



## Board of Directors

Brian Brennan, Director  
Richard Hajas, Director  
Neil Cole, Director

Mary Bergen, Director  
Pete Kaiser, Director

### CASITAS MUNICIPAL WATER DISTRICT

Meeting to be held at the  
Casitas Board Room  
1055 Ventura Ave.  
Oak View, CA 93022  
[www.casitaswater.org](http://www.casitaswater.org)

#### Join Zoom Meeting

<https://us06web.zoom.us/j/85809342012?pwd=TL8SbDNbi2mELcFa7L3CZ22liMAS7S.1&jst=2>  
Meeting ID: 858 0934 2012 Passcode: 547154

To join by phone, please call (888) 788-0099 or (877) 853-5247  
Enter Meeting ID: 858 0934 2012# Passcode: 547154#

June 10, 2026 @ 5:00 PM

Right to be heard: Members of the public have a right to address the Board directly on any item of interest to the public which is within the subject matter jurisdiction of the Board. The request to be heard should be made immediately before the Board's consideration of the item. No action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of ¶54954.2 of the Government Code and except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under section 54954.3 of the Government Code.

Special Accommodations: If you require special accommodations for attendance at or participation in this meeting, please notify our office 24 hours in advance at (805) 649-2251, ext. 113. (Govt. Code Section 54954.1 and 54954.2(a)).

1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. AGENDA CONFIRMATION
5. PUBLIC COMMENTS - Presentation on District related items that are not on the agenda - three minute limit.

## 6. CONSENT AGENDA

- 6.a Accounts Payable Report.  
[Accounts Payable.pdf](#)
- 6.b Minutes of the May 27, 2026 Board Meeting.  
[5 27 2026 Min.pdf](#)

## 7. ACTION ITEMS

- 7.a Adopt a Resolution approving the borrowing of funds from US Bank in the amount of \$20M in anticipation of the receipt of state grants and authorizing the issuance and sale of grant anticipation notes for the purpose of gap funding for the Ventura-Santa Barbara Counties Intertie project.  
[Board Memo US Bank Intertie funding 06.10.26.pdf](#)  
[GANs Note Purchase Agreement.pdf](#)  
[GANs Authorizing Resolution.pdf](#)  
[Exhibit C SWRCB Agmnt.pdf](#)  
[Exhibit D Term Sheet.pdf](#)
- 7.b Declare a 2006 Ford F-150 (Unit 16), 2003 Randell Spray Rig (Unit 267), 2 Kayaks (non-lien), 2 Kayaks (lien), one pump truck hose rack, one weed whacker, one Lil' Bubba edging machine, one truck bed with shell, and a temporary reservations office trailer as surplus and direct staff to dispose of same.  
[Board Memo - Surplus Vehicle & Items 061026.pdf](#)
- 7.c Recommend extending the contract for Asphalt Paving, Specification No. 25-474 for Fiscal Year (FY) 26-27 to BSN Construction Inc. and J&H Engineering General Contractors; and authorize the President of the Board execute the agreements for said work.  
[Board Memo- FY 2026-27 Paving.pdf](#)  
[FY 26-27\\_23-460 BSN AGREEMENT.pdf](#)  
[FY 26-27\\_23-460 J&H AGREEMENT.pdf](#)
- 7.d Adopt Designation of Applicant's Resolution for Non-State Agencies (CalOES Form 130).  
[Board Memo\\_CalOES Form 130.pdf](#)  
[Cal OES 130 CMWD 20260610.pdf](#)
- 7.e Recommendation to cancel the July 22, 2026 Board Meeting.

## 8. INFORMATION ITEMS

- 8.a State Water Project Intertie Report.  
[SWP Intertie Project Cost 5-31-26.pdf](#)
- 8.b Investment Report.  
[Investment Report FY2026 May.pdf](#)

- 8.c Consumption Report.  
[Consumption 2025-2026.pdf](#)

9. GENERAL MANAGER COMMENTS

10. BOARD OF DIRECTOR REPORTS ON MEETINGS ATTENDED

11. BOARD OF DIRECTOR COMMENTS PER GOVERNMENT CODE SECTION 54954.2(a).

12. CLOSED SESSION

- 12.a CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(1).

Santa Barbara Channelkeeper v. State Water Resources Control Board, City of San Buenaventura, et al, and City of San Buenaventura v. Duncan Abbott, et al, Cross Complaint Superior Court of the State of California, County of Los Angeles, Case No. 19STCP01176.

- 12.b CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Government Code Section 54957.6

Agency Designated Representative: Colin Tanner and Diana Impeartrice

Employee Organization: Supervisory and Professional, General Unit, and Recreation Unit.

13. ADJOURNMENT

**CASITAS MUNICIPAL WATER DISTRICT**  
**General Fund Check Authorization**  
**Checks Dated 05/21/26 - 06/03/26**  
**Presented to the Board of Directors For Approval June 10, 2026**

<b>Check</b>	<b>Payee</b>	<b>Description</b>	<b>Amount</b>
001452	Payables Fund Account # 9759651478	Accounts Payable Batch 052726	\$ 327,768.89
001453	Payables Fund Account # 9759651478	Accounts Payable Batch 060326	\$ 191,514.68
			<u>\$ 519,283.57</u>
001454	Payroll Fund Account # 9469730919	Estimated Payroll 06/25/26	\$ 300,000.00
			<u>\$ 819,283.57</u>

Publication of check register is in compliance with Section 53065.6 of the Government Code which requires the District to disclose reimbursements to employees and/or directors.

The above numbered checks, 001452-001454 have been duly audited is hereby certified as correct.

  
 \_\_\_\_\_  
 Janyne Brown, Chief Financial Officer

## A/P Fund

Publication of check register is in compliance with Section 53065.6 of the Government Code which requires the District to disclose reimbursements to employees and/or directors.

001452 A/P Checks: 058555-058591  
A/P Draft 001527-001534  
Voids:  
058579 - Meiners Oaks ACE Hardware - Continuation of detail of check #058578

001453 A/P Checks: 058592-058650  
A/P Draft 001535-001537  
Voids:  
058622 - Meiners Oaks ACE Hardware - Continuation of detail of check #058621



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Janyne Brown, Chief Financial Officer

CERTIFICATION

Payroll disbursements for the pay period ending 05/23/26  
Pay Date 05/28/26  
have been duly audited and are  
hereby certified as correct.

Signed: 

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Janyne Brown

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
C-CHECK	VOID CHECK	V	5/27/2026			058579		
C-CHECK	VOID CHECK	V	6/03/2026			058622		

* * T O T A L S * *	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
REGULAR CHECKS:	0	0.00	0.00	0.00
HAND CHECKS:	0	0.00	0.00	0.00
DRAFTS:	0	0.00	0.00	0.00
EFT:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
VOID CHECKS:	2			
VOID DEBITS		0.00		
VOID CREDITS		0.00	0.00	

TOTAL ERRORS: 0

VENDOR SET: 01 BANK:	TOTALS:	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
		2	0.00	0.00	0.00
BANK:	TOTALS:	2	0.00	0.00	0.00

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
01483	CORVEL CORPORATION							
I-052626-CMWD	Corvel Claim 05/19-05/25/26	D	5/27/2026	10.00		001527		10.00
00124	ICMA RETIREMENT TRUST - 457							
I-052726	Deferred Comp	D	5/27/2026	3,044.01		001528		3,044.01
00128	INTERNAL REVENUE SERVICE							
I-FW052726	Federal Withholding	D	5/27/2026	42,541.81		001529		
I-MW052726	Medicare Withholding	D	5/27/2026	12,072.71		001529		
I-SS052726	SS Withholding	D	5/27/2026	51,621.16		001529		106,235.68
00985	NATIONWIDE RETIREMENT SOLUTION							
I-052726	Deferred Comp	D	5/27/2026	13,883.79		001530		13,883.79
00187	CALPERS							
I-C052726	Clasic	D	5/27/2026	22,442.27		001531		
I-PEPRA052726	PEPRA	D	5/27/2026	35,578.74		001531		58,021.01
00180	S.E.I.U. - LOCAL 721							
I-052726a	SEIU 721 Cope	D	5/27/2026	22.50		001532		
I-052726b	Unions Dues	D	5/27/2026	922.75		001532		945.25
00049	STATE OF CALIFORNIA							
I-CASDI052726	CASDI Withholding	D	5/27/2026	3,575.93		001533		
I-SW052726	State Withholding	D	5/27/2026	17,543.07		001533		21,119.00
05790	STATE OF OREGON							
I-OR052726a	State Withholding (OR)	D	5/27/2026	534.93		001534		
I-OR052726b	OR State Transit Tax	D	5/27/2026	7.77		001534		542.70
01483	CORVEL CORPORATION							
I-060226-CMWD	Corvel Claim 05/26-06/01/26	D	6/03/2026	1,118.72		001535		1,118.72
06170	Multi Service Technilogy Solut							
I-5c6e0757	Dolly, Carbide Router Bit Set	D	6/03/2026	324.11		001536		324.11
06106	TeamViewer							
I-R04744248	TeamViewer License - IT	D	6/03/2026	1,155.00		001537		1,155.00
05531	Adamsons Towing Inc							
I-006687	Towing Truck Remove Trailer	R	5/27/2026	1,500.00		058555		1,500.00
05912	Aleshire & Wynder LLP							
I-106020	Matter #0001	R	5/27/2026	6,003.00		058556		6,003.00

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00012	ALL-PHASE ELECTRIC SUPPLY CO.							
I-5665-1085692	3/0 THHN Black Wire & Green	R	5/27/2026	1,417.93		058557		
I-5665-1085763	Tape Roll & Adapter - EM	R	5/27/2026	97.09		058557		1,515.02
03044	Amazon Capital Services							
I-13KJ-WKRW-CGLR	Rope Pull Cord - LCRA	R	5/27/2026	21.44		058558		
I-13KW-C3VN-FQPH	Rubber Mat Floor - WP	R	5/27/2026	287.36		058558		
I-14HV-31CV-CNF3	Steel Flag Poles - WP	R	5/27/2026	55.74		058558		
I-17FN-3WW4-FN3F	Phone Charger - LCRA	R	5/27/2026	20.91		058558		
I-1KCW-NP9Q-73LL	Battery Jump Starter & Batteri	R	5/27/2026	280.45		058558		
I-1KXD-MYLQ-FKQQ	Safety Bump Cap - LCRA	R	5/27/2026	41.82		058558		
I-1YRV-QRDR-WC4X	Voltage Regulator Rectifier-WP	R	5/27/2026	11.89		058558		
I-1YTR-FG1K-P1F4	Hose Reel Swivel - WP	R	5/27/2026	50.41		058558		770.02
00014	AQUA-FLO SUPPLY							
I-SI2744173	3" PVC Pipe & Hydrant Wrench	R	5/27/2026	118.55		058559		
I-SI2748154	Check Valve & Brass Fire Adapt	R	5/27/2026	132.16		058559		
I-SI2748169	Heavy Duty Meter Key - UT	R	5/27/2026	52.50		058559		
I-SI2748170	Keeling Mat - UT	R	5/27/2026	51.16		058559		
I-SI2752861	Brass Ball Valve - PL	R	5/27/2026	64.34		058559		418.71
00030	B&R TOOL AND SUPPLY CO							
I-1901025301	29PC Drill Bit Set & Tap & Die	R	5/27/2026	346.95		058560		
I-1901025516	Paint Marker & Set-Up Wedge-UT	R	5/27/2026	69.20		058560		416.15
05025	Best Buy Business Advantage Ac							
I-10887757	Disk Drive - EM	R	5/27/2026	32.76		058561		32.76
04111	Roadpost, Inc.							
I-BU01890230	Sat Phone Service - TP	R	5/27/2026	77.25		058562		77.25
06463	CALIFORNIA HOSE, INC.							
I-1-55964	FNST Swivel, F.NPT & M.NPT- UT	R	5/27/2026	488.65		058563		488.65
06004	Catalina Paints							
I-OJ044538	Paint - EM	R	5/27/2026	137.58		058564		137.58
00058	COAST TO COAST							
I-54459	Saw Blades - MAINT	R	5/27/2026	30.02		058565		30.02
00740	DELL MARKETING L.P.							
I-10874879336	Dell Tower - ENG	R	5/27/2026	1,718.00		058566		1,718.00

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
06076	Dodos Design							
I-13335	Embroider on Jackets, Hoodie	R	5/27/2026	185.00		058567		185.00
00086	E.J. Harrison & Sons Inc							
I-050526b	Acct#500546088	R	5/27/2026	3,134.06		058568		3,134.06
00086	E.J. Harrison & Sons Inc							
I-051526a	Acct#1C00053370	R	5/27/2026	331.10		058569		331.10
00086	E.J. Harrison & Sons Inc							
I-051526b	Acct#102258843	R	5/27/2026	339.35		058570		339.35
00095	FAMCON PIPE & SUPPLY							
I-S100180170.001	12" cmp 90 deg - TP	R	5/27/2026	514.80		058571		514.80
00093	FEDERAL EXPRESS							
I-9-298-18374	Shipping - LAB	R	5/27/2026	40.32		058572		40.32
00104	FRED'S TIRE MAN							
I-172818	Flat Tire - Unit 90	R	5/27/2026	50.00		058573		
I-173084	Tire Remount Unit 113	R	5/27/2026	50.00		058573		100.00
02217	Greg Rents							
I-86442-1	Towable Air Compressor Doosan	R	5/27/2026	360.57		058574		360.57
04022	Hamner, Jewell & Associates							
I-205600	Ventura-SB Row Srvs - ENG	R	5/27/2026	6,382.56		058575		6,382.56
05746	Hasa Inc.							
I-1122590	Sodium Hypochlorite - TP	R	5/27/2026	1,354.24		058576		
I-1122920	Sodium Hypochlorite - TP	R	5/27/2026	4,071.18		058576		5,425.42
00596	HOME DEPOT							
I-9748680	Replacement Wheel Kit - LCRA	R	5/27/2026	136.27		058577		136.27
00151	MEINERS OAKS ACE HARDWARE							
I-146906	AAA & AA Batteries & Screw -EM	R	5/27/2026	141.59		058578		
I-148443	Mini Mats, Saw Blades - WP	R	5/27/2026	360.75		058578		
I-148622	Rake Bow & Garden Sprayer - LC	R	5/27/2026	60.47		058578		
I-148789	Anchrng Epsy Paste & Couplings	R	5/27/2026	82.42		058578		
I-148930	Grout Bag - WP	R	5/27/2026	16.77		058578		
I-148991	Tape Measure & Adapters - LCRA	R	5/27/2026	119.19		058578		
I-149132	Blades, Tie Down w/Rtch - PL	R	5/27/2026	275.33		058578		
I-149266	Tape Measure, Acetone & Sand D	R	5/27/2026	55.58		058578		
I-149437	Grout Bag & Terry Towel - WP	R	5/27/2026	53.81		058578		
I-149647	Posthole Concrete Mix - WP	R	5/27/2026	29.99		058578		
I-149742	Paint Tray & Trash Bags - TP	R	5/27/2026	17.41		058578		
I-149761	Countersink Bits & Hot Shine T	R	5/27/2026	93.69		058578		

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
I-149950	20D EG Box & 8D HDG Box - MAIN	R	5/27/2026	21.43		058578		
I-149963	Bit Drills - MAINT	R	5/27/2026	26.33		058578		
I-149978	Deck Screws & Concrete Mix -PL	R	5/27/2026	37.39		058578		
I-150023	Cable Tie & Wire Stripper - PL	R	5/27/2026	54.77		058578		
I-150114	Gloves & Nipple Black - PL	R	5/27/2026	49.54		058578		
I-150245	Cleaning Supplies - PL	R	5/27/2026	36.25		058578		
I-150320	Painting Supplies - EM	R	5/27/2026	35.72		058578		
I-150321	Extension Cords - PL	R	5/27/2026	63.42		058578		
I-150341	Compxmip Adapter & Unions - PL	R	5/27/2026	78.02		058578		
I-150363	Gloves - MAINT	R	5/27/2026	7.44		058578		1,717.31
01570	Ojai Auto Supply							
I-642344	Tire Shine, Prestone Bug Wash	R	5/27/2026	25.78		058580		25.78
00165	OJAI LUMBER CO, INC							
I-2605-892795	220Z Set w/Nozzle - WP	R	5/27/2026	182.53		058581		
I-2605-893458	Rebar Grade & Dobie Block - WP	R	5/27/2026	559.86		058581		
I-2605-893958	Btr Douglas Fir & Forged Bow	R	5/27/2026	133.64		058581		
I-2605-895241	Bright Spikes - MAINT	R	5/27/2026	66.41		058581		
I-2605-895769	Wedge Anchor Zinc - PL	R	5/27/2026	61.77		058581		1,004.21
00884	OJAI TERMITE & PEST CONTROL, I							
I-286249	Monthly Squirrel - LCRA/WP	R	5/27/2026	805.00		058582		
I-286850	SA Plant Pest Control	R	5/27/2026	75.00		058582		880.00
01439	PRECISION POWER EQUIPMENT							
I-63844	Line - MAINT	R	5/27/2026	129.28		058583		
I-63848	Chainsaw, Bar & Chain - MAINT	R	5/27/2026	1,119.49		058583		
I-63925	Line & Grease Tube - MAINT	R	5/27/2026	101.25		058583		1,350.02
00788	QUINN COMPANY							
I-W0010085674	Service Repair - Unit 139	R	5/27/2026	2,181.04		058584		2,181.04
03970	William Reeder							
I-052226	T5 Certification Fees - TP	R	5/27/2026	105.00		058585		105.00
00306	Rincon Consultants, Inc.							
I-73549	V-SB Intertie Env Serv Dur Con	R	5/27/2026	27,311.30		058586		
I-74494	V-SB Intertie Env Serv Dur Con	R	5/27/2026	22,486.03		058586		
I-74641	V-SB NEPA - ENG	R	5/27/2026	4,776.00		058586		54,573.33
00215	SOUTHERN CALIFORNIA EDISON							
I-052226a	Acct#700625798978	R	5/27/2026	271.74		058587		
I-052226b	Acct#700533992421	R	5/27/2026	27,107.69		058587		27,379.43

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
09955 I-357149	VENTURA WHOLESALE ELECTRIC Wire & CU Grnd Rod - EM	R	5/27/2026	78.12		058588		78.12
06354 I-2026-377106-00	Vista Paint Corporation Painting Supplies - WP	R	5/27/2026	1,616.14		058589		1,616.14
00330 I-10023660701	WHITE CAP CONSTRUCTION SUPPLY Sikaflex, Steel Pool Trowel	R	5/27/2026	280.08		058590		280.08
06056 I-DEP052726 I-FSA052726	Ameriflex Dependant Care FSA Deductions	R R	5/27/2026 5/27/2026	865.38 1,855.00		058591 058591		2,720.38
01869 I-17320	805 WINDOW CLEANING Window Cleaning 06/03/26	R	6/03/2026	1,765.00		058592		1,765.00
06432 I-M7-89582-001	ADP Commercial Leasing,LLC ADP Implementation	R	6/03/2026	3,750.12		058593		3,750.12
00010 I-9171606237 I-9172233287	AIRGAS USA LLC Fill Acetylene Tanks & Zip Whe Electrode Stick & Gloves - PL	R R	6/03/2026 6/03/2026	1,140.18 570.78		058594 058594		1,710.96
00014 I-SI2752848 I-SI2752869 I-SI2756851	AQUA-FLO SUPPLY "ICV" Clave Box - WP PVC Coupling - TP Shovels - UT	R R R	6/03/2026 6/03/2026 6/03/2026	106.17 1.43 54.14		058595 058595 058595		161.74
01666 I-000025299814	AT & T Acct#9391062398	R	6/03/2026	370.72		058596		370.72
01666 I-000025302518	AT & T Acct#9391064013	R	6/03/2026	32.47		058597		32.47
00679 I-S3299439.002	BAKERSFIELD PIPE & SUPPLY INC 3/4 Ball Valve - TP	R	6/03/2026	230.03		058598		230.03
06463 I-1-56262	CALIFORNIA HOSE, INC. Doble Jacket Fire Hose - UT	R	6/03/2026	811.44		058599		811.44
09182 I-100000018312120	CalPERS Unfunded Accrue Liability	R	6/03/2026	93,794.00		058600		93,794.00

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
06004	Catalina Paints							
I-OJ044669	Painting Supplies - LCRA	R	6/03/2026	67.99		058601		
I-OJ044704	Paint - TP	R	6/03/2026	48.48		058601		116.47
00117	CERTEX USA, INC							
I-10830891-00	Gal Spa Shackles - PL	R	6/03/2026	657.25		058602		657.25
05964	Charter Communications Holding							
I-187944701052126	Acct#187944701	R	6/03/2026	685.00		058603		685.00
06468	Cintas Corporation No.3							
I-4269596130	Uniform Pants - O&M	R	6/03/2026	148.93		058604		
I-4270391143	Uniform Pants - O&M	R	6/03/2026	148.93		058604		297.86
03978	Virgil Clary							
I-060126	Released Claim	R	6/03/2026	3,890.00		058605		3,890.00
00059	COASTAL PIPCO							
I-S2330387.001	Falnge, Washer & Socket Flange	R	6/03/2026	444.58		058606		
I-S2330823.001	Butterfly Valve - WP	R	6/03/2026	227.40		058606		671.98
00061	COMPUWAVE							
I-SB02106595	Adobe Subscription - IT/WP/FIS	R	6/03/2026	3,051.00		058607		3,051.00
06127	Dion & Sons, Inc							
I-SP33077	Diesel - LCRA	R	6/03/2026	3,607.51		058608		
I-SP33078	Gas - LCRA	R	6/03/2026	2,702.22		058608		6,309.73
00086	E.J. Harrison & Sons Inc							
I-051526	Acct#1C00054240	R	6/03/2026	526.28		058609		526.28
06108	EMCOR Service Mesa Energy							
I-911020987	AC Maintenance - LCRA	R	6/03/2026	3,141.50		058610		3,141.50
06486	Environmental Dynamics Interna							
I-310729	Aeration Line Diffuser - TP	R	6/03/2026	2,288.51		058611		2,288.51
00091	ERNST & YOUNG LLP							
I-US01U002179010	Client#0014063350	R	6/03/2026	604.00		058612		604.00
00095	FAMCON PIPE & SUPPLY							
I-S100181097.001	Air Vac - PL	R	6/03/2026	7,121.40		058613		
I-S100181198.001	Brass Ball Valve & Hose Adapte	R	6/03/2026	603.07		058613		
I-S100181258.001	Brass Tee, Plug & Ball Valve	R	6/03/2026	469.76		058613		8,194.23

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00099	FGL ENVIRONMENTAL							
I-608244A	Plant Effluent DBP 04/28/26	R	6/03/2026	378.00		058614		
I-608246A	Lab Water Quality 04/28/26	R	6/03/2026	75.00		058614		
I-608789A	THM/HAA Monitoring-Stage 2	R	6/03/2026	1,132.00		058614		
I-608794A	Nitrate Monitoring 05/05/26	R	6/03/2026	73.00		058614		
I-608795A	OWS-San Antonio TP Mn 05/21/26	R	6/03/2026	48.00		058614		
I-609361A	Nitrate Monitoring - 05/12/26	R	6/03/2026	96.00		058614		1,802.00
00491	GIBBS INTERNATIONAL TRUCK CTR							
I-626208	Tires - Unit 99	R	6/03/2026	3,671.30		058615		3,671.30
02217	Greg Rents							
I-86697-1	Concrete Mix - WP	R	6/03/2026	743.51		058616		
I-87296-1	Propane - Unit 242	R	6/03/2026	47.54		058616		791.05
00596	HOME DEPOT							
I-4810226	Celing Light/Fan - TP	R	6/03/2026	281.87		058617		
I-4810227	Bags & Mouse Traps - TP	R	6/03/2026	35.86		058617		
I-4810228	M18 Fuel Compact Router Tool	R	6/03/2026	228.33		058617		546.06
00127	INDUSTRIAL BOLT & SUPPLY							
I-274052-1	Wedge Anchor SS - PL	R	6/03/2026	302.78		058618		302.78
02344	Janitek Cleaning Solutions							
I-59226A	Janitorial Service - DO	R	6/03/2026	1,443.97		058619		1,443.97
00527	LINCOLN AQUATICS							
C-PB127986	Returnable Chemical Shell Depo	R	6/03/2026	126.60CR		058620		
I-PB127670	SPA Purge - WP	R	6/03/2026	360.13		058620		
I-PB127821	Clor Save Stabilizer - WP	R	6/03/2026	626.65		058620		860.18
00151	MEINERS OAKS ACE HARDWARE							
I-149607	Bolts & Screws - LCRA	R	6/03/2026	4.29		058621		
I-149666	Clamp - WP	R	6/03/2026	11.67		058621		
I-149724	Gasket - WP	R	6/03/2026	6.00		058621		
I-149793	Repair Coupling & Couple - LCR	R	6/03/2026	16.73		058621		
I-149926	Roller Frame & Gloves & Maskin	R	6/03/2026	75.45		058621		
I-150006	Painting Supplies - LCRA	R	6/03/2026	130.74		058621		
I-150007	Saw Blades - LCRA	R	6/03/2026	25.36		058621		
I-150091	Tire Inflator & Air Chuck - LC	R	6/03/2026	29.62		058621		
I-150112	Sealant - WP	R	6/03/2026	17.55		058621		
I-150134	Concrete Mix - WP	R	6/03/2026	91.06		058621		
I-150222	Sealant - WP	R	6/03/2026	112.36		058621		
I-150269	Ratchet & Hdg Smooth Handy PK	R	6/03/2026	107.10		058621		
I-150351	Cableties - WP	R	6/03/2026	52.64		058621		
I-150379	Bolts & Safety Bombs - LCRA	R	6/03/2026	14.58		058621		
I-150410	Mineral Spirits Lqd - TP	R	6/03/2026	22.44		058621		
I-150463	Wrench, Rake, Paint & Knife	R	6/03/2026	270.25		058621		

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
I-150538	Earmuffs - WP	R	6/03/2026	75.12		058621		
I-150581	Repair Coupling & Elbow - WP	R	6/03/2026	28.83		058621		1,091.79
00980	MISCOWATER							
I-67370B53645	Vacuum Regulator Parts - TP	R	6/03/2026	1,617.53		058623		1,617.53
00165	OJAI LUMBER CO, INC							
I-2605-894583	Doug Fir & Pipe Grip Tie - WP	R	6/03/2026	313.25		058624		
I-2605-894601	Treated Fence Post - WP	R	6/03/2026	52.06		058624		
I-2605-895555	Post Cap - WP	R	6/03/2026	19.25		058624		384.56
00168	OJAI VALLEY NEWS							
I-16935	Ojai Megazine Display Ad - PR	R	6/03/2026	550.00		058625		550.00
04531	Peace Officers Research Associ							
I-531149	PORAC Insurance for Rangers	R	6/03/2026	229.00		058626		229.00
05984	PORAC LDF							
I-900433	Legal Defence Found - LCRA	R	6/03/2026	294.00		058627		294.00
02216	Purchase Power							
I-052026	Refill Postage Meter	R	6/03/2026	2,541.99		058628		2,541.99
02756	SC Fuels							
I-In-0000360578	Diesel & Gas - DO	R	6/03/2026	9,643.51		058629		9,643.51
06345	Science Interactive,LLC							
I-E138740	Net SS Ring & Bridle 300M	R	6/03/2026	80.52		058630		
I-INV-828187	Winch & Depth Meter-Metric	R	6/03/2026	3,095.61		058630		
I-INV-828773	Dolphin Adapt 3.5 X 89mm	R	6/03/2026	97.87		058630		
I-INV-829204	Dolphin Plankton Bucket-500ML	R	6/03/2026	135.02		058630		3,409.02
00215	SOUTHERN CALIFORNIA EDISON							
I-052726a	Acct#700356078152	R	6/03/2026	139.29		058631		
I-052726b	Acct#700237081885	R	6/03/2026	2,002.09		058631		2,141.38
00216	Southern California Gas Co.							
I-052826a	Acct#18231433006	R	6/03/2026	32.05		058632		
I-052826b	Acct#00801443003	R	6/03/2026	648.25		058632		680.30
02703	Sunbelt Rentals							
I-183662476-0001	Core Drill Rental - WP	R	6/03/2026	148.76		058633		148.76

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
01696 I-5723	SUPERIOR MACHINE Brass Flange Repair	R	6/03/2026	211.19		058634		211.19
06064 I-052726	T-Mobile Acct#987771959	R	6/03/2026	31.85		058635		31.85
00254 I-LM051926-1	VENTURA LOCKSMITHS Duplicate Key - LCRA	R	6/03/2026	50.64		058636		50.64
00257 I-053126	VENTURA RIVER WATER DISTRICT Acct#5-37500A	R	6/03/2026	564.44		058637		564.44
03758 I-9117-2604	County of Ventura - Fleet Serv Fleet Service - Unit 115/69	R	6/03/2026	2,920.14		058638		2,920.14
00663 I-83950211	WAXIE SANITARY SUPPLY Janitorial Supplies - DO	R	6/03/2026	216.19		058639		216.19
1 I-000202606012545	OJAI VALLEY BUSINESS US REFUND	R	6/03/2026	67.81		058640		67.81
1 I-000202606012544	OSBORNE, DAVID US REFUND	R	6/03/2026	34.01		058641		34.01
1 I-000202606012543	SELMAN, JIM US REFUND	R	6/03/2026	35.93		058642		35.93
1 I-000202606012547	GALLEGOS, GERARDO US REFUND	R	6/03/2026	87.18		058643		87.18
1 I-000202606012546	MCQUILLEN, MENDY US REFUND	R	6/03/2026	60.00		058644		60.00
1 I-000202606012550	BSN CONSTRUCTION INC US REFUND	R	6/03/2026	500.00		058645		500.00
1 I-000202606012549	J&H ENGINEERING GENE US REFUND	R	6/03/2026	500.00		058646		500.00
1 I-000202606012548	WESTWAYS RANCH LLC US REFUND	R	6/03/2026	261.00		058647		261.00
06477 I-060326	Michael J. Hakan Temp Right of Entry Extension	R	6/03/2026	7,500.00		058648		7,500.00

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
06476	Melinda Lord Trembly							
I-060326	Temp Right of Entry Extension	R	6/03/2026	1,667.00		058649		1,667.00
06509	Joseph Romero							
I-060326	Temporary Dwelling	R	6/03/2026	9,000.00		058650		9,000.00

* * T O T A L S * *	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
REGULAR CHECKS:	94	312,884.30	0.00	312,884.30
HAND CHECKS:	0	0.00	0.00	0.00
DRAFTS:	11	206,399.27	0.00	206,399.27
EFT:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
VOID CHECKS:	0	VOID DEBITS 0.00		
		VOID CREDITS 0.00	0.00	0.00

TOTAL ERRORS: 0

VENDOR SET: 01 BANK: AP TOTALS:	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
	105	519,283.57	0.00	519,283.57
BANK: AP TOTALS:	105	519,283.57	0.00	519,283.57
REPORT TOTALS:	105	519,283.57	0.00	519,283.57

## *Adjudication Charge Fund Account*

Publication of check register is in compliance with Section 53065.6 of the Government Code which requires the District to disclose reimbursements to employees and/or directors.

Adj. Checks:

Adj. Draft                      001538

Voids:



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Janyne Brown, Chief Financial Officer

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
06320	Marzulla Law,LLC							
I-10365	SB Channelkeeper Adjudicaion	D	6/03/2026	16,763.94		001538		16,763.94

\* \* T O T A L S \* \*

	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
REGULAR CHECKS:	0	0.00	0.00	0.00
HAND CHECKS:	0	0.00	0.00	0.00
DRAFTS:	1	16,763.94	0.00	16,763.94
EFT:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
VOID CHECKS:	0			
VOID DEBITS		0.00		
VOID CREDITS		0.00	0.00	

TOTAL ERRORS: 0

	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
VENDOR SET: 01 BANK: ADJ TOTALS:	1	16,763.94	0.00	16,763.94
BANK: ADJ TOTALS:	1	16,763.94	0.00	16,763.94
REPORT TOTALS:	1	16,763.94	0.00	16,763.94

**Casitas Municipal Water District**  
**Reimbursement Disclosure Report (1)**  
**Fiscal Year 2025/26**  
**July 1, 2025-June 30, 2026**

<u>Date paid</u>	<u>Board of Director/Employee</u>	<u>Description</u>	<u>Amount Paid</u>
07/09/25	Eric Lara	Water Treatment Review Course	\$ 157.45
07/16/25	Cody Pletcher	Lodging American Red Cross LGIT Training	\$ 461.15
07/24/25	Cory Johnson	AWWA Exam for Backflow Prevation Adembly Tester	\$ 360.00
08/06/25	Scott MacDonald	T4 Certificate Renewal	\$ 105.00
08/07/25	Corban Suggs	College Class	\$ 219.00
08/13/25	Jesus Garcia	College Class	\$ 219.00
08/13/25	Scott MacDonald	D4 Certificate Renewal	\$ 105.00
09/04/25	Gustavo Muro	ESRI Conference Travel Expenses	\$ 268.10
09/04/25	Donnell Evans	E&I-2 Certificate Renewal	\$ 119.00
09/04/25	Joe Martinez	Cabin Signs	\$ 91.78
09/04/25	Alvin Domingo	Microbiology Lab Training Webinar	\$ 125.00
09/18/25	Cody Pletcher	Reimbursment Mileage	\$ 170.73
10/02/25	Cody Pletcher	Lifeguard end season party	\$ 351.79
10/15/25	Joel Cox	T4 Certificate Renewal	\$ 105.00
10/16/25	David Rodela	DOT Physical	\$ 140.00
10/16/25	Alex Kelso	Class Reimbursement	\$ 232.25
10/30/25	Justin Burgess	EMT Certification	\$ 133.35
10/30/25	Justin Burgess	EMT Skill Testing	\$ 125.00
11/19/25	Cory Johnson	Cross-Connection Control Specialist Exam	\$ 270.00
12/10/25	Edgar Ramos	Utility Management Ed 3 Class	\$ 184.80
12/30/25	Diana Ipeartrice	LCW Annual Conference Hotel	\$ 1,100.29
01/14/26	Luke Soholt	Tretment 5 Certification Renewal	\$ 105.00
01/14/26	Luke Soholt	Damtender Property Tax Bill	\$ 241.63
01/21/26	Brian Taylor	Rain Gear	\$ 358.85
1/22/2026	John Brockus	Pepper Spray	\$ 101.94
1/22/2026	Ivan Lopez	DMV Medical	\$ 120.00
2/4/2026	Edgar Ramos	Class Reimbursement	\$ 217.25
2/5/2026	Mike Kenney	CWEA Membership	\$ 251.00
2/5/2026	Diana Ipeartrice	LCW Annual Conference Mileage	\$ 520.98
2/19/2026	Michael Gibson	AFS Membership	\$ 125.00
2/19/2026	Michael Gibson	Fisheries Book	\$ 76.00
3/5/2026	Greg Romey	DMV Registration	\$ 566.00
3/5/2026	Joe Martinez	LCRA Banner at Nordhoff Baseball Field	\$ 200.00
3/5/2026	Eymar Banos	Epoxy Paint Sprayer	\$ 185.28
3/11/2026	Cory Johnson	Water Treatment Operation Course	\$ 150.00
3/19/2026	Virgil Clary	Mail Out Document to SWRCB	\$ 14.72
3/19/2026	Virgil Clary	Engineering License Renewal	\$ 180.00
3/19/2026	Spencer Hair	Public Works Special Certificate Program	\$ 525.00
4/8/2026	Alvin Domingo	Laboratory Math Online Training	\$ 125.00
4/8/2026	Scott Lewis	Fall Term Tuition	\$ 2,554.33
4/8/2026	Scott Lewis	Lodging Public Tours and Meetings	\$ 679.90
4/8/2026	William Reeder	Grade 5 Water Distribution Operator Certification	\$ 275.00
4/15/2026	Frazier D Evans	California Envitonmental Association Membership	\$ 251.00
4/22/2026	Jesus Garcia	NCCCO Crane Training Mileage Reimbursement	\$ 235.62
4/22/2026	Jose Ruiz	Distribution Exam Preparation	\$ 188.99
4/22/2026	John Simon	NCCCO Crane Training Mileage Reimbursement	\$ 210.25
4/22/2026	John Simon	NCCCO Crane Training Lodging	\$ 821.84
5/6/2026	Jesus Garcia	CEU Courses	\$ 195.00
5/6/2026	Scott Lewis	Airfare to Dember BOR Modeling	\$ 593.39
5/6/2026	Scott Lewis	Lodging 03/02/26-03/06/26	\$ 413.28
5/6/2026	Scott Lewis	Airport Parking	\$ 120.00
5/6/2026	Scott Lewis	Winter Term Tuition	\$ 445.67
5/6/2026	Scott Lewis	Lodging 03/26/26-03/27/26	\$ 358.83
5/20/2026	John Simon	Milege Reibursment Crane Practical Test	\$ 171.11
5/27/2026	William Reeder	T5 Certification Fee	\$ 105.00

Minutes of the  
Casitas Municipal Water District  
Board Meeting of  
May 27, 2026

1. CALL TO ORDER

President Kaiser called the meeting to order at 5:00 p.m.

2. ROLL CALL

Directors Cole, Brennan, Bergen, and Kaiser are present. Director Hajas is absent. Also present are GM Flood, EA Vieira, and Counsel McNulty.

3. PLEDGE OF ALLEGIANCE

President Kaiser led the pledge.

4. AGENDA CONFIRMATION

Confirmed as submitted.

5. PUBLIC COMMENTS - Presentation on District related items that are not on the agenda - three-minute limit.

None

6. CONSENT AGENDA

6.a Accounts Payable Report.  
[Accounts Payable Report.pdf](#)

6.b Minutes of May 13, 2026 Board Meeting. [5  
13 2026 Min.pdf](#)

The Consent Agenda was offered by Director Cole, seconded by Director Brennan, and adopted by the following roll call vote:

AYES:	Directors:	Cole, Brennan, Bergen, Kaiser
NOES:	Directors:	None
ABSENT:	Directors:	Hajas

7. ACTION ITEMS

7.a Resolution establishing the appropriations limit of \$20,075,301 for fiscal year ending June 30, 2027.  
[Memo - Proposition 4 2026-2027.pdf](#)

The resolution was offered by Director Brennan, seconded by Director Bergen, and adopted by the following roll call vote:

AYES:	Directors:	Cole, Brennan, Bergen, Kaiser
NOES:	Directors:	None
ABSENT:	Directors:	Hajas

Resolution is numbered 2026-12.

- 7.b Resolution Approving the Debt Policy.  
[Debt Policy Review Board memo 5.27.26.pdf](#)  
[Debt Policy Resolution.pdf](#)  
[Debt Policy.pdf](#)

The resolution was offered by Director Cole, seconded by Director Bergen, and adopted by the following roll call vote:

AYES:	Directors:	Cole, Brennan, Bergen, Kaiser
NOES:	Directors:	None
ABSENT:	Directors:	Hajas

Resolution is numbered 2026-13.

## 8. INFORMATION ITEMS

- 8.a Hydrology Report April 2026.  
[Hydrology April 2026.pdf](#)

The information item was received.

## 9. GENERAL MANAGER COMMENTS

GM Flood reported that the intertie is progressing, the funding agreement for ASADRA funding is fully executed but we cannot get the funds yet. A gap funding agreement will come to the board to assist with cash flow.

## 10. BOARD OF DIRECTOR REPORTS ON MEETINGS ATTENDED

Director Brennan attended the WaterWise meeting on Thursday for a presentation on the City of Ventura Water Pure project. The city is anticipating taking less water from Casitas. GM Flood added that every year we receive a letter from the city regarding demand and the recent letter shows a demand from Casitas of 4,500 AF.

## 11. BOARD OF DIRECTOR COMMENTS PER GOVERNMENT CODE SECTION 54954.2(a).

None

President Kaiser moved the meeting to closed session at 5:11 p.m.

12. CLOSED SESSION

12.a CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(1).

Santa Barbara Channelkeeper v. State Water Resources Control Board, City of San Buenaventura, et al, and City of San Buenaventura v. Duncan Abbott, et al, Cross Complaint Superior Court of the State of California, County of Los Angeles, Case No. 19STCP01176.

12.b CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Government Code Section 54957.6

Agency Designated Representative: Colin Tanner and Diana Impeartrice  
Employee Organization: Supervisory and Professional, General Unit, and Recreation Unit.

President Kaiser moved the meeting back into open session at 5:32 p.m. with Mr. McNulty stating the board met in closed session and no action was taken.

13. ADJOURNMENT

President Kaiser adjourned the meeting at 5:33 p.m.

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Brian Brennan, Secretary

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**CASITAS MUNICIPAL WATER DISTRICT  
MEMORANDUM**

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**TO:** BOARD OF DIRECTORS

**FROM:** MICHAEL FLOOD, GENERAL MANAGER

**SUBJECT:** APPROVAL OF US BANK NOTE PURCHASE AGREEMENT FOR THE  
FOR THE VENTURA-SANTA BARBARA INTERTIE PROJECT

**DATE:** 06/10/2026

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**RECOMMENDATION:**

- The Board adopt a resolution approving the note purchase agreement for the purchase of grant anticipation notes (GAN) with US Bank for the Ventura-Santa Barbara Counties Intertie Project.
- The Board authorize up to an additional \$90,000 for cost of issuance fees.

**BACKGROUND:**

Casitas initially sought funding for the Ventura-Santa Barbara Counties Intertie Project through the State of California Water Resources Control Board (SWRCB) pursuant to the Additional Supplemental Appropriations for Disaster Relief Act (ASDARA) in May of 2020.

The project cost and timeline have been revised several times over the intervening years with the SWRCB being able to begin work on a funding agreement after the US Bureau of Reclamation (USBR) completed the NEPA environmental process in July of 2025.

Casitas Staff expected to bring the ASADRA funding agreement to the Board in February 2026 and funding from the program would be available prior to June of 2026. Casitas Staff was subsequently informed by the SWRCB that the agreement was delayed due to workload issues within their legal department and that funding related to construction would be delayed until sometime in September 2026.

The favorable loan terms (0%) along with \$8.2M in loan forgiveness provided by the SWRCB and ASADRA are a foundational element that makes the Ventura-Santa Barbara Counties Intertie Project feasible to construct at this time.

With the project already under contract and construction beginning, staff obtained a cash-flow estimate from the contractor in order to analyze the timing and possible size of a funding gap that would occur over the months of June-July-August-September 2026.

During the April 22<sup>nd</sup> regular board meeting the board was provided with an analysis of the gap in funding which is expected to be between \$18M to \$20M. Two possible funding options were identified at that time were a (1) Bridge or Bullet Loan and (2) Operating Line of Credit.

**DISCUSSION:**

Casitas staff have been working with US Bank, UBS Bank, and Holman Capital on obtaining financing for the intertie project.

To secure funding and be in compliance with ASADRA disbursement of project funds the best option for the District is a nonrevolving line of credit in the form of a note purchase agreement for the purchase of grant anticipation notes (GAN). Under California Government Code Sections 53859 through 53859.08, a local agency is authorized to issue Grant Anticipation Notes (GANs). A GAN can work if (i) it finances eligible project costs, (ii) it is interim, and (iii) each ASADRA draw that reimburses those costs is applied within 30 days to retire the GAN.

The District was approved for up to \$20M which is sufficient to cover the expected gap in funding.

Below is the estimated cost:

Lender	Interest Rate	Est. Total Costs (Interest & Cost of Issuance)
Holiman Capital Line of Credit	6.50%	\$472,200
US Bank Line of Credit*	3.90%	\$370,244
UBS Bank		Min. \$5,000,000 for cost of Issuance

\*Rates as of 6/04/2026

**BUDGET IMPACT:**

The budget for fiscal year 2025-2026 did not include cost of issuance fees associated with issuing a non-revolving line of credit. The total budget impact on the cost of issuance is expected to not exceed \$90,000. Fiscal year 2026-2027 budget includes funding to cover the estimated interest cost.

**Attachment:**

Resolution  
US Bank Note Purchase Agreement

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NOTE PURCHASE AGREEMENT

by and between

CASITAS MUNICIPAL WATER DISTRICT

and

U.S. BANK NATIONAL ASSOCIATION

Casitas Municipal Water District  
2026 Grant Anticipation Note

Dated as of June \_\_\_, 2026

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This NOTE PURCHASE AGREEMENT, dated as of June \_\_, 2026, is by and between the CASITAS MUNICIPAL WATER DISTRICT, a municipal water district existing under the laws of the State of California (the “District”), and U.S. BANK NATIONAL ASSOCIATION (including its successors and assigns, the “Bank”).

W I T N E S S E T H:

WHEREAS, the District and the State Water Resources Control Board (the “State Water Board”) have entered into that certain Drinking Water State Revolving Fund and Additional Supplemental Appropriations for Disaster Relief Construction Installment Sale Agreement, Agreement No. D2502049, Project No. 5610024-001C, dated as of May 21, 2026 (the “Grant Agreement”), pursuant to which the State Water Board has agreed, subject to the terms and conditions thereof, to provide grants and loans to the District (collectively, the “Grant”) to finance a portion of the costs of the District’s Ventura-Santa Barbara Counties Intertie project (the “Project”); and

WHEREAS, the District anticipates receiving the Grant funds on a reimbursement basis under the Grant Agreement, with the final reimbursement request to be submitted no later than March 31, 2027; and

WHEREAS, the District desires to issue and sell its Casitas Municipal Water District 2026 Grant Anticipation Note (in portions thereof, collectively, the “Note”) in anticipation of its receipt of disbursements under the Grant Agreement in order to provide interim financing for Project construction costs pending such disbursements; and

WHEREAS, the District is authorized to issue the Note pursuant to Article 7.7 (commencing with Section 53859) of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code; and

WHEREAS, the Bank is willing, on the terms and conditions contained herein, to purchase the Note in portions as further described herein from the District; and

NOW, THEREFORE, in consideration of the respective agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

**ARTICLE I  
DEFINITIONS**

Section 1.01 Definitions. The following terms have the meanings indicated below or in the referenced Section of this Agreement, unless the context shall clearly indicate otherwise:

“Affiliate” means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with such Person. For purposes of this definition, “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.

“Agreement” means this Note Purchase Agreement, as amended, modified and supplemented from time to time.

“Applicable Lending Office” means, in the case of any Note Portion, the office of the Bank at which the Note is carried on the books and records of the Bank as set forth in Section 7.09 herein.

“Applicable Factor” means 80%.

“Applicable Spread” means 101 basis points.

“Authorized Representative” means the President of the Board of Directors, the Vice President of the Board of Directors, or the General Manager of the District, or any of their designees, or any individual designated in writing to the Bank as an Authorized Representative.

“Authorizing Law” means Article 7.7 (commencing with Section 53859) of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code.

“Bank” has the meaning assigned to that term in the introductory paragraph of this Agreement.

“Board” means the Board of Directors of the District.

“Business Day” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York, New York or Oak View, California are authorized or required by law to remain closed.

“Change in Law” means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement, or (c) compliance by the Bank (or by the Applicable Lending Office of the Bank) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; *provided* that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith, and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law,” regardless of the date enacted, adopted or issued.

“Commitment Termination Date” means [February 28], 2027, unless terminated earlier as provided herein.

“Default” means the occurrence of any event or the existence of any circumstances that, with the passage of time, the giving of notice, or both, would become an Event of Default.

“Default Rate” means the Interest Rate plus 5.00% per annum as more particularly described in Section 2.05(b) hereof.

“Daily Simple SOFR” means a daily rate based on SOFR and determined by the Bank in accordance with the conventions for such rate selected by the Bank.

“Determination of Taxability” means, with respect to a tax-exempt Note: (i) the application of the proceeds of the Note in such a manner that the Note becomes an “arbitrage bond” within the meaning of Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the “Code”), and with the result that interest on the Note is or becomes includable in the Note owner’s gross income (as defined in Section 61 of the Code); or (ii) if as the result of any act, failure to act or use of the proceeds of the Note or any misrepresentation or inaccuracy in any of the representations, warranties or covenants contained in the Note by the District or the enactment of any federal legislation or the promulgation of any federal rule or regulation after the date of issuance of the Note, the interest on the Note is or becomes includable in the Note owner’s gross income (as defined in Section 61 of the Code); and (iii) the District does not undertake any remedial action afforded to it by the Internal Revenue Service.

“Designated Jurisdiction” means any country or territory to the extent that such country or territory itself is the subject of any Sanction.

“District” has the meaning assigned to that term in the introductory paragraph of this Agreement.

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

“Effective Date” means \_\_\_\_\_, 2026.

“Event of Default” has the meaning assigned to that term in Section 6.01 hereof.

“Facility” means the nonrevolving line of credit established by this Agreement pursuant to which the Bank purchases Note Portions from time to time, in an aggregate principal amount not exceeding the Facility Amount.

“Facility Amount” means the lesser of (a) \$20,000,000 and (b) 95% of the Grant.

“Fiscal Year” means each twelve-month period commencing on July 1 and ending on June 30.

“Governmental Authority” means the government of the United States of America, or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Grant” means the grant or loan funds to be provided to the District by the State Water Board pursuant to the Grant Agreement.

“Grant Agreement” means that certain Construction Installment Sale Agreement (Agreement No. D2502049), dated as of May 21, 2026, between the District and the State Water Board, as amended, modified and supplemented from time to time.

“Grant Proceeds” means all amounts received by the District from the State Water Board pursuant to the Grant Agreement.

“Indebtedness” means, without duplication, (a) all indebtedness (including principal and interest) of the District for borrowed money or for the deferred purchase price of property; (b) all liabilities secured by any Lien on any property owned by the District, whether or not such liabilities have been assumed by the District; (c) the aggregate amount required to be capitalized under leases under which the District is the lessee; and (d) all Contingent Obligations of the District. As used in this definition, the term “Contingent Obligation” means, as to the District, any obligation of the District guaranteeing or intended to guarantee any Indebtedness, leases, dividends or other obligations (“primary obligations”) of any other Person (the “primary obligor”) in any manner, whether directly or indirectly including, without limitation, any obligation of the District, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (x) for the purchase or payment of any such primary obligation or (y) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the holder of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof; provided, however, that the term Contingent Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming the District is required to perform thereunder) as determined by the District in good faith.

“Indemnitee” has the meaning assigned to that term in Section 7.07(a) hereof.

“Interest Invoice” has the meaning assigned to that term in Section 2.05(c) hereof.

“Initial Note Portion” means \$ \_\_\_\_\_ purchased on the Effective Date as described in Section 2.01(a) hereof.

“Interest Payment Date” means, initially, [July 1], 2026, and thereafter on the first Business Day of the month, and any date on which any Note Portion is prepaid hereunder, and the Maturity Date.

“Interest Period” means, with respect to any Note Portion, the period from and including the related Purchase Date to but not including the first calendar day of the immediately succeeding month and, thereafter, the period from and including the first day of each calendar month to and including the last day of such calendar month or, if earlier, to but not including the applicable Maturity Date.

“Interest Rate” means, with respect to any Note Portion, the sum of (a) the Applicable Factor multiplied by the SOFR Rate, plus (b) the Applicable Spread.

“Lien” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), preference, priority or other security agreement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement).

“Maturity Date” means May 3, 2027, unless such date occurs earlier as provided herein.

“New York Banking Day” means any date (other than a Saturday or Sunday) on which commercial banks are open for business in New York, New York.

“Note” means the Casitas Municipal Water District 2026 Grant Anticipation Note, as further described in Section 2.04 hereof.

“Note Portion” means an undivided beneficial interest in the Note and includes the Initial Note Portion. Note Portions shall be made on a nonrevolving basis, and amounts repaid or prepaid may not be reborrowed.

“Notice” or “notice” means any form of written communication or a communication by means of electronic mail, facsimile device, telegraph or cable and confirmed telephonically.

“Notice Office” means the office of the Bank as set forth in Section 7.09 herein, or such other office or mail code as the Bank may hereafter designate in writing as such to the District. Any Notice of a change in the Notice Office shall become effective on the fifth calendar day after the delivery of Notice thereof to the District.

“Obligations” means all amounts owing to the Bank pursuant to the terms of this Agreement and the Note.

“OFAC” means The Office of Foreign Assets Control of the U.S. Department of the Treasury.

“Payment Office” means the office of the Bank as set forth in Section 7.09 herein, or such other office or account as the Bank may hereafter designate in writing as such to the District. Any Notice of a change in the Payment Office shall become effective on the fifth calendar day after the delivery of Notice thereof to the District.

“Person” means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a government or a political subdivision or an agency or instrumentality thereof.

“Pledged Receipts” has the meaning assigned to that term in the Resolution.

“Pledged Revenues” has the meaning assigned to that term in Section 2.12 hereof.

“Project” has the meaning assigned to that term in the introductory paragraph of this Agreement.

“Purchase Date” means, (a) with respect to the Initial Note Portion, the Effective Date, and (b) with respect to future Note Portions, the date, which shall be a Business Day, on which the Bank is required to purchase such Note Portion as set forth in the applicable Purchase Notice.

“Purchase Notice” has the meaning assigned to that term in Section 2.02 hereof.

“Rate Adjustment Date” means the first day of each month.

“Related Documents” means this Agreement, the Note and the Resolution.

“Repayment Account” means the account established by the District pursuant to Section 12 of the Resolution.

“Resolution” means Resolution No. 26-\_\_\_\_\_ adopted by the Board on \_\_\_\_\_ 2026, as amended, modified and supplemented from time to time.

“Revenues” means, collectively, (i) the Pledged Receipts, and (ii) any taxes, income, revenue, cash receipts or other moneys of the District lawfully available for payment of the Note. For the avoidance of doubt, the term “Revenues” as defined herein constitutes different amounts and a different term than the term “Revenues” as defined in the Grant Agreement.

“Sanction(s)” means any international economic sanction administered or enforced by the United States Government (including, without limitation, OFAC), the United Nations Security Council, the European Union, His Majesty’s Treasury or other relevant sanctions authority.

“Section 5.05 Documents” means the documents required by Section 5.05 hereof.

“SOFR” means the secured overnight financing rate which is published by the Board of Governors of the Federal Reserve System and available at [www.newyorkfed.org](http://www.newyorkfed.org).

“SOFR Rate” means, for the relevant Interest Period, the greater of (a) zero and (b) the CME Group Term SOFR Reference Rate (“Term SOFR”) rate quoted by the Bank from the applicable Reuters screen (or other commercially available source providing such quotations as may be selected by Bank from time to time), which shall be that one-month Term SOFR rate in effect two New York Banking Days prior to the Rate Adjustment Date, adjusted for any reserve requirement and any subsequent costs arising from a change in government regulation and such rate to be reset monthly on each Rate Adjustment Date; provided that if the Term SOFR rate is not published on such determination date due to a holiday or other circumstance that Bank deems in its sole discretion to be temporary, the applicable Term SOFR rate shall be the Term SOFR rate published on the New York Banking Day immediately preceding such determination date.

“State” means the State of California.

“State Water Board” means the State Water Resources Control Board.

“Taxable Rate” means \_\_\_\_\_. [TBD]

“Taxes” has the meaning assigned to that term in Section 2.14 hereof.

“Unutilized Commitment” means, at any time, the Facility Amount less the aggregate principal amount of all Note Portions purchased by the Bank and less the aggregate amount of any reductions or terminations pursuant to Section 2.10 hereof.

“Unutilized Fee” means the fee payable by the District to the Bank on the Unutilized Commitment at the rate of 23 basis points per annum, computed on the basis of actual days elapsed and a 360-day year, as more particularly described in Section 2.17 hereof.

Section 1.02 Construction. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes,” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein,” “hereof,” and “hereunder,” and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, and (d) all references herein to Articles, Sections and Exhibits shall be construed to refer to Articles and Sections of, and Exhibits to, this Agreement.

## ARTICLE II NOTES

### Section 2.01 Initial Note Portion: Commitment to Purchase Note Portions.

(a) On the basis of the representations, warranties and covenants contained herein and the Resolution, but subject to the terms and conditions herein set forth, the Bank hereby agrees to purchase from the District, and the District hereby agrees to sell to the Bank up to the Facility Amount in principal amount of the Note at a purchase price of 100% of the principal amount thereof. The initial Note Portion (the “Initial Note Portion”) purchased by the Bank hereunder is \$\_\_\_\_\_. The proceeds of each Note Portion shall be wired to the District in accordance with the wire instructions on file with the Bank.

(b) Subject to and upon the terms and conditions set forth herein, including but not limited to, the provisions of Section 3.02 hereof, the Bank agrees, at any time and from time to time prior to the Commitment Termination Date at the written request of the District, to purchase additional Note Portions issued by the District in any aggregate principal amount, provided (i) such principal amount may not exceed the Unutilized Commitment at such time, (ii) each such Note Portion shall be in a principal amount of at least \$1,000,000, and (iii) the Bank shall not be required to purchase Note Portions more frequently than once per calendar month.

(c) The Facility established by this Agreement is a nonrevolving line of credit. Amounts borrowed under the Note that are repaid or prepaid may not be reborrowed.

Section 2.02 Purchase Notice.

(a) Whenever the District desires for the Bank to purchase a Note Portion hereunder, it shall give the Bank at its Notice Office prior written notice of such purchase no later than three (3) business days preceding the applicable Purchase Date. Each such notice (each a “Purchase Notice”) shall be in the form of Exhibit A attached hereto, appropriately completed to specify the aggregate principal amount of the Note Portion to be purchased and the applicable Purchase Date (which shall be a Business Day).

(b) No later than 12:00 p.m. California time on the applicable Purchase Date, so long as the conditions precedent to such purchase as set forth in Section 3.02 are satisfied at such time on such date, the Bank will make available to the order of the District the principal amount of the Note Portion in Dollars and in immediately available funds.

Section 2.03 No Note Rating; DTC; CUSIP. So long as the Bank owns the Note, such Note shall not be (i) assigned a separate rating by any rating agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) offered pursuant to any type of offering document or official statement or (iv) assigned a CUSIP number by Standard & Poor’s CUSIP Service.

Section 2.04 Note. The District’s obligation to pay the principal of, and interest on, the Note Portions purchased by the Bank shall be evidenced by a Casitas Municipal Water District 2026 Grant Anticipation Note in the form of a note duly executed and delivered by the District substantially in the form attached to the Resolution appropriately completed in conformity herewith (as the same may be amended from time to time, the “Note”). The Note shall (i) be registered in the name of the Bank and be dated the Effective Date; (ii) be in a principal amount equal to an amount not to exceed the Facility Amount and be payable in the principal amount of the Note Portions evidenced thereby, including the Initial Note Portion; (iii) mature, with respect to each Note Portion evidenced thereby, on the Maturity Date; (iv) bear interest at the Interest Rate; and (v) be entitled to the benefits of this Agreement and the Resolution. The Bank will note on the principal log attached to the Note the amount of each Note Portion purchased by the Bank and each principal payment in respect thereof. Failure to make any such notation shall not affect the District’s obligations in respect of the Note Portions.

Section 2.05 Interest. The District agrees to accrue and pay interest in respect of the unpaid principal amount of the Note as follows:

(a) The District agrees to accrue interest in respect of the unpaid principal amount of each Note Portion from the date the proceeds thereof are made available to the District until the earliest of (i) the date such Note Portion is paid in full, or (ii) the Maturity Date, in each case, at a rate per annum which shall be equal to the Interest Rate.

(b) Upon the occurrence and during the continuance of an Event of Default, each Note Portion shall bear interest at the Default Rate. Overdue principal and, to the extent permitted by law, overdue interest in respect of each Note Portion shall bear interest at the Default Rate.

(c) Interest shall be payable (i) on each Interest Payment Date for the interest accrued on the Note from and including the preceding Interest Payment Date to but excluding such Interest Payment Date as set forth in an invoice of the Bank (each an “Interest Invoice”) delivered to the District no later than five (5) Business Days prior to such Interest Payment Date; provided that failure of delivery of an Interest Invoice shall not affect the District’s obligations in respect of such interest; provided further that to the extent that the interest set forth in an Interest Invoice is either below or above the actual interest amount, the difference shall be either credited or debited in the next succeeding Interest Invoice and, in the case of a deficiency, as long as the District pays such interest pursuant to the provisions of the following paragraph, such interest shall not be considered overdue; and (ii) in respect of each Note Portion, on any prepayment (on the amount prepaid), on the Maturity Date and, after the Maturity Date, on demand.

(d) All computations of interest shall be made on the basis of a 360-day year and the actual number of days elapsed.

Section 2.06 Alternative Rates. If the Bank has reasonably determined that (i) the administrator of the SOFR Rate, or any relevant agency or authority for such administrator of the SOFR Rate (or any substitute index which replaces the SOFR Rate (the SOFR Rate or such replacement, the “Benchmark”)), has announced that such Benchmark will no longer be provided, (ii) any relevant agency or authority has announced that such Benchmark is no longer representative, or (iii) any similar circumstance exists such that such Benchmark has become permanently unavailable or ceased to exist, the Bank will (x) replace such Benchmark with a replacement rate or (y) if any such circumstance applies to fewer than all tenors of such Benchmark used for determining an interest period hereunder, discontinue the availability of the affected interest periods. In the case of the SOFR Rate, such replacement rate will be Daily Simple SOFR. In the case of the replacement of a rate other than the SOFR Rate, the Bank may add a spread adjustment reasonably selected by the Bank, taking into consideration any selection or recommendation of a replacement rate by any relevant agency or authority, and evolving or prevailing market practice. In connection with the selection and implementation of any such replacement rate, the Bank may make any technical, administrative or operational changes that the Bank decides, in its reasonable opinion, may be appropriate to reflect the adoption and implementation of such replacement rate. Without limitation of the foregoing, in the case of a transition to Daily Simple SOFR, the Bank will remove any option to select another rate that may change or is reset on a daily basis, including, without limitation, the Bank’s prime rate. The Bank does not warrant or accept any responsibility for the administration or submission of, or any other matter related to, the SOFR Rate or with respect to any alternative or successor rate thereto, or replacement rate thereof, including without limitation whether any such alternative, successor or replacement rate will have the same value as, or be economically equivalent to, the SOFR Rate. The Bank’s internal records of applicable interest rates shall be determinative in the absence of manifest error.

Section 2.07 Illegality. If the Bank determines that any law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for the Bank to make, maintain or fund Note Portions whose interest is determined by reference to the SOFR Rate, or to determine or charge interest rates based upon the SOFR Rate, then, on notice thereof by the Bank to the District, any obligation of the Bank to purchase or continue Note Portions with reference to the SOFR Rate shall be suspended until the Bank notifies the District that the circumstances giving

rise to such determination no longer exist. Upon receipt of such notice, the District shall, upon demand from the Bank, convert the interest on all Note Portions to Note Portions that bear interest at the Daily Simple SOFR, either on the last day of the Interest Period therefor in the case of Note Portions, if the Bank may lawfully continue to maintain such Note Portions to such day, or if the Bank may not lawfully continue to maintain Note Portions through the last day of the Interest Period therefor, then immediately upon demand. Upon any such conversion, the District shall also pay accrued interest on the amount so converted on the date of such conversion.

Section 2.08 Increased Costs. (a) If, on or after the Effective Date, the adoption of any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive, or any change in the interpretation, promulgation, implementation or administration thereof by any governmental or quasi-governmental authority, central bank or comparable agency charged with the interpretation or administration thereof including, notwithstanding the foregoing, all requests, rules, guidelines or directives in connection with Dodd-Frank Wall Street Reform and Consumer Protection Act, or promulgated by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) pursuant to Basel III or any successor Basel accord regardless of the date enacted, adopted or issued, or compliance by the Bank with any request or directive of any such authority, central bank or comparable agency:

(i) subjects the Bank to any Taxes, or changes the basis of taxation of payments (other than any tax imposed on or measured by the net income of the Bank pursuant to the laws of the jurisdiction (or any political subdivision or taxing authority thereof or therein) in which the Applicable Lending Office of the Bank is located) to the Bank hereunder or with respect to the Note; or

(ii) imposes or increases or deems applicable any reserve, assessment, compulsory loan, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by the Bank; or

(iii) imposes any other condition on the Bank the result of which is to increase the cost to the Bank with respect to this Facility, the Note or its making, maintenance or funding of the loans or any security therefor, or reduces any amount receivable by the Bank with respect to this Facility, the Note, or the making, maintenance or funding of any loan, or requires the Bank to make any payment calculated by reference to any amount received with respect to this Facility, the Note, or the making, maintenance or funding of any loan, by an amount deemed material by the Bank;

and the result of any of the foregoing is to increase the cost to the Bank with respect to this Facility, the Note, or the making, maintenance or funding of the loans or to reduce the return received by the Bank in connection with the same, then, to the extent permitted by law, within thirty (30) days of demand by the Bank, the District shall pay the Bank such additional amount or amounts as will compensate the Bank for such increased cost or reduction in amount received thereafter.

(b) If the Bank determines the amount of capital or liquidity required or expected to be maintained by the Bank or any corporation controlling the Bank is increased as a

result of a Change in Law, then, within thirty (30) days of demand by the Bank, the District shall, to the extent permitted by law, pay the Bank the amount necessary to compensate for any shortfall in the future rate of return on the portion of such increased capital or liquidity which the Bank determines is attributable to this Facility or the Note, as the case may be, hereunder (after taking into account the Bank's policies as to capital adequacy) during the remaining term of the Facility.

(c) In connection with any costs imposed upon the District by the Bank pursuant to this Section, the Bank shall (i) promptly notify the District of such costs and (ii) provide the District with a certificate as to such increased cost, increased capital or reduction in return incurred by the Bank as a result of any event mentioned in clause (a) or (b) of this Section 2.08 setting forth, in reasonable detail, the basis for such calculation and the amount of such calculation submitted by the Bank to the District which calculation shall be conclusive (absent manifest error) as to the amount thereof. In making the determinations contemplated by the above referenced certificate, the Bank may make such reasonable estimates, assumptions, allocations and the like that the Bank in good faith determines to be appropriate.

Section 2.09 Compensation. The District shall compensate the Bank, upon its written request (which request shall set forth the basis for requesting such compensation and shall, absent manifest error, be final and conclusive and binding on all the parties hereto), for all reasonable losses, expenses and liabilities (including, without limitation, any loss, expense or liability incurred by reason of the liquidation or reemployment of deposits or other funds required by the Bank to fund its Note Portions) which the Bank may sustain (i) if for any reason (other than a default by the Bank) a purchase of a Note Portion does not occur on a date specified therefor in a Purchase Notice (whether or not withdrawn by the District), or (ii) as a consequence of any other default by the District to pay the principal of and interest on the Note Portions when required by the terms of this Agreement and the Note.

Section 2.10 Voluntary Termination of Unutilized Commitment. Upon at least thirty (30) days prior notice to the Bank at its Notice Office, the District shall have the right, without premium or penalty, to terminate the Unutilized Commitment in whole or in part, in integral multiples of \$100,000.

Section 2.11 Prepayments. The District shall have the right to prepay any Note Portion, without premium or penalty, but subject to Section 2.09 hereof, in whole or in part from time to time on any day; provided however, that if such date is not a Business Day, then such prepayment shall occur on the next succeeding Business Day; provided further however, that prior to any prepayment, the District shall provide notice to the Bank at least three (3) Business Days prior to such prepayment date. With respect to each prepayment of the Note pursuant to this Section 2.11, (i) the District shall designate the Note Portions which are to be prepaid and the specific draw dates applicable thereto and the amount or amounts to be prepaid and (ii) if any such prepayment occurs on a day other than a Rate Adjustment Date, the District shall pay to the Bank an amount equal to any SOFR breakage costs incurred by the Bank as a result of such prepayment. Any such prepayments shall also comply with the provisions of the Grant Agreement, to the extent applicable.

Section 2.12 Security Interest. Pursuant to the Resolution, the District has pledged the Pledged Receipts and has agreed that the Note shall also be payable from the Revenues, in each

case to the extent set forth in the Resolution and permitted by the Authorizing Law (collectively, the “Pledged Revenues”) to the payment of the principal of and interest on the Note. The Pledged Revenues are pledged to the Bank as security for the Obligations. The pledge is valid and binding in accordance with the terms of the Resolution, and the Pledged Revenues shall immediately be subject to the pledge, and the pledge shall constitute a first lien and security interest which shall immediately attach to the Pledged Revenues and be effective, binding, and enforceable against the District, its successors, creditors, and all others asserting the rights therein, to the extent set forth, and in accordance with, the Resolution irrespective of whether those parties have notice of the pledge and without the need for any physical delivery, recordation, filing, or further act.

Section 2.13 Method and Place of Payment. All payments under this Agreement or the Note shall be made to the Bank not later than 12:00 Noon (California time) on the date when due and shall be made in Dollars in immediately available funds at the Payment Office. Whenever any payment to be made hereunder or under the Note shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable at the applicable rate during such extension.

Section 2.14 Net Payment. All payments made by the District hereunder or under the Note will be made without setoff, counterclaim or other defense. All such payments will be made free and clear of, and without deduction or withholding for, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein (but excluding any tax imposed on or measured by the net income of the Bank pursuant to the laws of the jurisdiction (or any political subdivision or taxing authority thereof or therein) in which the Applicable Lending Office of the Bank is located) and all interest, penalties or similar liabilities with respect thereto (collectively, “Taxes”). If any Taxes are so levied or imposed, the District agrees to pay the full amount of such Taxes and such additional amounts as may be necessary so that every payment of all amounts due hereunder or under the Note, after withholding or deduction for or on account of any Taxes, will not be less than the amount provided for herein or in the Note. The District will furnish to the Bank, within forty-five (45) days after the date the payment of any Taxes is due pursuant to applicable law, certified copies of tax receipts evidencing such payment by the District. To the extent permitted by law, the District hereby agrees to indemnify and hold harmless the Bank, and reimburse the Bank upon its written request, for the amount of any Taxes so levied or imposed and paid by the Bank.

Section 2.15 Transfers of the Note. (a) The registration of the Note may, in accordance with its terms, be transferred in whole only, upon the Note register described in Section 10, by the person in whose name it is registered, in person or by such person’s attorney duly authorized in writing upon surrender of the Note for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. Whenever the Note shall be surrendered for registration of transfer, the Paying Agent shall execute and deliver a Note for a like aggregate principal amount. The transferor shall pay any costs of the Paying Agent incurred in connection therewith, including any tax or other governmental charge required to be paid with respect to such transfer.

(b) Ownership of the Note may be transferred in whole only to a person that the owner reasonably believes is either: (i) a qualified institutional buyer within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended (the “Securities Act”); (ii) subject to the requirements of the Securities Act, an accredited investor as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act; (iii) a trust, partnership, custodial arrangement or similar entity, interests in which are offered and sold in a private placement or limited offering only to qualified institutional buyers or, subject to the requirements of the Securities Act, accredited investors; or (iv) an affiliate of the Bank. In each such case, the transferee must execute and deliver to the Paying Agent a letter in substantially the form attached hereto as Exhibit B.

Section 2.16 Bank Records. All transactions relating to the Unutilized Commitment and the Note Portions including, without limitation, prepayments, repayments, interest charges and reductions and terminations of the Unutilized Commitment and the Note Portions shall be reflected in the books and records of the Bank, which records shall be conclusive and binding upon the District absent manifest error.

Section 2.17 Unutilized Fee. The District shall pay to the Bank the Unutilized Fee in arrears on each Interest Payment Date and on the Commitment Termination Date.

Section 2.18 Determination of Taxability. Upon the occurrence of a Determination of Taxability, interest on the Note shall accrue at the Taxable Rate, and the District shall be obligated to pay to the Bank an amount equal to the positive difference, if any, between the amount of interest that would have been paid during the period of taxability if the applicable Note Portion had borne interest at the Taxable Rate and the interest actually paid to the Bank as owner of the Note.

Section 2.19 Interest Rate Limitation. If the rate of interest payable hereunder shall exceed the maximum rate of non-usurious interest permitted by applicable law for any period for which interest is payable, then (i) interest at the maximum rate of non-usurious interest permitted by applicable law shall be due and payable with respect to such interest period and (ii) interest at the rate equal to the difference between (A) the rate of interest calculated in accordance with the terms hereof (without regard to any limitation otherwise imposed by the maximum rate of non-usurious interest permitted by applicable law) and (B) the maximum rate of non-usurious interest permitted by applicable law (such difference, the “Excess Interest”), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof (without regard to any limitation otherwise imposed by the maximum rate of non-usurious interest permitted by applicable law) ceases to exceed the maximum rate of non-usurious interest permitted by applicable law, at which time the District shall pay to the Bank, to the extent permitted by law at that time, with respect to amounts then payable to the Bank that are required to accrue interest hereunder, such portion of the deferred Excess Interest as will cause the rate of interest then paid to the Bank to equal the maximum rate of non-usurious interest permitted by applicable law, which payments of deferred Excess Interest shall continue to apply to such unpaid amounts hereunder until all deferred Excess Interest is fully paid to the Bank. Upon the termination of this Agreement, in consideration for the limitation of the rate of interest otherwise payable hereunder, the District shall pay to the Bank a fee equal to the amount of all deferred Excess Interest.

### ARTICLE III CONDITIONS PRECEDENT

Section 3.01 Conditions to the Bank's Entering Into Agreement. It shall be a condition precedent to the Bank's entering into this Agreement and purchasing the Initial Note Portion that all proceedings taken in connection with the transactions contemplated hereby and all documents incident thereto, including the other Related Documents, shall be in form and substance satisfactory to the Bank and that the conditions enumerated in this Section 3.01 have been fulfilled to the satisfaction of the Bank. Delivery by the Bank of fully executed signature pages to this Agreement shall constitute acknowledgment and acceptance by the Bank that all such conditions have been met or waived.

(a) Representations. On the Effective Date, (i) there shall exist no Event of Default or Default; (ii) all representations and warranties made by the District herein or in any of the other Related Documents shall be true and correct with the same effect as though such representations and warranties had been made at and as of such time; and (iii) each of the Related Documents to which the District is a party, as amended (if applicable), is in full force and effect and has not been amended, modified or changed.

(b) Documents. On or prior to the Effective Date, the Bank shall have received, in form and substance satisfactory to the Bank, the following:

(i) True and complete executed originals of this Agreement and the Note executed by an Authorized Representative;

(ii) The Resolution certified as of the Effective Date by the Secretary of the Board of Directors;

(iii) The signature and incumbency certificate, dated the Effective Date, of the signatories of the District executing this Agreement and the Note;

(iv) A certificate of an Authorized Representative dated the Effective Date, attaching a true and complete copy of the Grant Agreement as executed by the District and the State Water Board and confirming that the Grant Agreement is in full force and effect and has not been amended, modified or rescinded, certifying as to the matters set forth in Section 3.01(c) hereof, and making the representations set forth in Section 3.01(a) with respect to the District;

(v) Executed copies of the legal opinions of counsel to the District and Bond Counsel to the District, in each case together with a reliance letter addressed to the Bank, which opinions shall be in form and substance satisfactory to the Bank;

(vi) Executed copy of the tax-exempt opinion of Bank Counsel, addressed solely to the Bank, in form and substance satisfactory to the Bank;

(vii) A copy of the District's annual comprehensive financial report ("ACFR") for the District's 2024-25 Fiscal Year; and

(viii) Such further documentation, certificates or opinions as the Bank may reasonably request in connection with the matters arising under this Agreement and the other Related Documents.

(c) Absence of Material Adverse Change. The Bank shall be satisfied that, on the Effective Date, no material adverse change in or effect upon the financial condition of the District shall have occurred since June 30, 2025 or upon the District's ability to perform its obligations under this Agreement, the Grant Agreement and the Resolution. In addition, on or prior to the Effective Date, no change shall have occurred in any law, rule or regulation or in any interpretation thereof that, in the opinion of counsel to the Bank, would make it illegal for the Bank to execute and deliver this Agreement or for the District to execute, deliver and perform under the terms of this Agreement and the Note.

(d) Payment. The District shall have made arrangements for the payment of the fees and expenses of counsel to the Bank as provided in Section 7.06 hereof.

(e) Other Matters. All other legal matters pertaining to the execution and delivery of this Agreement and the other Related Documents shall be satisfactory to the Bank, and the Bank shall have received such other statements, certificates, agreements, documents and information with respect to the District and matters contemplated by this Agreement as the Bank may reasonably request.

Section 3.02 Conditions to Purchase. The obligation of the Bank to purchase a Note Portion (other than the Initial Note Portion) on any day is subject to the satisfaction of the following conditions on such date:

(a) Unutilized Commitment. The Unutilized Commitment shall not have expired or been terminated on or prior to such day.

(b) Purchase Notice. The Bank shall have timely received the required Purchase Notice duly completed by an Authorized Representative, with respect to such Note Portion.

(c) No Default; Representations and Warranties. At the time such Note Portion is to be purchased and also after giving effect thereto:

(i) no Default or Event of Default shall have occurred and be continuing;

(ii) except as otherwise provided in clause (iii) hereinbelow, all representations and warranties contained herein shall be true, correct and complete in all material respects with the same effect as though such representations and warranties had been made on and as of such date except to the extent a representation or warranty relates specifically to an earlier date, in which case, such representation and warranty shall have been true and correct as of such earlier date; and

(iii) (1) the District certifies as of the applicable Purchase Date that a true, correct and complete copy of each of the Section 5.05 Documents provided on or prior to such Purchase Date has been furnished to the Bank; (2) the District certifies that the information

contained in such Section 5.05 Documents (excluding any budget materials or any projected Revenues included in the statement required by Section 5.05(d)) provided on or prior to such Purchase Date was accurate as of the respective dates of such information; and (3) the Authorized Representative represents as of the Purchase Date that, to his or her actual knowledge, without any investigation, the information contained in the Section 5.05 Documents (excluding any budget materials or any projected Revenues included in the statement required by Section 5.05(d)) is complete in all material respects with respect to the Revenues.

#### **ARTICLE IV REPRESENTATIONS OF THE DISTRICT**

The District makes the following representations and warranties to the Bank as of the date hereof, the Effective Date and as of each Purchase Date:

Section 4.01 Valid Existence. The District is a municipal water district duly organized and existing under the laws of the State and has the necessary power and authority to execute and deliver this Agreement and the other Related Documents, to perform its obligations hereunder and thereunder.

Section 4.02 Authorization and Validity. The execution, delivery and performance by the District of this Agreement and the other Related Documents have been duly authorized by proper proceedings of the District, and no further approval, authorization or consents are required by law or otherwise. This Agreement, the Note and the Resolution constitute the legal, valid and binding obligations of the District enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, moratorium and other laws affecting creditors' rights generally and principles of equity and public policy.

Section 4.03 Compliance with Laws and Contracts. Neither the execution and delivery by the District of this Agreement, the Note and the Resolution, nor the consummation of the transactions herein and therein contemplated, nor compliance with the provisions hereof or thereof will (a) violate any provision of any agreement of the District, including, but not limited to, the Grant Agreement, (b) violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the District, (c) result in any breach of, or default under the provisions of any material indenture, resolution, instrument or agreement to which the District is a party or is subject, or by which it or its property is bound, or (d) conflict with or result in the creation or imposition of any Lien pursuant to the terms of any such indenture, instrument or agreement. The District is in compliance with all laws, including all environmental laws, applicable to the District and is not in violation of any material agreements or contracts applicable to the District.

Section 4.04 Litigation. Other than has been previously disclosed in writing to the Bank, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending with service of process accomplished or, to the knowledge of the District, threatened against or affecting the District (a) wherein an unfavorable decision, ruling or finding would materially adversely affect (i) the transactions contemplated by or the validity of this Agreement or any of the other Related Documents, or (ii) the District's ability to perform its obligations hereunder or the other Related Documents; or (b) which in any way contests the

existence, organization or powers of the District or the titles of the officers of the District to their respective offices.

Section 4.05 No Event of Default: Payments. No Event of Default or Default has occurred and is continuing. The District is not currently, nor has it been at any time, in default in the payment of the principal of or interest on any obligation to repay borrowed money.

Section 4.06 Tax Exempt Status. Interest on the Note is excludable from gross income for federal income tax purposes under Section 103 of the Code. The District has complied with, and will comply with, the tax covenants set forth in the Resolution and in each tax certificate, tax regulatory agreement and related tax documentation executed and delivered by the District in connection with the issuance of the Note. The District has not taken or omitted to take, and will not take or omit to take, any action within its control that would cause interest on the Note to become includable in gross income for federal income tax purposes.

Section 4.07 Accurate and Complete Disclosure. The District hereby certifies as of the Effective Date that true, correct and complete copies of the documents listed in Section 3.01(b) hereof have been made available to the Bank. The District also certifies that the information contained in such documents was accurate as of the respective dates of such information. The District hereby certifies that it has not failed to disclose any material information relating to the District of which the District has actual knowledge, without any investigation, where such omission would reasonably be expected to impact the Bank's decision to enter into the Note Purchase Agreement. No document furnished nor any representation, warranty or other written statement made to the Bank in connection with the negotiation, preparation or execution of this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state (as of the date made or furnished) any material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were or will be made, not misleading.

Section 4.08 Regulatory Approvals. Each authorization, consent, approval, license or formal exemption from or filing, declaration or registration with, any court, governmental agency or regulatory authority (federal, state or local), required to be obtained by the District in connection with the District's execution and delivery of, and performance under this Agreement, the Note and the other Related Documents has been obtained or made and is in full force and effect.

Section 4.09 Prospective Change in Law. To the knowledge of the District, there is no amendment, or proposed amendment certified for placement on a ballot, to the Authorizing Law or the Constitution of the State or any published administrative interpretation of the Constitution of the State or any State law, or any legislation which has passed either house of the State legislature or is under consideration by any conference or similar committee, or any published judicial decision interpreting any of the foregoing, the effect of which is to invalidate, eliminate or materially reduce the Revenues.

Section 4.10 Sovereign Immunity. Under California law and subject to Section 7.03(d) hereto, the District cannot assert sovereign immunity as a defense to the enforcement of its obligations under this Agreement and the Note.

Section 4.11 Priority of Pledge. The Resolution provides the Bank with a valid pledge of the Pledged Receipts and provides that the Note is payable from Revenues, in each case with the priority and to the extent set forth in the Resolution, and the Bank is not required to take any further action to perfect or maintain such pledge.

Section 4.12 Resolution. The Resolution is in full force and effect. The Resolution has not been amended or supplemented except by such amendments or supplements as have previously been delivered to the Bank.

Section 4.13 Note. As of the Effective Date, the Note has been duly and validly issued under the Resolution and is entitled to the benefits thereof.

Section 4.14 Usury. The terms of this Agreement and the other Related Documents regarding the calculation and payment of interest and fees do not violate any applicable usury laws.

Section 4.15 OFAC. The District is not listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by OFAC, and any successor thereto, the Secretary of the Treasury, or included in any Executive Orders, that prohibits or limits the Bank from making any advance or extension of credit to the District or from otherwise conducting business with the District.

## **ARTICLE V COVENANTS OF THE DISTRICT**

During the term of this Agreement, and until the Obligations are paid in full, including full payment of the Note, unless the Bank shall otherwise consent in writing, the District covenants and agrees as follows:

Section 5.01 Notice of Default. As soon as practicable but in any event not more than five (5) Business Days after an Authorized Representative of the District shall have obtained knowledge of the occurrence of an Event of Default or Default, the District shall provide to the Bank the written statement of an Authorized Representative setting forth the details of each such Event of Default or Default and, to the extent the District has made any determination with respect thereto, the action which the District proposes to take with respect thereto.

Section 5.02 Compliance With Laws. The District shall comply with all laws, rules and regulations, and with all final orders, writs, judgments, injunctions, decrees or awards to which it may be subject; provided, however, that the District may contest the validity or application thereof and appeal or otherwise seek relief therefrom, and exercise any and all of the rights and remedies which it may have with regard thereto, so long as such acts do not affect the District's power and authority to execute and deliver this Agreement, to perform its obligations and pay all amounts payable by it hereunder or under the Note, or to execute and deliver the other Related Documents and to perform its obligations thereunder.

Section 5.03 Resolution. The District agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in the Resolution, each of which covenants and agreements are, by this reference, incorporated into this Agreement in their entirety together with all defined terms and construction provisions necessary for a correct

understanding thereof. The District shall not amend, modify, terminate or grant, or permit the amendment, modification, termination or grant of, any waiver under, or consent to, or permit or suffer to occur any action or omission which results in, or is equivalent to, an amendment, termination, modification, or grant of a waiver under the Resolution which would materially impair the ability of the District to perform its obligations under this Agreement without the prior written consent of the Bank.

Section 5.04 No Impairment. The District will not take any action that would materially impair the District's ability to perform its obligations under this Agreement, the Note and the other Related Documents.

Section 5.05 Financial Statements; Reports, Certificates and Other Information. The District shall provide or cause to be provided to the Bank copies of:

(a) As soon as available, and in any event no later than thirty (30) days after receipt thereof, a copy of any amendment, modification, or supplement to the Grant Agreement;

(b) As soon as available, and in any event no later than 330 days after June 30, 2026, the District's ACFR for Fiscal Year ending June 30, 2026 together with an opinion of the independent accountants who conducted the audit of the financial statements of the District contained in the ACFR, which opinion shall contain no qualifications other than qualifications relating to the implementation of rules issued by the Government Accounting Standards Board (the failure to comply with which would not, in the opinion of the Bank in its sole discretion, individually or in the aggregate, have a material impact on any financial statement line item);

(c) Concurrently with the furnishing of the financial statements described under Section 5.05(b) hereof, a certificate signed by an Authorized Representative stating that (i) the District has complied with all of the terms, provisions and conditions of this Agreement and the other Related Documents, (ii) to the best of his or her knowledge, the District has kept, observed, performed and fulfilled each and every covenant, provision and condition of this Agreement and the other Related Documents on the District's part to be performed, and (iii) no Default or Event of Default has occurred or, if such Default or Event of Default has occurred, specifying the nature of such Default or Event of Default, the period of its existence, the nature and status thereof and any remedial steps taken or proposed to correct such Default or Event of Default;

(d) Promptly upon request of the Bank, an update regarding the status and anticipated timing of reimbursement requests and Grant Proceeds under the Grant Agreement;

(e) Promptly, notice of any action, suit or proceeding known to it at law or in equity or by or before any governmental instrumentality, entity or other agency which, if adversely determined, would materially impair the ability of the District to carry out its obligations under this Agreement, the Note or any other Related Document or any other document, instrument or agreement required hereunder or thereunder, or would materially and adversely affect its assets or financial condition;

(f) Promptly, notice of any matter or event which may result in a material adverse change in the District's financial condition or operations;

(g) Promptly, copies of any notice given by the District to the State Water Board, or received by the District from the State Water Board, under the Grant Agreement; and

(h) Promptly, upon the request of the Bank, any additional information reasonably requested by the Bank.

Section 5.06 Inspection Rights. At any reasonable time and from time to time the District shall permit the Bank or any agents or representatives thereof to examine and make copies of the records and books of account related to the Revenues and the transactions contemplated by this Agreement and the other Related Documents, to visit the District's properties and to discuss its affairs, finances and accounts with any of its officers and independent accountants.

Section 5.07 Use of Proceeds. The District shall use the proceeds of each Note Portion solely to pay or reimburse Project costs incurred in connection with the Project, in anticipation of the receipt of Grant Proceeds, and otherwise in accordance with the Resolution, the Grant Agreement, and applicable law.

Section 5.08 Existence. The District shall maintain its legal existence and shall not merge or consolidate with or into any other Person.

Section 5.09 Indebtedness and Liens. The District shall not create or suffer to exist any Indebtedness secured by a Lien upon, or with respect to, any of the Pledged Revenues, except as permitted pursuant to the Resolution and the Grant Agreement.

Section 5.10 Assignments. The District shall not assign, transfer or otherwise convey any interest in the Pledged Revenues without the prior written consent of the Bank.

Section 5.11 Sanctions Concerns and Anti-Corruption Laws.

(a) Sanctions Concerns. Neither the District, nor, to the knowledge of the District, any director, officer, employee, agent, affiliate or representative thereof, is an individual or entity that is, or is owned or controlled by any individual or entity that is (i) currently the subject or target of any Sanctions, (ii) included on OFAC's List of Specially Designated Nationals, His Majesty's Treasury's Consolidated List of Financial Sanctions Targets and the Investment Ban List, or any similar list enforced by any other relevant sanctions authority or (iii) located, organized or resident in a Designated Jurisdiction.

(b) Anti-Corruption Laws. The District has conducted its business in compliance with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other similar anti-corruption legislation in other jurisdictions, and has instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

Section 5.12 Further Assurances. From time to time hereafter, the District will execute and deliver such additional instruments, certificates or documents, and will take all such actions as the Bank may reasonably request for the purposes of implementing or effectuating the provisions of this Agreement and the other Related Documents or for the purpose of more fully perfecting or renewing the Bank's rights with respect to the Pledged Revenues.

Section 5.13 Certain Information. The District shall not include in any amendment or supplement to any offering or disclosure document with respect to any Indebtedness, whether offered publicly or privately, any information concerning the Bank that is not supplied in writing, or otherwise consented to, by the Bank expressly for inclusion therein, other than the Bank's name and a brief description of this Agreement, which may be included in such offering or other document without the Bank's prior written consent.

Section 5.14 Accuracy of Information. The District agrees that it shall provide the Bank with true, correct and complete copies of the Section 5.05 Documents. The District also agrees that the information contained in the Section 5.05 Documents (excluding any projections of Grant disbursement timing or amounts included in any update provided pursuant to Section 5.05(d)) will be accurate as of the respective dates of such information. The Authorized Representative agrees that, to his or her actual knowledge, without any investigation, the information contained in the Section 5.05 Documents (excluding any such projections) will be complete in all material respects with respect to the Revenues.

Section 5.15 No Immunity. The District agrees that under California law and subject to Section 7.03(d) hereto it cannot assert sovereign immunity as a defense to the enforcement of its obligations under this Agreement or the Note.

## **ARTICLE VI EVENTS OF DEFAULT; REMEDIES**

Section 6.01 Events of Default. Each of the following events shall constitute an "Event of Default" hereunder:

(a) Payments. The District shall default in the payment when due of any principal of or interest on the Note or any fee, expense or other amount payable hereunder or under the Note, and, with respect to such interest, such default shall continue unremedied for five (5) or more days.

(b) Representations Untrue. Any representation, warranty, certification or statement made by the District in this Agreement or in the Resolution shall (in any such case) have been incorrect or untrue in any material respect when made or deemed to have been made.

(c) Covenant Defaults.

(i) The District shall default in the due performance or observance of any term, covenant or agreement contained in Sections 5.01, 5.03, 5.04, 5.07, 5.08, 5.09, 5.10, 5.11 and 5.15 of this Agreement.

(ii) The District shall default in the due performance or observance of any term, covenant or agreement contained in Section 5.05 of this Agreement and such default, if capable of being remedied, shall remain unremedied for thirty (30) days after written notice thereof shall have been given to the District by the Bank.

(iii) The District shall default in the due performance or observance of any material term, covenant or agreement contained herein or incorporated herein (other than those

described in other provisions of this Section 6.01) and such default, if capable of being remedied, shall remain unremedied for sixty (60) days after written notice thereof shall have been given to the District by the Bank.

(d) Invalidity; Repudiation.

(i) Any material provision of this Agreement, the Note, the Authorizing Law or the Resolution is declared to be null and void by a final non-appealable judgment of a court of competent jurisdiction; or

(ii) The District, pursuant to official action on the part of its Board of Directors, shall deny that it has any further liability or obligation under this Agreement, the Note, the Authorizing Law or the Resolution.

(e) Insolvency, Etc. The District shall become insolvent or admit in writing its inability to pay its debts as they mature or shall declare a moratorium on the payment of its debts or apply for, consent to or acquiesce in the appointment of a trustee, custodian, liquidator or receiver for itself or any substantial part of its property, or shall take any action to authorize or effect any of the foregoing; or in the absence of any such application, consent or acquiescence, a trustee, custodian, liquidator or receiver shall be appointed for it or for a substantial part of its property or revenues and shall not be discharged within a period of ninety (90) days; or the State or any other Governmental Authority having jurisdiction over the District imposes a debt moratorium, debt restructuring, or comparable restriction on repayment when due and payable of the principal of or interest on any debt by the District; or any bankruptcy, reorganization, debt arrangement or other proceeding under any bankruptcy or insolvency law or any dissolution or liquidation proceeding shall be instituted by or against the District (or any action shall be taken to authorize or effect the institution by it of any of the foregoing) and if instituted against it, shall be consented to or acquiesced in by it, or shall not be dismissed within a period of ninety (90) days.

(f) Pledge, Etc. The pledge of the Pledged Revenues created by the Resolution shall fail to provide the Bank, as Note holder, with the security interest in the Pledged Revenues purported to be provided, or the Bank, as Note holder, shall cease to have a valid security interest in the Pledged Revenues.

(g) Resolution Default. The District shall default in the due performance or observance of any material term, covenant or agreement contained in the Resolution and the same shall not have been cured within any applicable cure period.

(h) Certain Unsatisfied Judgments. A final and non-appealable judgment or court order for the payment of money in excess of \$5,000,000, and not covered by insurance, shall be rendered against the District, and such judgment or court order shall continue unsatisfied and in effect for a period of sixty (60) consecutive days without being vacated, discharged, satisfied, or stayed or bonded pending appeal.

(i) Grant Agreement Default. (i) An Event of Default (as defined in the Grant Agreement) shall have occurred and be continuing under the Grant Agreement; (ii) the Grant Agreement shall be terminated, rescinded, or repudiated by either the District or the State Water Board prior to the satisfaction of the District's Obligations hereunder; or (iii) the State Water Board

shall declare any amount payable by the District under the Grant Agreement to be due and payable prior to the date such amount would otherwise be due and payable, whether by acceleration or otherwise.

(j) Cross-Default. The District shall default in the payment when due of any principal of or interest on, or shall default in the performance or observance of any covenant under, any Indebtedness secured by Grant Proceeds, Pledged Receipts or Pledged Revenues, and such default shall continue beyond any applicable notice or cure period.

Section 6.02 Remedies. If any Event of Default shall have occurred and be continuing, each Note Portion outstanding shall automatically accrue interest at the Default Rate, and the Bank may by Notice to the District take any or all of the following actions, without prejudice to the rights of the Bank to enforce its claims against the District (provided, that, if an Event of Default specified in Section 6.01(g) shall occur, the result which would occur upon the giving of Notice by the Bank to the District as specified in clauses (i) and (ii) below shall occur automatically without the giving of any such Notice): (i) declare the Unutilized Commitment terminated, whereupon the Unutilized Commitment shall forthwith terminate immediately; (ii) declare the principal of and any accrued interest in respect of the Note and all other Obligations owing then outstanding hereunder to be due and payable, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the District; (iii) exercise any right of setoff against any amounts on deposit with the Bank or any of its affiliates standing to the credit of the District; and/or (iv) exercise any other rights or remedies the Bank may have under the Resolution, at law or in equity.

Section 6.03 No Waiver: Cumulative Remedies. No failure or delay on the part of the Bank in exercising any right, power or privilege hereunder, under the Note or under any other Related Document and no course of dealing between the District and the Bank shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder, under the Note or under any other Related Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights, powers and remedies herein, under the Note or in any other Related Document expressly provided are cumulative and not exclusive of any rights, powers or remedies which the Bank would otherwise have. No notice to or demand on the District in any case shall entitle the District to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Bank to any other or further action in any circumstances without notice or demand.

## ARTICLE VII MISCELLANEOUS

Section 7.01 Amendments. No provision of this Agreement may be amended, modified, changed, waived, discharged or terminated orally, unless by an instrument in writing signed by the parties hereto.

Section 7.02 Assignments. (a) This Agreement shall be binding upon and inure to the benefit of the District and the Bank and their respective successors, endorsees and assigns, except that neither party hereto may assign or transfer their respective rights or obligations hereunder without the prior written consent of the other party except as provided in Section 2.15 hereof. The

Bank may grant a participation to any financial institution in all or any part of, or any interest (undivided or divided) in, the Bank's rights and benefits under this Agreement and the other Related Documents and, to the extent of that participation, such participant shall, except as set forth in the following clause (ii), have the same rights and benefits against the District hereunder and the Note as it would have had if such participant were a direct party hereto; provided that (i) no such participation shall affect the obligations of the Bank to purchase Note Portions as herein provided; (ii) the District shall be required to deal only with the Bank with respect to any matters under this Agreement and no such participant shall be entitled to enforce directly against the District any provision hereunder; (iii) no participant shall be entitled to recover amounts hereunder in excess of any amounts to which the Bank is entitled to recover hereunder; and (iv) such participant shall not be any Person registered as an investment company under the Investment Company Act of 1940, as amended.

(b) Notwithstanding the foregoing provisions of this Section 7.02(a), (i) the Bank may assign and pledge all or any portion of the amounts owing to it with respect to the Note to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank; and (ii) any payment in respect of such assigned amounts owed with respect to the Note made by the District to the Bank in accordance with the terms thereof shall satisfy the District's obligations thereunder in respect of such assigned obligation to the extent of such payment. No such assignment shall release the Bank from its obligations hereunder.

Section 7.03 Governing Law; Waiver of Jury Trial; Waiver of Special Damages; Sovereign Immunity.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of New York; provided that the duties and obligations of the District hereunder and under the Related Documents shall be governed by and construed in accordance with the laws of the State of California. Any litigation involving the Bank shall be brought in any appropriate state or Federal court located in New York, New York, or in the State of California.

(b) The District, to the extent permitted by law, and the Bank (by its acceptance hereof) hereby voluntarily, knowingly, irrevocably and unconditionally waive any right to have a jury participate in resolving any dispute (whether based on contract, tort, or otherwise) between the District and the Bank arising out of or in any way related to this Agreement and the other Related Documents. This provision is a material inducement to the Bank to provide the financing evidenced by this Agreement. To the extent such waiver is not enforceable, the District hereby consents to the adjudication of any and all such matters pursuant to Judicial Reference as provided in Section 638 of the California Code of Civil Procedure, and the judicial referee shall be empowered to hear and determine any and all issues in such Reference whether fact or law.

(c) The District waives, to the extent not prohibited by law, any right the undersigned may have to claim or recover from the Bank in any legal action or proceeding any special, exemplary, punitive or consequential damages.

(d) The Bank hereby recognizes that the procedural requirements applicable to commencing an action against the District differ from requirements applicable to nongovernmental entities.

Section 7.04 Severability. If any provision of this Agreement shall be held or deemed to be or shall in fact be illegal, inoperative or unenforceable by a court of competent jurisdiction the same shall not affect any other provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 7.05 Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

Section 7.06 Expenses. The District shall pay the reasonable fees and costs of counsel for the Bank in an amount not to exceed \$75,000; *provided, however*, that counsel for the Bank shall submit a W-9 and an invoice for payment at least five (5) Business Days prior to the Effective Date. The District shall also pay (a) all reasonable out-of-pocket expenses of the Bank, including reasonable fees and expenses of counsel retained by the Bank in connection with any waiver or consent hereunder or under any other Related Documents or any amendment hereof or thereof, and (b) if any Default or Event of Default occurs, all out-of-pocket expenses incurred by the Bank, including the fees and disbursements of counsel and experts retained by the Bank in connection with such Default or Event of Default and collection and other enforcement proceedings resulting therefrom. The District shall also pay the fees associated with the filing of reports with the California Debt and Investment Advisory Commission in connection with the Agreement and Note.

Section 7.07 Indemnification.

(a) To the extent permitted by law, the District agrees to indemnify and hold harmless the Bank and its officers, directors, employees and their agents (each, an “Indemnitee”) from and against any and all claims, damages, penalties, actions, losses, liabilities, judgments, suits and reasonable costs or expenses (including, without limitation, reasonable attorney’s fees and expenses) whatsoever which an Indemnitee may incur (or which may be claimed against an Indemnitee by any person or entity whatsoever) by reason of or in connection with any action, proceeding or investigation (whether or not the Bank is a party thereto) arising from the entering into and/or performance of this Agreement or any Related Document or the use of the proceeds of the Note or the consummation of any transactions contemplated herein or in any Related Document, including, without limitation, the reasonable fees and disbursements of counsel incurred in connection with any such action, proceeding or investigation (but excluding any such claims, damages, penalties, actions, losses, liabilities, judgments, suits and reasonable costs or expenses, to the extent incurred by reason of the gross negligence or willful misconduct of the Indemnitee).

(b) Promptly after receipt by an Indemnitee of notice of the commencement of any action, proceeding or investigation in respect of which indemnity or reimbursement may be sought as provided above, such Indemnitee will notify the District in writing of the receipt or commencement thereof, but the failure of an Indemnitee to notify the District with respect to a

particular action, proceeding or investigation shall not relieve the District from any obligation or liability which it may have pursuant to this Section 7.07 with respect to such action, proceeding or investigation, or which it may have otherwise than pursuant to this Agreement with respect to any action, proceeding, or investigation.

(c) The District shall be entitled, at its own expense, to participate in and control the defense of any action, proceeding or investigation with counsel reasonably satisfactory to such Indemnitee. Notwithstanding the preceding sentence, an Indemnitee will be entitled to employ counsel separate from counsel for the District and from any other party in such action, proceeding or investigation and to participate in the action, proceeding, or investigation, and the District shall bear the fees and expenses of such separate counsel (and shall pay such fees and expenses as and when incurred), only if either (i) the Indemnitee shall have reasonably concluded that there may be one or more legal defenses available to it which are different from or additional to those available to the District, or (ii) the District shall not have employed counsel reasonably satisfactory to the Indemnitee to represent the Indemnitee within a reasonable time after the District shall have notice of the institution of any such action, proceeding or investigation. Each Indemnitee shall cause its counsel to cooperate with the District in the defense of any action, proceeding or investigation to the extent consistent with its professional responsibilities. The District shall not be liable for the settlement by any Indemnitee of any action, proceeding or investigation effected without its consent, which consent will not be unreasonably or untimely withheld. The District shall not settle or compromise any action, proceeding or investigation, or permit a default or consent to the entry of any judgment with respect thereto, unless such settlement, compromise, default or consent includes, as an unconditional term thereof, the giving by the party other than the District thereto of an unconditional general release to all Indemnites from all liability in respect of such action, proceeding, or investigation.

(d) To the extent permitted by law, the District agrees to indemnify and hold the Bank and its officers, directors, employees and their agents harmless (on a net after-tax basis) from any present or future claim or liability for stamp, transfer, documentary, excise or other similar tax and any penalties or interest with respect thereto, which may be assessed, levied or collected by any jurisdiction in connection with the execution, delivery and performance of, or any payment made under, this Agreement and the other Related Documents, or any amendment thereto.

Section 7.08 Term of the Agreement. The obligation of the Bank to purchase Note Portions under this Agreement shall terminate on the Commitment Termination Date. Except for the District's obligations to indemnify the Bank and each Indemnitee, this Agreement shall terminate when all Obligations have been paid in full.

Section 7.09 Notice. Any notice, demand, direction, request or other instrument authorized or required by this Agreement to be given to or filed with the District or the Bank shall be deemed to have been sufficiently given or filed for all purposes, if any, when delivered by hand or three (3) Business Days after being sent by registered mail, return receipt requested, postage prepaid, and if given electronically shall be deemed given when transmitted (receipt electronically confirmed by the recipient thereof):

If to the District:

Oak View, California  
1055 N. Ventura Avenue  
Oak View, CA 93022  
Attention: Michael Flood  
Phone: (805) 649-2251 x111  
E-mail: mflood@casitaswater.com

If to the Bank:

U.S. BANK NATIONAL ASSOCIATION  
777 E. Wisconsin Avenue  
Milwaukee, WI 53202  
Attention: Renee Cook  
Phone: 414-516-1875  
Email: Renee.Cook@usbank.com

or to such other address, telephone number or facsimile number as one party hereto shall notify the other party hereto.

Section 7.10 Holidays. Except as otherwise provided herein, whenever any payment or action to be made or taken hereunder shall be stated to be due on a day which is not a Business Day, such payment or action shall be made or taken on the next following Business Day, and such extension of time shall be included in computing interest or fees, if any, in connection with such payment or action.

Section 7.11 Survival. All representations, warranties, covenants and agreements of the District contained in this Agreement as amended or supplemented from time to time or made in writing in connection herewith shall survive the execution and delivery hereof and shall continue in full force and effect until payment in full of the Obligations, it being understood that the agreements of the District found in Sections 2.07, 2.08, 2.13 and 7.06 hereof shall survive the termination of this Agreement and payment in full of the Obligations.

Section 7.12 USA PATRIOT ACT NOTIFICATION. The following notification is provided to the District pursuant to Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318:

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person or entity that opens an account, including any deposit account, treasury management account, loan, other extension of credit, or other financial services product. What this means for the District: When the District opens an account, if the District is an individual the Bank will ask for the District's name, taxpayer identification number, residential address, date of birth, and other information that will allow the Bank to identify the District, and if the District is not an individual the Bank will ask for the District's name, taxpayer identification number, business address, and other information that will allow the Bank to identify the District. The Bank may also ask, if the

District is an individual to see the District's driver's license or other identifying documents, and if the District is not an individual to see the District's legal organizational documents or other identifying documents.

Section 7.13 No Advisory or Fiduciary Relationship. In connection with all aspects of the transactions contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any Related Document), the District acknowledges and agrees that: (a) (i) the services regarding this Agreement provided by the Bank and any Affiliate thereof are arm's-length commercial transactions between the District, on the one hand, and the Bank and its Affiliates, on the other hand, (ii) the District has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the District is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the Related Documents; (b) (i) the Bank and its Affiliates each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary, for the District, or any other Person and (ii) neither the Bank nor any of its Affiliates has any obligation to the District with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Related Documents; and (c) the Bank and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the District, and neither the Bank nor any of its Affiliates has any obligation to disclose any of such interests to the District. To the fullest extent permitted by law, the District, hereby waives and releases any claims that it may have against the Bank or any of its Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated hereby.

Section 7.14 No Liability. The District agrees that none of the Bank, its officers, directors, employees and their agents shall have any liability or responsibility for the acts or omissions of the District in respect of its use of this Agreement or any amounts made available by the Bank hereunder. The Bank agrees that none of the District, its officers, directors, employees and their agents shall have any liability or responsibility for the acts or omissions of the Bank in respect of the performance of the Bank's obligations under this Agreement.

*(Signature pages follow)*

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

CASITAS MUNICIPAL WATER DISTRICT

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

U.S. BANK NATIONAL ASSOCIATION, a  
national banking association

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

[Signature Page 2 of 2 to Note Purchase Agreement]

**EXHIBIT A**  
**FORM OF**  
**PURCHASE NOTICE**

[insert date]

U.S. BANK NATIONAL ASSOCIATION,

Attention: [insert contact]

Ladies and Gentlemen:

The undersigned, Casitas Municipal Water District (the "District"), refers to the Note Purchase Agreement, dated as of June \_\_, 2026 (as amended from time to time, the "Agreement"; the terms defined therein being used herein as therein defined), between the undersigned and U.S. Bank National Association (the "Bank"), and hereby gives you notice, irrevocably, pursuant to Article II of the Agreement, that the undersigned hereby desires to sell to the Bank, and requests that the Bank purchase, the Note Portion described below:

- (i) The Purchase Date is \_\_\_\_\_;
- (ii) The aggregate principal amount of the Note Portion to be purchased is \_\_\_\_\_;
- (iii) The wire instructions are as follows:

ABA# \_\_\_\_\_

Account # \_\_\_\_\_

Account Name: Casitas Municipal Water District

Name and address of bank: U.S. Bank National Association

\_\_\_\_\_  
\_\_\_\_\_

The District hereby certifies that the following statements are true on the date hereof, and will be true on the Purchase Date before and after giving effect to the purchase and sale of the Note Portion described in this Purchase Notice:

(A) The Unutilized Commitment has not expired or been terminated;

(B) (i) No Default or Event of Default has occurred and is continuing, (ii) except as otherwise provided in clause (iii) hereinbelow, all representations and warranties contained in the Agreement and in the other Related Documents are true, correct and complete in all material respects with the same effect as though such representations and warranties had been made on and as of the date hereof except to the extent a representation or warranty relates specifically to an earlier date, in which case, such representation and warranty shall have been true and correct as of

such earlier date, and (iii) (1) the District certifies as of the Purchase Date that a true, correct and complete copy of each of the Section 5.05 Documents provided on or prior to the Purchase Date has been furnished to the Bank; (2) the District certifies that the information contained in the Section 5.05 Documents (excluding any projections of Grant disbursement timing or amounts, if any) provided on or prior to the Purchase Date was accurate as of the respective dates of such information; and (3) the Authorized Representative represents as of the Purchase Date that, to his or her actual knowledge, without any investigation, the information contained in the Section 5.05 Documents (excluding any such projections) is complete in all material respects with respect to the Revenues.

Very truly yours,

CASITAS MUNICIPAL WATER DISTRICT

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

**EXHIBIT B**

**FORM OF PURCHASER LETTER**

Casitas Municipal Water District  
Oak View, California

*Re: Casitas Municipal Water District 2026 Grant Anticipation Note*

Ladies and Gentlemen:

The undersigned (the “Purchaser”), being the purchaser of the above-referenced note (the “Note”) issued pursuant to Title 5, Division 2, Part 1, Chapter 4, Article 7.7 (commencing with Section 53859) of the California Government Code and Resolution No. 26-\_\_\_, adopted by the Board of Directors of the Casitas Municipal Water District (the “District”) on June \_\_, 2026 (the “Resolution”), does hereby certify, represent and warrant for the benefit of the District that:

(a) The Purchaser (MARK OR INDICATE APPROPRIATELY):

is a qualified institutional buyer (a “Qualified Institutional Buyer”) within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended (the “Securities Act”);

is an “accredited investor” as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act (an “Accredited Investor”);

is a trust, partnership, custodial arrangement or similar entity, interests in which are offered and sold in a private placement or limited offering only to Qualified Institutional Buyers or Accredited Investors; or

is an affiliate of U.S. Bank National Association.

(b) The Purchaser understands that the Note has not been registered under the Securities Act of 1933, as amended, or under any state securities laws. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Note by it, and further acknowledges that any current exemption from registration of the Note does not affect or diminish such requirements.

(c) The Purchaser is not now and has never been controlled by, or under common control with, the District. The District has never been and is not now controlled by, or under common control with, the Purchaser. The Purchaser has entered into no arrangements with the District or with any affiliate in connection with the Note, other than as disclosed to the District.

(d) The Purchaser has authority to purchase the Note and to execute this letter and any other instruments and documents that are required to be executed by the Purchaser in connection with the purchase of the Note. The individual who is signing this letter on behalf of the Purchaser is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to cause the

Purchaser to make the representations and warranties contained herein by execution of this letter on behalf of the Purchaser.

(e) The Purchaser understands that the Note is secured as described in the Resolution, including by a first claim on anticipated grant funding receivables to be set forth in a segregated account and by a pledge of the District's other taxes, income, and revenues to the repayment of the Note pursuant to Government Code Section 53859.07; that the Note will never represent or constitute a general obligation or a pledge of the faith and credit of the District, the State of California or any political subdivision thereof; that no right will exist to have taxes levied by the State of California or any political subdivision thereof for the payment of principal and interest with respect to the Note; and that the liability of the District with respect to the Note is subject to further limitations as set forth in the Resolution.

(f) The Purchaser has been informed that the Note: (i) has not been and will not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any jurisdiction; and (ii) will not be listed on any stock or other securities exchange.

(g) The Purchaser acknowledges that it has the right to sell and transfer the Note, subject to compliance with the transfer restrictions set forth in Section 8 of the Resolution, including in certain circumstances the requirement for the delivery to the District and the Paying Agent of a letter in the same form as this Letter, including this paragraph. Failure to comply with the provisions of Section 8 of the Resolution shall cause the purported transfer to be null and void.

(h) Note Counsel has no responsibility to the Purchaser for the accuracy or completeness of information obtained by the Purchaser from any source regarding the District or its financial condition or use of the proceeds of the Note, or regarding the Note, the provision for payment thereof, or the sufficiency of any security therefor. The Purchaser acknowledges that, as between the Purchaser and all of such parties, the Purchaser has assumed responsibility for obtaining such information and making such review as the Purchaser deemed necessary or desirable in connection with its decision to purchase the Note.

(i) The Purchaser acknowledges that the Note is exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the District has not undertaken to provide any continuing disclosure with respect to the Note.

The Purchaser acknowledges that the sale of the Note to the Purchaser is made in reliance upon the certifications, representations and warranties herein by the addressees hereto. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Resolution.

[PURCHASER]

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

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

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

**CASITAS MUNICIPAL WATER DISTRICT**

**RESOLUTION NO. 2026-14**

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

**WHEREAS**, the Casitas Municipal Water District (the “District”) is a municipal water district existing under the laws of the State of California; and

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

**WHEREAS**, the District owns and operates facilities for the collection, treatment, and distribution of water within the service area of the District, as well as related recreational facilities; and

**WHEREAS**, the District has been awarded a combination of grants and loans (collectively, the “Grant”) from the State Water Resources Control Board (the “SWRCB”) pursuant to that certain Construction Installment Sale Agreement (Agreement No. D2502049) (the “Grant Agreement”) in order to fund a portion of the of costs of the Ventura-Santa Barbara Counties Intertie (Project No. 5610024-001C) (the “Project”); and

**WHEREAS**, the District anticipates receiving the Grant funds on a reimbursement basis under the Grant Agreement, with the final reimbursement request to be submitted no later than March 31, 2027; and

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

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

**WHEREAS**, U.S. Bank National Association (the “Bank”) has agreed to purchase the Note in a private sale pursuant to the Note Purchase Agreement with the District, the form of which is presented to this meeting; and

**WHEREAS**, the proposed Note Purchase Agreement will provide for a tax-exempt, nonrevolving line of credit in a principal amount not to exceed \$20,000,000, and in no event exceeding 95% of the Grant committed and appropriated in writing by the SWRCB; and

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

**NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:**

SECTION 1. Issuance of the Note; Terms of the Note. Pursuant to the Authorizing Law, the Note shall be issued in a principal amount of not to exceed the lesser of \$20,000,000 or 95% of the total amount of the Grant, and may further be issued in portions thereof equal to the amounts borrowed thereunder. The Note shall be designated as the “Casitas Municipal Water District 2026 Grant Anticipation Note” and shall be dated the date of issuance thereof. The Note shall be payable at such times and in such amounts as set forth in the Note Purchase Agreement. The Note shall mature and be payable no later than May 3, 2027. The Note shall bear interest computed on the basis of a 360-day year and the actual number of days elapsed.

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

Advances under the Facility as evidenced by the Note are expected to be made on a nonrevolving basis, not more frequently than once per month, upon not less than three business days’ notice, in minimum advance amounts of \$1,000,000, and no advance may be made after the maturity date of the Note, all as more particularly set forth in the Note Purchase Agreement.

Principal of and interest on the Note are payable in lawful money of the United States of America at the office of the Paying Agent or as otherwise provided in the Note Purchase Agreement with respect to the times and dates set forth therein.

The Note shall be subject to prepayment as provided in the Note Purchase Agreement.

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

The obligation of the District to make payments of principal and interest on the Note is payable from Pledged Receipts (as defined further herein) and any taxes, income, revenue, cash receipts or other moneys of the District lawfully available therefor as set forth in Section 5 hereof. The Note does not constitute a debt of the District or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction and does not constitute an obligation for which the District is obligated to levy or pledge any form of taxation.

SECTION 2. Execution of the Note. The President or Vice President of the Board or the General Manager of the District (each, an “Authorized Officer”) is hereby authorized and directed to sign the Note by such officer’s manual, printed, lithographed or facsimile signatures.

The Note shall be authenticated by the District's Chief Financial Officer, who shall act as Paying Agent for the Note as set forth in Section 14 (the "Paying Agent").

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

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

SECTION 3. Form of the Note. The Note shall be issued as one fully registered note without coupons, in the maximum principal amount of \$20,000,000, in substantially the form set forth in Exhibit B attached hereto and incorporated herein, and may be issued in typewritten form.

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

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

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

SECTION 7. Note Purchase Agreement. The Note Purchase Agreement in substantially the form presented to the Board at this meeting is hereby approved, and each Authorized Officer is hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver the Note Purchase Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

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

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

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

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

SECTION 10. Note Register. The Paying Agent shall keep or cause to be kept sufficient books for the registration and transfer of the Note, which shall at all times be open to inspection by the District upon reasonable notice; and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the Note as herein before provided.

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

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

Any money placed in the Repayment Account shall be for the benefit of the registered owner of the Note and, until the Note and all interest thereon are paid or until provision has been made for the payment of the Note at maturity with interest to maturity, the moneys in the Repayment Account shall be applied solely for the purposes for which the Repayment Account is created; provided, however, that, any interest earned on amounts deposited in the Repayment Account shall be used for a lawful purpose of the District.

When received, the District shall deposit all Grant proceeds in the Principal Subaccount of the Repayment Account.

Upon the election of the District to prepay all or a portion of the Note, the District shall apply amounts on deposit in the Repayment Account to prepay the Note or such portion to be prepaid and such payments shall also comply with the terms of the Grant Agreement.

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

SECTION 13. Deposit and Investment of Proceeds Account and Repayment Account. All moneys held by the District in the Proceeds Account and the Repayment Account, if not invested, shall be held in time or demand deposits as public funds and shall be secured at all times by bonds or other obligations which are authorized by law as security for public deposits, of a market value at least equal to the amount required by law.

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

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

SECTION 14. Paying Agent. The Paying Agent is hereby appointed to act as the paying agent and depository of the District for the purpose of receiving the payments of principal and interest made by the District on the Note, to hold, allocate, use and apply said payments and to perform such other duties and powers of the Paying Agent as are prescribed in this Resolution.

Unless the Paying Agent is an officer of the District, the Paying Agent may become the owner of the Note in its own or any other capacity with the same rights that it would have if it were not Paying Agent.

The recitals of facts, covenants and agreements herein and in the Note shall be taken as statements, covenants and agreements of the District, and the Paying Agent assumes no

responsibility for the correctness of the same, nor makes any representations as to the validity or sufficiency of this Resolution or of the Note, nor shall incur any responsibility in respect thereof, other than as set forth in this Resolution. The Paying Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default.

In the absence of bad faith, the Paying Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Paying Agent and conforming to the requirements of this Resolution; but in the case of any such certificates or opinions by which any provision hereof is specifically required to be furnished to the Paying Agent, the Paying Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Resolution.

The Paying Agent shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Paying Agent was negligent in ascertaining the pertinent facts.

No provision of this Resolution shall require the Paying Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Paying Agent may execute any of the powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Paying Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

Whenever in the administration of its duties under this Resolution the Paying Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Paying Agent, be deemed to be conclusively proved and established by a certificate of the District, and such certificate shall be full warrant to the Paying Agent for any action taken or suffered under the provisions of this Resolution upon the faith thereof, but in its discretion the Paying Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

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

the Grant Agreement and with all applicable local, state and federal laws and regulations governing implementation of the Grant Agreement; (d) take all actions necessary to preserve its right to receive payments under the Grant Agreement; (e) apply or continue to apply any other available funds to pay those costs not expected to be reimbursed from Pledged Receipts until all such costs have been paid; (f) promptly request each payment to which it has become entitled under the Grant Agreement; (g) comply with the tax covenants set forth in Section 18; and (h) to the extent that the principal of or interest on the Note is not paid from Pledged Receipts, as herein provided, such principal of or interest on the Note shall be paid, to the extent permitted by law, from any taxes, income, revenue, cash receipts or other moneys of the District lawfully available therefor.

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

SECTION 17. Determination of Taxability. The provisions relating to the increase in the interest rate if a “Determination of Taxability” (as defined in the Note Purchase Agreement) shall be as set forth in the Note Purchase Agreement.

SECTION 18. Tax Covenants. The District shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, the interest on a tax-exempt Note to become includable in gross income for federal income tax purposes. To that end, the District hereby makes the following specific covenants:

(a) The District hereby covenants that it shall not make or permit any use of the proceeds of a tax-exempt Note that may cause such Note to be an “arbitrage bond” within the meaning of Section 148 of the Code.

(b) The District covenants that the proceeds of a tax-exempt Note will not be used so as to cause the proceeds of such Note to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

(c) The District covenants not to take any action or permit or suffer any action to be taken if the result of the same would be to cause a tax-exempt Note to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

In furtherance of the covenants stated in this Section, each Authorized Officer is authorized and directed to execute and deliver such tax certificates, tax regulatory agreements, and related tax documentation as may be required by Bond Counsel, Bank Counsel, or District Counsel in connection with the issuance of the Note, and the District acknowledges that Bank Counsel will deliver a tax-exempt opinion addressed solely to the Bank in accordance with the Note Purchase Agreement.

SECTION 19. Reimbursement. Section 1.150-2 of the Treasury Regulations require the District to declare its reasonable official intent to reimburse prior expenditures for the Project with the proceeds of indebtedness. The District expects that it may pay certain expenditures in connection with the Project prior to the issuance date (or dates) of Notes for the Project. The District reasonably expects that it will reimburse itself for the use of such funds with the proceeds of Notes (taxable or tax-exempt). The maximum principal amount of Notes expected to be issued for the

Project is \$20,000,000. This statement of official intent to reimburse constitutes a declaration of official intent under Section 1.150-2 of the Treasury Regulations.

SECTION 20. Preparation of Note; Official Action. Rutan & Tucker, LLP, as Note Counsel, is directed to cause or have caused a suitable Note to be prepared showing on its face that the same bears interest at the rate or rates specified in the Note Purchase Agreement (including any default or taxable rate as provided therein), to cause the blank spaces therein to be filled in to comply with the provisions of this Resolution, to procure the execution and authentication of the Note by the proper officers of the District and to cause the Note to be delivered when so executed to the Bank.

SECTION 21. Further Action. The Authorized Officers, the Paying Agent, and the District Clerk are hereby authorized, empowered and directed, individually, to execute and deliver such other documents, certificates and agreements in addition to those enumerated herein and to take such other actions as each deems necessary or advisable in order to consummate the issuance of the Note (including, but not limited to, executing a tax regulatory Agreement for a tax-exempt Note and approving changes to the name and/or series designation of the Note to reflect the timing of the issuance of the Note). Any such actions previously taken by the Authorized Officers, the Paying Agent, and the District Clerk or their designees are hereby ratified, confirmed and approved.

SECTION 22. Good Faith Estimates. The good faith estimates required by Section 5852.1 of the California Government Code are set forth in Exhibit A.

SECTION 23. Effective Date. This Resolution shall take effect upon adoption.

**PASSED AND ADOPTED** by the Board of Directors of Casitas Municipal Water District  
this 10<sup>th</sup> day of June 2026, by the following vote:

**AYES:** \_\_\_\_\_

**NAYS:** \_\_\_\_\_

**ABSENT:** \_\_\_\_\_

\_\_\_\_\_  
**CASITAS MUNICIPAL WATER DISTRICT**  
**Pete Kaiser, President**

**Attested:**

\_\_\_\_\_  
**CASITAS MUNICIPAL WATER DISTRICT**  
**Brian Brennan, Secretary**

## EXHIBIT A

### GOOD FAITH ESTIMATES

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

- (A) Estimated True Interest Cost of the Note: 3.900848%
- (B) Estimated Finance Charge of the Note (Sum of all fees/charges paid to third parties): \$90,000
- (C) Estimated Net Proceeds of the Note to be Received (net of finance charges, reserves and capitalized interest, if any): \$19,910,000
- (D) Estimated Total Payment Amount through Maturity of the Note: \$20,780,170

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

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

**EXHIBIT B**

**FORM OF NOTE**

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

UP TO \$20,000,000  
CASITAS MUNICIPAL WATER DISTRICT  
2026 GRANT ANTICIPATION NOTE

ISSUE DATE	INTEREST RATE	MATURITY DATE
June __, 2026	Variable	May 3, 2027

OWNER: U.S. Bank National Association (including its successors and assigns)

PRINCIPAL AMOUNT: UP TO \$20,000,000 (TWENTY MILLION DOLLARS AND NO/100 CENTS)

FOR VALUE RECEIVED, the Casitas Municipal Water District (the “District”), a municipal water district duly organized and existing under the laws of the State of California, acknowledges itself indebted to and promises to pay to the registered Owner stated above in lawful money of the United States of America, the Principal Amount stated above on the Maturity Date stated above, together with interest thereon, at the Payment Office (as defined in the NPA) in like lawful money from the date hereof until payment in full of said Principal Amount. Interest on this Note shall accrue at the Interest Rate set forth in the Note Purchase Agreement, dated June \_\_, 2026, by and between the District and the initial registered Owner of this Note (the “NPA”) (computed on the basis of a 360-day year and the actual number of days elapsed), except that interest shall accrue at the Taxable Rate set forth in the NPA in the event of a Determination of Taxability and at the Default Rate set forth in the NPA upon an Event of Default, all as set forth in Sections 16 and 17 of the Resolution (as defined below) and the NPA. Interest on this Note shall be payable, initially, on \_\_\_ 1, 20\_\_ and thereafter on the first Business Day of each month and on any prepayment date.

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

It is hereby certified, recited and declared that this Note is issued by authority of Article 7.7, Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, and a Resolution of the Board of Directors of the District adopted on June 10th, 2026 (the “Resolution”), that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of the

District, does not exceed any limit prescribed by the Constitution or laws of the State of California. Reference is made to the Resolution and the NPA for a fuller description of the terms under which this Note is issued.

This Note shall be payable from proceeds of grants and loans (collectively, the “Grant”) from the State Water Resources Control Board, which has been committed and appropriated in writing by the State Water Resources Control Board pursuant to that certain Construction Installment Sale Agreement (Agreement No. D2502049) (the “Grant Agreement”). The proceeds of the Grant, which are expected to be delivered to the District on or before the Maturity Date, are hereby pledged on a first lien basis to the repayment of this Note.

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

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

The Principal Log attached as Schedule I hereto shall be used by the Bank to record the principal amount of the Note (or portions thereof) purchased by the Bank from time to time, which shall evidence the principal amount of the Note outstanding and the prepayment or payment of principal of the Note. The Bank shall provide the District with a statement showing in reasonable detail the Interest Period, SOFR Rate and interest rate applicable to the Note (or portion thereof) from time to time. The total amount outstanding under the Note may not exceed \$20,000,000 at any time.

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

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

IN WITNESS WHEREOF, the District has caused this Note to be executed by the manual or facsimile signature of the President of its Board of Directors this 10<sup>th</sup> day of June, 2026.

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**CASITAS MUNICIPAL WATER DISTRICT**  
**Pete Kaiser, President**

**Attested:**

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**CASITAS MUNICIPAL WATER DISTRICT**  
**Brian Brennan, Secretary**

**CERTIFICATE OF AUTHENTICATION**

This is the Note described in the Resolution.

\_\_\_\_\_  
**Janyne Brown**  
**CASITAS MUNICIPAL WATER DISTRICT,**  
**as Paying Agent**

**[FORM OF ASSIGNMENT]**

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

Dated: \_\_\_\_\_

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

**SCHEDULE I  
PRINCIPAL LOG**

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

**EXHIBIT D**  
**TERM SHEET**  
**(ATTACHED HERETO)**



**DRINKING WATER  
DRINKING WATER STATE REVOLVING FUND  
AND  
ADDITIONAL SUPPLEMENTAL APPROPRIATIONS FOR DISASTER RELIEF (ASADRA)**

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**CASITAS MUNICIPAL WATER DISTRICT  
AND  
CALIFORNIA STATE WATER RESOURCES CONTROL BOARD**



**CONSTRUCTION  
INSTALLMENT SALE AGREEMENT**

**VENTURA-SANTA BARBARA COUNTIES INTERTIE  
PROJECT NO. 5610024-001C**

**AGREEMENT NO. D2502049**

**PROJECT FUNDING AMOUNT: \$35,815,822  
PRINCIPAL FORGIVENESS COMPONENT: \$8,242,034  
ESTIMATED REASONABLE PROJECT COST: \$48,616,811**

**ELIGIBLE WORK START DATE: JULY 1, 2020  
ELIGIBLE CONSTRUCTION START DATE: MAY 30, 2025  
COMPLETION OF CONSTRUCTION DATE: MARCH 31, 2027  
PRINCIPAL PAYMENT START DATE: MARCH 31, 2028  
FINAL REIMBURSEMENT REQUEST DATE: MARCH 31, 2027  
FINAL PAYMENT DATE: MARCH 31, 2057  
RECORDS RETENTION END DATE: MARCH 31, 2063**

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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. 2025-0014 and 2025-0024.
- (b) The Recipient is authorized to enter into this Installment Sale Agreement (Agreement) pursuant to Resolution No. 2020-20.

### 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 a 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, dated January 6, 2025, which are the basis for the construction contract to be awarded by the Recipient, including any changes approved by the Division;
- ii. the Drinking Water System Permit No. 05-06-02P-030, and any amendments thereto;
- iii. the Recipient’s Reimbursement Resolution No. 2025-05 dated March 12, 2025;
- iv. the Recipient’s Tax Questionnaire dated September 23, 2020.
- v. the Davis-Bacon requirements found at:

[https://www.waterboards.ca.gov/water\\_issues/programs/grants\\_loans/srf/docs/2023/2023-dwsrf-governmental-entities-public.pdf](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/2023/2023-dwsrf-governmental-entities-public.pdf)

(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		Casitas Municipal Water District	
Section:	Division of Financial Assistance		
Name:	Maria Pang, Project Manager	Name:	Michael Flood, General Manager
Address:	1001 I Street, 16 <sup>th</sup> Floor	Address:	1055 N. Ventura Avenue
City, State, Zip:	Sacramento, CA 95814	City, State, Zip:	Oak View, CA 93022
Phone:	(916) 319-8256	Phone:	(805) 649-2251 x111
Email:	Maria.Pang@waterboards.ca.gov	Email:	mflood@casitaswater.com

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 Budget Approval" or "FBA" means the Division's written approval of the final budget for the Project or a phase of the Project.

"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.

"Indirect Costs" means those costs that are incurred for a common or joint purpose benefiting more than one cost objective and are not readily assignable to the Project (i.e., costs that are not directly related to the Project). Examples of Indirect Costs include, but are not limited to: central service costs; general administration of the Recipient; non-project-specific accounting and personnel services performed within the Recipient organization; depreciation or use allowances on buildings and equipment; the costs of operating and maintaining non-project-specific facilities; tuition and conference fees; generic overhead or markup; and taxes.

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

"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 these:

- Installment Sale Agreement by and between the Recipient and Truist Bank dated July 20, 2022
- Loan Contract between the Recipient and the United States Bureau of Reclamation dated October 6, 2014

"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 Casitas 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.

CASITAS MUNICIPAL WATER DISTRICT:

*Michael Flood*  
By: \_\_\_\_\_  
Name: Michael Flood  
Title: General Manager  
  
Date: **04/23/2026** \_\_\_\_\_

STATE WATER RESOURCES CONTROL BOARD:

*J. Karkoski*  
By: \_\_\_\_\_  
Name: Joe Karkoski  
Title: Deputy Director  
Division of Financial Assistance  
  
Date: **05/21/2026** \_\_\_\_\_

## 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) Project Purpose and Description

The Project is for the benefit of the Recipient and has a Useful Life of at least 30 years. The Project will allow two existing water systems to use interties to provide water during emergencies. The intertie also allows the Recipient to access its existing State Water Project allocation

- (d) Scope of Work.

The Project includes 1.5 miles of 16-inch pipeline and two pump stations to provide interties between Casitas Municipal Water District and Carpentaria Valley Water District.

The Recipient agrees to do the following:

- 1) Construct approximately 7,400 linear feet of 16-inch Pipeline
- 2) Construct Booster Pump Station A, Bi-directional Pump Station
- 3) Construct Booster Pump Station B, Bi-directional Pump Station
- 4) Replace a section of the existing pipeline with materials that can withstand higher pressure

### 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 Agreement No. D2502049 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 agencies, nor do the foregoing agencies endorse trade names or recommend the use of commercial products mentioned in this document, as well as any images, video, text, or other content created by generative artificial intelligence tools, nor does any such content necessarily reflect the views and policies of the foregoing.”

#### 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 Disadvantaged Business Enterprise Good Faith Efforts.

The Recipient shall comply with the applicable Disadvantaged Business Enterprises (DBE) requirements in 40 CFR part 33 for the Project and require its prime contractors 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. 40 CFR § 33.501 includes recordkeeping requirements. If requested by the

Division, the Recipient must provide such information as may be requested demonstrating compliance with DBE requirements.

#### 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):



Funding for this Ventura-Santa Barbara Counties Intertie 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

- b. 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 September 30, 2026.
- (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.

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

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
<b>EXHIBIT A – SCOPE OF WORK</b>			
A.	ADDITIONAL SUBMITTAL(S) TO DIVISION		
1.	Final Budget Approval Package	N/A	December 30, 2026
2.	Construction Completion Date	March 31, 2027	N/A
B.	REPORTS		
1.	Progress Reports	N/A	Quarterly
2.	Final Inspection and Certification	N/A	Upon completion of the project
3.	Project Completion Report	N/A	June 30, 2037
4.	As Needed Reports	N/A	As Requested by Division
<b>EXHIBIT B – REIMBURSEMENTS, BUDGET DETAIL, AND REPORTING PROVISIONS</b>			
A.	REIMBURSEMENTS		
1.	First Reimbursement Request	No later than 90 days from Agreement Execution Date	N/A
2.	Reimbursement Requests	N/A	Quarterly
3.	Final Reimbursement Request	March 31, 2027	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 state or federal government, such as by budget act, by executive order, or by order or action of the Department of Finance or a federal agency, 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 forty-eight million, six hundred sixteen thousand, eight hundred eleven dollars and no cents (\$48,616,811).

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 Principal Forgiveness Component.

Contingent on the Recipient’s performance of its obligations under this Agreement, the State Water Board will forgive principal of not to exceed the amount of the Principal Forgiveness Component set forth on the Cover Page of this Agreement.

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	\$34,605,650	\$26,175,431
B	Pre-Purchase Material / Equipment	\$3,174,106	\$3,174,106
C	Real Property/Easement Acquisition	\$500,000	\$400,000
D	Change Order Contingency	\$3,399,591	\$3,399,591
E	Force Account	\$0	\$0
F	Allowances	\$6,937,464	\$2,666,694
	TOTAL	\$48,616,811	\$35,815,822

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) Reserved.

(d) 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.

(e) No costs incurred prior to the Eligible Work Start Date are eligible for reimbursement.

(f) Construction costs incurred prior to the Eligible Construction Start Date are not eligible for reimbursement.

(g) 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.

(h) 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.

(i) 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.

Exhibit B

#### 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) 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;
- (c) 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;
- (d) The Recipient's material violation of, or threat to materially violate, any term of this Agreement;
- (e) 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;
- (f) An event requiring Notice as set forth in Exhibit C;
- (g) 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.

Exhibit B

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 twenty-seven million, five hundred seventy-three thousand, eight hundred forty-eight dollars and no cents (\$27,573,848).

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 Zero Percent (0%) per annum.

(b) Interest will accrue beginning with each disbursement.

(d) 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) After the Division has disbursed repayable Project Funds to the Recipient (not including any Principal Forgiveness Component funds), the Recipient must pay any applicable interest on those Project Funds annually, by March 31 of each year. The Recipient must begin making annual Payments of the principal of the Project Funds, together with any interest accruing thereon, by the Principal Payment Start Date stated on the Cover Page, with Payments due by March 31 of each year. The Recipient must make Payments fully amortizing the total principal of the Project Funds, together with any applicable interest, by the Final Payment Date stated on the Cover Page. Payment calculations are based on a standard fully amortized assistance amount with equal annual payments. The Division will provide a payment notice to the Recipient as a courtesy prior to the Payment due date, which will include the Payment amount due. Notwithstanding the delivery of a payment notice, the Recipient is responsible for timely payment of all amounts due.

(b) The remaining balance is the previous balance, plus the disbursements, plus any accrued interest on both, plus any Charge In Lieu of Interest, less the Payment. Principal payment calculations will be made prior to the Principal Payment Start Date. 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. The Division will prepare any necessary amendments to the payment schedule and send them to the Recipient.

(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.

(d) 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.

(e) 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.

(f) 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](http://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 any 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.

#### 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.

(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.

(c) 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.

(d) 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. Indirect costs are not eligible for funding.

#### 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).

(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 [Maria.Pang@waterboards.ca.gov](mailto:Maria.Pang@waterboards.ca.gov) and [James.Garcia@waterboards.ca.gov](mailto:James.Garcia@waterboards.ca.gov) and [DrinkingWaterSRF@waterboards.ca.gov](mailto: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, at ([CulturalResources@waterboards.ca.gov](mailto:CulturalResources@waterboards.ca.gov)). 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](mailto:Lance.Reese@waterboards.ca.gov), [Maria.Pang@waterboards.ca.gov](mailto:Maria.Pang@waterboards.ca.gov) and [James.Garcia@waterboards.ca.gov](mailto:James.Garcia@waterboards.ca.gov) and [DrinkingWaterSRF@waterboards.ca.gov](mailto: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 [Maria.Pang@waterboards.ca.gov](mailto:Maria.Pang@waterboards.ca.gov) and [James.Garcia@waterboards.ca.gov](mailto:James.Garcia@waterboards.ca.gov) and [DrinkingWaterSRF@waterboards.ca.gov](mailto: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;

Exhibit C

- 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 [Maria.Pang@waterboards.ca.gov](mailto:Maria.Pang@waterboards.ca.gov) and [James.Garcia@waterboards.ca.gov](mailto:James.Garcia@waterboards.ca.gov) and [DrinkingWaterSRF@waterboards.ca.gov](mailto: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. Any disputes related to the Project that may affect the Recipient's ability to comply with the terms of this Agreement;
  - vi. 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;
  - vii. Any Project monitoring, demonstration, or other implementation activities required in Exhibit A or Exhibit D of this Agreement, if any;
  - viii. 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;

- ix. 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);
- x. Any events requiring notice to the Division pursuant to the provisions of this Agreement;
- xi. Completion of Construction of the Project, and actual Project Completion;
- xii. The award of the prime construction contract for the Project;
- xiii. 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](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 Records Retention.

The Recipient must maintain separate books, records and other material relative to the Project, including compliance documentation. 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.3.33 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.3.34 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.3.35 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.3.36 Timeliness.

Time is of the essence in this Agreement.

C.3.37 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.3.38 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.3.39 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. Reserved.
- 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-1-2024-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. This includes the right to require the Recipient to make such works available through agency-designated public access repositories.
- 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 <https://www.nist.gov/iedison> 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, use forced labor in the performance of this Agreement, or engage in acts that directly support or advance trafficking in persons, including (i) destroying, concealing, removing, confiscating, or otherwise denying an employee access to that employee's identity or immigration documents; (ii) failing to provide return transportation or pay for return transportation costs to an employee from a country outside the United States to the country from which the employee was recruited upon the end of employment if request by the employee, unless exempted from the requirement to provide or pay for such return transportation by the Federal department or agency providing or entering into the grant or cooperative agreements or the employee is a victim of human trafficking seeking victim services or legal redress in the country of employment or a witness in a human trafficking enforcement action; (iii) soliciting a person for the purpose of employment, or offering employment, by means of materially false or fraudulent pretenses, representations, or promises regarding that employment; (iv) charging recruited employees a placement or recruitment fee; or (v) providing or arranging housing that fails to meet the host country's housing and safety standards. 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. 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](http://sam.gov).
- xviii. 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.
- xix. 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. For purposes of this subsection, a connection is defined as a dedicated persistent interface between a USEPA information technology system and an external information technology system for the purpose of transferring information. Transitory, user-controlled connections such as website browsing are excluded from this definition. If the Recipient's connections as defined above do not go through the Environmental Information Exchange Network or USEPA's Central Data Exchange, the Recipient agrees to contact the USEPA Project Officer and work with the designated Regional/Headquarters Information Security Officer to ensure that the connections meet USEPA security requirements, including entering into Interconnection Service Agreements as appropriate. This condition does not apply to manual entry of data by the Recipient into systems operated and used by USEPA's regulatory programs for the submission of reporting and/or compliance data.
- xx. 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](http://www.fgdc.gov).
- xxi. 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.

- xxii. 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.
- xxiii. 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.
- xxiv. 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.

- xxv. 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>.
- xxvi. The Recipient certifies that no Project Funds will be used on:
  - a. Telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities), telecommunications or video surveillance 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 provided by such entities or using such equipment;
  - 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;
  - d. Systems that use covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system; or
  - e. Other telecommunications or video surveillance services or equipment in violation of [2 CFR 200.216](#).

- xxvii. 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.
- xxviii. The Recipient agrees to comply with all applicable 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 (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

Prior to the disbursement of any construction funds under this Agreement, the Recipient must deliver an opinion of counsel satisfactory to the Division's counsel that the Recipient has sufficient property rights in the Project property for the purposes contemplated in the Agreement and has complied with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601) with respect to any property acquired for the purposes of the Project. No construction funds will be disbursed until the Recipient satisfies this condition.

### Environmental Special Conditions:

1. The documents identified below are incorporated by reference and the Recipient shall comply with the conditions and recommendations therein:

a. The letter dated May 8, 2025, from Chris Dellith of the United States Fish and Wildlife Service, Ventura United States Fish and Wildlife Service (USFWS) to Jeffrey Papendick of the United States Environmental Protection Agency (USEPA), including, but not limited to, the following:

i. Avoidance and Minimization Measures (AMMs) CM-1 through CM-7

b. The Mitigation Monitoring and Reporting Program adopted by the Casitas Municipal Water District on March 22, 2023 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 approval(s) from the State Water Board, the BOR, and the USFWS.

### 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. AMMs CM-1 through CM-7 as referenced in the May 8, 2025, conditional concurrence letter from USFWS.

b. The Mitigation Monitoring and Reporting Program water quality measures adopted for the Project.

- i. BIO-6 and BIO-7 for biological resources, and
- ii. HAZ-1 for hazards and hazardous materials.

2. Recipient shall submit a copy of any applicable CWA, Section 401 Certification, 404 Permit, Streambed Alteration Agreement, and Waste Discharge Requirements to the State Water Board, Division of Financial Assistance prior to the start of the Project construction.

### FUNDS RELATED TO CONTAMINATION.

- a. As a condition precedent to this Agreement, the Recipient shall (i) notify the Division of any demands, including but not limited to litigation and insurance claims, made by the Recipient against third parties for reimbursement of costs, monetary damages, or other relief, related to drinking water contamination, including but not limited to contamination by 1,2,3-trichloropropane

(1,2,3-TCP), perfluoroalkyl and polyfluoroalkyl substances (PFAS), or other contaminants (Contamination-Related Demands); (ii) notify the Division of any payments or funds received by the Recipient, agreements, settlements, and court or administrative orders that have arisen out of or are related to drinking water contamination or Contamination-Related Demands (Contamination-Related Payments, Agreements, or Orders); and (iii) to the extent requested by the Division or the Division's counsel, provide information and access to documentation of any Contamination-Related Demands and Contamination-Related Payments, Agreements, or Orders.

- b. After execution of this Agreement, the Recipient shall promptly notify the Division of the new occurrence of any Contamination-Related Demands and Contamination-Related Payments, Agreements, or Orders. Upon request, the Recipient shall promptly provide information and access to documents to the extent requested by the Division or the Division's counsel.
- c. The Recipient shall not spend or allocate any funds received as a result of Contamination-Related Demands or Contamination-Related Payments, Agreements, or Orders (Recovered Funds) unless the Recipient has obtained written consent for the use of such Recovered Funds from the Division. At the discretion of the Division, the Principal Forgiveness Component of this Agreement may be reduced, disbursements may be withheld, and the Agreement may be rescinded, to offset the amount of any Recovered Funds or any Contamination-Related Payments, Agreements, or Orders. Upon demand by the Division, the Recipient shall return Project Funds to offset any Recovered Funds or Contamination-Related Payments, Agreements, or Orders within thirty (30) days or within another time period approved by the Division. The Recipient shall ensure that no duplicative reimbursements of costs occur under this Agreement and any past or future Recovered Funds or Contamination-Related Payments, Agreements, or Orders. Noncompliance with this Funds Related to Contamination section shall be an Event of Default.
- d. If the Division provides written consent, the Recipient may place Recovered Funds into a restricted reserve account to be used for one of the following purposes but only if such purpose is approved by the Division: (1) as co-funding or match funding for the Project, (2) for a capital improvement project other than the Project that addresses the associated drinking water contamination, (3) for Operations and Maintenance Costs related to addressing the associated drinking water contamination, (4) for Operations and Maintenance Costs of the System in general, or (5) for other purposes approved by the Division. To the extent requested by the Division, the Recipient shall provide access to (i) documentation satisfactory to the Division showing the total amount of Recovered Funds deposited into a restricted reserve account prior to the start of construction of the Project and (ii) documentation thereafter of any Recovered Funds that Recipient receives and places into such an account.

#### 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

Exhibit D

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, which may be updated as discussed in Exhibit B. 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. 5610024-001 C - Casitas Municipal Water District  
 Agreement: D2502049 - based on Actual + Projected Disbursements  
 Ventura-Santa Barbara Counties Interlic (ASADRA)

Principal is paid over: 30 Years  
 Interest rate: 0.00000%

Ref Num	Due Date	Date Received	Principal Payment	Interest Rate%	Interest Payment	Total P and I Payment	Total Payment	Ending Balance	CPI Interest
1	3/31/2027		0.00	0.000	0.00	0.00	0.00	10,811,978.00	0.00
2	3/31/2028		689,904.73	0.000	0.00	689,904.73	689,904.73	20,007,237.27	0.00
3	3/31/2029		882,569.08	0.000	0.00	882,569.08	882,569.08	24,711,934.19	0.00
4	3/31/2030		928,618.36	0.000	0.00	928,618.36	928,618.36	25,072,695.83	0.00
5	3/31/2031		928,618.36	0.000	0.00	928,618.36	928,618.36	24,144,077.47	0.00
6	3/31/2032		928,618.36	0.000	0.00	928,618.36	928,618.36	23,215,459.11	0.00
7	3/31/2033		928,618.36	0.000	0.00	928,618.36	928,618.36	22,286,840.75	0.00
8	3/31/2034		928,618.36	0.000	0.00	928,618.36	928,618.36	21,358,222.39	0.00
9	3/31/2035		928,618.36	0.000	0.00	928,618.36	928,618.36	20,429,604.03	0.00
10	3/31/2036		928,618.36	0.000	0.00	928,618.36	928,618.36	19,500,985.67	0.00
11	3/31/2037		928,618.36	0.000	0.00	928,618.36	928,618.36	18,572,367.31	0.00
12	3/31/2038		928,618.36	0.000	0.00	928,618.36	928,618.36	17,643,748.95	0.00
13	3/31/2039		928,618.36	0.000	0.00	928,618.36	928,618.36	16,715,130.59	0.00
14	3/31/2040		928,618.36	0.000	0.00	928,618.36	928,618.36	15,786,512.23	0.00
15	3/31/2041		928,618.36	0.000	0.00	928,618.36	928,618.36	14,857,893.87	0.00
16	3/31/2042		928,618.36	0.000	0.00	928,618.36	928,618.36	13,929,275.51	0.00
17	3/31/2043		928,618.36	0.000	0.00	928,618.36	928,618.36	13,000,657.15	0.00
18	3/31/2044		928,618.36	0.000	0.00	928,618.36	928,618.36	12,072,038.79	0.00
19	3/31/2045		928,618.36	0.000	0.00	928,618.36	928,618.36	11,143,420.43	0.00
20	3/31/2046		928,618.36	0.000	0.00	928,618.36	928,618.36	10,214,802.07	0.00
21	3/31/2047		928,618.36	0.000	0.00	928,618.36	928,618.36	9,286,183.71	0.00
22	3/31/2048		928,618.36	0.000	0.00	928,618.36	928,618.36	8,357,565.35	0.00
23	3/31/2049		928,618.36	0.000	0.00	928,618.36	928,618.36	7,428,946.99	0.00
24	3/31/2050		928,618.36	0.000	0.00	928,618.36	928,618.36	6,500,328.63	0.00
25	3/31/2051		928,618.36	0.000	0.00	928,618.36	928,618.36	5,571,710.27	0.00
26	3/31/2052		928,618.36	0.000	0.00	928,618.36	928,618.36	4,643,091.91	0.00
27	3/31/2053		928,618.36	0.000	0.00	928,618.36	928,618.36	3,714,473.55	0.00
28	3/31/2054		928,618.36	0.000	0.00	928,618.36	928,618.36	2,785,855.19	0.00
29	3/31/2055		928,618.36	0.000	0.00	928,618.36	928,618.36	1,857,236.83	0.00
30	3/31/2056		928,618.36	0.000	0.00	928,618.36	928,618.36	928,618.47	0.00
31	3/31/2057		928,618.47	0.000	0.00	928,618.47	928,618.47	0.00	0.00
			<b>27,573,788.00</b>		<b>0.00</b>	<b>27,573,788.00</b>	<b>27,573,788.00</b>		<b>0.00</b>

## 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 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.

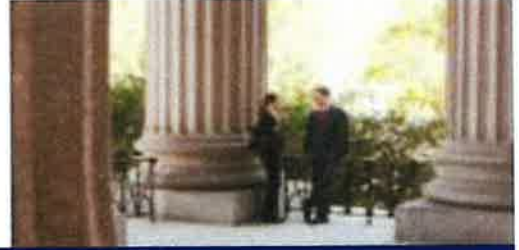
The Recipient warrants that, to the best of its knowledge, information and belief, and based on the facts and estimates as set forth in the tax covenants in this Exhibit, the expectations of the Recipient as set forth in this Exhibit are reasonable. The Recipient is not aware of any facts or circumstances 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).



**REQUEST FOR TERMS AND CONDITIONS  
Up To \$20,000,000 NONREVOLVING LINE OF CREDIT FOR THE  
PURCHASE OF GRANT ANTICIPATION NOTES**



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***NOTE: This proposal constitutes indicative terms for the described transaction for discussion only. The summary that follows is subject to credit approval and does not constitute an offer or commitment. As we obtain more information, additional substantive conditions may be required, and terms may be changed or be supplemented. In addition, upon completion of our analysis and due diligence and if we obtain credit approval of this proposal, documentation must be created which will include terms and conditions customary to the Bank, as well as warranties and covenants specific to this transaction. To that end, this term sheet is an expression of interest only, and it is not a contract, commitment nor intent to be bound. The Bank does not intend that this term sheet or discussions relative to the terms of this term sheet create any legal rights or obligations, implicit or explicit, in favor of or against the other party. Also, no oral discussions and/or written agreements shall be in place of or supersede written agreements executed by your business and accepted by the Bank.***

## I. BANK AND BANK COUNSEL CONTACTS

### Primary Relationship Contact

Name:	Ms. Joanne Crouch Relationship Management Sales Associate U.S. Bank, N.A.
Mailing Address:	990 W 190 <sup>th</sup> Street; Suite# 220 LM-CA-MS2 Torrance, CA 90502
Telephone Number:	310-291-6609
E-mail Address:	Joanne.Crouch@usbank.com

### Primary Credit Contact

Name:	Ms. Renee Cook Vice President, Portfolio Manager U.S. Bank, N.A.
Mailing Address:	777 E. Wisconsin Avenue MK-WI-T5IC Milwaukee, WI 53202
Telephone Number:	414-516-1875
E-mail Address:	Renee.Cook@usbank.com

### Secondary Contact

Name:	Mr. Brian Richter Senior Vice President, Portfolio Manager U.S. Bank, N.A.
Mailing Address:	777 E. Wisconsin Avenue MK-WI-T5IC Milwaukee, WI 53202
Telephone Number:	414-588-7722
E-mail Address:	Brian.Richter@usbank.com

### Bank Counsel

Name:	Mr. Rudy Salo Partner Nixon Peabody
Mailing Address:	300 S. Grand Avenue Suite# 4100 Los Angeles, CA 90071-3151
Telephone Number:	213-629-6069
E-mail Address:	Rsalo@nixonpeabody.com

## II. TERM SHEET

**Up to \$20,000,000**  
**Casitas Municipal Water District**  
**Nonrevolving Line of Credit for the Purchase of Grant Anticipation Notes**  
**April 30, 2026, updated on May 19, 2026**

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*This Summary of Terms and Conditions (this “Summary”) has been prepared for convenience of discussion and reference purposes only. This Summary is not an exhaustive description of the terms and conditions, which will be set out in the Facility. In the event of a conflict between this Summary and the Facility, the latter shall govern.*

*This Summary has not been credit approved and does not represent a commitment to finance. Any commitment will be subject to credit, business, and legal approval. The terms and conditions of this proposal are not intended to be a comprehensive list of those the Bank may reasonably require, and the Bank reserves the right, in its sole discretion, to modify or supplement terms considered reasonable and customary for transactions of this nature. This Summary is for the confidential use of the Issuer, its advisors, legal counsel, and U.S. Bank and is not to be disclosed or distributed to or summarized for in whole or in part, to any third party without the prior consent of U.S. Bank.*

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### I. SUMMARY OF TRANSACTION

<b>Issuer</b>	Casitas Municipal Water District (the “Issuer” or the “District”)
<b>Issue</b>	Nonrevolving Line of Credit (the “Facility” or the “Line”) in the form of a Note Purchase Agreement for the purchase of Grant Anticipation Notes (GANs) to be issued by the Issuer pursuant to California Government Code Sections 53859 through 53859.08.
<b>Purpose of Facility</b>	Provide a Tax-Exempt Line of Credit to provide interim water project construction costs in anticipation of the receipt of certain State grants as described further herein.

### II. FACILITY STRUCTURE

<b>Facility Provider Name</b>	U.S. Bank National Association (“U.S. Bank” or the “Bank”).
<b>Facility Amount</b>	Up to \$20,000,000 on a nonrevolving basis, and in no event shall such amounts exceed 95% of the grant or loan funds that have been committed and appropriated in writing by the granting authority(s), i.e., the State Water Resources Control Board grant agreement (the “Grant Agreement”) provided by the Issuer to the Bank.

**Security** Secured by a first claim on anticipated grant funding receivables to be set forth in a segregated account. The Issuer shall also pledge its other taxes, income, and revenues to the repayment of GANs pursuant to Government Code Section 53859.07.

**Term SOFR**

**Tax-Exempt Bank Index**

The amounts advanced under the Facility will bear interest at a Tax-Exempt rate of interest. The advances shall bear interest at a per annum rate of interest which is equal to the sum of (i) 80% of the Bank Index plus (ii) the Proposed Spread.

**“Applicable Factor”** means 80% for Tax-Exempt advances.

**“SOFR Index Rate”** means the sum of (a) the Applicable Factor multiplied by the SOFR Index, plus (b) the Applicable Spread.

**“SOFR”** means the secured overnight financing rate which is published by the Board of Governors of the Federal Reserve System (and available at [www.newyorkfed.org](http://www.newyorkfed.org).)

**“SOFR Index”** means the greater of (a) zero and (b) the one month forward looking term rate based on SOFR quoted by the Bank from the Term SOFR Administrator’s Website (or other commercially available source providing such quotations as may be selected by the Bank from time to time) (“Term SOFR”), which shall be that one-month Term SOFR rate in effect on each Computation Date for effect on the immediately succeeding SOFR Index Reset Date, adjusted for any reserve requirement and any subsequent costs arising from a change in government regulation and such rate to be reset monthly on each SOFR Index Reset Date; provided that if the Term SOFR rate is not published on such Computation Date due to a holiday or other circumstance that Bank deems in its sole discretion to be temporary, the applicable Term SOFR rate shall be the Term SOFR rate published on the New York Banking Day immediately preceding such Computation Date.

**Facility Term**

No greater than 12-months or whatever term shall be required to comply with the Grant Agreement and its requirements thereunder regarding use of Grant proceeds within 30 days of receipt thereof.

**Interest Rate**

**Option 1:**

**Tax Exempt:** 80% 1-Month SOFR + 74 bps.

**Unutilized Fee:** 20 bps

***Does require transition of Treasury Management services to U.S. Bank within 1-month of closing of the facility.***

**Option 2:**

**Tax Exempt:** 80% 1-Month SOFR + 101 bps.

**Unutilized Fee:** 23 bps

***Does not*** require transition of Treasury Management services to U.S. Bank within 1- month of closing of the facility.

The difference between the Facility Amount and amounts drawn down shall constitute the “Unutilized Amount.” The District shall be obligated to pay an Unutilized Fee on the Unutilized Amount at the Unutilized Fee Rate set forth above.

<b>Default Rate</b>	Interest rate plus 5.0%.  Upon the occurrence of an Event of Default, the Draws shall bear interest at the Default Rate.
<b>Maximum Rate</b>	Maximum interest rate allowed by law.
<b>Timing &amp; Computation of Payments</b>	All fees are non-refundable. Bank Counsel's fees and reasonable expenses are payable at closing in immediately available funds and shall be paid by the Issuer.  All fees, excluding those payable at closing, will be calculated based on actual days elapsed and a 360-day year.
<b>Interest Reset Date</b>	The interest rate will be reset on the first calendar day of each month.
<b>Facility Advances</b>	Limited to one time per month, with a minimum advance of \$1,000,000. Advances require 3-day notification. No Advances may occur after the Maturity Date.
<b>Prepayment</b>	Prepayments are permitted in whole or in part, with prior notice but without premium or penalty if paid on any business day and including accrued and unpaid interest, subject to limitations as to minimum amounts of prepayments; provided that to the extent that prepayment occurs on any day other than an Interest Reset Date (i.e., the first Business Day of the month for a one month SOFR term, etc.), SOFR breakage costs may apply.
<b>Amendment Fee</b>	The Issuer will be responsible for the payment of all reasonable fees, including all attorney fees in connection with an amendment, the Credit Agreement, or any related transaction document. Amendment fees shall be payable promptly after the closing/execution of the amendment, upon receipt of an invoice.
<b>Taxability</b>	In the event a Determination of Taxability shall occur with respect to any tax-exempt advance under the Facility, in addition to the amounts required to be paid with respect to such tax-exempt advance under the Facility, the Issuer shall be

obligated to pay to the Bank an amount equal to the positive difference, if any, between the amount of interest that would have been paid during the period of taxability if the Notes had borne interest at the Taxable Rate and the interest actually paid to the Bank as the owner of the Notes.

**Claw-back**

The Bank will require the inclusion of a customary claw-back provision as protection against the possibility of the interest rate payable to the Bank under the Facility exceeding the maximum permissible rate.

**Condition Precedent to Issuance of the Facility**

Those customary and usual for a transaction of this nature to include, but not be limited to:

- Completion of the due diligence process, including receipt by the Bank of information related to the Issuer.
- Credit authorization and final transaction approval received from the Bank.
- Execution and delivery of documentation in form and substance satisfactory to the Bank.
- Payment of all closing fees and expenses, promptly after closing upon receipt of an invoice.
- Delivery of all legal opinions required by the Bank and its counsel (Bond Counsel and District Counsel) in forms satisfactory to the Bank and its counsel. In addition, the Bank is requiring that a tax-exempt opinion be issued by Bank Counsel as Bank Counsel will be conducting the tax diligence on the transaction, provided that such opinion shall solely be addressed to the Bank and shall be the only opinion provided by Bank Counsel.
- Bring down of representations and warranties, including no default or inchoate default.
- No Material Adverse Change in financial condition, laws, rules, guidelines, or regulations currently in effect, related to the Issuer, and there shall be delivered to the Bank a certificate of the Issuer dated of even date herewith to such effect.
- Receipt of certificate of compliance with Conditions Precedent.

**Covenants**

Covenants under the Facility will include covenants that are customary for financings of this type and will include, but are not limited to:

- Ongoing financial reporting.
  - Annual audit of the District due within 330 days.
- Compliance with other documents, all applicable laws, statutes, acts, rules, and regulations and investment policy guidelines, including but not limited to the State Agreement and all other debt of the District.
- Compliance with all laws, including compliance with anti-terrorism / OFAC.
- Other Covenants set forth in the Note Purchase Agreement.

The Bank reserves the right to negotiate additional covenants considered reasonable and customary for transactions of this nature. A covenant breach will result in an Event of Default as detailed in the Facility.

**Events of Default**

The Facility will include Events of Default standard for facilities of this type, including, but not limited to the following:

- Failure by the Issuer to pay the principal of or interest or any other amount due and owing under the Facility.
- Cross-Default to all other debt secured by Grant Revenues.
- The occurrence of an invalidity event or contest with respect to the Facility, any related transaction document, or any material provisions thereof.
- Voluntary or involuntary bankruptcy, insolvency, debt moratorium, etc.
- False representation or warranty.
- Breach of any covenant/condition made by the Issuer in any of the financing documents, Facility or in any Related Document.
- Failure of the Issuer to pay, when due, final, and non-appealable judgment or judgments of \$5,000,000 or more and not covered by insurance, which shall be rendered against the Issuer and such judgment has not been vacated, discharged, satisfied, or stayed within a reasonable period.

**Remedies**

Upon the occurrence of an Event of Default, the Bank will have the ability to impose the Default Rate; suspend further advances under the Facility; request the outstanding balance under the Facility immediately due and payable; right of setoff; and exercise rights or any other remedy allowed by law, contract, or equity.

**Representations and Warranties**

Standard for facilities of this type, including but not limited to:

- Due organization, existence, authorization, and execution.
- The Facility and related transaction documents constitute legal, valid, binding, and enforceable obligations under the GANs statute and do not conflict with the State Grant Agreement.
- No material litigation.
- All financial statements and other information are accurate and complete and there has been no material adverse change since last audited financial statement.
- No sovereign immunity and waiver of immunity.
- Compliance with usury, anti-terrorism, and all other laws.
- No contravention with other documents.
- Tax-exempt status of Draws.
- Accuracy of representations and warranties.

**Documentation**

Documentation will include an approving resolution of the Issuer, a note purchaser agreement acceptable to U.S. Bank between U.S. Bank and the Issuer prepared by Bank Counsel, tax documentation and related documents for similar transactions (collectively, the “Financing Documents”).

The Facility will include, but not be limited to, the terms and conditions outlined herein as well as provisions that are customary and standard with respect to conditions precedent, representations and warranties, covenants, events of default and remedies under the Financing Documents, financial responsibility to U.S. Bank, and full protection against increased costs and changes in capital adequacy requirements for U.S. Bank.

<b>Yield Protection</b>	The Issuer will be required to reimburse the Bank for any increased costs resulting from the issuance or maintenance of the Facility imposed by a change in any law, rule or regulation affecting the Bank’s commitment or its ability to act in accordance with such commitment. Requests, rules, guidelines, or directives in connection with the Dodd-Frank Act or Basel III, regardless of the date enacted, adopted or issued, resulting in increased costs will be subject to reimbursement in accordance with this provision.
<b>Early Termination Fee</b>	Waived with 30 day - notice.
<b>Governing Law and Venue</b>	The Facility and any other documents to which the Bank shall become a party will be governed by the laws of the State of New York; provided that the duties and obligations of the Issuer under the Facility and the other Financing Documents to which it is a party will be governed by the laws of the State of California. Any litigation involving the Bank shall be brought in the appropriate state or Federal court New York, New York, or California over the matter.
<b>Jury Trial</b>	The Issuer agrees to waive a jury trial in any proceeding involving U.S. Bank and to add judicial reference provisions per California Code of Civil Procedure Section 638.
<b>Future Modifications</b>	The terms, conditions, pricing levels and fees (including legal fees and expenses) cited herein reference the transaction structure and the Facility amount as described herein and are subject to revision in the event that (i) the Facility amount changes, (ii) the security or transaction structure is modified, (iii) the transaction deviates materially from what was initially described or in conjunction therewith, and (iv) the proposed financing does not close by June 17, 2026.
<b>Participations</b>	The Bank reserves the right in its sole discretion to sell participations in the Facility. However, the Issuer shall have no obligation to deal with any entity other than the Bank.
<b>Indemnification</b>	The Issuer will indemnify the Bank and its respective directors, officers, employees, agents, and affiliates against all claims asserted and losses, liabilities and expenses incurred in connection with the Facility (excluding acts of gross negligence or willful misconduct of an indemnified party as determined by a court of competent jurisdiction).
<b>Credit Process Timeframe</b>	The credit process will take 5 business days from the point at which the Bank is officially awarded the transaction and has in their possession all materials necessary to undertake a full credit analysis. U.S. Bank has already obtained the first of two levels of credit approval.
<b>Expiry of Term Sheet</b>	June 17, 2026.

**III. INFORMATION ON U.S. BANK & COUNSEL**

**Primary Credit Contact** Ms. Renee Cook  
Vice President  
U.S. Bank, N.A.  
777 E. Wisconsin Avenue  
Milwaukee, WI 53202  
Phone: 414-516-1875  
Renee.Cook@usbank.com

**Bank Counsel** Mr. Rudy Salo  
Partner  
Nixon Peabody  
300 S. Grand Avenue; Suite# 4100  
Los Angeles, CA 90071-3151  
Phone: 213-629-6069  
Rsalo@nixonpeabody.com

**Counsel Fees** All legal fees and expenses will be payable by the Issuer. Fees are estimated at \$65,000; and capped at \$75,000 for the Facility, which assumes preparation of the Financing Documents and an updated debt policy and resolution of the Issuer. Fees of Bank Counsel shall not be contingent upon closing, provided that if closing fails to occur, Bank Counsel agrees to discount then accrued fees by 30%.

The terms and pricing proposed in this term-sheet are based on the structure described herein. Any changes in the foregoing structure may have an impact on the pricing quoted in this term sheet. If you agree with the proposed terms and conditions, please have an authorized representative of the Issuer execute and return one of the enclosed copies for our records. Returning a signed copy of this Proposal does not commit the Issuer to the terms and conditions of this Proposal, but rather indicates the Issuer's willingness to work exclusively with U.S. Bank towards the issuance of a commitment and our obligation to pursue final credit approval.

The foregoing terms and conditions are hereby accepted and agreed:

**Casitas Municipal Water District**

By: Michael Flood  
Digitally signed by Michael Flood  
DN: cn=Michael Flood  
Date: 2026.05.19 22:06:59 -07'00'  
Title: General Manager  
Date: 05/19/2026



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**CASITAS MUNICIPAL WATER DISTRICT  
MEMORANDUM**

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**TO: BOARD OF DIRECTORS**

**FROM: MICHAEL FLOOD, GENERAL MANAGER**

**SUBJECT: DECLARE A 2006 FORD 150 (UNIT 16), A 2003 RANDELL SPRAY RIG (UNIT 267), 2 KAYAKS (NON-LIEN), 2 KAYAKS (LIEN), ONE PUMP TRUCK HOSE RACK, ONE WEED WHACKER STRING TRIMMER, ONE LIL' BUBBA EDGING MACHINE, ONE TRUCK BED WITH SHELL, AND A TEMPORARY RESERVATIONS OFFICE/CONCESSIONS TRAILER SURPLUS AND DIRECT STAFF TO DISPOSE OF SAME.**

**DATE: JUNE 5, 2026**

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**RECOMMENDATION:**

Declare the following items surplus and direct staff to dispose of same:

- Unit 16 – 2006 Ford F250 – 173,000 miles
- Unit 267 – 2003 Randell Spray Rig
- 2 Kayaks – non-lien
- 2 Kayaks – lien
- Pump Truck Hose Rack
- Weed Whacker String Trimmer
- Lil' Bubba Edging/Curbing Machine
- Truck Bed and Shell
- Temporary Reservations Office/Concessions Trailer

**DISCUSSION:**

All of the above items are either not feasible to repair, no longer in use, or abandoned on Lake Casitas property.

Staff expects to dispose of the items via the GovDeals auction website.

**BUDGETARY IMPACT:**

While the exact amount that the District will receive from the sale of these items is not known, staff estimates approximately \$2,560.00 will be received.

**BACKGROUND:**

Item Name	Reason for Salvage	Est. \$	Pic
Unit 16 - Ford F150 2006 - 173,000 miles	Decommissioned due cost of repair higher than the value of the unit.	\$500	
Unit 267 - SprayRig	No longer being used - replaced with a spray trailer.	\$500	
Kayaks x 2	Kayaks were left behind. Lein not required as they were not in trailer storage. No one claimed them.	\$200	
Kayaks - Lein x 2	Abandoned in the trailer storage yard. Completed the lein process.	\$300	
Pump Truck Hose Rack	Used on the previous pump truck. No longer being used on Unit #99.	\$500	
Weed Whacker	No longer being used.	\$20	
Lil' Bubba - Edging/Curbing Machine	No longer being used.	\$20	
Truck Bed w/ Shell	Removed from vehicle that was converted to a flatbed.	\$20	
Concessions Trailer	Was used by Guest Services in the past. No longer being used.	\$500	

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**CASITAS MUNICIPAL WATER DISTRICT  
MEMORANDUM**

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**TO:** BOARD OF DIRECTORS  
**FROM:** MICHAEL FLOOD, GENERAL MANAGER  
**SUBJECT:** EXTENSION OF CONTRACT FOR ASPHALT PAVING FY26-27  
SPECIFICATION NO. 25-474  
**DATE:** 06/10/2026

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**RECOMMENDATION:**

- Extend the contract for Asphalt Paving, Specification No. 25-474 for Fiscal Year (FY) 26-27 to BSN Construction Inc. and J&H Engineering General Contractors; and the President of the Board execute the agreements for said work.

**BACKGROUND AND DISCUSSION:**

Repairs to pipelines and water service lines require excavation, causing damage to asphalt roadways. Casitas crews cover the damaged area with a temporary patch. The District solicited bids for FY25-26 to install permanent asphalt patches meeting City, County, and State requirements using the awarded contractors to complete patch lists. The project was advertised on the District's website. Two bids were received. A "sample" patch list was used as the basis to compare unit prices. In June 2025 the Board awarded contracts to BSN Construction Inc. (BSN) and J&H Engineering General Contractors (J&H).

The contract documents included language: "It is anticipated that the contract term will be for a minimum of one year with provisions for mutually agreed renewal for up to two additional years. In addition, the District may award to more than one, but not more than two, contractors if the bid pricing is favorable to do so." BSN and J&H have agreed to keep their pricing from FY25-26 for FY26-27.

**FINANCIAL IMPACT:**

The proposed budget for FY26-27 includes \$550,000 for the project. Patch lists will be provided to each contractor as necessary dependent on leaks and breaks.

Attachments:

- Agreement with BSN Construction Inc
- Agreement with J&H Engineering General Contractors



## AGREEMENT

THIS AGREEMENT, made and entered into this 10<sup>th</sup> day of June in the year 2026 by and between the Casitas Municipal Water District, hereinafter designated as the District, and BSN Construction, Inc. hereinafter designated as the Contractor.

WITNESSETH: The parties hereto do mutually agree as follows with respect to the project known as **Asphalt Paving Contract FY26-27 – Specification No. 25-474.**

ARTICLE I. For and in consideration of the payment of **one hundred twenty five thousand dollars** (\$125,000) in conformance with the specifications hereinafter mentioned, the Contractor agrees with the District to construct the aforementioned project and to perform and complete in a good and workmanlike manner all the work pertaining thereto shown on the Drawings and described in the Specifications therefor, to furnish at its own cost and expense all tools, equipment, labor, and materials necessary therefor, except such materials as in the said specifications are stipulated to be furnished by the District, and to do everything required by this Agreement and the said Specifications and Drawings.

ARTICLE II. For the same consideration set forth in Article I above, Contractor agrees to furnish all said materials and labor, furnishing and removing all plants, temporary work or structures, tools and equipment, and doing all the work contemplated and embraced in this Agreement, also to be responsible at its own expense for all loss and damage arising out of the nature of the work aforesaid, or from the action of the elements, or from any unforeseen difficulties which may arise or be encountered in the prosecution of the work until its acceptance by the District, and for all risks of every description connected with the works, and also for all expenses incurred by or in consequence of the suspension or discontinuance of works, except such as in the said Specifications are expressly stipulated to be borne by the District, and for well and faithfully completing the work and the whole thereof, in the manner shown and described in the said Drawings and Specifications and in accordance with the requirements of the Engineer under them, the District will pay and the Contractor shall receive in full compensation thereof the prices for the several items named in the Bidding Sheet of the Proposal.

ARTICLE III. The District hereby promises and agrees with the said Contractor to employ, and does hereby employ the said Contractor to provide the materials and to do the work according to the terms and conditions herein contained and referred to for the price aforesaid, and hereby contracts to pay the same at the time, in the manner and upon the conditions set forth in the Specifications; and the said parties for themselves, their heirs, executors, administrators, successors and assignees do hereby agree to the full performance of the covenants herein contained.

Agreement (Continued)

ARTICLE IV. The Notice Inviting Bids, the Instructions to Bidders, the Proposal, the Specifications and the Drawings mentioned therein, and all addenda issued by the District with respect to the foregoing prior to the opening of bids, are hereby incorporated in and made part of this Agreement.

IN WITNESS WHEREOF: the parties hereto have caused this contract to be executed the day and year first above written.

CASITAS MUNICIPAL WATER DISTRICT

By: \_\_\_\_\_  
President of the Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary

Approved as to form:

\_\_\_\_\_  
Attorney

Dated: \_\_\_\_\_

CONTRACTOR

By \_\_\_\_\_

\_\_\_\_\_  
Printed Name



## AGREEMENT

THIS AGREEMENT, made and entered into this 10<sup>th</sup> day of June in the year 2026 by and between the Casitas Municipal Water District, hereinafter designated as the District, and J & H Engineering General Contractors, Inc. hereinafter designated as the Contractor.

WITNESSETH: The parties hereto do mutually agree as follows with respect to the project known as **Asphalt Paving Contract FY26-27 – Specification No. 25-474.**

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ARTICLE II. For the same consideration set forth in Article I above, Contractor agrees to furnish all said materials and labor, furnishing and removing all plants, temporary work or structures, tools and equipment, and doing all the work contemplated and embraced in this Agreement, also to be responsible at its own expense for all loss and damage arising out of the nature of the work aforesaid, or from the action of the elements, or from any unforeseen difficulties which may arise or be encountered in the prosecution of the work until its acceptance by the District, and for all risks of every description connected with the works, and also for all expenses incurred by or in consequence of the suspension or discontinuance of works, except such as in the said Specifications are expressly stipulated to be borne by the District, and for well and faithfully completing the work and the whole thereof, in the manner shown and described in the said Drawings and Specifications and in accordance with the requirements of the Engineer under them, the District will pay and the Contractor shall receive in full compensation thereof the prices for the several items named in the Bidding Sheet of the Proposal.

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Agreement (Continued)

ARTICLE IV. The Notice Inviting Bids, the Instructions to Bidders, the Proposal, the Specifications and the Drawings mentioned therein, and all addenda issued by the District with respect to the foregoing prior to the opening of bids, are hereby incorporated in and made part of this Agreement.

IN WITNESS WHEREOF: the parties hereto have caused this contract to be executed the day and year first above written.

CASITAS MUNICIPAL WATER DISTRICT

By: \_\_\_\_\_  
President of the Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary

Approved as to form:

\_\_\_\_\_  
Attorney

Dated: \_\_\_\_\_

CONTRACTOR

By \_\_\_\_\_

\_\_\_\_\_  
Printed Name

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**CASITAS MUNICIPAL WATER DISTRICT  
MEMORANDUM**

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**TO:** BOARD OF DIRECTORS  
**FROM:** MICHAEL FLOOD, GENERAL MANAGER  
**SUBJECT:** CAL OES FORM 130  
**DATE:** 06/10/2026

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**RECOMMENDATION:**

- Approve Designation of Applicant's Resolution for Non-State Agencies (CalOES Form 130).

**BACKGROUND:**

Casitas frequently applies for funding from FEMA and CalOES related to disaster-related grants and has several active projects with FEMA related to storm damage from 2022 and 2023. The attached Designation of Applicant's Resolution for Non-State Agencies (CalOES Form 130) must be renewed every three years. The previous form was approved in February 2023.

**FINANCIAL IMPACT:**

There is no financial impact associated with approval of the Resolution.

Attachments: Designation of Applicant's Resolution for Non-State Agencies (CalOES Form 130)



Cal OES ID No: \_\_\_\_\_

**DESIGNATION OF APPLICANT'S AGENT RESOLUTION FOR NON-STATE AGENCIES**

BE IT RESOLVED BY THE \_\_\_\_\_ OF THE \_\_\_\_\_  
 (Governing Body) (Name of Applicant)

THAT \_\_\_\_\_, OR  
 (Title of Authorized Agent)

\_\_\_\_\_, OR  
 (Title of Authorized Agent)

\_\_\_\_\_  
 (Title of Authorized Agent)

is hereby authorized to execute for and on behalf of the \_\_\_\_\_,  
 (Name of Applicant)

a public entity established under the laws of the State of California, this application and to file it with the California Governor's Office of Emergency Services for the purpose of obtaining federal financial assistance for any existing or future grant program, including, but not limited to any of the following:

- **Federally declared Disaster (DR), Fire Mitigation Assistance Grant (FMAG), California State Only Disaster (CDAA), Immediate Services Program (ISP), Hazard Mitigation Grant Program (HMGP), Building Resilient Infrastructure and Communities (BRIC), Legislative Pre-Disaster Mitigation Program (LPDM)**, under
- Public Law 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or state financial assistance under the California Disaster Assistance Act.
- **Flood Mitigation Assistance Program (FMA)**, under Section 1366 of the National Flood Insurance Act of 1968.
- **National Earthquake Hazards Reduction Program (NEHRP)** 42 U.S. Code 7704 (b) ((2) (A) (ix) and 42 U.S. Code 7704 (b) (2) (B) National Earthquake Hazards Reduction Program, and also The Consolidated Appropriations Act, 2018, Div. F, Department of Homeland Security Appropriations Act, 2018, Pub. L. No. 115-141
- **California Early Earthquake Warning (CEEW)** under CA Gov Code – Gov, Title 2, Div. 1, Chapter 7, Article 5, Sections 8587.8, 8587.11, 8587.12

That the \_\_\_\_\_, a public entity established under the  
 (Name of Applicant)

laws of the State of California, hereby authorizes its agent(s) to provide to the Governor's Office of Emergency Services for all matters pertaining to such state disaster assistance the assurances and agreements required.



**Please check the appropriate box below**

- This is a universal resolution and is effective for all open and future disasters/grants declared up to three (3) years following the date of approval.
- This is a disaster/grant specific resolution and is effective for only disaster/grant number(s): \_\_\_\_\_

Passed and approved this \_\_\_ day of \_\_\_\_\_, 20\_\_\_

\_\_\_\_\_  
 (Name and Title of Governing Body Representative)

\_\_\_\_\_  
 (Name and Title of Governing Body Representative)

\_\_\_\_\_  
 (Name and Title of Governing Body Representative)

**CERTIFICATION**

I, \_\_\_\_\_, duly appointed and \_\_\_\_\_ of  
 (Name) (Title)

\_\_\_\_\_, do hereby certify that the above is a true and  
 (Name of Applicant)

correct copy of a resolution passed and approved by the \_\_\_\_\_  
 (Governing Body)

of the \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_.  
 (Name of Applicant)

\_\_\_\_\_  
 (Signature)

\_\_\_\_\_  
 (Title)



### Cal OES Form 130 Instructions

**A Designation of Applicant's Agent Resolution for Non-State Agencies is required of all Applicants to be eligible to receive funding. A new resolution must be submitted if a previously submitted resolution is older than three (3) years from the last date of approval, is invalid, or has not been submitted.**

When completing the Cal OES Form 130, Applicants should fill in the blanks on pages 1 and 2. The blanks are to be filled in as follows:

#### **Resolution Section:**

**Governing Body:** This is the group responsible for appointing and approving the Authorized Agents.

Examples include: Board of Directors, City Council, Board of Supervisors, Board of Education, etc.

**Name of Applicant:** The public entity established under the laws of the State of California.

Examples include: School District, Office of Education, City, County or Non-profit agency that has applied for the grant, such as: City of San Diego, Sacramento County, Burbank Unified School District, Napa County Office of Education, University Southern California.

**Authorized Agent:** These are the individuals that are authorized by the Governing Body to engage with the Federal Emergency Management Agency and the California Governor's Office of Emergency Services regarding grants for which they have applied. There are two ways of completing this section:

1. **Titles Only:** The titles of the Authorized Agents should be entered here, not their names. This allows the document to remain valid if an Authorized Agent leaves the position and is replaced by another individual. If "Titles Only" is the chosen method, this document must be accompanied by either a cover letter naming the Authorized Agents by name and title, or the Cal OES AA Names document. The supporting document can be completed by any authorized person within the Agency (e.g., administrative assistant, the Authorized Agent, secretary to the Director). It does not require the Governing Body's signature.
2. **Names and Titles:** If the Governing Body so chooses, the names **and** titles of the Authorized Agents would be listed. A new Cal OES Form 130 will be required if any of the Authorized Agents are replaced, leave the position listed on the document, or their title changes.



**Checking Universal or Disaster-Specific Box:** A Universal resolution is effective for all past disasters and for those declared up to three (3) years following the date of approval. Upon expiration it is no longer effective for new disasters, but it remains in effect for disasters declared prior to expiration. It remains effective until the disaster goes through closeout unless it is superseded by a newer resolution.

**Governing Body Representative:** These are the names and titles of the approving Board Members.

Examples include: Chairman of the Board, Director, Superintendent, etc. The names and titles **cannot** be one of the designated Authorized Agents. A minimum of three (3) approving board members must be listed. If less than three are present, meeting minutes must be attached in order to verify a quorum was met.

**Certification Section:**

**Name and Title:** This is the individual in attendance who recorded the creation and approval of this resolution.

Examples include: City Clerk, Secretary to the Board of Directors, County Clerk, etc. This person **cannot** be one of the designated Authorized Agents or Approving Board Member. If a person holds two positions (such as City Manager and Secretary to the Board) and the City Manager is to be listed as an Authorized Agent, then that person could sign the document as Secretary to the Board (not City Manager) to eliminate "Self-Certification."



**Casitas Municipal Water District**  
**State Water Project - Interconnect Project Costs**  
**As of 5/31/26**

Project No:	Project Name:	Costs paid to date	Encumbered	Total Encumbered & Cost To Date	Grant Revenue Received To Date
378	State Water Interconnect - Calleguas to Casitas	123,668	-	123,668	-
527	State Water Interconnect - Carpinteria to Casitas	9,221,092	36,430,096	45,651,188	520,850
606	State Water Interconnect - Ventura to Casitas	249,242	-	249,242	-
Project(s) Cost To Date:		<u>9,594,002</u>	<u>36,430,096</u>	<u>46,024,098</u>	<u>520,850</u>

**CASITAS MUNICIPAL WATER DISTRICT  
TREASURER'S MONTHLY REPORT OF INVESTMENTS  
05/31/26**

Type of Invest	Institution	CUSIP	Date of Maturity	Original Cost	Current Mkt Value	Rate of Interest	Date of Deposit	% of Portfolio	Days to Maturity
*TB	Federal Home Loan Bank	3133ERFJ5	5/20/2027	\$848,530	\$854,879	4.500%	6/18/2024	7.75%	350
*TB	Federal Home Loan Bank	912797RF6	7/9/2026	\$962,133	\$996,170	4.080%	5/10/2017	9.03%	39
*TB	US Treasury Note	91282CMH1	1/31/2027	\$723,188	\$726,443	4.125%	2/21/2025	6.59%	240
*TB	Farmer MAC	31315PYF0	5/2/2028	\$512,355	\$489,375	2.925%	11/20/2017	4.44%	692
*TB	Farmer MAC	3133EEPH7	2/12/2029	\$480,251	\$460,591	2.710%	11/20/2017	4.18%	972
*TB	US Treasury Note	912797RG4	8/6/2026	\$2,020,753	\$2,086,077	3.660%	9/4/2024	18.91%	66
*TB	US Treasury Note	91282CLS8	10/31/2026	\$728,888	\$730,913	4.125%	11/1/2024	6.63%	150
*TB	US Treasury Note	912797QX8	6/11/2026	\$1,486,472	\$1,498,500	3.620%	3/2/2026	13.59%	11
*CB	US Corporate Obligations	79466LAR5	3/15/2029	\$501,395	\$501,020	4.650%	4/27/2026	4.54%	1005
*TB	US Treasury Note	91282CMW8	4/15/2028	\$1,997,734	\$1,990,860	3.750%	4/27/2026	18.05%	675
*TB	US Treasury Note	91282CMZ1	4/30/2030	\$699,563	\$694,260	3.875%	4/14/2026	6.29%	1410
<b>Total in Gov't Sec. (11-00-1055-00&amp;1065)</b>				<b>\$10,961,261</b>	<b>\$11,029,087</b>			<b>91.64%</b>	
<b>Total Certificates of Deposit:</b>				<b>\$0</b>	<b>\$0</b>			<b>0.00%</b>	
**	<b>LAIF as of 5/31/2026: (11-00-1050-00)</b>		N/A	<b>\$1,002,302</b>	<b>\$1,002,302</b>	3.87%	Estimated	<b>8.33%</b>	
***	<b>COVI as of 5/31/2026: (11-00-1060-00)</b>		N/A	<b>\$3,350</b>	<b>\$3,350</b>	3.59%	Estimated	<b>0.03%</b>	
<b>TOTAL FUNDS INVESTED</b>				<b>\$11,966,913</b>	<b>\$12,034,739</b>			<b>100.00%</b>	
Total Funds Invested last report				\$11,966,913	\$12,030,251				
Total Funds Invested 1 Yr. Ago				\$11,312,947	\$10,999,516				
****	<b>CASH IN BANK (11-00-1000-00) EST.</b>			<b>\$6,595,583</b>	<b>6,595,583.14</b>				
	<b>CASH IN Custody Money Market</b>			<b>\$180,725</b>	<b>\$180,725</b>				
<b>TOTAL CASH &amp; INVESTMENTS</b>				<b>\$18,743,220</b>	<b>\$18,811,047</b>				
TOTAL CASH & INVESTMENTS 1 YR AGO				\$17,276,469	\$16,963,038				
*CD	CD - Certificate of Deposit								
*TB	TB - Federal Treasury Bonds or Bills								
*CB	CB- Corporate Bonds								
**	Local Agency Investment Fund								
***	County of Ventura Investment Fund								
	Estimated interest rate, actual not due at present time.								
****	Cash in bank								

No investments were made pursuant to subdivision (i) of Section 53601, Section 53601.1 and subdivision (i) Section 53635 of the Government Code.

All investments were made in accordance with the Treasurer's annual statement of investment policy.



**Consumption Report**

**Water Sales FY 2025-2026 (Acre-Feet)**

Classification	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Month to Date	
													2025/ 2026	2024/ 2025
													Total	Total
AD Ag-Domestic	311	355	265	194	68	60	51	54	191	168	-	-	1,717	2,038
MAD Ag-Domestic Multi	11	13	11	8	2	2	2	2	9	6	-	-	63	84
AG Ag	223	251	197	128	45	52	42	40	120	106	-	-	1,205	1,213
C Commercial	108	126	81	74	37	38	35	33	58	61	-	-	651	629
DI Interdepartmental	21	22	16	10	3	3	2	3	12	9	-	-	101	115
F Fire	0	0	0	0	-	0	0	0	-	0	-	-	0	0
I Industrial	2	2	2	2	1	2	1	1	2	2	-	-	19	16
OT Other	31	33	24	21	11	7	6	7	15	18	-	-	173	194
R Residential	245	272	221	204	120	122	107	104	170	169	-	-	1,733	1,828
RM Residential Multi	31	36	29	29	21	20	19	19	26	25	-	-	255	263
RS - P Resale Pumped	118	130	101	29	16	16	16	16	4	4	-	-	448	140
RS - G Resale Gravity	177	272	343	360	443	344	75	84	238	266	-	-	2,601	2,264
TE Temporary	1	1	0	0	0	0	0	0	0	0	-	-	3	13
<b>Total</b>	<b>1,278</b>	<b>1,511</b>	<b>1,290</b>	<b>1,059</b>	<b>767</b>	<b>665</b>	<b>356</b>	<b>363</b>	<b>845</b>	<b>836</b>	<b>-</b>	<b>-</b>	<b>8,969</b>	<b>8,796</b>
<b>CMWD</b>	<b>1,070</b>	<b>1,279</b>	<b>1,101</b>	<b>877</b>	<b>655</b>	<b>553</b>	<b>257</b>	<b>265</b>	<b>696</b>	<b>684</b>	<b>-</b>	<b>-</b>	<b>7,439</b>	<b>7,187</b>
<b>OJAI</b>	<b>208</b>	<b>232</b>	<b>189</b>	<b>182</b>	<b>112</b>	<b>112</b>	<b>99</b>	<b>98</b>	<b>149</b>	<b>152</b>	<b>-</b>	<b>-</b>	<b>1,531</b>	<b>1,609</b>
<b>Total 2024 / 2025</b>	<b>1,416</b>	<b>1,580</b>	<b>1,383</b>	<b>1,124</b>	<b>710</b>	<b>680</b>	<b>718</b>	<b>269</b>	<b>265</b>	<b>650</b>	<b>961</b>	<b>1,078</b>	<b>N/A</b>	<b>10,835</b>