000	2/28/2025	2/25/2028	700,298.89	4.38%	700,000.00
Federal Home Loan Banks 4.620%	500,000	12/26/2024	12/26/2028	499,799.10	4.62%	500,000.00
Federal Farm Credit Bank 4.970%	500,000	4/12/2024	3/27/2029	502,570.62	4.99%	498,250.00
Federal Home Loan Banks 5.00%	1,000,000	7/9/2024	7/9/2029	1,008,857.92	5.00%	1,000,000.00
Federal Home Loan Banks 4.700%	1,000,000	7/30/2024	7/30/2029	1,004,962.43	4.70%	1,000,000.00
Federal Home Ln Mtg Corp 4.125%	1,000,000	8/13/2024	8/13/2029	998,493.73	4.16%	991,831.74
Federal Farm Cr Bks 4.930%	500,000	2/25/2025	2/25/2030	501,640.30	4.93%	500,000.00
Federal Home Ln Mtg Corp 4.500%	263,000	7/15/2025	5/23/2030	264,623.09	4.50%	262,980.01
Federal Farm Cr Bks 4.660%	254,000	7/22/2025	7/8/2030	254,367.89	4.66%	254,000.00
Federal Home Loan Banks 4.040%	320,000	8/20/2025	8/20/2030	320,114.71	4.04%	320,000.00
Federal Farm Cr Bks 4.270%	419,000	8/27/2025	8/20/2030	419,208.16	4.27%	419,000.00
Federal Natl Mtg Assn 4.000%	800,000	9/10/2025	9/10/2030	798,614.78	4.00%	800,000.00
				<u>\$12,528,627.95</u>	<u>4.32%</u>	<u>\$12,502,393.45</u>

Certificates of Deposit - CB&T, a subsidiary of Zion Bank

Eastern Svgs Bk Fsb Hunt Vy 5.250%	245,000	10/18/2023	10/20/2025	245,151.75	5.25%	244,967.98
Federal Svgs Bk Chicago II 4.700%	250,000	6/26/2024	6/26/2028	256,860.08	4.70%	250,000.00
First Fndtn Bk Irvine Ca 4.600%	250,000	5/10/2024	5/10/2029	257,314.23	4.60%	250,000.00
Toyota Finl Svgs Bk Hend Nv 4.600%	250,000	5/14/2024	5/14/2029	257,325.70	4.60%	250,000.00
Customers Bk Phoenixville Pa 4.700%	250,000	6/11/2024	6/11/2029	258,286.50	4.71%	249,488.35
Sallie Mae Bk Murray Utah 4.500%	250,000	7/17/2024	7/17/2029	256,631.33	4.51%	249,489.06
Western Alliance Bank 4.150%	245,000	3/28/2025	3/27/2026	245,000.00	4.15%	245,000.00
				<u>\$1,776,569.59</u>	<u>4.65%</u>	<u>\$1,738,945.39</u>

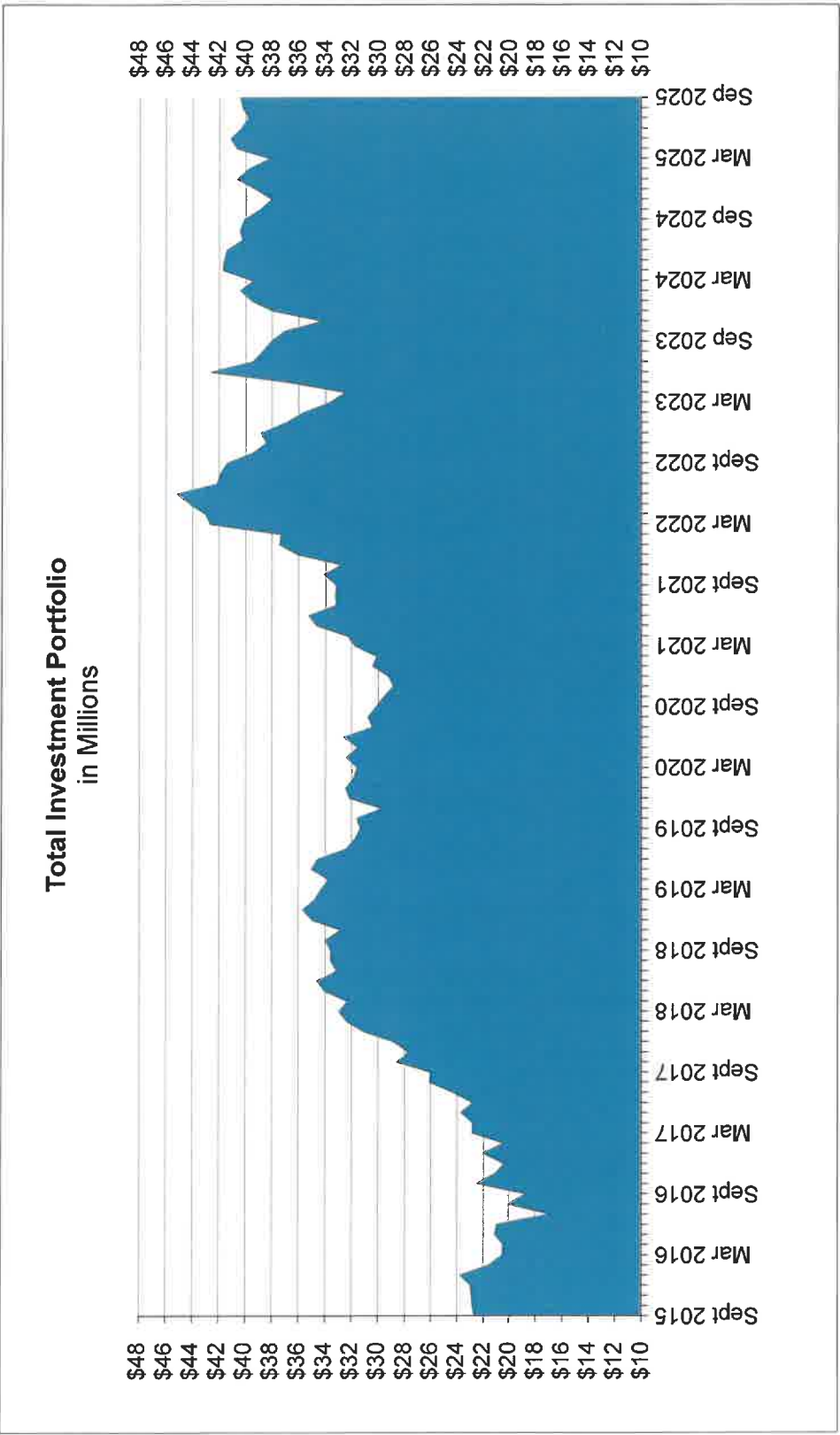
TOTAL INVESTMENTS

<u>\$40,604,230.19</u>	<u>Average</u> <u>4.239%</u>	<u>\$40,412,035.21</u>
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TOTAL ALL FUNDS

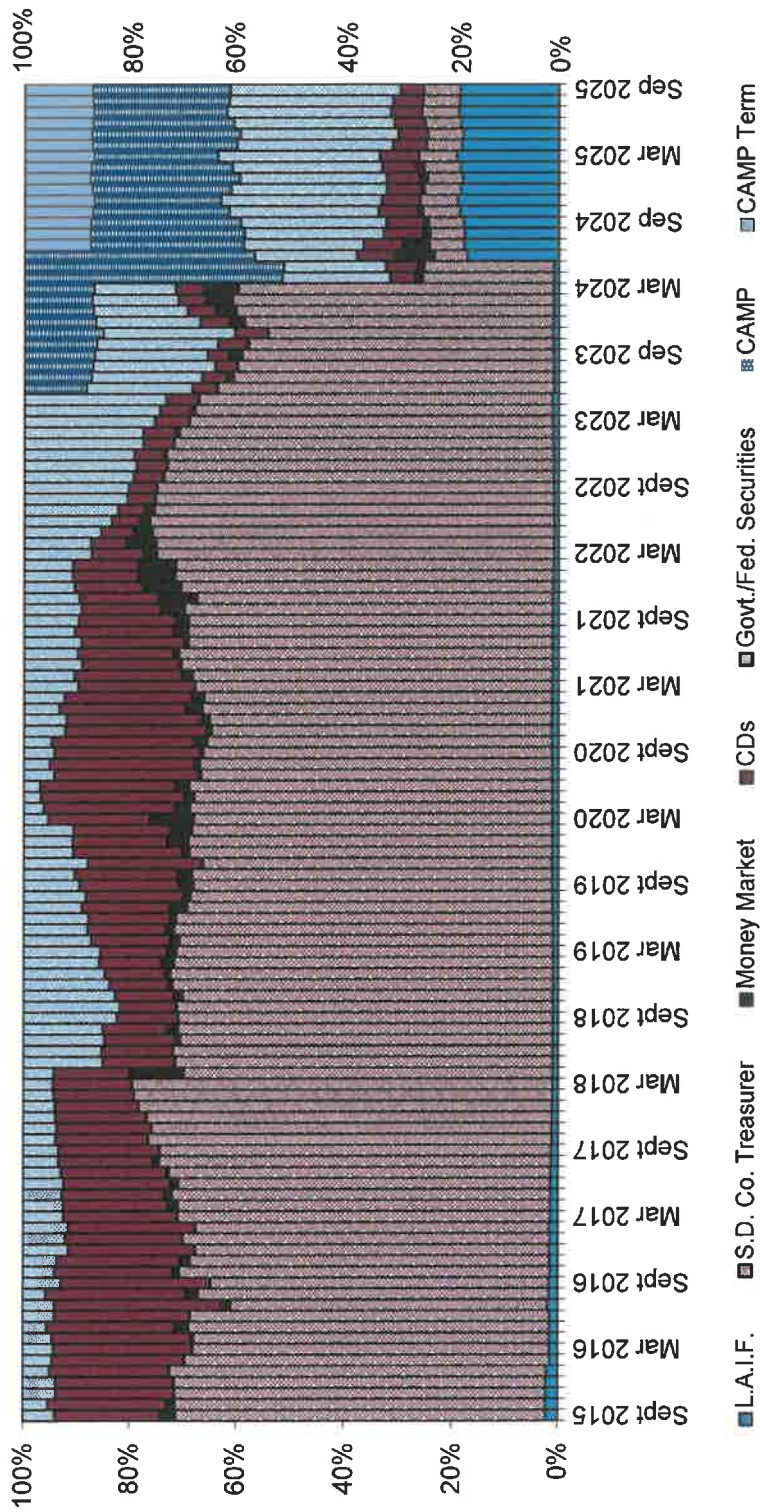
\$40,791,457.70

VALLEY CENTER MUNICIPAL WATER DISTRICT
TREASURER'S REPORT - GRAPHS
September 30, 2025

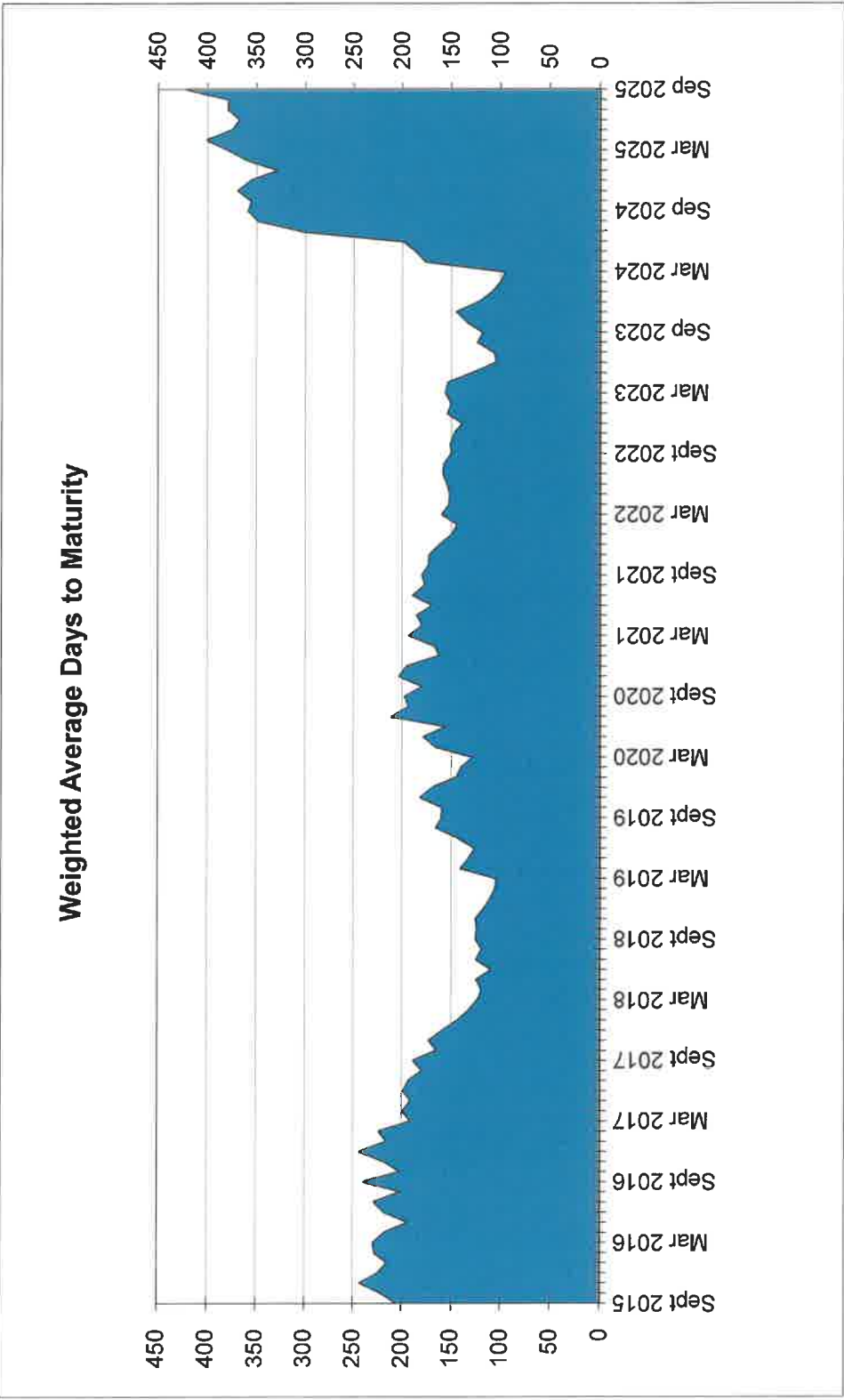


VALLEY CENTER MUNICIPAL WATER DISTRICT
TREASURER'S REPORT - GRAPHS
September 30, 2025

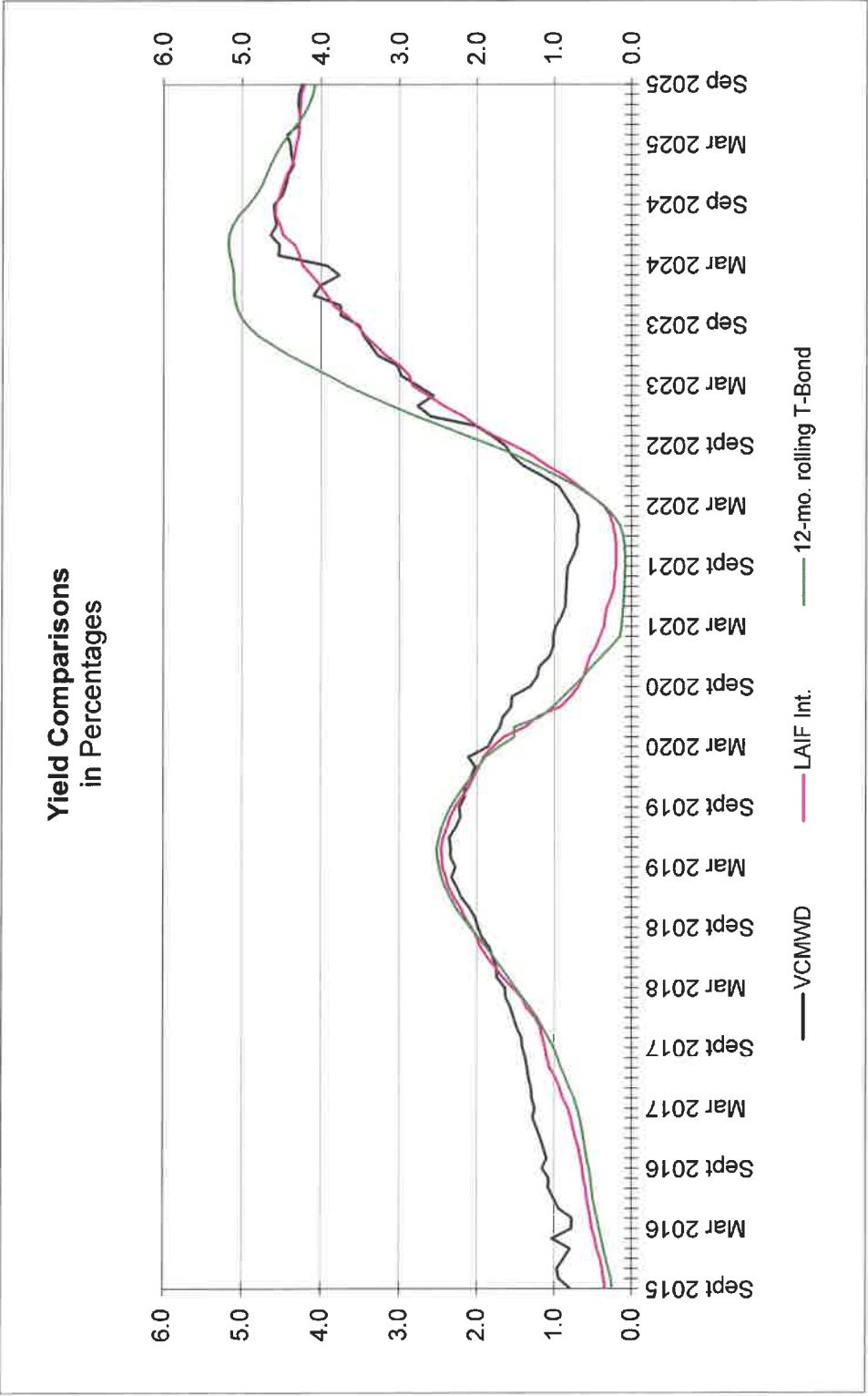
Investment Portfolio Composition



VALLEY CENTER MUNICIPAL WATER DISTRICT
TREASURER'S REPORT - GRAPHS
September 30, 2025



VALLEY CENTER MUNICIPAL WATER DISTRICT
TREASURER'S REPORT - GRAPHS
September 30, 2025



**VALLEY CENTER MUNICIPAL WATER DISTRICT
TREASURER'S REPORT - TRANSACTIONS
JULY 1, 2025 THROUGH JUNE 30, 2026**

INVESTMENTS PURCHASED

<u>Purchase Date</u>	<u>Security</u>	<u>Maturity Date</u>	<u>Cost</u>	<u>Face Value</u>	<u>Expected Yield</u>
<u>CAMP, CB&T, a subsidiary of Zion Bank</u>					
07/15/25	Federal Home Ln Mtg Corp 4.500%	05/23/30	263,000.00	262,980.01	4.500%
07/22/25	Federal Farm Cr Bks 4.660%	07/08/30	254,000.00	254,000.00	4.660%
08/12/25	U S Treasury Bills	08/19/25	320,000.00	319,737.52	0.000%
08/20/25	Federal Home Loans Banks 4.040%	08/20/30	320,000.00	320,000.00	4.040%
08/27/25	Federal Farm Cr Bks 4.270%	08/20/30	419,000.00	419,000.00	4.270%
09/10/25	Federal Natl Mtg Assn 4.000%	09/10/30	800,000.00	800,000.00	4.000%
09/29/25	Federal Home Ln Mtg Corp 4.0850%	09/18/30	260,000.00	259,594.40	4.085%
09/30/25	Federal Home Ln Mtg Corp 4.0850%	09/18/30	270,000.00	269,620.38	4.085%

INVESTMENTS MATURED

<u>Purchase Date</u>	<u>Security</u>	<u>Maturity Date</u>	<u>Cost</u>	<u>Face Value</u>	<u>Yield to Maturity</u>
<u>CAMP, CB&T, a subsidiary of Zion Bank</u>					
01/14/25	Federal Home Loan Banks 4.40%	07/14/25	200,000.00	200,000.00	4.400%
07/21/21	Federal Home Loan Banks 0.80%	07/21/25	250,000.00	250,000.00	0.800%
04/28/25	Federal Home Ln Mtg Corp 5.000%	08/11/25	285,000.00	285,000.00	5.000%
08/12/25	U S Treasury Bills	08/19/25	320,000.00	319,737.52	0.000%
08/30/24	Federal Home Loan Banks 4.430%	08/26/25	350,000.00	350,000.00	4.430%
05/15/25	U S Treasury Bills	09/09/25	785,000.00	774,129.12	4.210%
10/06/23	USAA Federal Savings Bank 5.300%	09/26/25	250,000.00	250,000.00	5.300%
09/29/23	Citibank NA 5.300%	09/29/25	250,000.00	250,000.00	5.300%

VALLEY CENTER MUNICIPAL WATER DISTRICT
Quarterly Financial Report as of September 30, 2025
25% of Budget Year

Total Revenues for the quarter ending September 30, 2025 total \$16,640,915, which is 27.5% of budget. Details of revenues are as follows:

Water Sales and Pumping Revenue of \$12,594,262 is currently 34.2% of budget. Water sales for the first quarter of 4,565 acre-feet, are 36.5% of budget. Water revenue historically runs between 60-65% of total in the first six months of the fiscal year.

Meter Services Charges of \$2,465,461 are slightly less than budget at 23.5%.

New Connection Sales of \$101,787 are running at 29.5% of budget. This increase is due to higher than anticipated backflow device sales at this point in the fiscal year.

Other Revenue of \$366,913, is 32.3% of budget. This is slightly higher than budget due to higher delinquency charges.

Investment Income of \$342,686 is currently right on budget at 24.8%.

Capacity Charges are \$26,624 and is 13.4% of budget. The decrease from budget is a result of lower than anticipated new meter sales at this point of the fiscal year.

Property Taxes and Water Availability Charges are received in December and April when taxes are generally paid.

Moosa Wastewater revenues are slightly below budget at \$589,056, or 23.6% of budget.

The combined **Woods Valley Wastewater** revenues are down as they are collected on the property tax roll and are generally received in December and April.

Total Expenditures of \$15,995,962 are 27.6% of budget at the end of the first quarter. More details of the expenditures follow:

Source of Supply is the single greatest Water Operating Expense. It includes the cost of water sold, electricity, and natural gas the sum of which accounts for 66.2% of the total budgeted water operating expenditures in Fiscal Year 2025-26. Source of Supply of \$10,533,622 is 32.0% of budget at the end of the first quarter due to increased water deliveries.

General Administration costs are 21.4% of budget, at \$229,611. The reduction is a result of lower outside professional services, travel expenses, special department expenses, public information and notices, unclassified – contingency fund expenses, and water conservation expenses.

Information Technology expenses of \$263,888 are below budget at 21.9%. This is a result of lower labor and benefits, outside professional services, and telecommunications expenses.

Finance expenses, excluding debt service, are running below budget at \$634,395, or 20.5% of the 2025-26 fiscal budget. Lower professional outside services, postage, transportation and meals, and the write-off of uncollectible accounts (not realized until the end of the fiscal year) are the reasons for the reduction.

Engineering expenses are below budget, running at 17.9%, or \$442,707. This is a result of lower labor and benefits, training, outside professional services, legal fees and special department expenses.

Operations and Facilities expenses are \$1,923,515, or 21.4% of budget. This is down slightly as a result of a decrease in training, outside professional services, maintenance expense, regulatory permits and fees, chemical costs, and special department expenses.

Moosa operating expenses are 20.9% of budget, or \$385,787. The reduction is due to lower outside professional services, regulatory permits and fees, maintenance expenses, utility costs, and insurance expense that is allocated at the end of the year.

Woods Valley Ranch combined operating expenses, excluding debt service-interest expense, are 16.9% of the combined operating budget numbers. Lower labor and benefits, outside professional services, utilities, maintenance expenses, regulatory permits and fees, and chemical costs are the reason for the decrease from budget.

Capital Project Appropriations in the General Fund for the fiscal year 2025-26 were not budgeted. The \$329,953 in appropriations represent expenditures for continuing projects appropriated in the prior fiscal year.

At Lower Moosa, there were no capital projects budgeted. The \$17,543 in appropriations represent expenditures for continuing projects appropriated in the prior fiscal year.

At Woods Valley the Chlorine Room Modifications of \$240,000 and the Human-Machine Interface (HMI) Upgrade totaling \$415,000 have yet to start.

VALLEY CENTER MUNICIPAL WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE PERIOD ENDED SEPTEMBER 30, 2025
25% OF BUDGET YEAR

	2025-2026 Adopted Budget	Actual for the period ended 9/30/2025	Percent of Budget
REVENUES:			
Water Sales	12,500 A.F.	4,565 A.F.	36.5%
General Fund:			
Operating Revenues:			
Water Sales (including pumping)	36,845,000	12,594,262	34.2%
Meter Service Charges	10,502,000	2,465,461	23.5%
New Connection Sales	345,200	101,787	29.5%
Other Revenue	1,137,477	366,913	32.3%
Investment Income	1,380,000	342,686	24.8%
Total Operating Revenue	50,209,677	15,871,107	31.6%
Debt Service Revenues - Water Availability Charges	106,696	0	0.0%
Capital Project Revenues:			
Capacity Charges	199,000	26,624	13.4%
Property Taxes	3,710,000	93,821	2.5%
Water Availability Charges	457,304	0	0.0%
Total Capital Project Revenue	4,366,304	120,445	2.8%
Total General Fund Revenues	54,682,677	15,991,552	29.2%
Moosa Wastewater Revenues	2,500,680	589,056	23.6%
Woods Valley Ranch Wastewater Revenues	1,886,900	40,428	2.1%
Woods Valley Ranch Expansion	1,518,377	19,879	1.3%
Total Revenues	60,588,634	16,640,915	27.5%
EXPENDITURES:			
General Fund:			
Operating Expenses:			
General Administration	1,075,322	229,611	21.4%
Information Technology	1,205,786	263,888	21.9%
Finance	3,093,222	634,395	20.5%
Engineering	2,475,909	442,707	17.9%
Operations & Facilities	8,971,340	1,923,515	21.4%
Source of Supply	32,906,113	10,533,622	32.0%
Total Operating Expenses	49,727,692	14,027,738	28.2%
Debt Service - Interest Expense	106,696	0	0.0%
Depreciation Expense	3,806,900	951,725	25.0%
Capital Projects Appropriations	0	329,953	100.0%
Total General Fund Expenditures	53,641,288	15,309,416	28.5%
Moosa Wastewater:			
Operating Expenses	1,847,101	385,787	20.9%
Capital Project Appropriations	0	17,543	100.0%
Total Moosa Expenditures	1,847,101	403,330	21.8%
Woods Valley Ranch Wastewater:			
Operating Expenses	1,446,284	252,890	17.5%
Capital Project Appropriations	655,000	352	0.1%
Total Woods Valley Ranch Expenditures	2,101,284	253,242	12.1%
Woods Valley Ranch Expansion:			
Operating Expenses	80,000	4,469	5.6%
Debt Service - Interest Expense	354,401	25,506	7.2%
Capital Project Appropriations	0	0	100.0%
Total Woods Valley Ranch Expenditures	434,401	29,974	6.9%
Total Expenditures	58,024,074	15,995,962	27.6%
NET REVENUES & EXPENDITURES	2,564,560	644,953	25.1%

5. Informational Presentation by San Diego County Water Authority on the San Diego Aqueduct Bifurcation Project

November 17, 2025

TO: Honorable President & Board of Directors

FROM: Lindsay Leahy, General Manager

SUBJECT: RECYCLED WATER USE AGREEMENT WITH THE SAN PASQUAL ECONOMIC DEVELOPMENT COUNCIL, DBA NATIVE OAKS GOLF CLUB, INC. - RATIFY GENERAL MANAGER'S ACTION TO EXECUTE AGREEMENT, ADOPT RESOLUTION 2025-30, AND AUTHORIZE FILING THE AGREEMENT WITH THE SAN DIEGO COUNTY RECORDER'S OFFICE.

PURPOSE:

To seek Board ratification of the former General Manager's execution of the updated Recycled Water Use Agreement between the District and the San Pasqual Economic Development Council (SPEDC), DBA Native Oaks Golf Club, Inc. (NOGC), formerly Woods Valley Country Club, Limited Partnership and to direct that the executed agreement be filed with the San Diego County Recorder's Office.

SUMMARY:

As the Board is aware, staff has been engaged in discussions and negotiations with the San Pasqual Economic Development Council (SPEDC) to update the Recycled Water Use Agreement, reflect the change in parties of interest, and allow for expanded delivery of recycled water to the Native Oaks Golf Club (NOGC), up to the permitted treatment capacity of the Woods Valley Ranch Water Reclamation Facility (WVRWRF).

At the September 2, 2025 Regular Meeting of the Board of Directors (staff memo attached), staff presented the two primary issues that required resolution in the revised agreement. These matters have now been fully incorporated into the final agreement:

Water Quality – Nitrates and Total Dissolved Solids (Section 3)

- **Issue:** Greater delivery volumes increase the need for soil and turf amendments, resulting in higher operational costs for the golf course.
- **Current Rate Structure:** The District charges 50% of the imported water rate (projected at \$3,261/AF effective 1/1/2026) for the first 40,000 gpd (≈ 44.8 AF/yr.), and 15% above that threshold. This rate structure currently generates approximately \$105,000 annually in revenue.
- **Proposed Adjustment:** Maintain the 50% rate for the first 40,000 gpd, but waive charges for deliveries above that threshold. This would generate approximately \$73,000 annually ($\approx \$32,000$ less), while still covering power and O&M costs associated with delivery.

Timing of Deliveries / Playability Concerns (Section 11)

- **Issue:** Over-saturation of turf during peak play hours can impact course playability and turf health.
- **Resolution:** Deliveries will be coordinated more strategically using both the on-course storage and the District's seasonal reservoirs to balance timing and application.

This section also acknowledges the potential for future expansion of on-course storage to improve operational flexibility and provide additional emergency storage capacity for the District. Any such improvements would be considered in conjunction with a potential future Phase 3 expansion of the WVRWRF and would be completed at the sole expense of the expansion proponents, including costs related to design, construction, and any demonstrated lost revenue to NOGC during construction of the storage improvements.

Other than technical revisions to update and correctly identify the parties to the Agreement—specifically replacing Woods Valley Ranch, Limited Partnership with the San Pasqual Economic Development Council, DBA Native Oaks Golf Club—no additional substantive operational changes were made compared to the original 2013 agreement.

The final agreement was executed by the former General Manager on October 20, 2025, and by the San Pasqual Economic Development Council on October 21, 2025. Adoption of Resolution 2025-30 will memorialize the Board's approval of the former General Manager's execution of the Agreement on the District's behalf and authorize the formal filing of the Agreement with the San Diego County Recorder's Office.

RECOMMENDATION

After review and discussion, if desired, ratify the former General Manager's execution of the above-referenced Agreement and direct that the executed Agreement be formally filed with the San Diego County Recorder's Office.

SUBMITTED BY:



Gary Arant
Former General Manager

REVIEWED BY:



Lindsay Leahy
General Manager

Attachments:

- "Native Oaks Golf Course Recycled Water Use Agreement Delivery Expansion," September 2, 2025
- Recycled Water Use Agreement, VCMWD and SPEDC DBA NOGC
- Resolution No. 2025-30

September 2, 2025

TO: Honorable President & Board of Directors

FROM: Gary T. Arant, General Manager

SUBJECT: NATIVE OAKS GOLF COURSE RECYCLED WATER USE AGREEMENT DELIVERY EXPANSION

PURPOSE:

To provide the Board a review of recent staff activities related to amending the existing Recycled Water Use Agreement with the Native Oaks Golf Club (formerly Woods Valley Ranch Golf Course) and to seek direction on potential expansion of recycled water deliveries from the Woods Valley Ranch Water Reclamation Facility (WVRWRF).

SUMMARY:

Background - As the Board is aware, Valley Center Municipal Water District (District) owns and operates the WVRWRF, which serves the wastewater treatment and disposal needs of the North and South Village Areas. In operation since 2005, the facility currently produces approximately 130,000 gallons per day (gpd) of advanced-treated recycled water. All of this water is delivered to the adjacent Native Oaks Golf Club, owned and operated by the San Pasqual Band of Mission Indians and the San Pasqual Economic Development Council (SPEDC).

Current Agreement - The current agreement allows delivery of up to 225,000 gpd. Depending on seasonal demands, treated water is applied directly to the golf course for irrigation, routed to on-course storage ponds, or diverted to the District's Charlan Road Seasonal Storage Reservoir for later use. This capacity is sufficient to meet anticipated wastewater commitments for the 1,527 Phase 1 and 2 service connections. However, the agreement does not provide for future disposal needs associated with a potential Phase 3 expansion.

Discussions with San Pasqual - Over the past several months, District staff has met with SPEDC and golf course representatives to explore expansion of the delivery agreement to the full future permitted treatment capacity of the plant, anticipated to be between 450,000 and 475,000 gpd. The parties have reached a general understanding of key principles and recognize the economic and operational benefits of expanded deliveries.

Two main issues were raised by the golf course operators:

1. Timing of Deliveries / Playability Concerns

- Over-saturation of turf during peak play times can affect course quality.
- Proposed Response: Coordinate deliveries more strategically using both on-course storage and District seasonal reservoirs to balance timing and application.

2. Water Quality (Nitrates and Total Dissolved Solids)

- Higher deliveries increase the need for soil and turf amendments, raising costs for the course.
- Proposed Response: Adjust the rate structure to help offset costs. Currently, the District charges 50% of the imported water rate (projected at \$3,261/AF effective 1/1/2026) for the first 40,000 gpd (≈ 44.8 AF/yr.), and 15% above that threshold. This currently generates about \$105,000 annually in revenue.
- Proposed adjustment: Continue charging 50% for the first 40,000 gpd but waive charges above that threshold. This would yield $\sim \$73,000$ ($\approx \$32,000$ less) but still cover power and O&M costs for delivery.

While this approach reduces short-term revenue, it would secure additional disposal capacity of up to 250,000 gpd, which should be sufficient for what is currently anticipated at full build-out of the North and South Village Areas (almost 1,475 new wastewater connections). Long-term revenues from expanded water and wastewater service would outweigh the near-term revenue reduction.

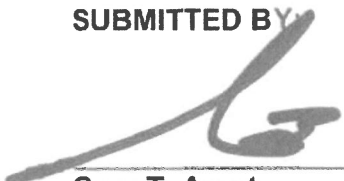
Additional Considerations:

- All wastewater water from WVRWRF must be advanced-treated to meet SWRCB discharge standards, regardless of disposal method. Delivery to the golf course does not increase treatment costs; revenues from the sale of recycled water are therefore supplemental.
- The District currently has no alternative disposal method (e.g., ocean outfall).
- The agreement will preserve the District's right to redirect water to other disposal sites in the future, should more favorable opportunities arise.

RECOMMENDATION

If so desired, provide staff with direction to continue negotiations with SPEDC on amending the Native Oaks Golf Club Recycled Water Use Agreement in line with the principles outlined above, with the goal of presenting a revised agreement for Board adoption at a future meeting.

SUBMITTED BY:



Gary T. Arant
General Manager

WHEN RECORDED MAIL TO
AND MAIL TAX STATEMENTS TO

Valley Center Municipal Water District
Post Office Box 67
Valley Center, CA 92082
(760)749-1600

APN Nos. 189-331-03, 189-332-01, 189-332-02

(Space above this line for County Recorder's use only)

**RECYCLED WATER USE AGREEMENT BETWEEN
VALLEY CENTER MUNICIPAL WATER DISTRICT
AND SAN PASQUAL ECONOMIC DEVELOPMENT CORPORATION,
DBA NATIVE OAKS GOLF CLUB, INC.**

THIS AGREEMENT is made and entered into as of 10/21 2025, by and between VALLEY CENTER MUNICIPAL WATER DISTRICT, a municipal water district of the State of California (hereinafter referred to as the DISTRICT); and the San Pasqual Economic Development Corporation, dba Native Oaks Golf Club, Inc., (hereinafter referred to as the, owners of the Native Oaks Golf Club (hereinafter referred to as "NOGC").

- A. The DISTRICT is empowered to own and operate wastewater reclamation facilities and to provide recycled water to individuals or entities within the boundaries of the DISTRICT.
- B. The DISTRICT owns and operates the Woods Valley Ranch Water Reclamation Facility (WVRWRF) in accordance with the Master Recycling Permit issued by California Regional Water Quality Control Board, Order No. R9-2015-0104 ("Master Reclamation Permit"), which provides wastewater capacity for the Woods Valley Ranch Subdivision, NOGC, and Valley Center Village Parcels, that participated in the South Village Wastewater Expansion Project. The Master Reclamation Permit allows for the use of the recycled water produced at the WVRWRF to be used on the NOGC Golf Course.
- C. NOGC currently receives recycled water from the WVRWRF in accordance with the Reclaimed Water Use Agreement dated May 3, 2013 between the DISTRICT and Woods Valley Country Club, LP. This agreement provided for the use of up to 225,000 gpd of recycled water on the Woods Valley Ranch Golf Course ("WVGC"), and described the rights and obligations of the parties with respect to the sale, ownership and use of the recycled water conveyed to the then WVGC by DISTRICT.
- D. The San Pasqual Economic Development Corporation, dba Native Oaks Golf Club, Inc. acquired the Woods Valley Ranch Golf Course from Woods Valley Country Club, LP in October of 2013.

- E. The DISTRICT and NOGC desire to replace the existing agreement to allow for recycled water deliveries up to the limits of the Master Reclamation Permit, which are amended from time to time with expansion projects to serve new development within the service area. The DISTRICT and NOGC also desire to clarify the operation and maintenance responsibilities of seasonal storage facilities proposed with the expansion phases of the reclamation facility.
- F. This Agreement provides for the use of recycled water on the area designated in the Waste Discharge Permit for the Woods Valley Ranch Water Reclamation Facility, and modifications thereto, adopted by the Regional Water Quality Control Board (said permit is included herein by reference) for the application of recycled water within the Woods Valley Ranch Golf Course, hereinafter referred to as the "Irrigation Area". The Irrigation Area is shown on Exhibit A attached hereto, and by this reference incorporated herein.

NOW THEREFORE, it is agreed as follows:

1. Pursuant to this Agreement DISTRICT shall have the right, but not the obligation, to deliver and NOGC shall accept recycled water generated by the Woods Valley Ranch Water Reclamation Facility in accordance with the DISTRICT's Reclaimed Water Service Rules and Regulations, Article 175 of the DISTRICT's Administrative Code.
2. POINTS OF DELIVERY. DISTRICT currently delivers recycled water at one of three points of delivery located at either a) Lake 3, b) the NOGC recycled waterline connecting Lake 8 to Lake 3 and c) Lake 10, as generally shown on Exhibit B attached hereto. Recycled water billing will be based on the monthly readings of meter M-1 located at the southern boundary of the Woods Valley Ranch Water Reclamation Facility, also shown on Exhibit B, attached hereto.
3. CHARGES. Effective with this agreement, NOGC agrees to receive up to 40,000 gallons per day of recycled water (1,666 Hundred Cubic Feet (HCF) on a monthly billing cycle) and pay for it at a rate equal to fifty percent (50%) of the DISTRICT's then current rate for domestic water. In addition, NOGC agrees to accept all recycled water in excess of 40,000 gpd (>1,666 HCF on a monthly billing cycle), at no cost to NOGC.
4. WATER QUALITY. Recycled Water delivered by the DISTRICT to the Points of Delivery shall be of a quality permitted by applicable law, including the requirements of the Waste Discharge Requirements. The Waste Discharge Requirements shall mean those certain waste discharge requirements set forth by the Regional Water Quality Control Board, San Diego Region, including, without limitation, the Master Reclamation Permit, and any amended combined discharge or reclamation permits that may be approved in the future for the Facilities.
5. WATER QUANTITY. For a period of 10 years from the date of this agreement, the DISTRICT shall deliver, and NOGC shall accept, all recycled water generated by the Woods Valley Ranch Water Reclamation Facility up to the established discharge limits of the aforementioned Waste Discharge Permit, or any amendments thereto. After 10

years from the date of this agreement, the DISTRICT shall have the right, but not the obligation, to deliver, and NOGC shall accept the aforementioned quantity of recycled water. DISTRICT shall provide NOGC a minimum of 30 days' notice should the District intend to substantially reduce established recycled water delivery quantities to NOGC.

6. RECYCLED WATER USE. NOGC shall use the Recycled Water in accordance with all laws, rules and regulations including, but not limited to DISTRICT's Administrative Code Article 175 as well as any operation provisions set forth in the Waste Discharge Requirements.
7. TERM OF USE. This agreement shall be in full force and effect in perpetuity or until terminated by mutual agreement of the DISTRICT and NOGC. District shall have the right, but not the obligation, to enter upon NOGC property to operate the Irrigation Facilities and apply recycled water to the Irrigation Area in the event NOGC fails to take the recycled water delivered by the DISTRICT. NOGC may not change the use of the Irrigation Area without the expressed written consent of the DISTRICT.
8. IRRIGATION FACILITIES. The irrigation facilities consist of all sprinklers, irrigation system piping, pumping, recycled water distribution, seasonal storage, and control facilities, after the points of delivery, required for the use of recycled water within the Irrigation Area. The irrigation facilities are privately owned by NOGC. The facilities, or any modifications to the facilities, shall be constructed in accordance with all applicable local, state, and federal laws and regulations. NOGC shall provide the District with copies of record drawings showing the location of all Irrigation Facilities and shall update the record drawings when modifications are made.
9. MAINTENANCE OF IRRIGATION FACILITIES. The NOGC shall operate the Irrigation Facilities and maintain the Irrigation Facilities in good repair and working order, all in accordance with recognized sound engineering and management practices and in accordance with this Agreement and all applicable laws, ordinances, rules, and regulations.
10. DISTRICT'S RIGHT TO INSPECT AND REPAIR. The DISTRICT shall have the right to enter upon NOGC property to inspect the Irrigation Facilities and the operation and maintenance activities of NOGC relating to the Irrigation Facilities to verify all recycled water regulations are being followed per Section 6 above. The DISTRICT shall notify NOGC twenty-four hours before such inspections. If a repair or operational change is required for compliance with the recycled water regulations, NOGC shall be notified of such repair or operational change. In the event NOGC fails to repair the Irrigation Facilities or modify its operations following receipt of notice of such request from the DISTRICT within a reasonable period, the DISTRICT shall have the right to enter the Irrigation Area and repair the Irrigation Facilities. Any repair of the Irrigation Facilities by the DISTRICT shall be performed at the cost of the NOGC. The DISTRICT shall invoice the NOGC for such costs.

11. SEASONAL STORAGE FACILITIES AND DELIVERY OF RECYCLED WATER. Lakes 10, 8, and 3 are operated by the NOGC to provide a total of 6.8 mg of seasonal storage. The District and NOGC will cooperate in potential future development of additional seasonal storage on the golf course, at no cost to NOGC, through modification of operation levels and construction of additional storage and recycled water mains at Lakes 5 and 17. Any project to increase storage on the golf course will be designed and built to meet NOGC operational, aesthetic, and safety requirements. As part of the storage expansion project, the NOGC will be reimbursed for a demonstrated reduction in revenue over the course of the project.

To the extent possible, the DISTRICT shall coordinate the delivery of the recycled water to meet the irrigation and operational needs of the NOGC, while meeting the water quality, operational parameters, and seasonal storage needs in compliance with the Master Reclamation Permit.

12. RECYCLED WATER TRANSMISSION FACILITIES. NOGC dedicated to the DISTRICT, and the DISTRICT accepted, for ownership, operation, and maintenance the following described portion of the existing Recycled Water Transmission facilities and necessary easements:

Approximately 2,030 linear feet of 6-inch PVC Recycled Water main from the treatment plant site, Station 46+20, to the proposed connection to the Charlan Road Seasonal Storage Pond at approximate Station 66+50 as depicted on the Plans for Construction of the 6-inch Recycled Water Force Main prepared by Water 3 Engineering, Inc. (said Plans included herein by reference) as generally shown in Exhibit B attached hereto.

13. RESALE OF RECYCLED WATER. NOGC may not sell the Recycled Water to adjacent property owners without the written consent of the DISTRICT. Resale of recycled water shall be made pursuant to an agreement between the NOGC and the purchaser of the recycled water, which agreement shall be approved by the DISTRICT and shall contain terms and conditions which assure that the delivery and use of the recycled water will be in full compliance with any discharge permit issued to the DISTRICT by the San Diego Regional Water Quality Control Board.

14. INDEMNITY OF THE DISTRICT. NOGC shall indemnify and assume the defense of, and hold free and harmless, the DISTRICT, its officers, directors, agents, employees and any engineer, architect or other consultant utilized by the DISTRICT during construction or operation of the Irrigation Facilities, from any and all obligations, liabilities, liens, claims, demands, losses, damages and expenses, of whatever type or nature, including, but not limited to reasonable attorney's fees and litigation costs arising out of NOGC's design or construction of the Irrigation Facilities or any other negligent act or omission to act by NOGC, its agents, servants, employees, invitees, or independent contractors which are required by this Agreement.

Notwithstanding the foregoing, NOGC shall have no duty to indemnify the DISTRICT, its officers, directors, agents, employees or independent contractors against any liability arising from the negligence or willful misconduct of the DISTRICT, its officers, directors, agents, employees or independent contractors with respect to any responsibilities the DISTRICT has pursuant to the terms of this Agreement. Furthermore, the DISTRICT shall indemnify and assume the defense of, and hold free and harmless, NOGC, its agents and employees from any and all obligations, liabilities, liens, claims, demands, losses, damages, and expenses of whatever type or nature, including but not limited to reasonable attorney's fees and litigation costs arising out of the DISTRICT's responsibilities pursuant to this Agreement.

15. ARBITRATION OF DISPUTES. Any controversy or claim between the parties to this Agreement, including but not limited to claims, disputes, demands, differences, controversies, or misunderstandings arising under, out of, or in relation to this Agreement, its creation, enforcement, interpretation or performances, shall be submitted to and determined by arbitration before Alternatives to Litigation, a California non-profit corporation or, if said entity is unable or unwilling to serve, then in accordance with the California Arbitration provisions contained in Code of Civil Procedure Sections 1280 et seq., as amended.

The arbitrator or arbitrators shall determine the rights of the parties in accordance with the law and the award shall be subject to review as to the arbitrator's application of the law by any court having jurisdiction of the matter, whether or not any mistake of the law shall appear upon the face of the award. As to all questions of fact, however, the determination of the arbitrator or arbitrators shall be binding upon all parties and shall be deemed final and conclusive. Each party shall be entitled to written findings of fact and conclusions of law as to all issues determined by the award. The arbitrator or arbitrators shall not be empowered to award punitive damages. Subject to the above limitations, the award granted by the arbitrator shall be binding upon all parties to the arbitration and judgment upon the award rendered by the arbitrator or arbitrators may be entered in any court having jurisdiction over the matter.

16. ASSIGNMENT. Both the District and NOGC may assign all or a portion of their rights, obligations, or interests in this Agreement, as long as each so notifies the other in writing 30 days prior to the assignment, and as long as the assignee agrees to be bound by the terms of this Agreement and executes all documents necessary to bind said assignee, and so long as any such assignment shall not frustrate the purposes of this Agreement. As long as each party notifies the other of the Assignment, then the Assignor-transferor shall be relieved of liability.
17. VENUE. In the event a legal or equitable proceeding is brought in connection with this Agreement, the parties agree that venue shall lie only in the federal or state courts in the County of San Diego, State of California.
18. MODIFICATION. This Agreement may not be altered in whole or in part except by modification in writing, executed by both parties to this Agreement.

19. ATTORNEYS' FEES. In the event any arbitration proceeding, administrative proceeding or litigation in law or in equity, including any action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing party or parties shall be entitled to an award of reasonable attorney's fees and an award of all costs and expenses associated with the proceedings as determined by the court, the presiding officer, or the arbitrator authorized to make a determination of the issues, in addition to any other relief to which the prevailing party or parties may be entitled.

If a party to this Agreement ("first party") becomes a party to litigation an administrative proceeding or arbitration concerning the creation, enforcement, interpretation or performance of this Agreement solely by reason of any act of omission of the other party hereto, its agents, employees, officers, directors, or any other representative of such other party ("responsible party"), then if such first party shall prevail it shall be entitled to reasonable attorney's fees and all costs and expense of such proceedings from the responsible party.

20. PARTIAL INVALIDITY. If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction or by an arbitration proceeding as provided herein to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, unless the determination of invalidity materially affects the obligations of the parties hereto.
21. SUCCESSORS IN INTEREST. Unless otherwise provided in this Agreement, the terms, covenants, and conditions contained herein shall apply to, inure to the benefit of, and bind the heirs, successors, executors, administrators and assigns of the parties hereto.
22. MUTUAL COOPERATION. DISTRICT and NOGC mutually agree to cooperate and support any approvals required by any governmental agencies or public bodies having jurisdiction, for the use of Recycled Water within the Native Oaks Golf Course.
23. NOTICES REQUIRED UNDER AGREEMENT. The parties shall give notice when required by this Agreement. All notices must be in writing and either served personally or mailed by certified mail. The notices shall be sent to the officer listed for each party at the address listed for each party below. If a party wishes to change the officer and/or address at which notices are given, the party shall notify the other party in accordance with this Section. All notices shall be sent as follows:

Valley Center Municipal Water District
Attn: Gary Arant, General Manager
Post Office Box 67
Valley Center, CA 92082

Native Oaks Golf Club, Inc.
Attn: Eric J Julian, General Manager
14616 Woods Valley Road
Valley Center, CA 92082

24. TIME OF THE ESSENCE. Time is of the essence for each and every provision of this Agreement.
25. COOPERATION; FURTHER ACTS. The parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate, or convenient to attain the purposes of this agreement.
26. CONSTRUCTION; REFERENCES; AND CAPTIONS. Since the parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to NOGC include all personnel, employees, and agents of NOGC, except as otherwise specified in this Agreement. All references to the DISTRICT include its elected officials, officers, employees, and agents, except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Recycled Water Use Agreement between Valley Center Municipal Water District and San Pasqual Economic Development Corporation, dba Native Oaks Golf Club, Inc. as of the day and year first above written.

**VALLEY CENTER MUNICIPAL
WATER DISTRICT**

By: 

**Gary Arant
General Manager**

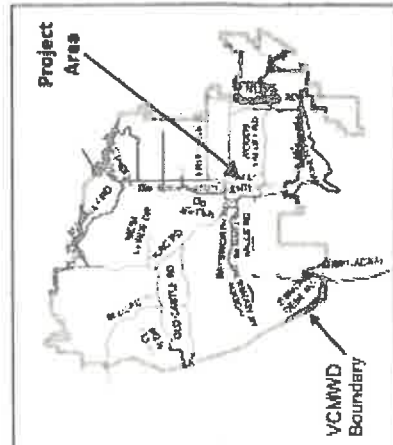
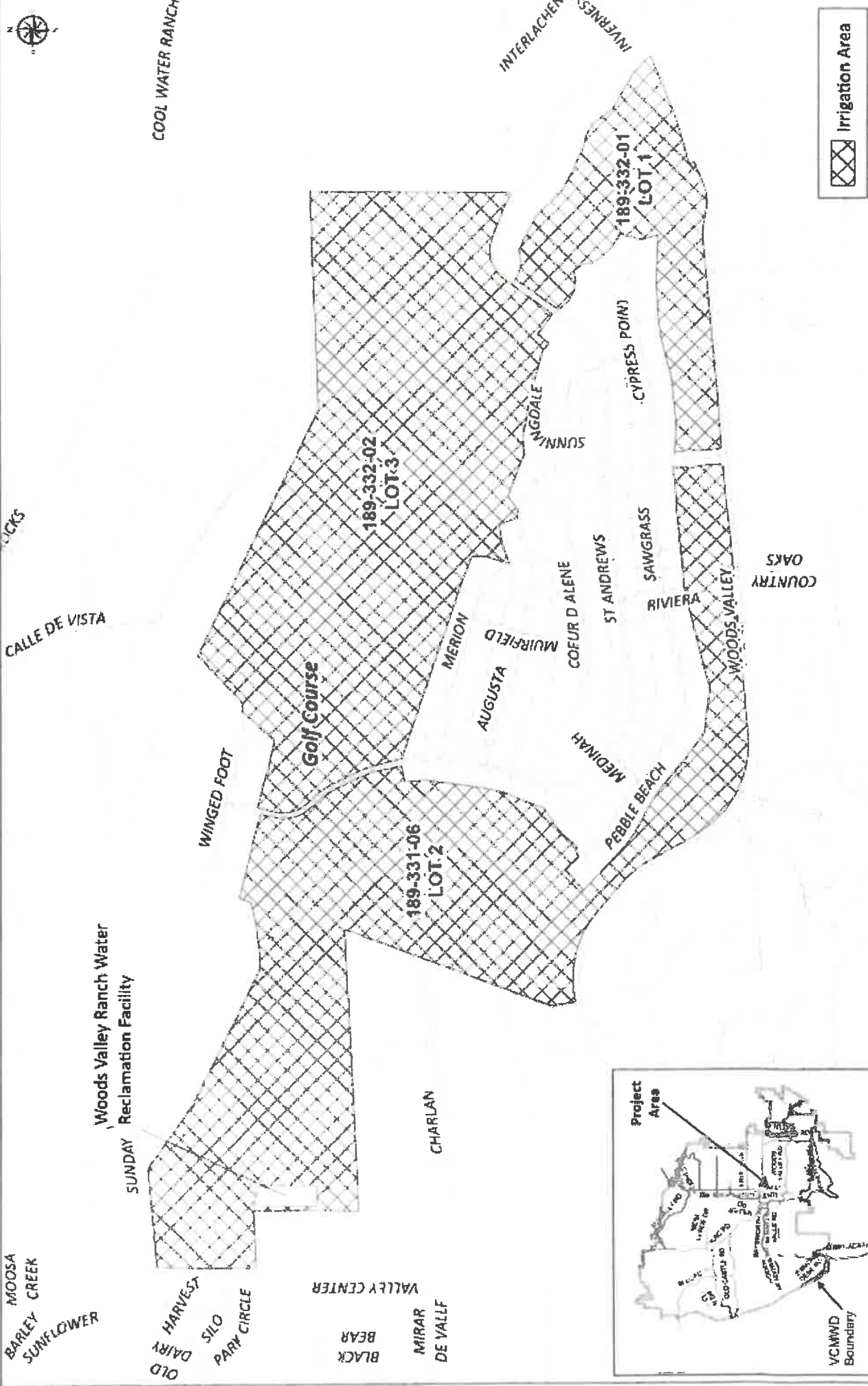
**SAN PASQUAL ECONOMIC DEVELOPMENT CORPORATION,
dba NATIVE OAKS GOLF CLUB, INC.**

By: 

**Michael Contreras
President**

NON-RESIDENTIAL AREA LEGAL DESCRIPTION

Lots 1, 2 & 3 of County of San Diego Tract No. 5004-1 in the County of San Diego,
 State of California according to Map thereof No. 14450 File no. 2002-803568 filed in the
 Office of the County Recorder of San Diego County on 09-19-2001.



Valley Center
 Municipal Water District

EXHIBIT A **Native Oaks Golf Club Irrigation Area**



CALLE

SUNDAY

WINGED FOOT

HARVEST
OLD DAIRY
PARK CIRCLE

ALLEY HERITAGE
C ALLEY D
BLACK BEAR
MIRAR DE
VALE

VALLEY C-NTER

CHARLAN

MERION

AUGUSTA

MUIRFIELD

COEUR D ALENE

RIVIERA

SANGRASS

MEDINAH

PEBBLE BEACH

WOODS VALLEY

OAKMONT

Lake 5
8 inch RW

M-1

Lake 3
M-2

8 inch RW

6 inch RW

Charlan Rd SS

Lake 17

Lake 8
POD

POD

M-3

Lake 18

6 inch RW

12 inch RW

6 inch RW

POD

Lake 10

Valley Center Municipal Water District

Recycled Water Meter

Valve

6" Recycled Waterlines

Nativie Oaks Golf Club

Gravity Recycled Waterline

Linear Water Feature

6" Recycled Waterline

Parcel

NOGC Lake

Charlan Rd Seasonal Storage



Valley Center
Municipal Water District

EXHIBIT B
Points of Delivery and Recycled Waterlines

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of San Diego)

On October 20, 2025 before me, Coral Lea Williams, Notary Public
(insert name and title of the officer)

personally appeared Gary T. Arant
who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose name~~(s)~~ is/~~are~~
subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in
his/~~her/their~~ authorized capacity~~(ies)~~, and that by his/~~her/their~~ signature~~(s)~~ on the instrument the
person~~(s)~~, or the entity upon behalf of which the person~~(s)~~ acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature



(Seal)



ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of San Diego)

On 10/21/2025 before me, Mariah Carolina Banares, Public Notary
(insert name and title of the officer)

personally appeared Michael Contreras
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Mariah Banares (Seal)

RESOLUTION NO. 2025-30

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CENTER MUNICIPAL WATER DISTRICT RATIFYING THE FORMER GENERAL MANAGER'S EXECUTION OF THE RECYCLED WATER USE AGREEMENT WITH THE SAN PASQUAL ECONOMIC DEVELOPMENT COUNCIL, DBA NATIVE OAKS GOLF CLUB, INC., AND DIRECTING THAT THE AGREEMENT BE FILED WITH THE SAN DIEGO COUNTY RECORDER'S OFFICE

WHEREAS, the District and the San Pasqual Economic Development Council, DBA Native Oaks Golf Club, Inc. ("NOGC"), have negotiated and finalized an updated Recycled Water Use Agreement to reflect current parties and operational conditions related to delivery of recycled water from the Woods Valley Ranch Water Reclamation Facility; and

WHEREAS, the updated Agreement includes technical revisions to correctly identify NOGC as the responsible party, provides for expanded recycled water delivery up to the permitted treatment capacity of the WVRWRF, and incorporates operational amendments relating to water quality and delivery coordination; and

WHEREAS, the former General Manager executed the updated Recycled Water Use Agreement on October 20, 2025, consistent with prior Board guidance and direction; and

WHEREAS, staff recommends that the Board ratify the former General Manager's execution of the Agreement and authorize that the fully executed Agreement be formally filed with the San Diego County Recorder's Office.

NOW, THEREFORE, IT IS HEREBY RESOLVED AND ORDERED by the Board of Directors of the Valley Center Municipal Water District, as follows:

1. The Board of Directors hereby ratifies the former General Manager's execution of the Recycled Water Use Agreement between the Valley Center Municipal Water District and the San Pasqual Economic Development Council, DBA Native Oaks Golf Club, Inc.; and
2. The General Manager, or designee, is hereby authorized and directed to take all necessary actions to formally record said Agreement with the San Diego County Recorder's Office.

PASSED AND ADOPTED at a meeting of the Board of Directors of the Valley Center Municipal Water District held on the 17th day of November 2025, by the following vote, to wit:

ATTEST:

Enrico Ferro, President

Coral Williams, Acting Board Secretary

November 17, 2025

TO: Honorable President and Board of Directors

FROM: Lindsay Leahy, General Manager

**SUBJECT: WOODS VALLEY RANCH WATER RECLAMATION FACILITY –
PROPOSED INSTALLMENT PURCHASE AGREEMENT FOR
CAPACITY TRANSFER**

PURPOSE:

Request Board of Directors adopt Resolution No. 2025-26 approving the Installment Purchase Agreement providing for the multi-year transfer of Woods Valley Ranch WRF capacity from the Indian Creek Associates, LLC property in the North Village Area to Valley Center Municipal Water District (VCMWD) for utilization and funding by Community Facilities District No 2020-1, (Park Circle East/West), of the Valley Center Municipal Water District (the “CFD”). in lieu of the CFD’s Phase 3 Facility requirements.

SUMMARY:

The process for transferring Woods Valley Ranch Water Reclamation Facility (“WVRWRF”) capacity was established in October 2018, through approval of the Capacity Reservation Transfer Policy (Administrative Code Section 171.11) and the adoption of Resolution No. 2018-23. The transfer policy describes a process that provides for determining and reimbursing the fair value of the capacity being transferred. Indian Creek Associates, LLC, (“ICA”) owners of multiple parcels in the North Village Area has a total wastewater capacity allocation of 224 EDUs and desires to transfer/sell 218.5 EDUs of that capacity to VCMWD for reallocation to parcels within the CFD. The transfer of this capacity reduces ICA’s net annual expenditures for its capacity allocation and will eliminate the CFD’s responsibility to fund construction of the WVRWRF Phase 3 Expansion project.

Additional background information on the Woods Valley Ranch Wastewater Expansion Project is included as an attachment to this report, along with capacity transfer considerations specific to this proposal and details on the District’s Capacity Transfer Policy developed for the WVR Wastewater Expansion Project. The following section provides specific information on the main agreement points included in the Installment Sales Agreement

Installment Purchase Agreement Highlights

- The Parties to the Agreement:
 - VCMWD,
 - CFD (VCMWD signs on behalf of the CFD), and

- Indian Creek Associates, LLC, ICA's properties are shown in Exhibit A.
- ICA desires to relinquish 218.5 EDUS of WVRWRF capacity to VCMWD.
- ICA currently owns property in the North Village area with a total of 200 EDUs and is in escrow on three other parcels that have additional capacity allocations. Closings on these parcels are scheduled for November 2025 and January 2026. The agreement would not be executed until ICA owns additional parcels with a total allocation of at least 218.5 EDUs.
- District desires to finance the purchase of the Relinquished Capacity from ICA and provide such Relinquished Capacity to the CFD through installment payments secured by the Special Taxes.
- Capacity is transferred annually to VCMWD as set forth in Exhibit B.
- The purchase of capacity over time by VCMWD does not remove the AD 2012-1 Assessment Lien from ICA's property. While ICA will be required to continue paying their annual assessments in full, the District will reimburse ICA, from the CFD Special Tax Revenues, the CFD's share of the annual assessments for the transferred/purchased capacity. This arrangement maintains the original financial security established for the SRF loans and provides ICA with a source of funds for paying the annual assessments.
- Payment Schedule to ICA is set forth in Exhibit C:
 - Standby Fee Reimbursement is paid from WVR Replacement Reserve and is based on the Standby Fees assessed on the tax roll and by the title company at property closings.
 - Equity Principal due ICA includes the reimbursement for the capacity ICA transfers each year pursuant to the Capacity Transfer Policy requirements.
 - Assessment Principal is the reimbursement for the portion of the annual assessments for the wastewater treatment and seasonal storage SRF debt service paid each year by ICA for the transferred capacity. This reimbursement will track with the land. If parcels are sold in the future, the assessment reimbursement would go to the property own paying the assessments.
 - Installment payments are the proposed series of principal and interest payments to paydown the Equity and Assessment Principal due ICA over a fifteen-year period utilizing the available CFD Special Tax Revenue.
 - Interest is added each year at 2.2% (the common interest rate of the SRF Loans) of the outstanding equity balance.

The agreement and exhibits were prepared by Best Best and Krieger and VCMWD and reviewed by Fieldman, Rolapp & Associates and Koppel & Gruber Public Finance. ICA has reviewed the agreement and provided comments which have been discussed and incorporated into the agreement. A minor adjustment to Standby Fee reimbursement amount is anticipated based on the actual date of the property closing.

RECOMMENDATION:

Staff recommends that the Board of Directors adopt Resolution No. 2025-26 authorizing the General Manager to enter into the Installment Purchase Agreement between VCMWD, CFD and Indian Creek Associates, LLC subject to final review by the participants and no substantive changes being recommended by the finance team or requested by Indian Creek Associates, LLC.

PREPARED BY:



**Wally Grabbe, PE
District Engineer**

SUBMITTED BY:



**Lindsay Leahy
General Manager**

Attachments –

WVR Expansion Project Background Information
Installment Purchase Agreement
Resolution No. 2025-26

Woods Valley Ranch Wastewater Expansion Project

Background Information related to the Capacity Transfer Request

Assessment District 2012-1 (“AD 2012-1”) was originally established in 2012 and modified in 2015 to fund the Woods Valley Ranch Wastewater Expansion Project (the “Expansion Project”) to provide wastewater service to the South and North Village Areas. The expansion project consisted of the construction of a wastewater collection system, seasonal storage and the Phase 2 expansion of the WVRWRF. Participation in the assessment district was on a voluntary basis and VCMWD ultimately secured three State Revolving Fund (“SRF”) loans and two bonds to fund the various construction projects. Participants are assessed annually based on the benefit received and the amount of wastewater capacity originally requested.

The CFD was formed in 2020 to fund the additional capacity needed for the Park Circle East/West development and reapportion the development’s share of the Expansion Project pursuant to the recommendations of the CFD’s Rate and Method of Apportionment. The Park Circle development required 644 EDUs of capacity and only had an allocation of 425.5 EDUs in AD 2012-1. The CFD needed to construct additional facilities to provide wastewater service for the remaining 218.5 EDUs that were remaining. A Phase 3 Expansion of the WVRWRF, including additional seasonal storage and a recycled water transmission main, would ultimately be needed to allow all the participants in the Expansion Project and CFD to connect. Minimum sizing requirements of the Phase 3 Expansion project required the developer to post additional securities, which are still on deposit at VCMWD and available to fund the capacity in excess of that needed by the CFD, if construction is required before other property owners commit to funding the excess Phase 3 capacity.

Thus, the proposed capacity transfer from ICA in the North Village Area 1) provides a temporary financial relief for ICA until such time as ICA needs additional capacity and 2) eliminates the CFD’s requirement for future construction of the Phase 3 improvements.

Capacity Transfer Considerations

While the capacity of the wastewater treatment plant and seasonal storage facilities can be physically reassigned from property in the North Village area to property in the Park Circle development, the collection capacity cannot. The collection facilities in the North Village area do not benefit the Park Circle Development and the CFD has already funded all the collection facilities needed by the Park Circle Development. A further consideration that makes this capacity transfer different and challenging is due to the requirements of the SRF Loans with respect to the CFD and the current value of the capacity being transferred. Terms and conditions of the SRF Loans will not allow the assessment liens associated with the North Village capacity to be released and replaced with the CFD’s special tax lien. In addition, neither the CFD nor VCMWD have sufficient funds to fully reimburse ICA the entire value of the capacity at the time of the transfer. The solution was to develop an Installment Purchase Agreement that provides for the transfer and

reimbursement of only the treatment and seasonal storage capacity over a multi-year period that does not remove the assessment lien or the requirement of the property owner to make assessment payments. Capacity is proposed to be transferred incrementally each year to VCMWD, the capacity then reallocated to properties within the CFD and annual installments reimbursed to ICA by VCMWD from excess special tax revenues. The reimbursements will be funded on a subordinate basis to any outstanding CFD bonds.

Capacity Transfer Policy Summary

The District Capacity Transfer Policy establishes the reimbursement that is due to the property owner relinquishing the capacity. This reimbursement is an estimate of the fair value of the capacity at the time of transfer and consists of the following six components:

- a) Contributed Funds (Expansion Project Participation Deposit),
- b) WVRWRF System Development Charge,
- c) Additional Collection System Costs if any (none for this transfer),
- d) FY 2016-17 Annual Assessment applied to the Debt Service Reserve (the full amount less the administrative expenses),
- e) Principal portion annual assessments since FY 2016-17, excluding the current year of the transfer, and
- f) Full assessment (including the Standby Fees) for the year concurrent with the transfer.

For this unique transfer, the standby fee reimbursement would be funded for the amount assessed ICA since the effective date of the transfer, October 2024. This would include 200 EDUs in FYE 2025 and 218.5 EDUs in FYE 2026.

Recording requested by
and return to:

Mrunal M. Shah
Best Best & Krieger LLP
3390 University Avenue, 5th Floor
Riverside, CA 92501

THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE
CALIFORNIA GOVERNMENT CODE.

WASTEWATER CAPACITY INSTALLMENT PURCHASE AGREEMENT

Dated as of _____, 2025

by and between

INDIAN CREEK ASSOCIATES, LLC,

VALLEY CENTER MUNICIPAL WATER DISTRICT

and

**COMMUNITY FACILITIES DISTRICT NO. 2020-1 (PARK CIRCLE EAST/WEST) OF
THE VALLEY CENTER MUNICIPAL WATER DISTRICT**

WASTEWATER CAPACITY INSTALLMENT PURCHASE AGREEMENT

THIS WASTEWATER CAPACITY INSTALLMENT PURCHASE AGREEMENT (“Installment Purchase Agreement”) is entered into as of _____, 2025, between Indian Creek Associates, LLC, a California limited liability company (“Participant”), the Valley Center Municipal Water District, a municipal water district organized pursuant to California Water Code sections 71000 *et seq.* (“District”) and Community Facilities District No. 2020-1 (Park Circle East/West) of the Valley Center Municipal Water District (“CFD” collectively with the Participant and the District referred to as “Parties”).

ARTICLE 1

RECITALS

A. The District is authorized to provide wastewater collection and treatment services to properties located within the jurisdictional boundaries of the District, and provides such service in part through the Woods Valley Ranch Water Reclamation Facility (the “Phase II Expansion Project”).

B. In order to finance the Phase II Expansion Project, the District entered into three (3) Clean Water State Revolving Fund Loans (“SRF Loans”) and issued a Limited Obligation Improvement Bond (“Bond”) pursuant to the Improvement Bond Act of 1915, and secured payments for the SRF Loans and Bond through the collection of assessments levied against properties within Assessment District No. 2012-1 (the “Assessment District”).

C. The District provided owners of property within those areas to be serviced by the Phase II Expansion Project the opportunity to participate in the Phase II Expansion Project by reserving capacity in the Phase II Expansion Project through entering into a wastewater service agreement, thereby including such property in the Assessment District.

D. Additionally, property included in the Phase II Expansion Project are subject to wastewater standby (“Standby Fee”) as duly established and authorized by the District. Such charges are collected on the annual tax roll.

E. The Participant is one of the property owners participating in the Phase II Expansion Project that has requested their capacity reservation be relinquished to the District as identified in Exhibit C attached hereto (the “Relinquished Capacity”) and the applicable portion of the assessment(s) levied against their property be reduced making excess capacity available for transfer to other parcels within the designated service area of the Woods Valley Ranch Water Reclamation Facility.

F. The District is in need of additional capacity to allow for the provision for wastewater service for properties located within the District’s service area which can be served by the Woods Valley Ranch Water Reclamation Facility and as such the District desires to purchase the Relinquished Capacity.

G. On May 18, 2020, the Board of Directors of the District established the CFD which authorized the levy of special taxes within the CFD (the “Special Taxes”) to finance numerous improvements, including improvements to increase capacity for wastewater collection and treatment services and payment of debt service on the SRF Loans.

H. Properties located within the CFD are in need of additional capacity.

I. The District desires to finance the purchase of the Relinquished Capacity from the Participant and provide such Relinquished Capacity to the properties within the CFD through installment payments secured by the Special Taxes.

J. Participant is the owner of the parcel(s) described in Exhibit A attached hereto and incorporated herein by this reference (the “Participant’s Parcel(s)”), and desires to transfer the Relinquished Capacity available in the Phase II Expansion Project to the District pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, the District and the Participant agree as follows:

SECTION 1.1. Recitals. The foregoing Recitals are true and correct.

ARTICLE 2

DEFINITIONS AND EXHIBITS

SECTION 2.1. Definitions. All capitalized terms used in this Section 1.1 shall for all purposes of this Installment Purchase Agreement have the meanings herein specified or as hereinafter defined.

“Acquisition Amount” means \$[5,752,983], which shall consist of the Installment Payments and Standby Fee Reimbursement Payment Amount.

“Act” means the “Mello-Roos Community Facilities Act of 1982,” as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California.

“Administrative Expenses” means the expenses directly related to the administration of the CFD, including, but not limited to, the following: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the CFD or a designee thereof or both); the costs of collecting the Special Taxes (whether by the County, the CFD or otherwise); the costs of remitting the Special Taxes to the fiscal agent; the costs of a fiscal agent (including its legal counsel) in the discharge of the duties of such fiscal agent required under any Contracts; the costs of the CFD or any designee thereof of complying with the arbitrage rebate requirements or incurred in participating in and responding to an audit by the Internal Revenue Service; the costs of the CFD or any designee thereof of complying with CFD disclosure requirements associated with applicable federal or state securities laws and of the Act or otherwise agreed to by the CFD or property owners developing property within the CFD; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the CFD or any designee thereof related to an appeal of the Special Tax; and the costs

of any credit enhancement obtained by the CFD. Administrative Expenses shall also include any expenses required in connection with the collection of delinquencies.

“Administrative Expense Fund” means the fund by that name established and held by the District to pay Administrative Expenses.

“Administrative Expense Requirement” means an annual amount equal to \$ _____ commencing with Fiscal Year 2025-26 with 2% escalation each year thereafter, or such lesser amount as determined by an Authorized Representative, to be allocated as the first priority of Special Taxes received each Fiscal Year for the payment of Administrative Expenses.

“Annual Debt Service” means, for any Fiscal Year, the sum of (1) the interest accruing on any Obligations, assuming that all principal payments required to be made hereunder and under such other Obligations are made as scheduled, plus (2) the principal component of the Installment Payments and principal amount due under any other Obligations in such Fiscal Year, including from mandatory sinking fund payments.

“Assessment” means an Assessment levied by the District on behalf of the Assessment District.

“Assessment Lien” means the lien imposed on the Participants Parcels in connection with the formation of the Assessment District as evidenced by _____.

“Assessment District” means the Valley Center Municipal Water District Assessment District No. 2012-1, County of San Diego, State of California.

“Assessment Fund” means the fund of the District in which Assessments are deposited.

“Assessment Indebtedness” means ISA 110, ISA 120 and ISA 130 which are payable from Net Special Taxes up to the CFD Portion, Assessments and certain other funds of the District.

“Assessment Reimbursement Component” means the component of the Principal Component of the Installment Payments which is identified in a column by such name on Exhibit C hereto.

“Authorized Purposes” means the purposes authorized to be financed pursuant to Resolution No. 2020-14 of the Board of Directors of the District, adopted on May 18, 2020, forming the CFD.

“Authorized Representative” means the General Manager, the District Engineer/Deputy General Manager or the Director of Finance and Administration of the District, acting on behalf of the District, or any other person designated in writing by the General Manager, District Engineer/Deputy General Manager or the Director of Finance and Administration and authorized to act on behalf of the District under or with respect to this Agreement and all other agreements related hereto.

“Bond Counsel” means an attorney or firm of attorneys, selected by the District, of nationally recognized standing in matters pertaining to the tax treatment of interest on bonds issued

by states and their political subdivisions, duly admitted to the practice of law before the highest court of the State.

“Business Day” means any day other than (i) a Saturday or Sunday or (ii) a day on which the New York Stock Exchange is closed and the Federal Reserve is closed.

“CFD” means Community Facilities District No. 2020-1 (Park Circle East/West) of the Valley Center Municipal Water District.

“CFD Bonds” means \$5,355,000 Community Facilities District No. 2020-1 (Park Circle East/West) of the Valley Center Municipal Water District, Series 2024 Special Tax Bonds.

“CFD Financing Agreement” means that certain CFD Financing Agreement made and entered into May 4, 2021, by and between the District, acting for itself and on behalf of the District, and VTL Valley Center Ranch, LLC and VTC Orchard Run, LLC, as such agreement may be amended from time to time.

“CFD Portion of Assessment Indebtedness” means the District’s share of the Assessment Indebtedness which is equal to \$269,253.00 for ISA 110, \$4,232,657.72 for ISA 120 and \$1,200,324.22 ISA 130.

“Closing Date” means _____, 2025.

“Contract(s)” means any instrument pursuant to which a Parity Obligation is issued.

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

“Contract Payments” means the payments scheduled to be paid by the CFD under and pursuant to the Obligations, which payments are secured by a pledge of Net Special Tax Revenues.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the CFD and related to the authorization, execution, sale and delivery of this Installment Purchase Agreement and any Obligations, including but not limited to any costs, fees and charges for preparation and execution of this Installment Purchase Agreement or any Obligations and any other cost, charge or fee incurred in connection with the delivery of this Installment Purchase Agreement or such Obligations.

“Delinquency Proceeds” means the amounts collected from the redemption of delinquent Special Taxes including the penalties and interest thereon and from the sale of property sold as a result of the foreclosure of the lien of the Special Tax resulting from the delinquency in the payment of Special Taxes due and payable on such property.

“District” means Valley Center Municipal Water District, a water district duly organized and existing under the laws of the State of California.

“Equity Reimbursement Component” means the component of the Principal Component of the Installment Payments which is identified in a column by such name on Exhibit C hereto.

“Event of Default” means any of the events of default as defined in Section 5.1.

“Fiscal Year” means each twelve-month period during the Term of this Installment Purchase Agreement commencing, on September 1 in any calendar year and ending on August 31 in the next succeeding calendar year, or any other twelve-month period selected by the District as its fiscal year period.

“Independent Accountant” means any certified public accountant or firm of such certified public accountants appointed and paid by the CFD, and who, or each of whom -

1. is in fact independent and not under domination of the CFD or the District;
 2. does not have any substantial interest, direct or indirect, in the CFD or the District;
- and
3. is not an officer or employee of the CFD or the District, but who may be regularly retained to make annual or other audits of the books of or prepare reports for the CFD or the District.

“Installment Payment Date” means the September 1 of each year commencing September 1, 2026; provided however the first Installment Payment shall be paid upon the Closing Date.

“Installment Payments” means, the Principal Component of the Installment Payments and the Interest Component of the Installment Payments, each as identified in Exhibit C attached hereto, and all other payments required to be paid by the District and CFD on any date under this Installment Purchase Agreement.

“Installment Purchase Agreement” means this Installment Purchase Agreement, dated as of _____, 2025, between the Participant, the CFD and the District.

“Interest Component of the Installment Payments” means the interest payments identified on Exhibit C attached hereto under the column with the same name.

“ISA 110” means that certain Installment Sale Agreement, dated May 23, 2013, by and between the District and California State Water Resource Control Board (“CSWRCB”) for State Revolving Fund Project No. C-06-7454-110, as amended by (i) that certain Amendment No. 1 to Installment Sale Agreement, dated as of March 4, 2016, and (ii) that certain Amendment No. 2 to Installment Sale Agreement, dated October 29, 2024, each by and between the District and CSWRCB, and any additional amendments thereto.

“ISA 120” means that certain Installment Sale Agreement, dated as of November 18, 2015, by and between the District and CSWRCB for State Revolving Fund Project No. C-06-7454-120, as amended by (i) that certain Amendment No. 1 to Installment Sale Agreement, dated as of January 19, 2016, and (ii) that certain Amendment No. 2 to Installment Sale Agreement, dated as of October 29, 2024, each by and between the District and CSWRCB, and any additional amendments thereto.

“ISA 130” means that certain Installment Sale Agreement, dated as of May 23, 2013, by and between the District and CSWRCB for State Revolving Fund Project No. C-06-7454-130, as amended by (i) that certain Amendment No. 1 to Installment Sale Agreement, dated as of February 23, 2016, and (ii) that certain Amendment No. 2 to Installment Sale Agreement, dated as of October 29, 2024, each by and between the District and CSWRCB, and any additional amendments thereto.

“Maximum Annual Debt Service” means, as of any date of calculation, the largest Annual Debt Service during the period from the date of such calculation through the final Contract Payment Date of this Installment Purchase Agreement and all Senior Obligations.

“Net Special Tax Revenues” means the Special Tax Revenues minus amounts applied annually to fund the Administrative Expense Requirement.

“Obligations” means Parity Obligations and Senior Obligations.

“Outstanding” means as to any Obligations outstanding, all of the Obligations, except:

1. Obligations theretofore canceled or surrendered for cancellation;
2. Obligations for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the fiscal agent pursuant to the terms hereof; and

Obligations for the payment or redemption of which monies shall have been theretofore deposited in trust (whether upon or prior to the maturity or the redemption date of such Obligations).

“Parity Obligations” means the Installment Payments, all other bonds, notes, loans, installment sale agreements, leases, or other obligations of the CFD payable from and secured by a pledge of and lien upon any of the Net Special Tax Revenues incurred on a parity basis to the Installment Payments but which are subordinate to the Senior Obligations, issued in accordance with Section 3.1(j) hereof.

“Participant Assessment Payments” means the Assessment payments required to be paid by the Participant pursuant to the Assessment District.

“Phase II Expansion Project” means the wastewater collection and treatment services provided through Woods Valley Ranch Water Reclamation Facility.

“Principal Component of the Installment Payments” means the principal payments identified on Exhibit C, which are comprised of the Assessment Reimbursement Component and Equity Reimbursement Component, attached hereto under the column with the same name.

“Project” means the acquisition of capacity in the Phase II Expansion Project more particularly described on Exhibit A attached hereto.

“Relinquished Capacity” means the amount of capacity in the Project to be acquired by the District as identified on Exhibit C hereto in the column entitled “Capacity Transfer.”

“Senior Obligations” means CFD Bonds, CFD Portion of Assessment Indebtedness, all other bonds, notes, loans, installment sale agreements, leases, or other obligations of the District payable from and secured by a pledge of and lien upon any of the Net Special Tax Revenues incurred on a senior basis to the Installment Payments, issued in accordance with Section 3.1(j) hereof.

“Senior Obligations Payments” means any Contract Payments required in connection with Senior Obligations.

“Special Tax” means the Special Tax authorized to be levied in the CFD pursuant to the Act and the Special Tax RMA.

“Special Tax Consultant” means any person or firm possessing demonstrated experience and expertise in the preparation of special tax formulas and/or the administration of special taxes levied for community facilities districts. Any such person or firm shall be appointed and paid by the District and who, or each of whom –

1. is in fact independent and not under domination of the CFD or the District;
 2. does not have any substantial interest, direct or indirect, in the CFD or the District;
- and
3. is not an officer or employee of the CFD or the District, but who may be regularly retained by the District or other community facilities districts formed by the District to administer the levy of special taxes within such community facilities districts.

“Special Tax Fund” means the fund by that name held by the CFD.

“Special Tax Proportion” means the proportion of the debt service due in a fiscal year for the Outstanding Obligations over the total amount of debt service of all Outstanding Obligations due in such fiscal year.

“Special Tax Revenues” means (a) the proceeds of the Special Tax levied by the CFD pursuant to the Special Tax RMA and received by the CFD, and (b) the Delinquency Proceeds.

“Special Tax RMA” means the rate and method of apportionment of the Special Tax originally authorized to be levied on property within the CFD as approved at the special election held within the CFD on May 18, 2020, and as it may be modified from time to time in accordance with the Act.

“Standby Fee Reimbursement Payments” means the payments required to be paid by the District to the Participant identified in a column with the same name in Exhibit C hereto.

“Standby Fee Reimbursement Payments Amount” means the total of all Standby Fee Reimbursement Payments as identified in Exhibit C hereto.

“Subordinate Obligations” means all obligations of the CFD that are subordinate in priority and payment to the Senior Obligations.

“Term of this Installment Purchase Agreement” or “Term” means the time during which this Installment Purchase Agreement is in effect, as provided in Section 4.3.

SECTION 2.2. Liability of District Limited to Net Special Tax Revenues. Notwithstanding anything to the contrary contained in this Installment Purchase Agreement, the District shall not be required to advance any money derived from any source of income other than the Net Special Tax Revenues, for the payment of the Installment Payments or for the performance of any covenants herein contained. The District may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose without incurring any indebtedness. The Installment Payments shall be payable exclusively from the Net Special Tax Revenues as provided in this Installment Purchase Agreement except as otherwise provided in this Installment Purchase Agreement. The credit of the District is not otherwise pledged for the payment of the Installment Payments or interest thereon. The principal of and interest on the Installment Payments and any prepayment premiums upon the prepayment thereof shall not be payable from or secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the District or any of its income, receipts, or revenues, except the Net Special Tax Revenues pledged to the payment thereof as provided in this Installment Purchase Agreement.

SECTION 2.3. Benefits of Installment Purchase Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the District and the Participant any right, remedy or claim under or pursuant hereto. Any agreement or covenant required herein to be performed by or on behalf of the District shall be for the sole and exclusive benefit of the Participant.

SECTION 2.4. District Successor Is Deemed Included in all References to Predecessor. Whenever the District is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the District, and all agreements and covenants required hereby to be performed by or on behalf of the District shall be assumed fully by and will bind and inure to the benefit of the successors thereof whether so expressed or not.

SECTION 2.5. Participant Successor Is Deemed Included in all References to Predecessor. Whenever the Participant is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Participant, and all agreements and covenants required hereby to be performed by or on behalf of the Participant shall be assumed fully by and will bind and inure to the benefit of the successors thereof whether so expressed or not; provided however, the Participant shall notify the District not less than sixty (60) days prior to the estimated date of the close of escrow related to the transfer of any Participant's Parcel.

SECTION 2.6. Waiver of Personal Liability. No member of the District Board of Directors and no officer, agent, or employee of the District, or of any department or agency thereof, shall be individually or personally liable for the payment of the principal of or interest on this

Installment Purchase Agreement, but nothing contained herein shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or hereby.

SECTION 2.7. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. Words of any gender shall be deemed and construed to include all genders. All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith” and other words of similar import refer to this Installment Purchase Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

SECTION 2.8. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the District shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof; but the Participant shall retain all the rights and benefits accorded to it under any applicable provisions of law.

SECTION 2.9. Exhibits. The following Exhibits are attached to, and by reference made a part of this Installment Purchase Agreement:

Exhibit A: Description of the Participating Parcels;

Exhibit B: Capacity Reservation Transfer Allocation Chart; and

Exhibit C: Schedule of Installment Payments and Participant Assessment Payment.

ARTICLE 3

REPRESENTATIONS, COVENANTS AND WARRANTIES

SECTION 3.1. Representations, Covenants and Warranties of the District. The District represents, covenants and warrants to the Participant as follows:

(a) Installment Purchase Agreement. Each representation and warranty and all information set forth in this Installment Purchase Agreement and/or any other document submitted in connection with, or to induce the Participant to enter into this Installment Purchase Agreement is correct in all material respects as of the Closing Date.

(b) Due Organization and Existence. The District is a water district and political subdivision of the State of California, duly organized and existing under the laws of the State of California, with full power and authority to enter into this Installment Purchase Agreement and conduct its business.

(c) Authorization. The laws of the State of California authorize the District to enter into this Installment Purchase Agreement and to enter into the transactions contemplated hereby,

and to carry out its obligations under this Installment Purchase Agreement and the Board of Directors of the District has duly authorized the execution and delivery of this Installment Purchase Agreement.

(d) Conflicting Agreements. Neither the execution and delivery of this Installment Purchase Agreement nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the District is now a party or by which the District is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrances whatsoever upon any of the property or assets of the District, other than as set forth herein.

(e) Consents and Approvals. All consents, approvals, authorizations, orders, licenses or permits of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter, that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the making or accepting of this Installment Purchase Agreement and the execution, delivery of and performance thereof by the District have been duly obtained.

(f) Litigation. There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, is pending and served or, to the District's actual current knowledge, threatened against the CFD : (i) in any way affecting the existence of the CFD or in any way challenging the respective powers of the several offices or the titles of the officials of the CFD to such offices; (ii) affecting or seeking to prohibit, restrain or enjoin the making, execution or delivery of this Installment Purchase Agreement or the application of the proceeds of this Installment Purchase Agreement; (iii) in any way contesting or affecting, as to the CFD , the validity or enforceability of this Installment Purchase Agreement; (iv) in any way contesting the powers of the District or its authority with respect to the adoption of Resolution No. 2025-28 of the District, or the execution and delivery of this Installment Purchase Agreement; or (v) in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby or that might materially adversely affect the ability of the District to perform and satisfy its obligations under this Installment Purchase Agreement; nor to the best of the District's knowledge is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the proceedings authorizing this Installment Purchase Agreement or the performance by the CFD of its obligations thereunder, or the authorization, execution, delivery or performance by the District of this Installment Purchase Agreement.

(g) Valid and Binding Obligation. This Installment Purchase Agreement is a valid and binding obligation of the District enforceable in accordance with its terms.

(h) Pledge and Other Liens. The pledge in this Installment Purchase Agreement to repay the Installment Payments constitutes a lien on and a pledge of all Net Special Tax Revenues and there are no other liens on the Net Special Tax Revenues as of the Closing Date.

(i) Due Execution. The District, on behalf of itself and the CFD, has duly authorized and executed this Installment Purchase Agreement in accordance with the laws of the State.

(j) Additional Indebtedness. The CFD may not issue additional debt which is senior in lien to the Installment Payments.

(1) *Subordinate Obligations.* The CFD may issue additional debt at any time which is subordinate to the lien of the Installment Payments.

(2) *Parity Obligations.* Subject to the satisfaction of the specific conditions set forth herein, the CFD may at any time after the issuance and delivery of the Installment Purchase Agreement issue Parity Obligations payable from Net Special Tax Revenues and other amounts deposited in the funds and accounts created under a Contract and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Parity Obligations theretofore issued under this Installment Purchase Agreement or under any Contracts.

The issuance of any series of Parity Obligations shall be subject to the following additional specific conditions, which are conditions precedent to the issuance of such Parity Obligations:

A. The aggregate principal amount of the Obligations, excluding the CFD Portion of the Assessment Indebtedness, issued may not exceed \$20,000,000; provided, however, that, notwithstanding the foregoing Parity Obligations may be issued at any time to refund Outstanding Parity Obligations where the issuance of such Parity Obligations results in a reduction of Annual Debt Service on all Outstanding Parity Obligations.

B. The CFD shall be in compliance with all covenants set forth in this Installment Purchase Agreement and any Contracts then in effect and a certificate of the CFD to that effect shall have been filed with the fiscal agent; provided, however, that Parity Obligations may be issued notwithstanding that the CFD is not in compliance with all such covenants so long as immediately following the issuance of such Parity Obligations the CFD will be in compliance with all such covenants.

C. The issuance of such Parity Obligations shall have been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Obligations shall have been provided for by Contracts duly adopted by the CFD.

(3) *Refunding of Existing Senior Obligations.* The CFD may at any time refund its existing Senior Obligations on a senior basis to the Installment Payments.

(k) Punctual Payment. The CFD will duly and punctually pay or cause to be paid the Installment Payments on the date, at the place and in the manner provided herein, but only out of Net Special Tax Revenues and such other funds as may be herein provided.

(l) Collection of Special Taxes. The CFD shall comply with all requirements of the Act so as to assure the timely collection of the Special Taxes in an amount sufficient to pay the Annual Debt Service on the Obligations when due, Administrative Expenses when due and amounts, if any, to replenish the reserve fund to the reserve requirement for any Obligations. Prior to July 1 of each year, the CFD shall ascertain the parcels on which the Special Taxes are to be

levied in the following Fiscal Year, taking into account any subdivisions of parcels during the current Fiscal Year. The CFD shall effect the levy of the Special Tax in accordance with the Special Tax RMA and the Act each Fiscal Year so that the computation of such levy is complete and transmitted to the Auditor of the County of San Diego before the final date on which the Auditor of the County of San Diego will accept the transmission of the Special Tax for the parcels within the CFD for inclusion on the next real property tax roll. Upon completion of the computation of the amount of the Special Tax levy, the District shall prepare or cause to be prepared, and shall transmit or cause to be transmitted to the Auditor of the County of San Diego, such data as such Auditor requires to include the levy of the Special Tax on the next real property tax roll.

(m) Reduction of Special Taxes. The CFD finds and determines that, historically, delinquencies in the payment of special taxes authorized pursuant to the Act in community facilities districts in Southern California have from time to time been at levels requiring the levy of special taxes at the maximum authorized rates in order to make timely payment of principal of and interest on the outstanding indebtedness of such community facilities districts. For this reason, the CFD has determined that, absent the certification described below, a reduction in the Maximum Special Tax (as such term is defined in the Special Tax RMA) authorized to be levied below the levels provided would interfere with the timely retirement of the Obligations. The CFD has determined it to be necessary in order to preserve the security for the Obligations to covenant, and, to the maximum extent that the law permits it to do so, the CFD does covenant, that it shall not initiate proceedings to reduce the Maximum Special Tax rates (as set forth in the Special Tax RMA), unless, in connection therewith, (i) the CFD receives a certificate from one or more Special Tax Consultants which, when taken together, certify that, on the basis of the parcels of land and improvements existing in the CFD as of the July 1 preceding the reduction, the Maximum Special Tax which may be levied on all Assessor's Parcels (as such term is defined in the Special Tax RMA) of taxable property on which a completed structure is located in each Fiscal Year will equal at least 110% of the largest sum of the Annual Debt Service on the Obligations to remain Outstanding and any refunding bonds or refunding obligations outstanding ("Maximum Debt Service") after the reduction is approved and will not reduce the Maximum Special Tax payable from parcels on which a completed structure is located or to be located at buildout of the CFD as proposed to less than 110% of the Maximum Debt Service, and (ii) the legislative body of the CFD finds pursuant to this Installment Purchase Agreement that any reduction made under such conditions will not adversely affect the interests of the owners of the Parity Obligations. Any reduction in the Maximum Special Tax approved pursuant to the preceding sentence may be approved without the consent of the owners of the Obligations or the Participants.

(n) Initiatives. The CFD covenants that, in the event that any initiative is adopted by the qualified electors which purports to reduce the Maximum Special Tax below the levels authorized pursuant to the Special Tax RMA or to limit the power or authority of the CFD to levy Special Taxes pursuant to the Special Tax RMA, the CFD shall, from funds in the Administrative Expense Fund or otherwise available hereunder, commence and pursue legal action in order to preserve the authority and power of the CFD to levy Special Taxes pursuant to the Special Tax RMA.

(o) Records. The District will at all times keep, or cause to be kept, proper and current books and accounts (separate from all other records and accounts) in which complete and accurate

entries shall be made of all transactions relating to the Special Tax Revenues and other funds herein provided for.

SECTION 3.2. Representations, Covenants and Warranties of the Participant. The Participant represents, covenants and warrants to the District as follows:

(a) Authorization. The Participant is authorized to enter into this Installment Purchase Agreement and the transactions contemplated hereby, and the Participant has duly authorized the execution and delivery of this Installment Purchase Agreement.

(b) Participant Assessment Payment Amount and Assessment Lien. The Participant acknowledges and agrees that the Participating Parcels will continue to be (a) subject to the Assessment Lien and (b) levied an Assessment in the amount of the Participant Assessment Payments. The Participant agree that it shall pay the Participant Assessment Payments in full when due.

(c) No Violations. Neither the execution and delivery of this Installment Purchase Agreement nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Participant is now a party or by which the Participant is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Participant.

(d) Litigation. To the best knowledge of the Participant, there is no pending or threatened action or proceeding before any court or administrative agency which will materially adversely affect the ability of the Participant to perform its obligations under this Installment Purchase Agreement.

(e) Payment of Taxes. The Participant hereby represents that it is current on the payment of all property taxes and assessments for each Participant Parcel.

ARTICLE 4

TERMS OF AGREEMENT

SECTION 4.1. Purchase of Project and District. The Participant agrees to transfer to the District the Relinquished Capacity to the District pursuant to the schedule set forth in Exhibit C hereto. The Relinquished Capacity shall come from the Participant's Parcels as set forth on Exhibit B. Title to the Project, and each and every portion thereof shall vest in the District upon the acquisition thereof; provided, however, the District shall be subject to the payment of Installment Payments as described under this Installment Purchase Agreement and any other amounts due hereunder, to the remedies of the Participant in the Event of Default as provided in Article 5 hereof.

SECTION 4.2. Repayment of the Project by the District. The District hereby agrees to purchase from the Participant the Project at an amount equal to the Acquisition Amount,

payable on each Installment Payment Date as set forth in Exhibit C. The Equity Reimbursement Component shall be paid to the Participant and the Assessment Reimbursement Component shall be paid to each record owner of each Participating Parcel as of July 1 of each year and each Participating Parcel's share of the Assessment Reimbursement Component shall be calculated annually based upon the number of units of capacity by each such Participating Parcel as identified in Exhibit B hereto. The Installment Payments shall be paid solely through Net Special Tax Revenues as described herein on a subordinate basis to the Senior Obligations, as Subordinate Obligations of the CFD and are payable after payments required for Senior Obligations as set forth in Section 4.9 below. Additionally, the Participant shall be entitled to receive the Standby Fee Reimbursement Payments as set forth in Exhibit C. The Standby Fee Reimbursement Payments shall be paid through legally available funds of the District. The Standby Fee Reimbursement Payments are not obligations of the CFD and are not payable through Special Taxes. Notwithstanding anything herein to the contrary, the transfer of the Relinquished Capacity does not impair or otherwise affect Participant's right, title and interest in the remaining capacity in the Project as set forth on Exhibit B.

SECTION 4.3. Term. The Term of this Installment Purchase Agreement shall commence on the Closing Date, and shall end on September 2, 2041.. To the extent that Special Taxes are insufficient to make the Installment Payments when due and payable, the obligation to make such payments shall remain outstanding.

SECTION 4.4. Payments Generally. The District shall make payments to the Participant pursuant to written instructions provided by the Participant to the District in the amounts set forth in Exhibit C attached hereto and incorporated herein.

SECTION 4.5. Prepayment. The District shall have the right to prepay any of the Installment Payments, in full or in part, without premium on any date.

SECTION 4.6. Effect of Prepayment. In the event that the District prepays the Installment Payments in full and all other sums due to the Participant hereunder, the District's obligations under this Installment Purchase Agreement shall thereupon cease and terminate (except those obligations which expressly survive the termination of this Installment Purchase Agreement), including but not limited to the District's obligation to pay Installment Payments under this Installment Purchase Agreement.

SECTION 4.7. Taxes and Obligations. Any payment by the District to the Participant will be made net of any taxes and other amounts or obligations due and payable to the District (other than income and similar taxes imposed on or measured by the Participant's overall net income). The Participant shall be responsible for the payment of all such taxes and amounts.

SECTION 4.8. Nature of District's Obligations.

(a) Special Obligation. The District's obligation to pay the Installment Payments is a special obligation of the District limited solely to the Net Special Tax Revenues. Under no circumstances is the District required to advance moneys derived from any source of income other than the Net Special Tax Revenues and other sources specifically identified herein for the payment

of the Installment Payments, and no other funds or property of the District are liable for the payment of the Installment Payments.

(b) Obligations Absolute. The obligations of the District and CFD to pay the Installment Payments from the Net Special Tax Revenues and to perform and observe the other agreements contained herein are absolute and unconditional and are not subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach of the District or the Participant of any obligation to the District, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the District by the Participant. Until such time as all of the Installment Payments have been fully paid or prepaid, the District:

- (i) will not suspend or discontinue payment of any Installment Payments; and
- (ii) will perform and observe all other agreements contained in this Installment Purchase Agreement.

(c) Protection of Rights. If the Participant fails to perform any such agreements on its part, the District may institute such action against the Participant as the District deems necessary to compel performance so long as such action does not abrogate the obligations of the District contained in the preceding subsection (b).

The District may, however, at the District's own cost and expense and in the District's own name or in the name of the Participant prosecute or defend any action or proceeding or take any other action involving third persons which the District deems reasonably necessary in order to secure or protect the District's rights hereunder, and in such event the Participant will (upon reasonable notice, and at the sole expense of the District) cooperate fully with the District to the extent reasonably necessary and take such action reasonably necessary to effect the substitution of the District for the Participant in such action or proceeding if the District shall so request.

SECTION 4.9. Special Tax Fund.

Special Tax Fund. After the CFD has received Special Tax Revenues in an amount equal to the Administrative Expense Requirement and deposited such Special Tax Revenues in the Administrative Expense Fund, the CFD shall, no later than the tenth (10th) Business Day after which Special Tax Revenues have been received by the CFD, and in any event not later than February 15th and August 15th of each year, set aside Net Special Tax Revenues for payment of Outstanding Senior Obligations payable in such fiscal year, except as set forth in the below, as follows:

(1) Transfer to the interest account of each debt service fund established for such Senior Obligations pursuant to the Contracts an amount required to cause the aggregate amount on deposit in the interest account to equal the amount of interest due or becoming due and payable on such interest payment date on all Outstanding Senior Obligations or to be paid on the Senior Obligations being redeemed on such date.

(2) Transfer to the principal account of each debt service fund established for such Senior Obligations pursuant to the Contracts, on each September 1, an amount required to

cause the aggregate amount on deposit in the principal account to equal the principal amount of, and premium (if any) on the Senior Obligations coming due and payable on such September 1, whether at maturity or by mandatory sinking fund payments on the Outstanding Senior Obligations.

(3) On or after September 2 of each year after making the deposits and transfers required under (1) through (2) above, the CFD shall cause to be transferred the amount, if any, necessary to replenish the amount then on deposit in the reserve fund to an amount equal to the reserve requirement as established pursuant to the Contracts.

(4) On or after September 2 of each year after making the deposits and transfers required under (1) through (3) above, upon receipt of written instructions from a CFD representative, the CFD shall transfer or cause a fiscal agent to transfer from the Special Tax Fund to the rebate fund established pursuant to the Contracts the amount specified in such request.

(5) On or after September 2 of each year after making the deposits and transfers required under (1) through (4) above, the District shall or cause a fiscal agent to transfer from the Special Tax Fund to the CFD for deposit in the Administrative Expense Fund the amounts specified in such request to pay those Administrative Expenses which the CFD reasonably expects will become due and payable during such Fiscal Year or the cost of which Administrative Expenses have previously been incurred and paid by the CFD from funds other than the Administrative Expense Fund in excess of the Administrative Expense Requirement for such Fiscal Year.

(6) If, on or after September 2 of each year, after making the deposits and transfers required under (1) through (5) above, monies remain in the Special Tax Fund, such monies shall be transferred to the CFD to be utilized to finance the Authorized Purposes in accordance with the priorities set forth in the CFD Financing Agreement, including the payment of the Installment Payments.

Should Net Special Tax Revenues be insufficient to fund the payment of debt service payable in such fiscal year on all Outstanding Obligations, the CFD shall allocate Net Special Tax Revenues on the dates listed above first to each Outstanding Senior Obligations in an amount equal to the Special Tax Proportion and then, if any Net Special Tax Revenues remain after payment of all Annual Debt Service due in such fiscal year on the Senior Obligations to each Outstanding Parity Obligation in an amount equal to the Special Tax Proportion .

Net Special Tax Revenues representing Prepayments shall be deposited in the amounts representing the Special Tax Proportion of each of the Outstanding Senior Obligations as follows: (A) for the CFD Bonds to the applicable fiscal agent for deposit into the Redemption Fund as set forth in written instructions from an Authorized Representative, (B) for the Assessment Debt the CFD Portion of the Assessment Indebtedness and the District Assessment Payments shall be transferred to the Assessment Fund, (C) for any additional Senior Obligations to the applicable fund or account as established in the Obligation Contract and (D) for any Parity Obligations to the applicable fund or account as established in the Obligation Contract.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

SECTION 5.1. Events of Default and Acceleration of Installment Payments.

(a) Events of Default. The following events shall be Events of Default under this Installment Purchase Agreement.

(i) Default in the due and punctual payment of the Installment Payments and/or the Standby Fee Reimbursement Payment when and as the same shall become due and payable, if the same is not paid within 10 days of the date it becomes due.

(ii) Default by the District in the observance of any of the other material covenants, agreements or conditions on its part in this Installment Purchase Agreement, if such default shall have continued for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the District by the Participant. Provided that such default shall not constitute an Event of Default under this Installment Purchase Agreement if the District shall commence to cure such default within said thirty (30) day period and thereafter diligently and in good faith shall cure such default within a reasonable period of time; or

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

(b) Remedies. Upon the occurrence of an Event of Default listed above in (a), all unpaid Installment Payments shall become immediately due and payable on a subordinate basis to the Senior Obligations as provided in Section 5.2.

Participant shall have all other remedies available to it at law or in equity.

SECTION 5.2. Application of Revenues and Other Funds after Default. If a default in the payment of the Installment Payments shall occur and be continuing, all Special Tax Revenues and any other funds then held or thereafter received under any of the provisions of this Installment Purchase Agreement shall be applied as follows and in the following order:

(a) To the payment of any expenses necessary in the opinion of the District to protect the interest of the owners of the Senior Obligations, the owners of Senior Obligations, if any, and payment of reasonable charges and expenses of a fiscal agent (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under any Senior Obligations Contracts;

(b) To the payment of the principal of and interest then due with respect to the Senior Obligations, if any, as follows:

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

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

(c) To the payment of the principal of and interest then due with respect to the Parity Obligations, if any, as follows:

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

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

SECTION 5.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Participant is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Installment Purchase Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Participant to exercise any remedy reserved to it in this Article 5 it shall not be necessary to give any notice, other than such notice as may be required, in this Article 5 or by law.

SECTION 5.4. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Installment Purchase Agreement should default under any of the provisions hereof and the non-defaulting party should employ attorneys (including in-house counsel) or incur

other expenses for the collection of moneys or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the non-defaulting party the reasonable fees of such attorneys (including the allocable cost of in-house counsel) and such other expenses so incurred by the non-defaulting party.

SECTION 5.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Installment Purchase Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

A waiver of any default or breach of duty or contract by the Participant shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Participant to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Participant by law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Participant. If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Participant, the District and the Participant shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

ARTICLE 6

MISCELLANEOUS

SECTION 6.1. Miscellaneous Provisions.

(a) Applicable Law. This Installment Purchase Agreement and any disputes relating to this Installment Purchase Agreement shall be construed under the laws of the State of California.

(b) Venue. In the event of any legal or equitable proceeding to enforce or interpret the terms or conditions of this Installment Purchase Agreement, the parties agree that venue shall lie only in the federal or state courts in or nearest to the Central Judicial District, County of San Diego, and State of California.

(c) Modification. This Installment Purchase Agreement may not be altered in whole or in part except by a modification, in writing, signed by the District and Participant.

(d) Entire Agreement. This Installment Purchase Agreement, together with all the exhibits attached hereto, contains all the representations and the entire understanding between the parties. The parties mutually declare that there have not been any oral promises or agreements not contained in this Installment Purchase Agreement. Participant further expressly agrees that Participant has not relied upon any oral promises or oral agreements of anyone connected with the District in executing this Installment Purchase Agreement.

(e) Binding Effect. This Installment Purchase Agreement shall inure to the benefit of and be binding upon the parties and their respective purchasers, successors, heirs, and assigns.

(f) Unenforceable Provisions. The terms, conditions, and covenants of this Installment Purchase Agreement shall be construed whenever possible as consistent with all applicable laws and regulations. To the extent that any provision of this Installment Purchase Agreement, as so interpreted, is held to violate any applicable law or regulation, the remaining provisions shall nevertheless be carried into full force and effect and remain enforceable.

(g) Representation of Capacity to Contract. If this Installment Purchase Agreement is signed on behalf of the Participant, the party signing this Installment Purchase Agreement on behalf of Participant hereby expressly warrants and represents that he/she has the authority to execute this Installment Purchase Agreement on behalf of the Participant.

(h) Opportunity to be Represented by Independent Counsel. Participant warrants and represents that he/she has been advised to consult independent legal counsel of Participant's own choosing and has had a reasonable opportunity to do so prior to executing this Installment Purchase Agreement. Participant further warrants and represents that he/she has carefully read all of this Installment Purchase Agreement and has executed this Installment Purchase Agreement voluntarily and with full understanding of all terms and conditions herein.

(i) Notices. All letters, statements, or notices required pursuant to this Installment Purchase Agreement shall be deemed effective upon receipt when personally served or sent certified mail, return receipt requested, to the following addresses:

To Participant:

[NAME:
ADDRESS:
EMAIL]

To District:

Wally Grabbe, District Engineer
Valley Center Municipal Water District
29300 Valley Center Road
Valley Center, CA 92082
Email: WGrabbe@vcmwd.org

(j) Assignment of Agreement; Sale or Transfer of Participant's Parcels. This Agreement pertains solely to the Participant's Parcels and is not transferable to any other property without express written permission from the Board of Directors of the District. Consent to any purported transfer, sale, or assignment of this Installment Purchase Agreement without the prior written consent of the District renders this Installment Purchase Agreement null and void. Notwithstanding the foregoing or anything herein to the contrary, the Participant's right to payment hereunder for the Standby Fee Reimbursement Payment and Equity Reimbursement Component are rights held by Participant (or any assignee thereof) irrespective of whether

Participant retains fee title interest to the Participant's Parcels. The rights to payment hereunder of the Assessment Reimbursement Component shall run with the land and are rights of the current and any future owner of the Participant's Parcels.

(k) Sale of Participant's Parcels. Participant shall be required to notify the District in writing of any sale, transfer or other conveyance of all or any portion of Participant's Parcels within thirty (30) days of the date of any such sale, transfer or conveyance.

(l) Attorney's Fees. In the event any action or proceeding is filed by anyone to challenge, invalidate, interpret or enforce this Installment Purchase Agreement, the prevailing party between the District and the Participant shall be entitled to recover all attorney's fees and litigation expenses in addition to all other relief afforded by applicable law.

(m) Recordation. Upon execution of this Installment Purchase Agreement by the parties hereto, District shall cause this Installment Purchase Agreement to be recorded in the office of the County Recorder of the County of San Diego.

(Signature page follows)

IN WITNESS WHEREOF, the parties have caused this Installment Purchase Agreement to be executed as of the date first written above.

INDIAN CREEK ASSOCIATES, LLC, a California limited liability company

By: _____
Dana Haynes, Manager

VALLEY CENTER MUNICIPAL WATER DISTRICT, on behalf of itself and Community Facilities District No. 2020-1 (Park Circle East/West)

By: _____
Lindsay Leahy, General Manager

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF SAN DIEGO)

On _____, before me,
_____, Notary Public, personally appeared
_____, who proved to me on the basis of
satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within
instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or
the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____(SEAL)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF SAN DIEGO)

On _____, before me,
_____, Notary Public, personally appeared
_____, who proved to me on the basis of
satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within
instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or
the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____(SEAL)

EXHIBIT "A"

LEGAL DESCRIPTION OF PARTICIPATING PARCELS

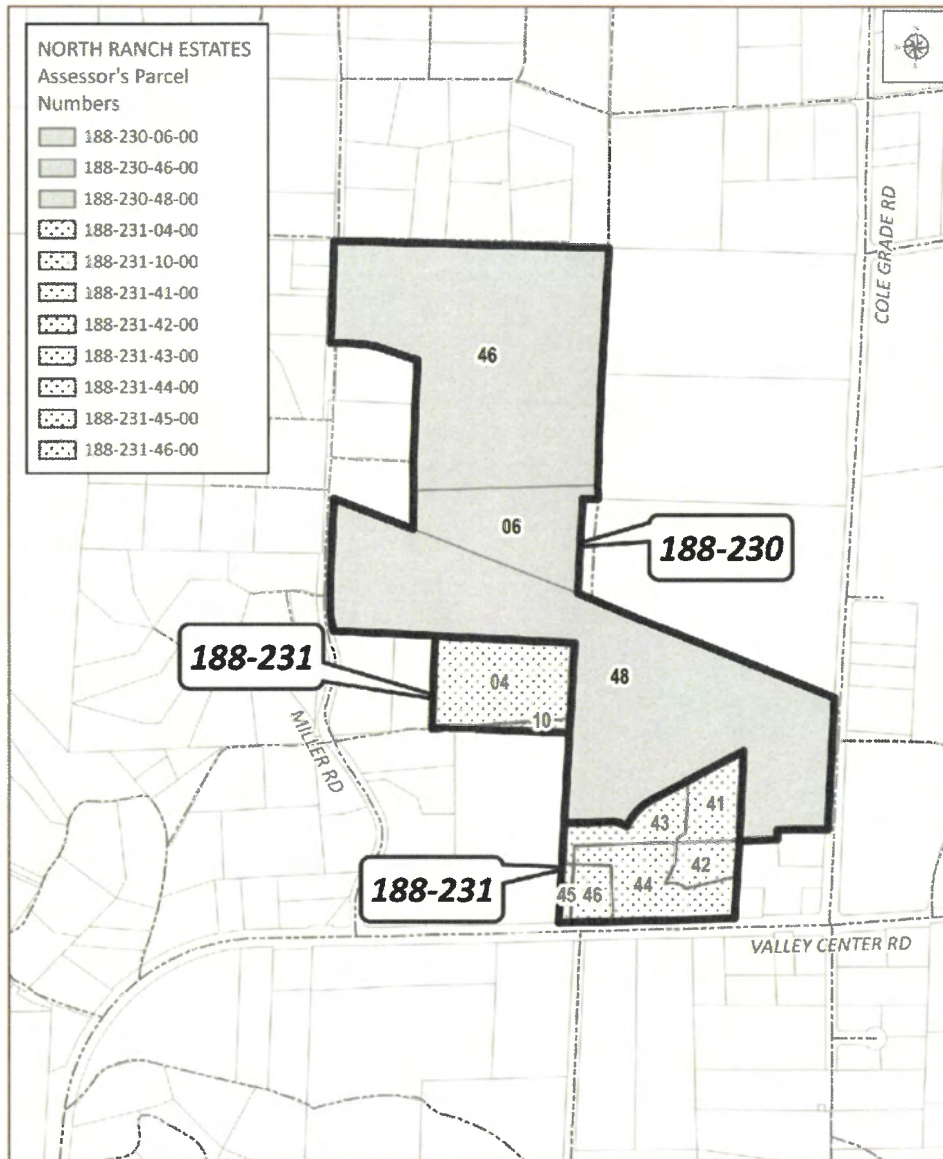


Exhibit “B”
Capacity Reservation Transfer Allocation Chart
(as of June 30 each year)

<u>Owner Group</u>	<u>Allocated Capacity by Owner (EDUs)</u>	<u>Allocated Capacity by Parcel (EDUs)</u>	<u>APN</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>Total Transferred</u>	<u>Remaining Capacity (EDUs)</u>
Indian Creek Associates (VCVP LP)	24	23	188-231-04												3	15.5	18.5	4.5
		1	188-231-10															1
		17	188-231-41									5	12				17	
		11	188-231-42							3	8						11	
Indian Creek Associates (Bob’s LLC)	85	17	188-231-43								7	10					17	
		30	188-231-44										3	15	12		30	
		1	188-231-45							1							1	
		9	188-231-46							9							9	
		11	188-230-06						9	2							11	
Indian Creek Associates	115	47	188-230-46		3	5	18	15	6								47	
		57	188-230-48	55	2												57	
EDUs Transferred	224	224		55	5	5	18	15	15	15	15	15	15	15	15	15.5	218.5	5.5
Cumulative EDUs Transferred				55	60	65	83	98	113	128	143	158	173	188	203	218.5	218.5	
Total Remaining EDUs				169	164	159	141	126	111	96	81	66	51	36	21	5.5		5.5

EXHIBIT “C”

SCHEDULE OF INSTALLMENT PAYMENTS AND PARTICIPANT ASSESSED PAYMENT

Payment Due September 1	Capacity Transfer (EDUs per Fiscal Year)	Standby Fee Reimbursement Payments	Installment Payments				
			Equity Reimbursement Component	Assessment Reimbursement Component	Total Principal Component	Interest Component	Total Installment Payments
2025*	60	\$224,280*	\$ 32,834	\$ 58,828	\$ 91,662	\$13,338	\$105,000
2026	5		41,907	64,176	106,083	13,917	120,000
2027	18		51,089	69,524	120,613	14,387	135,000
2028	15		42,620	88,777	131,396	18,604	150,000
2029	15		42,780	104,821	147,601	22,399	170,000
2030	15		42,655	120,865	163,520	26,480	190,000
2031	15		42,232	136,909	179,141	30,859	210,000
2032	15		41,498	152,953	194,451	35,549	230,000
2033	15		40,440	168,997	209,437	40,563	250,000
2034	15		44,043	185,041	229,084	45,916	275,000
2035	15		42,404	201,085	243,489	51,511	295,000
2036	15.5		45,400	217,129	262,528	57,472	320,000
2037	0		606,056	-	606,056	63,944	670,000
2038	0		634,389	-	634,389	50,611	685,000
2039	0		713,346	-	713,346	36,654	750,000
2040	0		952,742	-	952,742	20,960	973,703
2041	0	-	-	-	-	-	-
Total	218.5	\$224,280	\$3,416,437	\$1,569,102	\$4,985,539	\$543,164	\$5,528,703

* Payment to occur on the Closing Date.

RESOLUTION NO. 2025-26

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CENTER MUNICIPAL WATER DISTRICT APPROVING AN INSTALLMENT PURCHASE AGREEMENT WITH RESPECT TO FINANCING THE PURCHASE OF WASTEWATER CAPACITY IN AN AMOUNT NOT TO EXCEED \$5,470,000 THROUGH SPECIAL TAXES LEVIED WITHIN COMMUNITY FACILITIES DISTRICT NO. 2020-1 (PARK CIRCLE EAST/WEST) OF THE VALLEY CENTER MUNICIPAL WATER DISTRICT AND OTHER MATTERS PERTAINING THERETO

WHEREAS, the Valley Center Municipal Water District (the "District") is authorized by the laws of the State of California to acquire additional wastewater treatment and storage capacity to allow for the provision for wastewater service for properties located within the District's service area; and

WHEREAS, certain property owners (the "Property Owner") within the District's jurisdiction have excess capacity in the Woods Valley Ranch Water Reclamation Facility (the "Facility") and the District desires to purchase such capacity (the "Project"); and

WHEREAS, the District is in need of additional capacity to serve a portion of its jurisdiction and such properties can be served through the excess capacity in the Facility; and

WHEREAS, such properties are located within the boundaries of Community Facilities District No. 2020-1 (Park Circle East/West) of the Valley Center Municipal Water District (the "CFD") and special taxes have been levied which are authorized, amongst other things, to finance additional wastewater treatment and storage capacity; and

WHEREAS, the District and CFD have determined that it would be in their best interests to finance the Project by entering into that certain Installment Purchase Agreement, by and between the Property Owner, the District and CFD (the "Agreement") which shall be secured by special taxes levied within the CFD on a subordinate basis to the CFD's outstanding debt; and

WHEREAS, in accordance with California Government Code Section 5852.1, the Board has obtained good faith estimates from Fieldman, Rolapp & Associates, Inc., the District's municipal advisor (the "Municipal Advisor"), and such estimates are disclosed in Exhibit A attached hereto; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of the Agreement, do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the District and CFD are now duly authorized to execute, enter into and perform the Agreement.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF VALLEY CENTER MUNICIPAL WATER DISTRICT, ACTING IN ITS OWN CAPACITY AND AS GOVERNING BOARD OF THE CFD, RESOLVES AS FOLLOWS:

- SECTION 1. Approval of Installment Purchase Agreement. The Agreement, which provides generally for the purchase by the District of the Project, and the payment by the District to the Property Owner of installment payments secured by CFD special taxes in amounts which will be sufficient to pay the principal of and interest owing to the Property Owner, is hereby approved and the General Manager or any designee thereof (the "Authorized Officer") is hereby authorized to execute, acknowledge and deliver said Agreement on behalf of the District and the CFD in substantially the form hereby approved with any such changes therein as the officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The principal amount of the Agreement shall not exceed \$5,470,000 and an interest rate which does not exceed 2.2%.
- SECTION 2. Other Acts. The Authorized Officer is hereby authorized and directed to do any and all things and to execute and deliver any and all documents which in consultation with the staff and the District's legal counsel they may deem necessary or advisable in order to consummate the financing, or otherwise to effectuate the purposes of this Resolution, and any such actions previously taken by such officers are hereby ratified and confirmed.
- SECTION 5. Effective Date. This Resolution shall become effective on the date on which it is adopted.

ADOPTED by the Board of Directors of the Valley Center Municipal Water District,
at a Regular Meeting thereof held this 17th day of November, 2025, by the following roll
call vote to wit:

AYES:

NOES:

ABSENT:

APPROVED

ATTEST

EXHIBIT A GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Agreement (the "ISA") authorized by this Resolution. Such good faith estimates have been calculated by the District, based on negotiations with Indian Creek Associates, LLC ("ICA"), at the time of preparation of the Estimated Principal Amount.

Estimated Principal Amount. The Municipal Advisor has informed the District that, based on the District's strategies and financing plan, (which includes and assumes, among other things, the availability and timing of certain special tax revenues and timing to make payments to ICA) and certain calculations of available wastewater capacity, the good faith estimate of the aggregate principal amount of the ISA is \$4,985,539 (the "Estimated Principal Amount").

True Interest Cost. Based upon forecasts and calculations provided by the District of interest accruing at 2.20%, against future balances of Capacity Transfer Equity and the CFD share of Capacity Transfer, per Schedule I attached hereto, the Municipal Advisor has informed the District that the good faith estimate of the true interest cost of the ISA, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the ISA, is approximately 0.91%.

Finance Charge. The Municipal Advisor has informed the District that the good faith estimate of the finance charge for the ISA, which means the sum of all fees and charges paid to third parties for costs in connection with the execution and delivery of the ISA (the "Finance Charge"), is \$30,000.

Amount of Proceeds to be Received. The Municipal Advisor has informed the District that the good faith estimate of the amount of proceeds of the ISA expected to be received by the District, less the Finance Charge, and any reserves or capitalized interest paid or funded with proceeds of the ISA, is \$0.

Total Payment Amount. The Municipal Advisor has informed the District that the good faith estimate of the total payment amount, which means the sum total of all principal and interest payments made for the ISA, plus the Finance Charge, not paid with proceeds of the financing, calculated to the final maturity of the ISA, is \$5,558,703

The foregoing estimates constitute good faith estimates only. The estimates above may differ from the actual amounts due to (a) the actual dated date of the ISA being different from the date assumed for purposes of such estimates, (b) the actual aggregate principal amount of the ISA being different from the Estimated Principal Amount, (c) the actual payments of Equity Components and Assessments Components of the payments due on the ISA being different from the payments assumed for purposes of such estimates, (d) or alterations in the District's financing plan, or a combination of such factors. The actual dated date of the ISA and the actual aggregate principal amount of the ISA will be determined by the District based on negotiations with ICA and other factors.

Schedule I

Payment Date (Sept 1)*	EDUs Transferred	\$2,250	\$2,202	System Development Charge	First Year Assessment (FY 2016/17)	Principle Amount of 2nd - Prior YR Assessments	Current Year Full Assessment	Capacity Transfer Equity	CFD Share of Capacity Transfer Assessment	J&K Capacity Equity Due ICA	Less Installment Payments From Special Taxes				O + Interest	P+L-M
											Principal (Equity Component)	Principal (Assessment Component)	Total Principal Component	Interest		
2025	60	135,000	132,120	60,857	273,277	64,176	665,430	58,828	724,258	32,834	58,828	91,662	13,338	105,000	632,596	
2026	5	11,250	11,010	5,071	30,567	5,348	63,246	64,176	127,422	41,907	64,176	106,083	13,917	120,000	653,936	
2027	18	40,500	39,636	18,257	125,123	19,253	242,768	69,524	312,292	51,089	69,524	120,613	14,387	135,000	845,615	
2028	15	33,750	33,030	15,214	117,114	16,044	215,152	88,777	303,929	42,620	88,777	131,396	18,604	150,000	1,018,147	
2029	15	33,750	33,030	15,214	130,241	16,044	228,280	104,821	333,100	42,780	104,821	147,601	22,399	170,000	1,203,646	
2030	15	33,750	33,030	15,214	143,658	16,044	241,696	120,865	362,561	42,655	120,865	163,520	26,480	190,000	1,402,687	
2031	15	33,750	33,030	15,214	157,369	16,044	255,407	136,909	392,316	42,232	136,909	179,141	30,859	210,000	1,615,862	
2032	15	33,750	33,030	15,214	171,382	16,044	269,421	152,953	422,373	41,498	152,953	194,451	35,549	230,000	1,843,785	
2033	15	33,750	33,030	15,214	185,704	16,044	283,742	168,997	452,739	40,440	168,997	209,437	40,563	250,000	2,087,086	
2034	15	33,750	33,030	15,214	200,340	16,044	298,379	185,041	483,419	44,043	185,041	229,084	45,916	275,000	2,341,422	
2035	15	33,750	33,030	15,214	215,299	16,044	313,337	201,085	514,422	42,404	201,085	243,489	51,511	295,000	2,612,355	
2036	15.5	34,875	34,131	15,721	238,273	16,579	339,579	217,129	556,708	45,400	217,129	262,528	57,472	320,000	2,906,534	
2037	0	0	0	0	0	0	0	0	0	606,056		606,056	63,944	670,000	2,300,478	
2038	0	0	0	0	0	0	0	0	0	634,389		634,389	50,611	685,000	1,666,088	
2039	0	0	0	0	0	0	0	0	0	713,346		713,346	36,654	750,000	952,742	
2040	0	0	0	0	0	0	0	0	0	952,742		952,742	20,960	973,703	0	0
2041	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0
Total	218.5	491,625	481,137	221,621	1,988,346	233,707	3,416,437	1,569,102	4,985,539	3,416,437	1,569,102	4,985,539	543,164	5,528,703		

* First Payment to Occur on the Closing Date

DATE: November 17, 2025

TO: Honorable President and Members of the Board of Directors

FROM: Lindsay Leahy, General Manager

SUBJECT: REQUEST AUTHORIZATION TO EXECUTE DRINKING WATER STATE REVOLVING FUND FINANCIAL ASSISTANCE DOCUMENTS FOR THE OLD CASTLE PIPELINE REPLACEMENT PROJECT

PURPOSE:

Request the Board of Directors adopt Resolution No. 2025-29 approving the form of the Installment Sale Agreement with the State Water Resources Control Board ("SWRCB") and authorizing staff to enter into the Drinking Water State Revolving Fund ("SRF") Loan (attached) for the Old Castle Pipeline Replacement Project.

SUMMARY:

The SWRCB has approved staff's application for an SRF Loan for the Old Castle Pipeline Replacement Project. Total cost of the project is estimated at \$9,300,000 with \$5,525,000 being funded from the SRF Loan and \$3,775,000 being funded from an EPA Community Grant. Final approval of the grant is pending completion of EPA's internal review. The attached exhibit shows the limits of the project.

In accordance with California Government Code Section 5852.1, prior to authorizing the issuance of debt obligation the board shall obtain and disclose certain specific information regarding the cost of the debt obligation. Board has obtained good faith estimates from Fieldman, Rolapp & Associates, Inc., the District's municipal advisor (the "Municipal Advisor"), meeting the requirements of the statute and such estimates are disclosed in the attached resolution for Board approval. The proposed agreement and Good Faith Estimate are included as attachments to the resolution for approval.

The terms of the SRF Loan are as follows:

- Principal Amount - \$5,525,000
- Term – 30 Years
- Interest Rate – 1.9%
- Total Interest - \$1,968,452
- Total Payments - \$7,493,452
- Finance Charge (Third party costs) - \$11,000

Once final approval of the grant is received, staff will request Board approval of an interim bridge loan and Budget Amendment to complete the funding and cash flow requirements for the project. Bidding is anticipated to start after the New Year with contract award in April 2026 and completion in April 2028.

RECOMMENDATION:

Staff recommends the Board of Directors adopt Resolution No. 2025-29 approving the form of the Installment Sale Agreement with the State Water Resources Control Board and authorizing staff to enter into the Drinking Water State Revolving Fund Loan for the Old Castle Pipeline Replacement Project.

PREPARED BY:



**Wally Grabbe, PE
District Engineer**

SUBMITTED BY:



**Lindsay Leahy
General Manager**

Attachments:

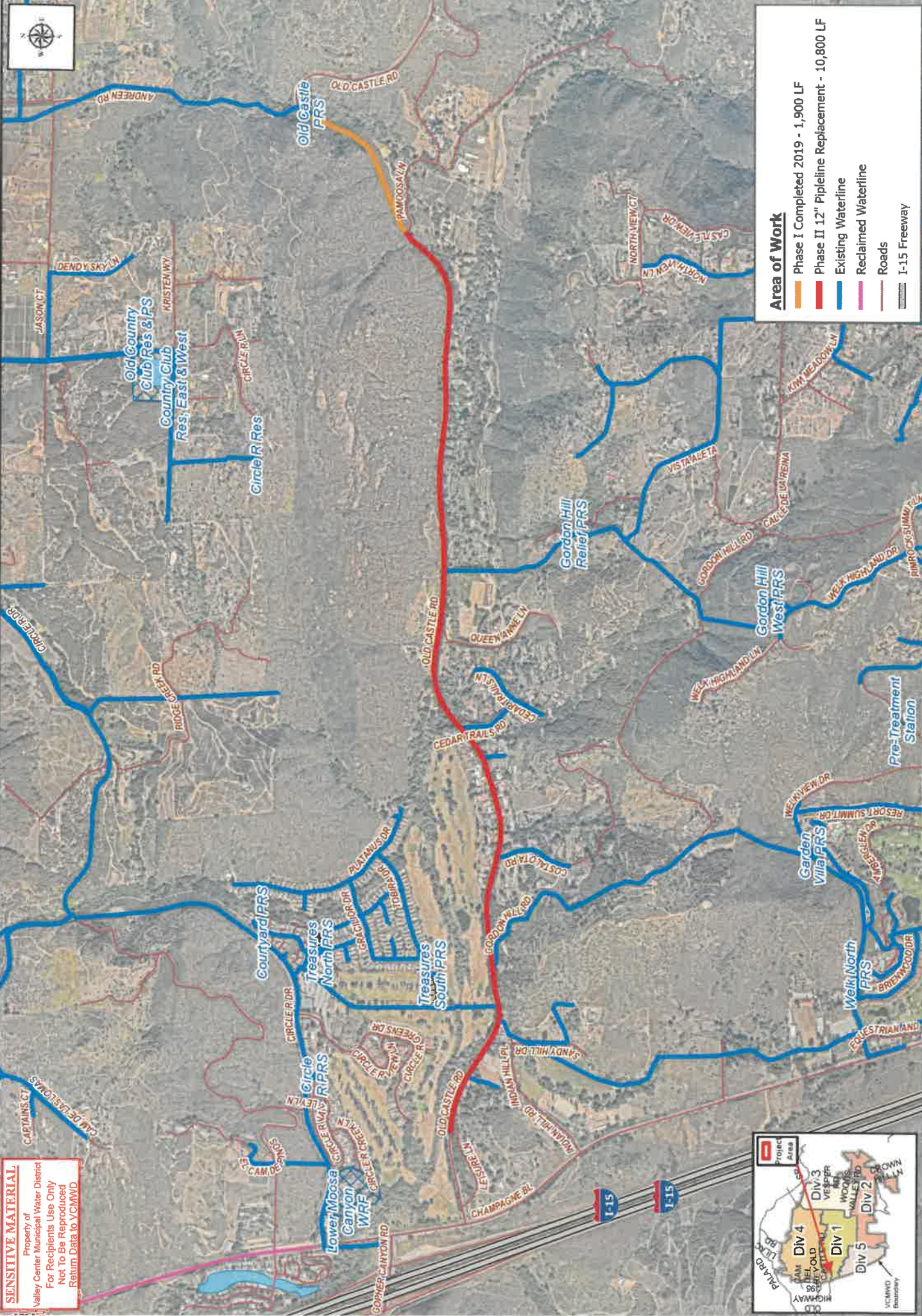
Project Exhibit

Resolution No. 2025-29

Installment Sale Agreement (SRF Loan Document)

Good Faith Estimate

SENSITIVE MATERIAL
 Property of
 Valley Center Municipal Water District
 For Recipients Use Only
 Not To Be Reproduced
 Return Data to VCMWD



Area of Work

- Phase I Completed 2019 - 1,900 LF
- Phase II 12" Pipeline Replacement - 10,800 LF
- Existing Waterline
- Reclaimed Waterline
- Roads
- I-15 Freeway



**Old Castle Waterline Replacement
 Phase II**

RESOLUTION NO. 2025-29

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CENTER
MUNICIPAL WATER DISTRICT AUTHORIZING THE EXECUTION AND
DELIVERY OF AND APPROVING A FINANCING AGREEMENT WITH THE
CALIFORNIA STATE WATER RESOURCES CONTROL BOARD AND
AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH**

WHEREAS, the Board of Directors (the “Board”) of the Valley Center Municipal Water District (the “District”), a public agency duly organized and existing under and pursuant to the Constitution and laws of the State of California, is authorized under provisions of the Constitution and laws of the State of California, and in accordance therewith, to incur indebtedness;

WHEREAS, the District owns and operates a water system (the “System”);

WHEREAS, the Board has determined that it is in the best interests of its constituents to undertake work required for the pipeline replacement project, Project No. 3710026-004C (the “Project”) for the System;

WHEREAS, the District has applied for and obtained a loan from the California State Water Resources Control Board (the “State Water Board”) under the Drinking Water State Revolving Fund Program (the “SRF Loan”) to provide the funds needed to pay for the Project;

WHEREAS, in connection with the SRF Loan, the District must enter into a Construction Installment Sale Agreement, listed as Agreement No. D2502004, attached hereto as Exhibit A, with the State Water Board (the “Financing Agreement”);

WHEREAS, the Financing Agreement provides that the SRF Loan is secured by a pledge of Net Revenues, the District’s Enterprise Fund, and any reserve fund for parity obligations. The District’s Net Revenues are defined in the Financing Agreement generally as the District’s all gross income and revenue received or receivable by the District from the ownership or operation of the District’s water system, less operating and maintenance expenses. The District’s Enterprise Fund is the fund into which the District deposits its revenues from operation of the water system, all as more specifically described and defined in the Financing Agreement;

WHEREAS, the Financing Agreement is necessary to accomplish the completion and funding of the SRF Loan and eventual distribution of loan proceeds to the District to fund the Project;

WHEREAS, pursuant to Section 5852.1 of the Government Code of the State of California the District has obtained from Fieldman Rolapp & Associates, Inc., its Municipal Advisor, good faith estimates of (a) the true interest cost of the SRF Loan, (b) the finance charge of the SRF Loan, meaning the sum of all fees and charges paid to third parties, (c) the amount of proceeds of the SRF Loan expected to be received less the finance charge described above and any reserves or capitalized interest paid or funded with proceeds of the SRF Loan, and (d) the sum total of all debt service payments on the SRF Loan calculated to the final maturity of the SRF Loan plus the finance charge described above not paid with the proceeds of the SRF Loan, and such estimates are

disclosed and set forth in Exhibit B attached hereto and incorporated herein; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the entering into of the documents described above.

NOW, THEREFORE, IT IS HEREBY RESOLVED, DETERMINED, AND ORDERED by the Board of Directors of Valley Center Municipal Water District as follows:

Section 1. The District hereby specifically finds and declares that the statements, findings and determinations of the District set forth in the preambles of the documents approved herein are true and correct.

Section 2. The Financing Agreement is hereby approved and each of the President, the General Manager, and their written designees (each an "Authorized Officer" and together, the "Authorized Officers"), acting alone, is hereby authorized and directed to execute and deliver the Financing Agreement in the name of and on behalf of the District, in substantially the form now before this meeting, but with such changes, modifications, additions and deletions therein as shall be deemed necessary, desirable or appropriate by the Authorized Officer or Authorized Officers. Approval of any such changes, modifications, additions and deletions shall be conclusively evidenced by the execution and delivery of the Financing Agreement by one or more Authorized Officers.

Section 3. The incurrence of the SRF Loan in the principal amount not to exceed \$5,525,000, at an interest rate not to exceed 1.9%, to finance all or a portion of the cost of the Project is hereby approved. The incurrence of the SRF Loan is determined to be consistent with the District's debt policy and to the extent the incurrence of the SRF Loan is not in compliance with the District's debt policy, such noncompliance is waived.

Section 4. Each Authorized Officer is hereby appointed as an authorized officer of the District for all purposes required by the Financing Agreement, and such Authorized Officers are hereby authorized, empowered, and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the foregoing actions.

Section 5. The Authorized Officers are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this Resolution and to effectuate the SRF Loan and the Financing Agreement. Such actions heretofore taken by an Authorized Officer are hereby ratified, confirmed and approved.

Section 6. This Resolution shall take effect immediately upon its passage.

ADOPTED by the Board of Directors of the Valley Center Municipal Water District, at a Regular Meeting thereof held this 17th day of November, 2025, by the following roll call vote to wit:

APPROVED

Enrico P. Ferro, *President*

ATTEST

Coral L. Williams, *Assistant Board Secretary*

EXHIBIT A
FINANCING AGREEMENT



DRINKING WATER

VALLEY CENTER MUNICIPAL WATER DISTRICT

AND

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD



CONSTRUCTION

INSTALLMENT SALE AGREEMENT

2023 WATER FACILITIES REPLACEMENT PROJECT

PROJECT NO. 3710026-004C

AGREEMENT NO. D2502004

PROJECT FUNDING AMOUNT: \$5,525,000

ESTIMATED REASONABLE PROJECT COST: \$9,300,000

ELIGIBLE WORK START DATE: JUNE 3, 2024

ELIGIBLE CONSTRUCTION START DATE: DECEMBER 30, 2025

COMPLETION OF CONSTRUCTION DATE: JULY 1, 2028

FINAL REIMBURSEMENT REQUEST DATE: JANUARY 1, 2029

FINAL PAYMENT DATE: JULY 1, 2058

RECORDS RETENTION END DATE: JULY 1, 2064

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AGREEMENT

1. AUTHORITY.

- (a) The State Water Resources Control Board (State Water Board) is authorized, and implements its authority, to provide financial assistance under this Agreement pursuant to Section 116760 et seq. of the Health and Safety Code, and Resolution Nos. 2019-0065 and 2024-0029.
- (b) The Recipient is authorized to enter into this Installment Sale Agreement (Agreement) pursuant to Resolution No. 2024-34.

2. INTENTION.

- (a) The Recipient desires to receive financial assistance for and undertake work required for the drinking water construction Project according to the terms and conditions set forth in this Agreement.
- (b) The State Water Board proposes to assist in providing financial assistance for eligible costs of the Project in the amount set forth in Exhibit B, according to the terms and conditions set forth in this Agreement, with the expectation that the Recipient shall repay all portion of the financial assistance to the State Water Board.
- (c) The Recipient intends to evidence its obligation to submit Payments to the State Water Board and secure its obligation with Net Revenues of its water enterprise, as set forth in Exhibit B, according to the terms and conditions set forth in this Agreement.
- (d) The Recipient intends to certify and evidence its compliance with the Tax Covenants set forth in Exhibit F.

3. AGREEMENT, TERM, DOCUMENTS INCORPORATED BY REFERENCE.

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

- (a) The Recipient hereby sells to the State Water Board and the State Water Board hereby purchases from the Recipient the Project. Simultaneously therewith, the Recipient hereby purchases from the State Water Board, and the State Water Board hereby sells to the Recipient, the Project in accordance with the provisions of this Agreement. All right, title, and interest in the Project shall immediately vest in the Recipient on the date of execution and delivery of this Agreement by both parties without further action on the part of the Recipient or the State Water Board.
- (b) Subject to the satisfaction of all conditions precedent to this Agreement, this Agreement shall become effective upon the signature of both the Recipient and the State Water Board. Conditions precedent are not limited to the following:
 - i. The Recipient must deliver to the Division a resolution authorizing this Agreement.
 - ii. The Recipient must deliver an opinion of bond counsel and general counsel satisfactory to the State Water Board's counsel dated on or after the date that the Recipient signs this Agreement.
- (c) Upon execution, the term of the Agreement shall begin on the Eligible Work Start Date and extend through the Final Payment Date.

- (d) This Agreement includes the following exhibits and attachments thereto:
- i. EXHIBIT A – SCOPE OF WORK
 - ii. EXHIBIT B – FUNDING TERMS
 - iii. EXHIBIT C – GENERAL & PROGRAMMATIC TERMS & CONDITIONS
 - iv. EXHIBIT D – SPECIAL CONDITIONS
 - v. EXHIBIT E – PAYMENT SCHEDULE
 - vi. EXHIBIT F – TAX CERTIFICATE
- (e) This Agreement includes the following documents incorporated by reference, as well as any documents incorporated by reference in Exhibit D:
- i. the Final Plans & Specifications, which are the basis for the construction contract to be awarded by the Recipient;
 - ii. the Drinking Water System Permit No. 05-14-03P-006, and any amendments thereto;
 - iii. the Recipient's Reimbursement Resolution No. 2024-35 dated November 4, 2024;
 - iv. the Recipient's Tax Questionnaire dated December 20, 2024.
 - v. the federal Davis-Bacon requirements. By accepting this Agreement, the Recipient acknowledges and agrees to the terms and conditions provided in the [DBRA Requirements for EPA Subrecipients | US EPA \(https://www.epa.gov/grants/dbra-requirements-epa-subrecipients\)](https://www.epa.gov/grants/dbra-requirements-epa-subrecipients). The Recipient shall ensure that the following language is included in all contracts and subcontracts funded under this Agreement:
- By accepting this contract, the contractor acknowledges and agrees to the terms and conditions provided in the [Contract Provisions for Davis-Bacon and Related Acts | US EPA \(https://www.epa.gov/grants/contract-provisions-davis-bacon-and-related-acts\)](https://www.epa.gov/grants/contract-provisions-davis-bacon-and-related-acts).
- (For reference, see also https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/davisbacon.html.)
- (f) This Agreement, and any amendments hereto, may be executed and delivered in any number of counterparts, each of which when delivered shall be deemed to be an original, but such counterparts shall together constitute one document. The parties may sign this Agreement, and any amendments hereto, either by an electronic signature using a method approved by the State Water Board or by a physical, handwritten signature. The parties mutually agree that an electronic signature using a method approved by the State Water Board is the same as a physical, handwritten signature for the purposes of validity, enforceability, and admissibility.

4. PARTY CONTACTS

State Water Board		Valley Center Municipal Water District	
Section:	Division of Financial Assistance		
Name:	John Paul Blanco, Project Manager	Name:	Wally Grabbe, Project Director
Address:	1001 I Street, 16th Floor	Address:	P.O Box 67
City, State, Zip:	Sacramento, CA 95814	City, State, Zip:	Valley Center, CA 92082
Phone:	(916) 445-2495	Phone:	(760) 735-4558
Email:	johnpaul.blanco@waterboards.ca.gov DrinkingWaterSRF@waterboards.ca.gov	Email:	wgrabbe@vcmwtd.org

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

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

5. DEFINITIONS.

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

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

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

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

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

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

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

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

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

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

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

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

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

"Days" means calendar days unless otherwise expressly indicated.

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

- a. Principal payments (unless a different subdivision of this definition applies for purposes of determining principal maturities or amortization) are made in accordance with any amortization schedule published for such principal, including any minimum sinking fund payments;
- b. Interest on a variable rate System Obligation that is not subject to a swap agreement and that is issued or will be issued as a tax-exempt obligation under federal law, is the average of the SIFMA Municipal Swap Index, or its successor index, during the 24 months preceding the date of such calculation;
- c. Interest on a variable rate System Obligation that is not subject to a swap agreement and that is issued or will be issued as a taxable obligation under federal law, is the average of SOFR, or its successor index, during the 24 months preceding the date of such calculation;
- d. Interest on a variable rate System Obligation that is subject to a swap agreement is the fixed swap rate or cap strike rate, as appropriate, if the variable rate has been swapped to a fixed rate or capped pursuant to an interest rate cap agreement or similar agreement;
- e. Interest on a fixed rate System Obligation that is subject to a swap agreement such that all or a portion of the interest has been swapped to a variable rate shall be treated as variable rate debt under subdivisions (b) or (c) of this definition of Debt Service;
- f. Payments of principal and interest on a System Obligation are excluded from the calculation of Debt Service to the extent such payments are to be paid from amounts then currently on deposit with a trustee or other fiduciary and restricted for the defeasance of such System Obligations;
- g. If 25% or more of the principal of a System Obligation is not due until its final stated maturity, then principal and interest on that System Obligation may be projected to amortize over the lesser of 30 years or the Useful Life of the financed asset, and interest may be calculated according to subdivisions (b)-(e) of this definition of Debt Service, as appropriate.

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

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

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

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

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

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

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

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

- a) Failure by the Recipient to make any payment required to be paid pursuant to this Agreement, including Payments;
- b) A representation or warranty made by or on behalf of the Recipient in this Agreement or in any document furnished by or on behalf of the Recipient to the State Water Board pursuant to this Agreement shall prove to have been inaccurate, misleading or incomplete in any material respect;
- c) A material adverse change in the condition of the Recipient, the Revenues, or the System, which the Division reasonably determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement.
- d) Failure by the Recipient to comply with the additional debt test or reserve fund requirement, if any, in Exhibit B or Exhibit D of this Agreement;
- e) Failure to operate the System or the Project without the Division's approval;
- f) Failure by the Recipient to observe and perform any covenant, condition, or provision in this Agreement, which failure shall continue for a period of time, to be determined by the Division;
- g) The occurrence of a material breach or event of default under any System Obligation or Material Obligation that results in the acceleration of principal or interest or otherwise requires immediate prepayment, repurchase or redemption;
- h) Initiation of proceedings seeking arrangement, reorganization, or any other relief under any applicable bankruptcy, insolvency, or other similar law; the appointment of or taking possession of the Recipient's property by a receiver, liquidator, assignee, trustee, custodian, conservator, or similar official; the Recipient's entering into a general assignment for the benefit of creditors; the initiation of resolutions or proceedings to terminate the Recipient's existence, or any action in furtherance of any of the foregoing;
- i) A determination pursuant to Gov. Code section 11137 that the Recipient has violated any provision in Article 9.5 of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code; or
- j) Loss of the Recipient's rights, licenses, permits, or privileges necessary for the operation of the System or the Project, or the occurrence of any material restraint on the Recipient's enterprise by a government agency or court order.

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

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

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

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

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

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

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

"Material Obligation" means an obligation of the Recipient that is material to this transaction, including System Obligations.

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

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

"Obligation" means the obligation of the Recipient to make Payments (including Additional Payments) as provided herein, as evidenced by the execution of this Agreement, proceeds of such obligations being used to fund the Project as specified in the Project Description in Exhibit A and Exhibit B and in the documents thereby incorporated by reference.

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

"Parity Obligation" means a debt obligation of the Recipient on parity with this Obligation. The Recipient's Parity Obligations are the following:

- DWSRF Loan for 2020 Pipeline Replacement Project No. 3710026-003C, Agreement No. D2102015.
- DWSRF Loan for Cool Valley Reservoir Cover/Liner Replacement Project No. 3710026-001C, Agreement No. D160216.

- CWSRF Loan for Woods Valley Ranch Wastewater Expansion Project No. C-06-7454-110, Agreement No. 12-824-550. Only the Recipient's water revenues securing this loan are a Parity Obligation.
- CWSRF Loan for Woods Valley Ranch Wastewater Expansion Project No. C-06-7454-120, Agreement No. 12-825-550. Only the Recipient's water revenues securing this loan are a Parity Obligation.
- CWSRF Loan for Woods Valley Ranch Wastewater Expansion Project No. C-06-7454-130, Agreement No. 12-826-550. Only the Recipient's water revenues securing this loan are a Parity Obligation.

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

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

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

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

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

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

"Recipient" means Valley Center Municipal Water District.

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

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

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

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

"Revenues" means, for each Fiscal Year, all gross income and revenue received or receivable by the Recipient from the ownership or operation of the System, determined in accordance with GAAP, including

- (i) all rates, fees, and charges (including connection fees and charges) as received by the Recipient for the services of the System, and

(ii) all other income and revenue howsoever derived by the Recipient from the ownership or operation of the System or arising from the System, including all income from

- a. the deposit or investment of any money in the Enterprise Fund or any rate stabilization fund of the Recipient or held on the Recipient's behalf,
- b. any refundable deposits made to establish credit, and
- c. advances or contributions in aid of construction.

For the avoidance of doubt, refundable deposits and advances or contributions are not included in the definition of Revenues.

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

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

"SRF" means the Drinking Water State Revolving Fund.

"State" means State of California.

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

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

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

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

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

"Year" means calendar year unless otherwise expressly indicated.

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

VALLEY CENTER MUNICIPAL WATER DISTRICT:

By: _____

Name: Wally Grabe

Title: Deputy General Manager

Date: _____

STATE WATER RESOURCES CONTROL BOARD:

By: _____

Name: Joe Karkoski

Title: Deputy Director
Division of Financial Assistance

Date: _____

EXHIBIT A – SCOPE OF WORK

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

- (a) The Project is the project set forth on the Cover Page of this Agreement.
- (b) The Useful Life of this Project is at least 30 years.
- (c) Scope of Work.

The Recipient agrees to abandon and replace approximately ten thousand nine hundred (10,900) linear feet of existing 12-inch (twelve-inch) tar wrapped steel pipeline with Polyvinyl Chloride pipeline.

A.2. STANDARD PROJECT REQUIREMENTS.

A.2.1 Acknowledgements.

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

“Funding for this project has been provided in full or in part through an agreement with the State Water Resources Control Board. California’s Drinking Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds. The contents of this document do not necessarily reflect the views and policies of the foregoing, nor does mention of trade names or commercial products constitute endorsement or recommendation for use.”

A.2.2 Reports

A.2.2.1 Progress Reports.

- (a) The Recipient must provide a progress report to the Division each quarter, beginning no later than 90 days after execution of this Agreement.
- (b) The Recipient must provide a progress report with each reimbursement request. Failure to provide a complete and accurate progress report may result in the withholding of Project Funds, as set forth in Exhibit B.
- (c) A progress report must contain the following information:
 - i. A summary of progress to date including a description of progress since the last report, percent construction complete, percent contractor invoiced, and percent schedule elapsed;
 - ii. A description of compliance with environmental requirements;
 - iii. A listing of change orders including amount, description of work, and change in contract amount and schedule; and
 - iv. Any problems encountered, proposed resolution, schedule for resolution, and status of previous problem resolutions.

A.2.2.2 Project Completion Report.

- (a) The Recipient must submit a Project Completion Report to the Division with a copy to the appropriate District Office on or before the due date established by the Division and the Recipient at the time of final project inspection. The Project Completion Report must include the following:
- i. Description of the Project,
 - ii. Description of the water quality problem the Project sought to address,
 - iii. Discussion of the Project's likelihood of successfully addressing that water quality problem in the future, and
 - iv. Summary of compliance with applicable environmental conditions.
- (b) If the Recipient fails to submit a timely Project Completion Report, the State Water Board may stop processing pending or future applications for new financial assistance, withhold disbursements under this Agreement or other agreements, and begin administrative proceedings.

A.2.2.3 As Needed Reports.

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

A.2.2.4 DBE Good Faith Efforts and Reports for SRF Projects.

The Recipient shall comply with the applicable Disadvantaged Business Enterprises (DBE) requirements in 40 CFR part 33 for the Project and require its contractors and subcontractors on the Project to comply. 40 CFR § 33.301 requires the use of good faith efforts to utilize DBE's whenever procuring construction, equipment, services, and supplies. If required by the Division, the Recipient must report DBE utilization to the Division on the DBE Utilization Report, State Water Board Form DBE UR334 and must submit such reports to the Division annually within ten (10) calendar days following October 1 until such time as the "Notice of Completion" is issued.

A.2.3 Signage.

The Recipient shall place a sign at least four feet tall by eight feet wide made of ¾ inch thick exterior grade plywood or other approved material in a prominent location on the Project site and shall maintain the sign in good condition for the duration of the construction period. The sign must include the following disclosure statement and color logos (available from the Division):



a.

- b. "Funding for this 2023 Water Facilities Replacement Project has been provided in full or in part by the Drinking Water State Revolving Fund through an agreement with the State Water Resources Control Board. California's Drinking Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds."

- c. The Project sign may include another agency's required promotional information so long as the above logos and disclosure statement are equally prominent on the sign. The sign shall be prepared in a professional manner.

A.2.4 Commencement of Operations.

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

A.3 DATES & DELIVERABLES.

- (a) Time is of the essence.
- (b) The Recipient must expeditiously proceed with and complete construction of the Project.
- (c) The following dates are established as on the Cover Page of this Agreement:
- i. Eligible Work Start Date
 - ii. Eligible Construction Start Date
 - iii. Completion of Construction Date
 - iv. Final Reimbursement Request Date
 - v. Records Retention End Date
 - vi. Final Payment Date
- (d) The Recipient must award the prime construction contract timely.
- (e) The Recipient agrees to start construction no later than December 30, 2025.
- (f) The Recipient must deliver any request for extension of the Completion of Construction date no less than 90 days prior to the Completion of Construction date.
- (g) The undisbursed balance of this Agreement will be deobligated if the Recipient does not provide its final reimbursement request to the Division on or before the Final Reimbursement Request Date.

A.4 SCHEDULE.

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

ITEM	DESCRIPTION OF SUBMITTAL	CRITICAL DUE DATE	ESTIMATED DUE DATE
EXHIBIT A – SCOPE OF WORK			
A.	ADDITIONAL SUBMITTAL(S) TO DIVISION		
1.	Final Budget Approval Package	N/A	12/30/2025
2.	Construction Completion Date	07/01/2028	N/A

ITEM	DESCRIPTION OF SUBMITTAL	CRITICAL DUE DATE	ESTIMATED DUE DATE
EXHIBIT A – SCOPE OF WORK			
B.	REPORTS		
1.	Progress Reports	N/A	Quarterly
2.	Final Inspection and Certification	N/A	07/01/2028
3.	Project Completion Report	N/A	01/01/2029
4.	As Needed Reports	N/A	As Needed
EXHIBIT B – REIMBURSEMENTS, BUDGET DETAIL, AND REPORTING PROVISIONS			
A.	REIMBURSEMENTS		
1.	Reimbursement Requests	N/A	Quarterly
2.	Final Reimbursement Request	01/01/2029	N/A

EXHIBIT B – FUNDING TERMS

B.1. FUNDING AMOUNTS AND REIMBURSEMENTS

B.1.1 Funding Contingency and Other Sources.

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

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

B.1.2 Estimated Reasonable Cost.

The estimated reasonable cost of the total Project, including associated planning and design costs is nine million three hundred thousand and no cents (\$9,300,000.00).

B.1.3 Project Funding Amount.

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

B.1.4 [Reserved.]

B. 1.5 Budget Costs.

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

ITEM	DESCRIPTION	TOTAL ESTIMATED COST	PROJECT FUNDING AMOUNT
A	Construction	\$6,650,000	\$2,875,000
B	Pre-Purchase Material / Equipment	\$0	\$0
C	Real Property/Easement Acquisition	\$0	\$0
D	Change Order Contingency	\$1,065,000	\$1,065,000
E	Force Account	\$0	\$0
F	Allowances	\$1,585,000	\$1,585,000
	TOTAL	\$9,300,000	\$5,525,000

Note: 1. Portion of the construction cost is funded by EPA community grant (\$3,775,000).

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

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

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

B.1.6 Contingent Disbursement.

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

B.1.7 Reimbursement Procedure.

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

- (a) Upon execution and delivery of this Agreement by both parties, the Recipient may request immediate reimbursement of any eligible incurred planning and design allowance costs through submission to the State Water Board of the Reimbursement Request Form 260 and Form 261, or any amendment thereto, duly completed and executed. To be eligible for reimbursement, Project

Costs, including any planning and design allowance costs, must have been incurred in compliance with all applicable requirements, including the state and federal cross-cutting requirements listed in Exhibit C.

- (b) The Recipient must submit a reimbursement request for costs incurred prior to the date this Agreement is executed by the State Water Board no later than ninety (90) days after this Agreement is executed by the State Water Board. Late reimbursement requests may not be honored.
- (c) The Recipient may request reimbursement of eligible construction and equipment costs consistent with budget amounts approved by the Division in the Final Budget Approval.
- (d) Additional Project Funds will be promptly disbursed to the Recipient upon receipt of reimbursement request Form 260 and Form 261, or any amendment thereto, duly completed and executed by the Recipient for incurred costs consistent with this Agreement, along with receipt of progress reports due under Exhibit A.
- (e) The Recipient must not request reimbursement for any Project Cost until such cost has been incurred and is currently due and payable by the Recipient, although the actual payment of such cost by the Recipient is not required as a condition of reimbursement request. Supporting documentation (e.g., receipts) must be submitted with each reimbursement request. The amount requested for administration costs must include a calculation formula (i.e., hours or days worked times the hourly or daily rate = total amount claimed). Disbursement of Project Funds will be made only after receipt of a complete, adequately supported, properly documented, and accurately addressed reimbursement request. Upon request by the Division, supporting documents for professional and administrative services must include the employees' names, classifications, labor rates, hours worked, and descriptions of the tasks performed. Reimbursement requests submitted without supporting documents may be wholly or partially withheld at the discretion of the Division.
- (f) The Recipient must spend Project Funds within 30 days of receipt. If the Recipient earns interest earned on Project Funds, it must report that interest immediately to the State Water Board. The State Water Board may deduct earned interest from future disbursements.
- (g) The Recipient shall not request a reimbursement unless that Project Cost is allowable, reasonable, and allocable.
- (h) Notwithstanding any other provision of this Agreement, no disbursement shall be required at any time or in any manner which is in violation of or in conflict with federal or state laws, policies, or regulations.
- (i) No work or travel outside the State of California is permitted under this Agreement unless the Division provides prior written authorization. Failure to comply with this restriction may result in termination this Agreement, pursuant to Exhibit C. Any reimbursement for necessary travel and per diem shall be at rates not to exceed those set by the California Department of Human Resources at <http://www.calhr.ca.gov/employees/Pages/travel-reimbursements.aspx> as of the date costs are incurred by the Recipient.

B.1.8 Withholding of Disbursements.

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

- (a) The Recipient's failure to maintain reasonable progress on the Project as determined by the Division;
- (b) Placement on the ballot or passage of an initiative or referendum to repeal or reduce the Recipient's taxes, assessments, fees, or charges levied for operation of the System or payment of debt service on System Obligations;
- (c) Commencement of litigation or a judicial or administrative proceeding related to the Project, System, or Revenues that the State Water Board determines may impair the timely satisfaction of Recipient's obligations under this Agreement;
- (d) Any investigation by the State Water Board, District Attorney, California State Auditor, Bureau of State Audits, the USEPA Office of Inspector General, the Internal Revenue Service, Securities and Exchange Commission, a grand jury, or any other state or federal agency, relating to the Recipient's financial management, accounting procedures, or internal fiscal controls;
- (e) A material adverse change in the condition of the Recipient, the Revenues, or the System, that the Division reasonably determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement, or any other event that the Division reasonably determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement;
- (f) The Recipient's material violation of, or threat to materially violate, any term of this Agreement;
- (g) Suspicion of fraud, forgery, embezzlement, theft, or any other misuse of public funds by the Recipient or its employees, or by its contractors or agents regarding the Project or the System;
- (h) An event requiring Notice as set forth in Exhibit C;
- (i) An Event of Default or an event that the Division determines may become an Event of Default.

B.1.9 Fraud and Misuse of Public Funds; Enforcement.

All requests for reimbursement submitted must be accurate and signed by the Recipient's Authorized Representative under penalty of perjury. All costs submitted pursuant to this Agreement must only be for the work or tasks set forth in this Agreement. The Recipient must not submit any invoice containing costs that are ineligible or have been reimbursed from other funding sources unless required and specifically noted as such (i.e., match costs). Any eligible costs for which the Recipient is seeking reimbursement shall not be reimbursed from any other source. Double or multiple billing for time, services, or any other eligible cost is improper and will not be compensated. Any suspected occurrences of fraud, forgery, embezzlement, theft, or any other misuse of public funds may result in suspension of disbursements and, notwithstanding any other section in this Agreement, the termination of this Agreement requiring the repayment of all Project Funds disbursed hereunder. Additionally, the Deputy Director of the Division may request an audit; refer the matter for appropriate administrative action, including but not limited to the recovery of financial assistance provided and the imposition of civil penalties; and/or refer the matter to the Attorney General's Office or the appropriate district attorney's office for criminal prosecution or the imposition of civil liability. A person who knowingly makes or causes to be made any false statement, material misrepresentation, or false certification in any submittal may be subject to a civil penalty, criminal fine, or imprisonment. (Wat. Code, § 13490 et seq.)

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

B.2.1 Project Costs.

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

B.2.2 Estimated Principal Payment Due.

The estimated amount of principal that will be due to the State Water Board from the Recipient under this Agreement is five million five hundred twenty-five thousand dollars and no cents (\$5,525,000).

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

- (a) The Recipient agrees to make all Payments according to the schedule in Exhibit E, and as otherwise set forth herein, at an interest rate of one and nine tenth percent (1.90%) per annum.
- (b) Interest will accrue beginning with each disbursement.
- (c) In lieu of, and not to exceed, interest otherwise due under this Agreement, the Recipient agrees to pay the following charge(s), as further set forth in Exhibit E:
 - an Administrative Service Charge
 - a Drinking Water Small Community Emergency Grant Fund Charge

B.2.4 [Reserved.]

B.2.5 Obligation Absolute.

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

B.2.6 Payment Timing.

- (a) The Recipient must pay interest annually, by July 1 of each year, until one year after Completion of Construction. Beginning no later than one year after Completion of Construction, the Recipient must make annual Payment of the principal of the Project Funds, together with all interest accruing thereon by July 1. The Recipient must make Payments fully amortizing the total principal of the Project by the Final Payment Date. Payments are based on a standard fully amortized assistance amount with equal annual payments.
- (b) The remaining balance is the previous balance, plus the disbursements, plus the accrued interest on both, plus any Charge In Lieu of Interest, less the Payment. Payment calculations will be made

beginning one (1) year after Completion of Construction. Exhibit E is a payment schedule based on the provisions of this Exhibit and an estimated disbursement schedule. Actual payments will be based on actual disbursements.

- (c) Upon Completion of Construction and submission of necessary reports by the Recipient, the Division will prepare an appropriate payment schedule and supply the same to the Recipient. The Division may amend this schedule as necessary to accurately reflect amounts due under this Agreement. The Division will prepare any necessary amendments to the payment schedule and send them to the Recipient. The Recipient must make each Payment on or before the due date therefor. A ten (10) day grace period will be allowed, after which time a penalty in the amount of costs incurred by the State Water Board will be assessed for late payment. These costs may include, but are not limited to, lost interest earnings, staff time, bond debt service default penalties, if any, and other related costs. For purposes of penalty assessment, payment will be deemed to have been made if payment is deposited in the U.S. Mail within the grace period with postage prepaid and properly addressed. Any penalties assessed will not be added to the assistance amount balance, but will be treated as a separate account and obligation of the Recipient. The interest penalty will be assessed from the payment due date.
- (d) The Recipient is obligated to make all payments required by this Agreement to the State Water Board, notwithstanding any individual default by its constituents or others in the payment to the Recipient of fees, charges, taxes, assessments, tolls or other charges ("Charges") levied or imposed by the Recipient. The Recipient must provide for the punctual payment to the State Water Board of all amounts which become due under this Agreement and which are received from constituents or others in the payment to the Recipient. In the event of failure, neglect or refusal of any officer of the Recipient to levy or cause to be levied any Charge to provide payment by the Recipient under this Agreement, to enforce or to collect such Charge, or to pay over to the State Water Board any money collected on account of such Charge necessary to satisfy any amount due under this Agreement, the State Water Board may take such action in a court of competent jurisdiction as it deems necessary to compel the performance of all duties relating to the imposition or levying and collection of any of such Charges and the payment of the money collected therefrom to the State Water Board. Action taken pursuant hereto shall not deprive the State Water Board of, or limit the application of, any other remedy provided by law or by this Agreement.
- (e) Each Payment must be paid in lawful money of the United States of America by check or other acceptable form of payment set forth at www.waterboards.ca.gov/make_a_payment. The Recipient must pay Payments and Additional Payments from Net Revenues and/or other amounts legally available to the Recipient therefor.

B.2.7 Pledged Revenues.

B.2.7.1 Establishment of Enterprise Fund and Reserve Fund.

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

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

The Obligation hereunder shall be secured by a lien on and pledge of the Enterprise Fund, Net Revenues, and any Reserve Fund on parity with the Parity Obligations. The Recipient hereby pledges and grants such lien on and pledge of the Enterprise Fund, Net Revenues, and any Reserve Fund to secure the Obligation, including payment of Payments and Additional Payments hereunder. The Enterprise Fund, Net Revenues in the Enterprise Fund, and any Reserve Fund shall be subject to the lien

of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the Recipient.

B.2.7.3 Application and Purpose of the Enterprise Fund.

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

B.2.8 No Prepayment.

Pursuant to State Water Board's Debt Management Policy, adopted on October 3, 2017, the Recipient may not prepay any portion of the principal and interest due under this Agreement without the written consent of the Deputy Director of the Division.

B.2.9 Reserve Fund.

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

B.3 RATES, FEES AND CHARGES.

- (a) The Recipient must, to the extent permitted by law, fix, prescribe and collect rates, fees and charges for the System during each Fiscal Year which are reasonable, fair, and nondiscriminatory and which will be sufficient to generate Revenues in the amounts necessary to cover Operations and Maintenance Costs, and must ensure that Net Revenues are equal to the sum of (i) at least 120% of the Maximum Annual Debt Service with respect to all outstanding System Obligations senior to and on parity with the Obligation and (ii) at least 100% of the Maximum Annual Debt Service with respect to all outstanding System Obligations subordinate to the Obligation, so long as System Obligations other than this Obligation are outstanding. Upon defeasance of all System Obligations other than this Obligation, this ratio must be at least 120%, except where System Obligations are defeased pursuant to refunding obligations.
- (b) The Recipient may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates, fees and charges then in effect unless the Net Revenues from such reduced rates, fees, and charges will at all times be sufficient to meet the requirements of this section.
- (c) Upon consideration of a voter initiative to reduce Revenues, the Recipient must make a finding regarding the effect of such a reduction on the Recipient's ability to satisfy the rate covenant set forth in this Section. The Recipient must make its findings available to the public. The Recipient's Authorized Representative must request, if necessary, the authorization of the Recipient's decision-maker or decision-making body to file litigation to challenge any such initiative that it finds will render it unable to satisfy the rate covenant set forth in this Agreement and its obligation to operate and maintain the Project for its Useful Life. The Recipient must diligently pursue and bear any and all costs related to such challenge. The Recipient must notify and regularly update the State Water Board regarding the status of any such challenge.

B.4 ADDITIONAL DEBT.

- (a) The Recipient's future debt that is secured by Revenues pledged herein may not be senior to this Obligation.
- (b) The Recipient may issue additional parity or subordinate debt only if all of the following conditions are met:
- i. No Event of Default (or no event with respect to which notice has been given and which, once all notice of grace periods have passed, would constitute an Event of Default) has occurred and is continuing;
 - ii. Net Revenues in the most recent Fiscal Year, excluding transfers from a rate stabilization fund, if any, meet the ratio for rate covenants set forth in this Exhibit with respect to any outstanding and proposed additional obligations;
 - iii. The Recipient is in compliance with any reserve fund requirement of this Obligation.

B.5 NO LIENS.

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

EXHIBIT C – GENERAL & PROGRAMMATIC TERMS & CONDITIONS

C.1 REPRESENTATIONS & WARRANTIES.

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

C.1.1 Application and General Recipient Commitments.

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

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

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

C.1.2 Authorization and Validity.

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

C.1.3 No Violations.

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

C.1.4 No Litigation.

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

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

C.1.5 Property Rights and Water Rights.

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

The Recipient possesses all water rights necessary for this Project.

C.1.6 Solvency and Insurance.

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

C.1.7 Legal Status and Eligibility.

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

C.1.8 Financial Statements and Continuing Disclosure.

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

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

C.1.9 System Obligations

The Recipient has no System Obligations other than those defined in this Agreement.

C.1.10 No Other Material Obligations.

The Recipient has no Material Obligations other than System Obligations, except as set forth in this paragraph:

San Diego Gas and Electric Loan for Cool Valley Pump Station, Agreement No. 5043-12.
• San Diego Gas and Electric Loan for West Pump Station, Agreement No. 4763-11.
Limited Obligation Improvement Bond, Assessment District No. 2012-1 (July 2018).

C.1.11 Compliance with State Water Board Funding Agreements.

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

C.2 DEFAULTS AND REMEDIES

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

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

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

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

C.2.2 [Reserved.]

C.2.3 Administrative remedies.

Whenever the State Water Board determines that the Recipient, the Recipient's contractor, consultant, employee, agent, assignee, or grantee has violated any requirement or term of the Agreement, the State Water Board may impose civil penalties in accordance with Water Code, section 13497. The State Water Board may impose civil liability administratively against the Recipient or the Recipient's consultant or contractor or other agent furnishing any information related to funds disbursed or costs claimed for reimbursement if the Recipient or the Recipient's consultant or contractor or other agent fails to personally attest that the information is true, accurate, and complete to the best of one's knowledge. (Wat. Code, § 13498.) The State Water Board may impose civil liability administratively against any person who makes a misrepresentation in any submittal to the State Water Board, including, but not limited to, an application, report, certification, record, invoice, form, or other document that is submitted to the State Water Board relating to a financial assistance agreement. (Wat. Code, § 13499.)

C.2.4 Judicial remedies.

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

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

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

C.2.5 Termination.

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

C.2.6 Damages for Breach of Tax-Exempt Status.

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

C.2.7 Damages for Breach of Federal Conditions.

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

C.2.8 Remedies and Limitations.

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

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

C.2.9 Non-Waiver.

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

C.2.10 Status Quo.

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

C.3 STANDARD CONDITIONS

C.3.1 Access, Inspection, and Public Records.

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

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

- (a) The Recipient must maintain project accounts according to GAAP as issued by the Governmental Accounting Standards Board (GASB) or its successor. The Recipient must maintain GAAP-compliant project accounts, including GAAP requirements relating to the reporting of infrastructure assets.
- (b) The Recipient must comply with federal standards for financial management systems. The Recipient agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit preparation of reports required by the federal government and tracking of Project funds to a level of expenditure adequate to establish that such funds have not been used in violation of federal or state law or the terms of this Agreement. To the extent applicable, the Recipient must comply with the provisions and requirements of the federal Single Audit Act (SAA) of 1984, 2 CFR part 200, subpart F, and 2 CFR section 200.302, and updates or revisions thereto, including but not limited to:
- Maintain an annual (Fiscal Year) accounting system and identify all expenditures of federal financial assistance;
 - Conduct a SAA audit using an independent auditor in those Fiscal Years when expenditures of total federal financial assistance equal or exceed the applicable threshold in 2 CFR section 200.501, and submit the SAA audit to the Federal Audit Clearinghouse within the earlier of thirty (30) calendar days after receipt of the auditor's report(s) or nine (9) months of the end of the audit period;
 - Notify the Division when a SAA audit has been conducted and submitted to the Federal Audit Clearinghouse;
 - Notify and provide the Division with a copy of the SAA audit within thirty (30) days of completion of the audit;
 - Inform the Division of findings and recommendations pertaining to federal financial assistance provided through the State Water Board contained in SAA audits conducted by the Recipient;
 - Initiate corrective actions for audit reports with findings and recommendations that impact federal financial assistance provided through the State Water Board and notify the Division when corrective actions are complete.
- (c) Without limitation of the requirement to maintain Project accounts in accordance with GAAP, the Recipient must:
- i. Establish an official file for the Project which adequately documents all significant actions relative to the Project;
 - ii. Establish separate accounts which will adequately and accurately depict all amounts received and expended on the Project, including all assistance funds received under this Agreement;

- iii. Establish separate accounts which will adequately depict all income received which is attributable to the Project, specifically including any income attributable to assistance funds disbursed under this Agreement;
 - iv. Establish an accounting system which will accurately depict final total costs of the Project, including both direct and Indirect Costs;
 - v. Establish such accounts and maintain such records as may be necessary for the State to fulfill federal reporting requirements, including any and all reporting requirements under federal tax statutes or regulations; and
 - vi. If Force Account is used by the Recipient for any phase of the Project, other than for planning, design, and construction engineering and administration provided for by allowance, accounts will be established which reasonably document all employee hours charged to the Project and the associated tasks performed by each employee.
- (d) The Recipient must maintain separate books, records and other material relative to the Project. The Recipient must also retain such books, records, and other material for itself and for each contractor or subcontractor who performed or performs work on this project for a minimum of thirty-six (36) years after Completion of Construction. The Recipient must require that such books, records, and other material are subject at all reasonable times (at a minimum during normal business hours) to inspection, copying, and audit by the State Water Board, the California State Auditor, the Bureau of State Audits, the USEPA, the USEPA's Office of Inspector General, the Internal Revenue Service, the Governor, or any authorized representatives of the aforementioned. The Recipient must allow and must require its contractors to allow interviews during normal business hours of any employees who might reasonably have information related to such records. The Recipient agrees to include a similar duty regarding audit, interviews, and records retention in any contract or subcontract related to the performance of this Agreement. The provisions of this section survive the term of this Agreement.

C.3.3 Amendment.

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

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

C.3.4 Assignability.

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

C.3.5 Audit.

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

C.3.6 Bonding.

Where contractors are used, the Recipient must not authorize construction to begin until each contractor has furnished a performance bond in favor of the Recipient in the following amounts: faithful performance

(100%) of contract value; labor and materials (100%) of contract value. This requirement shall not apply to any contract for less than \$25,000.00.

C.3.7 Competitive Bidding

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

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

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

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

C.3.9 Computer Software.

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

C.3.10 Conflict of Interest.

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

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

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

C.3.12 Data Management.

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

C.3.13 Disputes.

- (a) The Recipient may appeal a staff decision within 30 days to the Deputy Director of the Division or designee, for a final Division decision. The Recipient may appeal a final Division decision to the State Water Board within 30 days. The Office of the Chief Counsel of the State Water Board will prepare a summary of the dispute and make recommendations relative to its final resolution, which will be provided to the State Water Board's Executive Director and each State Water Board

Member. Upon the motion of any State Water Board Member, the State Water Board will review and resolve the dispute in the manner determined by the State Water Board. Should the State Water Board determine not to review the final Division decision, this decision will represent a final agency action on the dispute.

- (b) This clause does not preclude consideration of legal questions, provided that nothing herein shall be construed to make final the decision of the State Water Board, or any official or representative thereof, on any question of law.
- (c) Recipient must continue with the responsibilities under this Agreement during any dispute.
- (d) This section relating to disputes does not establish an exclusive procedure for resolving claims within the meaning of Government Code sections 930 and 930.4.

C.3.14 [Reserved.]

C.3.15 Environmental Clearance.

- (a) No work that is subject to CEQA or NEPA may proceed under this Agreement unless the State Water Board has provided environmental clearance. The State Water Board may require changes in the scope of work or additional mitigation as a condition to providing construction or implementation funding under this Agreement. Recipient shall not perform any work subject to CEQA and/or NEPA before the State Water Board completes its environmental review and specifies any changes in scope or additional mitigation that may be required. Proceeding with work subject to CEQA and/or NEPA without approval by the State Water Board shall constitute a breach of a material provision of this Agreement.
- (b) If this Project includes modification of a river or stream channel, the Recipient must fully mitigate environmental impacts resulting from the modification. The Recipient must provide documentation that the environmental impacts resulting from such modification will be fully mitigated considering all of the impacts of the modification and any mitigation, environmental enhancement, and environmental benefit resulting from the Project, and whether, on balance, any environmental enhancement or benefit equals or exceeds any negative environmental impacts of the Project.

C.3.16 Governing Law.

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

C.3.17 Income Restrictions.

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

C.3.18 Indemnification and State Reviews.

The parties agree that review or approval of Project plans and specifications by the State Water Board is for administrative purposes only, including conformity with application and eligibility criteria, and expressly not for the purposes of design defect review or construction feasibility, and does not relieve the Recipient of its responsibility to properly plan, design, construct, operate, and maintain the Project. To the extent permitted by law, the Recipient agrees to indemnify, defend, and hold harmless the State Water Board, the Bank, and any trustee, and their officers, employees, and agents for the Bonds, if any (collectively,

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

C.3.19 Independent Actor.

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

C.3.20 Integration.

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

C.3.21 Leveraging Covenants.

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

information repository, the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) website or other person or entity.

C.3.22 No Discrimination.

- (a) The Recipient must comply with Government Code section 11135 and the implementing regulations (Cal. Code Regs, tit. 2, § 14000 et seq.), including, but not limited to, ensuring that no person is unlawfully denied full and equal access to the benefits of, or unlawfully subjected to discrimination in the operation of, the Project or System on the basis of sex, race, color, religion, ancestry, national origin, ethnic group identification, age, mental disability, physical disability, medical condition, genetic information, marital status, or sexual orientation as such terms are defined under California law, for as long as the Recipient retains ownership or possession of the Project.
- (b) If Project Funds are used to acquire or improve real property, the Recipient must include a covenant of nondiscrimination running with the land in the instrument effecting or recording the transfer of such real property.
- (c) The Recipient must comply with the federal American with Disabilities Act of 1990 and implementing regulations as required by Government Code section 11135(b).
- (d) The Recipient's obligations under this section shall survive the term of this Agreement.
- (e) During the performance of this Agreement, Recipient and its contractors and subcontractors must not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, sexual orientation, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, denial of family care leave, or genetic information, gender, gender identity, gender expression, or military and veteran status.
- (f) The Recipient, its contractors, and subcontractors must ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment.
- (g) The Recipient, its contractors, and subcontractors must comply with the provisions of the Fair Employment and Housing Act and the applicable regulations promulgated thereunder. (Gov. Code, §12990, subds. (a)-(f) et seq.; Cal. Code Regs., tit. 2, § 7285 et seq.) Such regulations are incorporated into this Agreement by reference and made a part hereof as if set forth in full.
- (h) The Recipient, its contractors, and subcontractors must comply with all applicable federal civil rights regulations, including statutory and national policy requirements. (2 CFR § 200.300). This includes, to the greatest extent practicable and to the extent permitted by law, the requirement to respect and protect the freedom of persons and organizations to engage in political and religious speech. (Executive Order 13798).
- (i) The Recipient, its contractors, and subcontractors must give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.
- (j) The Recipient must include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this Agreement.

C.3.23 No Third Party Rights.

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

C.3.24 No Obligation of the State.

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

C.3.25 Notice.

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

- (a) Within 24 hours of the following, the Recipient must notify the Division by phone at (916) 327-9978 and by email to johnpaul.blanco@waterboards.ca.gov and lisa.hong@waterboards.ca.gov and DrinkingWaterSRF@waterboards.ca.gov of:
 - i. The seizure of, or levy on, any Revenues securing this Agreement;
 - ii. Any discovery of any potential tribal cultural resource, archaeological or historical resource, or human remains in the Project area (also notify the Division's Senior Cultural Resources Officer, (CulturalResources@waterboards.ca.gov) or (916) 323-0626). Should a potential tribal cultural resource or archaeological or historical resource be discovered during construction or Project implementation, the Recipient must ensure that all work in the area of the find will cease until a qualified archaeologist has evaluated the situation and made recommendations regarding preservation of the resource, and the Division has determined what actions should be taken to protect and preserve the resource. The Recipient must implement appropriate actions as directed by the Division. If there are any applicable provisions of a mitigation, monitoring and reporting program adopted for the Project, the Recipient shall comply with such provisions. In the event of the discovery of human remains during construction of the Project, the Recipient shall cease construction and take other action required by any applicable laws, which may include but are not limited to Health and Safety Code, section 7050.5 and Public Resources Code, section 5097.98.
- (b) Within five (5) business days, the Recipient must notify the Division by phone at (916) 327-9978; by email to Lance.Reese@waterboards.ca.gov, johnpaul.blanco@waterboards.ca.gov and lisa.hong@waterboards.ca.gov and DrinkingWaterSRF@waterboards.ca.gov; and by mail to the contact address set forth in Section 4 of this Agreement of the occurrence of any of the following events:
 - i. Bankruptcy, insolvency, receivership or similar event of the Recipient, or actions taken in anticipation of any of the foregoing;
 - ii. Change of ownership of the Project or the System or change of management or service contracts, if any, for operation of the System;
 - iii. Loss, theft, damage, or impairment to Project, the Revenues or the System;
 - iv. Failure to meet any debt service coverage test in Exhibit B of this Agreement;
 - v. Draws on the Reserve Fund;
 - vi. Listed Events and Events of Default, except as otherwise set forth in this section;
 - vii. Failure to observe or perform any covenant or comply with any condition in this Agreement;

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

- proposed change has been provided to the Division and the Division has given written approval for the change;
- iii. Cessation of all major construction work on the Project where such cessation of work is expected to or does extend for a period of thirty (30) days or more;
 - iv. Any circumstance, combination of circumstances, or condition, which is expected to or does delay Completion of Construction for a period of ninety (90) days or more;
 - v. Discovery of any unexpected endangered or threatened species, as defined in the federal Endangered Species Act. Should a federally protected species be unexpectedly encountered during construction of the Project, the Recipient agrees to promptly notify the Division. This notification is in addition to the Recipient's obligations under the federal Endangered Species Act;
 - vi. Any Project monitoring, demonstration, or other implementation activities required in Exhibit A or Exhibit D of this Agreement, if any;
 - vii. Any public or media event publicizing the accomplishments and/or results of this Agreement and provide the opportunity for attendance and participation by state and federal representatives with at least ten (10) working days' notice to the Division;
 - viii. Any allegation of research misconduct involving research activities that are supported in whole or in part with USEPA funds under this Project, as required by Exhibit C.4.3(xxvii);
 - ix. Any events requiring notice to the Division pursuant to the provisions of this Agreement;
 - x. Completion of Construction of the Project, and actual Project Completion;
 - xi. The award of the prime construction contract for the Project;
 - xii. Initiation of construction of the Project.

C.3.26 Operation and Maintenance; Insurance.

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

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

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

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

C.3.27 Permits, Subcontracting, and Remedies.

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

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

C.3.28 Professionals.

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

C.3.29 Prevailing Wages.

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

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

C.3.30 Public Funding.

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

C.3.31 Recipient's Responsibility for Work.

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

C.3.32 Related Litigation.

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

C.3.33 Rights in Data.

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

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

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

C.3.35 Timeliness.

Time is of the essence in this Agreement.

C.3.36 Unenforceable Provision.

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

C.3.37 Venue.

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

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

Any waiver of rights by the State Water Board with respect to a default or other matter arising under this Agreement at any time shall not be considered a waiver of rights with respect to any other default or

matter. Any rights and remedies of the State Water Board provided for in this Agreement are in addition to any other rights and remedies provided by law.

C.4 MISCELLANEOUS STATE AND FEDERAL REQUIREMENTS

C.4.1 [Reserved.]

C.4.2 State Cross-Cutters.

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

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

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

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

- i. Unless the Recipient has obtained a waiver from USEPA on file with the State Water Board or unless this Project is not a project for the construction, alteration, maintenance or repair of a public water system or treatment work, the Recipient shall not purchase "iron and steel products" produced outside of the United States on this Project. Unless the Recipient has obtained a waiver from USEPA on file with the State Water Board or unless this Project is not a project for the construction, alteration, maintenance or repair of a public water system or treatment work, the Recipient hereby certifies that all "iron and steel products" used in the Project were or will be produced in the United States. For purposes of this section, the term "iron and steel products" means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials. "Steel" means an alloy that includes at least 50 percent iron, between .02 and 2 percent carbon, and may include other elements.
- ii. The Recipient acknowledges that funds received under this Agreement are subject to the Build America Buy America (BABA) requirements of Public Law 117-58 (the Infrastructure Investment and Jobs Act, also known as the Bipartisan Infrastructure Law (BIL), signed into law on November 15, 2021), which are in addition to "iron and steel products" requirements described in section C.4.3 (i) above. Specifically, unless (1) the Recipient has requested and obtained a waiver from USEPA on file with the State Water Board pertaining to the Project or the Project is otherwise covered by a general applicability waiver, as confirmed in writing by the State Water Board; or (2) the State Water Board and, to the extent the Project is co-funded by any other agency using federal funds subject to BABA requirements, each such agency, has advised the Recipient in writing that the BABA requirements are not applicable to the Project, the Recipient shall ensure and certifies that, as these terms are defined within and made applicable by Public Law 117-58:
 - (a) all iron and steel used in the Project are produced in the United States;
 - (b) the manufactured products used in the Project are produced in the United States; and
 - (c) the construction materials used in the Project are produced in the United States.

The Recipient must comply and require its contractors and subcontractors to comply with all applicable BABA requirements and reporting and must inform the State Water Board immediately of any information regarding a violation of the foregoing.

- iii. The Recipient must include in full the Wage Rate Requirements (Davis-Bacon) language incorporated by reference in Section 3 of this Agreement in all construction contracts and subcontracts.
- iv. The Recipient must comply with the signage requirements set forth in Exhibit A.
- v. The Recipient shall notify the State Water Board and the USEPA contact of public or media events publicizing the accomplishment of significant events related to this Project and provide the opportunity for attendance and participation by federal representatives with at least ten (10) working days' notice.
- vi. The Recipient shall comply with applicable USEPA general terms and conditions found at: <https://www.epa.gov/grants/epa-general-terms-and-conditions-effective-october-1-2023-or-later>.

- vii. No Recipient may receive funding under this Agreement unless it has provided its Unique Entity Identifier, assigned by the System for Award Management, to the State Water Board.
- viii. The Recipient represents and warrants that it and its principals are not excluded or disqualified from participating in this transaction as such terms are defined in Parts 180 and 1532 of Title 2 of the Code of Federal Regulations (2 CFR). If the Recipient is excluded after execution of this Agreement, the Recipient shall notify the Division within ten (10) days and shall inform the Division of the Recipient's exclusion in any request for amendment of this Agreement. The Recipient shall comply with Subpart C of Part 180 of 2 CFR, as supplemented by Subpart C of Part 1532 of 2 CFR. Such compliance is a condition precedent to the State Water Board's performance of its obligations under this Agreement. When entering into a covered transaction as defined in Parts 180 and 1532 of 2 CFR, the Recipient shall require the other party to the covered transaction to comply with Subpart C of Part 180 of 2 CFR, as supplemented by Subpart C of Part 1532 of 2 CFR.
- ix. To the extent applicable, the Recipient shall disclose to the State Water Board any potential conflict of interest consistent with USEPA's Final Financial Assistance Conflict of Interest Policy at <https://www.epa.gov/grants/epas-final-financial-assistance-conflict-interest-policy>. A conflict of interest may result in disallowance of costs.
- x. USEPA and the State Water Board have the right to reproduce, publish, use and authorize others to reproduce, publish and use copyrighted works or other data developed under this assistance agreement.
- xi. Where an invention is made with Project Funds, USEPA and the State Water Board retain the right to a worldwide, nonexclusive, nontransferable, irrevocable, paid-up license to practice the invention owned by the Recipient. The Recipient must utilize the Interagency Edison extramural invention reporting system at <http://iEdison.gov> and shall notify the Division when an invention report, patent report, or utilization report is filed.
- xii. The Recipient agrees that any reports, documents, publications or other materials developed for public distribution supported by this Agreement shall contain the Disclosure statement set forth in Exhibit A.
- xiii. The Recipient acknowledges that it is encouraged to follow guidelines established under Section 508 of the Rehabilitation Act, codified at 36 CFR Part 1194, with respect to enabling individuals with disabilities to participate in its programs supported by this Project.
- xiv. The Recipient, its employees, contractors and subcontractors and their employees warrants that it will not engage in severe forms of trafficking in persons, procure a commercial sex act during the term of this Agreement, or use forced labor in the performance of this Agreement. The Recipient must include this provision in its contracts and subcontracts under this Agreement. The Recipient must inform the State Water Board immediately of any information regarding a violation of the foregoing. The Recipient understands that failure to comply with this provision may subject the State Water Board to loss of federal funds. The Recipient agrees to compensate the State Water Board for any such funds lost due to its failure to comply with this condition, or the failure of its contractors or subcontractors to comply with this condition. The State Water Board may unilaterally terminate this Agreement if the Recipient that is a private entity is determined to have violated the foregoing.
- xv. The Recipient certifies to the best of its knowledge and belief that:
 - a. No federal appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee

of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

- b. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with this Agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions, and notify the State Water Board.

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

- xvi. The Recipient must comply with the following federal non-discrimination requirements:
 - a. Title VI of the Civil Rights Act of 1964, which prohibits discrimination based on race, color, and national origin, including limited English proficiency (LEP).
 - b. Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against persons with disabilities.
 - c. The Age Discrimination Act of 1975, which prohibits age discrimination.
 - d. Section 13 of the Federal Water Pollution Control Act Amendments of 1972, which prohibits discrimination on the basis of sex.
 - e. 40 CFR Part 7, as it relates to the foregoing.
- xvii. The Recipient agrees to comply with the requirements of USEPA's Program for Utilization of Small, Minority and Women's Business Enterprises.
- xviii. Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans; 42 USC § 7606; 33 USC § 1368. Except where the purpose of this Agreement is to remedy the cause of the violation, the Recipient may not procure goods, services, or materials from suppliers excluded under the federal System for Award Management: sam.gov
- xix. Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended; 42 USC §§4601-4655. The Recipient must comply with the Act's implementing regulations at 49 CFR 24.101 through 24.105.
- xx. The Recipient agrees that if its network or information system is connected to USEPA networks to transfer data using systems other than the Environmental Information Exchange Network or USEPA's Central Data Exchange, it will ensure that any connections are secure.
- xxi. All geospatial data created pursuant to this Agreement that is submitted to the State Water Board for use by USEPA or that is submitted directly to USEPA must be consistent with Federal Geographic Data Committee endorsed standards. Information on these standards may be found at www.fgdc.gov.
- xxii. If the Recipient is a water system that serves 500 or fewer persons, the Recipient represents that it has considered publicly-owned wells as an alternative drinking water supply.
- xxiii. The Recipient represents that it is not a corporation that has any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or

have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability; and it is not a corporation that was convicted of a felony criminal violation under a Federal law within the preceding 24 months.

- xxiv. The Recipient agrees to immediately notify the Project Manager in writing about any allegation of research misconduct involving research activities that are supported in whole or in part with USEPA funds under this Project, including fabrication, falsification, or plagiarism in proposing, performing, or reviewing research, or in reporting research results, or ordering, advising, or suggesting that subordinates engage in research misconduct.
- xxv. The Recipient agrees to comply with, and require all contractors and subcontractors to comply with, USEPA's Scientific Integrity Policy, available at <https://www.epa.gov/osa/policy-epa-scientific-integrity>, when conducting, supervising, and communicating science and when using or applying the results of science. For purposes of this condition scientific activities include, but are not limited to, computer modelling, economic analysis, field sampling, laboratory experimentation, demonstrating new technology, statistical analysis, and writing a review article on a scientific issue.

The Recipient shall not suppress, alter, or otherwise impede the timely release of scientific findings or conclusions; intimidate or coerce scientists to alter scientific data, findings, or professional opinions or exert non-scientific influence on scientific advisory boards; knowingly misrepresent, exaggerate, or downplay areas of scientific uncertainty; or otherwise violate the USEPA's Scientific Integrity Policy. The Recipient must refrain from acts of research misconduct, including publication or reporting, as described in USEPA's Policy and Procedures for Addressing Research Misconduct, Section 9.C, and must ensure scientific findings are generated and disseminated in a timely and transparent manner, including scientific research performed by contractors and subcontractors.

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

xxix. The Recipient agrees to comply with all federal environmental cross-cutters, including the following:

- a. Archeological and Historic Preservation Act (16 U.S.C. § 469; 54 U.S.C. §§ 312501-312508)
- b. Clean Air Act Conformity (42 U.S.C. § 7401)
- c. Coastal Barriers Resources Act (16 U.S.C. § 3501 et seq.)
- d. Coastal Zone Management Act (16 U.S.C. § 1451 et seq.)
- e. Endangered Species Act (16 U.S.C. § 1531 et seq.)
- f. Farmland Protection Policy Act (7 U.S.C. § 4201 et seq.)
- g. Floodplain Management [Executive Order 11988 (1977), as amended by Executive Order No. 12148 (1979)]
- h. Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. § 1801 et seq.)
- i. National Historic Preservation Act (54 U.S.C. §§ 300101 et seq.)
- j. Sole Source Aquifer, section 1424(e) of Safe Drinking Water Act, 42 U.S.C. 300h-3(e)
- k. Wetlands Protection – Executive Order No. 11990 (1977), as amended by Executive Order no. 12608 (1997)
- l. Wild and Scenic Rivers Act (16 U.S.C. § 1271 et seq.)

EXHIBIT D – SPECIAL CONDITIONS

Environmental:

1. The documents identified below are incorporated by reference and the Recipient shall comply with the conditions and recommendations therein:
 - a. The letter dated July 23, 2025, from David Zoutendyk of the United States Fish and Wildlife Service, Carlsbad Office (USFWS) to Elena Neibaur of the USEPA.
 - b. The Mitigation Monitoring and Reporting Program adopted by the Valley Center Municipal Water District on October 19, 2020, for the Project.
2. The Recipient shall make no changes to the Project, construction area, or special conditions, without obtaining the appropriate and necessary prior approvals from the State Water Board and USFWS.
3. The Recipient shall provide notice to the Division's Senior Cultural Resources Officer, CulturalResources@Waterboards.ca.gov, within 24 hours of the discovery of any potential tribal cultural resource and/or archaeological or historical resource, and shall notify the Division promptly upon the discovery of any unexpected endangered or threatened species, as defined in the federal Endangered Species Act. For additional requirements, please refer to Exhibit C of this Agreement.

REPORTING TO THE STATE WATER BOARD

1. In the Recipient's Progress Reports and the Project Completion Report, submitted pursuant to this Agreement, the Recipient shall include a discussion of the status of its compliance with all environmental measures identified in this Exhibit D, with separate sections clearly labeled with section titles, discussing the status of Recipient's compliance with:
 - a. Endangered Species Act
 - i. The conservation measures in the letter dated July 23, 2025, from David Zoutendyk of the USFWS, Carlsbad Office.
 - b. The Mitigation Monitoring and Reporting Program water quality measures adopted for the Project.
 - i. BIO-1

Executive Order N-6-22 — Russian Sanctions.

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

The Recipient represents that the Recipient is not a target of economic sanctions imposed in response to Russia's actions in Ukraine imposed by the United States government or the State of California. The Recipient is required to comply with the economic sanctions imposed in response to Russia's actions in Ukraine, including with respect to, but not limited to, the federal executive orders identified in California Executive Order N-6-22, located at <https://www.gov.ca.gov/wp-content/uploads/2022/03/3.4.22-Russia-Ukraine-Executive-Order.pdf> and the sanctions identified on the United States Department of the Treasury website (<https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/ukraine-russia-related-sanctions>). The Recipient is required to comply with all applicable reporting requirements regarding compliance with the economic sanctions, including, but not

limited to, those reporting requirements set forth in California Executive Order N-6-22 for all Recipients with one or more agreements with the State of California with an aggregated value of Five Million Dollars (\$5,000,000) or more. Notwithstanding any other provision in this Agreement, failure to comply with the economic sanctions and all applicable reporting requirements may result in termination of this Agreement.

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

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

EXHIBIT E – PAYMENT SCHEDULE

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

California DWSRF Payment Schedule

Project No. 3710026-004C - Valley Center Municipal Water District
Agreement: D2502004 - based on Actual + Projected Disbursements
2023 Water Facilities Replacement Project

Principal is paid over: 30 Years
Interest rate: 1.900000%

Ref Num	Due Date	Date Received	Principal Payment	Interest Rate%	Interest Payment	Total P and I Payment	Total Payment	Ending Balance	CPI Interest
1	7/1/2029		0.00	1.900	260,597.15	260,597.15	260,597.15	5,525,000.00	0.00
2	7/1/2030		145,062.30	1.900	104,975.00	250,037.30	250,037.30	5,379,937.70	0.00
3	7/1/2031		147,818.48	1.900	102,218.82	250,037.30	250,037.30	5,232,119.22	0.00
4	7/1/2032		150,627.03	1.900	99,410.27	250,037.30	250,037.30	5,081,492.19	0.00
5	7/1/2033		153,488.95	1.900	96,548.35	250,037.30	250,037.30	4,928,003.24	0.00
6	7/1/2034		156,405.24	1.900	93,632.06	250,037.30	250,037.30	4,771,598.00	0.00
7	7/1/2035		159,376.94	1.900	90,660.36	250,037.30	250,037.30	4,612,221.06	0.00
8	7/1/2036		162,405.10	1.900	87,632.20	250,037.30	250,037.30	4,449,815.96	0.00
9	7/1/2037		165,490.80	1.900	84,546.50	250,037.30	250,037.30	4,284,325.16	0.00
10	7/1/2038		168,635.12	1.900	81,402.18	250,037.30	250,037.30	4,115,690.04	0.00
11	7/1/2039		171,839.19	1.900	78,198.11	250,037.30	250,037.30	3,943,850.85	0.00
12	7/1/2040		175,104.13	1.900	74,933.17	250,037.30	250,037.30	3,768,746.72	0.00
13	7/1/2041		178,431.11	1.900	71,606.19	250,037.30	250,037.30	3,590,315.61	0.00
14	7/1/2042		181,821.30	1.900	68,216.00	250,037.30	250,037.30	3,408,494.31	0.00
15	7/1/2043		185,275.91	1.900	64,761.39	250,037.30	250,037.30	3,223,218.40	0.00
16	7/1/2044		188,796.15	1.900	61,241.15	250,037.30	250,037.30	3,034,422.25	0.00
17	7/1/2045		192,383.28	1.900	57,654.02	250,037.30	250,037.30	2,842,038.97	0.00
18	7/1/2046		196,038.56	1.900	53,998.74	250,037.30	250,037.30	2,646,000.41	0.00
19	7/1/2047		199,763.29	1.900	50,274.01	250,037.30	250,037.30	2,446,237.12	0.00
20	7/1/2048		203,558.79	1.900	46,478.51	250,037.30	250,037.30	2,242,678.33	0.00
21	7/1/2049		207,426.41	1.900	42,610.89	250,037.30	250,037.30	2,035,251.92	0.00
22	7/1/2050		211,367.51	1.900	38,669.79	250,037.30	250,037.30	1,823,884.41	0.00
23	7/1/2051		215,383.50	1.900	34,653.80	250,037.30	250,037.30	1,608,500.91	0.00
24	7/1/2052		219,475.78	1.900	30,561.52	250,037.30	250,037.30	1,389,025.13	0.00
25	7/1/2053		223,645.82	1.900	26,391.48	250,037.30	250,037.30	1,165,379.31	0.00
26	7/1/2054		227,895.09	1.900	22,142.21	250,037.30	250,037.30	937,484.22	0.00
27	7/1/2055		232,225.10	1.900	17,812.20	250,037.30	250,037.30	705,259.12	0.00
28	7/1/2056		236,637.38	1.900	13,399.92	250,037.30	250,037.30	468,621.74	0.00
29	7/1/2057		241,133.49	1.900	8,903.81	250,037.30	250,037.30	227,488.25	0.00
30	7/1/2058		227,488.25	1.900	4,322.28	231,810.53	231,810.53	0.00	0.00
			5,525,000.00		1,968,452.08	7,493,452.08	7,493,452.08		0.00

EXHIBIT F – TAX CERTIFICATE

F.1 Purpose.

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

F.2 Tax Covenant.

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

F.3 Governmental Unit.

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

F.4 Financing of a Capital Project.

The Recipient will use the Project Funds to finance capital expenditures it has incurred or will incur for the construction, reconstruction, installation or acquisition of the Project in accordance with the terms of this Agreement. Such expenditures shall not have previously been financed with the proceeds of any other issue of indebtedness except for interim financing by the Recipient, the date of maturity, prepayment or redemption of which is within thirty (30) days of the date of disbursement of Project Funds under this Agreement. All Project Funds shall be allocated to expenditures by the Recipient within thirty (30) days of the date of disbursement, including (if at all) Project Funds allocated to repay interim financing of the Recipient. For purposes of this Section F.4, "interim financing" means notes, commercial paper, loans, lines of credit and other forms of short-term borrowing.

F.5 Ownership and Operation of Project.

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

F.6 Temporary Period.

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

F.7 Working Capital.

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

F.8 Expenditure of Proceeds.

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

F.9 Private Use and Private Payments.

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

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

The Project (or any portion thereof) will not be sold or otherwise disposed of, in whole or in part, to any person who is not a Governmental Unit prior to the final maturity date of the Obligation. The Project will not be leased to any person or entity that is not a Governmental Unit prior to the final maturity date of the Obligation. Except as permitted under Section F.12 hereof, the Recipient will not enter any contract or arrangement or cause or permit any contract or arrangement to be entered with persons or entities that are not Governmental Units if that contract or arrangement would confer on such persons or entities any

right to use the Project on a basis different from the right of members of the general public. The contracts or arrangements contemplated by the preceding sentence include but are not limited to management contracts, take or pay contracts or put or pay contracts, and capacity guarantee contracts.

F.11 No Disproportionate or Unrelated Use.

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

F.12 Management and Service Contracts.

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

F.13 No Disposition of Financed Property.

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

F.14 Useful Life of Project.

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

F.15 Payments.

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

reasonable carryover amount not exceeding the greater of earnings on such fund or one-twelfth of the Payments in either case for the immediately preceding year.

F.16 No Other Replacement Proceeds.

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

F.17 No Sinking or Pledged Fund.

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

F.18 Reserve Amount.

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

F.19 Reimbursement Resolution.

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

F.20 Reimbursement Expenditures.

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

F.21 Change in Use of the Project.

The Recipient reasonably expects to use all of the Bond Funded Portion of the Project Funds and the Project for the entire stated term to maturity of the Obligation. Absent an opinion of Nationally-Recognized Bond Counsel to the effect that such use of the Bond Funded Portion of the Project Funds will not adversely affect the exclusion from federal gross income of interest on the Bonds pursuant to Section 103 of the Code, the Recipient will use the Bond Funded Portion of the Project Funds and the Project solely as set forth in this Agreement.

F.22 Rebate Obligations.

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

F.23 No Federal Guarantee.

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

F.24 Amendments.

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

F.25 Reasonable Expectations.

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

F.26 Assignment.

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

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



[Closing Date]

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

Re: Valley Center Municipal Water District (“District”) – 2023 Water
Facilities Replacement Project – Project No. ____ (the “Project”) –
Agreement No. _____ (the “Agreement”)

Ladies and Gentlemen:

This firm serves as General Counsel to the District in connection with the Project. This opinion is delivered to the State Water Resources Control Board (“State Water Board”) at the request of the District. In connection therewith, we have examined the laws pertaining to the District, original copies of the Agreement between the District and the State Water Board (“Agreement”), the District’s authorizing resolutions, Resolution No. ____, adopted on ____, the District’s reimbursement resolution, Resolution No. ____, adopted on ____, and the District’s rate-setting ordinance, Ordinance No. ____ adopted on ____ (collectively, “the Resolutions”), the District’s debt management policy, documents related to each of the Material Obligations as set forth in the Agreement, and such other documents, legal opinions, instruments and records, and have made such investigation of law and fact, as we have considered necessary or appropriate for the purpose of this opinion.

The opinions expressed herein are based on an analysis of existing statutes, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. We express no opinion with respect to any choice of law provisions contained in the foregoing documents.

In our examination, we have assumed, without independent investigation, the authenticity of all documents submitted to us as originals, of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such latter documents and the accuracy of the statements and representations contained in such documents. In addition, we have assumed the authority of and due execution by each of the parties to the documents other than the District.

As used in this opinion, the phrase “to the best of our knowledge and based upon a reasonable investigation” means knowledge as we have obtained from (i) the incumbency and signature certificate of the District, (ii) the representations and warranties contained in each of the

documents covered under this opinion by the District, and (iii) knowledge of facts or other information currently known to lawyers in this office who have performed legal services for the District.

Based on the foregoing, it is our opinion that:

a. The District, a municipal water district, duly organized, validly existing under the laws of the State of California, has the requisite legal right, power, and authority to execute and deliver the Agreement and carry out and consummate all transactions contemplated therein.

b. The Resolutions have been duly adopted at meetings of the District which were called and held pursuant to law with all public notice required by law and at which a quorum was present and acting when the Resolutions were adopted. The Resolutions are in full force and effect and have not been amended, modified, supplemented, or rescinded, nor has the rate-setting resolution been challenged or the rates become subject of a referendum or initiative or other similar process.

c. To the best of our knowledge and based upon a reasonable investigation, all proceedings required by law or under the ordinances or bylaws of the District to be taken by the District in connection with the authorization of the Agreement and the transactions contemplated by and related thereto, and all such approvals, authorizations, consents or other orders of or filings or registrations with such public boards or bodies, if any, as may be legally required to be obtained by the District prior to the date hereof with respect to all or any of such matters have been taken or obtained and are in full force and effect, except that no opinion is expressed as to any approvals, obligations or proceedings which may be required under any federal securities laws or state blue sky or securities laws.

d. To the best of our knowledge and based upon a reasonable investigation, the execution and delivery of the Agreement and the consummation of the transactions therein will not conflict with or constitute a breach of or default (with due notice or the passage of time or both) under (i) the statutes creating the District or any amendments thereto, (ii) the ordinances or by laws of the District, (iii) any bond, debenture, note or other evidence of indebtedness, or any material contract, agreement or lease to which the District is a party or by which it or its properties are otherwise subject or bound or (iv) any applicable law or administrative regulation or any applicable court or administrative decree or order.

e. To the best of our knowledge and based upon a reasonable investigation, the District has sufficient property rights in the Project property for the purposes contemplated in the Agreement for the term of the Agreement as it is statutorily granted a right of way on property within the Project pursuant to California Water Code sections 71697 and 71695, and California Public Utilities Code section 10101. Further the District has complied with the requirements of the Uniform Relocation Assistance and Real

Property Acquisition Policies Act of 1970 (42 U.S.C. 4601) with respect to any property acquired for the purposes of the Project.

f. To the best of our knowledge and based upon a reasonable investigation, there is no action, suit, proceeding, inquiry or investigation before or by any court of federal, state, municipal or other governmental authority pending for which the District has been served or threatened against or affecting the District's System, as defined in the Agreement, or the assets, properties or operations of the District relating to its System which, if determined adversely to the District or its interests would result in any material change in the assets or financial condition of the District, the District's System or the financial condition thereof, and the District is not in default with respect to any order or decree of any court or any order, regulation, or demand of any federal, state, municipal, or other governmental agency which default might have consequences that would materially and adversely affect the financial condition of the District or its System.

f. Without having undertaken any independent investigation as to the accuracy or completeness of information submitted in connection with the Agreement and without having undertaken any review of any financial or statistical information contained therein, no facts have come to our attention which lead us to believe that the District's authorized representative has made any untrue statement of a material fact or omitted or omits to state a material fact or has made misleading statements in the Agreement.

g. The Agreement has been duly authorized, executed, and delivered, and assuming due authorization, execution and delivery of the Agreement by the State Water Board, constitutes legal, valid, and binding obligation of the District enforceable against the District in accordance with its terms, subject to the laws relating to bankruptcy, insolvency, reorganization, or creditors' rights generally and to the application of equitable principles, if equitable remedies are sought.

We disclaim any obligation to supplement this opinion letter with regard to events occurring or coming to our attention after the date hereof. The opinions herein are limited to the matters expressly set forth herein, and no opinion is to be implied or may be inferred beyond the matters expressly so stated.

Our opinion is further qualified by the following:

(a) We express no opinion with respect to the laws of any state or jurisdiction other than California and the United States regarding the enforceability of any transaction mentioned herein or the interpretation, authorization, execution, validity, enforceability or effect of any of the documents mentioned herein; provided further that we express no opinion with respect to California or federal tax and securities law.

(b) As General Counsel in this matter, we have not rendered financial advice to the District and do not represent by this opinion, or otherwise, that we reviewed or made any assessment about, nor do we express any opinion about, the financial ability of the District to pay debt service or amounts due under the Agreement.

The opinions expressed herein may be affected by actions which may be taken (or not taken) or events which may occur (or not occur) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or occur or are not taken or do not occur.

This letter is furnished by us as General Counsel to the District. Other than the District, no attorney-client relationship has existed or exists between our firm and you in connection with the Agreement or by virtue of this letter. Our engagement with respect to the Agreement has terminated as of the date hereof, and we disclaim any obligation to update this letter. This letter is delivered to you, is solely for your benefit and is not to be used, quoted or otherwise referred to or relied upon for any other purpose or by any other person without our written consent.

We bring to your attention the fact that our conclusions are an expression of professional judgment and are not a guarantee of a result.

Sincerely,

BEST BEST & KRIEGER LLP



[Closing Date]

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

Re: Valley Center Municipal Water District ("District") – 2023 Water
Facilities Replacement Project – Project No. ____ (the "Project") –
Agreement No. _____ (the "Agreement")

Ladies and Gentlemen:

This firm serves as Bond Counsel to the District in connection with the Project. This opinion is delivered to the State Water Resources Control Board ("State Water Board") at the request of the District. In connection therewith, we have examined the laws pertaining to the District, original copies of the Agreement between the District and the State Water Board ("Agreement"), the District's authorizing resolution, Resolution No. ____, adopted on ____, the District's reimbursement resolution, Resolution No. ____, adopted on ____, and the District's rate-setting ordinance, Ordinance No. ____, adopted on ____ (collectively, "the Resolutions"), the District's debt management policy, documents related to each of the Material Obligations as set forth in the Agreement, and such other documents, legal opinions, instruments and records, and have made such investigation of law and fact, as we have considered necessary or appropriate for the purpose of this opinion.

The opinions expressed herein are based on an analysis of existing statutes, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. We express no opinion with respect to any choice of law provisions contained in the foregoing documents.

In our examination, we have assumed, without independent investigation, the authenticity of all documents submitted to us as originals, of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such latter documents and the accuracy of the statements and representations contained in such documents. In addition, we have assumed the authority of and due execution by each of the parties to the documents other than the District.

As used in this opinion, the phrase "to the best of our knowledge and based upon a reasonable investigation" means knowledge as we have obtained from (i) the incumbency and

signature certificate of the District, (ii) the representations and warranties contained in each of the documents covered under this opinion by the District, and (iii) knowledge of facts or other information currently known to lawyers in this office who have performed legal services for the District.

To the best of our knowledge and based upon a reasonable investigation, the execution and delivery of the Agreement and the consummation of the transactions therein will not conflict with or constitute a breach of or default (with due notice or the passage of time or both) under any bond, debenture, note or other evidence of indebtedness, or any material contract, agreement or lease to which the District is a party or by which it or its properties are otherwise subject or bound. The Agreement has been duly authorized, executed, and delivered, and assuming due authorization, execution and delivery of the Agreement by the State Water Board, constitutes a legal, valid and binding obligation of the District enforceable against the District in accordance with its terms.

The opinions herein are limited to the matters expressly set forth herein, and no opinion is to be implied or may be inferred beyond the matters expressly so stated. Our opinion is further qualified by the following:

(a) We express no opinion with respect to the laws of any state or jurisdiction other than California and the United States regarding (i) the enforceability of any transaction mentioned herein or (ii) the interpretation, authorization, execution, validity, enforceability or effect of any of the documents mentioned herein; provided further that we express no opinion with respect to California or federal securities law.

(b) As Bond Counsel to the District in this matter, we have not rendered financial advice to the District and do not represent by this opinion, or otherwise, that we reviewed or made any assessment about, nor do we express any opinion about, the financial ability of the District to pay debt service or amounts due under the Agreement, except that we have relied on the representations of the District set forth in a coverage certificate or other instrument demonstrating ability to meet the covenants in any existing obligation relating to the issuance of additional debt, including (i) the collection of rates and charges and (ii) existence of sufficient revenues to pay for annual debt service.

(c) Specifically, without limitation, we express no opinion as to the following: (i) the state or quality of title to any property described in the Installment Sale Agreement or the accuracy or sufficiency of the description of such property contained in the Installment Sale Agreement; (ii) the enforceability under certain circumstances of contractual provisions respecting various summary remedies without notice or opportunity for hearing or correction, especially if their operation would work a substantial forfeiture or impose a substantial penalty upon the burdened party; or (iii) the effect or availability of any specific remedy provided for in the Installment Sale Agreement under particular circumstances.

(d) Enforceability of the terms of the Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to

or limiting creditors' rights generally and by the application of equitable principles if equitable remedies are sought and by the limitations on legal remedies imposed on actions against cities in the State of California.

(e) Federal or State securities laws or tax laws.

This letter is furnished by us as Bond Counsel to the District. Other than the District, no attorney-client relationship has existed or exists between our firm and you in connection with the Agreement or by virtue of this letter. Our engagement with respect to the Agreement has terminated as of the date hereof, and we disclaim any obligation to update this letter. The opinions herein are limited to the matters expressly set forth herein, and no opinion is to be implied or may be inferred beyond the matters expressly so stated. This letter is delivered to you, is solely for your benefit and is not to be used, quoted or otherwise referred to or relied upon for any other purpose or by any other person.

Sincerely,

BEST BEST & KRIEGER LLP

California Environmental Quality Act (CEQA) Determination

Valley Center Municipal Water District (Applicant)
2023 Water Facilities Replacement Project (Project)
Project Number: 3710026-004C

As the Deputy Director for the State Water Resources Control Board (State Water Board), Division of Financial Assistance, I have been delegated the authority to approve and execute financing agreements for projects that are routine and non-controversial. The execution of a financing agreement is an action that is subject to CEQA. The authority to make this CEQA determination necessarily accompanies the delegation to approve and execute the financing agreement for this Project.

1. The Applicant is the CEQA Lead Agency and has prepared an Initial Study/Mitigated Negative Declaration (MND) titled 2020 Pipeline Replacement Program, for the Project which was circulated through the Governor's Office of Land Use and Climate Innovation (LCI), State Clearinghouse (No. 2020079025) for review and comments. The Applicant adopted the MND and a Mitigation Monitoring and Reporting Program (MMRP) and approved the Project on October 19, 2020. The Applicant filed a Notice of Determination with the San Diego County Clerk on November 16, 2020 and the LCI on October 20, 2020.
2. The State Water Board is a Responsible Agency under CEQA. A Responsible Agency complies with CEQA by considering the MND and the MMRP prepared by the Lead Agency and by reaching its own conclusions on whether and how to approve the Project involved. The State Water Board has independently considered the MND and the MMRP, and pursuant to my delegated authority, I make the following determinations regarding the Project:
 - The MND and the MMRP include biological resources mitigation measure 1 to reduce the potential water quality impacts of the Project to less than significant levels as described in the final MND and the MMRP. Because of the mitigation measure identified herein and in the MND and the MMRP, the Project will not result in any significant adverse water quality impacts.
 - The MND and the MMRP also include mitigation measures for biological resources and cultural resources that mitigate potential environmental impacts to less than significant levels for these impact categories. Changes or alterations to the Project based on these mitigation measures are within the responsibility and jurisdiction of other public agencies and are not within the jurisdiction of the State Water Board. Such changes either have been adopted by other relevant agencies or can and should be adopted by such other agencies.

A final copy of the MND, the MMRP, comments and responses, and records of the financing approval for the Project are available to the general public at the State Water

Applicant: Valley Center Municipal Water District
Project No: 3710026-004C

Board, Division of Financial Assistance at 1001 I Street, 16th Floor, Sacramento, CA
95814.

Joe Karkoski  Digitally signed by Joe Karkoski
Date: 2025.10.09 08:16:01 -07'00'
Water Boards

Joe Karkoski, Deputy Director
Division of Financial Assistance

EXHIBIT B
GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Installment Sale Agreement (“ISA”) authorized by this Resolution. Such good faith estimates have been provided to the District, based on market interest rates prevailing at the time of preparation of the Estimated Principal Amount, by Fieldman Rolapp & Associates, Inc., the District’s Municipal Advisor.

Estimated Principal Amount. The Municipal Advisor has informed the District that, based on the District’s financing plan and current market conditions, the good faith estimate of the aggregate principal amount of the ISA is \$5,525,000.00 (the “Estimated Principal Amount”).

True Interest Cost. The Municipal Advisor has informed the District that the good faith estimate of the true interest cost of the ISA, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the ISA, is 1.90%.

Finance Charge. The Municipal Advisor has informed the District that the good faith estimate of the finance charge for the ISA, which means the sum of all fees and charges paid to third parties for costs in connection with the execution and delivery of the ISA (the “Finance Charge”), is \$11,000.00.

Amount of Proceeds to be Received. The Municipal Advisor has informed the District that the good faith estimate of the amount of proceeds of the ISA expected to be received by the District, less the Finance Charge, and any reserves or capitalized interest paid or funded with proceeds of the ISA, is \$5,525,000.00.

Total Payment Amount. The Municipal Advisor has informed the District that the good faith estimate of the total payment amount, which means the sum total of all principal and interest payments made for the ISA, plus the Finance Charge, not paid with proceeds of the financing, calculated to the final maturity of the ISA, is \$7,504,452.08.

The foregoing estimates constitute good faith estimates only. The estimates above may differ from the actual amounts due to (a) the actual dated date of the ISA being different from the date assumed for purposes of such estimates, (b) the actual aggregate principal amount of the ISA being different from the Estimated Principal Amount, (c) the actual amortization of the debt service on the ISA being different from the amortization assumed for purposes of such estimates, (d) other market conditions, or (e) alterations in the District’s financing plan, or a combination of such factors. The actual dated date of the ISA and the actual aggregate principal amount of the ISA will be determined by the District based on market conditions and other factors.

November 17, 2025

TO: Honorable President and Board of Directors

FROM: Lindsay J. Leahy, *General Manager*

SUBJECT: LEGISLATIVE AND REGULATORY REPORT – November 2025

PURPOSE:

To provide the Board of Directors with an update on current and developing legislative and regulatory matters that may impact District operations.

SUMMARY:

The 2026 legislative session begins on January 5, 2026. Several legislative proposals were presented for consideration at the November 7, 2025, Association of California Water Agencies (ACWA) Legislative Committee, including a Low-Income Water Rate Assistance and Surplus Land Act discussed in more detail below.

Low-Income Water Rate Assistance (LIRA)

The two competing LIRA bills introduced in the 2025 legislative session, Senator Durazo's Senate Bill 350 (SB 350) and Assembly Bill 532, sponsored by the California Municipal Utilities Association (CMUA), did not move forward. CMUA will not re-introduce their legislation to provide statutory protection to water agencies with existing LIRA programs and Senator Durazo's office is not expected to move forward with SB 350 due to a lack of funding source for a LIRA program.

Amador Water Agency requested ACWA support for a legislative proposal based on the SB 350 framework that would establish a Water Rate Assistance Fund in the State Treasury to provide direct water bill assistance to low-income residential ratepayers. The program would be entirely funded by the fund or other available state or federal funding. On November 7, 2025, the ACWA Legislative Committee voted to support the proposed legislation in concept and refer to the ACWA LIRA Working Group. Staff is a member of the LIRA Working Group.

It is expected that LIRA will remain a priority issue during the 2026 legislative session and staff will continue to keep the Board updated on developing legislative efforts.

Surplus Land Act

The Surplus Lands Act (SLA) is a law designed to prioritize affordable housing development when public agencies dispose of land. Under the SLA, before a local agency can sell surplus property, it must notify the Department of Housing and Community Development (HCD), Local public entities, and hundreds of developers registered with the HCD and give affordable housing developers the first opportunity to purchase the surplus property.

El Dorado Irrigation District requested ACWA support for a legislative proposal to amend the SLA by adding a narrow, objective exemption for rural parcels that cannot reasonably support housing development to enable sensible public-use dispositions of land unsuited for housing. On November 7, 2025, the ACWA Legislative Committee voted to support the proposed legislation.

Water Quality Public Health Goals

The Office of Environmental Health and Hazard Assessment (OEHHA) is responsible for developing Public Health Goals (PHGs) for contaminants in drinking water. PHGs are concentrations of chemicals in drinking water that pose no significant risk to health, are non-regulatory in nature and used as the health basis to support the state's primary drinking water standards. Water suppliers are required to produce a report on PHGs every three years. OEHHA has recently announced it is developing new and updated PHGs for several chemicals, including arsenic, 1,4-Dioxane and Perfluorohexane Sulfonic Acid (PFHxS).

Of particular concern is the proposed PHG for 1,4-dioxane in drinking water of 0.04 parts per billion as it is highly soluble in water and does not readily break down or filter out through conventional treatment methods, requiring advanced oxidation treatment processes. The San Diego County Water Authority is participating in an ACWA working group on the proposed PHG for 1,4-Dioxane, and is expected to sign on to a coalition letter that will be submitted to the State Water Resources Control Board.

Senate Bill 72 – California Water Plan

Senate Bill 72 (SB 72) unanimously passed the legislature and was signed into law by Governor Newsom on October 1, 2025. SB 72 directs the Department of Water Resources (DWR) to modernize the California Water Plan and develop a range of supply targets that consider future scenarios with a 50-year planning horizon at a watershed scale. The District actively participated and contributed to this important three-year effort to modernize California's Water Plan.

The final legislation includes provisions to ensure local agencies have stakeholder engagement with the California Water Commission and advisory committee during the California Water Plan updates. Staff will remain engaged in advocacy efforts and provide updates to the Board.

Department of Water Resources Working Group (Senate Bill 1157)

The Department of Water Resources (DWR) selected staff to serve on the Senate Bill 1157 Benefits and Impacts Working Group (SB 1157 Working Group). The first meeting was held on September 29, 2025. The purpose of the SB 1157 Working Group is to assess operational and affordability impacts of the reduced indoor residential standard of 42 GPCD on water, wastewater and recycled water systems. Members will provide input on key policy, environmental and technical considerations to support DWR in evaluating the benefits and impacts of the reduced indoor standard. The findings must be summarized in a report to the Legislature by October 1, 2028.

A Region 10 ACWA group has been established to strategize and ensure regional agencies concerns are addressed. The next SB 1157 Working Group meeting is scheduled for January 13, 2026.

Proposition 4 Funding

The Governor's multi-year spending plan to implement Proposition 4, a \$10 billion bond measure focused on increasing the state's resilience to the impacts of climate change, was approved by the legislature. Staff is participating in an ACWA workgroup to prioritize funding requests to submit to the Governor's office for inclusion in the January 10 budget announcement and continued budget advocacy next year. Additionally, the District continues to work with our state and federal lobbyists to advance the District's funding priorities, which include statewide and regional funding for conveyance and storage, support for sustainable agricultural operations and wildfire and forest resilience.

Urban Water Management Plan

Staff is moving forward with Hoch Consulting to prepare the 2025 Urban Water Management Plan (UWMP). The 2025 UWMP and WSCP are both due to DWR by July 1, 2026.

DWR is updating its 2025 UWMP Guidebook and anticipates releasing a draft for public review in November 2025. DWR staff has scheduled a meeting on November 17, 2025, to discuss the draft Guidebook which will be posted to DWR's website ahead of the meeting. The deadline to provide comment on the draft Guidebook is December 2, 2025.

RECOMMENDATION:

No action required, informational item only.

PREPARED BY:



Alisa Nichols
*Special Projects and Regulatory
Compliance Manager*

SUBMITTED BY:



Lindsay J. Leahy
General Manager



**SUMMARY OF FORMAL BOARD OF DIRECTORS' MEETING
OCTOBER 23, 2025**

1. Monthly Treasurer's Report on Investments and Cash Flow.
The Board noted and filed the monthly Treasurer's Report
2. Establish 2026 Board meeting dates.
The Board approved March regular Board meeting date of March 19, 2026, combined the November and December Board meeting dates to November 19, 2026, and approved the 2026 Board meeting dates calendar.
3. Amendment to extend the agreement with Industrial Scientific Corporation for Lease of Air Monitoring Equipment System.
The Board amended the agreement with Industrial Scientific Corporation for continued services to the Water Authority through December 31, 2027 by \$171,227.48 for a period of 24 additional months; increasing total contract funding to an amount not to exceed \$246,820.58.
4. Professional Services Contract Amendments for pool of Financial Advisors for as-needed financial advisor services.
The Board authorized the General Manager to execute amendments to the professional services contracts for Acacia Financial Group, Inc., in the amount of \$38,651; Clean Energy Capital Securities, LLC, in the amount of \$36,076; and Montague DeRose and Associates, LLC, in the amount of \$114,123; and to extend the agreement term for each contract an additional two years, for continued as-needed financial advisor services.
5. Proposed 2026 Legislative Policy Guidelines.
The Board approved the proposed 2026 Legislative Policy Guidelines.
6. Amendment with Trane U.S. Inc, dba Southern California Trane for heating, ventilation, and air conditioning maintenance, inspection, and monitoring services.
The Board approved Amendment 3, with such non-material modifications as approved by the General Manager or General Counsel, to the services contract with Trane U.S. Inc, dba Southern California Trane (Trane) for heating, ventilation, and air conditioning (HVAC) maintenance and monitoring services for a not-to-exceed amount of \$150,000, increasing the authorized cumulative amount from \$150,000 to \$300,000, extending the termination date through November 30, 2026, and authorized the General Manager, or designee, to execute the amendment.
7. Amendment with Rancho Santa Fe Security Systems, Inc. for mobile solar security surveillance trailers with 24/7 monitoring and dispatch services.
The Board approved Amendment 2, with such non-material modifications as approved by the General Manager or General Counsel, to the services contract with Rancho Santa Fe Security Systems, Inc. for mobile solar security surveillance trailers with 24/7 monitoring and dispatch services for a not-to-exceed amount of \$150,000, increasing the authorized cumulative amount



from \$149,000 to \$299,000, and authorized the General Manager, or designee, to execute the amendment.

8. Adopt position on various bills.
The Board adopted a position of Support on H.R. 4733 (Sorenson), Low-Income Household Water Assistance Program (LIHWAP) Establishment Act.
9. The Board approved the minutes of the Formal Board of Directors' meeting of July 24, 2025.
10. Director Retirement Resolution.
The Board adopted Resolution No. 2025-18, a Resolution of the Board of Directors of the San Diego County Water Authority, honoring Gary Croucher upon his retirement from the Board of Directors.
11. General Counsel Contract Amendment.
The Board approved a five percent COLA increase to salary for October 3, 2025 through October 2, 2026, and a one-time performance award equivalent to three percent of the base salary effective October 3, 2025.

November 17, 2025

TO: Honorable President & Board of Directors

FROM: Lindsay Leahy, *General Manager*

SUBJECT: DISTRICT MONTHLY STATUS REPORT – SEPTEMBER 2025

PURPOSE:

To provide the Board with a status report on District operations, activities and projects.

SUMMARY:

For the month ending September 30, 2025, the following reports are presented by the Operations, Engineering, Finance, Information Technology (I.T.), and General Administration Departments:

I. OPERATIONS DEPARTMENT:

A. WATER / WASTEWATER DIVISION:

	<u>SEPT</u>	<u>SEPT</u>	<u>FY</u>	<u>FY</u>
	<u>2025</u>	<u>2024</u>	<u>2025-26</u>	<u>2024-25</u>
Water Operations			<u>to Date</u>	<u>to Date</u>
Flow (average cfs)	25.21	29.63	26.36	30.18
Total Rainfall (inches)	0.45	0	0.47	0
Average 24 Hr. Temp. (EF)	73	73	73	75
Average High Temp. (EF)	85	87	87	90

Water Purchases (A.F.)	1,506.39	1,763.43	4,819.36	5,513.4
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	<u>Budgeted</u>	<u>Projected</u>	<u>Actual</u>
	<u>2025-26</u>	<u>2025-26</u>	<u>2024-25</u>
Water Sales (A.F.)	12,500.0	12,500.0	13,884.7

	<u>AUG</u>	<u>JULY</u>	<u>F.Y.</u>
	<u>2025</u>	<u>2025</u>	<u>2024-25</u>
Power Purchases			<u>to Date</u>
Electricity and Natural Gas			
Total kWh Purchased	762,465	507,783	1,270,248
Avg. Cost/kWh	\$0.230109	\$0.268903	\$0.245617
Total Therms Purchased	11,366	46,660	58,062
Avg. Cost/Therm	\$1.39602	\$1.31787	\$1.33317

Operations and Facilities Department RENEWABLE ENERGY PROJECTS



Solar Sites Online

★ (9) Sites - Total 1.86MW

Proposed Future Solar Sites

● Betsworth PS - Future 868kW

● Miller PS (B) - Future 431kW

Total: 1.3MW

Terms:

kW - Kilowatt or 1,000 Watts

MW - Megawatt or 1,000 Kilowatts

1 MW will power 1,000 Homes



Tyler Pump Station - 52kW



Miller Pump Sta. (A) - 70kW



Country Club Res - 58kW



Cool Valley Res - 91kW



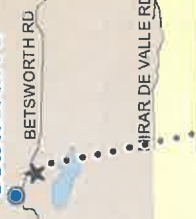
Corporate Facility - 152.5kW



Moosa WRF - 278kW



Betsworth PS



Lake Turner - 1.1MW



MJM Pump Station - 30kW



Cobb Res - 30kW



Wastewater	SEPT <u>2025</u>	SEPT <u>2024</u>	SEPT <u>2023</u>
Daily Flows (Average M.G.D.)			
Moosa	.288	.266	.277
Woods Valley	.122	.122	.118

	SEPT <u>2025</u>	SEPT <u>2024</u>	F.Y. 2025-26 to Date	F.Y. 2024-25 to Date
Recycled Water				
Woods Valley Ranch WWRF (A.F.)	11.30	11.27	34.94	35.32

B. CUSTOMER CONTACTS:

	SEPT <u>2025</u>	SEPT <u>2024</u>	F.Y. 2025-26 to Date	F.Y. 2024-245 to Date
Customer Service Requests:				
Backflow Leaking	8	8	18	16
Conservation	0	0	0	0
Facilities Damaged by Others	0	1	1	1
Leaks	27	21	75	81
Miscellaneous	21	24	70	59
No Water	7	6	18	19
Pressure	13	7	46	31
Sewer	0	0	0	0
STEP System	2	4	8	10
Water Quality	0	4	4	4
After-Hour Call-Outs				
SCADA	2	2	10	9
Customer	30	23	85	84

C. SAFETY MEETINGS:

Safety Meetings

09/02/25	- Fall Protection	(Bill Morris)
09/09/25	- Stormwater Run-Off	(Bill Morris)
09/16/25	- Back Safety	(Bill Morris)

Seminars/Meetings

09/11/25 - Recycled Water Site Supervisor Certification training webinar attended by David Frank and Mario Cortes

D. SECURITY:

	<u>SEPT 2025</u>	<u>SEPT 2024</u>	<u>F.Y. 2025-26 to Date</u>	<u>F.Y. 2024-25 to Date</u>
Trespassing/Break-ins	0	0	0	5
Vandalism	0	0	1	0
Threats/Suspicious Activity	0	0	0	0
Theft	0	0	0	0

E. METER SERVICES DIVISION:

	<u>SEPT 2025</u>	<u>F.Y. 2025-26 to Date</u>	<u>F.Y. 2024-25 to Date</u>
Installation/Maintenance/Repair			
Meters Installed	3	13	16
Meter Service Repairs	6	18	13
Total Meters Exchanged	18	66	53
Meter Flow Test Bench			
Meters Tested	11	47	28
Backflow Program			
RP & DC Devices			
Tested	517	1,634	1,616
Repaired	30	98	80
Installed	21	48	45

F. WATER FACILITIES DIVISION:

	<u>SEPT 2025</u>	<u>F.Y. 2025-26 to Date</u>	<u>F.Y. 2024-25 to Date</u>
Pump Maintenance			
Pumps Pulled	1	1	0
Electric Motors Repaired	0	1	2
Electric Motors Rewound	0	0	0

G. CONSTRUCTION & MAINTENANCE DIVISION:

	<u>SEPT 2025</u>	<u>F.Y. 2025-26 to Date</u>	<u>F.Y. 2024-25 to Date</u>
Pipeline Maintenance/Repair			
Mainline Repairs	1	19	6
Shutdowns	1	5	2
Shutdowns Due to New Construction	3	8	3
Valve Maintenance			
Quad completed: A – K			
80% through Quad L			
Leak Detection Program Status			

100% of facilities detected through Quads: A – K
80% of facilities detected through Quad L

	SEPT 2025	F.Y. 2025-26 to Date	F.Y. 2024-25 to Date
Landscape (Reservoirs) Maintenance			
Station Maintenance	19	283	58

H. VEHICLE MAINTENANCE:

	SEPT 2025	F.Y. 2025-26 to Date	F.Y. 2024-25 to Date
Vehicles Serviced	5	12	13
Miles Driven	26,682	89,447	87,673
Gallons of Fuel Consumed – Vehicles	2,206	6,676	7,469
Gallons of Fuel Consumed – Equipment	118	429	590
MPG (average)	12.4	12.1	11.9
Pickup Trucks MPG	14.7	13.9	13.5
Service Trucks MPG	7.1	7.0	7.7
Average Vehicle Miles	523	541	562
 Total Mileage on Vehicles		4,400,839	4,209,158
 Total Number of Vehicles in Fleet	65		
Vehicles in Service	63		
Surplus Vehicles Available	2		

FIELD DEPARTMENT

Project No.	Name	F.Y. Auth- orized	Budget 2025- 2026	Total Project Budget	Contracts		Comments	Dept.
					Contractor / Consultant	% Complete AUG SEPT		
01-06-78-51050	Natural Gas Engine Controls Upgrade and Automation	16-17		\$190,000		33%	Construction in progress	P&M
01-06-78-51080	Pump Station Power Monitors	22-23		\$56,220		15%	Construction in progress	P&M
01-06-78-51373	Vehicles - Hooklift Truck	22-23		\$238,800		50%	Hooklift Truck Out Getting Outfitted.	P&M
01-06-78-51371	Vehicles - Four 1/2 ton pickup Trucks - Extra Cab	25-26		\$236,000		25%	Received Bids Awaiting Board PO Approval	P&M
01-06-78-51371	Vehicles - 1/2 Ton pickup truck - Crew Cab	25-26		\$63,000		25%	Received Truck Outfitting in Progress	P&M
01-06-78-51376	Backhoe Loader	25-26		\$200,000		50%	On Order	P&M
01-06-78-51880	Electric Motor Soft Starter Replacements	23-24		\$60,000		20%	Received, Installation in Progress	P&M
01-06-78-51930	Paradise Reservoir Site Chloramine Boosting System	23-24		\$214,500		0%	On Order	P&M
01-06-78-51820	Rescue Davit System	25-26		\$10,000		0%		SAFETY
13-06-78-53140	Lower Moosa Collection System Vitrified Clay Pipe Lining	18-19		\$119,000		90%	Contractor making repairs	WW

II. ENGINEERING DEPARTMENT:

A. ENGINEERING SERVICES:

	<u>September 2025</u>	<u>August 2025</u>	<u>F.Y. 2025-26 To Date</u>	<u>F.Y. 2024-25 Total</u>
Fire Meter Sales	3	0	5	36
Meter Sales	0	0	1	31
Meter Relocation	0	0	1	3
Meter Resize	0	0	1	3
Maps Processed (PF letters)	1	0	1	15
Agency Clearances Signed	5	6	16	70
Fire Hydrants/Special Projects Accepted	0	1	1	6
Underground Service Alerts/Mark-Outs	244	339	1,004	4,604
Potable Construction Meters	3	3	7	30
One Day Permits	0	0	0	1
Wastewater Inspections	0	0	1	2

General Activity:

In addition to the items listed in the above table, Engineering Services staff assists with encroachment permits and violations, provides information for mark outs and helps customers with water conservation questions, and available rebate programs.

B. GEOGRAPHICAL INFORMATION SYSTEM (GIS):

The GIS team continuously adds or updates facility data in the system as changes occur, supporting project managers with maps, exhibits, and data analysis.

The following took place in September:

1. Water and wastewater infrastructure updates included adding or updating 43 valves/appurtenances, 48 laterals and fittings to existing meters, 15 water meter location updates via GNSS coordinates, and 12 backflow devices. Edits generated from 3 as-built record drawings were completed and 9 map exhibits were produced. SanGIS updates were downloaded for the most recent addresses, parcels, right-of-way and roads.
2. Engineering Technician support continued with updates to water meters and laterals using GNSS coordinates provided by the Field Department.

3. Monitoring software review conducted with the consultant to evaluate existing alert criteria, implement necessary adjustments, and verify that the fully implemented system is configured and functioning as intended.

C. EASEMENT ENCROACHMENTS:

Summary of Activities:

In the month of September, no new Permits for were created and no new Violations were discovered. All other existing files are still pending.

	ENCROACHMENTS STATUS TABLE				
	Encroachment Violations			Encroachment Permits	
9/1/2025-9/30/2025	Pending Evaluation	Owner Resolution	District Resolution	Pending Evaluation	Active Permits
Beginning Log	11	20	11	18	11
Plus New	0	0	0	0	0
Less Completed	0	0	0	0	0
Ending Log	11	20	11	18	11

Encroachment VIOLATION Footnotes:

Pending Evaluation – This column represents the status of reported encroachment violations. The number of new violations reported during the month is indicated along with the number of violations that were resolved during the month. Resolution may result in either a) the property owner agreeing to remove the encroachment violation, b) in some cases, the District allowing the encroachment violation to remain pending resolution by the District, c) issuance of an encroachment permit that allows the encroachment to remain as is, or d) issuance of an encroachment permit that requires modification of the encroachment by the owner. Once the course of action for resolution of the encroachment violation has been determined, it is shown completed in the Pending Evaluation column and becomes a new item in either the Owner Resolution Column, the District Resolution Column, or the Active Permit Column.

Owner Resolution – Removal of the encroachment violation is a property owner action requirement and will be inspected by District staff. The number of encroachment violations that were removed during the month is indicated as completed in this column.

District Resolution – Staff has determined that the encroachment violation is not a result of the current owner's action and has agreed to allow the encroachment to remain pending resolution by the District. The encroachment violation is properly documented and made clear to the owner that the District is not responsible for damage to the encroachment as a result of the operation, maintenance, or failure of the District's facility in the easement.

Encroachment PERMIT Footnotes:

Pending Evaluation – This column represents the status of requests to construct facilities or other improvements within a District easement under review and consideration. The number of requests received during the month is indicated as new and the number of requests resolved is indicated as completed. Resolution of the request included either a) denial of the encroachment request, or b) issuance of an encroachment permit. Many times, the encroachment permits are issued concurrently with the completion of the work. Encroachment permits that will require further follow up inspection are shown in the Active Permits column.

Active Permits – This column shows the status of encroachment permits approved by District with work in progress and being inspected by District staff. Although the work is authorized, work may not commence immediately.

D. DEVELOPER FUNDED PROJECTS:

See **Table I** and **Location Map** for project details and general status of the **Special Projects**, Private Low-Pressure Wastewater Collection System Installations, and Cell Site Projects that are in process.

See **Table II** and **Location Map** for general status of all **Developer-Funded Projects**.

ENGINEERING DEPARTMENT
TABLE I - ENGINEERING SERVICES PROJECTS SUMMARY

Job # 182xx	PROJECT NAME	Owner Engineer	Plan Approval	Estimated Construction Cost	Contractor	% Complete Construction	Final Accept.	September 2025 Comments
15	Wohlford Estates - RDMWD & COE Project, Incl. VCMWD Waterline Relocation and Access Easement	Jared Aronowitz (Beazer) Masson & Associates	11/2/2022	N/A	TC Construction	95%		Developer is waiting on final engineering and survey costs in order to finalize reimbursement amount.
28	Miller Road Plaza - Shopping Center: Water/Irrig. & Fire Service, w/Grinder Pump	Valley Center View Properties Wynn Engineering	10/12/22	\$400,000	Grazi Heavy Equipment Rental (Grading)	80%		All proposed water facilities have been installed. Testing cannot commence until sewer improvements are completed. Grazi Heavy Equipment made minor repairs to the asphalt surface of the new water line trench in July. The project remains dormant since September 2023.
44	San Pasqual Retail Center adjacent to Horizon Fuel Center Ph 1 - Water Service Installation Ph 2 - Road Widening and Appurtenance Relocation Ph 3 - Ziggy's Coffe	San Pasqual Economic Development Corporation Masson and Associates Inc	3/18/2021	\$92,758	TLM Petro Labor force, Inc.	100%	10/9/2025	One outstanding punch list item remains prior to issuing project final acceptance.
64	Anthony Rd. Fire Hydrant - Blackrock	David Klose	N/A	\$28,685	Draves Pipeline	100%	1/9/2025	Final acceptance issued January 9, 2025. In 1-year Warranty Period through January 2026.
65	ARCO Gas Station and Store at VC Rd & Cole Grade Rd Domestic/Irrig/Fire Service and Sewer with Grinder pump	Rafat Mikhail Civil Landworks	5/2/2023	Pending	Zigman Shields	95%		Contractor worked on completed off site County improvements.
67	Hamid Qutclaim	Hamid Liaghat	N/A	\$2,000	Szytel Engineering	90%		Mr. Liaghat is in the process of reverting the Minor subdivision map to acreage. VCMWD requires confirmation the process has been completed by the County prior to finalizing the quickclaims. No Activity since August 2024.
82	V.C. Fire Station No. 3 Domestic Service and Fire Detector Assembly	Joe Napier Phil Buccola Engineering	4/14/2025	\$63,093	Erickson-Hall Construction Co. Brandon Hamlett	40%		Contractor hot tapped RPDA connection at existing watermain. Contractor has to remove conduit around electrical package to begin installation of proposed water facilities crossing Cole Grade Road. This work still needs to be scheduled with SDG&E.
83	McNally - JHR Partners Fire Hydrant	JHR Partners Wade Rupe	11/13/2024	\$32,500	West Coast Underground	100%	6/11/2025	Final acceptance issued June 11, 2025. In 1-year Warranty Period through June 11, 2026.
88	Hernandez / Manzanita Crest Fire Hydrant	Luis Hernandez	N/A	\$31,900	West Coast Underground	100%	10/1/2024	Final acceptance was signed October 1st. The project is now in 1-year warranty until October 2025.

ENGINEERING DEPARTMENT
TABLE I - ENGINEERING SERVICES PROJECTS SUMMARY

Special Projects (01-00-00-182xx), Continued.								
Job # 182xx	PROJECT NAME	Owner Contractor	Plan Approval	Estimated Construction Cost	Contractor	% Complete Construction	Final Accept	September 2025 Comments
89	Portinos LP Sewer Lateral	June Knab	Pending	\$91,000	Mike Grazi	0%		Contractor submitted preliminary traffic control plan. Waiting for county approval.
90	Webb LP Sewer Lateral and GP	Dean Webb	7/31/2024	\$67,270	Draves Pipeline	100%	1/9/2025	Final acceptance issued January 9, 2025. In 1-year Warranty Period through January 2026.
91	Feria Fire Hydrant	Elier Feria Palacios	11/7/2024	\$38,021	IAO Builders Inc	100%	8/27/2025	Final acceptance issued August 27, 2025 In 1-year Warranty Period through August 2026.
92	Norris Sewer Lateral	Steve and Cydne Norris	1/23/2025	\$21,841	Steve Norris (self)	0%		Developer to Inform Inspector when they are ready to start construction.
93	Develyn LLC Storage	Dave Bohorquez / Larry Dutton	Pending	Pending	TBD	0%		Developer is working with County of San Diego on Ingress Egress location.
94	Lackritz Sewer Lateral	Gil Lackritz	Pending	Pending	TBD	0%		Staff is awaiting updated site plan and cost estimate following onsite meeting held in June to determine final sewer lateral location.
95	The Farm Fire Hydrant	IAAA, LLC Wunderlin Engineering	Pending	Pending	Swelg General Contracting Inc.	0%		Engineer for developer to provide VCMWD with updated site plan for proposed hydrant location.
96	Kleiman Improvements	H2K Construction Inc. David Kleiman	N/A	\$11,908	Draves Pipeline	100%	7/1/2025	Project is under 1-year warranty through July 2026.
97	Lively Wastewater Connection	Curtis Lively	Pending	Pending	Pending	100%		Project is under 1-year warranty through July 2026.
98	Archangel Ranch RPDA	Archangel Ranch LLC Bob & Dallas Booker	Pending	Pending	Pending	0%		Developer requested fire flow analysis required to complete RPDA sizing.

ENGINEERING DEPARTMENT
TABLE I - ENGINEERING SERVICES PROJECTS SUMMARY

Special Projects (01-00-00-182xx), Continued.								
Job # 182xx	PROJECT NAME	Owner Contractor	Plan Approval	Estimated Construction Cost	Contractor	% Complete Construction	Final Accept	September 2025 Comments
99	De Wet Fire Hydrant	Henry De Wet	Pending	Pending	Pending	0%		Contractor insurance was approved, contractor verified pipe diameter for material procurement and material submittals were approved.
Private Grinder Pump - LPS Installations (13-06-78-53250 or 17-06-78-57250 - Function 64)								
Appl#	APPLICANT	Plan Submittal	Plan Approval	Estimated Construction Cost	Contractor	% Complete Construction	Final Accept	September 2025 Comments
417	Papa Bears (Armando & Maria Sanchez)	11/26/18	11/26/18	N/A	Owner Installed	95%		Staff processed and approved Commercial Wastewater Discharge Program Application and performed an inspection walk through in March. No VCMWD since that time.
11698	Good Standing - Hakeem Milbes (Tall Oak Lot 27)	01/23/23	01/25/23	N/A	Pending	0%		Approved Planning Submittal in January '23. No Owner Activity since that time.
11699	Good Standing - Hakeem Milbes (Tall Oak Lot 24)	09/20/22	09/26/22	N/A	Pending	0%		Received and approved Plan Submittal in September '22. No Owner Activity since that time.
11934	Nicanor Perez (10165 Tall Oak Dr)	07/19/24	08/07/24	N/A	Owner Installed	10%		Developer excavated for the E-One Tank and began trenching for onsite piping in November '24. No activity since.
11760	Mickey Montemuro (10050 Tall Oak)	Pending	Pending	N/A	Pending	0%		Grinder pump information was sent to customer when meter was purchased in 2022. Home construction is now on hold. No contact from customer since August '22.
11935	Carl Bayney (10030 Tall Oak)	10/31/24	Pending	N/A	Pending	0%		Staff followed up with developer after not hearing back from plan review comments in November of 2024 but there has been no return correspondence.
12036	Kyle Churley (28511 Giant Rock Lane)	06/30/25	Pending	N/A	Pending	0%		Staff continued to work through grinder pump plot plan revisions with property owner.

**ENGINEERING DEPARTMENT
TABLE II - DEVELOPER FUNDED PROJECTS SUMMARY**

Job # 01-00-00-180xx	PROJECT NAME	Proj. Mgr.	Map No.	Lots/ Units	P h a s e	PLANNING		CONSTRUCTION				September 2025 Comments
						Engineer	Concept Approval	Plan Approval (1)	Estimated Cost	Contractor	% Complete	
05	Belmont Estates	JN	TM5110-1	4	G	ACAL Engineering	08/04/14	02/04/16	\$166,655			No response to letter requesting status update sent February 2018. No VCMWD Activity since February 2018.
06	Lake Wohlford Resort Annexation Office of Water Programs - Sacramento State (OWP) is providing management services for the Facility Grant with the SWRCB	WG			F	Dexter Wilson Engineering (DWE)						OWP obtained approval in January '25 of Amendment D to the SWRCB Grant Workplan to fund additional Annexation and Planning costs of the private water facilities needed to serve the resort and adding the participation of the San Pasqual Band of Mission Indians for water service at Durac Road. Workplan Version D Expires - 10/3/25 Staff previously provided comments on the draft Preliminary Design Report and annexation application, but not heard back from the project proponents. Environmental Reports are being updated and reviewed. Staff Received draft Maintenance Agreement for Review and provided comments.
07	Viking Grove Development	JN	20689 & 20690	9	B	ACAL Engineering	05/16/16	11/09/22	\$318,507	TAD Construction	100%	Project is in 1 year warranty period until December of 2025.
19	The Oaks (Washington Meadows Dev., Inc.)	JN	TM 5174.1	11	G	Spears and Assoc.	10/19/15	09/08/22	\$186,710			The final map and plans were signed by the District and transmitted to the developer in September 2022. No VCMWD activity since September 2022.
22	El Cidro	JN		10	G	BWE, Inc. (formerly Burkett & Wong Engineering)	04/15/13	11/30/15	\$410,250			Joint Agreement to Improve Subdivision, Joint Lien Agreement & Lien Hold Agreement approved by the County and the Final Map was recorded in July 2016. With project under a Lien Hold Agreement, construction will be delayed indefinitely. No VCMWD Activity since July 2016.
23	Park Circle Touchstone Communities (Backbone Facilities) (neighborhoods A & C)	JN	TM 5603 Units 2 & 3		B	Dexter Wilson Engineering & Touchstone Engineering Staff	04/15/19	07/23/19	\$3,100,000	Basile	100%	Project in 1-year warranty period until February of 2026.
	Park Circle Touchstone Communities (Neighborhood E)	JN	TM 5603 Unit 1	B	04/15/19		10/19/20		Cass/Arriola	100%	Project in 1-year warranty period until February of 2026.	
	Park Circle Touchstone Communities (Neighborhood B)	JN	TM 5603 Unit 4 & Portion Unit 5	B	04/15/19		11/18/19		Cass/Arriola	100%	Project in 1-year warranty period until February of 2026.	

**ENGINEERING DEPARTMENT
TABLE II - DEVELOPER FUNDED PROJECTS SUMMARY**

Job # 01-00-00- 180xx	PROJECT NAME	Proj. Mgr.	Map No.	Lots/ Units	P h s e	PLANNING		CONSTRUCTION				September 2025 Comments
						Engineer	Concept Approval	Plan Approval (1)	Estimated Cost	Contractor	% Complete	Final Acceptance
25	Orchard Run Subdivision - Unit 1 (Backbone Facilities funded by Touchstone)	JN	TM 5087 Unit 1 - 58 Lots	20	A	Dexter Wilson Engineering & Touchstone Engineering Staff	04/15/19	07/23/19	\$1,855,600	Cass/Arieta	100%	06/24/24 Staff continued 1 year warranty inspection of facilities.
	Orchard Run Subdivision - Unit 2 (Backbone Facilities funded by Touchstone)		Unit 2 - 70 Lots	3	A		04/15/18	07/23/19	\$1,877,000	Cass/Arieta H7	100%	06/25/24 Staff continued 1 year warranty inspection of facilities.
	Orchard Run Subdivision - Unit 3 (Backbone Facilities funded by Touchstone)		Unit 3 - 120 Lots Affordable Homes - 52 lots	120	A		04/15/19	07/23/19	\$1,717,765	Cass/Arieta	100%	06/26/24 Staff continued 1 year warranty inspection of facilities.
27	Free-Thomas Line Extension	JN	20450	4	G	Penny Engineering	12/24/14	12/24/14	\$69,837			No activity since letter informing Owner that plan approval expired; requested project update. Owner continuing to process plans through County which is delaying water design. No VCMWD Activity since February 2018.
30	Deer Springs Towne Center (Planning)	WG		2	G	BWE, Inc. (formerly Burkett & Wong Engineering)						Staff previously met with County planner in charge of other adjacent development to explore options for wastewater service that can be applicable here as well. There may be opportunity for joint effort with other developers for a communal system, to be further explored with individual developers. No VCMWD Activity since October 2019.
35	Wolk Garden Villas	JN		148	G	Hale	06/19/06	07/26/10	\$458,800	Ratzlaff	90%	In October 2022, Staff met with representative from Marriott, the new Owner of Wolk Resort. They indicated a contractor is in process of being selected to perform the remaining punch list items. No VCMWD Activity since October 2022.
39	Rimrock Phase III	FC	TM 4744	56	D	UES	04/21/25			CRC		Cost estimate was approved July 3rd and final plans were signed July 7th. Developer is now awaiting final approval from County of San Diego.
40	Circle P	JN	TM 5468	11	G	CTE, Inc.	08/07/17					No activity since Board issued Concept Approval for the project in August 2017. Staff prepared and submitted District Facility Agreement (DFA) to Developer for signature. Plan review pending receipt of plans and signed DFA. No VCMWD Activity since August 2017.
44	Sea Bright Line Ext.	WG	TM 5814	9	G	Sea Bright	01/22/13	06/02/17	\$639,000			No activity since Board issued Concept Approval for the project in August 2017. Staff prepared and submitted District Facility Agreement (DFA) to Developer for signature. Plan review pending receipt of plans and signed DFA. No VCMWD Activity since August 2017.
46	Beck Subdivision	WG	TM 5060	16	G	Sea Bright	06/01/09	10/10/18	\$237,215			Quitclaim on hold until County provides documentation that they are going to revert map to acreage.

**ENGINEERING DEPARTMENT
TABLE II - DEVELOPER FUNDED PROJECTS SUMMARY**

Job # 01-00-00-100xx	PROJECT NAME	Proj. Map.	Map No.	Lots/ Units	PLANNING		Planning		CONSTRUCTION			September 2025 Comments
					Engineer		Concept Approval	Plan Approval (1)	Estimated Cost	Contractor	% Complete	Final Acceptance
55	Park Circle Shea Homes (Neighborhood A)	JN	Portion TM 5603 Unit 5	88	Dexter Wilson Engineering & Touchstone Engineering Staff		04/15/19	11/18/19		Cass/Ariela	100%	02/28/25
56	Orchard Run KB Home Coastal (Units 1 & 2)	JN		105	Dexter Wilson Engineering & Touchstone Engineering Staff		04/17/19	07/23/19	\$1,717,785	H7 Contracting and Engineering	100%	08/24/24
57	Orchard Run Unit 3 Affordable Home Unit	JN	TM 5087-3	52	Touchstone		04/17/19	07/23/19	Included in OR Unit 3	Cass/Ariela	75%	
58	Mountain Meadow Village Center	WG		1	PLSA							
59	Pauma Vista Winery Water Line Extension	JN		1	Rancho Coastal Surveying Engineering Inc.		01/07/22	11/18/22	\$255,000	Pending		
64	Park Circle Beazer Homes (Unit 4)	JN	TM 5603-2	79	Dexter Wilson Engineering & Touchstone Engineering Staff		04/15/19	09/27/21		H7 Engineering and Contracting	100%	02/28/25
65	Rincon Tribe Emergency Water Service	WG			JR Filanc							
66	Village Station	WG		200	Wynn Engineering		Pending					
67	Ivy Dell RV Park Water Line Extension	JN		1	Excell Engineering Robert Denino		Pending					
69	Manzanita Crest Waterline Extension	JN	PM 19064		SMS Consulting		Pending					

**ENGINEERING DEPARTMENT
TABLE II - DEVELOPER FUNDED PROJECTS SUMMARY**

Job # 01-00-00-180xx	PROJECT NAME	Proj. Mgr.	Map No.	Lots/ Units	P h a s e	PLANNING		Planning		CONSTRUCTION				September 2025 Comments
						Engineer	Concept Approval	Plan Approval (1)	Estimated Cost	Contractor	% Complete	Final Acceptance		
73	North Ranch Estates (Weston Residential Property)	WG		515	F	Dexter Wilson Engineering (Water and Sewer Planning) Rick Engineering (Civil Design)	Pending						Staff previously met with the Project Owner and their engineers to discuss the water and sewer requirements for the project, including funding requirements for the Woods Valley Ranch WRF Phase 3 capacity expansion, seasonal storage facilities and Irrigation of the recycled water generated by the development. Dexter Wilson Engineering submitted water planning study and is preparing sewer planning study for submittal. Staff evaluating requirements for incremental capacity transfer to Park Circle.	
78	Native Oaks Plaza (SPEDC)	JN			D	Alidade Engineering - Larry Dutton	N/A	06/12/25	\$94,408	WE Oneil	80%		Contractor is on hold, awaiting material procurement required to complete proposed water improvements.	
84	Anderson Line Extension (Munster Platz)	JN	TPM 20460	5	G	Wynn Engineering	05/16/16						District sent request to new owner for \$5,000 deposit and project account agreement in June. No VCMWD activity since June 2023.	
88	Marquart Ranch Line Ext.	JN	TM 5410	9	G	MLB Engineering (Michael Benesh)	05/04/09	09/19/17	\$293,751				No activity since plans approved September 7, 2017.	

Engineering Department DEVELOPER PROJECTS

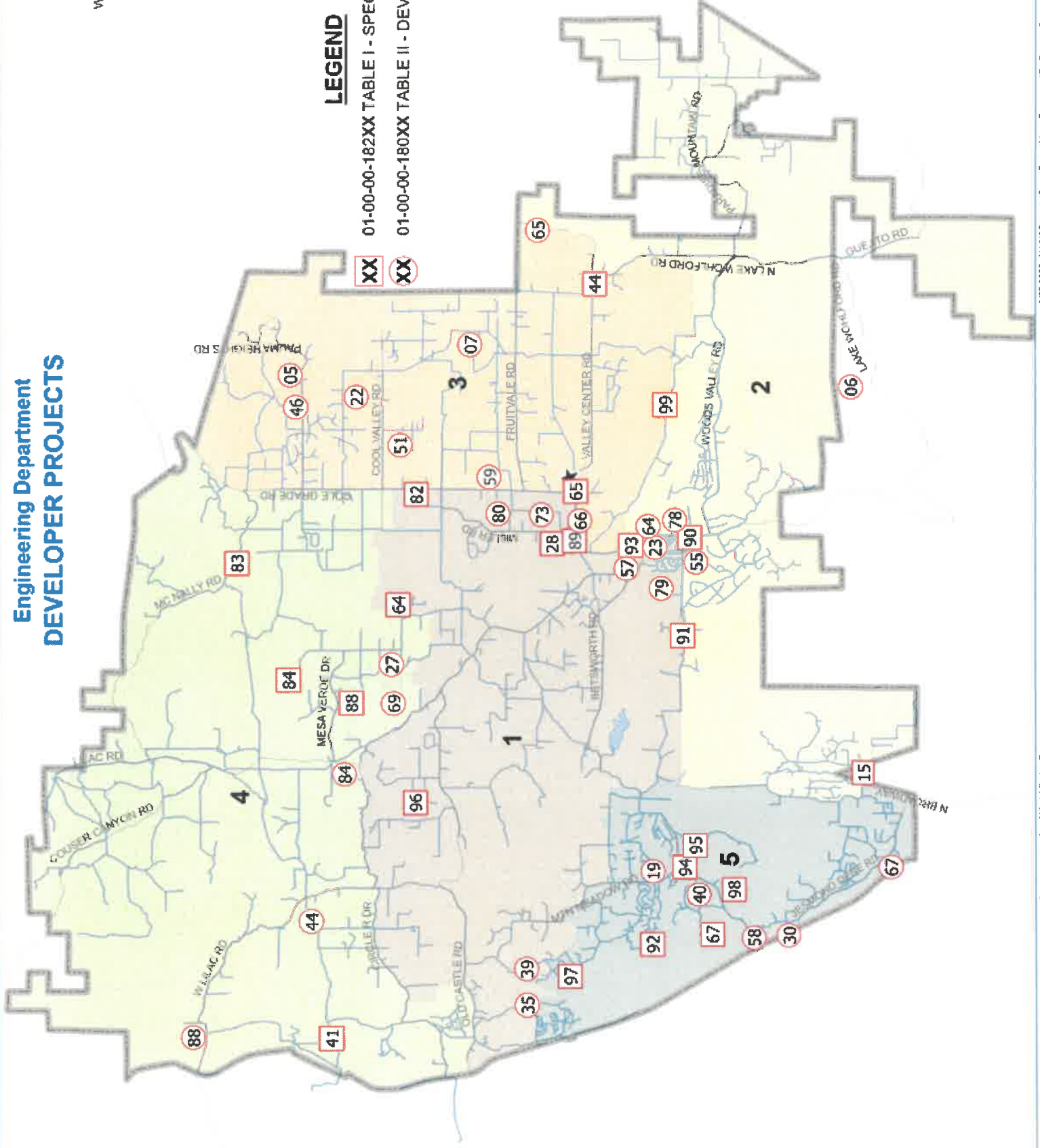


LEGEND

01-00-00-182XX TABLE I - SPECIAL PROJECTS

01-00-00-180XX TABLE II - DEVELOPER PROJECTS

XX XX



E. CAPITAL IMPROVEMENT PROJECTS:

See Table III and Location Map for general status of all **Capital Improvement Projects**.

ENGINEERING DEPARTMENT

TABLE III - CAPITAL FUNDED PROJECTS SUMMARY

Acct. No.	Project Name	Contractor / Consultant	2025		Project Manager	September 2025 Comments
			Jun	July		
Pipelines & PRV Projects						
51020	Upsizing / Unspecified Pipeline Replacement	N/A	0%	0%	Wally Grabbe	Authorization with FY 2023-24 Annual Budget - \$250,000. Staff previously utilized \$120,000 to fund the Wohlford Estates participation cost and \$50,000 for the Cerro De Pauma Repair, leaving \$80,000 available for other projects.
51500	Pipeline Condition Assessment	Pending	10%	10%	Wally Grabbe	Staff continued preparation of leak history data for in house condition assessment.
51150	North Broadway Pipeline Relocation (Design/Bid Phase)	In-House (Design) TSAC - Surveying	75%	75%	Fernando Carrillo	Staff continuing to work on easements with school District and property owners and review pipeline alignment.
18080	NC ESP Alternative Delivery Project Planning, Design and Funding Agreement (Construction Phase)	Orion Construction	82%	82%	Jeson Nikrasch	Contractors continued pipe fabrication for discharge piping and began setting electrical equipment in the electrical room at San Gabriel Pump Station.
51200	NC ESP 14-inch Pipeline Relocation (Construction Phase)	Orion Construction	99%	99%	Jeson Nikrasch	Project close out pending completion of Schedule A.
51690	Cole Grade Road Pipeline Replacement Design Phase	In-House	97%	97%	Fernando Carrillo	Staff continues to complete the design for the Phase 1 pipeline project. Staff anticipates completion of the final design by the end of December 2025.

ENGINEERING DEPARTMENT

TABLE III - CAPITAL FUNDED PROJECTS SUMMARY

Acct. No.	Project Name	Contractor / Consultant	2025		Project Manager	September 2025 Comments
			Jun	July		
Pipelines & PRV Projects, continued						
51420	Old Castle Road Pipeline Replacement - Phase 2 Design Only	In-House	90%	90%	Fernando Carrillo	Working with design consultant to finalize design. Staff working on Construction Contract Documents.
51120	2020 DWSRF Loan Application (Reimbursement Phase)	In-House	99%	99%	Wally Grabbe	Disbursement No. 8 was received in early June. Received extension from SWRCB allowing additional time to submit final disbursement request.
51121	2023 DWSRF Loan Application (Submission)	Birdseye Planning Group	35%	35%	Wally Grabbe	Staff has responded to all SWRCB review questions including comments on the Installment Sale Agreement. SWRCB indicated delivery of the Installment Sale Agreement for District approval delayed to October.
51910	Gordon Hill Upper Pipeline Relocation Project (Design, Bid Phase)	In-House	95%	95%	Fernando Carrillo	Staff continues to finalize the design plans, Staff is finalizing easements and encroachments.
51840	Rodriguez Road Pipeline Replacement (Planning Phase)	In-House	20%	20%	Wally Grabbe	Given the current challenges with SDG&E and SDCWA right of ways, staff re-prioritized the grant funding assigned to this project to Old Castle. Meanwhile, staff will pursue other means to accomplish the project. No Activity on this project is anticipated until 2026.
51418	Alps Way Pipeline Replacement (Construction Phase)	Shaw Equipment Rentals, Inc.	100%	100%	Jeson Nikrasch	Project is complete. 1-year Warranty Period ends October 16, 2025.

ENGINEERING DEPARTMENT
TABLE III - CAPITAL FUNDED PROJECTS SUMMARY

Acct. No.	Project Name	Contractor / Consultant	2025		Project Manager	September 2025 Comments
			Jun	July		
Reservoir Projects						
51303	Ridge Ranch Interim Reservoir (Design Phase)	In-House Design	20%	20%	Wally Grabbe	Preparation of the pre-design report scheduled for November/December 2025 time frame.
51404	Reidy Canyon No. 1 & West Bear Ridge Reservoirs - Paint and Recoat (Design Phase)	AIS			Jeson Nikrasch	Contracts were approved by legal. Staff will begin working to obtain material submittals.
51405	McNally & Mizpah Reservoir - Paint and Recoat (Construction Phase)	Capital Industrial Coatings	100%	100%	Jeson Nikrasch	Project Final Acceptance issued January 9th, 2025. 1-year Warranty Period ends January, 2026.
Data Management Systems						
51730	SCADA/HMI Migration - Water System Phase 1 (Implementation Phase)	In-House	20%	20%	Wally Grabbe	Engineering, Operations, and IT staff continue to work together with consultant in reviewing PLC Programming developed by the system integrator for the NCESP project and HMI Screens developed by VCMWD System Integrator (Enterprise Automation).
51770	Document Management System	Pending	0%	0%	Wally Grabbe	Recommendation for software vender delayed pending further evaluation of construction management software and other department document requirements. Evaluations are on-going, software recommendation delayed.

ENGINEERING DEPARTMENT

TABLE III - CAPITAL FUNDED PROJECTS SUMMARY

Acct. No.	Project Name	Contractor / Consultant	2025		Project Manager	September 2025 Comments
Facilities Projects						
51590	Water Age Analysis	Mission Consulting Services (Jen Mael)	10%	10%	Wally Grabbe	Collecting and organizing water meter usage data zone by zone for use in the evaluation. Evaluating and updating the computer model to evaluate reservoir low flow conditions. Purchased and installed new water, sewer and asset modeling software. Started conversion of the water system model to the new software.
Lower Moosa Canyon Water Reclamation Facility Projects						
53030	Moosa Wastewater O&M Manual Development	In-House	60%	60%	Fernando Carrillo	Staff is working with Wastewater Operator on a rough Draft.
53290	Meadows Lift Station Motor Control Upgrade	Richard Brady & Associates (\$148,673)	35%	35%	Fernando Carrillo	Staff received 95% plans and specs. Staff is currently reviewing.
53200	Moosa Priority Project - Design	Richard Brady & Associates (\$600,291)	35%	35%	Fernando Carrillo	Staff received 95% plans and specs. Staff is currently reviewing.
53330	Moosa Clarifier No. 2 Upgrades	In-House Design Jennette Company, Inc.	25%	25%	Fernando Carrillo	Project is complete.
53550	Moosa Minor Upgrades		67%	67%	Fernando Carrillo	Chlorine Contact tank work is complete.

ENGINEERING DEPARTMENT
TABLE III - CAPITAL FUNDED PROJECTS SUMMARY

Acct. No.	Project Name	Contractor / Consultant	2025		Project Manager	September 2025 Comments
Woods Valley Ranch Water Reclamation Facility Expansion Projects						
56120	Woods Valley Ranch Wastewater Expansion Project Property Acquisitions	In-House	80%	80%	Wally Grabbe	North Village Lift Station site acquisition is pending resolution of Indian Creek Road ROW and County approval of VCVP Village Station site plan. No progress has been made by developer on the site plan approval process. Lift Station Site may move to a site north of Valley Center Road within the Indian Creek Development pending review of sewer study being prepared by Dexter Wilson Engineering.
56170	Woods Valley Golf Course Seasonal Storage	In-House	80%	80%	Fernando Carrillo	Staff continuing to work with San Pasqual Economic Development Corporation to develop additional seasonal storage facilities on the golf course. No Activity in September.
56260	Grinder Pump Flow Meter Installation	In-House	80%	80%	Fernando Carrillo	Staff is developing an RFQ for installation of the flow meters at various commercial properties that are connected to the South Village Low Pressure sewer collection system. No Activity in September.
56320	North Village Lift Station Design	Kennedy/Jenks (Preliminary Design)	10%	10%	Fernando Carrillo	Preliminary design complete. Lift Station site requirements identified. Site acquisition pending county approval of Village Station (VCVP) development plans. No Activity in September.

ENGINEERING DEPARTMENT
TABLE III - CAPITAL FUNDED PROJECTS SUMMARY

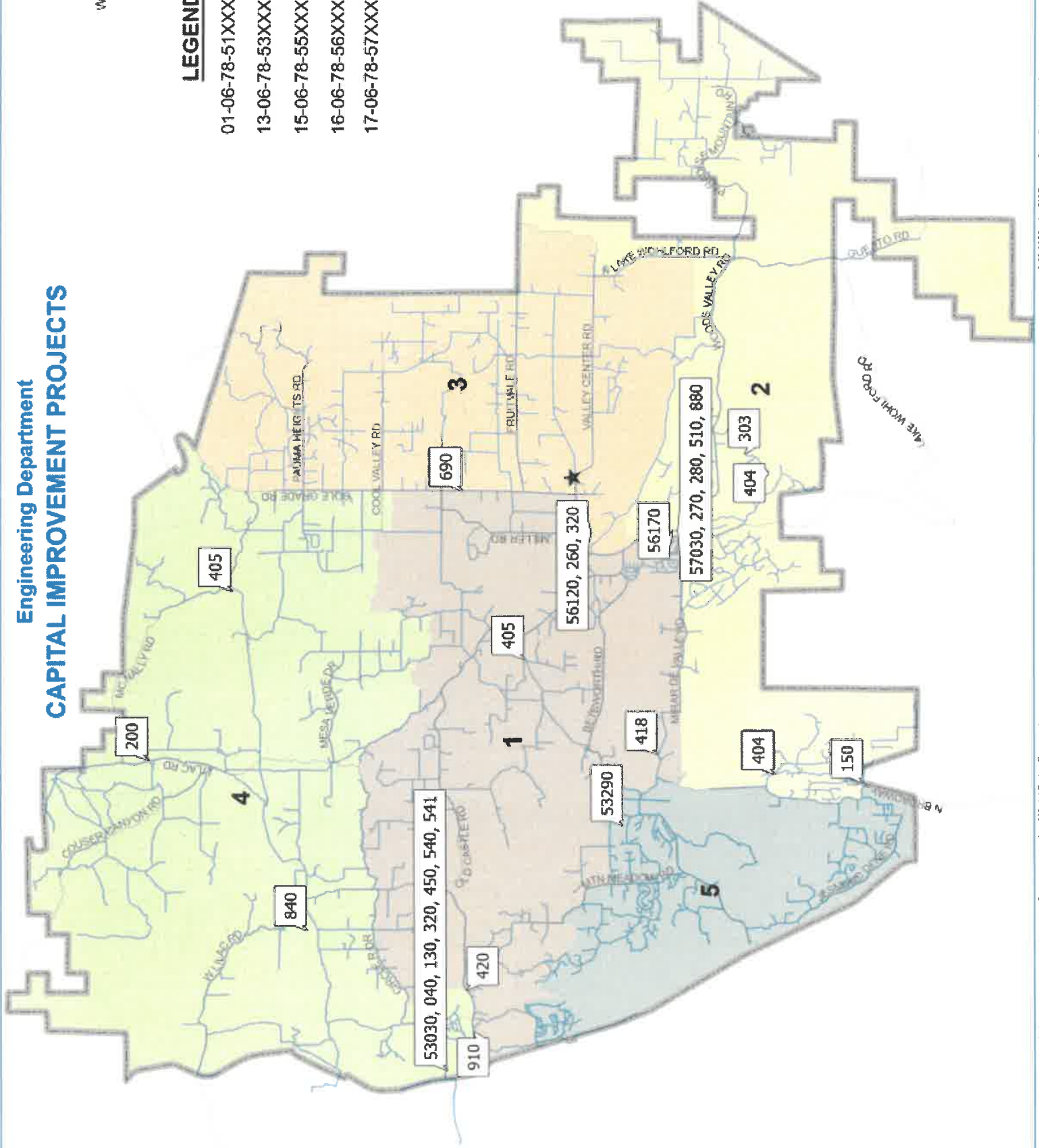
Acct. No.	Project Name	Contractor / Consultant	2025		Project Manager	September 2025 Comments
			Jun	July		
Woods Valley Ranch Water Reclamation Facility Projects						
57030	WVR Wastewater O&M Manual Development	In-House	6%	6%	Fernando Carrillo	Engineering staff producing drawings and attachments for O&M Manual. Anticipated completion is March 2026.
57270	Aeration Piping Evaluation		0%	0%	Fernando Carrillo	Staff will evaluate pipe in January 2026.
27280	Rapid Thickener		0%	0%	Fernando Carrillo	Staff is still evaluating the results and will ask another manufacturer for a pilot test of their equipment.
57510	WVR WRF HMI Upgrade	Interface Automation	5%	5%	Fernando Carrillo	WVR WRF HMI Upgrade is scheduled to start after the Water SCADA HMI Conversion Project is completed. Solicited proposals from two system integrators.
57880	Woods Valley Ranch WRF Waste Discharge Permit Requirements Salt Nutrient Management Plan (SNMP)	In-House	5%	5%	Wally Grabbe	Scheduled start delayed to December 2025.

Engineering Department CAPITAL IMPROVEMENT PROJECTS



LEGEND

- 01-06-78-51XXXX(XXX)
- 13-06-78-53XXXX(53XXXX)
- 15-06-78-55XXXX(55XXXX)
- 16-06-78-56XXXX(56XXXX)
- 17-06-78-57XXXX(57XXXX)



F. MAPPING:

General Activity In the month of September, staff received mapping update requests for a total of 15, and 36 were completed. In addition, staff assisted with the Portinos Special Project drawings, the Gordon Hill Upper Pipeline, and the North Broadway Pipeline Relocation Capital Improvement Project.

MAPS AND RECORDS UPDATE STATUS TABLE					
September	Capital Improvement Projects ⁽¹⁾	Developer Projects ⁽²⁾	Encroachment Permits ⁽³⁾	Special Projects ⁽⁴⁾	Facility Mapping ⁽⁵⁾
Beginning Log	2	0	0	0	84
Plus New	1	0	1	1	15
Less Completed	(1)	0	(1)	(1)	(36)
Ending Log	2	0	0	0	63

Maps and Records Updates: Maps and records consist of preparing record drawings (as-builts) and valve detail drawings and updating the District base map, GIS facility map, and database. Maps and records are continually being updated to accurately reflect completed projects, non-District improvements (encroachments), and current field conditions. The following table summarizes the status of the record map updates.

Maps and Records Update Status Table Footnotes:

- 1) Capital Improvement Projects – This column represents AutoCAD record drawing status of recently constructed Capital Improvement Projects. Each project may generate or affect one or more record drawings. Each project is counted as one regardless of the number of improvement sheets.
- 2) Developer Projects – This column represents AutoCAD record drawing status of recently constructed Developer Improvement Projects. Each project may generate or affect one or more record drawings. Each project is counted as one regardless of the number of improvement sheets.
- 3) Encroachment Permits – This column represents changes made to existing AutoCAD record drawings to reflect an encroachment that has been generated through the permit process.
- 4) Special Projects – This column represents AutoCAD record drawing status of recently constructed Special Projects such as the installation of new fire hydrants or service laterals.
- 5) Facility Mapping – This column represents individual minor mapping update requests from field or office staff.

G. FUNDING REQUESTS:

Drinking Water State Revolving Fund Loan (DWSRF) Application – 2020 Pipeline Replacement Project. This DWSRF Loan provides funding for Four pipeline replacement projects, Gordon Hill, Oat Hill, Lilac Road, and Alps Way. Loan approval in the amount of \$8.5M was received in March '22. Staff has submitted **eight** disbursement requests for construction funding, the most recent being **Disbursement No. 8 (\$168K)** submitted in **November 2024**, for expenses through August 30, 2024. **Funding for Disbursement No. 8 (\$121K) was received June 5, 2025.** On average, it takes **140** days from disbursement submittal to receipt of the SRF loan proceeds. To date, the SWRCB has disbursed **\$7.963M** in loan proceeds. **An extension on the completion date of the SRF Loan was approved allowing additional time to submit the final disbursement request. Submittal of the final disbursement request is anticipated for October '25.**

EPA Community Grant. In April '23, VCMWD was awarded a \$3.06M Community Grant for the Lilac Road Pipeline Replacement Project. Because the Lilac Road project was already under construction, the EPA approved a “Technical Correction” to shift the grant funding from the Lilac Road Pipeline Replacement Project to the Rodriguez Road Pipeline Replacement Project.

In April '24, VCMWD was awarded a \$715K Community Grant for the Old Castle Road Pipeline Replacement Project. **A “Technical Correction” was approved to shift the \$3.06M grant funding from the Rodriguez Road Pipeline Replacement Project to the Old Castle Road Pipeline Replacement Project for a combined total of \$3,775M.**

EPA staff is completing their final review of the application and NEPA certifications needed for final approval of the application

Drinking Water State Revolving Fund Loan (DWSRF) Application – 2023 Water Facility Replacement Project. Staff prepared and submitted in November '23 a \$9.3M application (\$12.36M total, less the \$3.06M in grant funding) to the SWRCB for funding the following three projects: a) Old Castle Road Pipeline Replacement, b) Broadway South Pipeline Replacement, and c) Rodriguez Road Pipeline Replacement. Due to anticipated cash flow requirements during construction, staff reduced the loan request to a \$5.525M application to include only the Old Castle project in combination with the \$3.775M for a total project cost of \$9.3M. The application was completed in December, and the SWRCB staff is reviewing the submitted documents for issuance of the loan approval. **The project was included in the FY 25-26 DWSRF Intended Use Plan. Staff anticipates receiving the Installment Sale Agreement from the SWRCB in October '25 for VCMWD Board in November '25.**

Drinking Water State Revolving Fund Loan (DWSRF) Application – North Broadway Pipeline Relocation Project. In December '24 Staff prepared and submitted a \$4.2M application for the North Broadway Pipeline Relocation Project. This was one of the projects eliminated from the 2023 Water Facility Replacement Project for cash flow purposes. **The project was included in the FY 25-26 DWSRF Intended Use Plan. Staff is responding to miscellaneous questions as SWRCB staff completes their review. Approval of the application is anticipated in Spring '26 with loan documents provided for VCMWD Board approval by Summer '26.**

H. SEMINARS/MEETINGS:

9/19/2025 –M. Wick virtually attended the DWR 3rd Thursday Water Loss Webinar.

IV. FINANCE DEPARTMENT:

A. COMPARISON OF STATISTICS:

	<u>SEPT</u> <u>2025</u>	<u>FY to Date</u> <u>2025-26</u>	<u>FY to Date</u> <u>2024-25</u>
<u>BILLS MAILED:</u>	10,517	31,613	31,523
<i>Actions for Non-Payment:</i>			
Notices Mailed	1,459	4,019	3,862
48 Hr. Phone Calls	559	1,664	1,436
Meters Flow Restricted	2	5	28
Accounts Liened	2	5	28
Lien Notices Mailed	6	13	90
Accounts Transferred	34	110	126
 <u>CUSTOMER COUNTS:</u>	 <u>SEPT</u>	 <u>SEPT</u>	 <u>SEPT</u>
Active Water Accounts:	<u>2025</u>	<u>2024</u>	<u>2023</u>
Certified Ag - PSAWR	625	637	637
M & I	9,201	9,176	9,120
Fire Meters	<u>2,042</u>	<u>2,017</u>	<u>1,959</u>
<i>Total Active Accounts</i>	<i>11,866</i>	<i>11,830</i>	<i>11,716</i>
 Inactive Water Accounts:			
PSAWR	54	49	47
M & I	719	712	730
Fire Meters	<u>161</u>	<u>148</u>	<u>157</u>
<i>Total Inactive Accounts</i>	<i>934</i>	<i>909</i>	<i>934</i>
 Total Water Accounts	<u>12,802</u>	<u>12,739</u>	<u>12,650</u>
 Active Wastewater Accounts			
Moosa	2,476	2,472	2,494
Woods Valley	<u>983.0</u>	<u>974.0</u>	<u>936.0</u>
 Total Wastewater Accounts	<u>3,459.0</u>	<u>3,446.0</u>	<u>3,430.0</u>
		<u>Acre-Feet</u>	<u>Value</u>
Interim MWD Agricultural Program:			
JULY 1994 through DEC 2012		<u>513,882.8</u>	\$63,681,802
MWD RTS Estimated Savings:			
JAN 2003 through DEC 2012			\$17,884,325
SDCWA PSAWR:			
JULY 1998 through JUNE 2025		<u>503,321.4</u>	38,424,769
SDCWA Emergency Storage Est. Savings:			
JAN 2003 through JUNE 2025			37,861,446
SDCWA Supply Reliability Est. Savings:			
JAN 2016 through JUNE 2025			\$ 6,800,023
TOTAL MWD & SDCWA DISCOUNTS:			<u>\$164,652,365</u>

B. MEETINGS:

09/8/2025 - Jim attended the Member Agency Finance Officers (MAFO): SDCWA Long Range Financial Plan Meeting #2.

09/09/2025 - Jim attended the SAFER Clearinghouse WEBKey Login Webinar.

09/09/2025 - Ashlyn attended the Notary Seminar & Testing at the Courtyard in Murrieta.

V. INFORMATION TECHNOLOGY DEPARTMENT:

A. CAPITAL IMPROVEMENT PROJECTS –

SCADA HMI Improvements – Replacement of the HMI system for the water system is in progress of being initially deployed to North County Emergency Storage Project (NCESP) sites and then expanded to other sites in the future. Both Halcones and Muutama sites are now online on the wide-area network. HMI software upgrade is also being planned for Woods Valley WTP. Staff is currently developing updated SCADA standards and templates in conjunction with the contractor.

SCADA Infrastructure Upgrades – This project will replace the SCADA virtual host servers with new hardware, storage, and operating systems. Firewalls and security appliances will also be replaced with up-to-date hardware. The project is currently in RFQ stage.

Asset Management System – Cityworks development and deployment is continuing, which includes fleet maintenance, equipment/tools, storeroom modules, and integration with GIS and ERP systems. Various reports and dashboards for water operations are being developed and improved. Staff is evaluating possible migration to a cloud-based system.

Boardroom Technology Upgrade – The existing video technology in the board room is being replaced with a new high definition media system. The new system will allow presenting to multiple displays simultaneously and include high definition video streaming capability. High Definition HDMI wiring upgrade has been completed, and the system is currently being configured.

Office Productivity Software – This project will upgrade all District computers to a new Microsoft Office productivity software. Staff is currently evaluating whether to continue with perpetual license version, or go with a subscription-based licensing model.

B. GENERAL ACTIVITY –

SCADA Upgrades – Continuous rolling upgrades are being done to replace older devices such as radios, cameras, network switches, and Uninterruptible Power Supply (UPS) units with newer models, which are faster and more reliable. This is an ongoing lifecycle refresh process.

Geographic Information Systems (GIS) Upgrades – GIS staff has deployed web maps and user portals within the software, and GIS databases and maps have been integrated with the Cityworks Asset Management System. The system is being continuously enhanced and actively used by District personnel.

Video Surveillance System Upgrades – Staff is continuing to enhance the system by upgrading cameras with new AI-capable models and performing software upgrades to existing systems.

Analog Phone Circuit Migration – Due to AT&T planning to phase out analog phone lines in the area in the next few years, staff installed an analog gateway device that connects the analog lines to District's VoIP phone system. All remaining analog circuits will be switched to digital by the end of FY 2025/26.

C. SYSTEM STATUS –

All systems operated normally in September 2025.

D. MEETINGS –

No meetings attended in September 2025.

INFORMATION TECHNOLOGY DEPARTMENT CAPITAL FUNDED PROJECTS SUMMARY

Project No.	Name	F.Y. Authorized	Total Budget	Contracts			Comments	Project Manager/Coordinator
				Contractor / Consultant	% Complete	% Complete		
					2025 Aug	2025 Sept		
51040	Boardroom Technology Upgrade	16-17	\$ 32,135	In-house	99%	99%	Project will upgrade the Audio/Video presentation technology in the Boardroom. Video live streaming system was installed with upgraded cameras. New monitors were installed on the dais. Components have been acquired for the video presentation system upgrade, which is in progress. New HDMI wiring has been installed and the system is being configured.	Ando Plive
51480	Asset Management System	18-19	\$ 88,704	In-house, external consultant	98%	98%	Cityworks Asset Management System's implementation is in progress. Deployment is completed with DigAlert, work order modules, and GraniteNet sewer inspection system. Generator and Gas Engine modules are in development. Reservoir modules are being planned. Backflow module development is deferred depending on future software update.	Ando Plive
51720	Office Productivity Software	25-26	\$ 33,000	In-house	n/a	5%	This project will purchase and deploy new licenses of up-to-date version of Microsoft Office productivity software for all employees. Currently acquiring quotes and configuration information.	Ando Plive
51240	SCADA Infrastructure Upgrades	25-26	\$ 65,000	In-house	n/a	0%	This project will replace the servers with new server hardware, new data storage, and with up-to-date operating systems. The firewalls and security appliances at these locations will be replaced with up-to-date hardware running the latest security software suites and have increased performance. Currently acquiring quotes and configuration information.	Ando Plive

VI. GENERAL ADMINISTRATION PROJECTS AND PROGRAMS:

A. General Administration Meetings and Activities for Month of September 2025:

- 9/02/25 – VCMWD Regular Board Meeting (GA & AN);
Holloway Settlement Conference (GA);
- 9/03/25 – VCMWD Agenda Meeting (GA & AN);
San Diego Integrated Regional Water Management Regional Advisory
Committee Meeting (AN);
Regional CropSWAP Meeting, Re: Additional Funding (GA);
- 9/04/25 – Board Duties Discussion with Board Candidate (GA & AN);
- 9/05/25 – ACWA Legislative Committee Meeting (AN);
- 9/08/25 – SDCWA Joint Public Information/Conservation Coordinators Meeting (JPIC)
(AN);
SDCWA Long-Range Financial Plan Meeting (GA);
- 9/09/25 – SD County Farm Bureau Water Team (GA);
- 9/10/25 – VCMWD Cityworks Implementation Meeting (AN);
SDCWA Twin Oaks Treatment Plant Planning Meeting (GA);
Lake Wohlford Resort Annexation Meeting (GA)
- 9/15/25 – VCMWD Regular Board Meeting (GA & AN);
- 9/16/25 – VCMWD Agenda Meeting (GA & AN);
Council of Water Utilities Luncheon (GA & AN);
SDCWA PSAWR Staff Briefing (GA);
- 9/17/25 – SDCWA Legislative Liaison Meeting (AN);
Department of Water Resources Local Government Climate Planning
Webinar (AN);
- 9/18/25 – Regional Cooperation Joint Lobbying Call (GA & AN);
Cityworks Implementation meeting (AN);
CalOES San Diego County Regional Fuel Planning Meeting (AN);
- 9/19/25 – North County Manager's Meeting (GA);
Executive Staff Meeting with Lindsay Leahy (GA & AN);
- 9/22/25 – SDCWA General Manager's Meeting (GA);
- 9/23/25 – San Diego County Hazard Mitigation Planning Group (AN);
VCMWD CII Implementation Meeting (AN);
SDCWA Director of Operations Meeting (GA);
SD County Farm Bureau PSAWR Strategy Call (GA)

- 9/24/25 – SDCWA Water Loss Control Workgroup (AN);
SDCWA North County Caucus Meeting (GA);
- 9/25/25 – SDCWA Regular Board Meeting (GA);
- 9/29/25 – Department of Water Resources SB 1157 Workgroup (AN);
- 9/30/25 – VCMWD All-Hands Staff Meeting (GA & AN);
VCMWD Cityworks implementation meeting with Lindsay Leahy (AN).

*Key: GA – Gary Arant; AN – Alisa Nichols

B. Personnel –

1) Regular Full-Time Employees, as of August 31, 2025:

<u>Funds</u>	<u>Budgeted</u>	<u>Employed</u>
Water	67	64
Wastewater	<u>7</u>	<u>7</u>
Total	74	71

2) Pending Retirements –

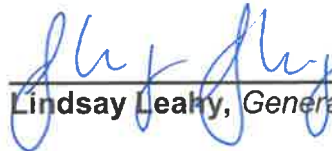
- a) Gary Arant – December 26, 2025
- b) Wally Grabbe – February 25, 2026

Compiled By:



Coral L. Williams, Acting Board Secretary

Submitted By:



Lindsay Leahy, General Manager