



**FINANCE AND ADMINISTRATION  
COMMITTEE MEETING  
OF THE BOARD OF DIRECTORS  
INLAND EMPIRE UTILITIES AGENCY\***

**WEDNESDAY, JUNE 10, 2020  
10:30 A.M.**

**INLAND EMPIRE UTILITIES AGENCY\*  
Telecon: (415) 856-9169/Conference ID: 173 370 603#**

PURSUANT TO THE PROVISIONS OF EXECUTIVE ORDER N-25-20 ISSUED BY GOVERNOR GAVIN NEWSOM ON MARCH 12, 2020, AND EXECUTIVE ORDER N-29-20 ISSUED BY GOVERNOR GAVIN NEWSOM ON MARCH 17, 2020 ANY BOARD MEMBER MAY CALL INTO THE BOARD MEETING WITHOUT OTHERWISE COMPLYING WITH ALL BROWN ACT'S TELECONFERENCE REQUIREMENTS.

**TELECONFERENCE ACCESSIBILITY FOR THE GENERAL PUBLIC:**

In all efforts to prevent the spread of COVID-19, until further notice, the Inland Empire Utilities Agency will be holding all Board and Committee meetings by teleconferencing.

The meeting will be accessible at: (415) 856-9169 / Conf Code: 173 370 603#

This meeting is being conducted virtually by video and audio conferencing. There will be no public location available to attend the meeting; however, the public may participate and provide public comment during the meeting by calling into the number provided above. The public may also view the meeting live through the Agency's website. Alternatively, you may email your public comments to the Board Secretary/Office Manager April Woodruff at [awoodruff@ieua.org](mailto:awoodruff@ieua.org) no later than 24 hours prior to the scheduled meeting time. Your comments will then be read into the record during the meeting.

**CALL TO ORDER**

**PUBLIC COMMENT**

Members of the public may address the Board on any item that is within the jurisdiction of the Board; however, no action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by Subdivision (b) of Section 54954.2 of the Government Code. Those persons wishing to address the Board on any matter, whether or not it appears on the agenda, are requested to email the Board Secretary no later than 24 hours prior to the scheduled meeting time or address the Board during the public comments section of the meeting. Comments will be limited to three minutes per speaker. Thank you.

**ADDITIONS TO THE AGENDA**

In accordance with Section 54954.2 of the Government Code (Brown Act), additions to the agenda require two-thirds vote of the legislative body, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted.

**1. CONSENT ITEMS**

**A. MINUTES**

The Committee will be asked to approve the Finance and Administration Committee meeting minutes of March 11, 2020.

**B. REPORT ON GENERAL DISBURSEMENTS**

Staff recommends that the Committee/Board approve the total disbursements for the month of April 2020, in the amount of \$12,392,970.89.

**C. ADOPTION OF RESOLUTION NO. 2020-6-13, ESTABLISHING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR (FY) 2020/21**

Staff recommends that the Committee/Board adopt Resolution No. 2020-6-13, establishing the appropriations limit for Fiscal Year 2020/21.

**D. FISCAL YEAR 2020/21 PROPOSED BUDGET AMENDMENT AND RATE RESOLUTIONS**

Staff recommends that the Committee/Board:

1. Approve the amendments to the FY 2020/21 Adopted Budget;
2. Approve the inter-fund loan repayment of \$3 million from the Recycled Water fund to the Non-Reclaimable Wastewater in FY 2020/21; and
3. Adopt Rate Resolution Nos. 2020-6-1 through 2020-6-12.

**E. IEUA TEN-YEAR FORECAST**

Staff recommends that the Committee/Board adopt the Fiscal Year 2020/21-2029/30 Ten-Year Forecast.

**2. ACTION ITEMS**

**A. APPROVAL OF 2020A REFUNDING BONDS AND 2020B REVENUE NOTES**

Staff recommends that the Committee/Board:

1. Adopt Resolution No. 2020-6-16, authorizing the issuance of the Chino Basin Regional Financing Authority Refunding Revenue Bonds, Series 2020A (Inland Empire Utilities Agency) (2020A Bonds) in the principal amount not-to-exceed \$75,000,000 and approve the execution and delivery of certain documents in connection therewith and certain other matters; and

2. Adopt Resolution No. 2020-6-17, authorizing the issuance of the Chino Basin Regional Financing Authority Revenue Notes, Series 2020B (Inland Empire Utilities Agency) (2020A Bonds) based on specified conditions, in the principal amount not-to-exceed \$250,000,000 and approve the execution and delivery of certain documents in connection therewith and certain other matters.

**B. RP-1 FLARE IMPROVEMENTS CONSTRUCTION CONTRACT AWARD**

Staff recommends that the Committee/Board:

1. Award a construction contract for the RP-1 Flare System Improvements, Project No. EN18006, to W.M. Lyles Co., in the amount of \$5,540,000;
2. Approve a contract amendment to Lee & Ro, Inc., for engineering services during construction for a not-to-exceed amount of \$182,550;
3. Approve a total project budget amendment in the amount of \$1,968,000 in the Regional Capital (RC) Fund; and
4. Authorize the General Manager to execute the contract, contract amendment, and budget augmentation, subject to non-substantive changes.

**C. FORCE MAIN IMPROVEMENTS CONSTRUCTION CONTRACT AWARD**

Staff recommends that the Committee/Board:

1. Award a construction contract for the Regional Force Main Improvements, Project No. EN19025, to Ferreira Construction Company, Inc., in the amount of \$3,786,070;
2. Approve a contract amendment to GHD for engineering services during construction for a not-to-exceed amount of \$125,428;
3. Approve a total project budget amendment in the amount of \$627,000 in the Regional Capital (RC) fund; and
4. Authorize the General Manager to execute the contract, contract amendment, and budget augmentation, subject to non-substantive changes.

**3. INFORMATION ITEM**

**A. RP-5 EXPANSION BID UPDATE (POWERPOINT)**

**B. FISCAL YEAR 2019/20 THIRD QUARTER BUDGET VARIANCE, PERFORMANCE GOAL UPDATES, AND BUDGET TRANSFERS (WRITTEN/POWERPOINT)**

**RECEIVE AND FILE INFORMATION ITEM**

**C. TREASURER'S REPORT OF FINANCIAL AFFAIRS (WRITTEN/  
POWERPOINT)**

**4. GENERAL MANAGER'S COMMENTS**

**5. COMMITTEE MEMBER COMMENTS**

**6. COMMITTEE MEMBER REQUESTED FUTURE AGENDA ITEMS**

**7. ADJOURN**

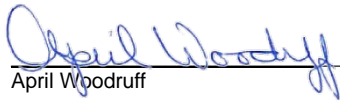
\*A Municipal Water District

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Board Secretary (909-993-1736), 48 hours prior to the scheduled meeting so that the Agency can make reasonable arrangements.

Proofed by: shl

**DECLARATION OF POSTING**

I, April Woodruff, Board Secretary/Office Manager of the Inland Empire Utilities Agency, A Municipal Water District, hereby certify that a copy of the agenda has been posted by 5:30 p.m. in the foyer at the Agency's main office, 6075 Kimball Ave., Building A, Chino, CA on Thursday, June 4, 2020.

  
April Woodruff



**CONSENT  
ITEM  
1A**



**MINUTES  
FINANCE AND ADMINISTRATION  
COMMITTEE MEETING  
INLAND EMPIRE UTILITIES AGENCY\*  
AGENCY HEADQUARTERS, CHINO, CA**

**WEDNESDAY, MARCH 11, 2020  
10:30 A.M.**

**COMMITTEE MEMBERS PRESENT**

Paul Hofer, Chair  
Steven J. Elie

**COMMITTEE MEMBERS ABSENT**

None

**STAFF PRESENT**

Shivaji Deshmukh, General Manager  
Kathy Besser, Executive Manager of External Affairs & Policy Development/AGM  
Christiana Daisy, Executive Manager of Engineering/AGM  
Randy Lee, Executive Manager of Operations/AGM  
Warren Green, Manager of Contracts, Procurement & Risk Services  
Jason Marseilles, Senior Engineer  
John Scherck, Senior Project Manager  
Daniel Solorzano, Technology Specialist I  
Wilson To, Technology Specialist II  
Teresa Velarde, Manager of Internal Audit  
April Woodruff, Board Secretary/Office Manager

**OTHERS PRESENT**

None

The meeting was called to order at 10:32 a.m. There were no public comments received or additions to the agenda.

**CONSENT CALENDAR ITEMS**

The Committee:

- ◆ Approved the Finance and Administration Committee meeting minutes of February 12, 2020.

- ◆ Recommended that the Board approve the total disbursements for the month of January 2020, in the amount of \$16,090,531.02;

as Consent Calendar Item on the March 18, 2020 Board meeting agenda.

### **ACTION ITEMS**

The Committee:

- ◆ Recommended that the Board authorize the General Manager or his designee the authority to approve necessary purchases and change orders specifically associated to the Regional Plant No. 5 Expansion Project, Project Nos. EN19001 and EN19006, up to \$500,000;

as an Action Item on the March 18, 2020 Board meeting agenda.

### **INFORMATION ITEMS**

The following information item was received and filed by the Committee:

- ◆ Interim Financing to Support RP-5 Expansion Project
- ◆ Fiscal Year 2019/20 Second Quarter Budget Variance, Performance Goal Updates, and Budget Transfers
- ◆ Treasurer's Report of Financial Affairs

### **GENERAL MANAGER'S COMMENTS**

General Manager Shivaji Deshmukh gave an update of precautionary measures taken by staff due to the COVID-19. He also stated that the city of Chino has decided to cancel their participation in the Agency's Earth Day events, which has led the Agency to move forward in cancelling the event. Staff is accessing each situation on an as needed basis and he stated that he will keep the Board of Directors updated.

### **COMMITTEE MEMBER COMMENTS**

There were no Committee Member comments.

### **COMMITTEE MEMBER REQUESTED FUTURE AGENDA ITEMS**

There were no Committee member requests for future agenda items.

With no further business, Director Elie adjourned the meeting at 10:56 a.m.

Respectfully submitted,

April Woodruff  
Board Secretary/Office Manager

*\*A Municipal Water District*

**APPROVED: JUNE 10, 2020**

**CONSENT  
ITEM  
1B**

**Date:** June 17, 2020

**To:** The Honorable Board of Directors

**From:** Shivaji Deshmukh, General Manager

*SSD*

**Committee:** Finance & Administration

06/10/20

**Executive Contact:** Christina Valencia, Executive Manager of Finance & Administration/AGM

**Subject:** Report on General Disbursements

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**Executive Summary:**

Total disbursements for the month of April 2020 were \$12,392,970.89. Disbursement activity included check payments of \$3,017,970.21 to vendors and \$107,407.46 for worker's compensation related costs. Electronic payments included Automated Clearing House (ACH) of \$4,171,616.82 and wire transfers (excluding payroll) of \$3,375,926.00. Total payroll was \$1,714,799.17 for employees and \$5,251.23 for the Board of Directors.

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**Staff's Recommendation:**

Approve the total disbursements for the month of April 2020, in the amount of \$12,392,970.89.

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**Budget Impact** *Budgeted (Y/N):* N *Amendment (Y/N):* N *Amount for Requested Approval:*

*Account/Project Name:*

*Fiscal Impact (explain if not budgeted):*

**Prior Board Action:**

On May 20, 2020 the Board of Directors approved the March 2020 Report on General Disbursements totaling \$20,720,582.59.

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**Environmental Determination:**

Not Applicable

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**Business Goal:**

The report on general disbursements is consistent with the Agency's Business Goal of Fiscal Responsibility in providing financial reporting that accounts for general disbursements associated with operating requirements.

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**Attachments:**

Attachment 1 - Background

Attachment 2 - Details of General Disbursements

## Background

Subject: Report on General Disbursements

Table 1 summarizes the disbursements detailed in each of the six attachments affixed to this letter. Table 2 lists the disbursements in excess of an aggregated \$500,000 per vendor and is presented in largest to smallest dollar value.

**Table 1: Disbursement Details**

Attachment	Payment Type	Amount
2A	Vendor Checks	\$ 3,017,970.21
2B	Workers' Comp Checks	\$ 107,407.46
2C	Vendor ACHs	\$ 4,171,616.82
2D	Vendor Wires (excludes Payroll)	\$ 3,375,926.00
2E	Payroll-Net Pay-Directors	\$ 5,251.23
2F	Payroll-Net Pay-Employees	\$ 1,714,799.17
<b>Total Disbursements</b>		<b>\$12,392,970.89</b>

**Table 2: Disbursements in Excess of \$500,000 per Vendor**

Vendor	Amount	Description
MWD	\$ 1,720,036.65	February 2020 Water Purchases
IRS	\$ 748,717.04	P/R 08, 09, 108; Dir 04 Payroll Taxes
PERS	\$ 684,536.75	04/20 Health Ins / P/R 8, 09 Def Comp
PLUMBERS DEPOT	\$ 520,616.09	Professional Svc's for: EP20005 – Gap Vax Combo / Vacuum Truck Replacement

# Attachment 2A

## Vendor Checks



Inland Empire Util.Agency  
Chino, CA  
Company code 1000

Check Register  
CBB Disbursement Account-April 2020

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Page: 1

Bank	CBB	CITIZENS BUSINESS BANK				ONTARIO CA 917610000
Bank Key	122234149					
Acct number	CHECK	231167641				
Check						
Check number from to	Payment	Pmnt date	Crcy	Amount paid (FC)	Recipient/void reason code	Enca./void
232234	2200106617	04/02/2020	USD	949.12	AGILENT TECHNOLOGIES INC LOS ANGELES CA	04/06/2020
232235	2200106658	04/02/2020	USD	2,849.43	AMERICAN PRINTING & PROMOTIONSCHINO CA	04/07/2020
232236	2200106657	04/02/2020	USD	267.50	AMTEC CHINO HILLS CA	04/07/2020
232237	2200106610	04/02/2020	USD	2,191.25	APPLEONE EMPLOYMENT SERVICES GLENDALE CA	04/07/2020
232238	2200106638	04/02/2020	USD	389.77	ASAP INDUSTRIAL SUPPLY FONTANA CA	04/08/2020
232239	2200106643	04/02/2020	USD	17,339.00	BRIGHTVIEW LANDSCAPE SERVICES PASADENA CA	04/06/2020
232240	2200106659	04/02/2020	USD	15,000.00	CAEATFA SACRAMENTO CA	05/01/2020
232241	2200106627	04/02/2020	USD	48,063.50	CAL-LIFT INC CITY OF INDUSTRY CA	04/07/2020
232242	2200106613	04/02/2020	USD	483.00	CALIF WATER ENVIRONMENT ASSOC OAKLAND CA	04/21/2020
232243	2200106623	04/02/2020	USD	580.37	CAMBRIDGE ISOTOPE LABORATORIESCHICAGO IL	04/06/2020
232244	2200106653	04/02/2020	USD	36,890.72	CAPO PROJECTS GROUP LLC SAN JUAN CAPISTRANO CA	04/06/2020
232245	2200106635	04/02/2020	USD	7,912.87	CARRIER CORPORATION FARMINGTON CT	05/04/2020
232246	2200106649	04/02/2020	USD	1,000.00	CASA EDUCATION FOUNDATION SACRAMENTO CA	04/23/2020
232247	2200106625	04/02/2020	USD	2,910.00	CASC ENGINEERING AND CONSULTINCOLTON CA	04/10/2020
232248	2200106612	04/02/2020	USD	9,512.58	CHINO BASIN WATERMASTER RANCHO CUCAMONGA CA	04/09/2020
232249	2200106631	04/02/2020	USD	2,691.43	CINTAS CORPORATION LOC#150 PHOENIX AZ	04/07/2020
232250	2200106606	04/02/2020	USD	4,297.12	CITY OF CHINO CHINO CA	
232251	2200106599	04/02/2020	USD	58.00	CITY RENTALS INC ONTARIO CA	04/07/2020
232252	2200106619	04/02/2020	USD	207.96	CITY TOOL WORKS INC ONTARIO CA	04/07/2020
232253	2200106634	04/02/2020	USD	628.50	CONCENTRA MEDICAL CENTERS RANCHO CUCAMONGA CA	04/08/2020
232254	2200106644	04/02/2020	USD	10,300.39	D & H WATER SYSTEMS INC OCEANSIDE CA	04/07/2020
232255	2200106637	04/02/2020	USD	2,010.00	DAVID WHEELER'S PEST CONTROL, NORCO CA	04/08/2020
232256	2200106611	04/02/2020	USD	16,672.34	DELL MARKETING L P PASADENA CA	04/06/2020
232257	2200106666	04/02/2020	USD	143.30	DIAS, MICHAEL CHINO HILLS CA	04/27/2020
232258	2200106616	04/02/2020	USD	743.25	EASTERN MUNICIPAL WATER DIST PERRIS CA	04/07/2020
232259	2200106650	04/02/2020	USD	15,955.00	ECTIVIS INC PASADENA CA	04/13/2020
232260	2200106651	04/02/2020	USD	2,960.00	ENDEMIC ENVIRONMENTAL SERVICESFULLERTON CA	04/07/2020
232261	2200106601	04/02/2020	USD	1,383.83	FISHER SCIENTIFIC LOS ANGELES CA	04/06/2020
232262	2200106609	04/02/2020	USD	743.12	FLW INC HUNTINGTON BEACH CA	04/14/2020
232263	2200106661	04/02/2020	USD	1,158.02	FRONTIER COMMUNICATIONS CORP CINCINNATI OH	04/10/2020
232264	2200106640	04/02/2020	USD	25,649.50	GHD PASADENA CA	04/06/2020
232265	2200106605	04/02/2020	USD	5,772.66	GRAINGER PALATINE IL	04/07/2020
232266	2200106656	04/02/2020	USD	7,000.00	HALLSTEN CORPORATION NORTH HIGHLANDS CA	04/08/2020
232267	2200106641	04/02/2020	USD	16,760.00	HARPER & ASSOCIATES ENGINEERINGCORONA CA	04/16/2020
232268	2200106602	04/02/2020	USD	58.87	HOME DEPOT CREDIT SERVICES PHOENIX AZ	04/08/2020
232269	2200106655	04/02/2020	USD	7,500.00	HYAS GROUP LLC PORTLAND OR	04/14/2020
232270	2200106670	04/02/2020	USD	43.70	JAUREGUI, DANIEL CHINO HILLS CA	
232271	2200106629	04/02/2020	USD	11,185.00	KENNEDY/JENKS CONSULTANTS INC PORTLAND OR	04/08/2020
232272	2200106639	04/02/2020	USD	95.00	KIM'S MASTER AUTO REPAIR CHINO CA	04/14/2020
232273	2200106664	04/02/2020	USD	1,733.26	LENING, SCOTT CHINO HILLS CA	04/27/2020
232274	2200106668	04/02/2020	USD	10.00	MARTINEZ, ARNOLDO CHINO HILLS CA	04/08/2020
232275	2200106663	04/02/2020	USD	115.27	MCCHRISTY, KAREN CHINO HILLS CA	05/11/2020
232276	2200106620	04/02/2020	USD	1,788.65	MCR TECHNOLOGIES INC LAKE FOREST CA	04/10/2020
232277	2200106614	04/02/2020	USD	1,202.00	O RINGS & THINGS FONTANA CA	04/10/2020

Inland Empire Util.Agency  
Chino, CA  
Company code 1000

Check Register  
CBB Disbursement Account-April 2020

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Check						
Check number from to	Payment	Pmnt date	Crcy	Amount paid (FC)	Recipient/void reason code	Enca./void
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232279	2200106647	04/02/2020	USD	3,754.96	PACIFIC COURIERS INC EL MONTE CA	04/07/2020
232280	2200106624	04/02/2020	USD	310.86	PANTHER PROTECTION ORANGE CA	04/07/2020
232281	2200106622	04/02/2020	USD	30,170.00	PARKSON CORP ORLANDO FL	04/06/2020
232282	2200106603	04/02/2020	USD	381.65	PERKINELMER HEALTH SCIENCES INCHICAGO IL	04/07/2020
232283	2200106604	04/02/2020	USD	1,566.89	PETE'S ROAD SERVICE FULLERTON CA	04/07/2020
232284	2200106652	04/02/2020	USD	4,860.00	POLITICO LLC BOSTON MA	04/06/2020
232285	2200106665	04/02/2020	USD	68.82	POMPA, JESSE CHINO HILLS CA	04/28/2020
232286	2200106646	04/02/2020	USD	445.78	PSA PRINT GROUP RANCHO CUCAMONGA CA	04/07/2020
232287	2200106615	04/02/2020	USD	334.03	RAINBOW BOLT & SUPPLY RIVERSIDE CA	04/13/2020
232288	2200106598	04/02/2020	USD	2,986.70	REM LOCK & KEY ONTARIO CA	04/08/2020
232289	2200106633	04/02/2020	USD	732.64	READY REFRESH BY NESTLE LOUISVILLE KY	04/14/2020
232290	2200106654	04/02/2020	USD	1,920.00	RED HAWK FIRE & SECURITY LLC LOS ANGELES CA	04/08/2020
232291	2200106618	04/02/2020	USD	225.00	RED WING BUSINESS ADVANTAGE DALLAS TX	04/06/2020
232292	2200106621	04/02/2020	USD	1,882.29	RESTEK CORP LANCASTER PA	04/07/2020
232293	2200106628	04/02/2020	USD	4,022.67	RITE-WAY ROOF CORPORATION FONTANA CA	04/07/2020
232294	2200106636	04/02/2020	USD	6,500.00	ROGERS ANDERSON MALODY & SCOTTISAN BERNARDINO CA	04/06/2020
232295	2200106662	04/02/2020	USD	43.70	SCALERA, TYRONE CHINO HILLS CA	05/11/2020
232296	2200106660	04/02/2020	USD	7,053.38	SO CALIF EDISON ROSEMEAD CA	04/08/2020
232297	2200106642	04/02/2020	USD	3,500.00	STAFFING NETWORK LLC CAROL STREAM IL	04/08/2020
232298	2200106632	04/02/2020	USD	39,391.56	U S BANK ST LOUIS MO	04/08/2020
232299	2200106626	04/02/2020	USD	72,291.48	W A RASIC CONSTRUCTION CO INC LONG BEACH CA	04/07/2020
232300	2200106667	04/02/2020	USD	35.65	WANG, PHEBE CHINO HILLS CA	04/23/2020
232301	2200106608	04/02/2020	USD	267.00	WATER ENVIRONMENT FEDERATION BALTIMORE MD	04/08/2020
232302	2200106648	04/02/2020	USD	39,303.00	WATER RESEARCH FOUNDATION DENVER CO	04/14/2020
232303	2200106645	04/02/2020	USD	14,690.76	WESTERN AUDIO VISUAL ORANGE CA	04/06/2020
232304	2200106630	04/02/2020	USD	496.77	WORLDWIDE EXPRESS ALBANY NY	04/20/2020
232305	2200106669	04/02/2020	USD	103.50	ZAMORANO, JUAN CHINO HILLS CA	05/12/2020
232307	2200106675	04/02/2020	USD	306.91	SO CALIF GAS MONTEREY PARK CA	04/15/2020
232308	2200106809	04/09/2020	USD	7,831.43	A & J TRUCK REPAIR NORCO CA	04/15/2020
232309	2200106785	04/09/2020	USD	553.74	AGILENT TECHNOLOGIES INC LOS ANGELES CA	04/13/2020
232310	2200106784	04/09/2020	USD	1,632.67	AGILENT TECHNOLOGIES SAN FRANCISCO CA	04/13/2020
232311	2200106774	04/09/2020	USD	1,338.39	AIRGAS WEST INC PASADENA CA	04/13/2020
232312	2200106797	04/09/2020	USD	4,502.22	AUTOZONE INC ATLANTA GA	04/14/2020
232313	2200106801	04/09/2020	USD	1,357.50	CAMET RESEARCH, INC. GOLETA CA	04/22/2020
232314	2200106820	04/09/2020	USD	147.63	CARL H TAYLOR III CRYSTAL RIVER FL	04/15/2020
232315	2200106786	04/09/2020	USD	102.00	CHINO CREEK TOASTMASTER CLUB CHINO HILLS CA	
232316	2200106793	04/09/2020	USD	3,184.61	CINTAS CORPORATION LOC#150 PHOENIX AZ	04/14/2020
232317	2200106819	04/09/2020	USD	414.50	CITY EMPLOYEES ASSOCIATES LONG BEACH CA	04/14/2020
232318	2200106800	04/09/2020	USD	800.00	CIVILTEC ENGINEERING, INC. MONROVIA CA	04/22/2020
232319	2200106768	04/09/2020	USD	1,854.51	COLE FARMER INSTRUMENT CO CHICAGO IL	04/13/2020
232320	2200106821	04/09/2020	USD	42.55	CUNNINGHAM, RICHARD CHINO HILLS CA	04/24/2020
232321	2200106823	04/09/2020	USD	39.98	DIAS, MICHAEL CHINO HILLS CA	04/27/2020
232322	2200106806	04/09/2020	USD	10,719.05	DORGAN LEGAL SERVICES LLP PASADENA CA	04/20/2020

Inland Empire Util.Agency  
Chino, CA  
Company code 1000

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CEB Disbursement Account-April 2020

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Acct number	CHECK	231167641				
Check						
Check number from to	Payment	Pmnt date	Crcy	Amount paid (FC)	Recipient/void reason code	Enca./void
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232324	2200106769	04/09/2020	USD	4,295.51	FISHER SCIENTIFIC LOS ANGELES CA	04/13/2020
232325	2200106817	04/09/2020	USD	125.00	FRANCHISE TAX BOARD SACRAMENTO CA	04/21/2020
232326	2200106813	04/09/2020	USD	560.27	FRONTIER COMMUNICATIONS CORP CINCINNATI OH	04/16/2020
232327	2200106775	04/09/2020	USD	6,899.43	GRAINGER PALATINE IL	04/14/2020
232328	2200106798	04/09/2020	USD	3,480.00	HARPER & ASSOCIATES ENGINEERINCORONA CA	04/23/2020
232329	2200106770	04/09/2020	USD	71.01	HOME DEPOT CREDIT SERVICES PHOENIX AZ	04/13/2020
232330	2200106815	04/09/2020	USD	51.00	INLAND EMPIRE UNITED WAY RANCHO CUCAMONGA CA	04/15/2020
232331	2200106781	04/09/2020	USD	3,055.17	KONICA MINOLTA BUSINESS SOLUTIONPASADENA CA	04/14/2020
232332	2200106818	04/09/2020	USD	237.20	LEGALSHIELD ADA OK	04/16/2020
232333	2200106795	04/09/2020	USD	1,717.71	LILLESTRAND LEADERSHIP CONSULTCHINO HILLS CA	04/17/2020
232334	2200106802	04/09/2020	USD	744.00	LITTLE SISTER'S TRUCK WASH, INBONSALL CA	04/15/2020
232335	2200106808	04/09/2020	USD	10,942.71	M BREY ELECTRIC INC BEAUMONT CA	04/15/2020
232336	2200106824	04/09/2020	USD	18.07	MARTINEZ, ARNOLDO CHINO HILLS CA	04/13/2020
232337	2200106794	04/09/2020	USD	14,500.00	MAUREEN ERBEZNIK AND ASSOCIATELOS ANGELES CA	04/15/2020
232338	2200106787	04/09/2020	USD	291.01	MIDPOINT BEARING ONTARIO CA	04/14/2020
232339	2200106778	04/09/2020	USD	753.78	MOTION INDUSTRIES INC LOS ANGELES CA	04/13/2020
232340	2200106805	04/09/2020	USD	34,719.00	MWH CONSTRUCTORS INC BROOMFIELD CO	04/24/2020
232341	2200106807	04/09/2020	USD	185,150.65	MYERS AND SONS CONSTRUCTION LPSACRAMENTO CA	04/16/2020
232342	2200106771	04/09/2020	USD	7,370.40	ORANGE COUNTY WATER DISTRICT FOUNTAIN VALLEY CA	04/14/2020
232343	2200106822	04/09/2020	USD	190.00	PARKER, STEPHEN CHINO HILLS CA	04/20/2020
232344	2200106816	04/09/2020	USD	205.38	PERS LONG TERM CARE PROGRAM PASADENA CA	04/13/2020
232345	2200106782	04/09/2020	USD	334.03	RAINBOW BOLT & SUPPLY RIVERSIDE CA	04/21/2020
232346	2200106789	04/09/2020	USD	3,003.96	SAN BERNARDINO COUNTY SAN BERNARDINO CA	04/15/2020
232347	2200106776	04/09/2020	USD	29,240.00	SAN BERNARDINO VALLEY MWD SAN BERNARDINO CA	04/20/2020
232348	2200106804	04/09/2020	USD	334.82	SCP SCIENCE CHAMPLAIN NY	04/17/2020
232349	2200106814	04/09/2020	USD	421.13	SHERIFF'S COURT SERVICES SAN BERNARDINO CA	04/20/2020
232350	2200106811	04/09/2020	USD	50,061.25	SO CALIF EDISON ROSEMEAD CA	04/16/2020
232351	2200106812	04/09/2020	USD	2,445.22	SO CALIF GAS MONTEREY PARK CA	04/15/2020
232352	2200106772	04/09/2020	USD	4,852.00	SOUTHWEST ALARM SERVICE UPLAND CA	04/23/2020
232353	2200106799	04/09/2020	USD	3,275.00	STAFFING NETWORK LLC CAROL STREAM IL	04/15/2020
232354	2200106780	04/09/2020	USD	150.00	STATE WATER RESOURCES CNTRL BRSACRAMENTO CA	04/17/2020
232355	2200106803	04/09/2020	USD	12,394.32	STOTZ EQUIPMENT MONICLAIR CA	04/15/2020
232356	2200106810	04/09/2020	USD	8,613.67	SUPPLY SOLUTIONS CERRITOS CA	04/13/2020
232357	2200106790	04/09/2020	USD	3,402.91	SYSTEMS SOURCE INC NEWPORT BEACH CA	04/14/2020
232358	2200106791	04/09/2020	USD	11,900.00	TOM DAY TREE SERVICE INC UPLAND CA	04/14/2020
232359	2200106773	04/09/2020	USD	1,644.44	UNDERGROUND SERVICE ALERT/SC CORONA CA	04/27/2020
232360	2200106792	04/09/2020	USD	2,000.00	VAUGHAN'S INDUSTRIAL REPAIR COPARAMOUNT CA	04/14/2020
232361	2200106788	04/09/2020	USD	8,614.96	VERIZON WIRELESS DALLAS TX	04/14/2020
232362	2200106779	04/09/2020	USD	819.06	WATER EDUCATION FOUNDATION SACRAMENTO CA	05/01/2020
232363	2200106777	04/09/2020	USD	332.00	WATER ENVIRONMENT FEDERATION BALTIMORE MD	04/16/2020
232364	2200106783	04/09/2020	USD	4,452.92	WM CORPORATE SERVICES INC LOS ANGELES CA	04/13/2020
232365	2200106929	04/16/2020	USD	25,000.00	AERCON AUSTIN TX	04/21/2020
232366	2200106894	04/16/2020	USD	976.67	AGILENT TECHNOLOGIES INC LOS ANGELES CA	04/20/2020



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232370	2200106912	04/16/2020	USD	3,060.62	AUTOZONE INC ATLANTA GA	04/21/2020
232371	2200106878	04/16/2020	USD	163,536.56	BROWN AND CALDWELL WALNUT CREEK CA	04/29/2020
232372	2200106905	04/16/2020	USD	725.00	BUILDING BLOCK ENTERTAINMENT WOODLAND HILLS CA	04/20/2020
232373	2200106900	04/16/2020	USD	935.00	CASC ENGINEERING AND CONSULTING COLTON CA	04/22/2020
232374	2200106890	04/16/2020	USD	2,702.08	CHINO BASIN WATERMASTER RANCHO CUCAMONGA CA	04/22/2020
232375	2200106899	04/16/2020	USD	2,020.31	CHINO MFG & REPAIR INC CHINO CA	04/20/2020
232376	2200106904	04/16/2020	USD	2,494.65	CINTAS CORPORATION LOC#150 PHOENIX AZ	04/22/2020
232377	2200106931	04/16/2020	USD	11,000.00	CITO CLOUD SOFTWARE LLC CORONA CA	04/27/2020
232378	2200106936	04/16/2020	USD	1,162.31	CITY OF CHINO CHINO CA	04/22/2020
232379	2200106898	04/16/2020	USD	775.80	CITY TOOL WORKS INC ONTARIO CA	04/21/2020
232380	2200106907	04/16/2020	USD	1,880.00	CONSTRUCTION MANAGEMENT BALTIMORE MD	04/23/2020
232381	2200106920	04/16/2020	USD	11,400.00	CSI SERVICES INC SANTA CLARITA CA	04/22/2020
232382	2200106937	04/16/2020	USD	313.36	CUCAMONGA VALLEY WATER DISTRICT LOS ANGELES CA	04/21/2020
232383	2200106889	04/16/2020	USD	21,559.97	DELL MARKETING L P PASADENA CA	04/20/2020
232384	2200106935	04/16/2020	USD	4,209.00	DGC FOODS INC NORCO CA	04/27/2020
232385	2200106913	04/16/2020	USD	8,138.37	ENVIRONMENTAL SCIENCE ASSOCIATE ELK GROVE IL	04/22/2020
232386	2200106911	04/16/2020	USD	850.00	EUROFINS EATON ANALYTICAL LLC GRAPEVINE TX	04/21/2020
232387	2200106896	04/16/2020	USD	677.21	EXPRESS PIPE & SUPPLY INC ANAHEIM CA	04/20/2020
232388	2200106880	04/16/2020	USD	970.21	FISHER SCIENTIFIC LOS ANGELES CA	04/20/2020
232389	2200106939	04/16/2020	USD	1,083.43	FONTANA WATER COMPANY FONTANA CA	04/22/2020
232390	2200106942	04/16/2020	USD	3,955.73	FRONTIER COMMUNICATIONS CORP CINCINNATI OH	04/24/2020
232391	2200106926	04/16/2020	USD	1,238.73	GARRATT CALLAHAN COMPANY BURLINGAME CA	04/21/2020
232392	2200106910	04/16/2020	USD	37,139.91	GHD PASADENA CA	04/20/2020
232393	2200106886	04/16/2020	USD	2,054.58	GRAINGER PALATINE IL	04/21/2020
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232397	2200106885	04/16/2020	USD	359.14	INTERSTATE BATTERY SYSTEM ALITA LOMA CA	05/05/2020
232398	2200106908	04/16/2020	USD	1,194.85	JB'S POOLS & PONDS INC UPLAND CA	04/21/2020
232399	2200106941	04/16/2020	USD	873.98	LEVEL 3 COMMUNICATIONS LLC DENVER CO	04/23/2020
232400	2200106925	04/16/2020	USD	360.00	LITTLER MENDELSON PC SAN FRANCISCO CA	04/21/2020
232401	2200106946	04/16/2020	USD	61.12	MCCARTHY, CARINA CHINO HILLS CA	04/24/2020
232402	2200106891	04/16/2020	USD	2,950.00	METTLER-TOLEDO PASADENA CA	04/20/2020
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232407	2200106944	04/16/2020	USD	250.00	PARKER, STEPHEN CHINO HILLS CA	
232408	2200106923	04/16/2020	USD	1,118.42	QUINN COMPANY LOS ANGELES CA	04/20/2020
232409	2200106928	04/16/2020	USD	4,522.00	RBC RESOURCES MURRIETA CA	04/21/2020
232410	2200106882	04/16/2020	USD	1,025.00	RMA GROUP RANCHO CUCAMONGA CA	04/21/2020

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232413	2200106893	04/16/2020	USD	560.00	STATE WATER RESOURCES CNTRL BRACRAMENTO CA	04/24/2020
232414	2200106943	04/16/2020	USD	88.99	STONE, VICTORIA CHINO HILLS CA	05/08/2020
232415	2200106916	04/16/2020	USD	1,229.00	TECHNICAL SAFETY SERVICES INC SAN FRANCISCO CA	04/20/2020
232416	2200106917	04/16/2020	USD	20,952.50	TECHNICAL SYSTEMS INC LYNNWOOD WA	04/21/2020
232417	2200106892	04/16/2020	USD	201.02	TELEDYNE INSTRUMENTS INC CHICAGO IL	04/20/2020
232418	2200106897	04/16/2020	USD	9,032.38	TELEDYNE INSTRUMENTS INC CHICAGO IL	04/20/2020
232419	2200106918	04/16/2020	USD	30.00	THE SHREDDERS LOS ANGELES CA	04/22/2020
232420	2200106927	04/16/2020	USD	679.09	TRAJAN SCIENTIFIC AMERICAS INCPFLUGERVILLE TX	04/21/2020
232421	2200106884	04/16/2020	USD	14,317.12	TRANSCAT INC BALTIMORE MD	04/22/2020
232422	2200106922	04/16/2020	USD	331.28	TRANSENE COMPANY INC DANVERS MA	04/22/2020
232423	2200106915	04/16/2020	USD	514.50	TRIPEPI SMITH AND ASSOCIATES, IRVINE CA	05/06/2020
232424	2200106933	04/16/2020	USD	1,920.74	UGSI CHEMICAL FEED INC VINELAND NJ	04/21/2020
232425	2200106914	04/16/2020	USD	10,679.75	UTILIQUEST LLC ATLANTA GA	04/20/2020
232426	2200106903	04/16/2020	USD	7,663.88	V & A CONSULTING ENGINEERS OAKLAND CA	04/21/2020
232427	2200106940	04/16/2020	USD	459.64	VERIZON BUSINESS ALBANY NY	04/21/2020
232428	2200106919	04/16/2020	USD	64,054.61	VIRAMONTES EXPRESS INC CORONA CA	04/22/2020
232429	2200106906	04/16/2020	USD	1,394.02	VULCAN FLARE & MECHANICAL SERVDOWNEY CA	05/11/2020
232430	2200106887	04/16/2020	USD	744.00	WATER ENVIRONMENT FEDERATION BALTIMORE MD	04/22/2020
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232432	2200106934	04/16/2020	USD	7,171.25	WESTWATER RESEARCH LLC BOISE ID	04/27/2020
232433	2200106901	04/16/2020	USD	300.03	WORLDWIDE EXPRESS PASADENA CA	04/20/2020
232434	2200106888	04/16/2020	USD	758.47	YALE CHASE EQUIPMENT AND SERVILLOS ANGELES CA	04/20/2020
232435	2200106948	04/16/2020	USD	84.93	YANEZ, PABLO A OLIVERA CHINO HILLS CA	04/27/2020
232436	2200106952	04/16/2020	USD	4,273.76	BUSINESS CARD WILMINGTON DE	04/21/2020
232437	2200106951	04/16/2020	USD	6,891.24	KONICA MINOLTA PASADENA CA	04/22/2020
232438	2200106953	04/16/2020	USD	500.37	KUJUNDZICH, PETER UPLAND CA	04/28/2020
232439	2200107005	04/23/2020	USD	654.36	AGILENT TECHNOLOGIES INC LOS ANGELES CA	04/27/2020
232440	2200106998	04/23/2020	USD	370.29	AIRGAS WEST INC PASADENA CA	04/27/2020
232441	2200107026	04/23/2020	USD	15,319.96	BANNER BANK CARLSBAD CA	04/28/2020
232442	2200107025	04/23/2020	USD	2,328.71	BERLIN PACKAGING LLC CHICAGO IL	
232443	2200107031	04/23/2020	USD	4,912.75	BUCKNAM INFRASTRUCTURE GROUP IOCEANSIDE CA	04/30/2020
232444	2200107002	04/23/2020	USD	384.00	CALIF WATER ENVIRONMENT ASSOC OAKLAND CA	
232445	2200107042	04/23/2020	USD	147.63	CARL H TAYLOR III CRYSTAL RIVER FL	04/28/2020
232446	2200107001	04/23/2020	USD	55,535.64	CHINO BASIN WATERMASTER RANCHO CUCAMONGA CA	04/28/2020
232447	2200107006	04/23/2020	USD	51.00	CHINO CREEK TOASTMASTER CLUB CHINO HILLS CA	
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232450	2200107034	04/23/2020	USD	302.50	CUCAMONGA VALLEY WATER DISTRICLOS ANGELES CA	04/28/2020
232451	2200107021	04/23/2020	USD	810.00	DAVID WHEELER'S PEST CONTROL, NORCO CA	04/28/2020
232452	2200107022	04/23/2020	USD	14,245.00	EUROFINS EATON ANALYTICAL LLC GRAPEVINE TX	04/28/2020
232453	2200106995	04/23/2020	USD	5,209.57	FISHER SCIENTIFIC LOS ANGELES CA	04/27/2020
232454	2200107040	04/23/2020	USD	125.00	FRANCHISE TAX BOARD SACRAMENTO CA	05/11/2020

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232465	2200107011	04/23/2020	USD	7,266.07	LEE & RO INC CITY OF INDUSTRY CA	04/28/2020
232466	2200107045	04/23/2020	USD	26.93	MAKOWSKI, EDWARD CHINO HILLS CA	
232467	2200107015	04/23/2020	USD	15,506.66	MIELE INC PRINCETON NJ	04/29/2020
232468	2200107016	04/23/2020	USD	10,920.00	NATIONAL THEATRE FOR CHILDREN MINNEAPOLIS MN	04/30/2020
232469	2200107013	04/23/2020	USD	2,978.39	NAUMANN HOBBS MATERIAL HANDLINLOS ANGELES CA	04/29/2020
232470	2200107044	04/23/2020	USD	20.82	NIEHO, ANDREW CHINO HILLS CA	
232471	2200107033	04/23/2020	USD	5,846.74	ONTARIO MUNICIPAL UTILITIES COONTARIO CA	04/27/2020
232472	2200107023	04/23/2020	USD	63.84	PROJECT WET FOUNDATION BOZEMAN MT	05/05/2020
232473	2200107008	04/23/2020	USD	399.54	RED WING BUSINESS ADVANTAGE DALLAS TX	04/27/2020
232474	2200106997	04/23/2020	USD	1,200.00	RMA GROUP RANCHO CUCAMONGA CA	05/01/2020
232475	2200107014	04/23/2020	USD	9,980.16	ROSEMOUNT INC CHICAGO IL	04/27/2020
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232478	2200107038	04/23/2020	USD	421.13	SHERIFF'S COURT SERVICES SAN BERNARDINO CA	04/30/2020
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232483	2200107043	04/23/2020	USD	269.95	STONE, VICTORIA CHINO HILLS CA	05/08/2020
232484	2200107009	04/23/2020	USD	15,841.45	STRADLING YOCOA CARLSON & RAUTINEWPORT BEACH CA	04/27/2020
232485	2200107029	04/23/2020	USD	5,447.00	THE SOLIS GROUP PASADENA CA	04/28/2020
232486	2200107012	04/23/2020	USD	1,674.00	U S POSTAL SERVICE CHINO HILLS CA	05/06/2020
232487	2200107010	04/23/2020	USD	9,571.28	VERIZON WIRELESS DALLAS TX	04/29/2020
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232489	2200107017	04/23/2020	USD	295.03	WORLDWIDE EXPRESS ALBANY NY	05/11/2020
232490	2200107250	04/30/2020	USD	49,119.85	ABTECH TECHNOLOGIES INC CARLSBAD CA	05/06/2020
232491	2200107245	04/30/2020	USD	3,849.22	AGILENT TECHNOLOGIES INC LOS ANGELES CA	05/04/2020
232492	2200107229	04/30/2020	USD	594.73	AIRGAS WEST INC PASADENA CA	05/04/2020
232493	2200107319	04/30/2020	USD	188.02	AMERICAN HERITAGE LIFE INSURANDALLAS TX	05/08/2020
232494	2200107318	04/30/2020	USD	539.86	ANDERSON, JOHN L CHINO CA	05/08/2020
232495	2200107223	04/30/2020	USD	78.58	APPLIED INDUSTRIAL TECHNOLOGIEPASADENA CA	05/04/2020
232496	2200107278	04/30/2020	USD	202.71	BIOTAGE LLC PHILADELPHIA PA	05/06/2020
232497	2200107314	04/30/2020	USD	200.43	BREIG, ANNA VICTORVILLE CA	
232498	2200107288	04/30/2020	USD	18,101.93	BRIGHTVIEW LANDSCAPE SERVICES PASADENA CA	05/04/2020



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232501	2200107279	04/30/2020	USD	35,358.00	CARRIER CORPORATION CHICAGO IL	05/05/2020
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232505	2200107254	04/30/2020	USD	4,038.28	CINTAS FIRST AID & SAFETY LOCCINCINNATI OH	05/07/2020
232506	2200107323	04/30/2020	USD	297.62	COLONIAL LIFE & ACCIDENT INSURCOLUMBIA SC	05/12/2020
232507	2200107244	04/30/2020	USD	1,836.77	COMMERCIAL DOOR CO POMONA CA	05/08/2020
232508	2200107273	04/30/2020	USD	279.00	CONCENTRA MEDICAL CENTERS RANCHO CUCAMONGA CA	05/11/2020
232509	2200107280	04/30/2020	USD	9,126.58	CORPRO COMPANIES INC DALLAS TX	05/07/2020
232510	2200107281	04/30/2020	USD	1,235.00	DAVID WHEELER'S PRST CONTROL, NORCO CA	05/06/2020
232511	2200107236	04/30/2020	USD	2,556.22	DELL MARKETING L P PASADENA CA	05/04/2020
232512	2200107265	04/30/2020	USD	9,551.93	EN POINTE TECHNOLOGIES SALES ILOS ANGELES CA	
232513	2200107283	04/30/2020	USD	1,000.00	EPIC LAND SOLUTIONS INC PHOENIX AZ	05/04/2020
232514	2200107285	04/30/2020	USD	2,050.00	EUROFINS EATON ANALYTICAL LLC GRAPEVINE TX	05/05/2020
232515	2200107329	04/30/2020	USD	2,244.62	FIDELITY SECURITY LIFE INSURANCINCINNATI OH	05/07/2020
232516	2200107304	04/30/2020	USD	5,824.97	FLUME INC SAN LUIS OBISPO CA	05/08/2020
232517	2200107232	04/30/2020	USD	1,743.98	FLW INC HUNTINGTON BEACH CA	05/11/2020
232518	2200107233	04/30/2020	USD	178.12	FONTANA HERALD NEWS FONTANA CA	05/06/2020
232519	2200107313	04/30/2020	USD	1,059.58	FRONTIER COMMUNICATIONS CORP CINCINNATI OH	05/11/2020
232520	2200107309	04/30/2020	USD	2,488.58	G/M BUSINESS INTERIORS RIVERSIDE CA	05/06/2020
232521	2200107268	04/30/2020	USD	64,756.94	GEI CONSULTANTS INC BOSTON MA	05/05/2020
232522	2200107284	04/30/2020	USD	26,837.98	GHD PASADENA CA	05/05/2020
232523	2200107230	04/30/2020	USD	3,040.94	GRAINGER PALATINE IL	05/06/2020
232524	2200107240	04/30/2020	USD	3,134.79	HI-WAY SAFETY RENTALS INC CHINO CA	05/05/2020
232525	2200107317	04/30/2020	USD	539.86	HOBBS, DIANA APPLE VALLEY CA	05/12/2020
232526	2200107315	04/30/2020	USD	539.86	HORNE, WILLIAM YUCCA VALLEY CA	05/06/2020
232527	2200107328	04/30/2020	USD	237.20	LEGALSHIELD ADA OK	05/06/2020
232528	2200107326	04/30/2020	USD	15,237.24	LIFE INSURANCE COMPANY OF PHILADELPHIA PA	05/06/2020
232529	2200107332	04/30/2020	USD	820.00	MENDEZ, JOSE CHINO HILLS CA	05/06/2020
232530	2200107249	04/30/2020	USD	226.85	MIDPOINT BEARING ONTARIO CA	05/04/2020
232531	2200107316	04/30/2020	USD	864.82	MILLER, ELMER L BLUE JAY CA	
232532	2200107234	04/30/2020	USD	8,000.00	MOODY'S INVESTORS SERVICE ATLANTA GA	05/06/2020
232533	2200107333	04/30/2020	USD	24.01	NANGIA, SAPNA CHINO HILLS CA	
232534	2200107331	04/30/2020	USD	99.00	NOH, BRIAN CHINO HILLS CA	
232535	2200107241	04/30/2020	USD	91.42	O RINGS & THINGS FONTANA CA	05/08/2020
232536	2200107310	04/30/2020	USD	1,579.64	ONTARIO MUNICIPAL UTILITIES COONTARIO CA	05/04/2020
232537	2200107307	04/30/2020	USD	23,355.00	OSISOFT LLC SAN FRANCISCO CA	05/06/2020
232538	2200107256	04/30/2020	USD	532.22	PANTHER PROTECTION ORANGE CA	05/06/2020
232539	2200107224	04/30/2020	USD	1,617.09	PERKINELMER HEALTH SCIENCES INCCHICAGO IL	05/05/2020
232540	2200107325	04/30/2020	USD	410.76	PERS LONG TERM CARE PROGRAM PASADENA CA	05/05/2020
232541	2200107261	04/30/2020	USD	520,616.09	PLUMBERS DEPOT INC HAWTHORNE CA	05/11/2020
232542	2200107320	04/30/2020	USD	2,268.81	PUBLIC EMPLOYEES RETIREMENT SYSACRAMENTO CA	

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Bank	CBB	CITIZENS BUSINESS BANK		ONTARIO CA 917610000		
Bank Key	122234149					
Acct number	CHECK	231167641				
Check						
Check number from to	Payment	Print date	Crcy	Amount paid (FC)	Recipient/void reason code	Enca./void
232543	2200107225	04/30/2020	USD	6,800.66	RAMONA TIRE & SERVICE CENTERS HEMET CA	05/12/2020
232544	2200107296	04/30/2020	USD	7,815.15	ROCKWELL SOLUTIONS INC NEWPORT COAST CA	05/12/2020
232545	2200107275	04/30/2020	USD	3,769.27	SAFE-ENTRY TECHNICAL INC RANCHO CUCAMONGA CA	05/06/2020
232546	2200107298	04/30/2020	USD	1,190.00	SHAW HR CONSULTING INC NEWBURY PARK CA	05/06/2020
232547	2200107239	04/30/2020	USD	261.72	SIGMA-ALDRICH INC ATLANTA GA	05/08/2020
232548	2200107290	04/30/2020	USD	3,234.27	SKILLSOFT CORPORATION ATLANTA GA	05/04/2020
232549	2200107311	04/30/2020	USD	174.60	SO CALIF EDISON ROSEMEAD CA	05/06/2020
232550	2200107312	04/30/2020	USD	365.05	SO CALIF GAS MONTEREY PARK CA	05/07/2020
232551	2200107306	04/30/2020	USD	12,250.00	SOFTRESOURCES LLC KIRKLAND WA	
232552	2200107243	04/30/2020	USD	646.11	SPECIALIZED PRODUCT CO DALLAS TX	05/05/2020
232553	2200107287	04/30/2020	USD	725.00	STAFFING NETWORK LLC CAROL STREAM IL	05/06/2020
232554	2200107242	04/30/2020	USD	210.00	STATE WATER RESOURCES CNTRL ERSACRAMENTO CA	05/06/2020
232555	2200107301	04/30/2020	USD	3,558.00	THE SOLIS GROUP PASADENA CA	05/06/2020
232556	2200107267	04/30/2020	USD	4,895.00	TOM DAY TREE SERVICE INC UPLAND CA	05/07/2020
232557	2200107330	04/30/2020	USD	89.00	TRAN, VINCENT CHINO HILLS CA	05/05/2020
232558	2200107264	04/30/2020	USD	13,325.07	TRUSSELL TECHNOLOGIES INC PASADENA CA	
232559	2200107262	04/30/2020	USD	627.00	URIMAGE BLOOMINGTON CA	05/06/2020
232560	2200107276	04/30/2020	USD	9,978.93	US BANK VOYAGER FLEET SYSTEMS KANSAS CITY MO	05/05/2020
232561	2200107308	04/30/2020	USD	18,151.00	VALUED ENGINEERING INC UPLAND CA	05/05/2020
232562	2200107269	04/30/2020	USD	18,015.45	VAUGHAN'S INDUSTRIAL REPAIR COPARAMOUNT CA	05/06/2020
232563	2200107336	04/30/2020	USD	270.00	WARD, RYAN CHINO HILLS CA	05/13/2020
232564	2200107327	04/30/2020	USD	25.00	WILCO LIFE INSURANCE COMPANY CHARLOTTE NC	05/12/2020
232565	2200107274	04/30/2020	USD	347.38	YRC INC PASADENA CA	05/04/2020
232566	2200107337	04/30/2020	USD	12,393.20	SO CALIF EDISON ROSEMEAD CA	05/06/2020
* Payment method Check			USD	3,017,634.21		



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Bank	CBB	CITIZENS BUSINESS BANK	ONTARIO CA 917610000				
Bank Key	122234149						
Acct number	CHECK	231167641					
Separate Check							
Check number from to	Payment	Pmnt date	Crcy	Amount paid (FC)	Recipient/void reason code	Enca./void	
232306	2200106607	04/02/2020	USD	336.00	CITY OF CHINO CHINO CA	05/01/2020	
* Payment method Separate Check			USD	336.00			

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Check number from to	Payment	Pmnt date	Crcy	Amount paid (FC)	Recipient/void reason code	Enca./void
**			USD	3,017,970.21		

## Attachment 2B

# Workers' Comp Checks

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CBB Workers Comp Account-April 2020

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Bank	CBB	CITIZENS BUSINESS BANK		ONTARIO CA 917610000					
Bank Key	122234149								
Acct number	WCOMP	231159290							
Checks created manually									
Check number from to	Payment	Pmnt date	Crcy	Amount paid (FC)	Recipient/void reason code				Enca./void
05370	2200107189	04/01/2020	USD	19,500.00	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/15/2020
05371	2200107190	04/01/2020	USD	4,653.20	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/09/2020
05372	2200107191	04/01/2020	USD	63,814.30	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/09/2020
05373	2200107192	04/01/2020	USD	1,959.52	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/08/2020
05374	2200107194	04/01/2020	USD	24.00	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/10/2020
05375	2200107195	04/01/2020	USD	352.14	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/03/2020
05376	2200107196	04/01/2020	USD	12.63	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/07/2020
05377	2200107197	04/08/2020	USD	250.00	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/13/2020
05378	2200107198	04/08/2020	USD	4.00	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/14/2020
05379	2200107199	04/08/2020	USD	495.12	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/10/2020
05380	2200107200	04/08/2020	USD	2,443.40	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/13/2020
05381	2200107201	04/08/2020	USD	168.05	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/16/2020
05382	2200107202	04/08/2020	USD	725.00	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/13/2020
05383	2200107203	04/08/2020	USD	520.87	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/13/2020
05384	2200107204	04/08/2020	USD	155.00	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/13/2020
05385	2200107205	04/08/2020	USD	3,919.96	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/13/2020
05386	2200107206	04/08/2020	USD	24.80	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/13/2020
05387	2200107207	04/08/2020	USD	95.99	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/13/2020
05388	2200107208	04/15/2020	USD	1,959.52	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/21/2020
05389	2200107209	04/15/2020	USD	271.74	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/20/2020
05390	2200107210	04/15/2020	USD	165.04	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/21/2020
05391	2200107211	04/15/2020	USD	243.67	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/20/2020
05392	2200107212	04/22/2020	USD	880.00	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/27/2020
05393	2200107213	04/22/2020	USD	331.68	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/27/2020
05394	2200107214	04/22/2020	USD	209.97	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/28/2020
05395	2200107215	04/22/2020	USD	12.00	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/29/2020
05396	2200107216	04/22/2020	USD	2,917.35	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				04/27/2020
05397	2200107217	04/22/2020	USD	78.05	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				
05398	2200107342	04/29/2020	USD	139.97	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				
05399	2200107343	04/29/2020	USD	367.91	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				
05400	2200107344	04/29/2020	USD	330.08	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				
05401	2200107345	04/29/2020	USD	158.40	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				
05402	2200107346	04/29/2020	USD	224.10	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA				
* Payment method Checks created manually			USD	107,407.46					

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Check number from to	Payment	Pmnt date	Crcy	Amount paid (FC)	Recipient/void reason code	Enca./void
**			USD	107,407.46		

# Attachment 2C

Vendor ACHs

Check	Payee / Description	Amount
ACH	AQUA BEN CORPORATION RP1-23,000 Lbs Hydrofloc 750A 40203 26,319.02 DAFT-4,600 Lbs Hydrofloc 748E 40202 4,460.85 RP2-23,000 Lbs Hydrofloc 748E 40130 22,304.25 AQUA BEN CORPORATION \$ 53,084.12	
ACH	PATTON SALES CORP Plates 3932924 2,127.62 PATTON SALES CORP \$ 2,127.62	
ACH	ACCUSTANDARD INC Iron Standard, Calibration Standard 915610 82.14 ACCUSTANDARD INC \$ 82.14	
ACH	MCMASTER-CARR SUPPLY CO Refill oil kit, Hvy.dty.hook, Extra long 36513066 1,298.35 6 V-Belts, Bent Nose Pliers 37271090 127.45 MCMASTER-CARR SUPPLY CO \$ 1,425.80	
ACH	PALM AUTO DETAIL INC 2/20 Carwash Svcs f/Agency Fleet Vehicle 20299-4 2,080.00 PALM AUTO DETAIL INC \$ 2,080.00	
ACH	ALFA LAVAL INC 1 Lower Belt 280013001 2,398.62 ALFA LAVAL INC \$ 2,398.62	
ACH	O S T S INC 2/5 Confined Space Entry Training f/2 52403 250.00 1/27 AB1825 Harassment Supervisor Trng f 52291 525.00 O S T S INC \$ 775.00	
ACH	KVAC ENVIRONMENTAL SERVICES IN RP1-1/15-16 Vac Pump/Transport Lqd Wst R KS2001144 3,711.25 FcltMgmtRP5-Hazmat Dspsl Rmvl-E-Wst,Lmps KS2001245 1,525.86 FcltMgmtRP1-Hazmat Dspsl Rmvl-E-Wst,Lmps KW1912016 3,183.83 KVAC ENVIRONMENTAL SERVICES IN\$ 8,420.94	
ACH	CS-AMSCO 2 Valve Plugs 15697 8,091.61 CS-AMSCO \$ 8,091.61	
ACH	KAESER COMPRESSORS RP1Mnt- Rpr Compressor 913600135 760.13 KAESER COMPRESSORS \$ 760.13	
ACH	RSD Time Delay Fuses 50238619-00 334.64	

Check	Payee / Description	Amount
	Recovery Cylinder,Vac Coils,Relay Base Di 55317194-00	188.49
	102 Pleated Filters 55311307-00	4,875.03
	Duct Sealant 55317226-00	29.87
	Pump Out Chg f/Recovery Cylinder,Caulkin 55317360-00	73.14
	Insulation Slug,Capacitors 55317583-00	24.89
	Pleated Filters 55318210-00	819.24
	Jiffy Chucks,Current Sensors,Test Lead S 55318261-00	149.70
	Pump Out Chgs f/Recovery Cylinders 55318424-00	120.00
		- - - - -
	RSD \$	6,615.00
ACH	PEST OPTIONS INC	
	February 2020 Weed Abatement Services 344551	4,420.00
		- - - - -
	PEST OPTIONS INC \$	4,420.00
ACH	DAVE'S PLUMBING	
	2 Water Softener Removal 3/2020 5245	490.00
		- - - - -
	DAVE'S PLUMBING \$	490.00
ACH	ALTA FOODCRAFT COFFEE	
	WRHS-Coffee 52002920	128.00
	WRHS-Coffeemate,Tea 52004059	77.79
		- - - - -
	ALTA FOODCRAFT COFFEE \$	205.79
ACH	CONSERV CONSTRUCTION INC	
	Repay Unearned Discount Taken 1550 DISCOUNT	612.50
		- - - - -
	CONSERV CONSTRUCTION INC \$	612.50
ACH	ELECTRO-CHEMICAL DEVICES, INC	
	CL2 Sensor 0.5-20 PPM (replaces 1391000- 69900	1,843.53
		- - - - -
	ELECTRO-CHEMICAL DEVICES, INC \$	1,843.53
ACH	MICROAGE	
	Conference Phone 2098114	1,813.14
	Veeam Backup for Microsoft Office 2098421	5,334.00
		- - - - -
	MICROAGE \$	7,147.14
ACH	CALIFORNIA WATER TECHNOLOGIES	
	RP1-16,867 lbs Ferric Chloride Solution 37000	5,323.38
	RP1-17,870 lbs Ferric Chloride Solution 37020	5,640.13
		- - - - -
	CALIFORNIA WATER TECHNOLOGIES \$	10,963.51
ACH	EVOQUA WATER TECHNOLOGIES LLC	
	PM Contract 11/1/19-4/30/20 904351720	1,352.00
	PM Contract 11/1/19-4/30/20 904351705	1,352.00
	PM Contract 11/1/19-4/30/20 904351686	1,352.00
	PM Contract 11/1/19-1/31/20 and 2/1/20-4 904351666	3,635.84
	PM Contract 11/1/19-4/30/20 904351735	1,664.00
		- - - - -
	EVOQUA WATER TECHNOLOGIES LLC \$	9,355.84
ACH	ARCADIS U.S., INC.	



Check	Payee / Description	Amount
	PL17001-7/2019-2/2020 Professional Servi 34147498	7,270.00
	ARCADIS U.S., INC.	\$ 7,270.00
ACH	MICRO MOTION INC Flow Meter 40581623	4,774.96
	MICRO MOTION INC	\$ 4,774.96
ACH	AMAZON BUSINESS Binders, Whiteboard, Wastebasket, Magnets 17VQ-WFK9-FMH 355.98 22 Stylus Pens 1VCV-1FLJ-3YH 15.06 Weekly/Monthly Planner 1R3Y-FCVX-C9F 21.52	392.56
	AMAZON BUSINESS	\$ 392.56
ACH	PAUL REDVERS BROWN INC 2/1-2/29 Strategic Assessment Plan Svcs IEUA005	1,522.50
	PAUL REDVERS BROWN INC	\$ 1,522.50
ACH	ROYAL INDUSTRIAL SOLUTIONS Nylon Cable Ties 6046-678764 950.34 PanelView Plus 7 Adapter Kits 6046-678422 579.48 PVC Coated Hubs 6046-678493 692.23 2 Wire Tracer Kits 6046-678522 2,832.09 SealtightConnectors, Terminals, LiqTite, Lu 6046-678555 2,852.95 Relays 6046-678677 80.17 Oldcastle Keys & Bolt Kit 6046-678064 106.05 Ultrasonic Occupancy Sensors, Power Pack 6046-678758 403.52 Overload Relay, Heaters 6046-678191 1,155.88 Lamps 6046-678229 54.52 Conduit Bodies, Recessed Plugs, Couplings, 6046-678341 112.37 Overload Relay, Heaters 6046-678190 723.77 Wire 6046-678353 802.82 Prox Sensor Body/Head/Rcp 6046-678070 1,218.34 Repaired Analog Module 6046-677698 949.00 Holophane Fixture 6046-677938 742.83 Emerg Lite Fixtures, Ballasts, Flex Connec 6046-678472 700.34 Fusible HD Switch, Fuses, Wire 6046-678261 915.13 Wall Mount Enclosure, Terminal Blocks, Pan 6046-678178 2,433.79 Pressure Calibrator 6046-678177 4,088.34 Enclosures, Wire, Conduit, Channels, Tape, Tr 6046-678325 3,555.69 Photohead 6046-678589 430.53 Insulated Static Discharge Stick 6046-676076 499.99 Couplings, Connectors 6046-678235 13.30 Conduit, Slot Channels, Screwdriver Set, Cl 6046-678234 422.46 Timing Relay 6046-678237 176.18 Miniature Bulbs 6046-678227 20.90 Lamps 6046-678228 54.52 Relays 6046-678959 53.16 Cable 6046-678744 45.72 Enclosures, Terminal Blocks, Connectors, Con 6046-678755 951.92 Size-1 Starter, Aux Contact Kit 6046-678958 1,392.35 Fishtapes, Flex LiqTite, Connectors, Coupli 6046-678999 560.28 EZ Trim Locks 6046-678728 437.06 Conduit, Slot Channels, Clamp, Connectors 6046-678915 147.76 Plug-In Multi-Function Timers 6046-678828 290.12	

Check	Payee / Description	Amount
	ROYAL INDUSTRIAL SOLUTIONS \$	31,445.90
ACH	ICMA RETIREMENT TRUST 457	
	P/R 8 4/10/20 Deferred Comp Ded HR 0087600	20,552.92
	ICMA RETIREMENT TRUST 457 \$	20,552.92
ACH	LINCOLN NATIONAL LIFE INS CO	
	P/R 8 4/10/20 Deferred Comp Ded HR 0087600	36,631.34
	LINCOLN NATIONAL LIFE INS CO \$	36,631.34
ACH	ICMA RETIREMENT TRUST 401	
	P/R 8 4/10/20 Exec Deferred Comp HR 0087600	6,762.95
	ICMA RETIREMENT TRUST 401 \$	6,762.95
ACH	AQUA BEN CORPORATION	
	DAFT-4,600 Lbs Hydrofloc 748E 40238	4,460.85
	RP1-13,800 Lbs Hydrofloc 750A 40239	17,546.01
	AQUA BEN CORPORATION \$	22,006.86
ACH	HASCO OIL COMPANY, INC.	
	RP5Mnt-Hydraulic AW 68,Drum Fee 0231713-IN	838.68
	RP5Mnt-Mobilgear 600 XP Pails 0232139-IN	531.33
	HASCO OIL COMPANY, INC. \$	1,370.01
ACH	NAPA GENUINE PARTS COMPANY	
	2 Batteries,Core Charges,Enviro Fee 4584-301115	611.22
	2 - WH Chock 4584-301453	20.45
	1 - WH Chock 4584-301449	10.23
	2 - WH Chock 4584-301450	20.45
	2 - WH Chock 4584-301448	20.45
	2 - WH Chock 4584-301454	20.45
	2 - WH Chock 4584-301455	20.45
	2 - WH Chock 4584-301446	20.45
	NAPA GENUINE PARTS COMPANY \$	744.15
ACH	UNIVAR SOLUTIONS USA INC	
	CCWRP-12,050 Lbs Sodium Bisulfite 48502072	2,809.71
	TP1-12,265 Lbs Sodium Bisulfite 48502071	2,859.85
	UNIVAR SOLUTIONS USA INC \$	5,669.56
ACH	HDR ENGINEERING INC	
	EN19024-1/15-2/29 Prof Svcs 1200254463	73,541.68
	HDR ENGINEERING INC \$	73,541.68
ACH	ACCUSTANDARD INC	
	Custom Method,Volatile Organic,Fortifica 915951	614.44
	Dioxane 915701	249.45
	ACCUSTANDARD INC \$	863.89
ACH	CAROLLO ENGINEERS	

Check	Payee / Description	Amount
	4600002677-2/2020 Professional Services 0185504	6,742.01
	EN24001/EN24002-2/2020 Professional Serv 0185355	6,461.30
	CAROLLO ENGINEERS	\$ 13,203.31
ACH	TOM DODSON & ASSOCIATES	
	RW15003-1/1-1/31 Prof Svcs IE-305 20-2	1,937.15
	WR15021-1/15-1/27 Prof Svcs IE-320 20-3	3,030.53
	TOM DODSON & ASSOCIATES	\$ 4,967.68
ACH	ALFA LAVAL INC	
	Horis Washbox Seal 280014715	568.15
	ALFA LAVAL INC	\$ 568.15
ACH	ATMAA INC	
	Analysis Reduced Sulfur Compounds 36144	220.00
	ATMAA INC	\$ 220.00
ACH	SCHNEIDER ELECTRIC SYSTEMS INC	
	pH/ORP Sensors 94126872	1,776.91
	2/14/20-5/13/20 IA/DCS Tech Support Svc 94128224	20,432.88
	SCHNEIDER ELECTRIC SYSTEMS INC\$	22,209.79
ACH	HACH COMPANY	
	RP1Mnt-Stblcl1 STDs,ORP Slolns, DPD TOT C 11851626	2,458.17
	TP1Ops-Ammn TNT+ LRs,Tnstt Ppts,DPD Ttl& 11782832	2,134.71
	HACH COMPANY	\$ 4,592.88
ACH	KVAC ENVIRONMENTAL SERVICES IN	
	EN13001-Rmv Bttm Sttlmnt Frm Wt Wll KS2001151	3,183.75
	KVAC ENVIRONMENTAL SERVICES IN\$	3,183.75
ACH	STANTEC CONSULTING INC	
	EN14042-12/28-1/24 Prof Svcs 1617187	9,694.71
	EN15012-11/23-12/27 Prof Svcs 1612702	2,644.00
	EN14042-11/23-12/27 Prof Svcs 1612747	15,652.26
	EN17082-11/23-12/27 Prof Svcs 1613147	7,488.00
	EN17082-12/28-1/24 Prof Svcs 1617173	10,669.50
	EN14043-12/28-1/24 Prof Svcs 1617181	10,235.00
	EN15012-12/28-1/24 Prof Svcs 1617203	4,269.00
	STANTEC CONSULTING INC	\$ 60,652.47
ACH	PEST OPTIONS INC	
	February 2020 GWR Weed Abatement Service 344615	8,531.84
	PEST OPTIONS INC	\$ 8,531.84
ACH	OLIN CORP	
	CCWRP-4,898 Gals Sodium Hypochlorite 2803004	3,937.99
	TP1-4,830 Gals Sodium Hypochlorite 2802085	3,883.32
	TP1-4,896 Gals Sodium Hypochlorite 2801159	3,936.38
	TP1-4,828 Gals Sodium Hypochlorite 2800812	3,881.71

Check	Payee / Description	Amount
	TP1-4,776 Gals Sodium Hypochlorite 2799914	4,083.48
	TP1-4,838 Gals Sodium Hypochlorite 2799399	3,889.75
	RP5-4,922 Gals Sodium Hypochlorite 2798540	3,957.29
	TP1-4,900 Gals Sodium Hypochlorite 2798538	3,939.60
	TP1-4,782 Gals Sodium Hypochlorite 2798025	4,088.61
	TP1-4,922 Gals Sodium Hypochlorite 2796955	3,957.29
	TP1-4,966 Gals Sodium Hypochlorite 2796506	3,992.66
	TP1-4,974 Gals Sodium Hypochlorite 2796202	3,999.10
	CCWRP-3,014 Gals Sodium Hypochlorite 2796201	2,576.97
	TP1-4,776 Gals Sodium Hypochlorite 2795754	4,083.48
	RP5-4,840 Gals Sodium Hypochlorite 2795272	3,891.36
	TP1-4,872 Gals Sodium Hypochlorite 2795271	3,917.09
	CCWRP-3,168 Gals Sodium Hypochlorite 2794788	2,708.64
	TP1-4,890 Gals Sodium Hypochlorite 2794237	3,931.56
	TP1-4,858 Gals Sodium Hypochlorite 2793822	3,905.83
	TP1-4,890 Gals Sodium Hypochlorite 2793482	3,931.56
	RP5-4,854 Gals Sodium Hypochlorite 2792886	3,902.62
	TP1-4,838 Gals Sodium Hypochlorite 2792885	3,889.75
	RP5-4,800 Gals Sodium Hypochlorite 2792410	4,104.00
	TP1-4,966 Gals Sodium Hypochlorite 2792409	3,992.66
	TP1-4,802 Gals Sodium Hypochlorite 2802494	3,860.81
	RP5-4,894 Gals Sodium Hypochlorite 2803005	3,934.78
	RP5-4,756 Gals Sodium Hypochlorite 2803474	4,066.38
	TP1-4,898 Gals Sodium Hypochlorite 2803475	3,937.99
	TP1-4,888 Gals Sodium Hypochlorite 2803971	3,929.95
	RP5-4,806 Gals Sodium Hypochlorite 2805255	3,864.02
	CCWRP-4,820 Gals Sodium Hypochlorite 2791970	3,875.28
	CCWRP-4,928 Gals Sodium Hypochlorite 2797517	3,962.11
	CCWRP-4,950 Gals Sodium Hypochlorite 2800442	3,979.80
	OLIN CORP \$	127,793.82
ACH	SAP AMERICA INC Acctg-2/13-7/12 Trng-CT-TFIN5e 7008389117	7,276.00
	SAP AMERICA INC \$	7,276.00
ACH	ALTA FOODCRAFT COFFEE HQA-Coffee,Tea,Cocoa 52004057	193.76
	ALTA FOODCRAFT COFFEE \$	193.76
ACH	SIEMENS INDUSTRY INC Radar Level Transmitter 5604175118 Transducer 5604034589	3,693.67 1,036.56
	SIEMENS INDUSTRY INC \$	4,730.23
ACH	CONSERV CONSTRUCTION INC WR20006-3/2020 Professional Services 1554 WR20025-3/2020 Professional Services 1556 WR20019-3/2020 Professional Services 1555	4,561.90 37,068.50 2,469.60
	CONSERV CONSTRUCTION INC \$	44,100.00
ACH	CALIFORNIA WATER TECHNOLOGIES RP1-17,813 lbs Ferric Chloride Solution 37061 RP1-16,907 lbs Ferric Chloride Solution 37062	5,622.14 5,336.04

Check	Payee / Description	Amount
	CALIFORNIA WATER TECHNOLOGIES \$	10,958.18
ACH	ARCADIS U.S., INC.	
	EN19001-11/2019 Professional Services 6	44,781.62
	PL17001-2/2020 Professional Services 34149606	8,810.00
	EN19001/EN19006-11/2019 Professional Ser 34150395	11,983.45
	WR18028-1/2020 Professional Services 34150660	20,395.25
		- - - - -
	ARCADIS U.S., INC. \$	85,970.32
ACH	ECOTECH SERVICES INC	
	2/20 Residential Home Pressure Regulatio 1658	21,971.16
		- - - - -
	ECOTECH SERVICES INC \$	21,971.16
ACH	JC LAW FIRM	
	2/20 IEUA vs Spicer-EN17018 00716	6,270.00
	2/20 Regional Contract 00715	10,260.00
	2/20 Watermaster 00717	10,200.00
	2/20 Kaiser vs CBWCD (Ely Basin) 00718	480.00
	2/20 RCA Legal 00714	1,320.00
	2/20 General Legal 00713	25,890.00
		- - - - -
	JC LAW FIRM \$	54,420.00
ACH	AMAZON BUSINESS	
	Bindeer Divideers,Fatigue Mat,Sheet Cove 1Q9Q-3TRT-F4X	213.85
	Flash Lanyard 179P-L49J-4FV	207.51
	2 Wall Calendars not Delivered 1PDG-XC16-F4X	31.66-
		- - - - -
	AMAZON BUSINESS \$	389.70
ACH	AMERICAN OFFICE PROFESSIONALS	
	Service Call HP M600/M601,Maint Kit (89. 2522	538.16
	Service Call HP M600/M601 (labor only) 2519	89.95
		- - - - -
	AMERICAN OFFICE PROFESSIONALS \$	628.11
ACH	KEARNS & WEST	
	PL19002-2/1-2/29 Prof Svcs 017254	22,116.31
		- - - - -
	KEARNS & WEST \$	22,116.31
ACH	REDWOOD ENERGY STORAGE LLC	
	2/20 RP1/RP5/CCWRP Energy Storage System 16	9,880.83
		- - - - -
	REDWOOD ENERGY STORAGE LLC \$	9,880.83
ACH	REDWOOD ENERGY STORAGE II LLC	
	2/7/20-3/7/20 RP4 Energy Storage System 12	27,130.83
		- - - - -
	REDWOOD ENERGY STORAGE II LLC \$	27,130.83
ACH	SOLAR STAR CALIFORNIA V LLC	
	RP5/TP5/HQA/B-2/1-2/29 6075 Kimball Ave E02M0614-3415	20,155.47
	RP1-2/1-2/29 2450 Phila St E02M0616-3415	3,027.66
	CCWRP/TP/RWPS-2/1-2/29 14950 Telephone A E02M0613-3415	10,567.52
	RP1-2/1-2/29 2450 Phila St E02M0615-3415	16,757.30
		- - - - -



Check		Payee / Description	Amount	
		SOLAR STAR CALIFORNIA V LLC	\$	50,507.95
ACH		IEUA EMPLOYEES' ASSOCIATION		
		P/R 8 4/10/20 Employee Ded	HR 0087600	210.00
		P/R DIR 4 4/10/20 Employee Ded	HR 0087400	12.00
			- - - -	-
		IEUA EMPLOYEES' ASSOCIATION	\$	222.00
ACH		IEUA SUPERVISORS UNION ASSOCIA		
		P/R 8 4/10/20 Employee Ded	HR 0087600	315.00
			- - - -	-
		IEUA SUPERVISORS UNION ASSOCIA	\$	315.00
ACH		IEUA GENERAL EMPLOYEES ASSOCIA		
		P/R 8 4/10/20 Employee Ded	HR 0087600	1,106.60
			- - - -	-
		IEUA GENERAL EMPLOYEES ASSOCIA	\$	1,106.60
ACH		IEUA PROFESSIONAL EMPLOYEES AS		
		P/R 8 4/10/20 Employee Ded	HR 0087600	510.00
			- - - -	-
		IEUA PROFESSIONAL EMPLOYEES AS	\$	510.00
ACH		DISCOVERY BENEFITS INC		
		P/R 8 4/10/20 Cafeteria Plan	HR 0087600	4,175.26
			- - - -	-
		DISCOVERY BENEFITS INC	\$	4,175.26
ACH		PATRICK W HUNTER		
		P/R 8 4/10/20	HR 0087600	248.50
			- - - -	-
		PATRICK W HUNTER	\$	248.50
ACH		CAMACHO, MICHAEL		
		MlgReim-3/20 Meetings-Camacho,M	MLG 3/20	127.82
			- - - -	-
		CAMACHO, MICHAEL	\$	127.82
ACH		ELIE, STEVE		
		MlgReim-3/20 Meetings-Elie,S	MLG 3/20	16.45
			- - - -	-
		ELIE, STEVE	\$	16.45
ACH		HALL, JASMIN		
		MlgReim-3/20 Meetings-Hall,J	MLG 3/20	63.65
			- - - -	-
		HALL, JASMIN	\$	63.65
ACH		PARKER, KATI		
		MlgReim-3/20 Meetings-Parker,K	MLG 3/20	44.16
			- - - -	-
		PARKER, KATI	\$	44.16
ACH		HALL, JASMIN		
		Hall,J-ExpRpt-3/11-3/12 Annl IEOC Leg Re 3/11-12 ANNL		709.08
			- - - -	-
		HALL, JASMIN	\$	709.08
ACH		AQUA BEN CORPORATION		

Check	Payee / Description	Amount
	RP1-18,400 Lbs Hydrofloc 750A 40244	23,394.68
	RP2-29,900 Lbs Hydrofloc 748E 40254	28,995.53
	DAFT-9,200 Lbs Hydrofloc 748E 40243	8,921.70
		- - - - -
	AQUA BEN CORPORATION \$	61,311.91
ACH	UNIVAR SOLUTIONS USA INC	
	CCWRP-12,215 Lbs Sodium Bisulfite 48524818	2,848.19
	TP1-12,260 Lbs Sodium Bisulfite 48524819	2,858.67
		- - - - -
	UNIVAR SOLUTIONS USA INC \$	5,706.86
ACH	TG SCIENTIFIC GLASS FABRICATIO	
	LB20004-Extractors, Columns, Flasks 19096	4,196.05
		- - - - -
	TG SCIENTIFIC GLASS FABRICATIO\$	4,196.05
ACH	ENVIRONMENTAL RESOURCES ASSOC	
	Ceriodaphnia Dubia 931704	368.18
		- - - - -
	ENVIRONMENTAL RESOURCES ASSOC \$	368.18
ACH	R F MACDONALD	
	RP1 Boiler #1 Annual Cleaning & Tune Up 289490	5,542.00
		- - - - -
	R F MACDONALD \$	5,542.00
ACH	ACCUSTANDARD INC	
	ICP-MS Calibration Standard 916343	141.29
		- - - - -
	ACCUSTANDARD INC \$	141.29
ACH	CAROLLO ENGINEERS	
	EN17110/EN17043-2/2020-Professional Srvs 0185503	112,017.36
		- - - - -
	CAROLLO ENGINEERS \$	112,017.36
ACH	MCMMASTER-CARR SUPPLY CO	
	Gaskets 37002419	280.57
	4 Flat Free Wheels with Ball Bearing 37001819	99.39
		- - - - -
	MCMMASTER-CARR SUPPLY CO \$	379.96
ACH	BABCOCK LABORATORIES, INC	
	East End Dissolved/POC Samples CC01747-2045	288.00
		- - - - -
	BABCOCK LABORATORIES, INC \$	288.00
ACH	WILLIAMS SCOTSMAN INC	
	PL19005-4/7-5/6 Chino Basin Project Trai 7686399	2,171.46
		- - - - -
	WILLIAMS SCOTSMAN INC \$	2,171.46
ACH	HACH COMPANY	
	RP5Mnt-Rplc Sensor Cap Kit, Sample Cell 11884673	349.68
	Inv-Rplcmnt Sensor Cap Kits 11865782	1,110.86
	Inv-Rplcmnt Sensor Cap Kits 11871064	3,514.81
	RP1Ops-Tensette Pipets 11851610	612.88
		- - - - -

Check		Payee / Description	Amount
		HACH COMPANY	\$ 5,588.23
ACH		CS-AMSCO	
	2 Stonel SEH90	15739	1,168.50
		CS-AMSCO	\$ 1,168.50
ACH		INSIDE PLANTS INC	
	FcltyMgt/Lab-3/20 Indoor Plant Care	78857	636.00
		INSIDE PLANTS INC	\$ 636.00
ACH		STANTEC CONSULTING INC	
	EN17082-10/26-11/22 Prof Svcs	1600394	7,078.30
	EN15012-10/26-11/22 Prof Svcs	1598638	3,416.00
		STANTEC CONSULTING INC	\$ 10,494.30
ACH		NATIONAL CONSTRUCTION RENTALS	
	3/20/20-4/16/20 Potty/Handicap Potty/Sin 5689089		994.80
		NATIONAL CONSTRUCTION RENTALS	\$ 994.80
ACH		PEST OPTIONS INC	
	March 2020 Weed Abatement Services	346518	4,420.00
		PEST OPTIONS INC	\$ 4,420.00
ACH		OLIN CORP	
	CCWRP-2,962 Gals Sodium Hypochlorite	2801648	2,576.94
	CCWRP-3,016 Gals Sodium Hypochlorite	2798980	2,578.68
	RP5-4,886 Gals Sodium Hypochlorite	2798026	3,928.34
	CCWRP-2,994 Gals Sodium Hypochlorite	2804469	2,604.78
	CCWRP-2,974 Gals Sodium Hypochlorite	2793481	2,587.38
	CCWRP-2,984 Gals Sodium Hypochlorite	2790676	2,596.08
	RP5-4,898 Gals Sodium Hypochlorite	2806362	3,937.99
	RP5-4,950 Gals Sodium Hypochlorite	2807348	3,979.80
	CCWRP-3,004 Gals Sodium Hypochlorite	2807345	2,568.42
	RP5-4,884 Gals Sodium Hypochlorite	2807347	3,926.74
		OLIN CORP	\$ 31,285.15
ACH		GK & ASSOCIATES	
	46-2849-2/20 Prof Svcs	20-013	13,280.00
	46-2849-2/20 Prof Svcs	20-014	23,200.00
	46-2849-2/20 Prof Svcs	20-015	13,280.00
		GK & ASSOCIATES	\$ 49,760.00
ACH		DOWNS ENERGY	
	RP2-422.90 Gals Red Dyed Diesel Fuel	0263336-IN	833.05
		DOWNS ENERGY	\$ 833.05
ACH		TRICO CORPORATION	
	Oil Analysis	P54463	192.00
	Oil Analysis	P53848	160.00
	Oil Analysis	P53822	352.00



Check	Payee / Description	Amount
	TRICO CORPORATION \$	704.00
ACH	EPI-USE AMERICA INC 2/2020 HCM Consulting 263910115	1,550.00
	EPI-USE AMERICA INC \$	1,550.00
ACH	MICROAGE SonicWall Gold Support 2100837	850.75
	MICROAGE \$	850.75
ACH	CALIFORNIA WATER TECHNOLOGIES RP1-16,556 lbs Ferric Chloride Solution 37117	5,225.26
	CALIFORNIA WATER TECHNOLOGIES \$	5,225.26
ACH	V3IT CONSULTING INC SAP BASIS February 2020 Support V3IT2020IEUA0	6,184.00
	V3IT CONSULTING INC \$	6,184.00
ACH	WEST COAST ADVISORS 2/20 Prof Svcs 12682	9,800.00
	WEST COAST ADVISORS \$	9,800.00
ACH	NAVEX GLOBAL INC 4/20-4/21 US Hotline/Subscription Renewa INV-223951	1,575.76
	NAVEX GLOBAL INC \$	1,575.76
ACH	ECOTECH SERVICES INC Civil Wage and Penalty Assessment Dismis PENLTY DISMIS	4,250.00
	ECOTECH SERVICES INC \$	4,250.00
ACH	AMAZON BUSINESS MICR Toner Cartridge 1KHY-1H9H-4QX 226.28 Blueprint Storage Racks 1QVW-N7X3-KPQ 520.00 Print Clamps 1QMP-CCH3-114 352.12	
	AMAZON BUSINESS \$	1,098.40
ACH	JWC ENVIRONMENTAL LLC CCWRPMnt-Assy Brushes 101367	5,073.62
	JWC ENVIRONMENTAL LLC \$	5,073.62
ACH	MAGNATROL VALVE CORPORATION Hum Free Rectifiers,Valves,Assemblies 373672	4,367.06
	MAGNATROL VALVE CORPORATION \$	4,367.06
ACH	SHELL ENERGY NORTH AMERICA LP 3/20 Gas Cmndty-Core,1/20 Adj 1100002880303	2,676.59
	SHELL ENERGY NORTH AMERICA LP \$	2,676.59

Check	Payee / Description	Amount
ACH	SHELL ENERGY NORTH AMERICA LP RP1/RP2/RP5/CCWRP-2/1-2/29 Power Usage 202002	159,107.60
	SHELL ENERGY NORTH AMERICA LP \$	159,107.60
ACH	CAMBIASO, PIETRO Reim-SWRCB Certificate Renewal 2020 28253 2020	110.00
	CAMBIASO, PIETRO \$	110.00
ACH	MCCHRISTY, KAREN Reim-4/2/20 Printer Ink,Wite-Out,Pens,Cl 4/2/20 OFF SU	116.07
	MCCHRISTY, KAREN \$	116.07
ACH	WATERS-LEIVA, TORRES Waters'Leive,T-ExpRpt-2/19-2/20 CAPPO Co 2/19-20 CAPPO	652.09
	WATERS-LEIVA, TORRES \$	652.09
ACH	RECINTO, SARAH Recinto,S-ExpRpt-2/27 DWP Seminlar Local 2/27 DWP SMNR	61.28
	RECINTO, SARAH \$	61.28
ACH	DUNCAN, BRANDON Duncan,B-EspRpt-2/11-2/14 Lsrfeh Empwr 2 2/11-14 LSRFC	85.46
	DUNCAN, BRANDON \$	85.46
ACH	GARCIA, CHRISTOPHER Garcia,C-ExpRpt-3/9 Water Suppy Workshop 3/9 WTR SPPY	94.18
	GARCIA, CHRISTOPHER \$	94.18
ACH	MARTINEZ, ARNOLDO Reim-4/7/20 Overtime Meal 4/7/20 OT MEA Emp Assist PC Loan Purchase PC LOAN	10.00 1,438.29
	MARTINEZ, ARNOLDO \$	1,448.29
ACH	AQUA BEN CORPORATION DAFT-4,600 Lbs Hydrofloc 748E 40290 RP1-23,000 Lbs Hydrofloc 750A 40291 DAFT-4,600 Lbs Hydrofloc 748E 40097 RP1-23,000 Lbs Hydrofloc 750A 40098 RP1-23,000 Lbs Hydrofloc 750A 40324 DAFT-4,600 Lbs Hydrofloc 748E 40323	4,460.85 29,243.35 4,460.85 29,243.35 29,243.35 4,460.85
	AQUA BEN CORPORATION \$	101,112.60
ACH	HASCO OIL COMPANY, INC. RP5Mnt-Mobil SCH 630-1 Drum 0232416-IN RP5Mnt-Mobil SCH 629-1 Drum 0232254-IN	4,626.89 4,565.79
	HASCO OIL COMPANY, INC. \$	9,192.68
ACH	J R FILANC CONSRUCTION CO INC EN15012.01-3/20 Pay Est 5 PE 5-EN15012.	35,458.27

Check Payee / Description		Amount
J R FILANC CONSRUCTION CO INC \$		35,458.27
ACH	SANTA ANA WATERSHED	
	February 2020 Service 9676	88,280.07
	February 2020 Truck Discharge 9670	3,229.46
	SANTA ANA WATERSHED \$	91,509.53
ACH	MCMASTER-CARR SUPPLY CO	
	Narrow Wedge Cogged V-Belt 38119819	262.71
	MCMASTER-CARR SUPPLY CO \$	262.71
ACH	ALFA LAVAL INC	
	Level Switch 280017797	964.75
	ALFA LAVAL INC \$	964.75
ACH	W A RASIC CONSTRUCTION CO INC	
	EN17042-3/20 Pay Est 14 PE 14-EN17042	45,182.00
	W A RASIC CONSTRUCTION CO INC \$	45,182.00
ACH	INLAND EMPIRE REGIONAL	
	RP1/RP2-3/20 Biosolids 90026357	333,050.48
	INLAND EMPIRE REGIONAL \$	333,050.48
ACH	PARSONS WATER & INFRASTRUCTURE	
	EN19001/EN19006-2/1-2/28 Prof Svcs 2003A423	329,425.23
	PARSONS WATER & INFRASTRUCTURE\$	329,425.23
ACH	HACH COMPANY	
	RP4Ops-DPD Free Chlorine PP 25ML 11889367	361.44
	Inv-Ryton Salt Bridges 11859764	282.32
	HACH COMPANY \$	643.76
ACH	CS-AMSCO	
	1 Day Start Up Servicess 15664	1,350.00
	CS-AMSCO \$	1,350.00
ACH	STANTEC CONSULTING INC	
	EN14042-1/25-2/21 Prof Svcs 1628790	4,492.00
	EN14042-10/26-11/22 Prof Svcs 1598664	6,174.00
	EN14043-1/25-2/21 Prof Svcs 1628815	5,030.00
	STANTEC CONSULTING INC \$	15,696.00
ACH	NATIONAL CONSTRUCTION RENTALS	
	RP1-3/26/20-4/22/20 Toilet,Handwash 5696400	211.55
	NATIONAL CONSTRUCTION RENTALS \$	211.55
ACH	ZASIO ENTERPRISES INC	
	5/20-4/21 Versatile Retention Support&Ci 20097409	2,415.00

Check	Payee / Description	Amount
	ZASIO ENTERPRISES INC \$	2,415.00
ACH	STANEK CONSTRUCTORS INC	
	EN19010-3/20 Pay Est 3 PE 3-EN19010	40,422.50
	EN14042-3/20 Pay Estimate 15 PE 15-EN14042	250,656.69
	STANEK CONSTRUCTORS INC \$	291,079.19
ACH	SUNGARD AVAILABILITY SERVICES	
	4/20 Disaster Recovery Svc 152737248	853.00
	3/20 Disaster Recovery Svc 152734677	853.00
	5/20 Disaster Recovery Svc 152737833	853.00
	SUNGARD AVAILABILITY SERVICES \$	2,559.00
ACH	PFM ASSET MANAGEMENT LLC	
	2/1-2/29 Investment Portfolio Mgmt Svcs SMA-M0220-156	5,977.72
	PFM ASSET MANAGEMENT LLC \$	5,977.72
ACH	BIG SKY ELECTRIC INC	
	EN17044-3/20 Pay Est 11 PE 11-EN17044	135,802.50
	BIG SKY ELECTRIC INC \$	135,802.50
ACH	SPIESS CONSTRUCTION COMPANY IN	
	EN21004-3/20 Pay Est 3 PE 3-EN21004	188,911.06
	EN22004-3/20 Pay Est 3 PE 3-EN22004	64,244.94
	SPIESS CONSTRUCTION COMPANY IN\$	253,156.00
ACH	CALIFORNIA WATER TECHNOLOGIES	
	RP1-18,796 lbs Ferric Chloride Solution 37084	5,932.17
	RP1-17,792 lbs Ferric Chloride Solution 37140	5,615.26
	CALIFORNIA WATER TECHNOLOGIES \$	11,547.43
ACH	FERREIRA COASTAL CONSTRUCTION	
	WR15021-3/20 Pay Est 16 PE 16-WR15021	24,054.00
	FERREIRA COASTAL CONSTRUCTION \$	24,054.00
ACH	WALLACE & ASSOCIATES CONSULTIN	
	4600002051-2/3-3/1 Prof Svcs 2020-02-IEUA	49,844.00
	PL19005-2/3-3/1 On-Call Admin Svcs 20-02-IEUA-AD	7,800.00
	WALLACE & ASSOCIATES CONSULTIN\$	57,644.00
ACH	PRIORITY BUILDING SERVICES LLC	
	February 2020 Lab Janitorial Service 67955	3,408.64
	February 2020 Trailer Janitorial Service 67956	500.00
	PRIORITY BUILDING SERVICES LLC\$	3,908.64
ACH	ECOTECH SERVICES INC	
	3/20 Residential Home Pressure Regulatio 1668	11,908.57
	ECOTECH SERVICES INC \$	11,908.57

Check Payee / Description	Amount
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ACH	GILLIS + PANICHAPAN ARCHITECTS EN20051-2/20 Prof Svcs	107610J	12,505.00
			- - - - -
	GILLIS + PANICHAPAN ARCHITECTS\$		12,505.00
ACH	CSI SERVICES INC EN17042-3/6/2020 Professional Services 9691 EN17042-1/2020-2/2020 Professional Servi 9637		570.00 1,900.00
			- - - - -
	CSI SERVICES INC	\$	2,470.00
ACH	AMAZON BUSINESS 3 Humidifier Tanks 1 Atomic Digital Wall Clock	1XLF-V1LW-4CX 1KVL-Y7JD9L3W	1,172.40 90.51
			- - - - -
	AMAZON BUSINESS	\$	1,262.91
ACH	LITTLER MENDELSON PC 2/20 Genrl Legal #097433.1003 1/20 Genrl Legal #097433.1003	5194292 5183892	630.00 270.00
			- - - - -
	LITTLER MENDELSON PC	\$	900.00
ACH	LONE STAR BLOWER INC CCWRPMnt-Cntr Gskt/Seals,Fstnr Pcks	PS-INV103924	398.41
			- - - - -
	LONE STAR BLOWER INC	\$	398.41
ACH	KIEWIT INFRASTRUCTURE WEST CO EN17082-3/20 Pay Est 5	PE 5-EN17082	56,285.12
			- - - - -
	KIEWIT INFRASTRUCTURE WEST CO	\$	56,285.12
ACH	IEUA EMPLOYEES' ASSOCIATION P/R 9 4/24/20 Employee Ded	HR 0087700	210.00
			- - - - -
	IEUA EMPLOYEES' ASSOCIATION	\$	210.00
ACH	IEUA SUPERVISORS UNION ASSOCIA P/R 9 4/24/20 Employee Ded	HR 0087700	315.00
			- - - - -
	IEUA SUPERVISORS UNION ASSOCIA\$		315.00
ACH	IEUA GENERAL EMPLOYEES ASSOCIA P/R 9 4/24/20 Employee Ded	HR 0087700	1,106.60
			- - - - -
	IEUA GENERAL EMPLOYEES ASSOCIA\$		1,106.60
ACH	IEUA PROFESSIONAL EMPLOYEES AS P/R 9 4/24/20 Employee Ded	HR 0087700	490.00
			- - - - -
	IEUA PROFESSIONAL EMPLOYEES AS\$		490.00
ACH	DISCOVERY BENEFITS INC P/R 9 4/24/20 Cafeteria Plan	HR 0087700	4,175.26
			- - - - -
	DISCOVERY BENEFITS INC	\$	4,175.26

Check	Payee / Description	Amount
ACH	PATRICK W HUNTER P/R 9 4/24/20	248.50
	PATRICK W HUNTER	\$ 248.50
ACH	ESTRADA, JIMMIE J Reim Monthly Health Prem	539.86
	ESTRADA, JIMMIE J	\$ 539.86
ACH	LICHTI, ALICE Reim Monthly Health Prem	200.43
	LICHTI, ALICE	\$ 200.43
ACH	NOWAK, THEO T Reim Monthly Health Prem	539.86
	NOWAK, THEO T	\$ 539.86
ACH	SONNENBURG, ILSE Reim Monthly Health Prem	200.43
	SONNENBURG, ILSE	\$ 200.43
ACH	DYKSTRA, BETTY Reim Monthly Health Prem	200.43
	DYKSTRA, BETTY	\$ 200.43
ACH	MUELLER, CAROLYN Reim Monthly Health Prem	200.43
	MUELLER, CAROLYN	\$ 200.43
ACH	GRIFFIN, GEORGE Reim Monthly Health Prem	200.43
	GRIFFIN, GEORGE	\$ 200.43
ACH	CANADA, ANGELA Reim Monthly Health Prem	200.43
	CANADA, ANGELA	\$ 200.43
ACH	CUPERSMITH, LEIZAR Reim Monthly Health Prem	200.43
	CUPERSMITH, LEIZAR	\$ 200.43
ACH	DELGADO-ORAMAS JR, JOSE Reim Monthly Health Prem	339.43
	DELGADO-ORAMAS JR, JOSE	\$ 339.43
ACH	GRANGER, BRANDON Reim Monthly Health Prem	169.72
	GRANGER, BRANDON	\$ 169.72



Check	Payee / Description	Amount
ACH	GADDY, CHARLES L Reim Monthly Health Prem	HEALTH PREM 169.72
	GADDY, CHARLES L	\$ 169.72
ACH	BAKER, CHRIS Reim Monthly Health Prem	HEALTH PREM 30.72
	BAKER, CHRIS	\$ 30.72
ACH	WEBB, DANNY C Reim Monthly Health Prem	HEALTH PREM 139.00
	WEBB, DANNY C	\$ 139.00
ACH	HUMPHREYS, DEBORAH E Reim Monthly Health Prem	HEALTH PREM 169.72
	HUMPHREYS, DEBORAH E	\$ 169.72
ACH	MOUAT, FREDERICK W Reim Monthly Health Prem	HEALTH PREM 169.72
	MOUAT, FREDERICK W	\$ 169.72
ACH	MORGAN, GARTH W Reim Monthly Health Prem	HEALTH PREM 139.00
	MORGAN, GARTH W	\$ 139.00
ACH	ALLINGHAM, JACK Reim Monthly Health Prem	HEALTH PREM 30.72
	ALLINGHAM, JACK	\$ 30.72
ACH	MAZUR, JOHN Reim Monthly Health Prem	HEALTH PREM 501.91
	MAZUR, JOHN	\$ 501.91
ACH	RUDDER, LARRY Reim Monthly Health Prem	HEALTH PREM 30.72
	RUDDER, LARRY	\$ 30.72
ACH	HAMILTON, MARIA Reim Monthly Health Prem	HEALTH PREM 139.00
	HAMILTON, MARIA	\$ 139.00
ACH	RAMOS, CAROL Reim Monthly Health Prem	HEALTH PREM 30.72
	RAMOS, CAROL	\$ 30.72
ACH	FISHER, JAY Reim Monthly Health Prem	HEALTH PREM 139.00

Check	Payee / Description	Amount
	FISHER, JAY \$	139.00
ACH	KING, PATRICK Reim Monthly Health Prem HEALTH PREM	30.72
	KING, PATRICK \$	30.72
ACH	HOWARD, ROBERT JAMES Reim Monthly Health Prem HEALTH PREM	30.72
	HOWARD, ROBERT JAMES \$	30.72
ACH	DIETZ, JUDY Reim Monthly Health Prem HEALTH PREM	139.00
	DIETZ, JUDY \$	139.00
ACH	DAVIS, GEORGE Reim Monthly Health Prem HEALTH PREM	30.72
	DAVIS, GEORGE \$	30.72
ACH	MONZAVI, TAGHI Reim Monthly Health Prem HEALTH PREM	30.72
	MONZAVI, TAGHI \$	30.72
ACH	PETERSEN, KENNETH Reim Monthly Health Prem HEALTH PREM	200.43
	PETERSEN, KENNETH \$	200.43
ACH	TRAUTERMAN, HELEN Reim Monthly Health Prem HEALTH PREM	200.43
	TRAUTERMAN, HELEN \$	200.43
ACH	TIEGS, KATHLEEN Reim Monthly Health Prem HEALTH PREM	539.86
	TIEGS, KATHLEEN \$	539.86
ACH	DIGGS, GEORGE Reim Monthly Health Prem HEALTH PREM	539.86
	DIGGS, GEORGE \$	539.86
ACH	HAYES, KENNETH Reim Monthly Health Prem HEALTH PREM	539.86
	HAYES, KENNETH \$	539.86
ACH	HUNTON, STEVE Reim Monthly Health Prem HEALTH PREM	169.72
	HUNTON, STEVE \$	169.72
ACH	RODRIGUEZ, LOUIS Reim Monthly Health Prem HEALTH PREM	169.72



Check		Payee / Description	Amount
		RODRIGUEZ, LOUIS	\$ 169.72
ACH	VARBEL, VAN	Reim Monthly Health Prem	HEALTH PREM 501.91
	VARBEL, VAN		\$ 501.91
ACH	CLIFTON, NEIL	Reim Monthly Health Prem	HEALTH PREM 501.91
	CLIFTON, NEIL		\$ 501.91
ACH	WELLMAN, JOHN THOMAS	Reim Monthly Health Prem	HEALTH PREM 501.91
	WELLMAN, JOHN THOMAS		\$ 501.91
ACH	TROXEL, WYATT	Reim Monthly Health Prem	HEALTH PREM 200.43
	TROXEL, WYATT		\$ 200.43
ACH	CORLEY, WILLIAM	Reim Monthly Health Prem	HEALTH PREM 501.91
	CORLEY, WILLIAM		\$ 501.91
ACH	CALLAHAN, CHARLES	Reim Monthly Health Prem	HEALTH PREM 30.72
	CALLAHAN, CHARLES		\$ 30.72
ACH	LESNIAKOWSKI, NORBERT	Reim Monthly Health Prem	HEALTH PREM 200.43
	LESNIAKOWSKI, NORBERT		\$ 200.43
ACH	VER STEEG, ALLEN J	Reim Monthly Health Prem	HEALTH PREM 169.72
	VER STEEG, ALLEN J		\$ 169.72
ACH	HACKNEY, GARY	Reim Monthly Health Prem	HEALTH PREM 501.91
	HACKNEY, GARY		\$ 501.91
ACH	CAREL, LARRY	Reim Monthly Health Prem	HEALTH PREM 30.72
	CAREL, LARRY		\$ 30.72
ACH	TOL, HAROLD	Reim Monthly Health Prem	HEALTH PREM 200.43
	TOL, HAROLD		\$ 200.43
ACH	BANKSTON, GARY		

Check	Payee / Description	Amount
	Reim Monthly Health Prem HEALTH PREM	362.91
	BANKSTON, GARY \$	362.91
ACH	ATWATER, RICHARD Reim Monthly Health Prem HEALTH PREM	139.00
	ATWATER, RICHARD \$	139.00
ACH	FIESTA, PATRICIA Reim Monthly Health Prem HEALTH PREM	501.91
	FIESTA, PATRICIA \$	501.91
ACH	DIGGS, JANET Reim Monthly Health Prem HEALTH PREM	678.86
	DIGGS, JANET \$	678.86
ACH	CARAZA, TERESA Reim Monthly Health Prem HEALTH PREM	30.72
	CARAZA, TERESA \$	30.72
ACH	SANTA CRUZ, JACQUELYN Reim Monthly Health Prem HEALTH PREM	863.71
	SANTA CRUZ, JACQUELYN \$	863.71
ACH	HECK, ROSELYN Reim Monthly Health Prem HEALTH PREM	30.72
	HECK, ROSELYN \$	30.72
ACH	SOPICKI, LEO Reim Monthly Health Prem HEALTH PREM	339.43
	SOPICKI, LEO \$	339.43
ACH	GOSE, ROSEMARY Reim Monthly Health Prem HEALTH PREM	139.00
	GOSE, ROSEMARY \$	139.00
ACH	KEHL, BARRETT Reim Monthly Health Prem HEALTH PREM	139.00
	KEHL, BARRETT \$	139.00
ACH	RITCHIE, JANN Reim Monthly Health Prem HEALTH PREM	139.00
	RITCHIE, JANN \$	139.00
ACH	LONG, ROCKWELL DEE Reim Monthly Health Prem HEALTH PREM	525.39
	LONG, ROCKWELL DEE \$	525.39

Check	Payee / Description	Amount
ACH	FATTAHI, MIR Reim Monthly Health Prem	HEALTH PREM 139.00
	FATTAHI, MIR	\$ 139.00
ACH	VERGARA, FLORENTINO Reim Monthly Health Prem	HEALTH PREM 339.43
	VERGARA, FLORENTINO	\$ 339.43
ACH	ROGERS, SHIRLEY Reim Monthly Health Prem	HEALTH PREM 200.43
	ROGERS, SHIRLEY	\$ 200.43
ACH	WALL, DAVID Reim Monthly Health Prem	HEALTH PREM 332.20
	WALL, DAVID	\$ 332.20
ACH	CHUNG, MICHAEL Reim Monthly Health Prem	HEALTH PREM 169.72
	CHUNG, MICHAEL	\$ 169.72
ACH	ADAMS, PAMELA Reim Monthly Health Prem	HEALTH PREM 30.72
	ADAMS, PAMELA	\$ 30.72
ACH	BLASINGAME, MARY Reim Monthly Health Prem	HEALTH PREM 525.39
	BLASINGAME, MARY	\$ 525.39
ACH	ANDERSON, KENNETH Reim Monthly Health Prem	HEALTH PREM 169.72
	ANDERSON, KENNETH	\$ 169.72
ACH	MOE, JAMES Reim Monthly Health Prem	HEALTH PREM 30.72
	MOE, JAMES	\$ 30.72
ACH	POLACEK, KEVIN Reim Monthly Health Prem	HEALTH PREM 863.71
	POLACEK, KEVIN	\$ 863.71
ACH	ELROD, SONDRAL Reim Monthly Health Prem	HEALTH PREM 169.72
	ELROD, SONDRAL	\$ 169.72
ACH	FRAZIER, JACK Reim Monthly Health Prem	HEALTH PREM 183.62
	FRAZIER, JACK	\$ 183.62

Check	Payee / Description	Amount
ACH	HOAK, JAMES Reim Monthly Health Prem	HEALTH PREM 139.00
	HOAK, JAMES	\$ 139.00
ACH	FOLEY III, DANIEL J. Reim Monthly Health Prem	HEALTH PREM 193.20
	FOLEY III, DANIEL J.	\$ 193.20
ACH	CLEVELAND, JAMES Reim Monthly Health Prem	HEALTH PREM 139.00
	CLEVELAND, JAMES	\$ 139.00
ACH	LANGNER, CAMERON Reim Monthly Health Prem	HEALTH PREM 629.49
	LANGNER, CAMERON	\$ 629.49
ACH	HAMILTON, LEANNE Reim Monthly Health Prem	HEALTH PREM 30.72
	HAMILTON, LEANNE	\$ 30.72
ACH	HOOSHMAND, RAY Reim Monthly Health Prem	HEALTH PREM 139.00
	HOOSHMAND, RAY	\$ 139.00
ACH	SCHLAPKOHL, JACK Reim Monthly Health Prem	HEALTH PREM 139.00
	SCHLAPKOHL, JACK	\$ 139.00
ACH	POOLE, PHILLIP Reim Monthly Health Prem	HEALTH PREM 193.20
	POOLE, PHILLIP	\$ 193.20
ACH	ADAMS, BARBARA Reim Monthly Health Prem	HEALTH PREM 169.72
	ADAMS, BARBARA	\$ 169.72
ACH	RUESCH, GENECE Reim Monthly Health Prem	HEALTH PREM 362.91
	RUESCH, GENECE	\$ 362.91
ACH	VANDERPOOL, LARRY Reim Monthly Health Prem	HEALTH PREM 856.19
	VANDERPOOL, LARRY	\$ 856.19
ACH	AMBROSE, JEFFREY Reim Monthly Health Prem	HEALTH PREM 339.43

Check	Payee / Description	Amount
	AMBROSE, JEFFREY \$	339.43
ACH	MERRILL, DIANE Reim Monthly Health Prem HEALTH PREM	497.60
	MERRILL, DIANE \$	497.60
ACH	HOUSER, ROD Reim Monthly Health Prem HEALTH PREM	501.91
	HOUSER, ROD \$	501.91
ACH	RUSO, VICKI Reim Monthly Health Prem HEALTH PREM	193.20
	RUSO, VICKI \$	193.20
ACH	HUSS, KERRY Reim Monthly Health Prem HEALTH PREM	856.19
	HUSS, KERRY \$	856.19
ACH	BINGHAM, GREGG Reim Monthly Health Prem HEALTH PREM	525.39
	BINGHAM, GREGG \$	525.39
ACH	CHARLES, DAVID Reim Monthly Health Prem HEALTH PREM	139.00
	CHARLES, DAVID \$	139.00
ACH	YEBOAH, ERNEST Reim Monthly Health Prem HEALTH PREM	139.00
	YEBOAH, ERNEST \$	139.00
ACH	ALVARADO, ROSEMARY Reim Monthly Health Prem HEALTH PREM	362.91
	ALVARADO, ROSEMARY \$	362.91
ACH	BARELA, GEORGE Reim Monthly Health Prem HEALTH PREM	139.00
	BARELA, GEORGE \$	139.00
ACH	FETZER, ROBERT Reim Monthly Health Prem HEALTH PREM	863.71
	FETZER, ROBERT \$	863.71
ACH	SPAETH, ERIC Reim Monthly Health Prem HEALTH PREM	193.20
	SPAETH, ERIC \$	193.20
ACH	DAVIS, MARTHA Reim Monthly Health Prem HEALTH PREM	30.72

Check	Payee / Description	Amount
	DAVIS, MARTHA \$	30.72
ACH	BRULE, CHRISTOPHER Reim Monthly Health Prem HEALTH PREM	193.20
	BRULE, CHRISTOPHER \$	193.20
ACH	ROOS, JAMES Reim Monthly Health Prem HEALTH PREM	525.39
	ROOS, JAMES \$	525.39
ACH	MULLANEY, JOHN Reim Monthly Health Prem HEALTH PREM	332.20
	MULLANEY, JOHN \$	332.20
ACH	VALENZUELA, DANIEL Reim Monthly Health Prem HEALTH PREM	525.39
	VALENZUELA, DANIEL \$	525.39
ACH	PACE, BRIAN Reim Monthly Health Prem HEALTH PREM	525.39
	PACE, BRIAN \$	525.39
ACH	KING, JOSEPH Reim Monthly Health Prem HEALTH PREM	139.00
	KING, JOSEPH \$	139.00
ACH	VILLALOBOS, HECTOR Reim Monthly Health Prem HEALTH PREM	193.20
	VILLALOBOS, HECTOR \$	193.20
ACH	BAXTER, KATHLEEN Reim Monthly Health Prem HEALTH PREM	193.20
	BAXTER, KATHLEEN \$	193.20
ACH	PENMAN, DAVID Reim Monthly Health Prem HEALTH PREM	525.39
	PENMAN, DAVID \$	525.39
ACH	ANGIER, RICHARD Reim Monthly Health Prem HEALTH PREM	525.39
	ANGIER, RICHARD \$	525.39
ACH	MERRILL, DEBORAH Reim Monthly Health Prem HEALTH PREM	362.91
	MERRILL, DEBORAH \$	362.91
ACH	O'DEA, KRISTINE	

Check	Payee / Description	Amount
	Reim Monthly Health Prem	HEALTH PREM 169.72
	O'DEA, KRISTINE	\$ 169.72
ACH	OAKDEN, LISA	
	Reim Monthly Health Prem	HEALTH PREM 863.71
	OAKDEN, LISA	\$ 863.71
ACH	LAUGHLIN, JOHN	
	Reim Monthly Health Prem	HEALTH PREM 139.00
	LAUGHLIN, JOHN	\$ 139.00
ACH	HUGHBANKS, ROGER	
	Reim Monthly Health Prem	HEALTH PREM 193.20
	HUGHBANKS, ROGER	\$ 193.20
ACH	SPENDLOVE, DANNY	
	Reim Monthly Health Prem	HEALTH PREM 169.72
	SPENDLOVE, DANNY	\$ 169.72
ACH	HOULIHAN, JESSE	
	Reim Monthly Health Prem	HEALTH PREM 193.20
	HOULIHAN, JESSE	\$ 193.20
ACH	WARMAN, EVELYN	
	Reim Monthly Health Prem	HEALTH PREM 30.72
	WARMAN, EVELYN	\$ 30.72
ACH	HERNANDEZ, DELIA	
	Reim Monthly Health Prem	HEALTH PREM 193.20
	HERNANDEZ, DELIA	\$ 193.20
ACH	AVILA, ARTHUR L	
	Reim Monthly Health Prem	HEALTH PREM 193.20
	AVILA, ARTHUR L	\$ 193.20
ACH	GUARDIANO, GARY	
	Reim Monthly Health Prem	HEALTH PREM 169.72
	GUARDIANO, GARY	\$ 169.72
ACH	POMERLEAU, THOMAS	
	Reim Monthly Health Prem	HEALTH PREM 30.72
	POMERLEAU, THOMAS	\$ 30.72
ACH	BARRER, SATURNINO	
	Reim Monthly Health Prem	HEALTH PREM 332.20
	BARRER, SATURNINO	\$ 332.20



Check	Payee / Description	Amount
ACH	LACEY, STEVEN Reim Monthly Health Prem	HEALTH PREM 724.71
	LACEY, STEVEN	\$ 724.71
ACH	MILLS, JOHN Reim Monthly Health Prem	HEALTH PREM 30.72
	MILLS, JOHN	\$ 30.72
ACH	REED, RANDALL Reim Monthly Health Prem	HEALTH PREM 664.39
	REED, RANDALL	\$ 664.39
ACH	RAMIREZ, REBECCA Reim Monthly Health Prem	HEALTH PREM 332.20
	RAMIREZ, REBECCA	\$ 332.20
ACH	RAZAK, HALLA Reim Monthly Health Prem	HEALTH PREM 139.00
	RAZAK, HALLA	\$ 139.00
ACH	OSBORN, CINDY L Reim Monthly Health Prem	HEALTH PREM 332.20
	OSBORN, CINDY L	\$ 332.20
ACH	FESTA, GARY Reim Monthly Health Prem	HEALTH PREM 245.25
	FESTA, GARY	\$ 245.25
ACH	MENDEZ, DAVID G Reim Monthly Health Prem	HEALTH PREM 193.20
	MENDEZ, DAVID G	\$ 193.20
ACH	DELGADO, FLOR MARIA Reim Monthly Health Prem	HEALTH PREM 139.00
	DELGADO, FLOR MARIA	\$ 139.00
ACH	GROENVELD, NELLETJE Reim Monthly Health Prem	HEALTH PREM 193.20
	GROENVELD, NELLETJE	\$ 193.20
ACH	BATONGMALAQUE, CHARLIE L Reim Monthly Health Prem	HEALTH PREM 562.23
	BATONGMALAQUE, CHARLIE L	\$ 562.23
ACH	BOBBITT, JOHN Reim Monthly Health Prem	HEALTH PREM 139.00
	BOBBITT, JOHN	\$ 139.00



Check	Payee / Description	Amount
ACH	NEIGHBORS, CLAUDIA Reim Monthly Health Prem	HEALTH PREM 193.20
	NEIGHBORS, CLAUDIA	\$ 193.20
ACH	JONES, LONDON S Reim Monthly Health Prem	HEALTH PREM 193.20
	JONES, LONDON S	\$ 193.20
ACH	CHENG, TINA Y Reim Monthly Health Prem	HEALTH PREM 200.43
	CHENG, TINA Y	\$ 200.43
ACH	JACKSON, PATRICIA M Reim Monthly Health Prem	HEALTH PREM 169.72
	JACKSON, PATRICIA M	\$ 169.72
ACH	GIBSON, CONSTANCE A Reim Monthly Health Prem	HEALTH PREM 139.00
	GIBSON, CONSTANCE A	\$ 139.00
ACH	GU, JASON Reim Monthly Health Prem	HEALTH PREM 193.20
	GU, JASON	\$ 193.20
ACH	KOPP, LINDA L Reim Monthly Health Prem	HEALTH PREM 193.20
	KOPP, LINDA L	\$ 193.20
ACH	HASCO OIL COMPANY, INC. RP5-Mbl SHC 630,Mbl SHC 626,Shll Trb T 4 0232155-IN	10,548.62
	HASCO OIL COMPANY, INC.	\$ 10,548.62
ACH	FISHER SCIENTIFIC Dark Green Exam Gloves	6470353 321.33
	Buffer Ricca Blue	2434990 68.04
	ISO Octane	6765432 693.09
	Gloves	6674892 667.19
	FISHER SCIENTIFIC	\$ 1,749.65
ACH	ROYAL INDUSTRIAL SOLUTIONS Slotted Channels,Angles	6046-679347 264.88
	Wire,Flex Liq-Tite,Lugs	6046-679293 636.86
	Pressure Switch	6046-679289 45.32
	Light Fixtures	6046-678660 242.87
	Flex Liq-Tite,Wire	6046-679385 206.40
	Slotted Channels,Wire	6046-679287 1,627.71
	ROYAL INDUSTRIAL SOLUTIONS	\$ 3,024.04

Check	Payee / Description	Amount
ACH	SANTA ANA WATERSHED Cost Sharing for SARCCUP Program 62830	100,798.00
	SANTA ANA WATERSHED \$	100,798.00
ACH	UNIVAR SOLUTIONS USA INC TP1-12,275 Lbs Sodium Bisulfite 48521366	2,862.17
	TP1-12,345 Lbs Sodium Bisulfite 48519414	2,878.50
	TP1-11,911 Lbs Sodium Bisulfite 48458523	2,777.28
	UNIVAR SOLUTIONS USA INC \$	8,517.95
ACH	ENVIRONMENTAL RESOURCES ASSOC Surfactants,Uranium,Silica,Perchlorate 933053	494.25
	Source Water Microbe 933150	205.72
	ENVIRONMENTAL RESOURCES ASSOC \$	699.97
ACH	STANDARD & POOR'S 08B Bnds-4/20-3/21 Analytical Svcs-Stand 11389806	5,000.00
	STANDARD & POOR'S \$	5,000.00
ACH	ACCUSTANDARD INC Toxaphene 917060	78.12
	Violatile,Acetone,4-Methyl-2-pentanone 917025	853.36
	ACCUSTANDARD INC \$	931.48
ACH	CAROLLO ENGINEERS EN19051-2/2020 Professional Services 0185272	740.95
	EN17049-3/2020 Professional Services 0185932	3,284.10
	CAROLLO ENGINEERS \$	4,025.05
ACH	MCMASTER-CARR SUPPLY CO Enclosures,Conduit,Adapters 36575872	585.56
	Tubular Gauge Glass, Neoprene Gasket 37622155	64.44
	CPVC Pipe Fitting,Spray Nozzle 38499418	546.88
	MCMASTER-CARR SUPPLY CO \$	1,196.88
ACH	AUTOMATED GATE SERVICES INC RP2-Troubleshoot Gate will not Close 142140	190.00
	AUTOMATED GATE SERVICES INC \$	190.00
ACH	LOCKMASTERS USA INC Inv-Padlocks-2" shackles Blue Bumpers 1050730	324.19
	LOCKMASTERS USA INC \$	324.19
ACH	CHINO BASIN DESALTER AUTHORITY CDA-EN16021.90-IEUA Contrib #20 Proj Cle RSTRCTD CNTRB	309,363.42
	CHINO BASIN DESALTER AUTHORITY\$	309,363.42
ACH	NATIONAL BUSINESS INVESTIGATIO Employee Background Chk ET, JAA IEUA-1083	386.50

Check	Payee / Description	Amount
	NATIONAL BUSINESS INVESTIGATIO\$	386.50
ACH	CASC ENGINEERING AND CONSULTIN RW15003-2/2020 Professional Svcs 0041903	471.00
	CASC ENGINEERING AND CONSULTIN\$	471.00
ACH	HACH COMPANY Inv-Assy Probes, Photocell Assy's 11900707	13,795.66
	Inv-Digital pH Sensors 11897202	3,612.97
	Inv-Digital Inductive Conductivity Senso 11898858	1,207.82
	TP4Mnt-Fiber Wipers 11900732	146.56
	Inv-Lamp Assys 11898848	472.80
	HACH COMPANY \$	19,235.81
ACH	O S T S INC 3/11 CPR/First Aid/AED/BBP Oxygen Trng f 52507	1,000.00
	O S T S INC \$	1,000.00
ACH	INNOVATIVE FEDERAL STRATEGIES 4/20 Prof Svcs 042020	8,000.00
	INNOVATIVE FEDERAL STRATEGIES \$	8,000.00
ACH	RSD Pleated Filters 55318642-00	742.83
	End Louver, Side Louver, Belts 55318570-01	2,504.28
	Filter Bags, Casing Gaskets 55318570-00	261.67
	Pleated Air Filters 55317888-00	378.08
	Filters 55317295-00	566.59
	Pleated Filters 55319725-00	819.24
	RSD \$	5,272.69
ACH	OLIN CORP RP4-4,954 Gals Sodium Hypochlorite 2807346	3,983.02
	RP4-4,884 Gals Sodium Hypochlorite 2806364	3,926.74
	RP4-4,892 Gals Sodium Hypochlorite 2798539	3,933.17
	RP4-4,850 Gals Sodium Hypochlorite 2795273	3,899.40
	RP4-4,892 Gals Sodium Hypochlorite 2792411	3,933.17
	RP4-4,886 Gals Sodium Hypochlorite 2789625	3,928.34
	CCWRP-2,996 Gals Sodium Hypochlorite 2813602	2,606.52
	RP4-4,946 Gals Sodium Hypochlorite 2812757	3,976.58
	RP4-4,834 Gals Sodium Hypochlorite 2809853	3,886.54
	CCWRP-2,970 Gals Sodium Hypochlorite 2810424	2,583.90
	OLIN CORP \$	36,657.38
ACH	ADVANCED CHEMICAL TECHNOLOGY I 1/2/2020 Wtr Treatment Svc f/RP1,RP2,RP5 875198	445.00
	2/2/2020 Wtr Treatment Svc f/RP1,RP2,RP5 875930	445.00
	3/2/2020 Wtr Treatment Svc f/RP1,RP2,RP5 875932	445.00
	ADVANCED CHEMICAL TECHNOLOGY I\$	1,335.00
ACH	BIG SKY ELECTRIC INC	

Check	Payee / Description	Amount
	RP5-Replace 300 HP VFD 20-004-01	44,057.50
	BIG SKY ELECTRIC INC \$	44,057.50
ACH	ELECTRO-CHEMICAL DEVICES, INC Sensor S80 70058	532.78
	ELECTRO-CHEMICAL DEVICES, INC \$	532.78
ACH	CALIFORNIA WATER TECHNOLOGIES Phills-18,095 lbs Ferric Chloride Soluti 37035	5,711.07
	Phills-17,604 lbs Ferric Chloride Soluti 37143	5,556.04
	RP1-16,505 lbs Ferric Chloride Solution 37228	5,209.18
	Phills-17,685 lbs Ferric Chloride Soluti 37055	5,581.70
	RP1-16,872 lbs Ferric Chloride Solution 37167	5,324.99
	CALIFORNIA WATER TECHNOLOGIES \$	27,382.98
ACH	EVOQUA WATER TECHNOLOGIES LLC 4/1/20-6/30/20 DI Tank Rental 904407950	118.24
	EVOQUA WATER TECHNOLOGIES LLC \$	118.24
ACH	ARCADIS U.S., INC. EN19001/EN19006-2/2020 Professional Serv 34154648	134,937.40
	ARCADIS U.S., INC. \$	134,937.40
ACH	MANAGED MOBILE INC Repair Parts/Labor for Agency Vehicles IN00-0195712	215.61
	MANAGED MOBILE INC \$	215.61
ACH	PACIFIC COURIERS INC February 2020 Messenger Svc & Lab Delive 20-02-2009	3,449.61
	March 2020 Messenger Svc & Lab Delivery 20-03-2009	3,607.45
	PACIFIC COURIERS INC \$	7,057.06
ACH	GILLIS + PANICHAPAN ARCHITECTS FM20001-2/20 Prof Svcs 107609J	160.00
	FM20002-2/1-3/24 Prof Svcs-Consultants 107619J	675.00
	GILLIS + PANICHAPAN ARCHITECTS\$	835.00
ACH	AMAZON BUSINESS Dewatering Pumps,Discharge Hoses,Hose Fi 16H9-CWP1-1D1	3,505.30
	AMAZON BUSINESS \$	3,505.30
ACH	ALL CAL EQUIPMENT SERVICES INC Annual Certificaion, Inspection 59143	9,952.50
	ALL CAL EQUIPMENT SERVICES INC\$	9,952.50
ACH	GARRATT CALLAHAN COMPANY RP2-3/20 Boiler/Piping Sys Maint 1038986	578.51
	RP1-3/20 Boiler/Piping Sys Maint 1039130	660.22

Report: ZFIR TREASURER      Inland Empire Utilities Agency		Page	31
For 04/01/2020 ~ 04/30/2020      Treasurer Report		Date	05/16/2020
Check	Payee / Description	Amount	
	GARRATT CALLAHAN COMPANY      \$	1,238.73	
ACH	DEGRAVE COMMUNICATIONS INC Development, Photo Shoot, Design, Managemen 204	7,797.00	
	DEGRAVE COMMUNICATIONS INC      \$	7,797.00	
ACH	CAPO PROJECTS GROUP LLC February 2020 Professional Services      3660	24,199.68	
	CAPO PROJECTS GROUP LLC      \$	24,199.68	
ACH	DECALS BY DESIGN INC Install IEUA Decal Graphics Veh 1906,191 14338 Decal Graphics Sets, Install Veh 1907      14561	150.00 96.06	
	DECALS BY DESIGN INC      \$	246.06	
ACH	WESTERN DENTAL PLAN 4/20 Agency Dental Plan      4/2020	2,179.93	
	WESTERN DENTAL PLAN      \$	2,179.93	
ACH	PREFERRED BENEFIT INSURANCE 4/20 Agency Dental Plan      EIA32203	18,190.50	
	PREFERRED BENEFIT INSURANCE      \$	18,190.50	
ACH	DISCOVERY BENEFITS INC March 2020 Admin Fees      0001140649-IN	251.75	
	DISCOVERY BENEFITS INC      \$	251.75	
ACH	MANTILLA, LAURA MlgReim-2/26/20 CSD Training-Mantilla, L      MLG 2/26/20	68.54	
	MANTILLA, LAURA      \$	68.54	
ACH	DELGADO, ROBERTO Reim-Mobius 2020 Certificate Renewal      M-136810-01 2	300.44	
	DELGADO, ROBERTO      \$	300.44	
ACH	SO CALIF EDISON VctrBsn/MWDCB11-3/19-4/17 Victoria St/Ba 2264009051 4/ 1630EPmpStn-1/17-4/16 7420 1/2 East 3035490419 4/ SBLfStn-1/16-3/17 13707 San Bernardino A 3032571461 3/ Phills-1/8-4/7 1818 Phila St 3001323331 3/ RP4-3/6-4/6 12811 6th St 3012355379 3/ RP2MntLnchRm-1/17-4/16 16400 El Prado Rd 3000173128 4/	63.80 21,787.22 7,870.10 18,791.76 314.09 8,840.81	
	SO CALIF EDISON      \$	57,667.78	

Grand Total Payment Amount: \$      4,171,616.82

# Attachment 2D

Vendor Wires  
(excludes Payroll)



Report: ZFIR TREASURER      Inland Empire Utilities Agency		Page	1
For 04/01/2020 ~ 04/30/2020      Treasurer Report		Date	05/16/2020
Check	Payee / Description	Amount	
Wire	STATE DISBURSEMENT UNIT		
	P/R 7 3/27/20	HR 0087300	198.00
	P/R 7 3/27/20	HR 0087300	3,294.44
			- - - - -
	STATE DISBURSEMENT UNIT	\$	3,492.44
Wire	METROPOLITAN WATER DISTRICT		
	February 2020 Water Purchase	9990	1,720,036.65
			- - - - -
	METROPOLITAN WATER DISTRICT	\$	1,720,036.65
Wire	STATE BOARD OF EQUALIZATION		
	3/20 Sales Tax Deposit	23784561 3/20	7,481.00
			- - - - -
	STATE BOARD OF EQUALIZATION	\$	7,481.00
Wire	CALPERS		
	GASB 68 Reports & Schedules	1000000159993	2,250.00
			- - - - -
	CALPERS	\$	2,250.00
Wire	SUMITOMO MITSUI BANKING CORP		
	08B 1/1/20-3/31/20 LOC Fees	NY-091282 040	38,066.18
			- - - - -
	SUMITOMO MITSUI BANKING CORP	\$	38,066.18
Wire	PUBLIC EMPLOYEES' RETIREMENT S		
	4/20 Health Ins-Retirees, Employees	15986764 4/20	273,940.49
	4/20 Health Ins-Board	15986768 4/20	7,253.15
			- - - - -
	PUBLIC EMPLOYEES' RETIREMENT S\$		281,193.64
Wire	PUBLIC EMPLOYEE'S RETIREMENT S		
	P/R 8 4/10/20 Deferred Comp Ded	HR 0087600	32,464.41
			- - - - -
	PUBLIC EMPLOYEE'S RETIREMENT S\$		32,464.41
Wire	STATE DISBURSEMENT UNIT		
	P/R 8 4/10/20	HR 0087600	198.00
	P/R 8 4/10/20	HR 0087600	3,294.44
			- - - - -
	STATE DISBURSEMENT UNIT	\$	3,492.44
Wire	EMPLOYMENT DEVELOPMENT DEPARTM		
	P/R 108 Vac Buy Back 4/10/20 Taxes	HR 0087500	9,819.05
	P/R 8 4/10/20 Taxes	HR 0087600	70,973.46
	P/R 8 4/10/20 Taxes	HR 0087600	13,869.37
	P/R 108 Vac Buy Back 4/10/20 Taxes	HR 0087500	1,757.04
	P/R DIR 4 4/10/20 Taxes	HR 0087400	411.62
			- - - - -
	EMPLOYMENT DEVELOPMENT DEPARTM\$		96,830.54
Wire	INTERNAL REVENUE SERVICE		
	P/R 108 Vac Buy Back 4/10/20 Taxes	HR 0087500	53,311.18
	P/R 8 4/10/20 Taxes	HR 0087600	377,214.14
	P/R DIR 4 4/10/20 Taxes	HR 0087400	2,388.82
			- - - - -
	INTERNAL REVENUE SERVICE	\$	432,914.14



Report: ZFIR TREASURER      Inland Empire Utilities Agency		Page	2
For 04/01/2020 ~ 04/30/2020      Treasurer Report		Date	05/16/2020
Check	Payee / Description	Amount	
Wire	PUBLIC EMPLOYEES RETIREMENT SY		
	P/R 8 4/10/20 PERS Adj	P/R 8 4/10 AD	1.76-
	P/R 8 4/10/20 PERS	HR 0087600	186,274.36
			- - - - -
	PUBLIC EMPLOYEES RETIREMENT SY\$		186,272.60
Wire	EMPLOYMENT DEVELOPMENT DEPARTM		
	P/R 9 4/24/20 Taxes	HR 0087700	55,522.93
	P/R 9 4/24/20 Taxes	HR 0087700	12,007.59
			- - - - -
	EMPLOYMENT DEVELOPMENT DEPARTM\$		67,530.52
Wire	INTERNAL REVENUE SERVICE		
	P/R 9 4/24/20 Taxes	HR 0087700	315,802.90
			- - - - -
	INTERNAL REVENUE SERVICE	\$	315,802.90
Wire	PUBLIC EMPLOYEES RETIREMENT SY		
	P/R 9 4/24/20 PERS Adj-Emp (er)	P/R 9 4/24 AD	0.02-
	P/R 9 4/24/20 PERS	HR 0087700	184,606.12
			- - - - -
	PUBLIC EMPLOYEES RETIREMENT SY\$		184,606.10
Wire	STATE DISBURSEMENT UNIT		
		HR 0087700	198.00
	P/R 9 4/24/20	HR 0087700	3,294.44
			- - - - -
	STATE DISBURSEMENT UNIT	\$	3,492.44

Grand Total Payment Amount: \$      3,375,926.00

# Attachment 2E

## Payroll-Net Pay-Directors

# INLAND EMPIRE UTILITIES AGENCY

## Ratification of Board of Directors

**Payroll for April 10 ,2020**

**Presented at Board Meeting on June 17, 2020**

DIRECTOR NAME	GROSS PAYROLL	NET PAYROLL
Jasmin Hall	\$3,312.32	\$2,093.14
Katherine Parker	\$3,938.24	\$1,237.49
Michael Camacho	\$2,944.74	\$254.44
Steven J. Elie	\$5,198.24	\$1,666.16
Paul Hofer	\$0.00	\$0.00
<b>TOTALS</b>	<b>\$15,393.54</b>	<b>\$5,251.23</b>

	Count	Amount
TOTAL EFTS PROCESSED	4	\$5,251.23
TOTAL CHECKS PROCESSED	0	\$0.00
CHECK NUMBERS USED	N/A	

**DIRECTOR PAYSHEETS**  
**IEUA/MWD/IERCA**  
**CBWM (alternate)/**  
**CBWB (alternate)/SAWPA (alternate)**  
 (Page 1 of 2)

MICHAEL CAMACHO  
 EMPLOYEE NO. 1140  
 ACCOUNT NO. 10200 120100 100000 501010

**MARCH 2020**

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
03-09-20	MWD – Committee Meetings	Yes	\$260.00
03-10-20	MWD – Committee & Board Meeting	Yes	\$260.00
03-11-20	IEUA – Eng., Ops, & Water Resources and Finance & Admin. Committee (alt)	Yes	\$260.00
03-18-20	IEUA – Board Meeting	Yes	\$260.00
<b>TOTAL REIMBURSEMENT</b>			\$1,040.00
<b><u>IEUA/MWD/IERCA</u></b>			
Up to 10 days of service per month per Ordinance No. 105, including MWD meetings at \$260.00 ( <i>eff. 07/01/19</i> ). IEUA pays both primary and alternate for attendance.			
<b><u>CBWM</u></b>			
Up to 10 days of service per month per Ordinance No. 105 (i.e., <b>\$135.00</b> – difference between Watermaster \$125.00 and Agency meetings \$260.00 ( <i>eff. 7/01/19</i> ), including MWD meetings. Chino Basin Watermaster does not compensate an alternate Director unless the alternate Director is attending on behalf of an absent primary Director. In accordance to Ordinance No. 98, Section 1, (i) Attendance at any meeting provided for under Sections 1.b, c, e, and f, shall also include payment to both the primary representative and the alternate representative to said body if they both attend said meeting. <u>Record full amount on timesheet for attendance by alternates</u>			
<b><u>CBWB</u></b>			
Up to 10 days of service per month per Ordinance No. 105. (i.e., <b>\$160.00</b> – difference between CBWB (\$100.00 and Agency meetings \$260.00 ( <i>eff. 7/01/19</i> ), including MWD meetings. CBWB pays directly to IEUA. Record full amount on timesheet.			
<b><u>SAWPA</u></b>			
Up to 10 days of service per month per Ordinance No. 105 (i.e., <b>\$50.00</b> – difference between SAWPA (\$220.00 ( <i>eff. 1/20</i> ) and Agency meetings \$260.00 ( <i>eff. 7/01/19</i> ), including MWD meetings. SAWPA pays both primary and alternate for attendance, including mileage.			

**DIRECTOR PAYSHEETS**  
**IEUA/MWD/IERCA**  
**CBWM (alternate)/**  
**CBWB (alternate)/SAWPA (alternate)**  
(Page 2 of 2)

Total No. of Meetings Attended	4
Total No. of Meetings <b>Paid</b>	4

DIRECTOR  
SIGNATURE



Michael Camacho, Director

Approved by:



**DIRECTOR PAYSHEETS**  
**IEUA/CBWM/ CBWB**  
**CDA - alternate**  
 (Page 1 of 2)

STEVEN J. ELIE  
 EMPLOYEE NO. 1175  
 ACCOUNT NO. 10200 120100 100000 501010

**MARCH 2020**

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
03-02-20	IEUA – SCWC Legislative Task Force Meeting Conference Call	Yes	\$260.00
03-03-20	IEUA – Water Now Alliance (WNA) Leadership Council Meeting	Yes	\$260.00
03-04-20	IEUA – Board Meeting	Yes	\$260.00
03-05-20	CDA – Board Meeting (alternate)	Yes (same day)	\$-0-
03-05-20	IEUA – CBP Ad Hoc Committee Meeting	Yes	\$260.00
03-09-20	IEUA – Audit Committee Meeting	Yes	\$260.00
03-11-20	IEUA – Community & Leg. Affairs and Finance & Admin Committees	Yes	\$260.00
03-11-20	IEUA – Chino Valley Fire Board Meeting	Yes (same day)	\$-0-
03-18-20	IEUA – Board Meeting	Yes	\$260.00
03-20-20	IEUA – SCWC Bond Priorities Meeting Conference Call	Yes	\$260.00
03-23-20	IEUA – CBP Ad Hoc Meeting conference Call	Yes	\$260.00
03-23-20	IEUA – SCWC Legislative Task Force Meeting Conference Call	Yes (same day)	\$-0-
03-24-20	IEUA – Chino Valley Leadership – COVID-19 Webinar	Yes (decline pymt.)	\$-0-
03-26-20	CBWM – Board Meeting	Yes (decline pymt.)	\$-0-*
03-30-20	IEUA – Special Communications and Legislative Affairs Committee Meeting	Yes	\$260.00
03-31-29	IEUA – WNA COVID-19 Peer to Peer Response	Yes (10 mtgs. max.)	\$-0-
<b>TOTAL REIMBURSEMENT</b> <b>IEUA</b> Up to 10 days of service per month per Ordinance No. 105, including MWD meetings at \$260.00 (eff. 07/01/19). IEUA pays both primary and alternate for attendance. <b>CBWM</b> Up to 10 days of service per month per Ordinance No. 105, including MWD meetings at \$260.00 (eff. 07/01/19). IEUA pays both primary and alternate for attendance. (i.e., <b>\$135.00</b> – difference between Watermaster \$125.00 and Agency meetings \$260.00 (eff. 7/01/19). Chino Basin Watermaster does not compensate an alternate Director unless the alternate			\$2,600.00

**DIRECTOR PAYSHEETS**  
**IEUA/CBWM/ CBWB**  
**CDA - alternate**  
 (Page 2 of 2)

Director is attending on behalf of an absent primary Director. In accordance to Ordinance No. 98, Section 1, (i) Attendance at any meeting provided for under Sections 1.b, c, e, and f, shall also include payment to both the primary representative and the alternate representative to said body if they both attend said meeting. Record full amount on timesheet for attendance by alternates

**CDA**

Up to 10 days of service per month per Ordinance No. 105 (i.e., **\$120.00** – difference between CDA (\$150.00 and Agency meetings \$260.00 *eff. 7/01/19*), including MWD meetings. CDA pays directly to IEUA. Record full amount on timesheet.

**CBWB**

Up to 10 days of service per month per Ordinance No. 105. (i.e., **\$160.00** – difference between CBWB (\$100.00 and Agency meetings \$260.00 *eff. 7/01/19*), including MWD meetings. CBWB pays directly to IEUA. Record full amount on timesheet.


max

Total No. of Meetings Attended	16
Total No. of Meetings Paid	10

**\*Decline IEUA portion of CBWM**

DIRECTOR  
SIGNATURE

  
 Steven J. Elie, Director

Approved by: 



**DIRECTOR PAYSHEETS  
IEUA**

(Page 1 of 1)

JASMIN A. HALL

EMPLOYEE NO. 1256

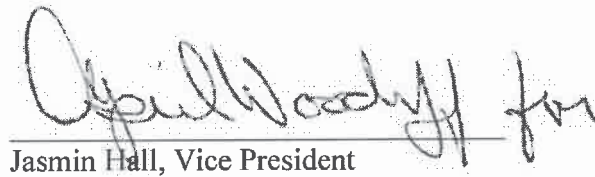
ACCOUNT NO. 10200 120100 100000 501010

**MARCH 2020**

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
03-02-20	IEUA – SCWC Legislative Task Force Meeting Conference Call	Yes	\$260.00
03-03-20	IEUA – Bloomington-Municipal Advisory Council	Yes	\$260.00
03-04-20	IEUA – Board Meeting	Yes	\$260.00
03-06-20	IEUA – CASA Finance Committee Telecon	Yes	\$260.00
03-07-20	IEUA – Rialto State of Women Event	Yes	\$260.00
03-11-20	IEUA – Annual Inland Empire/OC Legislative Reception	Yes	\$260.00
03-12-20	IEUA – ACWA Legislative Symposium	Yes	\$260.00
03-18-20	IEUA – Board Meeting	Yes	\$260.00
03-23-20	IEUA – SCWC Legislative Task Force	Yes	\$260.00
03-26-20	IEUA – CASA Air Quality, Climate Change, and Energy Webinar	Yes	\$260.00
03-26-20	IEUA – AWWEE Webinar	Yes (10 mtg. max.)	\$-0-
03-27-20	IEUA – Meeting w/General Manager Shivaji Deshmukh	Yes (10 mtg. max.)	\$-0-
03-30-20	IEUA – CAAWEF Website Review Meeting	Yes (10 mtg. max.)	\$-0-
03-31-20	IEUA – AABE CA Chapter Membership Telecon	Yes (10 mtg. max.)	\$-0-
<b>TOTAL REIMBURSEMENT</b>			\$2,600.00
<b><u>IEUA</u></b> <i>Up to 10 days of service per month per Ordinance No. 105, including MWD meetings at \$260.00 (eff. 07/01/19). IEUA pays both primary and alternate for attendance.</i>			
Total No. of Meetings Attended			14
Total No. of Meetings Paid			10

**DIRECTOR PAYSHEETS**  
**IEUA/MWD**  
**SAWPA-alternate**  
(Page 2 of 2)

DIRECTOR  
SIGNATURE

 for  
Jasmin Hall, Vice President

Approved by:



**DIRECTOR PAYSHEETS**  
**IEUA/IERCA**  
**REGIONAL POLICY (alternate)**  
 (Page 1 of 1)

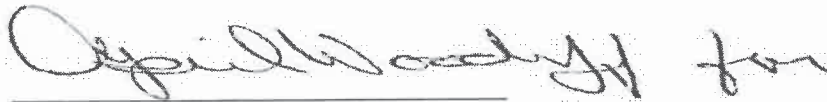
PAUL HOFER  
 EMPLOYEE NO. 1349  
 ACCOUNT NO. 10200 120100 100000 501010

**MARCH 2020**

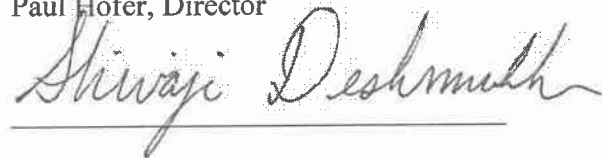
DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
03-04-20	IEUA – Board of Director Workshop	Yes	\$-0-
03-11-20	IEUA – Finance and Admin. Committee Meetings	Yes	\$-0-
<b>TOTAL REIMBURSEMENT</b>			\$-0-
<u><b>IEUA/IERCA</b></u> Up to 10 days of service per month per Ordinance No. 105, including MWD meetings at \$260.00 (eff. 07/01/19). IEUA pays both primary and alternate for attendance. <u><b>Regional Policy Committee Meeting</b></u> (Up to 10 days of service per month per Ordinance No. 105, including MWD meetings at \$260.00 (eff. 07/01/19.) IEUA pays Regional Policy Committee members (total amount of \$260.00, should reflect on timesheet)			
Total No. of Meetings Attended			2
Total No. of Meetings Paid			0

Director Hofer has waived all stipend payments.

DIRECTOR  
SIGNATURE

  
 Paul Hofer, Director

Approved by:



**IEUA DIRECTOR PAYSHEET  
IEUA/REGIONAL POLICY/  
SAWPA/CDA/IERCA (alternate)**

(Page 1 of 2)

KATI PARKER  
EMPLOYEE NO. 1362  
ACCOUNT NO. 10200 1200100 100000 501010

**MARCH 2020**

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
03-05-20	IEUA – CBP Ad Hoc Committee Meeting	Yes	\$260.00
03-09-20	IEUA – Audit Committee Meeting	Yes	\$260.00
03-11-20	IEUA – Community & Legislative Affairs and Engineering, Operations & Water Resources Committee Meeting	Yes	\$260.00
03-12-20	IEUA – Meeting w/Leadership Consultant	Yes (staff)	\$-0-
03-17-20	SAWPA – SAWPA Regular Commission Meeting Conference Call	Yes	\$40.00
03-18-20	IEUA – Board Meeting (Telecon)	Yes	\$260.00
03-30-20	IEUA – Special Communication and Legislative Affairs Committee Meeting (Telecon)	Yes	\$260.00
<b>TOTAL REIMBURSEMENT</b> <u>IEUA/IERCA</u> Up to 10 days of service per month per Ordinance No. 105, including MWD meetings at \$260.00 ( <i>eff. 07/01/19</i> ). IEUA pays both primary and alternate for attendance. <u>Regional Policy Committee</u> (Up to 10 days of service per month per Ordinance No. 105, including MWD meetings at \$260.00 ( <i>eff. 07/01/19</i> .) IEUA pays Regional Policy Committee members ( <u>total amount of \$260.00, should reflect on timesheet</u> ) <u>SAWPA</u> Up to 10 days of service per month per Ordinance No. 105 (i.e., <b>\$40.00</b> – difference between SAWPA (\$220.00 ( <i>eff. 1/20</i> ) and Agency meetings \$260.00 ( <i>eff. 7/01/19</i> ), including MWD meetings. SAWPA pays both primary and alternate for attendance, including mileage. <u>CDA</u> Up to 10 days of service per month per Ordinance No. 105, including MWD meetings at \$260.00 ( <i>eff. 7/01/19</i> ). Chino Desalter Authority will pay \$150.00 per meeting directly to the Agency. Record full amount on timesheet. CDA pays both primary and alternate for attendance			\$1,340.00

**IEUA DIRECTOR PAYSHEET  
IEUA/REGIONAL POLICY/  
SAWPA/CDA/IERCA (alternate)**

(Page 2 of 2)

Total No. of Meetings Attended	7
Total No. of Meetings Paid	6

DIRECTOR  
SIGNATURE



Kati Parker, President

Approved by:



## Attachment 2F

Payroll-Net Pay-Employees

Non-Board Members	PP 8 Checks	PP 8 EFTs	PP 9 Checks	PP 9 EFTs	April
NET PAY TO EE	\$0.00	\$969,855.95	\$0.00	\$744,943.22	\$1,714,799.17



INLAND EMPIRE UTILITIES AGENCY

Payroll for April 10, 2020

Presented at Board Meeting on June 17, 2020

GROSS PAYROLL COSTS			\$1,706,187.65
DEDUCTIONS			(\$736,331.70)
NET PAYROLL			969,855.95
NET PAYROLL BREAKDOWN	CHECKS	EFT	TOTAL
CHECKS USED			
TRANSACTION PROCESSED	0	344	344
AMOUNT	\$0.00	\$969,855.95	<u>\$969,855.95</u>

INLAND EMPIRE UTILITIES AGENCY

Payroll for April 24, 2020

Presented at Board Meeting on June 17, 2020

GROSS PAYROLL COSTS			\$1,343,349.84
DEDUCTIONS			(\$598,406.62)
NET PAYROLL			744,943.22
NET PAYROLL BREAKDOWN	CHECKS	EFT	TOTAL
CHECKS USED			
TRANSACTION PROCESSED		301	301
AMOUNT	\$0.00	\$744,943.22	<u>\$744,943.22</u>

**CONSENT  
ITEM  
1C**

**Date:** June 17, 2020

**To:** The Honorable Board of Directors

**From:** Shivaji Deshmukh, General Manager *SSD*

**Committee:** Finance & Administration

06/10/20

**Executive Contact:** Christina Valencia, Executive Manager of Finance & Administration/AGM

**Subject:** Adoption of Resolution No. 2020-6-13, Establishing the Appropriations Limit for Fiscal Year (FY) 2020/21

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**Executive Summary:**

In accordance with State Legislation Proposition 4 and Proposition 111, the Agency annually adopts an appropriations limit, or limit to the amount of property tax proceeds that can be spent each year.

To calculate the annual appropriations limit, the Agency applies the population growth and per capita personal income tax (PIT) growth factors to the prior year's appropriations limit. For FY 2020/21, San Bernardino County population increased by 0.51% and the State of California PIT index was 1.0373 percent. As a result, the Agency's total appropriations limit for FY 2020/21 is \$203.5 million, an increase of \$8.3 million, or 4.3 percent, compared to the limit of \$195 million for the current fiscal year. The expenses that will utilize anticipated property tax revenue of \$54 million are well below the FY 2020/21 calculated appropriations limit.

The calculation of the FY 2020/21 appropriations limit has been affirmed by the external auditors, and the state required minimum 15-day notice of the Agency's intent to adopt the appropriations limit and documentation of staff's determination of the limit has been met.

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**Staff's Recommendation:**

It is recommended that the Board of Directors adopt Resolution No. 2020-6-13 establishing the appropriations limit for Fiscal Year 2020/21.

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**Budget Impact** *Budgeted (Y/N):* N *Amendment (Y/N):* N *Amount for Requested Approval:*

*Account/Project Name:*

*Fiscal Impact (explain if not budgeted):*

The appropriations limit will not affect the Agency's proposed spending levels or reserves, as the proposed expenditures are projected to be supported primarily by non-ad valorem tax revenue sources, such as user fees and rates. Expenses that will utilize tax revenue are expected to be well below the FY 2020/21 appropriations limit.

Full account coding (internal AP purposes only):

- - -  
- - -

Project No.:

**Prior Board Action:**

On June 19, 2019, the Board of Directors adopted Resolution No. 2019-6-9, establishing the appropriations limit for FY 2019/20.

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**Environmental Determination:**

Not Applicable

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**Business Goal:**

Establishing the appropriations limit for FY 2020/21 is consistent with the Agency's business goal of Fiscal Responsibility in funding and appropriation.

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**Attachments:**

Attachment 1 - Background

Attachment 2 - Resolution No. 2020-6-13

## Background

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Subject: Adoption of Resolution No. 2020-6-13, Establishing the Appropriations Limit for Fiscal Year (FY) 2020-21

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One year after the adoption of Proposition 13 (People's Initiative to Limit Property Taxation), the State Legislature adopted Proposition 4 (Gann Limit Initiative) in November 1979 to place a limit (Appropriations Limit) on the amount of property tax proceeds that the state and local government can authorize to expend (appropriate) during any fiscal year.

The purpose of Proposition 4 (1979), created under Article XI11B of the California Constitution, and later amended by Proposition 111 (1990), was to hold government expenditures at their 1978-79 level, adjusted for changes in cost of living and population. Proposition 111 reset the base year from 1978-79 to 1986-87 and allowed local jurisdictions to choose among measures of population growth, inflation, or per capita personal income tax (PIT) index to calculate appropriations limits.

The Agency's appropriations limit 1978-79 base year calculation was retroactively modified each year for changes in one of two factors. The Agency applies the population and PIT factors to calculate its annual appropriations limit (Exhibit II of Resolution No. 2019-6-9). For FY 2019/20, factors reported are as follows: San Bernardino population was 0.51%, and the State of California PIT index was 3.73%.

Based on the change in population and PIT index, the Agency's total appropriations limit for FY 2020/21 is \$203.5 million, an increase of \$8.3 million compared to \$195 million for FY 2019/20. The Agency's FY 2020/21 budget subject to the appropriations limit is \$54 million, equal to the projected amount of property tax proceeds. This is well below the fiscal year calculated limit.

## **RESOLUTION NO. 2020-6-13**

### **RESOLUTION OF THE BOARD OF DIRECTORS OF INLAND EMPIRE UTILITIES AGENCY\*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING AN APPROPRIATIONS LIMIT FOR FISCAL YEAR 2020/21**

**WHEREAS**, on November 6, 1979, Proposition 4 on the ballot for the Special Election added Article XIIIB to the Constitution, effective July 1, 1980, placing various limits on the fiscal powers of state and local governments;

**WHEREAS**, implementing legislation, Chapter 1205 Statutes of 1980 (SB 1352) became effective January 1, 1981, wherein the appropriations may increase each year by an amount equal to the percentage change in population from January to January each year and the lower of two price changes, i.e., either the U.S. March to March Consumer Price Index (CPI), or the fourth quarter per Capita Personal Income Index;

**WHEREAS**, Article XIIIB and its implementing legislation were modified by Proposition 111 and SB88 (Chapter 60/90) to establish new annual adjustment factors beginning with the 1990/91 Appropriations Limit;

**WHEREAS**, Inland Empire Utilities Agency\*, as a local government, is required under Article XIIIB to annually establish an appropriations limit for the following fiscal year;

**WHEREAS**, Resolution No. 81-6-7 was adopted on June 24, 1981, setting forth definitions, declarations, findings, and determinations concerning the applicability of Article XIIIB to the individual funds of the Agency;

**WHEREAS**, those definitions, declarations, findings, and determinations are modified as specifically provided herein;

**WHEREAS**, it is Inland Empire Utilities Agency's\* intent to establish this year's Appropriations Limit, following the California League of Cities Uniform Guidelines dated March 1991; and

**WHEREAS**, except for data on non-residential assessed valuation due to new construction (since 1986/87), data concerning per capita personal income and population changes necessary for determining the Fiscal Year 2020/21 Appropriation Limits are now available.

**NOW, THEREFORE**, the Inland Empire Utilities Agency\* does hereby RESOLVE and DETERMINE as follows:

Section 1. The Board of Directors has determined to select the State of California Per Capita Personal Income as its inflation adjustment factor, in the absence of up-to-date data on non-residential assessed valuation. The Board reserves the right to change its selection of the inflation adjustment factor once the assessment data are available.

Section 2. The Board has determined to select the San Bernardino County's population growth (since 1986/87) as its population adjustment factor.



Resolution No. 2020-6-13

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Section 3. Appropriations Limit. That pursuant to Section 7910 of the Government Code, the Board of Directors does hereby establish the following Appropriations Limit for Fiscal Year **2020/21 is \$203,521.116.**

Section 4. Publication. Pursuant to Government Code Section 37200 the Appropriations Limit and the Total Appropriations Subject to Limitation will be published in the annual budget.

Section 5. Filing. That after a 45-day period to allow for public review and comment, the Board Secretary is hereby authorized and directed to file a certified copy of this Resolution with the State Auditor Controller.

Section 6. That upon adoption of this Resolution, Resolution No. 2019-6-9 is hereby rescinded in its entirety.

Resolution No. 2020-6-13

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Adopted this 17<sup>th</sup> day of June 2020

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Kati Parker  
President of the Inland Empire Utilities Agency\*  
and of the Board of Directors thereof

ATTEST:

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Steven J. Elie  
Secretary/ Treasurer of the Inland Empire  
Utilities Agency\* and of the Board of  
Directors thereof

(SEAL)

\*A Municipal Water District

Resolution No. 2020-6-13

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STATE OF CALIFORNIA                    )  
  )SS  
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency\*, DO HEREBY CERTIFY that the foregoing Resolution being No. 2020-6-13, was adopted at a regular meeting on June 17, 2020, of said Agency by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Steven J. Elie  
Secretary/Treasurer

(SEAL)

\* A Municipal Water District

**EXHIBIT I**

## APPROPRIATIONS LIMIT

Article XIII B of the California State Constitution, more commonly referred to as the GANN Initiative or GANN Limit, was adopted by California voters in 1980 and placed limits on the amount of taxes that state and local governmental agencies can receive and appropriate (authorize to spend) each year.

The limit is different for each agency and changes each year. The annual limit is based on the amount of tax proceeds that were authorized to be spent in Fiscal Year (FY) 1978-1979 in each agency, modified for changes in inflation and population in each subsequent year. Proposition 111 was passed by the State's voters in June 1990. This legislation made changes to the manner in which the Appropriations Limit is to be calculated.

The annual adjustment factors for inflation and population have been changed. Instead of using the lesser of the State of California per capita income or U.S. CPI, each agency may choose either the growth in the State of California per capita income or the growth in assessed valuation due to new non-residential construction within the agency service area. For population, each agency may choose to use the population growth within its county instead of using only the population growth of an agency's service area. These are both annual elections.

An agency which exceeds the limit in any one year may choose to not give a tax refund if they fall below the limit in the next fiscal year. They then have two more years to refund any remaining excess or to obtain a successful override vote. In certain situation, proceeds of taxes may be spent on emergencies without having to reduce the limit in the future years. Each agency must now conduct a review of its Appropriations Limit during its annual financial audits.

The legislation also requires a governing body to annually adopt, by resolution, an appropriations limit for the following year, along with a recorded vote regarding which of the annual adjustment factors have been selected. The Inland Empire Utility Agency's appropriation limit and annual adjustment factors are adopted at the same meeting as the budget. The two factors used for the Fiscal Year 2020/21 are the change in the State of California per capita personal income and the change in the San Bernardino County population.

The following table shows the annual appropriations limit and the proceeds from taxes for the last five years and for FY 2020/21. The change in the limit is based upon population change of 0.51% within the county and a per capita personal income change of 3.73%, as provided by the State Department of Finance.

Fiscal Year	Annual Appropriations Limit	Proceeds of Taxes (Appropriations)
2015/16	\$159,570,580	\$ 41,156,629
2016/17	\$169,703,311	\$ 44,704,800
2017/18	\$178,006,894	\$ 46,046,000
2018/19	\$186,293,115	\$ 47,887,800
2019/20	\$195,207,240	\$ 52,364,002
<b>2020/21</b>	<b>\$203,521,116</b>	<b>\$53,934,900</b>

Resolution No. 2020-6-13

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Since the implementation of this legislation (effective 1981 then modified in 1990), Inland Empire Utilities Agency has annually established and adopted an appropriations limit and has been in compliance.

**EXHIBIT II****INLAND EMPIRE UTILITIES AGENCY**

Proposed Budget Fiscal Year 2020/21

Appropriations Limit Calculation

	<b>Agency Total</b>
2019/20 Appropriations Limit	<b>\$195,207,240</b>
2020/21 Change in Per Capital Personal income @ 1.0373	
2020/21 Change in Population @ 1.0051	
Ratio of Change (1.0373 x 1.0051)	1.04259
<b>2020/21 APPROPRIATIONS LIMIT</b>	<b>\$203,521,116</b>

	<b>Agency Total</b>
Total Expenses	\$168,423,379
Net Change in Capital Outlay	169,164,165
Debt Service	<u>27,841,081</u>
Subtotal of Appropriations	\$365,428,625
Increase/(Decrease) in Working Capital Reserves	<u>-12,958,394</u>
Total Appropriations	\$352,470,231
Less: Non-Tax Proceeds	<u>-298,535,331</u>
<b>APPROPRIATIONS SUBJECT TO LIMITATION</b>	<b>\$53,934,900</b>

**CONSENT  
ITEM  
1D**

**Date:** June 17, 2020

**To:** The Honorable Board of Directors

**From:** Shivaji Deshmukh, General Manager *SD*

**Committee:** Finance & Administration

06/10/20

**Executive Contact:** Shivaji Deshmukh, General Manager

**Subject:** Fiscal Year 2020/21 Proposed Budget Amendment and Rate Resolutions

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**Executive Summary:**

On June 19, 2019 the Board of Directors approved the Agency's Biennial Budget for fiscal years (FYs) 2019/20 and 2020/21. As part of the biennial budget cycle, a review of the second budget year is done at the end of the first year to determine whether any adjustments are needed to meet changes in certain assumptions or conditions. The proposed budget amendments relate to all Agency programs. Those amendments related to the Regional Wastewater, Recycled Water, and Recharge Water programs and Ten-Year Forecast (TYF), formerly Ten-Year Capital Improvement Plan for the FYs 2021 – 2030 were reviewed by the Regional Committees and unanimously recommended for approval.

The proposed amendment represents a decrease in Uses of Funds of \$25.4 million and a decrease in Sources of Funds of \$31.0 million, with a net impact on Agency reserves of \$5.6 million for FY 2020/21. The proposed Rate Resolution Nos. 2020-6-1 through 2020-6-12 include various charges and fees for the Extra-Territorial Wastewater Monthly fee, Laboratory, Equipment Lease, and Non-Reclaimable pass-through charges. On May 6, 2020, the Board approved to defer the proposed rate and fee increases for FY 2020/21 for the monthly EDU sewer rate, connection fees for water and wastewater, recycled water and meter equivalent unit.

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**Staff's Recommendation:**

1. Approve the amendments to the FY 2020/21 Adopted Budget;
2. Approve the inter fund loan repayment of \$3 million from the Recycled Water fund to the Non-Reclaimable Wastewater in FY 2020/21; and
3. Adopt Rate Resolutions No. 2020-6-1 through 2020-6-12.

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**Budget Impact** *Budgeted (Y/N):* N *Amendment (Y/N):* Y *Amount for Requested Approval:*

*Account/Project Name:*

*Fiscal Impact (explain if not budgeted):*

The proposed net decrease of \$5.6 million to the FY 2020/21 Adopted Budget will decrease total Agency fund reserves.



**Prior Board Action:**

On June 19, 2019, the Board of Directors approved the Agency's biennial budget for FYs 2019/20 and 2020/21.

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**Environmental Determination:**

Not Applicable

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**Business Goal:**

The proposed amendment to the FY 2020/21 Adopted Budget for the Agency's programs is consistent with the IEUA Business Goals of Fiscal Responsibility, Water Reliability, Wastewater Management, Environmental Stewardship, and Business Practices to optimize investment earnings.

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**Attachments:**

- Attachment 1 - Background
- Attachment 2 - Sources and Uses of Funds by Program Fund Report
- Attachment 3 - PowerPoint
- Attachment 4 - Resolution Nos. 2020-6-1 through 2020-6-4, Non-Reclaimable Wastewater Service Rates
- Attachment 5 - Resolution No. 2020-6-5, Laboratory Rates
- Attachment 6 - Resolution No. 2020-6-6, Extra-Territorial Sewer Charges
- Attachment 7 - Resolution No. 2020-6-7, Imported Water Rates
- Attachment 8 - Resolution No. 2020-6-8, Equipment Rental Fees
- Attachment 9 - Resolution No. 2020-6-9, Recycled Water Sales Rates
- Attachment 10 - Resolution No. 2020-6-10, Reimbursement Payment per EDU
- Attachment 11 - Resolution No. 2020-6-11, Establishing the Water Connection Fee
- Attachment 12 - Resolution No. 2020-6-12, Establishing Meter Equivalent Unit Rates

## Background

Subject: FY 2020/21 Proposed Budget Amendment & Rate Resolutions

On June 19, 2019 the Board of Directors approved the Agency's Biennial Budget for fiscal years (FYs) 2019/20 and 2020/21, and Ten-Year Forecast, (formerly the Ten-Year Capital Improvement Plan) for FYs 2020-2029. As part of the biennial budget cycle, a review of the second budget year is done at the end of the first year to determine whether any adjustments are needed to meet changes in certain assumptions or conditions. The proposed budget amendments relate to all Agency programs. The proposed amendments to the Regional Wastewater and Recycled Water programs and Ten-Year Forecast (TYF for FYs 2021 – 2030) were reviewed by the Regional Committees and unanimously recommended for approval.

The major changes in assumptions driving the proposed amendment for FY 2020/21 include:

### TOTAL SOURCES OF FUNDS:

- 12-month hold on proposed adjustments to all Agency rates and fees.
- Reduction of recycled water deliveries based on current trend.
- Alignment of loans and grant proceeds consistent with the proposed TYF.

### TOTAL USES OF FUNDS

- Primary basis for the projects included in the proposed TYF include;
  - Expansion of facilities to support projected growth
  - Replacement, repair and improvement of existing assets
- Adjustment of operating expenses to offset the projected revenue shortfall related to the proposed 12-month hold on all Agency rates and fees.

Summarized below are the proposed amendments recommended for FY 2020/21 for all Agency's programs.

**Table 1: FY 2020/21 Proposed Budget Amendment for All Agency Programs (\$Millions)**

FY 2020/21	Adopted	Proposed	Amendment Amount
<b>Total Sources of Funds</b>	\$368.9	\$ 337.9	<b>(\$31.0)</b>
<b>Total Uses of Funds</b>	(\$369.7)	(\$344.3)	<b>\$25.4</b>
<b>Increase (Decrease) in Net Position</b>	<b>(\$0.8)</b>	<b>\$6.4</b>	<b>(\$5.6)</b>

Total Sources of Funds decrease for \$31.0 million is mainly due to the delay in state loans/grants and the deferral of the proposed rate increases for the monthly EDU sewer rate, connection fees, recycled water rates, and meter equivalent unit (MEU) rates.

Total Uses of Funds decrease for \$25.4 million is mainly due to a reduction in capital project spending consistent with the proposed TYF for FYs 2021-2030, partly offset by an increase in non-capital projects.

## PROPOSED RATES AND FEES

At the request of member agencies, and as unanimously recommended by the Regional Committees, the Board adopted the monthly Wastewater Equivalent Dwelling Unit (EDU) Rate of \$20.60 and \$21.22 for Fiscal Years 2020/21 and 2021/22, respectively on November 20, 2019.

Since then, the outbreak of the COVID-19 pandemic and the drastic measures undertaken at the federal, state, and local levels to contain the spread of the virus has significantly altered our lives, our communities, and our economy. In an effort to mitigate the fiscal impact to our ratepayers, and address concerns raised by some of our member agencies, on May 6, 2020 the Board approved to defer the increase to the monthly EDU sewer rate for FY 2020/21. Staff also provided an overview of the estimated fiscal impact of a 12-month deferral of the proposed adjustments to all other Agency rates and fees. Shown on Table 2 is staff's recommendation is to maintain all the rates and fees unchanged for FY 2020/21 and the basis for the proposed Budget Amendment.

**Table 2: Adopted and Proposed Fees and Rates**

Fund	Wastewater Operation	Wastewater Capital	Recycled Water			Water Resources	
As of July 1	Monthly Sewer (EDU)	Wastewater Connection Fee (EDU)	Recycled Water Direct Use (AF)	Recycled Water Recharge (AF)	One Water Connection Fee (MEU)	Meter Equivalent Units (MEU)	RTS Recovery
FY 2019/20	\$20.00	\$6,955	\$490	\$550	\$1,684	\$1.04	60%
	<b>ADOPTED</b>	<b>PROPOSED</b>					
<b>FY 2020/21*</b>	<b>\$20.00</b>	<b>\$6,955</b>	<b>\$490</b>	<b>\$550</b>	<b>\$1,684</b>	<b>\$1.04</b>	<b>75%</b>
FY 2021/22	\$21.22	\$7,379	\$520	\$580	\$1,787	\$1.08	90%
FY 2022/23	To be reviewed based on the sewer use evaluation results		To be determined after additional evaluation to ensure long-term program sustainability		\$1,841	\$1.10	100%
FY 2023/24					\$1,896	\$1.12	100%
FY 2024/25					\$1,953	\$1.14	100%

*\*In November 2019, the monthly EDU rate of \$20.60 and \$21.22 were approved by the Board for FYs 2020/21 and 2021/22, respectively. On May 6, 2020, the Board approved to defer all the user rate increase for FY 2020/21 and maintain the rate unchanged.*

Not included are the pass-through rates for the Non-Reclaimable Wastewater program. On Staff's recommendation is to maintain the rates unchanged for FY 2020/21 for both the North and South systems. Pass-through rates for the NRW fund were established in 2005 to more equitably recover the cost from north and south customers, as well as provide a more sustainable financing structure for the fund. The Santa Ana Watershed Project Authority (SAWPA) is proposing to defer the proposed rate increases for FY 2020/21 to January 2, 2021. Pass-through rates for the north

system are still pending, subject to Los Angeles County Sanitation District (LACSD) of final approval and adoption in June 2020.

## SOURCES OF FUNDS

The revised assumptions result in a decrease of \$31.0 million to total Sources of Funds. The reduction is primarily due to a decrease in federal and state loan proceeds and the estimated impact of the 12-month deferral of the proposed rate increases for FY 2020/21. The distribution by major category of Sources of Funds is shown below in Table 3.

**Table 3: FY 2020/21 Proposed Amendment to Total Sources of Funds (\$Millions)**

Sources of Funds	Adopted	Proposed	Amendment Amount
User Charges	\$90.5	\$88.1	(\$2.4)
Federal and State Loans	89.2	65.3	(23.9)
Property Tax	53.9	53.9	0.0
MWD Water Sales	46.2	46.1	(0.1)
Connection Fees	36.7	35.7	(1.0)
Recycled Water Sales	18.8	16.2	(2.6)
Grants	16.4	14.4	(2.0)
JPA Reimbursements	6.7	7.1	0.4
Interfund Loan Repayment	3.0	3.0	0.0
*Other Sources	7.5	8.1	0.6
<b>Total</b>	<b>\$368.9</b>	<b>\$337.9</b>	<b>(\$31.0)</b>

*\*Other Sources includes contract cost reimbursements, interest income, and miscellaneous revenue.*

**User Charges:** The \$2.4 million reduction is the estimated revenue shortfall resulting from the adopted and proposed deferral of rate increases for FY 2020/21 for the monthly EDU sewer rate, Recycled Water rates, Non-Reclaimable Wastewater charges, and meter equivalent unit (MEU) rates.

**Federal and State Loans/Grants:** The \$25.9 million net reduction to loan and grants proceeds is the result of delays at the State Water Resources Control Board in securing State Revolving Fund (SRF) loans to support the RP-5 Expansion and Solids Handling Facility projects planned for FY 2020/21 in the Regional Wastewater program. Due to the uncertainty in the availability of SRF loan funding, a key assumption in the adopted and amended FY 2020/21 budget is pay-go funding of planned capital projects.

**Recycled Water:** The \$2.6 million reduction in recycled water sales includes a decrease in recycled water deliveries from the adopted 36,000 acre-feet (AF) to 31,900 AF for FY 2020/21 consistent with the current trend, and the proposed 12-month deferral of rate increases for FY 2020/21.

**Connection Fees:** The reduction of \$1.0 million is related the proposed 12-month deferral of the increases proposed for FY2020/21, subject to Board approval. There is no change in the number of new wastewater connections (4,000 EDUs) and new water connections (4,700-meter equivalent

units) projected in the adopted budget. Member agency forecasts of new wastewater connections for FY 2020/21 is 9,321 units.

## TOTAL USES OF FUNDS

The proposed decrease of \$25.4 is primarily due to an adjustment in capital project spending consistent with the proposed TYF for FYs 2020/21 – 2029/30 offset by an increase in non-capital projects related to the Regional System Asset Management program. Additionally, the Agency is continuing to review projects included in the TYF, as well as certain operating expenses, to identify adjustments and deferrals to help offset the projected revenue shortfall associated with the rate deferral for FY 2020/21. The net adjustments with the proposed budget and amendments is shown in Table 4 below.

**Table 4: FY 2020/21 Proposed Amendments to Total Uses of Funds (\$Millions)**

Uses of Funds	Adopted	Proposed	Amendment Amount
<b>Capital Projects</b>	\$179.3	\$150.2	<b>(\$29.1)</b>
<b>Operations &amp; Administration</b>	116.2	120.2	<b>4.0</b>
<b>MWD Water Purchases</b>	46.2	46.1	<b>(0.1)</b>
<b>Debt Service</b>	28.0	27.8	<b>(0.2)</b>
<b>Total</b>	<b>\$369.7</b>	<b>\$344.3</b>	<b>(\$25.4)</b>

**Capital Projects:** The \$29.1 million decrease is primarily due to changes in project scope and project execution timelines. Amendments to capital project costs are consistent with the proposed TYF for FYs 2020/21 – 2029/30 and include additional adjustments to projects in amount of \$2.1 million to offset revenue shortfall due to rate deferrals.

**Operations & Administration:** The proposed Operations & Administration amended budget reflects changes to non-capital projects related to the Regional System Asset Management program and the TCE Plume Cleanup included in the Ten Year Forecast, partially offset by reductions in amount of \$1.7 million from certain categories like professional fees, employment and other non-capital projects, to offset revenue shortfall due to rate deferrals.

## **FY 2020/21 Rate Resolutions**

The Agency establishes the following service rates for FY 2020/21 to support various types of services for different programs and for other local governmental agencies who may require the Agency's staff support or use of Agency's equipment. The highlights of the FY 2020/21 proposed resolutions are provided in the section below, and the respective resolution documents are presented in Attachment 4 through Attachment 12.

**Table 5: Proposed FY 2020/21 Rate Resolutions**

<b>Resolution No.</b>	<b>Description</b>
2020-6-1	Service Rates and Excessive Strength Charges for Regional or Industrial Wastewater Discharge
2020-6-2	Service Rates on Capacity, Volumetric, Strength, Capital Improvement, and Application Fees for the Etiwanda Wastewater Line (EWL)
2020-6-3	Service Rates on Capacity, Volumetric, Strength, and Application Fees for the Non-Reclaimable Wastewater System (NRWS)
2020-6-4	Service Rates on Capacity, Volumetric, Strength, Capital Improvement, and Application Fees for the Inland Empire Brine Line (IEBL)
2020-6-5	Laboratory Rates
2020-6-6	Extra-Territorial Sewer Charges
2020-6-7	Imported Water Rates
2020-6-8	Equipment Rental Fees
2020-6-9	Recycled Water Sales Rates
2020-6-10	Reimbursement Payment per EDU
2020-6-11	Establishing the Water Connection Fee
2020-6-12	Establishing Meter Equivalent Unit Rates

**Resolution No. 2020-6-1, Service Rates for Wastewater Discharges to the Regional Wastewater System for Septage, Commercial or Industrial Wastewater, and Excessive Strength Charges**

This resolution establishes service rates for processing and issuing permits to domestic, commercial, or industrial wastewater dischargers and wastewater haulers permitted by IEUA, service rates for processing and treatment of sanitary, commercial or industrial wastewater deliveries to the Inland Empire Utilities Agency (Agency)'s Regional Wastewater System; and service rates for application fees for processing and issuing of wastewater discharge permits to industrial wastewater generators who discharge directly through pipeline connections to the Regional Sewer System.

**Resolution No. 2020-6-2, Capacity Charges, Volumetric Charges, Strength Charges, Capital Improvement Project (CIP) Charges, IEUA Administrative Charges, and Application and Wastewater Discharge Permit Application Fees for the Etiwanda Wastewater Line (EWL)**

This resolution establishes a rate structure for the collection of costs associated for the sewerage service for the EWL under the Etiwanda Wastewater Line Disposal Agreement entered between County Sanitation Districts of Los Angeles County (CSDLAC) and Inland Empire Utilities Agency (Agency)

**Resolution No. 2020-6-3, Capacity Charges, Volumetric Charges, Strength Charges, Agency Program Charges and Application Fees for the Non-Reclaimable Wastewater System (NRWS)**

This resolution establishes a rate structure for the collection of costs associated for the sewerage service for the NRW north system under the NRWS *Wastewater Disposal Agreement No. 4830*

entered between County Sanitation Districts of Los Angeles County (CSDLAC) and Inland Empire Utilities Agency (Agency)

**Resolution No. 2020-6-4, Capacity Charges, Volumetric Charges, Strength Charges, Capital Improvement Project (CIP) Charges, IEUA Administrative Charges, and Application and Wastewater Discharge Permit Application Fees for the Inland Empire Brine Line**

This resolution establishes initial and monthly capacity charges, volumetric flow charges, CIP charges, trucked wastewater delivery charges and excessive strength charges, application fees for processing applications for Capacity Right Agreements and Wastewater Discharge Permits for the use of the Inland Empire Utilities Agency (Agency)'s Brine Line, NRW south system.

**Resolution No. 2020-6-5, Laboratory Rates**

This resolution establishes rates on a variety of laboratory analyses for local governmental agencies who enter into agreement with the Agency for laboratory analysis services. The rates support the laboratory staff time and supplies associated with laboratory analyses. The FY 2020/21 laboratory rates remain consistent with prior year rates.

**Resolution No. 2020-6-6, Extra-Territorial Sewer Charges**

This resolution establishes an extra-territorial (ET) monthly sewer service charge for system users located within our contracting agencies boundaries but outside the Inland Empire Utilities Agency service area. This monthly ET charge is in addition to the adopted Regional Sewer service rate. The FY 2020/21 ET monthly sewer service rate is determined based on the Agency-wide assessed valuation for FY 2019/20 as reported by the San Bernardino County Auditors Property Tax Division and the estimated number of billable equivalent dwelling units (EDU) projected in the Agency's FY 2019/20 Regional Wastewater Operations and Maintenance fund budget. The FY 2020/21 monthly ET rate is set at \$17.46 per EDU, in addition to the adopted monthly EDU rate of \$20.00.

**Resolution No. 2020-6-7, Imported Water Rates**

This resolution establishes rates for delivery of imported water supplies; and the rates are based on the approved and adopted rates by the Metropolitan Water District of Southern California (MWD) Board on April 10, 2018. The rates of sales of imported water are direct pass-through charged by Metropolitan for each class of water (Tier 1 and Tier 2) to the IEUA member agencies.

**Resolution No. 2020-6-8, Equipment Rental Fees**

This resolution provides rental equipment rates for local governmental agencies that may occasionally require the use of Agency equipment. The rates cover the Agency's labor cost, materials and supplies, and fuel costs. The cost for rental equipment in FY 2020/21 increases slightly to allow for increased fuel costs.



**Resolution No. 2020-6-9, Recycled Water Sales Rates**

This resolution established rates for the direct and recharge sale of recycled water that is available to contracting agencies from the tertiary treatment plants. The rates cover the costs associated with the operation and maintenance of IEUA's Regional Water System.

**Resolution No. 2020-6-10, Reimbursement Payment per EDU**

This resolution established fee to connect to its regional wastewater system. These connection fees, like "development impact fees" levied by cities for new development, are collected by each of the Agency's contracting member agencies, in accordance with the Regional Contract. Each member agency holds these funds in trust in a Capital Capacity Reimbursement Account (CCRA) until requested, or "called", by the Agency. Connection fees support finance capital acquisition, construction, expansion, equipment purchase, and process improvement costs of the Agency's regional wastewater system.

**Resolution No. 2020-6-11, Establishing the Water Connection Fee**

The resolution establishes a fee from each new or upsized connection to IEUA's Regional Water System. The one-time connection fee will be imposed on any new retail water connection to any water system within the Agency's service area. The fee is imposed to recover growth related costs incurred by the Agency and defined in Ordinance 103.

**Resolution No. 2020-6-12 Establishing Meter Equivalent Unit Rates**

The resolution established an annual Readiness to serve (RTS) pass-through charge, based on a Ten-Year Rolling Average (TYRA) MWD methodology and an annual Meter Equivalent Unit (MEU) charge rate to yield revenues sufficient to recover the regional water resources program costs.

**Conclusion**

The proposed amendment represents a decrease in total Uses of Funds of \$25.4 million along with a decrease of \$31.0 million in total Sources of Funds, projecting a net decrease to Agency fund reserves of \$5.6 million for FY 2020/21. Fund reserves support the Agency's operations, debt obligations, ten-year forecast, sinking funds needed for long term capital expenditures and unplanned expenditures.

The Agency will continue to evaluate the deferral of non-critical projects and expenses to further offset the projected shortfall in revenue and to minimize the use of Operating Contingency reserves to support essential operating and capital costs not recovered by rates. The proposed amendment to the FY 2020/21 Adopted Budget for the Agency's programs is consistent with the IEUA Business Goals of *Fiscal Responsibility, Water Reliability, Wastewater Management, Environmental Stewardship, and Business Practices*.

## Attachment 2 - Sources and Uses of Funds by Program Fund Report

INLAND EMPIRE UTILITIES AGENCY FISCAL YEAR 2020/2021 MID-YEAR BUDGET ALL FUNDS - SOURCES AND USES OF FUNDS (In Thousands)					
	2018/2019	2019/2020	2019/2020	2020/2021	2020/2021
	ACTUAL	ADOPTED BUDGET	AMENDED BUDGET	ADOPTED BUDGET	AMENDED BUDGET
<b>REVENUES</b>					
User Charges	\$84,814	\$87,285	\$87,285	\$90,491	\$88,135
Property Tax - O&M	1,972	1,972	1,972	1,972	1,972
Cost Reimbursement from JPA	6,019	6,684	6,684	6,685	7,058
Contract Cost reimbursement	1,826	818	818	800	850
Interest Revenue	4,354	4,693	4,625	4,157	3,883
Recycled Water Sales	13,902	18,120	18,120	18,752	16,155
Water Sales	45,519	44,724	44,724	46,236	46,092
<b>TOTAL REVENUES</b>	<b>\$158,407</b>	<b>\$164,296</b>	<b>\$164,227</b>	<b>\$169,093</b>	<b>\$164,144</b>
<b>OTHER FINANCING SOURCES</b>					
Property Tax - Debt , Capital, Reserves	\$51,068	\$50,392	\$50,392	\$51,963	\$51,963
Connection Fees	28,352	35,735	35,735	36,687	35,735
State Loans	4,892	19,209	19,209	89,234	65,294
Grants	2,125	13,137	19,446	16,416	14,432
Capital Contract Reimbursement	892	2,640	2,640	1,364	2,252
Other Revenues	1,136	1,162	1,162	1,112	1,112
Sale of Capacity	0	0	2,365	0	0
Loan Transfer from Internal Fund	3,000	3,000	3,000	3,000	3,000
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$91,465</b>	<b>\$125,275</b>	<b>\$133,949</b>	<b>\$199,776</b>	<b>\$173,788</b>
<b>EXPENSES</b>					
Employment Expense	\$44,324	\$51,289	\$51,289	\$52,309	\$52,190
Contract Work/Special Projects	10,100	15,276	30,056	12,491	16,882
Utilities	8,274	9,788	9,674	10,144	10,159
Operating Fees	12,354	12,265	12,274	12,726	12,727
Chemicals	4,664	4,997	5,383	5,147	5,147
Professional Fees and Services	8,120	12,023	14,638	11,347	10,925
Office and Administrative Expense	1,610	2,680	2,820	2,908	2,908
Biosolids Recycling	4,335	4,419	4,424	4,551	4,551
Materials & Supplies	3,039	2,983	3,262	2,995	3,064
MWD Water Purchases	45,519	44,724	44,724	46,236	46,092
Other Expenses	1,177	1,571	1,624	1,573	1,622
<b>TOTAL EXPENSES</b>	<b>\$143,516</b>	<b>\$162,015</b>	<b>\$180,167</b>	<b>\$162,427</b>	<b>\$166,268</b>
<b>CAPITAL PROGRAM</b>					
CSDLAC 4Rs	\$705	\$737	\$737	\$0	\$0
IERCA investment	0	500	500	500	500
Capital Construction & Expansion	55,622	92,349	98,588	178,767	149,690
<b>TOTAL CAPITAL PROGRAM</b>	<b>\$56,327</b>	<b>\$93,586</b>	<b>\$99,826</b>	<b>\$179,267</b>	<b>\$150,190</b>
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**INLAND EMPIRE UTILITIES AGENCY**  
**FISCAL YEAR 2020/2021 MID-YEAR BUDGET**  
**ALL FUNDS - SOURCES AND USES OF FUNDS (In Thousands)**

	2018/2019	2019/2020	2019/2020	2020/2021	2020/2021
	ACTUAL	ADOPTED BUDGET	AMENDED BUDGET	ADOPTED BUDGET	AMENDED BUDGET
<b>DEBT SERVICE</b>					
Financial Expenses	\$323	\$228	\$228	\$403	\$362
Interest	6,951	7,071	7,071	6,876	6,699
Principal	15,911	16,537	16,537	17,720	17,780
Short Term Inter-Fund Loan	3,000	3,000	3,000	3,000	3,000
<b>TOTAL DEBT SERVICE</b>	<b>\$26,185</b>	<b>\$26,835</b>	<b>\$26,835</b>	<b>\$27,998</b>	<b>\$27,841</b>
<b>FUND BALANCE</b>					
Net Increase (Decrease)	\$23,845	\$7,134	(\$8,652)	(\$822)	(\$6,366)
Beginning Fund Balance July 01	\$225,606	\$238,566	\$241,552	\$249,114	\$232,900
<b>ENDING BALANCE AT JUNE 30</b>	<b>\$249,451</b>	<b>\$245,700</b>	<b>\$232,900</b>	<b>\$248,292</b>	<b>\$226,534</b>
<b>RESERVE BALANCE SUMMARY</b>					
Operating Contingencies	\$32,986	\$39,329	\$39,354	\$37,250	\$39,308
Capital Expansion & Replacement	25,241	39,605	23,434	95,703	34,444
CCRA Capital Construction	66,474	72,262	75,294	30,916	73,114
Water Connection	14,615	12,516	15,518	14,478	16,548
Rehabilitation/Replacement	27,331	10,444	10,500	12,283	8,811
CSDLAC Prepayment	705	737	737	0	0
Water Resource Capital	8,831	332	0	0	0
Debt Service & Redemption	25,135	28,745	26,057	29,213	27,232
Self Insurance Program	4,578	3,000	3,000	3,000	3,000
Employee Retirement Benefit	6,000	6,000	4,343	6,000	4,822
Sinking Fund	37,557	32,730	34,663	19,448	19,255
<b>ENDING BALANCE AT JUNE 30</b>	<b>\$249,451</b>	<b>\$245,700</b>	<b>\$232,900</b>	<b>\$248,292</b>	<b>\$226,534</b>

*\*Numbers may not total due to rounding*

**INLAND EMPIRE UTILITIES AGENCY**  
**FISCAL YEAR 2020/21 MID-YEAR BUDGET**  
**REGIONAL WASTEWATER CAPITAL IMPROVEMENT FUND - SOURCES AND USES OF FUNDS (In Thousands)**

	2018/2019	2019/2020	2019/2020	2020/2021	2020/2021
	ACTUAL	ADOPTED BUDGET	AMENDED BUDGET	ADOPTED BUDGET	AMENDED BUDGET
<b>REVENUES</b>					
Interest Revenue	\$838	\$790	\$790	\$826	\$826
<b>TOTAL REVENUES</b>	<b>\$838</b>	<b>\$790</b>	<b>\$790</b>	<b>\$826</b>	<b>\$826</b>
<b>OTHER FINANCING SOURCES</b>					
Property Tax - Debt and Capital	\$34,476	\$34,037	\$34,037	\$35,058	\$35,058
Regional System Connection Fees	22,435	27,820	27,820	28,655	27,820
State Loans	-	9,800	9,800	80,250	50,940
Other Revenues	23	1	1	1	1
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$56,938</b>	<b>\$71,658</b>	<b>\$71,658</b>	<b>\$143,963</b>	<b>\$113,819</b>
<b>EXPENSES</b>					
Employment Expenses	\$3,899	\$3,613	\$3,613	\$3,743	\$3,743
Contract Work/Special Projects	134	125	246	-	-
Operating Fees	263	267	267	275	275
Professional Fees and Services	295	407	705	420	420
Other Expenses	969	1,548	1,548	1,535	1,435
<b>TOTAL EXPENSES</b>	<b>\$5,560</b>	<b>\$5,960</b>	<b>\$6,378</b>	<b>\$5,973</b>	<b>\$5,873</b>
<b>CAPITAL PROGRAM</b>					
Work In Progress	\$24,845	\$24,824	\$24,824	\$102,243	\$80,796
IERCA investment	-	500	500	500	500
<b>TOTAL CAPITAL PROGRAM</b>	<b>\$24,845</b>	<b>\$25,324</b>	<b>\$25,324</b>	<b>\$102,743</b>	<b>\$81,296</b>
<b>DEBT SERVICE</b>					
Financial Expenses	\$211	\$139	\$139	\$256	\$256
Interest	2,786	3,017	3,017	2,656	2,656
Principal	8,922	9,370	9,370	9,630	9,630
<b>TOTAL DEBT SERVICE</b>	<b>\$11,919</b>	<b>\$12,526</b>	<b>\$12,526</b>	<b>\$12,543</b>	<b>\$12,543</b>
<b>TRANSFERS IN (OUT)</b>					
Capital Contribution	\$4,426	\$3,399	\$3,399	\$10,426	(\$737)
Debt Service	(3,174)	(3,299)	(3,299)	(3,327)	(3,192)
Capital - Connection Fees Allocation	(5,008)	(8,984)	(8,984)	(8,656)	(12,501)
<b>TOTAL INTERFUND TRANSFERS IN (OUT)</b>	<b>(\$3,755)</b>	<b>(\$8,883)</b>	<b>(\$8,883)</b>	<b>(\$1,556)</b>	<b>(\$16,430)</b>
<b>FUND BALANCE</b>					
Net Income (Loss)	\$11,697	\$19,755	\$19,336	\$21,974	(\$1,497)
Beginning Fund Balance July 01	84,996	88,794	88,794	108,548	108,130
<b>ENDING FUND BALANCE AT JUNE 30*</b>	<b>\$96,693</b>	<b>\$108,548</b>	<b>\$108,130</b>	<b>\$130,523</b>	<b>\$106,633</b>
<b>RESERVE BALANCE SUMMARY</b>					
Capital Construction	\$16,376	\$20,434	\$19,216	\$83,645	\$19,676
CCRA Capital Construction	66,474	72,262	75,294	30,916	73,114
Debt Service & Redemption	13,843	15,853	13,620	15,962	13,843
<b>ENDING BALANCE AT JUNE 30</b>	<b>\$96,693</b>	<b>\$108,548</b>	<b>\$108,130</b>	<b>\$130,523</b>	<b>\$106,633</b>

\*Numbers may not tie due to rounding

**INLAND EMPIRE UTILITIES AGENCY**  
**FISCAL YEAR 2020/21 MID-YEAR BUDGET**  
**REGIONAL WASTEWATER OPERATIONS & MAINTENANCE FUND - SOURCES AND USES OF FUNDS (In Thousands)**

	2018/2019	2019/2020	2019/2020	2020/2021	2020/2021
	ACTUAL	ADOPTED BUDGET	AMENDED BUDGET	ADOPTED BUDGET	AMENDED MID YEAR
<b>REVENUES</b>					
User Charges	\$66,499	\$68,158	\$68,158	\$70,366	\$68,327
Cost Reimbursement JPA	4,024	4,065	4,065	4,227	4,227
Contract Cost Reimbursement	111	66	66	66	66
Interest Revenue	1,667	1,700	1,700	1,300	1,300
<b>TOTAL REVENUES</b>	<b>\$72,301</b>	<b>\$73,988</b>	<b>\$73,988</b>	<b>\$75,959</b>	<b>\$73,920</b>
<b>OTHER FINANCING SOURCES</b>					
Property Tax Revenues - Debt/Capital	\$9,549	\$9,549	\$9,549	\$9,549	\$9,549
State Loans	2,519	0	0	0	0
Grants	712	1,261	7,570	1,135	3,794
Other Revenues	385	909	909	909	909
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$13,164</b>	<b>\$11,718</b>	<b>\$18,027</b>	<b>\$11,593</b>	<b>\$14,252</b>
<b>EXPENSES</b>					
Employment Expenses	\$28,726	\$33,985	\$33,985	\$35,261	\$35,261
Contract Work/Special Projects	4,744	5,800	13,409	6,425	11,444
Utilities	5,318	6,022	6,272	6,266	6,266
Operating Fees	1,613	1,953	1,953	2,015	2,015
Chemicals	4,572	4,867	5,235	5,013	5,013
Professional Fees and Services	2,971	4,723	5,171	4,226	4,171
Biosolids Recycling	4,305	4,384	4,389	4,515	4,515
Materials & Supplies	2,074	2,019	2,230	2,064	2,064
Other Expenses	2,728	4,277	4,277	4,231	3,962
<b>TOTAL EXPENSES</b>	<b>\$57,052</b>	<b>\$68,034</b>	<b>\$76,925</b>	<b>\$70,020</b>	<b>\$74,714</b>
<b>CAPITAL PROGRAM</b>					
Capital Construction & Expansion (WIF)	\$20,629	\$25,988	\$26,547	\$21,047	\$40,187
<b>TOTAL CAPITAL PROGRAM</b>	<b>\$20,629</b>	<b>\$25,988</b>	<b>\$26,547</b>	<b>\$21,047</b>	<b>\$40,187</b>
<b>DEBT SERVICE</b>					
Financial Expenses	\$0	\$0	\$0	\$0	\$0
Interest	819	655	655	641	627
Principal	728	756	756	771	754
<b>TOTAL DEBT SERVICE</b>	<b>\$1,548</b>	<b>\$1,412</b>	<b>\$1,412</b>	<b>\$1,412</b>	<b>\$1,381</b>
<b>TRANSFERS IN (OUT)</b>					
Capital Contribution	(\$3,559)	(\$4,598)	(\$4,598)	(\$11,010)	(\$1,368)
Debt Service		265		123	
Operation support to GG for Non-Cap	(320)	(2,176)	(2,176)	(1,307)	(298)
Capital - Connection Fees Allocation	4,481	5,717	5,717	4,785	10,378
<b>TOTAL INTERFUND TRANSFERS IN (OUT)</b>	<b>\$909</b>	<b>(\$792)</b>	<b>(\$792)</b>	<b>(\$7,409)</b>	<b>\$8,822</b>
<b>FUND BALANCE</b>					
Net Income (Loss)	\$7,163	(\$10,519)	(\$13,269)	(\$12,335)	(\$19,288)
Beginning Fund Balance July 01	76,837	76,428	84,000	65,909	70,731
<b>ENDING FUND BALANCE JUNE 30*</b>	<b>\$84,000</b>	<b>\$65,909</b>	<b>\$70,731</b>	<b>\$53,574</b>	<b>\$51,443</b>
<b>RESERVE BALANCE SUMMARY</b>					
Operating Contingies	\$17,701	\$21,323	\$24,156	\$21,931	\$23,496
Rehabilitation/Replacement	27,331	10,783	10,500	10,783	7,311
Debt Service	1,412	1,412	1,412	1,412	1,381
Sinking Fund	37,557	32,390	34,663	19,448	19,255
<b>ENDING BALANCE AT JUNE 30</b>	<b>\$84,000</b>	<b>\$65,909</b>	<b>\$70,731</b>	<b>\$53,574</b>	<b>\$51,443</b>

\*Numbers may not tie due to rounding

**INLAND EMPIRE UTILITIES AGENCY**  
**FISCAL YEAR 2020/21 MID-YEAR BUDGET**  
**RECYCLED WATER FUND - SOURCES AND USES OF FUNDS (In Thousands)**

	2018/19	2019/20	2019/20	2020/21	2020/21
	ACTUAL	ADOPTED BUDGET	AMENDED BUDGET	ADOPTED BUDGET	AMENDED MID-YEAR
<b>REVENUES</b>					
Interest Revenue	\$769	\$983	\$983	\$949	\$708
Water Sales	13,902	18,120	18,120	18,752	16,155
<b>TOTAL REVENUES</b>	<b>\$14,670</b>	<b>\$19,103</b>	<b>\$19,103</b>	<b>\$19,701</b>	<b>\$16,863</b>
<b>OTHER FINANCING SOURCES</b>					
Property Tax - Debt/Capital	\$2,170	\$2,170	\$2,170	\$2,170	\$2,170
Connection Fees	5,916	7,915	7,915	8,032	7,915
State Loans	2,373	8,153	8,153	5,220	5,554
Grants	753	7,032	7,032	3,750	3,120
Capital Contract Reimbursement	88	2,075	2,075	702	1,875
Other Revenues	24	0	0	0	0
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$ 11,324</b>	<b>\$ 27,345</b>	<b>\$ 27,345</b>	<b>\$ 19,875</b>	<b>\$ 20,633</b>
<b>EXPENSES</b>					
Employment Expenses	\$4,451	\$5,184	\$5,184	\$5,370	\$5,370
Contract Work/Special Projects	1,333	1,780	2,007	1,365	1,990
Utilities	2,240	2,801	2,696	2,885	2,885
Operating Fees	3	10	10	10	10
Professional Fees and Services	641	666	943	632	632
Office and Administrative expenses	4	3	3	3	3
Materials & Supplies	141	169	224	174	215
Other Expenses	805	1,132	1,185	1,122	1,106
<b>TOTAL EXPENSES</b>	<b>\$9,619</b>	<b>\$11,743</b>	<b>\$12,250</b>	<b>\$11,562</b>	<b>\$12,211</b>
<b>CAPITAL PROGRAM</b>					
Work In Progress	\$6,636	\$18,727	\$23,849	\$23,800	\$3,570
<b>TOTAL CAPITAL PROGRAM</b>	<b>\$6,636</b>	<b>\$18,727</b>	<b>\$23,849</b>	<b>\$23,800</b>	<b>\$3,570</b>
<b>DEBT SERVICE</b>					
Financial Expenses	\$2	\$3	\$3	\$3	\$3
Interest	2,870	2,657	2,657	2,881	2,933
Principal	5,256	5,367	5,367	6,232	6,309
Short Term Inter-Fund Loan	3,000	3,000	3,000	3,000	3,000
<b>TOTAL DEBT SERVICE</b>	<b>\$11,129</b>	<b>\$11,027</b>	<b>\$11,027</b>	<b>\$12,116</b>	<b>\$12,245</b>
<b>TRANSFERS IN (OUT)</b>					
Capital Contribution	(\$1,873)	(\$88)	(\$88)	(\$21)	(\$517)
Debt Service	2,394	2,400	2,400	2,542	2,547
Operation support	(526)	(836)	(836)	(755)	(533)
Water Connection Allocation	(454)	(2,021)	(2,021)	(950)	(1,473)
<b>TOTAL INTERFUND TRANSFERS IN (OUT)</b>	<b>(\$459)</b>	<b>(\$545)</b>	<b>(\$545)</b>	<b>\$816</b>	<b>\$24</b>
<b>FUND BALANCE</b>					
Net Income (Loss)	(\$1,848)	\$4,405	(\$1,223)	(\$7,086)	\$9,495
Beginning Fund Balance July 01	26,401	30,414	24,553	41,056	23,330
<b>ENDING BALANCE AT JUNE 30</b>	<b>\$24,553</b>	<b>\$34,819</b>	<b>\$23,330</b>	<b>\$33,970</b>	<b>\$32,825</b>
<b>RESERVE BALANCE SUMMARY</b>					
Operating Contingency	\$3,206	\$3,914	\$4,083	\$3,854	\$4,070
Capital Construction	(1,295)	9,274	(5,387)	4,664	1,064
Water Connection	14,615	12,516	15,518	14,478	16,548
Rehabilitation/Replacement (R&R)	0	0	0	1,500	1,500
Debt Service	8,027	9,116	9,116	9,475	9,643
<b>ENDING BALANCE AT JUNE 30</b>	<b>\$24,553</b>	<b>\$34,819</b>	<b>\$23,330</b>	<b>\$33,970</b>	<b>\$32,825</b>

\* Numbers may not total due to rounding

**INLAND EMPIRE UTILITIES AGENCY**  
**FISCAL YEAR 2020/2021 MID-YEAR BUDGET**  
**RECHARGE WATER FUND - SOURCES AND USES OF FUNDS (In Thousands)**

	2018/2019	2019/2020	2019/2020	2020/2021	2020/2021
	ACTUAL	ADOPTED BUDGET	AMENDED BUDGET	ADOPTED BUDGET	AMENDED MID-YEAR
<b>REVENUES</b>					
Property Tax - O&M					
Cost Reimbursement from JPA	\$883	\$1,237	\$1,237	\$1,076	\$1,449
Contract Cost reimbursement	1,464	69	69	0	35
Interest Revenue	62	115	115	160	40
<b>TOTAL REVENUES</b>	<b>\$2,409</b>	<b>\$1,421</b>	<b>\$1,421</b>	<b>\$1,236</b>	<b>\$1,523</b>
<b>OTHER FINANCING SOURCES</b>					
State Loans	\$0	\$1,256	\$1,256	\$3,764	\$8,800
Grants	482	4,845	4,845	11,521	7,488
Capital Contract Reimbursement	801	565	565	662	378
Other Revenues	17	0	0	0	0
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$1,299</b>	<b>\$6,665</b>	<b>\$6,665</b>	<b>\$15,947</b>	<b>\$16,666</b>
<b>EXPENSES</b>					
Employment Expenses	\$803	\$653	\$653	\$677	\$677
Contract Work/Special Projects	1,240	139	448	0	69
Utilities	59	68	68	70	85
Operating Fees	11	13	13	8	8
Professional Fees and Services	806	934	1,577	859	980
Office and Administrative expenses	0	15	15	16	16
Expense Allocation	0	53	53	52	49
Materials & Supplies	120	98	112	101	129
<b>TOTAL EXPENSES</b>	<b>\$3,038</b>	<b>\$1,973</b>	<b>\$2,939</b>	<b>\$1,782</b>	<b>\$2,013</b>
<b>CAPITAL PROGRAM</b>					
Capital Expansion/Construction	\$647	\$5,000	\$5,000	\$13,184	\$14,204
<b>TOTAL CAPITAL PROGRAM</b>	<b>\$647</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>\$13,184</b>	<b>\$14,204</b>
<b>DEBT SERVICE</b>					
Financial Expenses	\$67	\$67	\$67	\$125	\$85
Interest	170	461	461	430	215
Principal	710	739	739	769	769
<b>TOTAL DEBT SERVICE</b>	<b>\$947</b>	<b>\$1,267</b>	<b>\$1,267</b>	<b>\$1,324</b>	<b>\$1,069</b>
<b>TRANSFERS IN (OUT)</b>					
Capital Contribution	\$39	\$44	\$44	\$0	\$303
Debt Service	473	633	633	662	535
Operation support	598	757	757	707	522
Property Tax Transfer	9	25	25	5	33
<b>TOTAL INTERFUND TRANSFERS IN (OUT)</b>	<b>\$1,119</b>	<b>\$1,460</b>	<b>\$1,460</b>	<b>\$1,374</b>	<b>\$1,393</b>
<b>FUND BALANCE</b>					
Net Income (Loss)	\$195	\$1,306	\$340	\$2,267	\$2,296
Beginning Fund Balance July 01	3,246	4,108	3,441	5,414	3,780
<b>ENDING FUND BALANCE AT JUNE 30*</b>	<b>\$3,441</b>	<b>\$5,414</b>	<b>\$3,780</b>	<b>\$7,681</b>	<b>\$6,077</b>
<b>RESERVE BALANCE SUMMARY</b>					
Operating Contingencies	\$1,013	\$987	\$980	\$891	\$1,006
Capital Expansion / Construction	1,161	2,648	1,476	5,010	3,291
Debt Service & Redemption	1,267	1,779	1,324	1,779	1,779
<b>ENDING BALANCE AT JUNE 30</b>	<b>\$3,441</b>	<b>\$5,414</b>	<b>\$3,780</b>	<b>\$7,681</b>	<b>\$6,077</b>

\* Numbers may not total due to rounding



**INLAND EMPIRE UTILITIES AGENCY**  
**FISCAL YEAR 2020/21 MID-YEAR BUDGET**  
**WATER RESOURCES FUND - SOURCES AND USES OF FUNDS (In Thousands)**

	2018/2019	2019/2020	2019/2020	2020/2021	2020/2021
	ACTUAL	ADOPTED BUDGET	AMENDED BUDGET	ADOPTED BUDGET	AMENDED MID-YEAR
<b>REVENUES</b>					
User Charges	\$6,266	\$6,757	\$6,757	\$7,397	\$7,299
Contract Cost reimbursement	251	683	683	734	749
Interest Revenue	198	202	134	166	120
Water Sales	45,519	44,724	44,724	46,236	46,092
Gas Sales	0	0	0	0	0
<b>TOTAL REVENUES</b>	<b>\$52,234</b>	<b>\$52,366</b>	<b>\$52,298</b>	<b>\$54,533</b>	<b>\$54,260</b>
<b>OTHER FINANCING SOURCES</b>					
Property Tax - Debt and Capital	\$4,873	\$4,637	\$4,637	\$5,186	\$5,186
Grants	179	0	0	10	30
Other Revenues	17	0	0	0	0
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$5,069</b>	<b>\$4,637</b>	<b>\$4,637</b>	<b>\$5,196</b>	<b>\$5,216</b>
<b>EXPENSES</b>					
Employment Expenses	\$2,110	\$2,868	\$2,868	\$2,971	\$2,971
Contract Work/Special Projects	2,086	4,498	11,309	3,198	2,638
Utilities	0	0	0	0	0
Operating Fees	3,031	3,105	3,105	3,198	3,198
Chemicals	0	0	0	0	0
Professional Fees and Services	204	272	319	276	276
Office and Administrative expenses	0	64	64	64	64
MWD Water Purchases	45,519	44,724	44,724	46,236	46,092
Other Expenses	246	343	343	341	325
<b>TOTAL EXPENSES</b>	<b>\$53,197</b>	<b>\$55,872</b>	<b>\$62,731</b>	<b>\$56,284</b>	<b>\$55,564</b>
<b>CAPITAL PROGRAM</b>					
Capital Construction & Expansion (WIP)	\$1,022	\$6,550	\$6,550	\$3,543	\$3,543
<b>TOTAL CAPITAL PROGRAM</b>	<b>\$1,022</b>	<b>\$6,550</b>	<b>\$6,550</b>	<b>\$3,543</b>	<b>\$3,543</b>
<b>DEBT SERVICE</b>					
<b>TOTAL DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TRANSFERS IN (OUT)</b>					
Water Connections	\$436	\$1,947	\$1,947	\$917	\$1,379
Property Tax Transfer	\$0	\$0	\$0	\$0	\$0
<b>TOTAL INTERFUND TRANSFERS IN (OUT)</b>	<b>\$436</b>	<b>\$1,947</b>	<b>\$1,947</b>	<b>\$917</b>	<b>\$1,379</b>
<b>FUND BALANCE</b>					
Net Income (Loss)	\$3,521	(\$3,472)	(\$10,400)	\$820	\$1,749
Beginning Fund Balance July 01	10,568	9,985	14,089	3,689	3,689
<b>ENDING FUND BALANCE AT JUNE 30</b>	<b>\$14,089</b>	<b>\$6,513</b>	<b>\$3,689</b>	<b>\$4,509</b>	<b>\$5,438</b>
<b>RESERVE BALANCE SUMMARY</b>					
Capital / Operation Contingencies	\$5,258	\$6,180	\$3,689	\$4,509	\$5,438
Water Resources Capital	8,831	332	0	0	0
<b>ENDING BALANCE AT JUNE 30</b>	<b>\$14,089</b>	<b>\$6,513</b>	<b>\$3,689</b>	<b>\$4,509</b>	<b>\$5,438</b>

\* Numbers may not total due to rounding



**INLAND EMPIRE UTILITIES AGENCY**  
**FISCAL YEAR 2020/21 MID-YEAR BUDGET**  
**NON-RECLAIMABLE WASTEWATER FUND - SOURCES AND USES OF FUNDS (In Thousands)**

	2018/2019	2019/2020	2019/2020	2020/2021	2020/2021
	ACTUAL	ADOPTED BUDGET	AMENDED BUDGET	ADOPTED BUDGET	AMENDED MID-YEAR
<b>REVENUES</b>					
User Charges	\$12,050	\$12,370	\$12,370	\$12,727	\$12,509
Interest Revenue	456	583	583	461	573
<b>TOTAL REVENUES</b>	<b>\$12,506</b>	<b>\$12,953</b>	<b>\$12,953</b>	<b>\$13,188</b>	<b>\$13,082</b>
<b>OTHER FINANCING SOURCES</b>					
Other Revenues	\$490	\$250	\$250	\$200	\$200
Loan Transfer from Internal Fund	3,000	3,000	3,000	3,000	3,000
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$3,490</b>	<b>\$3,250</b>	<b>\$5,615</b>	<b>\$3,200</b>	<b>\$3,200</b>
<b>EXPENSES</b>					
Employment Expenses	\$2,128	\$2,517	\$2,517	\$2,608	\$2,608
Contract Work/Special Projects	133	600	600	100	300
Utilities	84	91	91	93	93
Operating Fees	7,420	6,905	6,905	7,208	7,208
Chemicals	92	130	130	134	134
Professional Fees and Services	115	191	212	197	197
Office and Administrative expenses	0	24	24	24	24
Biosolids Recycling	18	35	35	36	36
Materials & Supplies	55	84	86	86	86
Other Expenses	287	460	460	455	425
<b>TOTAL EXPENSES</b>	<b>\$10,333</b>	<b>\$11,036</b>	<b>\$11,059</b>	<b>\$10,941</b>	<b>\$11,112</b>
<b>CAPITAL PROGRAM</b>					
CSDLAC 4Rs SRF Loan	\$705	\$737	\$737	\$0	\$0
Capital Expansion/Construction	560	8,950	8,950	13,750	4,085
<b>TOTAL CAPITAL PROGRAM</b>	<b>\$1,265</b>	<b>\$9,687</b>	<b>\$9,687</b>	<b>\$13,750</b>	<b>\$4,085</b>
<b>DEBT SERVICE</b>					
Financial Expenses	\$4	\$1	\$1	\$1	\$1
Interest	306	280	280	268	268
Principal	294	305	305	317	317
<b>TOTAL DEBT SERVICE</b>	<b>\$604</b>	<b>\$586</b>	<b>\$586</b>	<b>\$586</b>	<b>\$585</b>
<b>TRANSFERS IN (OUT)</b>					
Capital Contribution	(\$34)	(\$44)	(\$44)	(\$21)	(\$82)
Operation support	(12)	(79)	(79)	(48)	(11)
Property Tax Transfer	166	2,292	2,292	3,324	1,157
<b>TOTAL INTERFUND TRANSFERS IN (OUT)</b>	<b>\$121</b>	<b>\$2,169</b>	<b>\$2,169</b>	<b>\$3,255</b>	<b>\$1,064</b>
<b>FUND BALANCE</b>					
Net Income (Loss)	\$3,915	(\$2,938)	(\$596)	(\$5,634)	\$1,564
Beginning Fund Balance July 01	9,818	15,188	13,734	12,251	13,138
<b>ENDING FUND BALANCE AT JUNE 30*</b>	<b>\$13,734</b>	<b>\$12,251</b>	<b>\$13,138</b>	<b>\$6,617</b>	<b>\$14,702</b>
<b>RESERVE BALANCE SUMMARY</b>					
Capital/Operations Contingencies	\$3,444	\$3,679	\$3,686	\$3,647	\$3,704
Capital Construction	8,999	7,249	8,129	2,384	10,413
CSDLAC Prepayment	705	737	737	0	0
Debt Service	586	586	585	586	585
<b>ENDING BALANCE AT JUNE 30</b>	<b>\$13,734</b>	<b>\$12,251</b>	<b>\$13,138</b>	<b>\$6,617</b>	<b>\$14,702</b>

\* Numbers may not total due to rounding

**INLAND EMPIRE UTILITIES AGENCY**  
**FISCAL YEAR 2020/21 MID-YEAR BUDGET**  
**ADMINISTRATIVE SERVICES FUND - SOURCES AND USES OF FUNDS (In Thousands)**

	2018/2019	2019/2020	2019/2020	2020/2021	2020/2021
	ACTUAL	ADOPTED BUDGET	AMENDED BUDGET	ADOPTED BUDGET	AMENDED MID-YEAR
<b>REVENUES</b>					
Property Tax	\$1,972	\$1,972	\$1,972	\$1,972	\$1,972
Cost Reimbursement from JPA	1,112	1,383	1,383	1,382	1,382
Interest Revenue	365	320	320	295	315
<b>TOTAL REVENUES</b>	<b>\$3,449</b>	<b>\$3,675</b>	<b>\$3,675</b>	<b>\$3,649</b>	<b>\$3,669</b>
<b>OTHER FINANCING SOURCES</b>					
Other Revenues	\$171	\$2	\$2	\$2	\$2
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$171</b>	<b>\$2</b>	<b>\$2</b>	<b>\$2</b>	<b>\$2</b>
<b>EXPENSES</b>					
Employment Expenses	\$2,207	\$2,469	\$2,469	\$1,679	\$1,559
Contract Work/Special Projects	430	2,335	2,350	1,403	442
Utilities	573	806	798	830	830
Operating Fees	13	12	21	12	12
Professional Fees and Services	3,097	4,830	5,552	4,737	4,250
Office and Administrative expenses	1,606	2,571	2,711	2,798	2,798
Biosolids Recycling	12	0	0	0	0
Materials & Supplies	648	614	616	570	570
Other Expenses	(3,858)	(6,241)	(6,241)	(6,164)	(5,679)
<b>TOTAL EXPENSES</b>	<b>\$4,727</b>	<b>\$7,397</b>	<b>\$8,275</b>	<b>\$5,864</b>	<b>\$4,781</b>
<b>CAPITAL PROGRAM</b>					
Capital Expansion & Construction	\$1,283	\$2,310	\$2,868	\$1,200	\$3,305
<b>TOTAL CAPITAL PROGRAM</b>	<b>\$1,283</b>	<b>\$2,310</b>	<b>\$2,868</b>	<b>\$1,200</b>	<b>\$3,305</b>
<b>DEBT SERVICE</b>					
Financial Expenses	\$39	\$18	\$18	\$18	\$18
<b>TOTAL DEBT SERVICE</b>	<b>\$39</b>	<b>\$18</b>	<b>\$18</b>	<b>\$18</b>	<b>\$18</b>
<b>TRANSFERS IN (OUT)</b>					
Capital Contribution	\$1,002	\$1,286	\$1,286	\$626	\$2,400
Operation support	259	2,335	2,335	1,403	319
Capital - Connection Fees Allocation	360	975	975	547	966
One Water	9	49	49	27	60
<b>TOTAL INTERFUND TRANSFERS IN (OUT)</b>	<b>\$1,629</b>	<b>\$4,645</b>	<b>\$4,645</b>	<b>\$2,603</b>	<b>\$3,747</b>
<b>FUND BALANCE</b>					
Net Income (Loss)	(\$800)	(\$1,403)	(\$2,840)	(\$828)	(\$686)
Beginning Fund Balance July 01	13,741	13,649	12,941	12,246	10,102
<b>ENDING FUND BALANCE AT JUNE 30*</b>	<b>\$12,941</b>	<b>\$12,246</b>	<b>\$10,102</b>	<b>\$11,418</b>	<b>\$9,416</b>
<b>RESERVE BALANCE SUMMARY</b>					
Operating Contingency	\$2,364	\$3,246	\$2,758	\$2,418	\$1,594
Self-Insurance Program	4,578	3,000	3,000	3,000	3,000
Employee Retirement Benefit	6,000	6,000	4,343	6,000	4,822
<b>ENDING BALANCE AT JUNE 30</b>	<b>\$12,941</b>	<b>\$12,246</b>	<b>\$10,102</b>	<b>\$11,418</b>	<b>\$9,416</b>

\*Numbers may not total due to rounding

# FY 2020/21 Proposed Budget Amendments



# Budget Amendment Assumptions

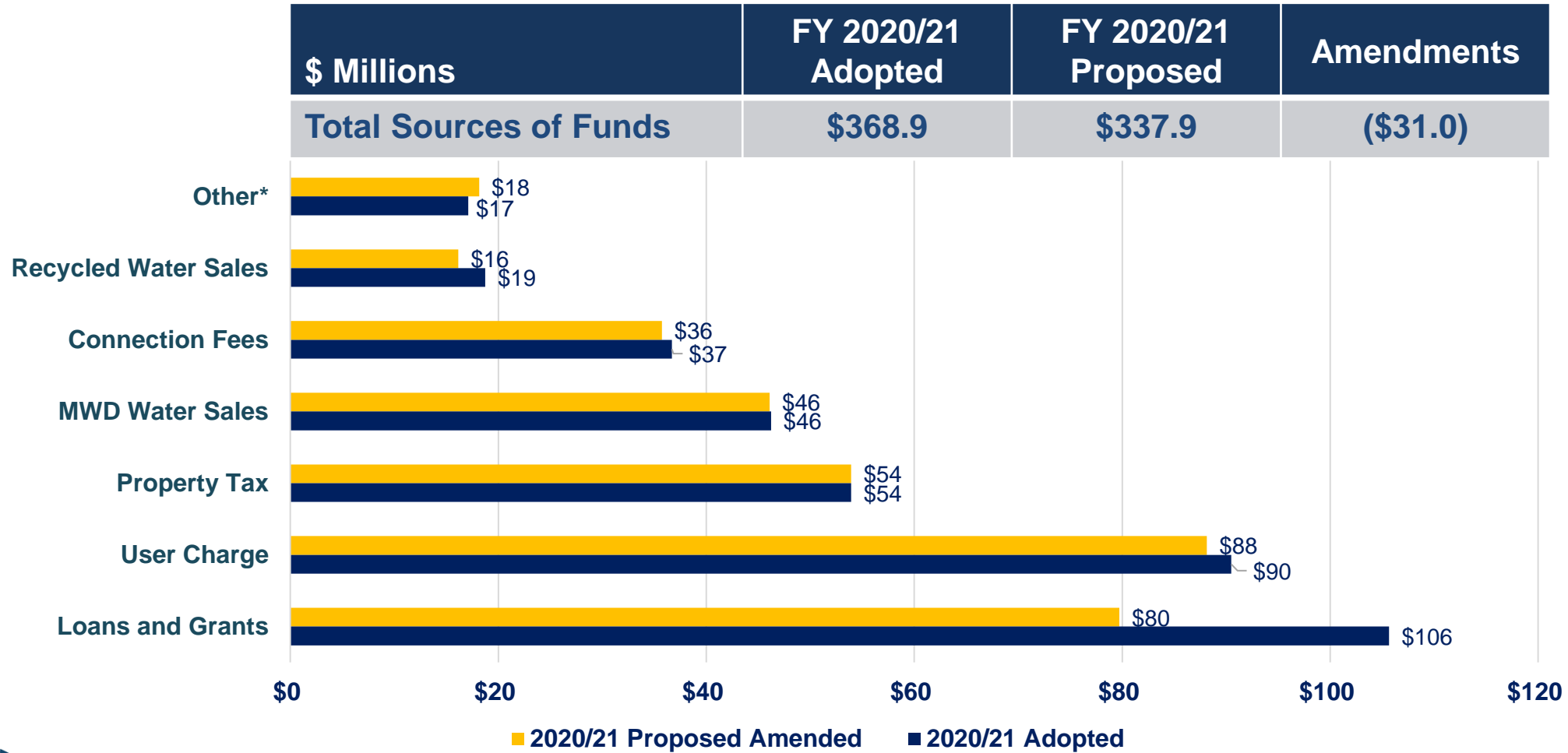
## Sources of funds:

- 12-months deferral of adopted and proposed rates for FY 2020/21, subject to Board approval
- Reduction of recycled water deliveries based on current demand trends
- Alignment of loans proceeds consistent with proposed Ten-Year Forecast

## Uses of funds:

- Projects based on proposed Ten Year Forecast (TYF) for FYs 2020/21 – 2029/30
  - Facility expansion based on projected growth
  - Asset Management: Replacement, Repair and Improvement
- Adjustments of operating expenses to offset the projected revenue loss due to the proposed rate deferral

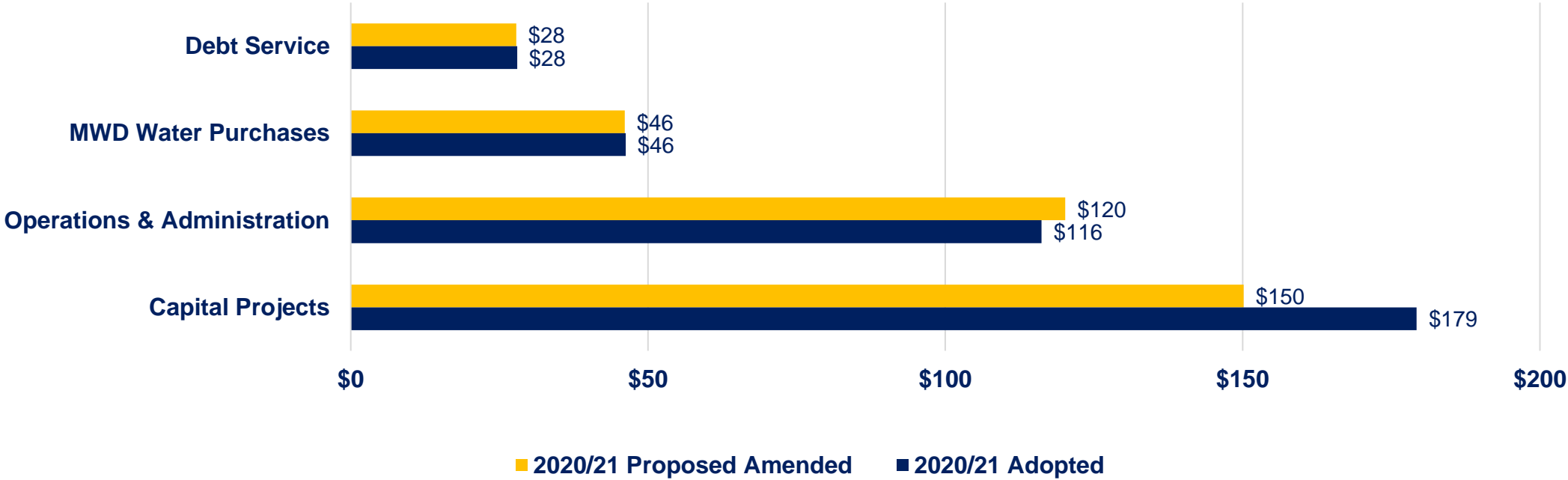
# SOURCES OF FUNDS



\*Other Sources include contract reimbursements, JPA reimbursements, inter-fund loan repayment and interest earnings.

# USES OF FUNDS

\$ Millions	FY 2020/21 Adopted	FY 2020/21 Proposed	Amendments
Total Uses of Funds	\$369.7	\$344.3	(\$25.4)



# Proposed Rates

Fund	Wastewater Operation	Wastewater Capital	Recycled Water			Water Resources	
As of July 1	Monthly Sewer (EDU)	Wastewater Connection Fee (EDU)	Recycled Water Direct Use (AF)	Recycled Water Recharge (AF)	One Water Connection Fee (MEU)	Meter Equivalent Units (MEU)	RTS Recovery
FY 2019/20	\$20.00	\$6,955	\$490	\$550	\$1,684	\$1.04	60%
	ADOPTED	PROPOSED					
FY 2020/21*	\$20.00	\$6,955	\$490	\$550	\$1,684	\$1.04	75%
FY 2021/22	\$21.22	\$7,379	\$520	\$580	\$1,787	\$1.08	90%
FY 2022/23	To be reviewed based on the sewer use evaluation results		To be determined after additional evaluation to ensure long-term program sustainability		\$1,841	\$1.10	100%
FY 2023/24					\$1,896	\$1.12	100%
FY 2024/25					\$1,953	\$1.14	100%

# FY 2020/21 Proposed Budget Amendments (\$Millions)

Consolidated FY 2020/21	Adopted	Proposed	Amendment Amount
<b>Total Sources of Funds</b>	\$368.9	\$ 337.9	(\$31.0)
<b>Total Uses of Funds</b>	(\$369.7)	(\$344.3)	\$25.4
<b>Increase (Decrease) in Net Position</b>	<b>(\$0.8)</b>	<b>\$6.4</b>	<b>(\$5.6)</b>



# RATE RESOLUTIONS

Resolution No.	Description
2020-6-1	Service Rates and Excessive Strength Charges for Regional or Industrial Wastewater Discharge
2020-6-2	Service Rates on Capacity, Volumetric, Strength, Capital Improvement, and Application Fees for the Etiwanda Wastewater Line (EWL)
2020-6-3	Service Rates on Capacity, Volumetric, Strength, and Application Fees for the Non-Reclaimable Wastewater System (NRWS)
2020-6-4	Service Rates on Capacity, Volumetric, Strength, Capital Improvement, and Application Fees for the Inland Empire Brine Line (IEBL)
2020-6-5	Laboratory Rates
2020-6-6	Extra-Territorial Sewer Charges
2020-6-7	Imported Water Rates
2020-6-8	Equipment Rental Fees
2020-6-9	Establishing the Recycled Water Sales Rate
2020-6-10	Reimbursement Payment per EDU (Wastewater Connection Fee)
2020-6-11	Establishing the Water Connection Fee
2020-6-12	Establishing the Meter Equivalent Unit Rates

# Recommendation

- Approve amendments to the FY 2020/21 Adopted Budget
- Approve the inter fund loan repayment of \$3 million from the Recycled Water fund to the Non-Reclaimable Wastewater in FY 2020/21; and
- Approve Rate Resolutions No. 2020-6-1 through 2020-6-12.

The proposed amendments to the FY 2020/21 Adopted Budget are consistent with the IEUA Business Goals of *Fiscal Responsibility, Water Reliability, Wastewater Management, Environmental Stewardship and Business Practices.*

RESOLUTION NO. 2020-6-1

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY\*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING SERVICE RATES FOR WASTEWATER DISCHARGERS TO THE REGIONAL WASTEWATER SYSTEM FOR SEPTAGE, COMMERCIAL OR INDUSTRIAL WASTEWATERS, AND EXCESSIVE STRENGTH CHARGES FOR FISCAL YEAR 2020/21.

**WHEREAS**, it is necessary to establish service rates for processing and issuing permits to domestic, commercial, or industrial wastewater dischargers and wastewater haulers permitted by IEUA, and service rates for processing and treatment of sanitary, commercial or industrial wastewater deliveries to the Inland Empire Utilities Agency (Agency)'s Regional Wastewater System;

**WHEREAS**, it is necessary to establish application fees for processing and issuing of wastewater discharge permits to industrial wastewater generators who discharge directly through pipeline connections to the Regional Sewer System;

**WHEREAS**, the Board of Directors of the Inland Empire Utilities Agency\*, pursuant to Ordinance No. 97, may establish said service rates by resolution.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES, AND ORDERS the following to be effective July 1, 2020:

**Section 1** That Wastewater Permit Application for Domestic Wastewater Hauler fees is as follow:

Initial Permit Application Fee	\$250.00
Permit Renewal Fee	\$125.00

**Section 2** That wastewater volumetric fee for domestic and industrial wastewater hauler is as follow:

For each load up to 2,000 gallons	\$ 76.05
Loads in excess of 2,000 gallons	\$ 0.038 per one (1) gallon

**Section 3** That a rate schedule effective July 1, 2020, for delivery of domestic and industrial wastewater to regional plants with excessive biochemical oxygen demand and suspended solids is hereby established as follows:

<u>Quantity</u>	<u>Rate</u>
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## Resolution No. 2020-6-1

## Regional Rates

Page 2 of 5

Biochemical Oxygen Demand (BOD) in excess of 395 mg/L \$ 327.01 per 1,000 lb (dry weight)

Suspended Solids (SS) in excess of 402 mg/L \$ 332.10 per 1,000 lb (dry weight)

**Section 4** A Non-Compliance fee of \$150.00 shall be assessed to reinstate elapsed or expired insurance requirements.

**Section 5** That Initial Wastewater Discharge Permit Application and Permit Renewal fees for wastewater generators who discharge directly through pipeline connection to the Regional Sewer System shall be:

**Initial Wastewater Discharge Permit Application Fees  
(Ownership Change with Process Changes included):**

Categorical Industrial User	\$4,375.00
with Combined Waste Stream Formula, add	\$1,063.00
with Production Based Standards, add	\$563.00
with Multiple Categories, add	\$2,125.00
Non-Categorical, Significant Industrial User	\$3,188.00
Non-Categorical, Non-Significant Industrial User	\$2,625.00

**Permit Renewal Fees:**

Categorical Industrial User	\$3,250.00
with Combined Waste Stream Formula, add	\$563.00
with Production Based Standards, add	\$313.00
with Multiple Categories, add	\$1,063.00
Non-Categorical, Significant Industrial User	\$813.00
Non-Categorical, Non-Significant Industrial User	\$563.00

**Section 6** That Initial Wastewater Discharge Permit Application, Ownership Change with Process Changes, and Permit Renewal fees for wastewater generators whose wastewater is hauled away, i.e., by a wastewater trucking company, and discharged into the NRWS sewer system shall be:

**Initial Wastewater Discharge Permit Application Fees:  
(Ownership Change with Process Changes included)**

## Resolution No. 2020-6-1

## Regional Rates

Page 3 of 5

Categorical Industrial User	\$2,750.00
with Combined Waste Stream Formula, add	\$1,063.00
with Production Based Standards, add	\$563.00
with Multiple Categories, add	\$2,125.00
Non-Categorical, Significant Industrial User	\$1,625.00
Non-Categorical, Non-Significant Industrial User	\$1,063.00

**Permit Renewal Fees:**

Categorical Industrial User	\$2,250.00
with Combined Waste Stream Formula, add	\$563.00
with Production Based Standards, add	\$313.00
with Multiple Categories, add	\$1,063.00
Non-Categorical, Significant Industrial User	\$813.00
Non-Categorical, Non-Significant Industrial User	\$563.00

**Section 7** That Permit Revision or Facility Expansion fees shall be: \$1,625.00

Permit Revisions shall be required if the modification affects the quantity/quality of the wastewater discharge to deviate from the conditions in the current permit by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, Process Changes, etc.

**Section 8** That for change of business name with no process changes shall be: \$250.00

That Permit Addendum fees shall be: \$813.00

Permit Addendum shall be required if the addition or modification does not affect the existing wastewater quantity/quality by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, Ownership Change without Process Changes, etc.

**Section 9** That IEUA will pass on to wastewater permit holder any other charges, such as, but not limited to, excessive strength charges, laboratory analysis charges, inspection activity charges, etc.

**Section 10** Miscellaneous processing fees that do not fall under any of the above sections shall be charged based on time and material of staff(s) evaluating such process using adopted labor rates for the current fiscal year.

Resolution No. 2020-6-1  
Regional Rates  
Page 4 of 5

**Section 11** That all provisions of the Regional Wastewater Ordinance and any amendments thereto are hereby applicable and will remain in full force and effect.

**Section 12** That upon the effective date of this Resolution, Resolution No. 2019-6-1 is hereby rescinded in its entirety.

\* \* \*

ADOPTED this 17<sup>th</sup> day of June 2020

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Kati Parker  
President of the Inland Empire Utilities  
Agency\* and of the Board of Directors  
thereof

ATTEST:

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Steven J. Elie  
Secretary/ Treasurer of the Inland Empire  
Utilities Agency\* and of the Board of  
Directors thereof

\*A Municipal Water District

STATE OF CALIFORNIA )  
 )SS  
COUNTY OF SAN BERNARDINO )

AYES:

NOES:

ABSTAIN:

ABSENT:

Kati Parker  
Secretary/Treasurer

(SEAL)

\* A Municipal Water District

**RESOLUTION NO. 2020-6-2**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY\*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING CAPACITY CHARGES, VOLUMETRIC CHARGES, STRENGTH CHARGES, CAPITAL IMPROVEMENT PROJECT (CIP) CHARGES, IEUA ADMINISTRATIVE CHARGES, APPLICATION AND WASTEWATER DISCHARGE PERMIT APPLICATION FEES FOR THE ETIWANDA WASTEWATER LINE (EWL) FOR FISCAL YEAR (FY) 2020/21.**

**WHEREAS**, *Etiwanda Wastewater Line Disposal Agreement* (Agreement) was entered between County Sanitation Districts of Los Angeles County (CSDLAC) and Inland Empire Utilities Agency (Agency);

**WHEREAS**, it is necessary to establish a rate structure for the collection of costs associated for the sewerage service under this Agreement;

**WHEREAS**, it is necessary to allocate industries with Etiwanda Wastewater Line Capacity Unit (EWLCU), in order to collect such charges;

**WHEREAS**, one EWLCU for the EWL is defined as an equalized discharge not to exceed a flow rate of 15 gallons per minute;

**WHEREAS**, it is necessary to establish application fees for processing applications for Capacity Right Agreements and Wastewater Discharge Permits for the use of the Agency's EWL;

**WHEREAS**, under Section 13550, et seq., of the California Water Code, a Public Agency may require industries to use recycled water for certain purposes, where it is available and at reasonable cost;

**WHEREAS**, the Board of Directors of the Agency, pursuant to Ordinance No. 99, may establish said fees and charges by Resolution;

**NOW, THEREFORE**, the Board of Directors hereby RESOLVES, DETERMINES, AND ORDERS the following to be effective July 1, 2020



**Section 1** That the acquisition of capacity rights shall be as follows:

(A) CAPACITY RIGHT ACQUISITION RATE

That the purchase rate for the right to discharge one (1) EWLCU for the EWL shall be \$215,000.00 per an equalized flow rate not to exceed 15 gallons per minute. This charge shall be paid in full upon the execution of the Capacity Right Agreement.

**Section 2** That the monthly charges for discharge to the EWL are as follows:

(A) CAPACITY CHARGES

For discharge to the EWL, which reaches the jurisdiction of the CSDLAC, the monthly Capacity Charge is \$80.00 per month per each EWLCU.

(B) CAPITAL IMPROVEMENTS PROGRAM CHARGES:

The monthly Capital Improvements Program (CIP) charge for EWL is \$90.00 per month per each EWLCU.

(C) VOLUMETRIC CHARGES

The Volumetric Charge for EWL is \$760.00 per Million Gallons. The minimum Volumetric Charge for discharge of 100,000 gallons or less per each EWLCU per month is \$76.00 per month per each EWLCU.

(D) STRENGTH CHARGES

That Strength Charges are for excessive Chemical Oxygen Demand (COD) and Total Suspended Solids (TSS) and are applicable to all discharges to the EWL. The rates are as follows:

<u>PARAMETER</u>	<u>RATE</u>
COD	\$135.00 per 1,000 pounds (dry weight)
TSS	\$380.00 per 1,000 pounds (dry weight)

Strength charges for the EWL discharges are calculated from the average of all the samples collected during the calendar month and invoiced on a quarterly basis. If there is no sample data for a given month, strength charges for that month shall be determined by using the average value of all available data from the previous 12 months.

(E) AGENCY CIP AND O&M CHARGES

Agency CIP and O&M Charges of 50% shall be added to the charges of Section 2(A), 2(C), and 2(D).

(F) RECYCLED WATER USAGE CREDIT

This program is for recycled water (RW) Users and shall end when funding is exhausted or not later than June 30, 2024, whichever comes first. New Users who qualify for this program shall be given the recycled water credit in effect at the time of connection to the recycled water system.

Recycled Water Users, including contracting agencies, shall be given a monetary credit based on the actual amount of RW used. The RW credit shall start at 50% of the IEUA’s FY 2014/15 recycled water direct sale rate and shall decline at 5% intervals per year through FY 2023/2024.

For Fiscal Year 2020/21, the Recycled Water Usage Credit is \$178.01 per million gallons of recycled water used.

**Section 3** OTHER CHARGES

IEUA will pass on any other charges from CSDLAC invoiced to the Agency to dischargers to the EWL, such as, but not limited to, flow and strength imbalances charges, permit fees, inspection fees, analytical fees, etc.

**Section 4** That Application fees for an EWL Capacity Right Agreement shall be: \$250.00

**Section 5** That Initial Wastewater Discharge Permit Application, Ownership Change with Process Changes, and Permit Renewal fees for wastewater generators who discharge directly through pipeline connection to the EWL sewer system shall be:

**Initial Wastewater Discharge Permit Application Fees:**  
(Ownership Change with Process Changes included)

Categorical Industrial User	\$4,375.00
with Combined Waste Stream Formula, add	\$1,063.00
with Production Based Standards, add	\$563.00
with Multiple Categories, add	\$2,125.00
Non-Categorical, Significant Industrial User	\$3,188.00
Non-Categorical, Non-Significant Industrial User	\$2,625.00

**Permit Renewal Fees:**

## Resolution No. 2020-6-2

## EWL Rates

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Categorical Industrial User	\$3,250.00
with Combined Waste Stream Formula, add	\$563.00
with Production Based Standards, add	\$313.00
with Multiple Categories, add	\$1,063.00
Non-Categorical, Significant Industrial User	\$813.00
Non-Categorical, Non-Significant Industrial User	\$563.00

**Section 6** That Permit Revision or Facility Expansion fees shall be: \$1,625.00

Permit Revisions shall be required if the modification affects the quantity/quality of the wastewater discharge to deviate from the conditions in the current permit by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, Process Changes, etc.

**Section 7** That for change of business name with no process changes shall be: \$250.00

That Permit Addendum fees shall be: \$813.00

Permit Addendum shall be required if the addition or modification does not affect the existing wastewater quantity/quality by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, Ownership Change without Process Changes, etc.

**Section 8** Toxic Organic Management Plan (TOMP) Processing No Charge

**Section 9** Miscellaneous processing fees that do not fall under any of the above sections shall be charged based on time and material of staff(s) evaluating such process using adopted labor rates for the current fiscal year.

**Section 10** That all provisions of the Etiwanda Wastewater Line Ordinance and any amendments thereto are hereby applicable and will remain in full force and effect.

**Section 11** That upon the effective date of this Resolution, the Resolution No. 2019-6-2 pertaining to the EWL is hereby rescinded in its entirety.

ADOPTED this 17<sup>th</sup> day of June 2020

Resolution No. 2020-6-2

EWL Rates

Page 5 of 6

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Kati Parker

President of the Inland Empire Utilities  
Agency\* and of the Board of Directors  
thereof

ATTEST:

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Steven J. Elie

Secretary/ Treasurer of the Inland Empire  
Utilities Agency\* and of the Board of  
Directors thereof

\*A Municipal Water District

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency\*,  
DO HEREBY CERTIFY that the foregoing Resolution being No. 2020-6-2 as adopted at  
a regular Board meeting on June 17, 2020, of said Agency\* by the following vote:

ABSENT:

(SEAL)

\* A Municipal Water District

### RESOLUTION NO. 2020-6-3

#### **RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY\*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING CAPACITY CHARGES, VOLUMETRIC CHARGES, STRENGTH CHARGES, AGENCY PROGRAM CHARGES, AND APPLICATION FEES FOR THE NON-RECLAIMABLE WASTEWATER SYSTEM (NRWS) FOR FISCAL YEAR (FY) 2020/21**

**WHEREAS**, NRWS *Wastewater Disposal Agreement No. 4830* (Agreement) has been adopted between County Sanitation Districts of Los Angeles County (CSDLAC) and Inland Empire Utilities Agency (Agency);

**WHEREAS**, it is necessary to establish a rate structure for the collection of costs associated for the sewerage service under this Agreement;

**WHEREAS**, it is necessary to allocate User with Non Reclaimable Wastewater System Capacity Unit (NRWSCU), in order to collect such charges;

**WHEREAS**, it is necessary to allocate individual Users their fractional contribution of the Solids Discrepancy at East End ( $SD_{EE}$ ) monitoring facility determined by the *Fractional Solids Discrepancy* ( $FSD_i$ ) formula;

**WHEREAS**, it is necessary to allocate individual Users their fractional contribution of the Volumetric, Chemical Oxygen Demand (COD), and NRWSCU discrepancies at East End monitoring facility as determined by the preceding fiscal year's monitoring data;

**WHEREAS**, it is necessary to establish application fees for processing applications for NRWSCU Allocations and Wastewater Discharge Permits for the use of the Inland Empire Utilities Agency (Agency)'s NRWS;

**WHEREAS**, under Section 13550, et seq., of the California Water Code, a Public Agency may require industries to use recycled water for certain purposes, where it is available and at reasonable cost;

**WHEREAS**, the Board of Directors of the Agency, pursuant to Ordinance No. 99, may establish said fees and charges by Resolution;

**NOW, THEREFORE**, the Board of Directors hereby RESOLVES, DETERMINES, AND ORDERS the following to be effective July 1, 2020:

Resolution No. 2020-6-3  
 NRWS Rates  
 Page 2 of 7

**Section 1** That the acquisition of wastewater discharge right shall be as follows:

(A) NRWSCU ACQUISITION RATES

1. A NRWSCU for the NRWS is determined by the following formula:

$$NRWSCU = \left( 0.6513 \times \frac{Flow_{gpd}}{260} \right) + \left( 0.1325 \times \frac{COD_{ppd}}{1.22} \right) + \left( 0.2162 \times \frac{TSS_{ppd}}{0.59} \right)$$

***Where:***

*gpd* = gallons per day

*ppd* = pounds per day

2. The minimum number of NRWSCU shall be 25 NRWSCU.
3. The **purchase rate** for the right to discharge one (1) NRWSCU shall be as established by CSDLAC or \$4,172.00 per NRWSCU.
4. The optional **annual lease rate** for the right to discharge one (1) NRWSCU shall be 5% per year of the purchase rate, i.e. \$208.60 per NRWSCU per each year.

The above charges shall be paid in full upon the execution of the NRWSCU purchase or lease.

**Section 2** That the monthly charges for discharge to the NRWS are:

(A) VOLUMETRIC CHARGES

For discharge to the NRWS, the monthly volumetric charge is \$940.00 per million gallons of discharge.

(B) PEAK FLOW CHARGES

For discharge to the NRWS, the monthly Peak Flow (PF) Charge shall be \$357.00 per million gallons of volumetric discharge.

(C) STRENGTH CHARGES

That Strength Charges are for excessive Chemical Oxygen Demand (COD) and Total Suspended Solids (TSS) and are applicable to all discharges to the NRWS. The rates are as follows:

<u>PARAMETER</u>	<u>RATE</u>
COD	\$166.00 per 1,000 pounds (dry weight)
TSS	\$470.00 per 1,000 pounds (dry weight)

Resolution No. 2020-6-3  
NRWS Rates  
Page 3 of 7

Strength charges for the NRWS discharges are calculated from the average of all the samples collected during the calendar month and invoiced on a quarterly basis. If there is no sample data for a given month, strength charges for that month shall be determined by using the average value of all available data from the previous 12 months.

(D) AGENCY O&M Charge

The Agency's O&M charge shall be \$20.25 per NRWSCU per month.

(E) AGENCY CIP CHARGE

The Agency's capital improvement program charge shall be \$8.00 per NRWSCU per month.

(F) RECYCLED WATER USAGE CREDIT

This program is for recycled water (RW) Users and shall end when funding is exhausted or not later than June 30, 2024, whichever comes first. New Users who qualify for this program shall be given the recycled water credit in effect at the time of connection to the recycled water system.

Recycled Water Users, including contracting agencies, shall be given a monetary credit based on the actual amount of RW used. The RW credit shall start at 50% of the IEUA's FY 2014/15 recycled water direct sale rate and shall decline at 5% intervals per year through FY 2023/2024.

For Fiscal Year 2020/21, the Recycled Water Usage Credit is \$178.01 per million gallons of recycled water used.

### **Section 3** IMBALANCE CHARGES

(A) SOLIDS DISCREPANCY CHARGES for NRWS

Solids Discrepancy Charge for an industry ( $SDC_i$ ) shall be calculated on a monthly basis and invoiced on a quarterly basis. The charge shall be calculated by multiplying the individual industry's *Fractional Solids Discrepancy* ( $FSD_i$ ) by the Total Solids Discrepancy at East End monitoring facility ( $TSD_{EE}$ ) and by TSS rate:

$$SDC_i = (FSD_i) \times (TSD_{EE}) \times (TSS \text{ rate})$$

Individual industry's  $FSD_i$  for the NRWS is determined by the  $FSD_i$  formula to allocate the individual industry's solids contribution to the total solids discrepancy, based on their contribution to the overall loading of Alkalinity, Biological Oxygen Demand (BOD), Dissolved Calcium, and Flow.



## Resolution No. 2020-6-3

## NRWS Rates

## Page 4 of 7

$$FSD_i = 0.090 \times \left[ \frac{Alk_i}{Alk_T} \right] + 0.589 \times \left[ \frac{BOD_i}{BOD_T} \right] + 0.060 \times \left[ \frac{Ca_i}{Ca_T} \right] + 0.261 \times \left[ \frac{Flow_i}{Flow_T} \right]$$

**Where:**

$FSD_i$  = Fractional Solids Discrepancy for individual discharger ( $i$ )

$Alk_i$  = Individual dissolved alkalinity loading to the NRWS for discharger ( $i$ )

$Alk_T$  = Combined dissolved alkalinity loading from all dischargers to the NRWS

$BOD_i$  = Individual  $BOD_5$  loading to the NRWS for discharger ( $i$ )

$BOD_T$  = Combined  $BOD_5$  loading from all dischargers to the NRWS

$Ca_i$  = Individual dissolved calcium loading to the NRWS for discharger ( $i$ )

$Ca_T$  = Combined dissolved calcium loading from all dischargers to the NRWS

$Flow_i$  = Individual flow contribution to the NRWS from discharger ( $i$ )

$Flow_T$  = Combined flow from all dischargers to the NRWS

**(B) OTHER IMBALANCE CHARGES**

IEUA will pass to NRWS dischargers any other charges from CSDLAC invoiced to the Agency as a result of imbalance in the NRWS, including volumetric, COD, and NRWSCU imbalance charges. The charges shall be calculated on pro rata share for each component and invoiced on a quarterly basis.

**Section 4 OTHER CHARGES**

IEUA will pass on any other charges from CSDLAC invoiced to the Agency to dischargers to the NRWS, such as, but not limited to, permit fees, inspection fees, analytical fees, etc.

**Section 5** That Application fee for a NRWS Capacity Unit \$250.00  
Purchase or Annual Lease shall be:

**Section 6** That Initial Wastewater Discharge Permit Application, Ownership Change with Process Changes, and Permit Renewal fees for wastewater generators who discharge directly through pipeline connection to the NRWS sewer system shall be:

**Initial Wastewater Discharge Permit Application Fees:**  
(Ownership Change with Process Changes included)

Categorical Industrial User	\$4,375.00
with Combined Waste Stream Formula, add	\$1,063.00
with Production Based Standards, add	\$563.00
with Multiple Categories, add	\$2,125.00
Non-Categorical, Significant Industrial User	\$3,188.00
Non-Categorical, Non-Significant Industrial User	\$2,625.00

Resolution No. 2020-6-3  
NRWS Rates  
Page 5 of 7

**Permit Renewal Fees:**

Categorical Industrial User	\$3,250.00
with Combined Waste Stream Formula, add	\$563.00
with Production Based Standards, add	\$313.00
with Multiple Categories, add	\$1,063.00
Non-Categorical, Significant Industrial User	\$813.00
Non-Categorical, Non-Significant Industrial User	\$563.00

**Section 7** That Permit Revision or Facility Expansion fees shall be: \$1,625.00

Permit Revisions shall be required if the modification affects the quantity/quality of the wastewater discharge to deviate from the conditions in the current permit by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, Process Changes, etc.

**Section 8** That for change of business name with no process changes shall be: \$250.00

That Permit Addendum fees shall be: \$813.00

Permit Addendum shall be required if the addition or modification does not affect the existing wastewater quantity/quality by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, Ownership Change without Process Changes, etc.

**Section 9** Toxic Organic Management Plan (TOMP) Processing No Charge

**Section 10** Miscellaneous processing fees that do not fall under any of the above sections shall be charged based on time and material of staff(s) evaluating such process using adopted labor rates for the current fiscal year.

**Section 11** That all provisions of the Non-Reclaimable Wastewater Ordinance and any amendments thereto are hereby applicable and will remain in full force and effect.

**Section 12** That upon the effective date of this Resolution, the Resolution No. 2018-6-3 pertaining to the NRWS is hereby rescinded in its entirety.

Resolution No. 2020-6-3  
NRWS Rates  
Page 6 of 7

ADOPTED this 17<sup>th</sup> day of June 2020

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Kati Parker  
President of the Inland Empire Utilities  
Agency\* and of the Board of Directors  
thereof

ATTEST:

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Steven J. Elie  
Secretary/ Treasurer of the Inland Empire  
Utilities Agency\* and of the Board of  
Directors thereof

\*A Municipal Water District

STATE OF CALIFORNIA )  
 ) SS  
COUNTY OF SAN BERNARDINO )

AYES:

NOES:

ABSTAIN:

ABSENT:

Steven J. Elie  
Secretary/Treasurer

(SEAL)

\* A Municipal Water District

**RESOLUTION NO. 2020-6-4**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY\*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING INITIAL AND MONTHLY CAPACITY CHARGES, VOLUMETRIC CHARGES, EXCESS STRENGTH CHARGES, CAPITAL IMPROVEMENT PROJECT (CIP) CHARGES, IEUA ADMINISTRATIVE CHARGES, APPLICATION AND WASTEWATER DISCHARGE PERMIT APPLICATION FEES FOR THE INLAND EMPIRE BRINE LINE (BRINE LINE) FOR FISCAL YEAR (FY) 2020/21.**

**WHEREAS**, it is necessary to establish initial and monthly capacity charges, volumetric flow charges, CIP charges, trucked wastewater delivery charges and excessive strength charges;

**WHEREAS**, it is necessary to establish application fees for processing applications for Capacity Right Agreements and Wastewater Discharge Permits for the use of the Inland Empire Utilities Agency (Agency)'s Brine Line;

**WHEREAS**, one Agency Capacity Unit (CU) is defined as an equalized discharge at the flow rate of 15 gallons per minute (GPM);

**WHEREAS**, under Section 13550, et seq., of the California Water Code, a Public Agency may require industries to use recycled water for certain purposes, where it is available and at reasonable cost;

**WHEREAS**, the Board of Directors of the Agency, pursuant to Ordinance No. 106, may establish said fees and charges by Resolution;

**NOW, THEREFORE**, the Board of Directors hereby RESOLVES, DETERMINES, AND ORDERS the following to be effective July 1, 2020

**Section 1** That the Initial Capacity Charge for the purchase of Agency Capacity Rights shall be set at \$215,000.00 per CU.

**Section 2** That the monthly charges for discharge to the Brine Line are as follows:

(A) CAPACITY CHARGES:

For discharge to the Brine Line, which reaches jurisdiction of the Santa Ana Watershed Project Authority (SAWPA), the monthly Capacity Charge is \$418.67 per CU.

## Resolution No. 2020-6-4

## IEBL Rates

## Page 2 of 7

## (B) CAPITAL IMPROVEMENTS PROGRAM CHARGES:

The monthly Capital Improvements Program (CIP) charge for Brine Line is \$90.00 per CU per month.

## (C) VOLUMETRIC CHARGES

For discharge to the Brine Line, the monthly Volumetric Charge is \$979.00 per Million Gallons of discharge. The minimum Volumetric Charge for discharge of 100,000 gallons or less per CU per month is \$97.90 per CU per month.

## (D) STRENGTH CHARGES

That Strength Charges are applicable to all discharges to the Brine Line, via pipeline or hauled by truck, for excessive Biochemical Oxygen Demand (BOD), and Total Suspended Solids (TSS). The rates are as follows:

<u>QUANTITY</u>	<u>RATE</u>
BOD	\$316.00 per 1,000 pounds (dry weight)
TSS	\$442.00 per 1,000 pounds (dry weight)

Strength charges for the Brine Line discharges are calculated from the average of all the samples collected during the calendar month and invoiced on a monthly basis. If there is no sample data for a given month, strength charges for that month shall be determined by using the average value of all available data from the previous 12 months.

## (E) AGENCY ADMINISTRATIVE CHARGES

Agency Administrative Charges of 50% shall be added to the charges of Section 2(A), 2(C), and 2(D).

## (F) RECYCLED WATER USAGE CREDIT FOR BRINE LINE

This program is for recycled water (RW) Users and shall end when funding is exhausted or not later than June 30, 2024, whichever comes first. New Users who qualify for this program shall be given the recycled water credit in effect at the time of connection to the recycled water system.

Recycled Water Users, including contracting agencies, shall be given a monetary credit based on the actual amount of RW used. The RW credit shall start at 50% of the IEUA's FY 2014/15 recycled water direct sale rate, and shall decline at 5% intervals per year through FY 2023/2024.

For FY 2020/21, the Recycled Water Usage Credit is \$178.01 per million

## Resolution No. 2020-6-4

## IEBL Rates

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gallons of recycled water used.

## (G) Other Charges

IEUA will pass on any other charges from SAWPA invoiced to the Agency to dischargers to the Brine Line, such as, but not limited to, flow and strength imbalances charges, permit fees, inspection fees, analytical fees, etc.

**Section 3** For trucked discharges to the Brine Line, the wastewater discharge rate shall be based on the applicable Tiered Schedule as established by the higher concentration value for BOD or TSS. The Brine Line Tiered Rate Schedule for Trucks is shown in Table 1.

Table 1 – Brine Line Tiered Rate Schedule for Trucks

Tiered Schedule	BOD / TSS Concentration	Volumetric Charge Up to 5,000 gallons	Incremental Charge above 5,000 gallons, \$ per one (1) gallon	Concentrations over 100 mg/L	
				BOD Charge \$ per lb	TSS Charge \$ per lb
Brine	BOD and TSS Less than 100 mg/L	\$300.92	\$0.015		
Non-Brine	BOD or TSS 100 mg/L and higher	\$300.92	\$0.015	\$0.750	\$0.716

**Section 4** That Application fees for a Capacity Right Agreement shall be: \$250.00

**Section 5** That Initial Wastewater Discharge Permit Application and Permit Renewal fees for wastewater generators who discharge directly through pipeline connection to the NRWS sewer system shall be:

**Initial Wastewater Discharge Permit Application Fees**

(Ownership Change with Process Changes included):

Categorical Industrial User	\$4,375.00
with Combined Waste Stream Formula, add	\$1,063.00
with Production Based Standards, add	\$563.00
with Multiple Categories, add	\$2,125.00
Non-Categorical, Significant Industrial User	\$3,188.00
Non-Categorical, Non-Significant Industrial User	\$2,625.00

**Permit Renewal Fees:**

## Resolution No. 2020-6-4

## IEBL Rates

Page 4 of 7

Categorical Industrial User	\$3,250.00
with Combined Waste Stream Formula, add	\$563.00
with Production Based Standards, add	\$313.00
with Multiple Categories, add	\$1,063.00
Non-Categorical, Significant Industrial User	\$813.00
Non-Categorical, Non-Significant Industrial User	\$563.00

**Section 6** That Initial Wastewater Discharge Permit Application and Permit Renewal fees for wastewater generators whose wastewater is hauled away, i.e., by a wastewater trucking company, and discharged into the NRWS sewer system shall be:

**Initial Wastewater Discharge Permit Application Fees:**

(Ownership Change with Process Changes included)

Categorical Industrial User	\$2,750.00
with Combined Waste Stream Formula, add	\$1,063.00
with Production Based Standards, add	\$563.00
with Multiple Categories, add	\$2,125.00
Non-Categorical, Significant Industrial User	\$1,625.00
Non-Categorical, Non-Significant Industrial User	\$1,063.00

**Permit Renewal Fees:**

Categorical Industrial User	\$2,250.00
with Combined Waste Stream Formula, add	\$563.00
with Production Based Standards, add	\$313.00
with Multiple Categories, add	\$1,063.00
Non-Categorical, Significant Industrial User	\$813.00
Non-Categorical, Non-Significant Industrial User	\$563.00

**Section 7** That initial Wastewater Hauler Permit application and Permit Renewal fees for the North NRWS shall be:

Initial Permit Application for Wastewater Hauler	\$250.00
Permit Renewal for Wastewater Hauler	\$125.00

South NRWS Wastewater Hauler Permit Application and Permit Renewal are processed and administered by Santa Ana Watershed Project Authority (SAWPA).



Resolution No. 2020-6-4  
IEBL Rates  
Page 5 of 7

**Section 8** That Permit Revision or Facility Expansion fees shall be: \$1,625.00

Permit Revisions shall be required if the modification affects the quantity/quality of the wastewater discharge to deviate from the conditions in the current permit by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, etc.

**Section 9** That for change of business name with no process changes shall be: \$250.00

That Permit Addendum fees shall be: \$813.00

Permit Addendum shall be required if the addition or modification does not affect the existing wastewater quantity/quality by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, Ownership Change without Process Changes, etc.

**Section 10** Toxic Organic Management Plan (TOMP) Processing No Charge

**Section 11** Miscellaneous processing fees that do not fall under any of the above sections shall be charged based on time and material of staff(s) evaluating such process using adopted labor rates for the current fiscal year.

**Section 12** That all provisions of the Brine Line Ordinance and any amendments thereto are hereby applicable and will remain in full force and effect.

**Section 13** That upon the effective date of this Resolution, the Resolution No. 2019-6-4 pertaining to the Inland Empire Brine Line (also known as South NRWS) is hereby rescinded in its entirety.

Resolution No. 2020-6-4

IEBL Rates

Page 6 of 7

ADOPTED this 17<sup>th</sup> day of June 2020.

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Kati Parker

President of the Inland Empire Utilities  
Agency\* and of the Board of Directors  
thereof

ATTEST:

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Steven J. Elie

Secretary/ Treasurer of the Inland Empire  
Utilities Agency\* and of the Board of  
Directors thereof

\*A Municipal Water District

STATE OF CALIFORNIA

)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency\*,  
DO HEREBY CERTIFY that the foregoing Resolution being No. 2020-6-4 as adopted at  
a regular Board meeting on June 17, 2020, of said Agency\* by the following vote:

ABSENT:

(SEAL)

\* A Municipal Water District

## **RESOLUTION NO. 2020-6-5**

### **RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY\*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING CHARGES FOR LABORATORY ANALYSES FOR FISCAL YEAR 2020/21**

**WHEREAS**, The Agency occasionally enters into agreements with other local governmental agencies to perform laboratory analyses; and

**WHEREAS**, the most efficient and practical method of charging for this work is through the establishment of a price for each analysis.

**NOW, THEREFORE**, the Board of Directors hereby RESOLVES, DETERMINES AND ORDERS, that, effective July 1, 2020, the single item prices for laboratory analyses are as shown on Exhibit 1 attached hereto.

Upon the effective date of this Resolution, Resolution No. 2019-6-5 is hereby rescinded in its entirety.

Resolution No. 2020-6-5  
Laboratory Fees  
Page 2 of 4

ADOPTED this 17<sup>th</sup> day of June 2020.

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Kati Parker  
President of the Inland Empire Utilities Agency\*  
and of the Board of Directors thereof

ATTEST:

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Steven J. Elie  
Secretary/ Treasurer of the Inland Empire  
Utilities Agency\* and of the Board of  
Directors thereof

\*a Municipal Water District

STATE OF CALIFORNIA )  
 )SS  
COUNTY OF SAN BERNARDINO )

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency\*,

DO HEREBY CERTIFY that the foregoing Resolution being No. 2020-6-5, was adopted at

a regular meeting on June 17, 2020, of said Agency\* by the following vote:

ABSENT:

Steven J. Elie  
Secretary/Treasurer

(SEAL)

\* A Municipal Water District

## Resolution No. 2020-6-5

## Laboratory Fees

## Page 4 of 4

### INLAND EMPIRE UTILITIES AGENCY LABORATORY PRICES - FY 2020/21

Inorganic Chemistry		
Test	Method	Price
Alkalinity, Total	SM 2320B	\$15.50
Ammonia as Nitrogen	EPA 350.1	\$15.50
Anion Sum	SM 1050	\$2.60
BOD, Soluble	SM 5210	\$45.30
BOD, Total	SM 5210	\$40.20
Bromide	EPA 300.0	\$11.30
Cation Sum	SM 1050	\$2.60
Chlorate	EPA 300.0	\$48.90
Chloride	EPA 300.0	\$9.80
Chlorite	EPA 300.0	\$48.90
COD	SM 5220D	\$34.50
Color	SM 2120B	\$10.30
Conductivity	SM 2510	\$9.80
Corrosivity	SM 2330B	\$43.80
<i>If Alkalinity, Ca, EC, or pH are requested on Corrosivity cost is reduced by their</i>		
Cyanide, Available	EPA OIA-1677	\$51.50
Cyanide, Free	ASTM D7237	\$28.80
Cyanide, Total	ASTM D7284	\$31.90
Dissolved Organic Carbon	SM 5310B	\$41.20
Dissolved Organic Carbon	SM 5310C	\$36.10
Dissolved Oxygen	EPA 360.1	\$12.90
Fluoride	EPA 300.0	\$9.80
Fluoride	SM 4500-F C	\$17.50
Hardness, Total (Calculation)	EPA 200.7	\$23.20
<i>If Ca and Mg is requested, calculation is reduced by their respective prices.</i>		
Hardness, Total	SM 2340C	\$19.10
Mercury	EPA 245.2	\$41.20
Metals Digestion (liquid)		\$17.50
Metals Digestion (solid)		\$46.40
Metals by ICP	EPA 200.7	\$10.30
Metals by ICP/MS	EPA 200.8	\$10.30
Nitrate as Nitrogen	EPA 300.0	\$9.80
Nitrite as Nitrogen	EPA 300.0	\$9.80
Nitrogen, Organic	Various	\$67.00
Oil & Grease, Polar (FOG)	EPA1664B	\$77.30
Oil & Grease, Non-polar	EPA1664B	\$41.20
Oil & Grease, Total	EPA1664B	\$36.10
pH	SM 4500-H+ B	\$6.20
Phosphorus, Ortho	EPA 300.0	\$9.80
Phosphorus, Total	EPA 200.7	\$10.30

Inorganic Chemistry		
Test	Method	Price
Silica	EPA 200.7	\$10.30
Sulfate	EPA 300.0	\$9.80
Sulfide, Dissolved	SM 4500-S D	\$20.60
Sulfide, Total	SM 4500-S D	\$16.50
Surfactants (MBAS)	SM 5540C	\$51.50
TDS	SM 2540C	\$15.50
TDS, Fixed/Volatile	SM 2540E	\$23.20
TKN	EPA 351.2	\$41.20
TOC	SM 5310B	\$36.10
TOC	SM 5310C	\$30.90
Total Solids	SM 2540B	\$11.80
TSS	SM 2540D	\$15.50
Turbidity	EPA 180.1	\$9.30
Uranium pCi/L	EPA 200.8	\$28.80
Volatile Solids	SM 2540E	\$17.00
Volatile Suspended Solids	SM 2540E	\$23.20

Bioassay/Microbiology		
Test	Method	Price
Bioassay, C.Dubia, Chronic	EPA 1002	\$1,236.00
Coliform, Colilert P/A	SM 9223 B	\$10.30
Coliform, Colilert Total Enume	SM 9223 B	\$20.60
Coliform, Fecal	SM 9221E	\$25.80
Coliform, Total (15 Tube)	SM 9221B	\$25.80
Heterotrophic Plate Count	SM 9215B	\$20.60

Organic Chemistry		
Test	Method	Price
1,4-Dioxane	EPA 624	\$77.30
Acrolein & Acrylonitrile	EPA 624	\$77.30
MTBE	EPA 524.2	\$103.00
Pesticides	EPA 608	\$257.50
Pesticides w/ PCBs	EPA 608	\$334.80
PCBs	EPA 608	\$257.50
Semi-Volatiles (Short list DW)	EPA 525	\$334.80
Semi-Volatiles (Acid Extractabl	EPA 625	\$231.80
Semi-Volatiles (Base/Neutrals)	EPA 625	\$231.80
Semi-Volatiles (BNA)	EPA 625	\$309.00
Tert-Butyl Alcohol (TBA)	EPA 524.2 MOD	\$154.50
Thiobencarb	EPA 525	\$309.00
Volatiles, DW	EPA 524.2	\$154.50
Volatiles, WW	EPA 624	\$195.70

**RESOLUTION NO. 2020-6-6**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY\*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING EXTRA-TERRITORIAL SEWER SERVICE CHARGE FOR SYSTEM USERS OUTSIDE THE AGENCY'S BOUNDARIES FOR FISCAL YEAR (FY) 2020/21**

**WHEREAS**, it is necessary to establish an extra-territorial monthly sewer service charge for system user whose property served is located outside the boundaries of Improvement District "C" of the Inland Empire Utilities Agency (the Agency); and

**WHEREAS**, the charge shall be "A" dollars per equivalent dwelling unit (EDU) per month. "A" shall be determined annually by the Agency before July 1 and will be set at the amount of certain sewer taxes per EDU being received from the taxable area within Improvement District "C"; and

**WHEREAS**, these taxes are to be the Improvement District "C" portion of taxes plus the portion of the Agency's General Taxes applied each year to the Regional Wastewater Systems and the General Administrative expenditures for the Regional Wastewater Systems; and

**WHEREAS**, modification to this resolution may be included in future rate resolutions.

**NOW, THEREFORE**, the Board of Directors hereby RESOLVES, DETERMINES, AND ORDERS the following to be effective July 1, 2020:

**Section 1.** That the monthly sewer service rate be determined based on the Agency-wide assessed valuation for FY 2019/20 as reported by the San Bernardino County Auditors Property Tax Division and the estimated number of billed EDU's listed in the Agency's FY 2020/21 Regional Wastewater Operations and Maintenance fund budget, as shown in Exhibit 1; and

**Section 2.** That the extra-territorial monthly sewer service charge should be set at a rate of \$17.46 per month per Equivalent Dwelling Unit (EDU) in addition to the FY 2020/21 adopted monthly EDU rate of \$20.00.

**Section 3.** That upon the effective date of this Resolution, Resolution No. 2019-6-6 is hereby rescinded in its entirety.



Resolution No. 2020-6-6  
FY 2020/21 Extra Territorial Sewer Service Charge  
Page 2 of 4

ADOPTED this 17<sup>th</sup> day of June 2020.

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Kati Parker  
President of the Inland Empire Utilities Agency\*  
and of the Board of Directors thereof

ATTEST:

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Steven J. Elie  
Secretary/ Treasurer of the Inland Empire  
Utilities Agency\* and of the Board of  
Directors thereof

\*A Municipal Water District

Resolution No. 2020-6-6  
FY 2020/21 Extra Territorial Sewer Service Charge  
Page 3 of 4

STATE OF CALIFORNIA                     )  
  )SS  
COUNTY OF SAN BERNARDINO         )

I, Kati Parker, Secretary/Treasurer of the Inland Empire Utilities Agency\*, DO  
HEREBY CERTIFY that the foregoing Resolution being No. 2020-6-6 was adopted at a Board  
Meeting on June 17, 2020, of said Agency by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Steven J. Elie  
Secretary/Treasurer

(SEAL)

\* A Municipal Water District

Resolution No. 2020-6-6  
 FY 2020/21 Extra Territorial Sewer Service Charge  
 Page 4 of 4

**AVERAGE VALUE OF AN EDU FOR FISCAL YEAR 2020/21**  
**CITY OF FONTANA MONTHLY EXTRA-TERRITORIAL USER SURCHARGE**

The information utilized includes the EDU projections identified in the Regional Wastewater Operations and Maintenance Fund budget and the San Bernardino County Auditors' report which lists the Agency's assessed valuation for FY 2019/20. Based on this information the estimated average value of an EDU within the Agency is as follows:

FY 2019/20 Agency Assessed Value - = \$ 118,586,687,220

FY 2019/20 Projected number of EDU's within Agency = 282,490 EDU per month

*\$118,586,687,220 divided by 282,490* = \$ 419,791

Annual tax obligation is calculated by:

*\$419,791 multiply by 0.000499* = \$ **209.48 per year**

*(adjusted Agency tax rate)*

= \$ **17.46 per month**

**RESOLUTION NO. 2020-6-7**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY\*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING IMPORTED WATER RATES.**

**WHEREAS**, pursuant to Division II, Part II, Section 201 of Ordinance No. 104, the Board of Directors of Inland Empire Utilities Agency\* (Agency) establishes, from time to time, rates for water sold or delivered by direct connections to Metropolitan Water District of Southern California (MWD) facilities;

**WHEREAS**, the Board of Directors of the Agency establishes rates for delivery of imported water supplies; and the rates are based on the approved and adopted biennial budget rates by the MWD Board on May 22, 2020; and

**NOW, THEREFORE**, the Board of Directors hereby RESOLVES, DETERMINES AND ORDERS the following to be effective July 1, 2020, and January 1, 2021:

**Section 1.** That the rates of sales of imported water are direct pass-through charged by Metropolitan for each class of water. The rates, by class of water are as follows:

- (a) FOR TIER 1 FULL SERVICE UNTREATED WATER – i.e., domestic and municipal purposes:

01/1/2020 – 12/31/2020 \$755.00 per acre foot  
01/1/2021 – 12/31/2021 \$777.00 per acre foot  
01/1/2022 – 12/31/2022 \$799.00 per acre foot

- (b) FOR TIER 2 FULL SERVICE UNTREATED WATER – i.e., domestic and municipal purposes:

01/1/2020 – 12/31/2020 \$842.00 per acre foot  
01/1/2021 – 12/31/2021 \$819.00 per acre foot  
01/1/2022 – 12/31/2022 \$841.00 per acre foot

(c) FOR GROUND WATER STORAGE PROGRAM

REPLENISHMENT WATER UNTREATED – This rate is available contingent upon the requirements of Metropolitan’s Administrative Code, and includes water delivered for groundwater replenishment and storage, by direct or in-lieu methods.

01/1/2020 – 12/31/2020 (NO RATE AVAILABLE)

01/1/2021 – 12/31/2021 (NO RATE AVAILABLE)

01/1/2022 – 12/31/2022 (NO RATE AVAILABLE)

- (d) METROPOLITAN WATER SUPPLY ALLOCATION PLAN (WSAP) PENALTY RATES – Reduced imported water allocations caused by the adoption of a WSAP will reduce a member agencies Tier 1 allocation pursuant to Resolution 2016-9-1. Penalty rates will be applied in accordance to Metropolitan’s WSAP to IEUA and its member agencies if IEUA exceeds its imported water allocation from MWD and is invoiced by MWD for WSAP penalty rates. Any such penalty rates shall be “passed through” to the appropriate agency that caused the imposition of a penalty rate by MWD.

**Section 2.** That IEUA will impose any Metropolitan rates and charges, applicable to each service connection, if invoiced by Metropolitan to IEUA during FY 2019/20.

**Section 3.** That the Metropolitan levied Capacity Charge (\$/cfs) shall be as follows:

01/1/2020 – 12/31/2020	\$ 8,800 per cubic foot per second (cfs)
01/1/2021 – 12/31/2021	\$ 10,700 per cubic foot per second (cfs)
01/1/2022 – 12/31/2022	\$ 12,200 per cubic foot per second (cfs)

**Section 4.** That a minimum charge of \$1,000 per month will be collected from any active Metropolitan full service industrial connection beginning 7/1/2020 through 6/30/2021.

**Section 5.** That upon the effective date of this Resolution, Resolution No. 2019-6-7 is hereby rescinded in its entirety.

Resolution No. 2020-6-7

Page 3 of 4

**ADOPTED** this 17<sup>th</sup> day of June 2020.

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Kati Parker  
President of the Inland Empire Utilities Agency\*  
and of the Board of Directors thereof

ATTEST:

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Steven J. Elie  
Secretary/ Treasurer of the Inland Empire  
Utilities Agency\* and of the Board of  
Directors thereof

\*a Municipal Water District

Resolution No. 2020-6-7

Page 4 of 4

STATE OF CALIFORNIA                     )  
  )SS  
COUNTY OF SAN BERNARDINO         )

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency\*, DO  
HEREBY CERTIFY that the foregoing Resolution being No. 2020-6-7, was adopted at a regular  
meeting on June 17, 2020, of said Agency\* by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Steven J. Elie  
Secretary/Treasurer

(SEAL)

\* A Municipal Water District

**RESOLUTION NO. 2020-6-8**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND  
EMPIRE UTILITIES AGENCY\*, SAN BERNARDINO COUNTY,  
CALIFORNIA, ESTABLISHING EQUIPMENT RENTAL RATES FOR  
FISCAL YEAR 2020/2021.**

**WHEREAS**, the Board of Directors of Inland Empire Utilities Agency\* is required by Agency Ordinance No. 28, Section 3, to establish, from time to time, rates for rental of maintenance and construction equipment.

**NOW, THEREFORE**, the Board of Directors hereby RESOLVES, DETERMINES AND ORDERS, pursuant to Ordinance No. 28, that the rates for equipment rental are as shown in Exhibit 1 attached hereto and are effective July 1, 2020.

Upon the effective date of this Resolution, Resolution No. 2019-6-8 is hereby rescinded in its entirety.



Resolution No. 2020-6-8  
Equipment Rental  
Page 2 of 4

ADOPTED this 17<sup>th</sup> day of June 2020.

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Kati Parker  
President of the Inland Empire Utilities Agency\*  
and of the Board of Directors thereof

ATTEST:

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Steven J. Elie  
Secretary/ Treasurer of the Inland Empire  
Utilities Agency\* and of the Board of  
Directors thereof

\*a Municipal Water District

Resolution No. 2020-6-8  
Equipment Rental  
Page 3 of 4

STATE OF CALIFORNIA                     )  
  )SS  
COUNTY OF SAN BERNARDINO        )

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency\*, DO  
HEREBY CERTIFY that the foregoing Resolution being No. 2020-6-8 was adopted at a regular  
meeting on June 17, 2020, of said Agency\* by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Steven J. Elie  
Secretary/Treasurer

(SEAL)

\* A Municipal Water District

Resolution No. 2020-6-8  
Equipment Rental  
Page 4 of 4

## EXHIBIT 1

### INLAND EMPIRE UTILITIES AGENCY\* MAINTENANCE EQUIPMENT RENTAL RATES FISCAL YEAR 2020/21

#### GOVERNMENTAL AGENCIES WITHIN IEUA SERVICE BOUNDARIES

		<b>RATE IN FORCE</b>
CCTV Camera Equipment Truck		
With one operator	per hour portal-to-portal	\$101.95
With two operators	per hour portal-to-portal	\$179.61
Gap Vactor Truck		
With one operator	per hour portal-to-portal	\$111.58
With two operators	per hour portal-to-portal	\$189.25
Safety Van		
With one operator	per hour portal-to-portal	\$76.47
With two operators	per hour portal-to-portal	\$144.47
Water Truck		
With one operator	per hour portal-to-portal	\$85.51
With two operators	per hour portal-to-portal	\$163.17

## **RESOLUTION NO. 2020-6-9**

### **RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY\*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING RATES COVERING THE SALE OF RECYCLED WATER TO SUPPORT OPERATIONS AND MAINTENANCE OF IEUA'S REGIONAL RECYCLED WATER SYSTEM FOR FISCAL YEARS 2020/21 AND 2021/22**

**WHEREAS**, The Regional Advisory Committees have reviewed and recommended service rates for Fiscal Years 2020/21 and 2021/22:

**NOW, THEREFORE**, the Board of Directors of the Inland Empire Utilities Agency\* does hereby RESOLVE, DETERMINE, AND ORDER as follows:

**Section 1.** That effective July 1, 2020, the direct sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$1,503.98 per million gallons or \$490.00 per acre foot.

**Section 2.** That effective July 1, 2020, the recharge sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$1,688.15 per million gallons or \$550.00 per acre foot.

**Section 3.** That effective July 1, 2021, the direct sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$1,596.07 per million gallons or \$520.00 per acre foot.

**Section 4.** That effective July 1, 2021, the recharge sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$1,780.23 per million gallons or \$580.00 per acre foot.

**Section 5.** Upon the effective date of this Resolution, Resolution No. 2015-5-4 is hereby rescinded in their entirety.

Resolution No. 2020-6-9

Page 2 of 3

ADOPTED this 17th day of June, 2020.

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Kati Parker  
President of the Inland Empire Utilities  
Agency\* and of the Board of Directors  
thereof

ATTEST:

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Steven J. Elie  
Secretary/Treasurer of the Inland Empire  
Utilities Agency\* and of the Board  
of Directors thereof

\* A Municipal Water District

STATE OF CALIFORNIA )  
 )SS  
COUNTY OF SAN BERNARDINO )

ABSENT:

Secretary/Treasurer

(SEAL)

\* A Municipal Water District

**RESOLUTION NO. 2020-6-10**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND  
EMPIRE UTILITIES AGENCY\* (IEUA), SAN BERNARDINO  
COUNTY, CALIFORNIA, ESTABLISHING THE  
REIMBURSEMENT PAYMENT FOR FISCAL YEAR 2020/21  
THROUGH 2021/22.**

**WHEREAS**, the Finance, Legal, and Administration Committee and the Board of Directors have reviewed and recommended the adjustments to the Reimbursement Payment;

**WHEREAS**, the financing of the Ten-Year Forecast requires that the Reimbursement Payment will be maintained at \$6,955 per Equivalent Dwelling Unit (EDU) effective July 1, 2020; and increased to \$7,379 per EDU effective July 1, 2021;

**NOW THEREFORE**, the Board of Directors of the Inland Empire Utilities Agency\* does hereby RESOLVE, DETERMINE AND ORDER the following to be effective on;

**Section 1.** July 1, 2020 for Fiscal Year 2020/21 the Reimbursement Payment for the Contracting Agencies shall be \$6,955 per EDU.

**Section 2.** July 1, 2021 for Fiscal Year 2021/22 the Reimbursement Payment for the Contracting Agencies shall be \$7,379 per EDU

**Section 3.** That the provisions of the Regional Sewage Service Contract and any amendments thereto, are hereby applicable and will remain in full force and effect.

**Section 4.** That upon the effective date of this Resolution, Resolution No. 2015-5-5 is hereby rescinded.

RESOLUTION NO. 2020-6-10

Page 2 of 3

ADOPTED this 17<sup>th</sup> day of June 2020

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Kati Parker  
President of the Inland Empire Utilities  
Agency\* and of the Board of Directors  
thereof

ATTEST:

---

Steven J. Elie  
Secretary/Treasurer of the Inland Empire  
Utilities Agency\* and of the Board of Directors  
thereof





**RESOLUTION NO. 2020-6-11****RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY\*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING THE WATER CONNECTION FEE FOR FISCAL YEARS 2020/21 THROUGH 2024/25**

**WHEREAS**, modification of this policy may be included in future rate resolutions; and

**WHEREAS**, the Board of Directors establishes a fee from each new connection or upsized connection within IEUA's service area as a condition of receiving water deliveries from any source provided by IEUA including, but not limited to, Metropolitan supplies, recycled water, and groundwater; and

**WHEREAS**, the Board of Directors has determined that each new connection is subject to fees based upon the meter size; and

**WHEREAS**, the Board of Directors has determined that the levy of a one-time connection fee charge be imposed on any new retail water connection or upsized connection to any water system within the Agency's service area in order to recover growth related costs incurred by the Agency and defined in Ordinance 104.

**NOW, THEREFORE**, the Board of Directors hereby RESOLVES, DETERMINES AND ORDERS the following to be effective, July 1 of each fiscal year:

**Section 1.** Customers subject to payment of water capacity charges for new connections shall pay the charges in accordance with the following table:

Fiscal Year	2020/21	2021/22	2022/23	2023/24	2024/25
Effective Date	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024
5/8"	\$1,684	\$1,787	\$1,841	\$1,896	\$1,953
3/4"	\$1,684	\$1,787	\$1,841	\$1,896	\$1,953
1"	\$4,211	\$4,466	\$4,603	\$4,740	\$4,883
1.5"	\$8,420	\$8,933	\$9,205	\$9,480	\$9,765
2"	\$13,472	\$14,292	\$14,728	\$15,168	\$15,624
3"	\$29,471	\$31,265	\$32,218	\$33,180	\$34,178
4"	\$53,047	\$56,277	\$57,992	\$59,724	\$61,520
6"	\$117,880	\$125,059	\$128,870	\$132,720	\$136,710
8"	\$202,080	\$214,387	\$220,920	\$227,520	\$234,360
10"	\$252,600	\$267,983	\$276,150	\$284,400	\$292,950
12"	\$294,700	\$312,647	\$322,175	\$331,800	\$341,775

Resolution No. 2020-6-11

Page 2 of 3

**ADOPTED** this 17<sup>th</sup> day of June, 2020.

---

Kati Parker  
President of the Inland Empire Utilities Agency\*  
and of the Board of Directors thereof

ATTEST:

---

Steven J. Elie  
Secretary/ Treasurer of the Inland Empire  
Utilities Agency\* and of the Board of  
Directors thereof

\*a Municipal Water District

Resolution No. 2020-6-11

Page 3 of 3

STATE OF CALIFORNIA                     )  
  )SS  
COUNTY OF SAN BERNARDINO         )

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency\*, DO  
HEREBY CERTIFY that the foregoing Resolution being No. 2020-6-11 was adopted at a regular  
meeting on June 17, 2020, of said Agency\* by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

---

Steven J. Elie  
Secretary/Treasurer

(SEAL)

\* A Municipal Water District

**RESOLUTION NO. 2020-6-12**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE  
UTILITIES AGENCY (IEUA), SAN BERNARDINO COUNTY, CALIFORNIA,  
ESTABLISHING METER EQUIVALENT UNIT (MEU) RATES AND THE  
READINESS-TO-SERVE (RTS) TEN YEAR ROLLING AVERAGE (TYRA)  
PASS\_THROUGH**

**WHEREAS**, pursuant to Division II, Part II, Section 201 of Ordinance No. 104, the Board of Directors of Inland Empire Utilities Agency (IEUA) establishes, from time to time, rates to support the readiness-to-serve charges from Metropolitan Water District of Southern California (MWD), program costs incurred for the regional water resources program.

**WHEREAS**, the Board of Directors of IEUA shall establish an annual Readiness to serve (RTS) pass-through charge, based on a Ten Year Rolling Average (TYRA) MWD methodology.

**WHEREAS**, the Board of Directors shall establish an annual Meter Equivalent Unit (MEU) charge rate to yield revenues sufficient to recover the regional water resources program costs.

**WHEREAS**, modification of this resolution may be included in future rate resolutions.

**NOW, THEREFORE**, the Board of Directors hereby RESOLVES, DETERMINES AND ORDERS that the following to be effective on:

**Section 1.A** That a Readiness-to-Serve Ten Year Rolling Average (RTS TYRA) pass-through shall be charged to the Local Agencies (Cucamonga Valley Water District, Fontana Water Company and Water Facilities Authority), to recover their share of total RTS charge imposed by MWD, and will be phased-in over a period of - seven (7) years as follows:

- a. October 1, 2016 through June 30, 2017 of Fiscal Year 2016/17, the RTS TYRA charge shall be 15% of the MWD RTS charge
- b. July 1, 2017 for Fiscal Year 2017/18, the RTS TYRA charge shall be 30% of the MWD RTS charge.
- c. July 1, 2018 for Fiscal Year 2018/19 the RTS TYRA charge shall be 45% of the MWD RTS charge.
- d. July 1, 2019, for Fiscal Year 2019/20 the RTS TYRA charge shall be 60% of the MWD RTS charge.
- e. July 1, 2020 for Fiscal Year 2020/21 the RTS TYRA charge shall be 75% of the MWD RTS charge.
- f. July 1, 2021, for Fiscal Year 2021/22 the RTS TYRA charge shall be 90% of the MWD RTS charge.
- g. July 1, 2022, for Fiscal Year 2022/23 the RTS TYRA charge shall be 100% of the MWD RTS charge.

**Section 1.B** That a Readiness-to-Serve Ten Year Rolling Average (RTS TYRA) pass through shall be charged to Non Local Agencies to recover 100% of their share of total RTS charge imposed by MWD, effective October 1, 2016.

**Section 2.** That the Meter Equivalent Unit (MEU) rate, shall be charged to the Local Agency effective July 1, 2020:

- a. July 1, 2020 for Fiscal Year 2020/21, that the rate for each active retail water meter shall be \$1.04 per meter equivalent unit per month.
- b. July 1, 2021 for Fiscal Year 2021/22, that the rate for each active retail water meter shall be \$1.08 per MEU per month.
- c. for Fiscal Year 2022/23, that the rate for each active retail water meter shall be \$1.10 per MEU per month.

Resolution No. 2020-6-12

Page 3 of 4

d. for Fiscal Year 2023/24, that the rate for each active retail water meter shall be \$1.12 per MEU per month.

e. for Fiscal Year 2024/25, that the rate for each active retail water meter shall be \$1.14 per MEU per month.

**Section 3.** That upon the effective date of this Resolution, Resolution No. 2016-6-7 is hereby rescinded in its entirety.

**ADOPTED** this 17<sup>th</sup> day of June, 2020.

---

Kati Parker  
President of the Inland Empire Utilities Agency\*  
and of the Board of Directors thereof

ATTEST:

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Steven J. Elie  
Secretary/ Treasurer of the Inland Empire  
Utilities Agency\* and of the Board of  
Directors thereof

\*a Municipal Water District

STATE OF CALIFORNIA )  
 )SS  
COUNTY OF SAN BERNARDINO )

ABSENT:

(SEAL)

\* A Municipal Water District



**CONSENT  
ITEM  
1E**

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**Date:**

**To:** The Honorable Board of Directors

**From:** Shivaji Deshmukh, General Manager *SSD*

**Committee:**

**Subject:**

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**Executive Summary:**

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**Staff's Recommendation:**

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**Budget Impact** *Budgeted (Y/N):*    *Amendment (Y/N):*    *Amount for Requested Approval:*

*Account/Project Name:*

*Fiscal Impact (explain if not budgeted):*

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**Prior Board Action:**

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**Environmental Determination:**

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**Business Goal:**

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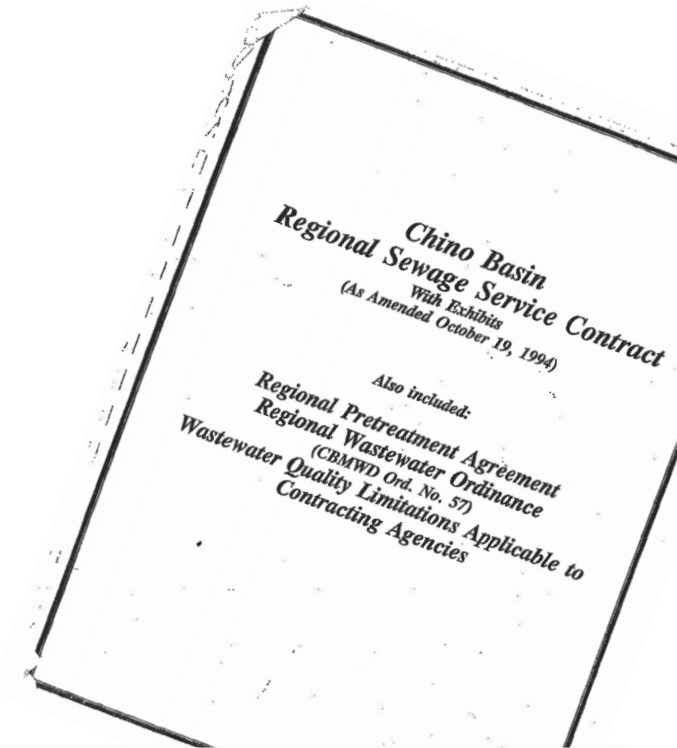
**Attachments:**

# IEUA Ten-Year Forecast



# IEUA's Contractual Requirements & Key Drivers

- Member Agency growth projections
  - 78% growth in cities of Fontana and Ontario
- Wastewater flow decreasing
- Wastewater concentrations increasing
- Project Drivers:
  - Safety and regulatory requirements
  - Repair and replacement projects
  - Growth and concentrations

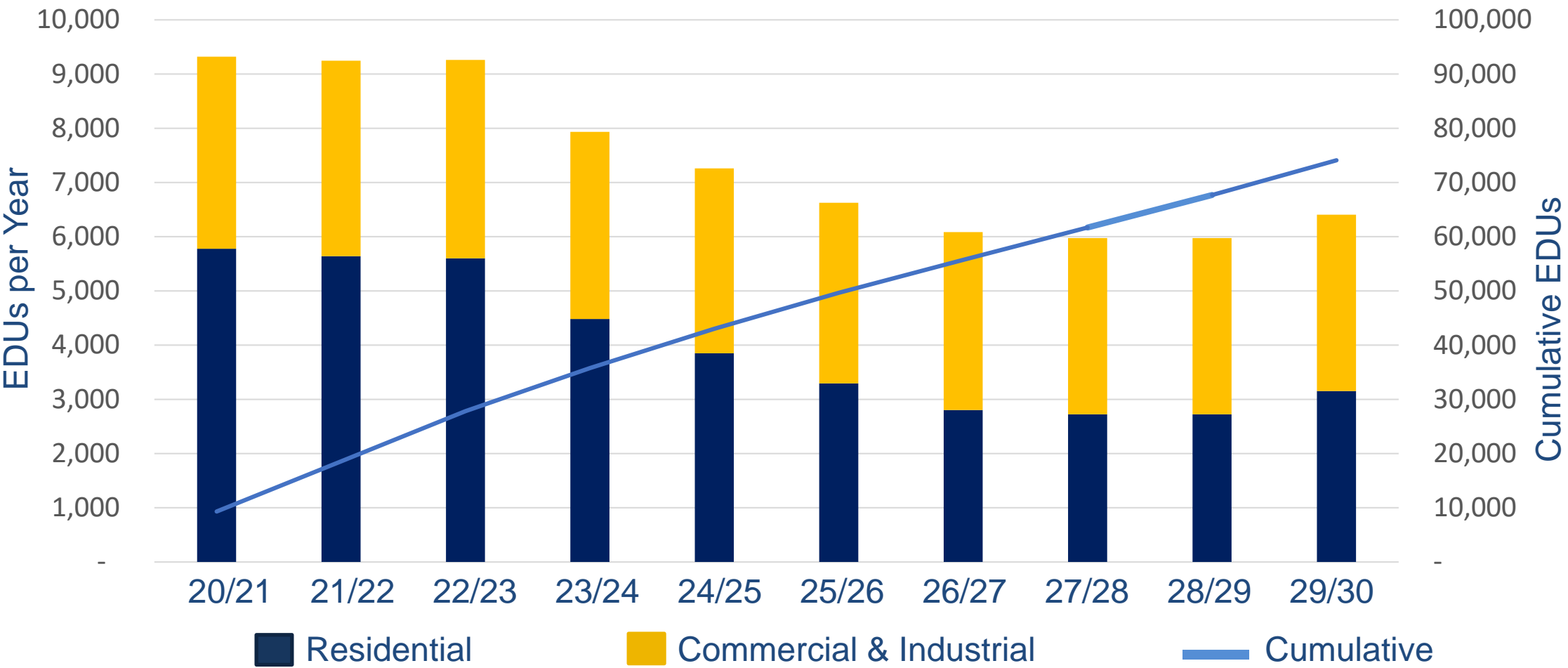


## Regional Contract Section 9

"CBMWD shall prepare and deliver...a ten-year forecast of the Capacity Demands of all Contracting Agencies and a forecast of the dates of commencement and completion of the design and construction of capital improvement projects which will be necessary to enable the Regional Sewerage System to meet the forecasted Capacity Demands...."

# New Equivalent Dwelling Unit (EDU) Forecast

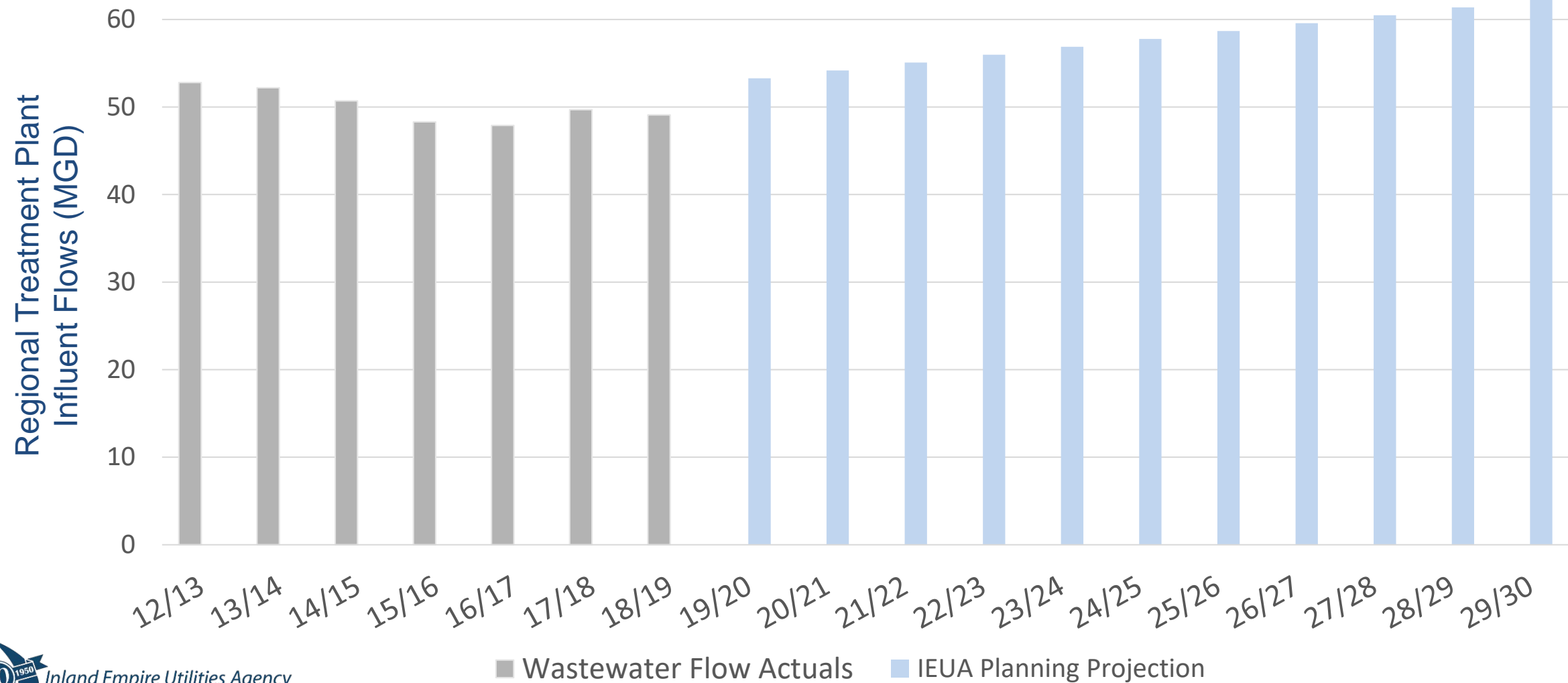
(2019 Regional Contract Agency Data)



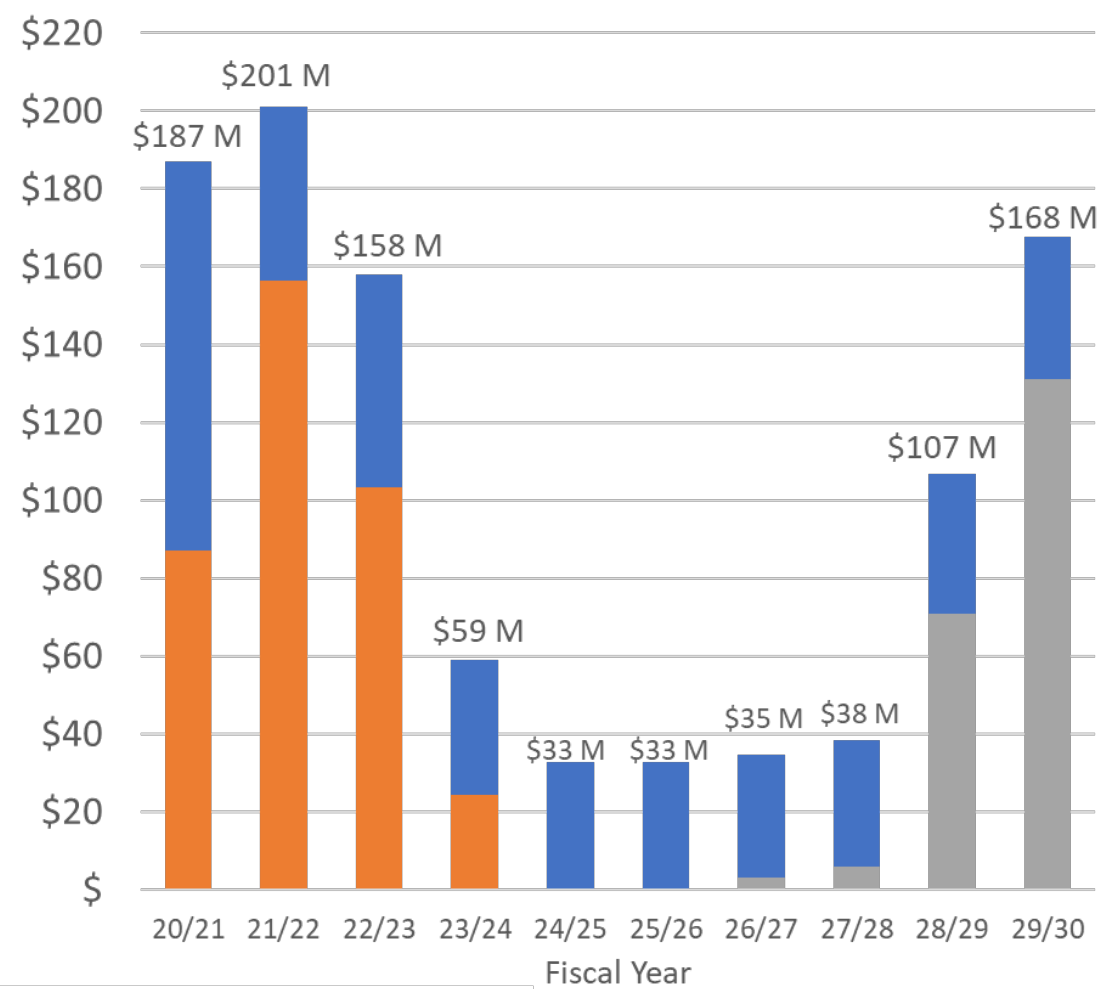
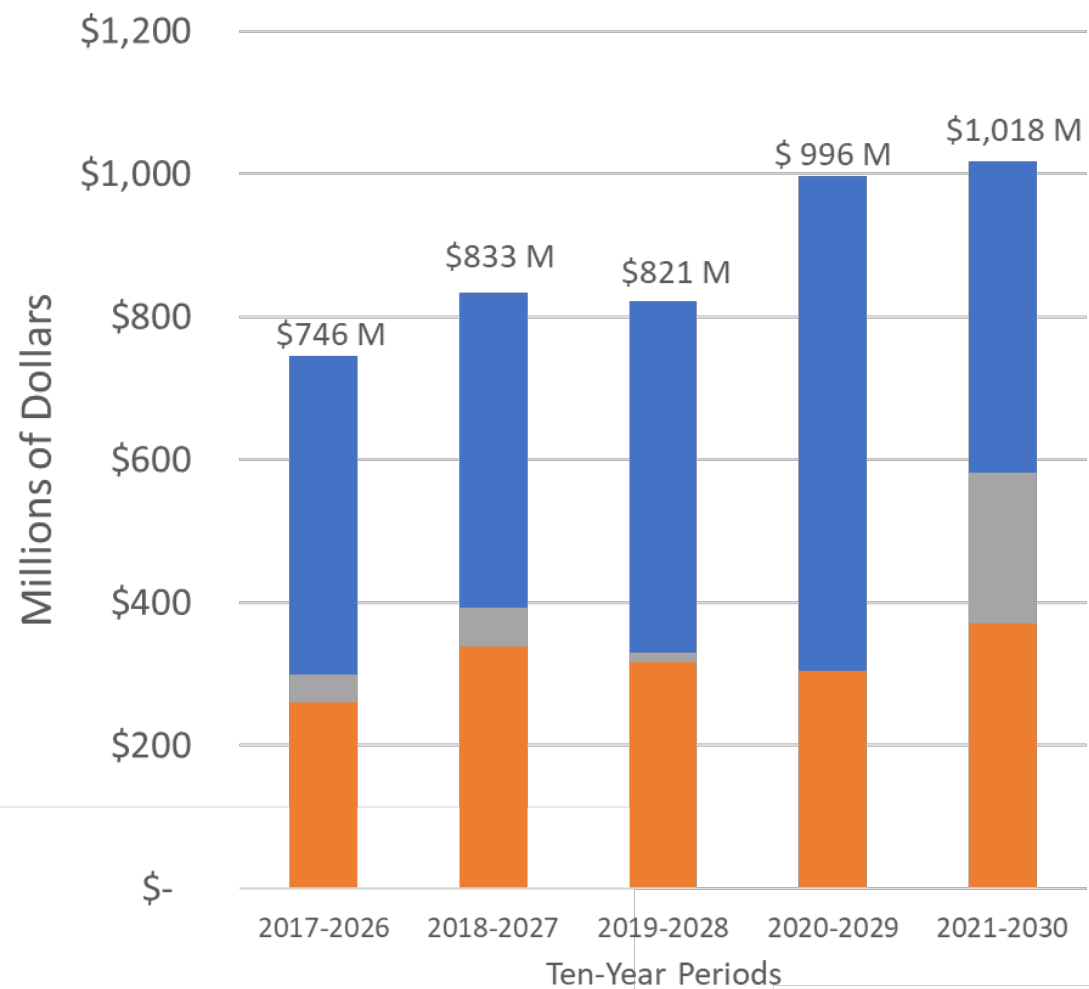
*\*EDUs based on updated projections received from Regional Contract Agencies Nov. 2019*

# 2020-2030 Wastewater Flow Projections

Projections based on 2015 wastewater master plan,  
adjusted per actual flows.



# Comparison of Prior Ten-Year Forecasts



■ Other ■ RP-5 Expansion ■ RP-1 Capacity Improvement

\*Total TYF funds include OM & Capital funds



# Fiscal Year 20/21 Ten Year Forecast Adoption Schedule

- ✓ 3/18/20: Info item to IEUA Board
- ✓ 4/09/20: Received Comments on TYF
- 4/30/20: Action item to Tech Committees
  - Action deferred until 5/28/20
- ✓ 5/07/20: Info item to Policy Committees
- ✓ 5/28/20: Action item to Tech Committees
- ✓ 6/04/20: Action item to Policy Committees
- 6/10/20: Action item to IEUA Committees
- 6/17/20: Action item to IEUA Board



# Recommendation

- It is recommended that the IEUA Board of Directors adopt the Fiscal Year 2020/21 – 2029/30 Ten Year Forecast.

The TYF covers many programs and projects that directly align with several Agency Business Goals, including ***Water Reliability, Wastewater Management, Environmental Stewardship, and Fiscal Responsibility.***

**ACTION  
ITEM  
2A**

**Date:** June 17, 2020

**To:** The Honorable Board of Directors

**From:** Shivaji Deshmukh, General Manager *SD*

**Committee:** Finance & Administration

06/10/20

**Executive Contact:** Christina Valencia, Executive Manager of Finance & Administration/AGM

**Subject:** Approval of 2020A Refunding Bonds and 2020B Revenue Notes

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**Executive Summary:**

Today's current interest rate environment provides the Agency an opportunity to refinance the 2008B Variable Rate Demand Bonds (2008B VRDOs) to a fixed rate and eliminate future interest rate risk, as well eliminate the need for a letter of credit which is set to expire on January 2021. In addition to the 2008B VRDOs for \$34.0 million, the proposed 2020A Refunding Bonds (2020A Bonds) not-to-exceed principal amount of \$75.0M, also include refinancing of the 2010A Refunding Revenue Bonds for \$5.1 million and certain State Revolving Fund loans for \$32.8 million, resulting in present value savings of approximately \$2.0 million, subject to market conditions. The proposed 2020B Revenue Notes (2020B Notes) for a not to exceed amount of \$225 million to support construction costs for the RP-5 Expansion Project (Project). provides for the use of interim short term notes to 1) lower the all-in-cost of the WIFIA loan, and/or 2) provide funding if needed should the state revolving fund (SRF) loan for the Project be further delayed, and/or 3) supplement pay-go funding should connection fees be significantly lower than projected. The proposed 2020B Notes will provide staff flexibility to leverage favorable market conditions and further reduce borrowing costs, as well as avoid any potential disruptions in the timely execution of the Project should there be further unanticipated delays in finalizing the SRF loan, a key funding source for the Project.

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**Staff's Recommendation:**

1. Adopt Resolution 2020-6-16, authorizing the issuance of the Chino Basin Regional Financing Authority Refunding Revenue Bonds, Series 2020A (Inland Empire Utilities Agency) (2020A Bonds) in the principal amount not-to-exceed \$75,000,000 and approve the execution and delivery of certain documents in connection therewith and certain other matters, and
2. Adopt Resolution 2020-6-17, authorizing the issuance of the Chino Basin Regional Financing Authority Revenue Notes, Series 2020B (Inland Empire Utilities Agency) (2020A Bonds) based on specified conditions, in the principal amount not-to-exceed \$250,000,000 and approve the execution and delivery of certain documents in connection therewith and certain other matters.

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**Budget Impact** *Budgeted (Y/N):* N *Amendment (Y/N):* N *Amount for Requested Approval:*

*Account/Project Name:*

*Fiscal Impact (explain if not budgeted):*

The estimated cost savings for the 2020A Refunding Bonds will reduce debt service costs in the Regional Wastewater, Recycled Water and Recharge Water funds.

**Prior Board Action:**

On December 2015, the Board adopted Resolution 2015-12-1 authorizing the LOC agreement with SMBC for the 2008B Variable Revenue Demand Obligation bonds.

On October 17, 2012, the Board approved the substitution of the LOC service provider for or the 2008B Variable Revenue Demand Obligation bonds and authorized distribution of the Supplement to Official Statement.

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**Environmental Determination:**

Not Applicable

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**Business Goal:**

Proactive management of outstanding debt to leverage favorable market conditions that result in lower debt service costs is consistent with the Agency's Fiscal Responsibility and ongoing commitment to sustainable cost containment.

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**Attachments:**

- Attachment 1 - Background
- Attachment 2 - PowerPoint
- Attachment 3 - Resolution No. 2020-6-16
- Attachment 4 - 2020A Preliminary Official Statement (Substantive Final Draft)
- Attachment 5 - 2020A Installment Purchase Agreement (Substantive Final Draft)
- Attachment 6 - Continuing Disclosure Certificate\_2020A Bonds (Substantive Final Draft)
- Attachment 7 - Policy for Disclosure Procedures (Substantive Final Draft)
- Attachment 8 - Resolution No. 2020-6-17
- Attachment 9 - 2020B Preliminary Official Statement (Substantive Final Draft)
- Attachment 10 - 2020B Installment Purchase Agreement (Substantive Final Draft)
- Attachment 11 - Continuing Disclosure Certificate\_2020B Notes (Substantive Final Draft)

## Background

Subject: Approval of 2020A Refunding Bonds and 2020B Revenue Notes

As reported to the Board of Directors on May 6, 2020, staff has been working with the Agency's financial advisors on a financing strategy to leverage today's current interest rate environment to refinance the 2008B Variable Rate Demand Bonds (2008B VRDOs) to a fixed rate and eliminate future interest rate risk, refinance outstanding debt for cost savings, as well as provide for the use of interim short term financing to support construction costs for the RP-5 Expansion Project.

### Proposed "Fix-Out" of 2008B VRDOs and Refunding to Lower Debt Service Costs

The Variable Rate Demand Revenue Refunding Bonds (Inland Empire Utilities Agency), Series 2008B (2008B VRDOs) were issued in the original principal amount of \$55,675,000 to refinance the 2002B Bonds that were issued to finance; 1) acquisition and construction of certain improvements to the Agency regional sewer system, 2) the Agency's share of the composting facility, and 3) the Chino Basin Facilities Improvement Project (Recharge Project). The Recharge Project cost share is approximately 34% of the principal amount and is equally shared by the Agency and the Chino Basin Watermaster. As of March 31, 2020, the outstanding principal amount is \$36,175,000 with a final maturity date of June 1, 2032.

The 2008B VRDOs bear a variable rate interest that resets on a weekly basis as determined by the Remarketing Agent. For marketing purposes, investors require the 2008B VRDOs be secured by a Letter of Credit (LOC) which guarantees timely payment of principal and interest to bondholders in the event of a failed remarketing. In addition to annual principal payments, the 2008B VRDOs are subject to the following ongoing costs:

**Table 1: 2008B VRDOs Ongoing Costs and Providers**

Costs	Provider	Rate	Payment Frequency
Interest Rates	USBancorp	Variable	Resets Weekly
LOC Facility Fee <sup>1</sup>	SMBC	0.40%	Quarterly
Remarketing Fee <sup>1</sup>	USBancorp	0.05%	Weekly
Trustee Fee	USBank	Fixed Fee	Quarterly

<sup>1</sup>Based on the amount of outstanding principal.

Up to now, the 2008B VRDOs have performed well with an average interest rate reset of 0.47%, (not including other ongoing fees summarized on Table 1). These low interest rates were, in part, due to the Fed Funds Rate being held at historically low levels between 2009 through 2016. However, during times of economic stress, interest rates can jump significantly as experienced in 2008 at the onset of economic downturn when the weekly interest rates increased to 7.5%, and more recently to 4.90% due to concerns related to the Coronavirus pandemic, as highlighted in Figure 1, Appendix A.

In addition to the interest rate risk inherent of variable debt, is the credit risk related to the LOC liquidity provider. The current LOC is set to expire on January 15, 2021. At or prior to expiration, the LOC must either be renewed or replaced. If the LOC were to be replaced today, the ongoing

fees could be significantly higher (potentially as much as double) as banks' capacities for LOCs have contracted substantially during the current economic disruption.

To date the LOC provider has been changed four times. Each renewal or replacement requires the issuance of request for proposals (RFPs) for underwriting, remarketing and LOC facility providers, as well as the issuance of an Official Statement to investors. Each transaction requires the assistance of financial advisors, bond counsel, and general counsel. The average cost of a LOC replacement is \$250,000, not including Agency and Watermaster resources.

Today's low interest rate environment provides for an opportunity to fix-out the 2008B VRDOs and eliminate future interest rate risk and the LOC requirement. Table 2 compares the net cost of the 2008B VRDOs recent reset to various averages of the comparable tax-exempt variable rate Securities Industry and Financial Markets Association (SIFMA) index.

**Table 2: Comparison of Variable Interest Rate<sup>1</sup>**  
**(\$Millions)**

<b>YTD Average 2008B Reset</b>	<b>1.44%</b>
10-year SIFMA Average	0.94%
20-year SIFMA Average	1.74%
30-year SIFMA Average	2.26%
<b>Estimated Fixed Rate Refunding<sup>2</sup></b>	<b>1.45%</b>

<sup>1</sup>Included are LOC and remarketing fees of .45 bps and an assumed trading spread to SIFMA of -4 bps.

<sup>2</sup>Utilizing rates as of May 21, 2020

While there is no guarantee of future variable interest rates, the estimated fixed rate refunding rate of 1.45% reduces the risk of rising interest rates, eliminates the need for an LOC and associated credit risks, reduces staff time needed to manage the portfolio in the future, and can be done at near historic lows in the current market. For the Agency and Watermaster, a fixed rate will eliminate the unpredictability of debt service costs and the need to reconcile the actual costs to the budget amount paid by Watermaster in advance at the beginning of each fiscal year.

The proposed fix-out of the 2008B VRDOs also provides an opportunity to refinance portions of outstanding debt that result in cost savings. These include the 2010A Revenue Bonds at \$5.1 million and certain SRF Loans at approximately \$32.7 million, resulting in present value savings (discounted to today's dollars) of approximately \$2.1 million. Appendix A provides a listing of the outstanding debt obligations proposed to be refunded. If approved, the 2020A Refunding Revenue Bonds (2020A Bonds) will be issued for a not-to-exceed principal amount of \$75,000,000.

### **Proposed Use of Interim Short-Term Financing**

On May 20, 2020, the Board approved the U.S. Department of Environmental Protection Agency (EPA) Water Infrastructure Finance and Innovation Act (WIFIA) loan agreement in the amount of \$196,436,445 to finance a portion of the RP-5 Expansion Project based on an estimated total cost of \$400,436,445. Other financing sources include a Clean Water State Revolving Fund Loan (SRF) of \$101,530,000 and pay-go of approximately \$102,470,000. The opening bid date for



construction bids originally scheduled in March had to be deferred to May 21, 2020 due to COVID-19. The lowest bid, still subject to final review by Agency staff, was approximately \$20 million higher than the Engineer's estimate. After adjusting contingency amounts and other associated costs, the total project costs increased from \$400.4 million to \$450 million.

On May 27, 2020, the EPA approved the RPF-5 Expansion Project WIFIA loan agreement for a not-to-exceed amount of \$196,436,445. The fixed annual interest rate will be set at closing of the loan, and based on rates as of May 22, 2020, would be fixed at 1.31% with a final maturity of November 1, 2060. Due to the proximity of the bid opening date and the EPA's approval of the WIFIA Loan; the EPA was unable to adjust the loan amount to the maximum 49% of eligible project costs. While staff will continue to evaluate other funding opportunities, for now the \$50 million in additional costs will added to the pay-go funding portion of the project.

As reported to the Board on May 6, staff has been exploring the use of the interim financing notes to support construction costs in lieu of WIFIA loan draws, should the long-term interest rate on the WIFIA loan be higher than short term rates. Even at the WIFIA loan's low estimated interest rate of 1.31%, today's dynamic market conditions may provide us an opportunity to further reduce financing costs with the use of interim short-term debt.

Additionally, interim financing notes may also be used to provide needed funding should the State Water Resources Control Board encounter additional delays in finalizing the SRF loan agreement expected in early fall 2020; a key funding source for the RP-5 Expansion Project. Based on the current construction schedule, SRF loan proceeds will be needed in FY2020/21, along with WIFIA and pay-go funding. Interim financing may also be needed to supplement pay-go funding should connection fee revenue be significantly lower than currently projected.

In order to be prepared to take advantage of favorable market conditions, staff recommends the Board authorize the issuance of interim financing 2020B Revenue Notes (2020B Notes) to support construction costs for the RP-5 Expansion Project for a not to exceed amount of \$250 million and approve the preparation of the Preliminary Official Statement and other related legal documents. The 2020B Notes will only be issued if; 1) it lowers the all-in-cost of the WIFIA loan, and/or 2) to provide funding to support construction costs of the RP-5 Expansion project to avoid potential disruptions to the timely execution of the project should the SRF loan agreement be further delayed, and/or 3) to supplement pay-go funding should connection fees be significantly lower than projected. If issued, the interim notes will be repaid within 5 years by a draw from either the RP-5 Expansion Project WIFIA loan or SRF loan proceeds, or other available funding sources.

Staff, with the assistance of the Agency's financial advisors, will closely monitor market conditions to leverage opportunities favorable to the Agency. If and when the 2020B Revenue Notes are issued, staff will update the Board at its next regularly scheduled meeting.

## **Legal Documents**

In order to issue the 2020A Bonds and the 2020B Notes, the Agency and the Chino Basin Regional Financing Authority (Authority) will need to enter into certain financing documents to support each transaction. All documents have been reviewed by the Agency's Financial Advisor, Bond Counsel, and the General Counsel.



These documents are described below:

- Preliminary Official Statements. The Preliminary Official Statement is the disclosure document sent to potential investors. The Preliminary Official Statement describes IEUA, the Authority and the terms of the bonds. The bond underwriter uses the Preliminary Official Statement as a marketing document. IEUA, as the party making the installment payments from which the 2020A Bonds and 2020B Notes are payable, is subject to federal securities law, including ensuring that the Preliminary Official Statement is accurate.
- Policy for Disclosure Procedures. The Policy for Disclosure Procedures communicates key principles, procedures and training in connection with obligations, including notes, bonds and certificates of participation, issued by the Inland Empire Utilities Agency (the “Agency”) so as to ensure that the Agency continues to comply with all applicable disclosure obligations and requirements under the federal securities laws.
- Continuing Disclosure Certificates. The Continuing Disclosure Certificate is executed by IEUA. Under federal securities law, IEUA, as the party making the installment payments from which the 2020A Bonds and 2020B Notes are payable, is required to provide an annual report to investors, which includes, among other things, the audited financial statements of IEUA. IEUA is also required to report certain events which are significant to investors, as provided in the Continuing Disclosure Certificate.
- Installment Purchase Agreements. The Installment Purchase Agreement is entered into by and between IEUA and the Authority. Pursuant to the Installment Purchase Agreement, IEUA agrees to pay to the Authority installment payments equal to the principal and interest on the 2020A Bonds and 2020B Notes. The Installment Purchase Agreement includes a pledge of Revenues on a parity with the WIFIA Loan and outstanding SRF Loans and subordinate to the 2017A Revenue Bonds.
- Purchase Agreements. The Purchase Agreement is by and between the Authority and the bond underwriter. Pursuant to the Purchase Agreement, the Authority agrees to sell the bonds to the bond underwriter and the bond underwriter agrees to purchase the bonds, subject to usual closing conditions. The underwriting teams for the 2020A Bonds and 2020B Notes, approved by the Board on May 6, 2020, are summarized in Table 2, Appendix A.

Indenture of Trusts. The Indenture of Trust is by and between the Authority and U.S. Bank National Association, the bond trustee. The Indenture of Trust includes (i) an instruction to the Trustee to issue the bonds, (ii) an assignment by the Authority of the right to receive the installment payments of the Agency pursuant to the Installment Purchase Agreement, and (iii) provides instructions to the trustee on how to handle the proceeds of the 2020A Bonds and 2020B Notes.

The 2020A Bonds and the 2020B Notes (if issued) will be sold to the underwriter, subject to the final terms as agreed to by the General Manager, with concurrence by the Executive Manager of Finance and Administration, Assistant General Manager, within the guidelines established in Resolutions (2020-6-16 and 2020-6-17), and the respective Purchase Agreement. It is anticipated that the 2020A Bonds will price during the week of June 22, 2020 and settlement date will occur in early July. Timing for the sale of the 2020B Bonds will be

subject to: i) market conditions making it economic to do so or ii) a need to fund project costs on an interim basis due to a delay in receipt of SRF funds or reduced connection fees.

## **Conclusion**

Today's low interest rate environment provides for an opportunity to fix-out the 2008B VRDOs and refinance existing debt obligations that result in cost savings. A fix-out of the 2008B Bonds will eliminate future risk exposure to market interest rates, as well the need for an LOC. A fixed rate will also reduce monitoring, reporting and reconciliation requirements resulting in more efficient budgeting and more cost-effective administration. Packaging the refunding of existing debt with the 2008B VRDOs fix-out reduces the cost of issuance by utilizing a single Official Statement and related legal documents.

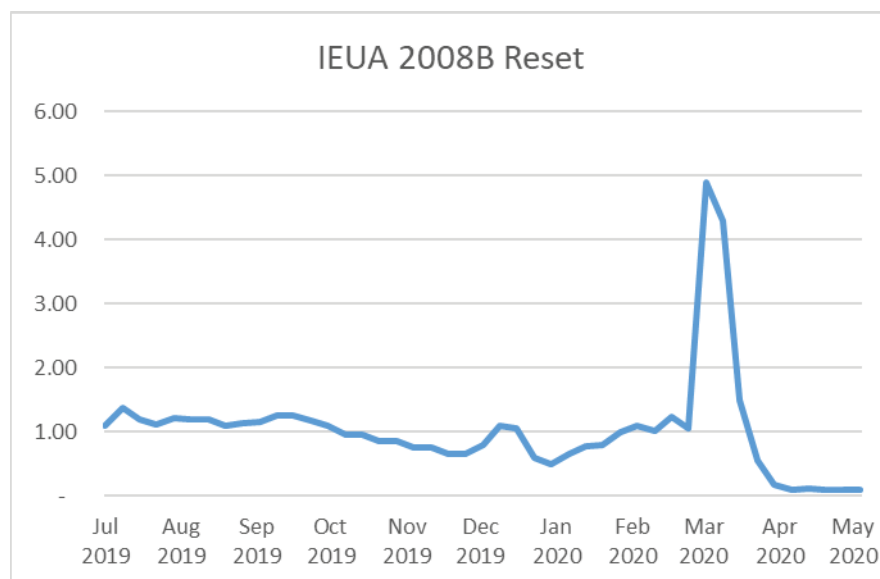
If approved, the 2020B Notes will provide staff the flexibility, based on the aforementioned conditions, to leverage favorable market conditions to lower borrowing costs, as well as to ensure timely completion of essential projects, such as the RP-5 Expansion.

## APPENDIX A

**Table 1: Outstanding Debt Proposed for Refunding: 2020A Bonds**

<b>Bonds/Loan Number</b>	<b>Project</b>	<b>Interest Rate</b>	<b>Principal Amount Outstanding as of June 30, 2020</b>
2008B Variable Rate Demand Bonds	Various	Reset Weekly	\$33,995,000
2010A Refunding Revenue Bonds	Various	5.0%	\$5,075,000
Loan Number C-06-4846-110	Phase 1: Etiwanda Power	2.50%	\$152,020
Loan Number C-06-4846-120	Phase 1: Wineville Ave Pipeline	2.50%	\$159,547
Loan Number C-06-4846-130	Phase 1 RP-1/RP-4 Regional Water Recycling Plant Pump Stations	2.50%	\$1,568,512
Loan Number C-06-4846-140	Phase 1: RP-4 West Extension Recycled Water Pipeline	2.40%	\$1,602,508
Loan Number C-06-4846-150	Phase 1: North Etiwanda Ext	2.50%	\$550,491
Loan Number C-06-4846-160	Phase 1: Philadelphia Street	2.60%	\$413,959
Loan Number C-06-4899-110	Phase 2: Recycled Water Pump Station and Pipelines	2.20%	\$6,791,836
Loan Number C-06-5319-110	Phase 6: S. Area 930 Zone	2.60%	\$21,513,543
<b>Total</b>			<b>\$71,822,416</b>

Figure 1: 2008B VRDOs Reset



**Table 2: Approved Underwriting Teams**

<b>Transaction</b>	<b>*Estimated Par Amount</b>	<b>Firm</b>	<b>Role</b>
<b>Interim Financing</b>	\$250 million	J.P. Morgan	Lead Manager
		Citi	Co-Manager
		SMBC Nikko	Co-Manager
<b>2008B VRDOs Fix-Out and Refunding of Existing Debt</b>	\$75 million	Citi	Lead Manager
		J.P. Morgan	Co-Manager

\*Subject to change based on market conditions.

# Approval of the 2020A Refunding Bonds and 2020B Revenue Notes



Christina Valencia  
Board Meeting June 2020

# Historically Low Levels

Today's low interest rate environment provides the Agency an opportunity to;

- Fix-out the 2008B Variable Rate Demand Rate Bonds (2008 VRDOs),
- Refinance outstanding obligations for cost savings, and
- Provide financing for the RP-5 Expansion Project.

## 2000B VRDOs

# \$34M Outstanding Principal Amount

- Interest rate resets weekly
  - On average rates have performed well since inception
  - Rates do fluctuate and can spike during times of economic stress
  - Cannot predict future interest rates
- Letter of Credit (LOC) is required for remarketing purposes
  - LOC has been replaced four times since inception
  - Current LOC is set to expire on January 15, 2021
- Fixed Interest Rate
  - No interest rate risk, rate is fixed at pricing for the life of the bonds
  - Provides stability and predictability with established principal and interest payments
  - Eliminates the need for a LOC saving future staff time and associated costs
  - Frees up future variable rate borrowing capacity

# Package Refunding to Optimize Savings

The proposed 2020A Refunding Bonds for a not-to-exceed amount of \$75M also include other outstanding debt that results in cost savings and share the cost of issuance expenses;

- \$5.1M 2010A Refunded Revenue Bonds
- \$32.8M State Revolving Fund Loans

Total refunding principal amount and estimated savings;

- \$71.8 million amortized over 12 years
- \$2.0 million estimated present value savings over life of the bonds



# Benefit of Short-Term Financing for the RP-5 Expansion Project

RP-5 Expansion Project plan of finance includes;

- \$196.4M WIFIA low interest federal loan
  - Closed on May 27, 2020 at a fixed interest rate of 1.36%
  - Estimated gross savings of \$152.8M (compared to current public financing rates)
- \$101.5M SRF low interest state loan
  - Agreement expected in the Fall 2020
  - Current interest is ~1.4%
- \$ 152.1M pay-go (includes the additional construction costs)
- \$450.0M Total Estimated Project Costs

## Potential Benefits for Use of Interim Financing

Proposed 2020B Revenue Notes for a not-to-exceed amount of \$250M to support construction costs for the RP-5 Expansion Project will only be issued to;

- Further reduce borrowing costs should short-term interest rates be lower rates than the WIFIA rate, *and/or*
- Avoid potential disruptions to the project schedule should;
  - SRF Loan be further delayed and/or
  - Connection fees be significantly lower than projected

Issuance of the 2020B Revenue Notes will be communicated to the Board at the next regularly scheduled meeting.

# Next Steps

- June 17 Post Preliminary Official Statement
- June 22 Pre-pricing call
  - Price 2020A Bonds
  - Price 2020B Notes
- June 29 Post Official Statement
- July 6 Closing

# Recommendation

1. Adoption of Resolution 2020-6-16, authorizing the issuance of the 2020A Refunding Revenue Bonds for a not-to-exceed principal amount of \$75,000,000 and approve the execution and delivery of certain documents in connection therewith and certain other matters, and
2. Adoption of Resolution 2020-6-17, authorizing the issuance of the 2020B Revenue Notes based on specified conditions for a not-to-exceed principal amount of \$250,000,000 and approve the execution and delivery of certain documents in connection therewith and certain other matters.

**RESOLUTION NO. 2020-6-16**

**RESOLUTION OF THE INLAND EMPIRE UTILITIES AGENCY\* AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$75,000,000 REFUNDING REVENUE BONDS (INLAND EMPIRE UTILITIES AGENCY), SERIES 2020A AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS**

WHEREAS, the Inland Empire Utilities Agency\* (the “Agency”), a municipal water district duly organized and existing under and pursuant to the Constitution and laws of the State of California, proposes to undertake the refinancing of certain improvements to the Agency’s wastewater system and of certain groundwater recharge facilities which in each case were financed or refinanced from the proceeds of the following outstanding obligations:

(a) Chino Basin Regional Financing Authority Variable Rate Demand Revenue Refunding Bonds (Inland Empire Utilities Agency), Series 2008B (the “2008B Bonds”);

(b) Chino Basin Regional Financing Authority Refunding Revenue Bonds, Series 2010A (Inland Empire Utilities Agency) (the “2010A Bonds”); and

(b) certain Clean Water State Revolving Fund Financing Agreements from the California State Water Resources Control Board (the “CSWRCB Loans”); and

WHEREAS, this Board has determined that it is in the best interest of the Agency to cause the Chino Basin Regional Financing Authority (the “Authority”) to issue revenue bonds (the “Bonds”) to refinance such improvements and facilities; and

WHEREAS, this Board has determined to authorize the refinancing of the 2008B Bonds, all or a portion of the 2010A Bonds, and certain of the CSWRCB Loans (such obligations to be refinanced are referred to herein as the “Refunded Obligations”) and to approve certain documents in connection therewith;

NOW THEREFORE, the Board of Directors (the “Board”) of the Inland Empire Utilities Agency\* hereby finds, determines, declares and resolves as follows:

1. The issuance by the Chino Basin Regional Financing Authority of its Refunding Revenue Bonds (Inland Empire Utilities Agency), Series 2020A (the “2020A Bonds”) in the principal amount not to exceed \$75,000,000 in order to (i) refinance the Refunded Obligations, and (ii) pay the cost of issuance for the 2020A Bonds, is hereby requested and approved. The sale and issuance of the 2020A Bonds by the Authority on behalf of the Agency is determined to be consistent with the Agency’s Debt Management Policy and to the extent the sale and issuance of the 2020A Bonds is not in compliance with the Agency’s Debt Management Policy, such noncompliance is waived in accordance with the terms of the Agency’s Debt Management Policy.

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\* A municipal water district.

2. The Installment Purchase Agreement in substantially the form on file with the Agency is hereby approved. Each of the President, the Vice President, the General Manager or the written designee thereof (each an "Authorized Officer") is hereby individually authorized and directed to execute and deliver the Installment Purchase Agreement with such changes, insertions and omissions as may be recommended by General Counsel or Stradling Yocca Carlson & Rauth, A Professional Corporation ("Bond Counsel") and approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval.

3. The Purchase Contract with the underwriters named therein, in substantially the form on file with the Agency is hereby approved. The General Manager or the written designee thereof is hereby authorized and directed to execute and deliver the Purchase Contract with such changes, insertions and omissions as may be recommended by General Counsel and Bond Counsel approved by the General Manager or such written designee executing the same, said execution being conclusive evidence of such approval; provided, however, that in no event shall the principal amount of the Bonds exceed \$75,000,000, nor shall the underwriters' discount exceed 0.5% of the principal amount of the Bonds.

4. The Continuing Disclosure Certificate in substantially the form on file with the Agency is hereby approved. Each Authorized Officer is hereby individually authorized and directed to execute and deliver the Continuing Disclosure Certificate with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel and approved by the person executing the same, said execution being conclusive evidence of such approval.

5. The preparation and distribution of the Agency information in the Preliminary Official Statement, in substantially the form on file with the Agency (the "Agency Portion"), is hereby approved. Each of the General Manager or the written designee thereof is hereby individually authorized to approve such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel and is authorized and directed to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 with respect to the Agency Portion of the Preliminary Official Statement. The General Manager or the written designee thereof is further authorized and directed to update the Agency Portion for inclusion in the final Official Statement. The underwriters named in the Purchase Contract are hereby authorized to distribute copies of the Agency Portion of the Preliminary Official Statement to persons who may be interested in the initial purchase of the Bonds and are directed to deliver copies of the Agency Portion of the final Official Statement to all actual initial purchasers of the Bonds.

6. The Board hereby authorizes the General Manager or the written designee thereof to select a municipal bond insurer to insure payments of interest and principal on all or a portion of the Bonds so long as the General Manager or such written designee determines that obtaining the municipal bond insurance policy provided thereby will result in a lower interest rate or yield to maturity on such Bonds. Bond Counsel is hereby directed to make all changes to the Installment Purchase Agreement, the Purchase Contract, the Continuing Disclosure Certificate, the Preliminary Official Statement and the final Official Statement as are necessary to reflect the selection of a municipal bond insurer and the reasonable comments thereof.

7. The updated Policy for Disclosure Procedures in substantially the form on file with the Agency is hereby approved.

8. The Board of Directors acknowledges that the good faith estimates required by Section 5852.1 of the California Government Code are disclosed in Exhibit A to this resolution and are available to the public at the meeting at which this resolution is approved.

9. Each Authorized Officer, the General Manager, the Executive Manager of Finance and Administration/Assistant General Manager or the written designee thereof and any other proper officer of the Agency, acting singly, is authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Installment Purchase Agreement, Purchase Contract, Continuing Disclosure Certificate, the Preliminary Official Statement, the final Official Statement, and this resolution.

10. Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given such terms in the Installment Purchase Agreement unless the context otherwise clearly requires.

11. This Resolution shall take effect immediately.

ADOPTED this 17th day of June, 2020.

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Kati Parker  
President of the Inland Empire Utilities Agency\* and  
the Board of Directors thereof

ATTEST:

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Steven J. Elie  
Secretary of the Inland Empire Utilities  
Agency\* and the Board of Directors thereof

(SEAL)

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\* A Municipal Water District



## EXHIBIT A

### GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the 2020A Revenue Refunding Bonds and the Installment Purchase Agreement in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the Agency by the Municipal Advisor.

***Principal Amount.*** The Municipal Advisor has informed the Agency that, based on the Agency's financing plan and current market conditions, its good faith estimate of the aggregate amount of the Installment Purchase Agreement is \$57,160,000.

***True Interest Cost of the Installment Purchase Agreement.*** The Municipal Advisor has informed the Agency that based on the expected interest rates prevailing at the time of preparation of such estimate, their good faith estimate of the true interest cost of the Installment Purchase Agreement, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Installment Purchase Agreement, is 1.46%.

***Finance Charge of the Installment Purchase Agreement.*** The Municipal Advisor has informed the Agency that, assuming that the Installment Purchase Agreement is executed, their good faith estimate of the finance charge for the Installment Purchase Agreement, which means the sum of all fees and charges paid to third parties (or costs associated with the Installment Purchase Agreement), is \$353,212.74.

***Amount of Proceeds to be Received.*** The Municipal Advisor has informed the Agency that based on estimated interest rates prevailing at the time of preparation of such estimate, their good faith estimate of the amount of proceeds expected to be received by the Agency for sale of the Installment Purchase Agreement, less the finance charge of the Installment Purchase Agreement, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Installment Purchase Agreement, is \$69,477,973.60.

***Total Payment Amount.*** The Municipal Advisor has informed the Agency that based on interest rates prevailing at the time of preparation of such estimate, their good faith estimate of the total payment amount, which means the sum total of all payments the Agency will make to pay debt service on the Installment Purchase Agreement, plus the finance charge for the Installment Purchase Agreement, as described above, paid with the proceeds of the Installment Purchase Agreement, calculated to the final maturity of the Installment Purchase Agreement, is \$75,601,388.89, which excludes any reserves funded with proceeds of the Installment Purchase Agreement (which may offset such total payment amount).

The foregoing estimates constitute good faith estimates only as of May 21, 2020, and are based on information provided in the draft Installment Purchase Agreement at the time of preparation of such estimates. The actual principal amount of the Installment Purchase Agreement, 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 the entering into the Installment Purchase Agreement being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Installment Purchase Agreement executed by the



Agency being different from the Principal Amount, (c) the actual amortization of the payments under the Installment Purchase Agreement being different than the amortization assumed for purposes of such estimates, (d) the actual interest rates at the time of execution of the Installment Purchase Agreement being different than those estimated for purposes of such estimates, (e) other market conditions, (f) alterations in the Agency's financing plan, or a combination of such factors. The actual date of execution of the Installment Purchase Agreement and the actual principal amount of the Installment Purchase Agreement will be determined by the Agency based on the timing of the need for proceeds of the Installment Purchase Agreement and other factors. Factors such as the final loan repayment schedule, any changes to the interest rate on the Installment Purchase Agreement and timing of the execution of the Installment Purchase Agreement may be affected by factors beyond the control of the Agency, or the Municipal Advisor.

STATE OF CALIFORNIA                     )  
   ) ss.  
COUNTY OF SAN BERNARDINO    )

I, \_\_\_\_\_, Secretary of the Inland Empire Utilities Agency\*, DO  
HEREBY CERTIFY that the foregoing Resolution being No. 2020-\_\_-\_\_, was adopted at a regular  
Board Meeting on June 17, 2020, of said Agency by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

---

Steven J. Elie  
Secretary/Treasurer

(SEAL)

---

\* A Municipal Water District

**PRELIMINARY OFFICIAL STATEMENT DATED JUNE \_\_, 2020****NEW ISSUE – BOOK-ENTRY ONLY****RATINGS: See the caption “RATINGS”**

\$ \_\_\_\_\_ \*

**CHINO BASIN REGIONAL FINANCING AUTHORITY  
REFUNDING REVENUE BONDS  
(INLAND EMPIRE UTILITIES AGENCY), SERIES 2020A**

**Dated: Date of Delivery****Due: June 1, as shown below**

The Chino Basin Regional Financing Authority Refunding Revenue Bonds (Inland Empire Utilities Agency), Series 2020A are being issued by the Authority pursuant to an Indenture of Trust, dated as of June 1, 2020, by and between the Authority and U.S. Bank National Association, as trustee, and will be payable from the sources described herein. The Bonds are being issued (i) to refund, together with certain other moneys, all of the outstanding Chino Basin Regional Financing Authority Variable Rate Demand Revenue Refunding Bonds (Inland Empire Utilities Agency), Series 2008B, (ii) to refund all of the outstanding Chino Basin Regional Financing Authority Refunding Revenue Bonds, Series 2010A (Inland Empire Utilities Agency), (iii) to refund certain Clean Water State Revolving Fund Financing Agreements from the California State Water Resources Control Board, and (iv) to pay the costs of issuing the Bonds.

Interest due on the Bonds is payable semi-annually on December 1, 2020, and each June 1 and December 1 thereafter. The Bonds are being issued in fully registered book-entry form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchasers will not receive certificates representing their interest in the Bonds. Individual purchases will be in principal amounts of \$5,000 and integral multiples thereof. Payments of principal of and interest on the Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

**The Bonds are subject to optional redemption prior to maturity as set forth herein.**

The Bonds are limited obligations of the Authority. The Bonds are payable solely from Authority Revenues and from certain other amounts on deposit in funds and accounts under the Indenture. Authority Revenues consist primarily of (i) payments received by the Authority from the Agency pursuant to the 2020A Installment Purchase Agreement, (ii) payments received by the Authority from the Agency pursuant to a 2002 Financing Agreement by and between the Agency and the Authority, dated as of June 1, 2002, and (iii) payments received by the Authority from the Chino Basin Watermaster pursuant to a Recharge Facilities Financing Agreement between the Authority and Watermaster, dated as of May 1, 2002.

The obligation of the Agency to make 2020A Installment Payments is a special obligation of the Agency payable solely from Net Revenues of the Agency System on a subordinate basis to the obligation of the Agency to make \$58,315,000 aggregate principal amount of 2017A Installment Payments pursuant to the 2017A Installment Purchase Agreement and on a parity with the obligation of the Agency to make \$196,436,445 aggregate principal amount of WIFIA Installment Payments pursuant to the WIFIA Installment Purchase Agreement and \$85,926,497 aggregate principal amount of payments to the State of California Regional Water Quality Control Board under Revolving Fund Loans not being refunded with proceeds of the Bonds. The Agency may incur additional obligations payable from Net Revenues on a parity with the 2020A Installment Payments, subject to the terms and conditions set forth herein.

The obligation of the Agency to make payments to the Authority under the Financing Agreement are obligations of the Agency payable from *ad valorem* property taxes received by the Agency pursuant to Section 97 *et seq.* of the Revenue and Taxation Code of the State and supplemental capital outlay funds received by the Agency pursuant to the Chino Basin Regional Sewage Service Contract.

The obligation of Chino Basin Watermaster to make payments under the Recharge Facilities Financing Agreement is a general obligation of Watermaster and is payable as an operation fee of Watermaster.

The Authority is not funding a debt service reserve account for the Bonds.

**NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY THEREOF OR ANY MEMBER OF THE AUTHORITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL AMOUNT OR REDEMPTION PRICE OF, OR INTEREST ON, THE BONDS. THE AUTHORITY HAS NO TAXING POWER. THE BONDS DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY THEREOF (OTHER THAN THE AUTHORITY) OR ANY MEMBER OF THE AUTHORITY IN CONTRAVENTION OF ANY STATE OF CALIFORNIA CONSTITUTIONAL OR STATUTORY PROVISION.**

**MATURITY SCHEDULE****(See inside front cover)**

*In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in this Official Statement, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax.*

*See the caption “TAX MATTERS” with respect to tax consequences relating to the Bonds.*

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A COMPLETE SUMMARY OF THE BONDS. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION. Capitalized terms used on the cover of this Official Statement shall have the meanings ascribed thereto herein.

*The Bonds are offered when, as and if issued and received by the Underwriters, subject to approval of the valid, legal and binding nature of the Bonds by Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, and certain other conditions. The Underwriters are being represented by their counsel, Nixon Peabody LLP. Certain legal matters will be passed upon for the Authority and for the Agency by JC Law Firm, Chino Hills, California, for Watermaster by Brownstein Hyatt Farber Schreck LLP, and for the Trustee by Dorsey & Whitney LLP, Costa Mesa, California. It is anticipated that the Bonds will be available through the facilities of DTC on or about July \_\_, 2020.*

**CITIGROUP J.P. MORGAN**

Dated: June \_\_, 2020

\* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

MATURITY SCHEDULE

Maturities, Amounts, Interest Rates and Prices

<i>Maturity (June 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP<sup>†</sup></i>
	\$	%	%		

<sup>†</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright © 2017 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by Standard & Poor's CUSIP Service Bureau. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service Bureau. CUSIP® numbers are provided for convenience of reference only. Neither the Authority nor the Agency nor the Underwriters take any responsibility for the accuracy of such numbers.

No dealer, broker, salesperson or other person has been authorized by the Authority, the Agency or the Underwriters to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the Agency or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with a nationally recognized municipal securities depository.

The Underwriters has provided the following sentence for inclusion in this Official Statement:

The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy of completeness of such information.

The information set forth herein has been obtained from sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or any other parties described herein since the date hereof. All summaries of the Indenture or the 2020A Installment Purchase Agreement or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Authority for further information in connection therewith.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

While the Agency maintains an internet website for various purposes, none of the information on its website is intended to assist investors in making any investment decision or to provide any continuing information with respect to the Bonds or any other bonds of the Authority or bonds or obligations of the Agency.

**CHINO BASIN REGIONAL FINANCING AUTHORITY**

6075 Kimball Avenue, Building A  
Chino, California 91708  
(909) 993-1600

**AUTHORITY COMMISSION MEMBERS**

Jasmin A. Hall, President  
Steven J. Elie, Vice President  
Kati Parker, Secretary  
Michael Camacho, Commissioner  
Paul Hofer, Commissioner

**OFFICERS OF THE AUTHORITY**

Jasmin A. Hall, President  
Steven J. Elie, Vice President  
Kati Parker, Secretary  
Christina Valencia, Treasurer  
Javier Chagoyen-Lazaro, Alternate Treasurer

**AGENCY BOARD OF DIRECTORS**

Kati Parker, President  
Jasmin A. Hall, Vice President  
Steven J. Elie, Secretary/Treasurer  
Michael Camacho, Director  
Paul Hofer, Director

**MANAGEMENT OF THE AGENCY**

Shivaji Deshmukh, General Manager  
Christiana Daisy, Executive Manager of Engineering/Assistant General Manager  
Kathy Besser, Executive Manager of External Affairs and Policy Development/Assistant General Manager  
Randy Lee, Executive Manager of Operations/Assistant General Manager  
Christina Valencia, Executive Manager of Finance and Administration/Assistant General Manager

**AUTHORITY AND AGENCY  
GENERAL COUNSEL**

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Chino Hills, California

**TRUSTEE**

U.S. Bank National Association  
Los Angeles, California

**BOND COUNSEL**

Stradling Yocca Carlson & Rauth,  
a Professional Corporation  
Newport Beach, California

**MUNICIPAL ADVISOR**

PFM Financial Advisors LLC  
Los Angeles, California

**VERIFICATION AGENT**

[TO COME]

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**CHINO BASIN REGIONAL FINANCING AUTHORITY  
REFUNDING REVENUE BONDS  
(INLAND EMPIRE UTILITIES AGENCY), SERIES 2020A**

**INTRODUCTION**

**General**

This Official Statement, including the cover page and all appendices hereto, provides certain information concerning the issuance of the Chino Basin Regional Financing Authority Refunding Revenue Bonds (Inland Empire Utilities Agency), Series 2020A (the “Bonds”). Descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in APPENDIX D hereto entitled “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Definitions.”

The Bonds are being issued pursuant to the provisions of an Indenture of Trust (the “Indenture”), dated as of June 1, 2020, by and between the Chino Basin Regional Financing Authority (the “Authority”) and U.S. Bank National Association, as trustee (the “Trustee”), and pursuant to the Marks-Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the “Bond Law”).

**Purpose of the Bonds**

The Bonds are being issued (i) to provide moneys, which together with certain other amounts, will refund all of the outstanding Chino Basin Regional Financing Authority Variable Rate Demand Revenue Refunding Bonds (Inland Empire Utilities Agency), Series 2008B (the “2008B Bonds”), (ii) to refund all of the outstanding Chino Basin Regional Financing Authority Refunding Revenue Bonds, Series 2010A (Inland Empire Utilities Agency) (the “2010A Bonds”), (iii) to refund certain Clean Water State Revolving Fund Financing Agreements (the “Refunded Revolving Fund Loans”) from the California State Water Resources Control Board (the “SWRCB”), and (iv) to pay the costs of issuing the Bonds. See the caption “THE REFUNDING PLAN.”

**Security for the Bonds**

The Bonds are limited obligations of the Authority. The Bonds are payable solely from Authority Revenues and from certain other amounts on deposit in funds and accounts under the Indenture. Authority Revenues consist primarily of (i) payments received from the Agency pursuant to an Installment Purchase Agreement dated as of June 1, 2020, by and between the Agency and the Authority, as amended to the date hereof (the “2020A Installment Purchase Agreement”), (ii) payments received from the Agency pursuant to a Recharge Facilities Financing Agreement dated as of May 1, 2002, by and between the Agency and the Authority (the “Financing Agreement”) and (iii) payments received from the Chino Basin Watermaster (“Watermaster”) as an operation and maintenance expense pursuant to a Recharge Facilities Financing Agreement dated as of May 1, 2002, by and between Watermaster and the Authority (the “Recharge Agreement,” and, together with the 2020A Installment Purchase Agreement and the Financing Agreement, the “Project Agreements”). See the captions “SECURITY FOR THE BONDS—2020A Installment Purchase Agreement,” “—Financing Agreement” and “—Recharge Agreement.”

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\* Preliminary, subject to change.

Approximately \_\_% of the debt service on the Bonds in Fiscal Year 2021 will be payable by the Agency under the 2020A Installment Purchase Agreement, approximately \_\_% of the debt service on the Bonds in Fiscal Year 2021 will be payable by the Agency under the Financing Agreement, and approximately \_\_% of the debt service on the Bonds in Fiscal Year 2021 will be payable by Watermaster under the Recharge Agreement. See Appendix C for a schedule showing the debt service payable by the Agency under the 2020A Installment Purchase Agreement and Financing Agreement and payable by Watermaster under the Recharge Agreement.

The Bonds do not constitute a charge against the general credit of the Authority. The Bonds are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts except Authority Revenues and other moneys pledged by the Authority under the Indenture. Neither the faith and credit nor the taxing power of the State of California or any public agency thereof or any member of the Authority is pledged to the payment of the principal amount or redemption price of, or interest on, the Bonds. The Authority has no taxing power. The Bonds do not constitute a debt, liability or obligation of the State of California, or any public agency thereof (other than the Authority) or any member of the Authority in contravention of any State of California constitutional or statutory provision.

**2020A Installment Purchase Agreement.** Pursuant to the 2020A Installment Purchase Agreement, the Agency is obligated to pay the installment payments (the “2020A Installment Payments”) as the price for certain additional acquisition and construction costs for a wastewater treatment plant of the Agency designated as Regional Plant No. 5 (“RP 5”), a wastewater treatment facility of the Agency designated as Regional Plant No. 4 (“RP 4”), certain improvements to the Agency’s wastewater treatment facility designated as Regional Plan No. 1 (“RP 1”), facilities comprising the Kimball Interceptor Extension, improvements to the Agency’s recycled water distribution system, and certain other regional sewer system improvements (collectively, the “Regional Sewer System Improvements”), as well as composting facilities located in Rancho Cucamonga, California (the “Composting Facility”). The obligation of the Agency to make the 2020A Installment Payments is a special obligation of the Agency payable solely from Net Revenues, and does not constitute a debt of the Agency or of the State or any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction. Pursuant to the 2020A Installment Purchase Agreement, the Agency has pledged the Revenues (as defined in the 2020A Installment Purchase Agreement) of the Agency to secure the prompt payment of the 2020A Installment Payments. Under the 2020A Installment Purchase Agreement the Agency has covenanted not to issue or incur any additional obligations senior to the 2020A Installment Purchase Agreement or any additional obligations secured by a pledge of Revenues prior to the pledge of Revenues under the 2020A Installment Purchase Agreement, except for refundings of Senior Contracts for savings. See the captions “SECURITY FOR THE BONDS—2020A Installment Purchase Agreement” and “THE AGENCY—Description of Indebtedness.”

The obligation of the Agency to make the 2020A Installment Payments from Net Revenues is subordinate to the obligation of the Agency to make payments from Revenues (the “2017A Installment Payments”) under that certain Installment Purchase Agreement, dated as of January 1, 2017, by and between the Agency and the Authority. The obligation of the Agency to make the 2020A Installment Payments from Net Revenues is on a parity with the obligation of the Agency to make payments from Net Revenues (the “WIFIA Installment Payments”) under that certain Installment Purchase Agreement, dated as of May 27, 2020, by and between the Agency and the Authority (the “WIFIA Installment Purchase Agreement”), and to make payments (the “Outstanding Revolving Fund Loan Payments”) under thirteen outstanding Clean Water State Revolving Fund Financing Agreements entered into by the Agency and the SWRCB, which are secured pursuant to that certain Master Amendment No. 1 entered into as of September 18, 2017 between the Agency and the SWRCB, and certain other Clean Water State Revolving Fund Financing Agreements (collectively, the “Outstanding Revolving Fund Loan Agreements”). See the caption “THE AGENCY—Financial Information—Description of Indebtedness—Parity Obligations.”

**Financing Agreement.** Pursuant to the Financing Agreement, the Agency is obligated to make payments to the Authority for one-half of the Fixed Project Costs for certain groundwater recharge facilities (the “Recharge Project”) financed by the Agency and Watermaster. Payments by the Agency to the Authority under

the Financing Agreement are obligations of the Agency payable from *ad valorem* property taxes received by the Agency pursuant to Section 97 *et seq.* of the Revenue and Taxation Code of the State and supplemental capital outlay funds received by the Agency pursuant to the Regional Contract (the “Pledged Revenues”). Nothing in the Financing Agreement prohibits the Agency from using any other source of funds to make payments under the Financing Agreement. See the caption “SECURITY FOR THE BONDS—Financing Agreement” and “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES.”

**Recharge Agreement.** Pursuant to the Recharge Agreement, Watermaster is obligated to make payments to the Authority for one-half of the Fixed Project Costs (the “Watermaster Share”) for the Recharge Project. While the obligation of Watermaster to make payments under the Recharge Agreement is a general obligation of Watermaster and is payable as an operation and maintenance expense of Watermaster, Watermaster pays the Watermaster Share of Fixed Project Costs (which includes Watermaster’s share of principal and interest on the Bonds) from OBMP Assessments as more particularly described under the caption “SECURITY FOR THE BONDS—Recharge Agreement.” See Appendix B—“CERTAIN INFORMATION RELATING TO THE CHINO BASIN WATERMASTER” for further information about Watermaster and OBMP Assessments.

### **No Reserve Fund**

Neither the Authority nor the Agency is funding a debt service reserve fund for the Notes.

### **The Agency**

The Agency, formerly known as the Chino Basin Municipal Water District until 1998, was established by a majority vote in a special election on June 6, 1950, for an original population of approximately 80,000 people. In 1951, the Agency annexed to the Metropolitan Water District of Southern California. Today the Agency services an area of approximately 242 square miles with a population of approximately 870,000. The Agency is governed by a Board of Directors (the “Board”). The original mission of the Agency was to distribute water imported from the Colorado River. During the mid-1960s, the Agency began domestic sewage and industrial waste collection. The Agency’s regional water and wastewater services are essentially wholesale services provided to the cities of Chino, Chino Hills, Fontana, Montclair, Ontario and Upland, and to the Cucamonga Valley Water District, formerly known as the Cucamonga County Water District (collectively, the “Contracting Agencies”), Monte Vista Water District, Fontana Water Company, San Antonio Water Company and West Valley Water District. The Agency also provides recycled water to the Contracting Agencies. For more information on the Agency, see the caption “THE AGENCY.”

### **Chino Basin Watermaster**

Watermaster is a court-created entity charged with administering adjudicated water rights and managing groundwater resources within the Chino Groundwater Basin. Watermaster was formed pursuant to *Chino Basin Municipal Water District vs. The City of Chino et al.*, San Bernardino Superior Court Case No. RCVRS 51010 (formerly Case No. SCV 164327) (the “Chino Basin Judgment”), dated January 27, 1978. Watermaster must abide by the rules and regulations set forth in the Chino Basin Judgment. Pursuant to the Chino Basin Judgment, Watermaster has the power to levy administrative assessments, including assessments to pay for major operating expenses. See the caption “CHINO BASIN WATERMASTER” and Appendix B—“CERTAIN INFORMATION RELATING TO THE CHINO BASIN WATERMASTER.”

### **The Authority**

The Authority is a joint exercise of powers agency organized under the provisions of State law governing the joint exercise of powers, being Chapter 5, Division 7, Title 1 of the Government Code of the State (the “Act”) and a Joint Exercise of Powers Agreement, dated as of May 1, 1993 (the “Joint Powers Agreement”) between the Agency and the Cucamonga Valley Water District (“CVWD”), formerly known as Cucamonga County Water District. The Authority was created to provide for the financing of public capital improvements

for the members of the Authority and other local agencies through the acquisition by the Authority of such public capital improvements, the purchase by the Authority of indebtedness of the members of the Authority and other local agencies pursuant to bond purchase agreements, and the lending or providing of funds by the Authority to the members of the Authority and other local agencies, and any other transaction authorized by law. Under the Act, the Authority has the power to issue bonds to pay the costs of public capital improvements. The Board of the Agency serves as the Commission of the Authority. See the caption “THE AUTHORITY.”

### **Tax Matters**

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. See the caption “TAX MATTERS” herein with respect to other tax consequences with respect to the Bonds.

### **Professionals Involved in this Issue**

The Bonds are offered when, as and if issued, subject to approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, and certain other conditions. The Underwriters are being represented by their counsel, Nixon Peabody LLP. The Authority and the Agency are represented by JC Law Firm, Chino Hills, California, and for the Trustee by Dorsey & Whitney LLP, Costa Mesa, California. Watermaster is represented by Brownstein Hyatt Farber Schreck LLP.

## **THE REFUNDING PLAN**

### **General**

A portion of the proceeds of the Bonds will be used to refund all of the Authority’s \$33,995,000 outstanding aggregate principal amount of 2008B Bonds, \$5,075,000 of the Authority’s \$5,075,000 outstanding aggregate principal amount of 2010A Bonds, and \$33,819,564 in aggregate principal amount of the Refunded Revolving Fund Loans. U.S. Bank National Association (the “Prior Trustee”), as trustee under the indentures pursuant to which the 2008B Bonds, and the 2010A Bonds were issued (the “Prior Indentures”), will deposit amounts received from or on behalf of the Authority, constituting a portion of the proceeds of the Bonds, into the Redemption Amounts maintained under the Prior Indentures and will apply such amounts to pay on July \_\_\_, 2020 (the “Redemption Date”) the principal of the 2008B Bonds and the 2010A Bonds maturing after the Redemption Date plus accrued interest, without premium (the “Redemption Price”). Neither the funds deposited in the 2008B Redemption Account or the 2010A Redemption Account will be available for the payment of debt service on the Bonds. The Authority will also cause a portion of the proceeds of the Bonds to be transferred to the SWRCB on or about the initial issuance date of the Bonds to prepay the Refunded Revolving Fund Loans in full.

### **Verification**

\_\_\_\_\_ (the “Verification Agent”) will verify the mathematical accuracy of the information provided to them as of the date of the closing on the Bonds relating to the adequacy of the amounts deposited in the 2008B Redemption Account or the 2010A Redemption Account to pay the Redemption Price of the outstanding 2008B Bonds and 2010A Bonds, respectively, on the Redemption Date.

## THE BONDS

### General Provisions

*The following is a summary of certain provisions of the Bonds. Reference is made to the Indenture for the complete provisions thereof, and the discussion herein is qualified in its entirety by such reference. See APPENDIX D—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”*

The Bonds will be dated the date of delivery and will be payable in the years and amounts and will bear interest at the respective rates set forth on the inside cover page hereof, which interest will be payable on December 1, 2020 and on each June 1 and December 1 thereafter (each, an “Interest Payment Date”). The Bonds will be delivered in the form of fully registered Bonds and, when authenticated and delivered, will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of \$5,000 or any integral multiple thereof. See “—Book-Entry System” below and APPENDIX G—“INFORMATION CONCERNING DEPOSITORY TRUST COMPANY.” Interest will be calculated on the basis of a 360-day year consisting of twelve 30 day months.

### Book-Entry System

The information in this section concerning DTC and DTC’s book-entry system has been obtained from DTC, and the Authority, the Agency, the Underwriters and the Trustee take no responsibility for the accuracy thereof. See APPENDIX G—“INFORMATION CONCERNING DEPOSITORY TRUST COMPANY” for a further description of DTC and its book-entry system. Capitalized terms used under this caption and not otherwise defined shall have the respective meanings given to such terms in APPENDIX G.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered Bond will be issued for each year in which the Bonds mature in a denomination equal to the aggregate principal amount of the Bonds maturing in that year, and will be deposited with DTC. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the owners or holders of the Bonds shall mean Cede & Co. and shall not mean the actual purchasers of the Bonds (the “Beneficial Owners”).

The Authority, the Agency and the Trustee cannot and do not give any assurances that DTC Direct Participants or DTC Indirect Participants will distribute to the Beneficial Owners (i) payments of interest on and principal of the Bonds, (ii) Bonds representing an ownership interest in or other confirmation of ownership interests in the Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as registered owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will service and act in the manner described in the Official Statement.

### Provisions Upon Termination of Book-Entry Only System

In the event the book-entry system is terminated, Bonds will be printed and delivered. Thereafter, any Bond may, in accordance with its terms, be transferred, upon the Registration Books by the person in whose name it is registered, in person or by such person’s duly authorized attorney, upon surrender of such Bond for cancellation at the Principal Corporate Trust Office of the Trustee, accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee. Whenever any Bond or Bonds will be surrendered for transfer, the Trustee will authenticate and deliver a new Bond or Bonds of authorized denomination or denominations of the same maturity and series for a like aggregate principal amount and interest rate. The Trustee may require the payment by any person whose name appears on the registration books maintained by the Trustee (the “Registration Books”) as the owner thereof (the “Owner”) requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer.



Bonds may be exchanged upon surrender thereof at the Principal Corporate Trust Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate. The Trustee may require the payment by any Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee will not be required to register the exchange or transfer of any Bond within 15 days preceding selection of Bonds for redemption or of any Bond, in fact, selected for redemption.

The principal of each of the Bonds at maturity will be paid upon presentation and surrender thereof at the principal corporate trust office of the Trustee in Los Angeles, California (the "Principal Corporate Trust Office"). The principal of (other than at maturity), premium, if any, and interest on each Bond will be payable on each Interest Payment Date to the Owner as of the close of business on the first day of the calendar month in which an Interest Payment Date occurs (the "Record Date"), such interest to be paid by check of the Trustee, sent by first-class mail to the Owner at such Owner's address as it appears on the Registration Books. Interest payable on any Interest Payment Date to the Owner in the aggregate principal amount of \$1,000,000 or more may upon written request by such Owner received by the Trustee at least two Business Days prior to the preceding Record Date, be paid by wire transfer in immediately available funds to a designated account in any bank in the United States. Such written request will remain in effect until revoked or revised in writing by such Owner delivered to the Trustee. The principal of, premium, if any, and interest on each of the Bonds will be payable in any currency of the United States of America which on the respective dates for payment thereof is legal tender for the payment of public and private debts.

Interest on the Bonds is payable from the Interest Payment Date next preceding their date of execution, unless (i) such date is after a Record Date and on or before the following Interest Payment Date, in which case interest will be payable from such Interest Payment Date, or (ii) such date is on or before the first Record Date, in which case interest will be payable from the date of delivery; provided, however, that if, as shown by the records of the Trustee, interest borne by the Bonds is in default, Bonds authenticated in exchange for Bonds surrendered for transfer or exchange will bear interest from the last date to which interest has been paid in full or duly provided for on the Bonds, or, if no interest has been paid or duly provided for on the Bonds, from the date of delivery. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

## **Redemption**

***Optional Redemption.*** The Bonds maturing on or after June 1, 20\_\_ are subject to optional redemption prior to their respective stated maturities, as a whole or in part on any date on or after June 1, 20\_\_ in the order of maturity as directed by the Agency in a written request of the Agency to the Trustee by lot within each maturity, in integral multiples of \$5,000 from amounts prepaid by the Agency and Watermaster pursuant to the Project Agreements at a Redemption Price equal to the principal amount of the Bonds to be redeemed, plus accrued interest represented thereby to the date fixed for prepayment, without premium.

***Selection of Bonds for Redemption.*** If any Bond is in a denomination larger than a minimum Authorized Denomination, a portion of such Bonds (the minimum Authorized Denomination or any integral multiple thereof) may be redeemed pursuant to the Indenture, in which case the Trustee shall, without charge to the Owner, authenticate and issue a replacement Bond or Bonds for the unredeemed portion thereof. In the case of a partial redemption of Bonds, the Trustee shall select the Bonds to be redeemed by lot at such times as directed by the Agency in writing at least thirty (30) days prior to the redemption date and if such selection is more than sixty (60) days before a redemption date, shall appropriately identify the Bonds so called for redemption by stamping them at the time any Bonds so selected for redemption is presented to the Trustee for stamping or for transfer or exchange, or by such other method of identification as is deemed adequate by the Trustee, and any Bond or Bonds issued in exchange for, or to replace, any Bond so called for prior redemption shall likewise be stamped or otherwise identified. The Trustee shall not select the Bonds for mandatory redemption pursuant to the Indenture more than sixty (60) days prior to the redemption date.

***Notice of Redemption.*** The Agency shall notify the Trustee at least forty-five (45) days prior to the redemption date for Bonds pursuant to the Indenture. Notice of redemption shall be mailed by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the redemption date, (i) to the respective Owners of any Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee by first-class mail, (ii) to the Securities Depository by facsimile and by first-class mail, and (iii) to the Information Services by first-class mail. Notice of redemption shall be given in the form and in accordance with the terms of the Indenture.

## DEBT SERVICE SCHEDULE

Set forth below is a schedule of debt service on the Bonds as well as Senior Debt Service and Parity Debt Service for each annual period ending on June 30 of the years indicated.

<i>Annual Period Ending (June 30)</i>	<i>Senior Debt<sup>(2)</sup></i>	<i>Bonds Debt Service<sup>(1)</sup></i>			<i>Parity Debt<sup>(3)</sup></i>	<i>Total</i>
		<i>Principal</i>	<i>Interest</i>	<i>Total</i>		
2021	\$ 6,145,850	\$	\$	\$	\$ 8,898,843	\$
2022	6,142,250				9,703,764	
2023	6,143,750				10,445,769	
2024	6,472,625				10,445,769	
2025	6,468,125				10,055,765	
2026	6,467,750				9,972,946	
2027	6,470,750				14,801,563	
2028	4,994,375				21,952,039	
2029	5,043,750				21,951,712	
2030	5,042,375				20,951,381	
2031	5,045,875				19,951,046	
2032	5,092,500				18,950,707	
2033	5,043,000				17,950,365	
2034	5,043,000				16,950,018	
2035					16,949,668	
2036					16,949,313	
2037					16,948,954	
2038					16,948,591	
2039					16,948,223	
2040					16,947,852	
2041					16,947,476	
2042					16,947,095	
2043					16,946,711	
2044					16,946,321	
2045					16,945,927	
2046					16,945,529	
2047					16,945,126	
2048					16,944,718	
2049					16,044,305	
2050					14,543,888	
2051					12,859,931	
2052					12,859,504	
2053					12,859,072	
2054					12,858,634	
2055					12,858,192	
2056					12,857,744	
2057					7,139,262	
2058					7,138,804	
2059					7,138,340	
2060					7,137,871	
2061					7,137,397	
<b>TOTAL</b>	<b>\$ 79,615,975</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ 593,676,132</b>	<b>\$ _____</b>

<sup>(1)</sup> See Appendix C—"ALLOCATION OF DEBT SERVICE ON THE BONDS" for the allocation of debt service on the Bonds among the Agency under the 2020A Installment Purchase Agreement, the Agency under the Financing Agreement, and Watermaster under the Recharge Agreement.



- (2) Payments on the 2017A Installment Purchase Agreement, secured by Revenues on a senior basis to the 2020A Installment Purchase Agreement.
- (3) Includes aggregate payments on the WIFIA Installment Purchase Agreement and the Outstanding Revolving Fund Loan Agreements, payable from Net Revenues on a parity with the 2020A Installment Purchase Agreement. See the caption “THE AGENCY—Description of Indebtedness.”

## **SECURITY FOR THE BONDS**

### **General**

Pursuant to the Indenture, the Authority, for good and valuable consideration, unconditionally has granted, transferred and assigned to the Trustee without recourse all its rights to receive the Authority Revenues (as defined in the succeeding sentence) and to enforce the Project Agreements, upon an event of default thereunder for the benefit of the Owners of the Bonds, for the purpose of securing: (a) the payment of all sums due and owing to the Owners of the Bonds under the terms of the Indenture; and (b) the observance, performance and discharge of each agreement, condition, covenant and term of the Agency contained in the 2020A Installment Purchase Agreement and the Financing Agreement and of Watermaster contained in the Recharge Agreement. Under the Indenture, Authority Revenues consist of amounts received by the Authority pursuant to or with respect to the Project Agreements, and all interests or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture.

Approximately \_\_% of the debt service on the Bonds in Fiscal Year 2021 will be payable by the Agency under the 2020A Installment Purchase Agreement, approximately \_\_% of the debt service on the Bonds in Fiscal Year 2021 will be payable by the Agency under the Financing Agreement, and approximately \_\_% of the debt service on the Bonds in Fiscal Year 2021 will be payable by Watermaster under the Recharge Agreement. See Appendix C for a schedule showing the debt service payable by the Agency under the 2020A Installment Purchase Agreement and Financing Agreement and payable by Watermaster under the Recharge Agreement.

The Bonds do not constitute a charge against the general credit of the Authority. The Bonds are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts except payments under the Project Agreements, and other moneys pledged by the Authority under the Indenture. Neither the faith and credit nor the taxing power of the State of California, the County of San Bernardino or any public agency thereof or any member of the Authority is pledged to the payment of the principal amount or redemption price of, or interest on, the Bonds. The Authority has no taxing powers. The Bonds do not constitute a debt, liability or obligation of the State of California, the County of San Bernardino or any public agency thereof (other than the Authority) or any member of the Authority in contravention of any State of California constitutional or statutory provision.

### **2020A Installment Purchase Agreement**

The obligation of the Agency to make the 2020A Installment Payments pursuant to the 2020A Installment Purchase Agreement is a special obligation of the Agency payable solely from Net Revenues of the Agency and does not constitute a debt of the Agency or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction. Notwithstanding anything contained in the 2020A Installment Purchase Agreement, the Agency shall not be required to advance any moneys derived from any source of income other than the Net Revenues and the other funds provided in the 2020A Installment Purchase Agreement for the payment of 2020A Installment Payments due thereunder or for the performance of any agreements or covenants required to be performed by it contained therein except as expressly provided therein.

The term “Net Revenues” means, for any Fiscal Year (currently, the Agency’s Fiscal Year begins July 1) (“Fiscal Year”), the Revenues for such fiscal year less the Operation and Maintenance Costs for such Fiscal Year and less Senior Debt Service for such Fiscal Year.

Under the 2020A Installment Purchase Agreement, the term “Revenues” is defined to mean all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Agency System, including, without limiting the generality of the foregoing, (1) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the Agency from the sale, furnishing and supplying of sewer services, composting services or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Agency System, including the Agency’s share of the County of San Bernardino’s 1% *ad valorem* property tax (to the extent allocated to the Revenue Fund), as determined in accordance with Generally Accepted Accounting Principles, plus (2) the earnings on and income derived from the investment of the amounts described in (1) above, including the Agency’s share of the County of San Bernardino’s 1% *ad valorem* property tax (to the extent allocated to the Revenue Fund), and the general unrestricted funds of the Agency, but excluding in all cases revenues derived from ownership or operation of the Water System and the Separate Facilities, customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the Agency, and excluding any proceeds of taxes restricted by law to be used by the Agency to pay bonds hereafter issued.

“Operation and Maintenance Costs” are defined in the 2020A Installment Purchase Agreement to mean: (1) costs spent or incurred for maintenance and operation of the Agency System calculated in accordance with Generally Accepted Accounting Principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Agency System in good repair and working order, and including administrative costs of the Agency that are charged directly or apportioned to the Agency System, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys, consultants or engineers and insurance premiums, and including all other reasonable and necessary costs of the Agency or charges required to be paid by it to comply with the terms of the Installment Purchase Agreement or any other Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds and (2) all payments under Operation and Maintenance Obligations but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles, including amortization of water rights, unrealized losses in investments, write offs of the value of any impaired assets or other bookkeeping entries of a similar nature.

***Revenues—The Regional Sewage Service Contract.*** In 1972, for the purpose of establishing the Sewer System, the Agency entered into the Chino Basin Regional Sewage Service Contract (the “Regional Contract”) with the Contracting Agencies. The Regional Contract currently expires on January 2, 2023, which is prior to the final maturity of the Bonds. Under the terms of the Regional Contract, the Agency is charged with the ownership and operation of the Sewer System for the collection, treatment and disposal of sewage delivered by the Contracting Agencies. The Agency is further obligated to construct certain new regional interceptors and expand regional treatment facilities within a reasonable time frame to be prepared to receive all domestic sewage delivered by the Contracting Agencies. The Agency also assumed the responsibility for operating and maintaining these and future facilities in a manner to assure compliance with State and federally mandated discharge requirements. The responsibility for collection and delivery of sewage to the regional interceptor facilities remains with the Contracting Agencies. The Regional Contract also established a Regional Policy Committee to advise the Agency of the needs and views of the Contracting Agencies concerning the Sewer System. According to the Regional Contract, each Contracting Agency appoints a member from its respective governing body to the Regional Policy Committee.

***Allocation of Revenues.*** Under the 2020A Installment Purchase Agreement, all Revenues will be received by the Agency in trust and deposited when and as received in a special fund designated as the “Revenue Fund,” which fund includes the accounts described in the definition thereof and which fund the Agency agrees and covenants to maintain and to hold separate and apart from other funds so long as any Contracts or Bonds remain unpaid. Moneys in the Revenue Fund will be held and applied by the Agency as provided in the 2020A Installment Purchase Agreement.

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

All remaining moneys in the Revenue Fund will be set aside by the Agency at the following times for the transfer to the following respective special funds in the order of priority described below; and all moneys in each of such funds will be held in trust and will be applied, used and withdrawn only for the purposes set forth in the 2020A Installment Purchase Agreement.

***Senior Installment Payments.*** On or prior to each Installment Payment Date, the Agency will, from the moneys in the Revenue Fund, transfer to the applicable (i) trustee for deposit in the respective payment fund, or (ii) payee, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any installment payments due with respect to Senior Debt Service in accordance with the provisions of the applicable Senior Contract (currently, the 2017A Installment Purchase Agreement).

***Installment Payments.*** Not later than each Installment Payment Date, the Agency will, from the moneys in the Revenue Fund, transfer to the Trustee the 2020A Installment Payment and any Parity Installment Payments (including under the WIFIA Installment Payment Agreement and the Outstanding Revolving Fund Loan Agreements) due and payable on that Installment Payment Date for deposit in the Bond Payment Fund. The Agency shall also, from the moneys in the Revenue Fund, transfer to the applicable (i) trustee for deposit in the respective payment fund, or (ii) payee, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service in accordance with the provisions of any Bond or Contract.

***Reserve Accounts.*** On or before each Installment Payment Date the Agency will, from the remaining moneys in the Revenue Fund, thereafter, without preference or priority and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the applicable trustee for reserve funds and/or accounts, if any, as may have been established in connection with Bonds or Contracts other than the 2020A Installment Purchase Agreement, that sum, if any, necessary to restore such reserve funds and/or accounts to an amount equal to the required balance.

Moneys on deposit in the Revenue Fund on any date when the Agency reasonably expects such moneys will not be necessary to make any of the payments required above may be expended by the Agency at any time for any purpose permitted by law, subject to compliance with the 2020A Installment Purchase Agreement.

## **Rate Covenant**

The Agency has covenanted in the 2020A Installment Purchase Agreement, that, to the fullest extent permitted by law, the Agency will fix and prescribe, at the commencement of each Fiscal Year, rates and charges with respect to the Agency System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Revenues (net of Operation and Maintenance Costs) equal to one hundred fifteen percent (115%) of the sum of (A) Debt Service and (B) Senior Debt Service (as such terms are defined in APPENDIX D hereto) for such Fiscal Year. The Agency may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but will not reduce the rates and charges then in effect unless the Revenues from such reduced rates and charges are reasonably expected to be sufficient to meet the requirements set forth above.

For avoidance of doubt, so long as the Agency has complied with its obligations described in the prior paragraph, the failure of Revenues to meet the threshold set forth in such paragraph at the end of a Fiscal Year shall not constitute a default or an Event of Default so long as the Agency has complied with its obligations set forth in the prior paragraph at the commencement of the succeeding Fiscal Year.

## **Additional Agency Indebtedness**

***Additional Senior Contracts.*** Under the 2020A Installment Purchase Agreement, the Agency may incur additional Senior Contracts solely for the purpose of refunding outstanding Senior Contracts so long as (A) after giving effect to the application of the proceeds of such additional Senior Contracts, Senior Debt Service will not be increased in any Fiscal Year in which the Agreement is outstanding, and (B) the additional Senior Contracts have a maturity date no later than the maturity date of the Senior Contracts being refunded).

***Additional Parity Contracts and Bonds.*** Under the 2020A Installment Purchase Agreement, the Agency may at any time execute any Contract or issue any Bonds, as the case may be, in accordance herewith; provided:

(1) The Net Revenues for the most recent audited Fiscal Year preceding the date of adoption by the Board of Directors of the Agency of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, as evidenced by both a calculation prepared by the Agency and a special report prepared by an Independent Certified Public Accountant or an Independent Financial Consultant on such calculation on file with the Agency, shall have produced a sum equal to at least one hundred twenty-five percent (125%) of the Debt Service for such Fiscal Year; and

(2) The Net Revenues for the most recent audited Fiscal Year preceding the date of the execution of such Contract or the date of adoption by the Board of Directors of the Agency of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, including adjustments to give effect as of the first day of such Fiscal Year to increases or decreases in rates and charges with respect to the Agency System approved and in effect as of the date of calculation, as evidenced by a calculation prepared by the Agency, shall have produced a sum equal to at least one hundred twenty-five percent (125%) of the Debt Service for such Fiscal Year plus the Debt Service which would have accrued on any Contracts executed or Bonds issued since the end of such Fiscal Year assuming such Contracts had been executed or Bonds had been issued at the beginning of such Fiscal Year plus the Debt Service which would have accrued had such Contract been executed or Bonds been issued at the beginning of such Fiscal Year; and

(3) The estimated Net Revenues for the then current Fiscal Year and for each Fiscal Year thereafter to and including the first complete Fiscal Year after the latest Date of Operation of any uncompleted Parity Project, as evidenced by a certificate of the General Manager of the Agency on file with the Agency, including (after giving effect to the completion of all such uncompleted Parity Projects) an allowance for estimated Net Revenues for each of such Fiscal Years arising from any increase in the income, rents, fees, rates and charges estimated to be fixed, prescribed or received with respect to the Agency System and which are economically feasible and reasonably considered necessary based on projected operations for such period, as evidenced by a certificate of the General Manager on file with the Agency, shall produce a sum equal to at least one hundred twenty-five percent (125%) of the estimated Debt Service for each of such Fiscal Years, after giving effect to the execution of all Contracts and the issuance of all Bonds estimated to be required to be executed or issued to pay the costs of completing all uncompleted Parity Projects within such Fiscal Years, assuming that all such Contracts and Bonds have maturities, interest rates and proportionate principal repayment provisions similar to the Contract last executed or then being executed or the Bonds last issued or then being issued for the purpose of acquiring and constructing any of such uncompleted Parity Projects.

The requirements set forth in (1), (2), and (3) above notwithstanding, Bonds or Contracts may be issued or incurred to refund outstanding Bonds or Contracts if, after giving effect to the application of the proceeds thereof, total Debt Service will not be increased in any Fiscal Year in which Bonds or Contracts (outstanding on the date of issuance or incurrence of such refunding Bonds or Contracts, but excluding such refunding Bonds or Contracts) not being refunded are outstanding.

Nothing in the 2020A Installment Purchase Agreement precludes the Agency from issuing any bonds or entering into contracts the payments from Net Revenues under which are subordinate to any Bonds or Contracts of the Agency. See the caption “THE AGENCY—Description of Indebtedness—Subordinate Obligations.”

### **Financing Agreement**

**General.** Pursuant to the Financing Agreement, the Agency is obligated to make payments to the Authority equal to one-half of the Fixed Project Costs for the Recharge Project. Fixed Project Costs includes one-half of all capital costs of the Recharge Project, including but not limited to (i) Debt Service on the Recharge Project (including the portion of principal and interest on the Bonds allocable to the Recharge Project) and (ii) reserves for repair and replacement and improvement to the Recharge Project. Defined terms used under the caption “SECURITY FOR THE BONDS—Financing Agreement” and not defined herein have the meanings set forth in the Financing Agreement.

Payments by the Agency to the Authority under the Financing Agreement are obligations of the Agency payable from the portion of Sewer Revenues comprising Pledged Revenues. Pledged Revenues under the Financing Agreement include *ad valorem* property taxes received by the Agency pursuant to Section 97 *et seq.* of the Revenue and Taxation Code of the State and supplemental capital outlay funds received by the Agency pursuant to the Regional Contract only and do not include other Sewer Revenues under the Regional Contract. The obligation of the Agency to make payments under the Financing Agreement from Pledged Revenues is subordinate to the obligation of the Agency to apply Pledged Revenues to the payment of the 2020A Installment Purchase Agreement as well as Contracts and Bonds. See the caption “SECURITY FOR THE BONDS—Financing Agreement—*Rate Covenant*.” Nothing in the Financing Agreement prohibits the Agency from using any other funds and revenues for purposes of satisfying any provisions of the Financing Agreement.

Pursuant to the Financing Agreement, upon failure of the Agency to make any payment in full when due under the Financing Agreement the Authority shall make written demand upon the Agency. If such failure is not remedied within thirty days from the date of such demand or, if Bonds are outstanding, for such additional time as is reasonably required, in the sole discretion of the Trustee, to correct the same, such failure shall constitute a default at the expiration of such period. If such failure cannot be remedied within thirty days from the date of such demand but the Agency commences remedial action within such thirty day period, such failure shall not constitute a default under the Financing Agreement. Notice of any such demand shall be provided to the Agency by the Authority.

The Agency is obligated to make payments of Fixed Project Costs under the Financing Agreement whether or not the Recharge Project is completed, operable, operated or retired and notwithstanding the suspension, interruption, interference, reduction or curtailment of operation of the Recharge Project in whole or in part for any reason whatsoever. Such payments are not subject to any reduction, whether offset or otherwise, and are not conditioned upon performance by the Authority under the Financing Agreement or any other agreement.

**Rate Covenant.** Under the Financing Agreement, to the fullest extent permitted by law, the Agency shall fix, prescribe and collect rates and charges pursuant to the Regional Contract which, along with Pledged Revenues, will be at least sufficient to yield during each Fiscal Year an amount equal to debt service on all of the Agency’s obligations secured by a pledge of, and lien on, the Pledged Revenues, including the Financing Agreement for such Fiscal Year. The Agency may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the revenues resulting from such reduced rates and charges will at all times be sufficient to meet the requirements of the Financing Agreement. Notwithstanding the foregoing, Watermaster typically pays Fixed Project Costs to the Agency on or before July 15 in each year and the Agency pays amounts to the Authority as scheduled Installment Payments.



***Limitation on Additional Indebtedness.*** Under the Financing Agreement, the Agency may at any time issue or incur any obligation on a parity with the Financing Agreement; provided the estimated Pledged Revenues for the then current Fiscal Year and for the next Fiscal Year, as evidenced by a certificate of the General Manager of the Agency, shall equal a sum equal to at least the estimated amounts due under the Financing Agreement for such Fiscal Years.

## **Recharge Agreement**

Defined terms used under the caption “SECURITY FOR THE BONDS—Recharge Agreement” and not defined herein have the meanings set forth in the Recharge Agreement. See Appendix B—“CERTAIN INFORMATION RELATING TO THE CHINO BASIN WATERMASTER.”

***General.*** Pursuant to the Recharge Agreement, Watermaster is obligated to make payments to the Authority for the Watermaster Share of the Fixed Project Costs for the Recharge Project. While the obligation of Watermaster to make payments under the Recharge Agreement is a general obligation of Watermaster, Watermaster pays the Watermaster Share of Fixed Project Costs (which includes Watermaster’s share of principal and interest on the Bonds) from OBMP Assessments as more particularly described in Appendix B—“CERTAIN INFORMATION RELATING TO THE CHINO BASIN WATERMASTER.” OBMP Assessments are assessments levied by Watermaster for the purpose of implementing the Optimum Basin Management Program (the “OBMP”). Such OBMP Assessments are deemed “Administrative Assessments” under Paragraph 54 of the Peace Agreement regarding the Chino Groundwater Basin dated June 29, 2000. See the caption “CHINO BASIN WATERMASTER” and Appendix B—“CERTAIN INFORMATION RELATING TO THE CHINO BASIN WATERMASTER.”

Watermaster is obligated to make payments under the Recharge Agreement solely as an operation fee (as determined in accordance with generally accepted accounting principles). Watermaster is obligated to make such payments on a parity with other operation and maintenance expenses of Watermaster and prior to any payments other than operation and maintenance expenses of Watermaster. Nothing in the Recharge Agreement prohibits Watermaster from using any other funds and revenues for purposes of satisfying any provisions of the Recharge Agreement. See Appendix B—“CERTAIN INFORMATION RELATING TO THE CHINO BASIN WATERMASTER.”

Pursuant to the Recharge Agreement, upon failure of Watermaster to make any payment in full when due under the Recharge Agreement the Authority shall make written demand upon Watermaster. If such failure is not remedied within thirty days from the date of such demand or, if Bonds are outstanding, for such additional time as is reasonably required, in the sole discretion of the Trustee, to correct the same, such failure shall constitute a default at the expiration of such period. If such failure cannot be remedied within thirty days from the date of such demand but Watermaster commences remedial action within such thirty day period, such failure shall not constitute a default under the Recharge Agreement. Notice of any such demand shall be provided to Watermaster by the Authority.

Watermaster has never failed to pay the Watermaster Share of Fixed Project Costs in a timely basis.

Watermaster is obligated to make payments of the Watermaster Share of Fixed Project Costs under the Recharge Agreement whether or not the Recharge Project is completed, operable, operated or retired and notwithstanding the suspension, interruption, interference, reduction or curtailment of operation of the Recharge Project in whole or in part for any reason whatsoever. Such payments are not subject to any reduction, whether offset or otherwise, and are not conditioned upon performance by the Authority under the Recharge Agreement or any other agreement.

***Rate Covenant.*** Under the Recharge Agreement, Watermaster is obligated to fix, prescribe and collect an OBMP Assessment for payments due under the Recharge Agreement (including the Watermaster share of debt service on the Bonds) at least equal to 1.25 times the Watermaster Share of Fixed Project Costs.

Watermaster has not entered into any other financial covenants under the Recharge Agreement with respect to payment of the Watermaster Share of Fixed Project Costs.

No Reserve Fund

Neither the Authority nor the Agency is funding a debt service reserve fund for the Notes.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth a summary of the estimated sources and uses of funds associated with the issuance and sale of the Bonds.

Sources <sup>(1)</sup> :	
Principal Amount of the Bonds	\$
Plus Original Issue Premium	
Transfer from the Agency <sup>(2)</sup>	
Total Sources	\$
Uses <sup>(1)</sup> :	
Transfer to 2008A Trustee for Deposit into the 2008A Redemption Fund	\$
Transfer to 2010A Trustee for Deposit into the 2010A Redemption Fund	
Transfer to the SWRCB to prepay Refunded Revolving Fund Loans	
Costs of Issuance <sup>(3)</sup>	
Total Uses	\$

(1) Amounts rounded to the nearest \$1.  
(2) Includes amounts transferred from funds created with respect to the 2008B Bonds and the 2010A Bonds.  
(3) Estimate includes legal and financing costs, printing costs, fees of rating agencies, initial fees of Trustee, Municipal Advisor fees, Verification Agent fees, the Underwriters’ discount and Bond Counsel fees.

THE AGENCY

The information set forth below has been provided by the Agency. The Authority makes no representations or warranties as to the accuracy or completeness of any of the information set forth below. Capitalized terms not otherwise defined herein will have the respective meanings ascribed to such terms in the 2020A Installment Purchase Agreement. See APPENDIX D—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—SUMMARY OF CERTAIN PROVISIONS OF THE 2020A INSTALLMENT PURCHASE AGREEMENT” for the definitions of such terms.

Organization, Purpose and Powers

The Inland Empire Utilities Agency\*, formerly known as the Chino Basin Municipal Water District, was established by a majority vote in a special election on June 6, 1950, for an original population of approximately 80,000 people. In 1951, the Agency annexed to the Metropolitan Water District of Southern California (“MWD”). The original boundaries of the Agency encompassed 92 square miles. Three subsequent annexations added land to the Agency’s service area, and the current Agency boundaries encompass approximately 242 square miles with a current population of approximately 875,000. The boundaries of the Agency encompass the urban west end of San Bernardino County, immediately east of the Los Angeles County line, and includes the cities of Ontario, Upland, Montclair, Chino, Chino Hills, Fontana and Rancho Cucamonga. The Agency boundaries extend from the Los Angeles County line to a point near the eastern boundary line of

\* A Municipal Water District.

the city of Fontana and from the base of the San Gabriel Mountains, south to the Riverside County line and west to the Orange County line.

When formed in 1950, the Agency only operated a water system which delivered over 50 million gallons per day of imported water from the Colorado River as a member of MWD. During the mid-1960s, the Agency began a domestic sewage collection system (the “Wastewater System”). In 1969, the Agency started construction of a non-reclaimable wastewater system (NRW System) to curtail groundwater pollution from existing industry and to provide for new industrial development within the Agency’s service area. In 1990, the Agency began the design and construction of a facility (Co- Composter Facility) to co-compost the municipal sludge from the Agency’s treatment plants together with dairy manure from the agricultural preserve, which is located in the southeastern section of the city of Chino. The Agency began producing recycled water in the early 1970s as a low-cost alternative to potable water.

In an effort to more accurately identify both the current and future functions of the entity, the Board of Directors of the Chino Basin Municipal Water District approved and made effective on July 1, 1998, the name change from the Chino Basin Municipal Water District to the Inland Empire Utilities Agency.

In 2001, the Agency and the cities of Chino, Chino Hills, Ontario, Norco, the Jurupa Community Services District, and the Santa Ana River Water Company formed the Chino Basin Desalter Authority (CDA), a joint powers authority, to acquire all assets and liabilities from Santa Ana Watershed Project Authority (SAWPA) Project #14. Such acquisition was completed in February 2002. The Agency serves as a non-voting member and provides financing services support for CDA, as well as operational support for the CDA Desalter 1 facility. In August 2008, Western Municipal Water District was added as a member of CDA.

In 2002, the Agency and the Los Angeles County Sanitation Districts (formerly known as the Sanitation Districts of Los Angeles County) formed the Inland Empire Regional Composting Authority (IERCA), a joint powers authority, to construct a regional composting facility in Rancho Cucamonga. The fully enclosed composting facility opened for operations in 2007 replacing the co-composter facility which had been in operation since 1990. Also, in 2002, the Agency expanded the scope of operations of the Agency, along with the Chino Basin Watermaster, by financing the design and construction of facilities to replenish the Chino Groundwater Basin by recharging potable water, stormwater and recycled water through regional conveyance systems and infrastructure.

Further development of the regional recycled water system and related services have been the focus of the Agency over the past decade. In 2016, the final phase of a regional recycled water distribution backbone system was completed. Recycled water is produced at four regional water recycling plants (RWRPs): Regional Water Recycling Plant No. 1 (RP-1), Regional Water Recycling Plant No. 4 (RP-4), Carbon Canyon Water Recycling Facility (CCWRF), and Regional Water Recycling Plant No. 5 (RP-5). Recycled water sales were approximately 28,345 acre-feet (AF) in Fiscal Year 2019, for both direct use and groundwater recharge deliveries. In addition, the Agency has three facilities which handle biosolids produced at the water recycling plants: RP-1 Solids Handling Facility, RP-2 Solids Handling Facility, and the IERCA composting facility.

### **Board of Directors, Management and Employee Relations**

***Board of Directors.*** The current members of the Agency’s Board of Directors and brief biographies of each are set forth below.

Kati Parker, President  
 Jasmin A. Hall, Vice President  
 Steven J. Elie, Secretary/Treasurer  
 Michael Camacho, Director  
 Paul Hofer, Director



President Kati Parker, representing Division 1, the city of Upland, the city of Montclair and the unincorporated territories in the city of Montclair's sphere of influence, San Antonio Heights, which is an unincorporated territory in the city of Upland's sphere of influence, portions of the cities of Ontario and Rancho Cucamonga. Dir. Parker was elected to the Board of Directors in November 2016. Dir. Parker serves as Chair on the Agency's Audit Committee, and as a Committee member on the Engineering, Operations & Water Resource Committee and Community and Legislative Affairs Committee. Dir. Parker serves as the Agency's representative and Vice Chair on the Santa Ana Watershed Project Authority (SAWPA) Commission, as well as on the One Water One Watershed Steering Committee and on the SAWPA Project Authority 23 and Project Authority 24. Dir. Parker serves as the Agency's representative on the Regional Policy Committee, Chino Basin Desalter Authority, and the Association of California Water Agencies (ACWA). She also serves as Secretary for the Chino Basin Regional Financing Authority, and alternate representative to the Southern California Water Coalition and the Inland Empire Regional Composting Authority. Dir. Parker has been a resident of the city of Upland since 2000. Dir. Parker received a B.S. degree from Humboldt State University in Environmental Resources Engineering with a specialty in Water Quality. She also holds a M.S. from the University of California, Los Angeles, in Civil Engineering with a specialty in Environmental Engineering. Between 1993 and 2004, Dir. Parker worked at the Inland Empire Utilities Agencies in the Operations, Water Resources, and Engineering Department.

Vice President Jasmin A. Hall, representing Division 4, a large portion of the city of Fontana, including portions of the unincorporated territories in the city of Fontana's sphere of influence, and portions of the cities of Rialto and Bloomington as well as, unincorporated territories in the cities of Rialto's and Fontana's sphere of influence. Dir. Hall was appointed to the Board of Directors in October 2013, elected November 2014, and re-elected in November 2018. Dir. Hall is also the Agency's representative and currently serves as Secretary/Treasurer on the California Association of Sanitation Agencies (CASA) Board of Directors. Dir. Hall is the alternate representative on the Association of San Bernardino County Special Districts. She also serves as President of the Chino Basin Regional Financing Authority. Dir. Hall initiated the process that earned the Agency the Special District Leadership Foundation's District Transparency Certificate of Excellence. Dir. Hall received the Recognition in Special District Governance certificate to recognize special district Board members who demonstrate their commitment to continuing education and special district governance. Dir. Hall has extensive experience in community leadership by serving on the Fontana Planning Commission and serving as Chairwoman for the Fontana Parks and Recreation Commission. Dir. Hall holds an M.B.A. degree with a specialization in Human Resource Management, a B.S. degree in Business Management and a Project Management Certification.

Secretary/Treasurer Steven J. Elie, representing Division 3 the city of Chino, including unincorporated territories in the city of Chino's sphere of influence, and the city of Chino Hills. Dir. Elie was elected to the Board of Directors in November 2010, and re-elected in November 2014 and again in November 2018. From 2011 through 2016, he served as the Agency's Secretary/Treasurer, and from 2017 through 2018, he served as the Agency Board President. He currently serves as the Agency's Secretary/Treasurer. Dir. Elie serves as Chair of the Agency's Community and Legislative Affairs Committee, and as a Committee member of the Audit Committee, and the Finance and Administration Committee. Dir. Elie has continuously served as the Agency's representative to the Chino Basin Watermaster since January 2011. Dir. Elie also serves as Vice President of the Chino Basin Regional Financing Authority and serves as Board Member on the Chino Basin Water Bank JPA. He is the Agency's representative to the Southern California Water Coalition, the Association of San Bernardino County Special Districts, the National Water Research Institute, and serves as an alternate Agency Representative for the Chino Basin Desalter Authority (CDA) and for the California Association of Sanitation Agencies (CASA). He is also a member of the Steering Committees of the WaterNow Alliance. Dir. Elie is an attorney who regularly represents public entities and public utility regulated entities in complex, multiparty litigation and administrative matters, including soil and groundwater contamination.

Director Michael Camacho, representing Division 5, a large portion of the city of Rancho Cucamonga, including unincorporated territories in the city of Rancho Cucamonga's sphere of influence, and a portion of the city of Fontana, as well as, a portion of the unincorporated territories in the city of Fontana's sphere of influence.

Dir. Camacho was elected to the Board of Directors in November 2008 and re-elected in November 2012 and November 2016. From 2009 through 2011, Dir. Camacho served as the Agency's Secretary/Treasurer, and from 2011 through 2018, he served as the Agency's Vice President. He also served as the former Vice Chair of the Chino Basin Watermaster Board and currently serves as the Agency's alternate representative. From 2011 through 2018, Dir. Camacho served as a Director on the Metropolitan Water District of Southern California. In 2020, Dir. Camacho was re-appointed to serve as Director on the Metropolitan Water District of Southern California Board. He also serves as Vice Chair for the Inland Empire Regional Composting Authority. Dir. Camacho is currently Chair for the Agency's Engineering, Operations & Water Resources Committee, and alternate Committee Member for the Community and Legislative Affairs Committee and Finance and Administration Committee. Dir. Camacho is the Agency's alternate Board Member for the Chino Basin Water Bank JPA, alternate representative for Santa Ana Watershed Project Authority (SAWPA), SAWPA Project Authority 23, SAWPA Project Authority 24, and Association of California Water Agencies (ACWA ).

Director Paul Hofer, representing Division 2, a large portion of the city of Ontario, and a portion of the unincorporated territories in the city of Fontana's sphere of influence. Dir. Hofer was appointed to the Agency's Board of Directors in August 2016, elected to the Board in November 2016, and re-elected in November 2018. He serves as Chair of the Agency's Finance and Administration Committee, and as an alternate Committee member on the Engineering, Operations & Water Resources Committee and Audit Committee. He also serves as a Director of the Inland Empire Regional Composting Authority Board. Dir. Hofer serves as the alternate Committee member on the Regional Policy Committee. Dir. Hofer has served as a representative for the Chino Basin Watermaster Agricultural Pool since January 1998 and continues to serve as a representative. Dir. Hofer has been a resident of the city of Ontario since 1947. He is a farmer who resides and works at the Hofer Ranch, the family homestead since 1882.

***Management.*** The Agency's management is composed of the following officers:

Shivaji Deshmukh, General Manager  
 Christina Valencia, Executive Manager of Finance and Administration/Assistant General Manager  
 Randy Lee, Executive Manager of Operations/Assistant General Manager  
 Christiana Daisy, Executive Manager of Engineering/Assistant General Manager  
 Kathy Besser, Executive Manager of External Affairs and Policy Development /Assistant General Manager

Shivaji Deshmukh is a licensed engineer with over 20 years of experience in the water industry who serves as the General Manager of the Inland Empire Utilities Agency. Before joining the Agency, he served as the Assistant General Manager at the West Basin Municipal Water District for 9 years, where he oversaw engineering, operations, the recycled water program, and two major capital improvement programs. Prior to that, he served Orange County Water District, managing implementation, design, and construction of the Groundwater Replenishment System, a 100 million gallon per day potable reuse project. He holds a Bachelor and Master of Science in Civil and Environmental Engineering from the University of California, Los Angeles.

Christina Valencia is the Executive Manager of Finance and Administration/Assistant General Manager at the Agency. Ms. Valencia joined the Agency in 1999, and in 2007 she was promoted to Manager of Financial Planning before being named CFO in October 2010. Ms. Valencia began her career at KDC Pipe & Steel, Inc., where she worked for 18 years and rose to the position of Controller. Ms. Valencia has served on the Board of Trustees for California Asset Management Program (CAMP) since April 2016, and on the California Special Districts Association Fiscal Committee and Professional Development Committee. Ms. Valencia holds a Bachelor's degree in Business Administration with a concentration in Accounting from the University of Texas at El Paso. Ms. Valencia also earned a Master's degree in Public Administration from the California State University at Northridge. Ms. Valencia has over 25 years of experience in both the private and public sector and oversees the Finance and Accounting, Contracts Administration and Procurement and Business Information Service departments of the Agency.

Randy Lee is the Executive Manager of Operations/Assistant General Manager at the Agency. Mr. Lee joined the Agency in 2000, and during his tenure has worked in Construction Management, Engineering, Operations, and Technical Services/Environment Compliance departments. Mr. Lee left the Agency and spent two years as the Assistant Director of Recycling Operations for the Irvine Ranch Water District. In 2015, Mr. Lee returned to the Agency and was promoted to his current position in May 2016. Mr. Lee holds a Bachelor of Science in Environmental Engineering and a Master of Science in Chemical and Environmental Engineering from the University of California, Riverside, and is a Professional Engineer-Civil. In addition, Mr. Lee has a Grade V Wastewater Operator Certificate..

Christiana Daisy is the Executive Manager of Engineering/Assistant General Manager at the Agency. Ms. Daisy joined the Agency at the end of 2019. Prior to working for the Agency, Ms. Daisy was the Operations Manager for West Basin Municipal Water District for over ten years and served approximately eighteen years with the Metropolitan Water District of Southern California. Ms. Daisy graduated from Loyola Marymount University with a Bachelor's degree in Civil Engineering as well as a Master's degree in Business. She is a registered Civil Engineer as well as a T2 Water Treatment Operator and D2 Water Distribution Operator.

Kathy Besser is the Executive Manager of External Affairs and Policy Development /Assistant General Manager at the Agency. Ms. Besser joined the Agency in 2014 as the Manager of External Affairs and was promoted to her current position in early 2017. Ms. Besser has extensive experience in public relations and legislative programs working at the highest levels of state and federal government. Prior to her employment at the Agency, she served as the long-time Chief of Staff for a Nevada Lieutenant Governor and State Treasurer, as well as two years as the Communications Director for Congressman Ken Calvert in Washington, DC. Ms. Besser holds a Bachelor's degree in International Relations from the University of Southern California and a Master's degree in Business Administration from Pepperdine University.

***Employee Relations.*** As of June 30, 2019, the Agency had 290 authorized full time positions, of which 260 were filled, 16 limited term positions, of which 14 were filled, and 28 internship positions. The biennial budget for Fiscal Years 2020 and 2021 was adopted by the Board on June 19, 2019. The Agency currently has five recognized bargaining units, representing a total of 199 full time employees. The Agency's remaining 61 full time employees are unrepresented. The Agency and its bargaining units regularly work together to resolve problems of mutual interest. The existing contracts between the Agency and the five bargaining units expire on June 30, 2021. The Agency has never experienced a work stoppage or strike.

***Defined Benefit Pension Plan.*** The Agency contributes to the California Public Employees' Retirement System ("PERS"), agent multiple-employer public employee defined benefit pension plan. The Agency's defined benefit pension plan is identified as the Miscellaneous Plan of the Inland Empire Utilities Agency (the "Agency's Plan"). PERS provides retirement, disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the state of California.

Benefit provisions, and all other requirements, are established by State statutes within the Public Employees' Retirement Law. The Agency's Plan selects optional provisions from the benefit menu by contract with PERS and adopts those benefits through local ordinance. PERS issues a separate comprehensive annual financial report. Copies of the PERS' annual financial report may be obtained from the PERS Executive Office - 400 "Q" Street - Sacramento, CA 95811.

The Agency is required to contribute the actuarially determined remaining amounts necessary to fund the retirement benefits for its members. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration.

The Agency's Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

Hire date	Prior to January 1, 2012	On or After January 1, 2012 <sup>(1)</sup>	After January 1, 2013
<b>Benefit formula</b>	2.5%@55	2%@55	2%@62
<b>Final average compensation period</b>	1 year	3 years	3 years
<b>Benefit vesting schedule</b>	5 years of service	5 years of service	5 years of service
<b>Benefit payments</b>	monthly for life	monthly for life	monthly for life
<b>Eligible retirement age</b>	50 – 55+	50 – 63+	52 – 67+
<b>Monthly benefits, as a % of eligible compensation</b>	2% - 2.5%	1.4% - 2.4%	1% - 2.5%
<b>FY2017/18 required employee contribution rates<sup>(2)</sup></b>	8%	7%	6.25%
<b>FY2017/18 required employer contribution rates</b>	18.580%	18.580%	18.580%

<sup>(1)</sup> Closed to new entrants.

<sup>(2)</sup> Starting Fiscal Year 2017-18 employees pay the full amount of the required employee contribution rate.

The following table shows the additional fixed percentage each full-time and limited-term employee must contribute per the MOUs:

<i>Fiscal Year</i>	<i>Hired Prior to January 1, 2012</i>	<i>Hired On or After January 1, 2012</i>	<i>Hired After January 1, 2013</i>
2015/16	5.5%	6.5%	6.25%
2016/17	7.0%	7.0%	6.25%
2017/18	8.0%	7.0%	6.25%
2018/19	8.0%	7.0%	6.25%
2019/20	8.0%	7.0%	6.25%
Employee contribution rates	<b>8.0</b>	<b>7.0%</b>	<b>6.25%</b>

At June 30, 2018, the following employees were covered by the Agency's Plans' terms:

Inactive employees or beneficiaries currently receiving benefits	252
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>276</u>
Total	<b>528</b>

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by PERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Agency contribution rates may change if plan contracts are amended. Payments made by the Agency to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member age 61 contributions.

The net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The total pension liabilities in the June 30, 2017 actuarial accounting valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Projected Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% (net of pension plan investment and administration expenses; includes inflation)
Mortality	The probabilities of mortality are derived using PERS membership data for all funds. The mortality table used was developed based on PERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table please refer to the 2017 experience study report.

The underlying mortality assumptions and all other actuarial assumptions used in the December 2017 valuation were based on the results of a 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the PERS website.

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The changes in the net pension liability for the Agency's Plan are as follows:

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability (Asset)</i>
<b>Balances at June 30, 2017</b>	\$ 193,055,604	\$ 149,821,803	\$ 43,233,801
<b>Changes in the Year:</b>			
Service cost	4,646,509	-	4,646,509
Interest on the total pension liability	13,746,742	-	13,746,742
Differences between actual and expected experience	2,100,628	-	2,100,628
Changes in assumptions	(1,453,107)	-	(1,453,107)
Changes in benefit terms	-	-	-
Net plan to plan resources movement		(385)	385
Contribution – employer	-	9,461,289	(9,461,289)
Contribution – employee	-	2,374,114	(2,374,114)
Net investment income	-	13,002,740	(13,002,740)
Administrative expenses	-	(233,464)	233,464
Other miscellaneous income/(expense)	-	(443,351)	443,351
Benefit payments, including refunds of employee contributions	(7,528,545)	(7,528,545)	-
<b>Net Changes</b>	<b>\$ 11,512,227</b>	<b>\$ 16,632,398</b>	<b>\$ (5,120,171)</b>
<b>Balance at June 30, 2018</b>	<b>\$ 204,567,831</b>	<b>\$ 166,454,201</b>	<b>\$ 38,113,630</b>

The following table presents the net pension liability of the Agency's Plan, calculated using the discount rate for each Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<i>Discount Rate – 1% (6.15%)</i>	<i>Current Discount Rate (7.15%)</i>	<i>Discount Rate + 1% (8.15%)</i>
Net Pension Liability	\$66,704,890	\$38,113,630	\$14,499,815

For information concerning the discount rate, and deferred outflows and deferred inflows of resources related to pensions, see Note 5 to the Agency's audited financial statements attached hereto as Appendix A.

For the fiscal year ended June 30, 2019, the Agency recognized pension expense of \$7,816,754. As of June 30, 2019, the Agency had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

The Board adopted a policy pursuant to which the Agency is making additional contributions to PERS of \$4.5 million per year for ten years, commencing in Fiscal Year 2015, to reduce the Agency's net pension liability. The Agency expects to make these additional annual payments through Fiscal Year 2025.

The Agency believes that PERS' earnings may be reduced in the PERS's fiscal year ending June 30, 2020 as a result of financial market declines resulting from Federal, State, and local responses to the COVID-19 outbreak. Such reductions could increase future contribution rates for plan participants, including the Agency. The Agency cannot currently project the amount by which the Agency's contributions to the Agency's Plan will increase as a result of the Federal, State and local responses to the COVID-19 outbreak. See the caption "INVESTMENT CONSIDERATIONS—COVID-19 Pandemic."



For more information with respect to the Agency's Plan, see Note 5 to the Agency's audited financial statements attached hereto as Appendix A.

**Other Post-Employment Benefits.** The Agency also provides post-employment benefits to all retired employees through PERS Public Employees Medical and Hospital Care Act ("PEMHCA") health program. The Agency contributes an additional monthly longevity benefit to each retiree minus the minimum PEMHCA contribution or currently \$139.00, whichever is greater, according to the chart below to each retiree who simultaneously retires from the Agency through PERS and who is a minimum age of fifty-five (55).

<i>Hire Date</i>	<i>Retirement Date</i>	<i>Benefit Level</i>	<i>Minimum Years of Agency Service</i>	<i>Benefit</i>
Before July 2, 1980	N/A	Employee and/or eligible dependent(s)	15	100% of applicable Kaiser Rate
Before Jan. 1, 1992	N/A	Employee and/or eligible dependent(s)	20	50% of applicable Kaiser Rate
After July 3, 2004	N/A	Employee only or surviving spouse	12	50% of applicable Kaiser Rate

The longevity benefit is available to qualifying retirees whether they enroll in a PERS medical plan or not. The retiree will be reimbursed on a monthly basis for his/her retiree longevity benefit via direct deposit to the retiree's (or surviving spouse's) bank account, up to the maximum benefit provided. Retirees are responsible for any taxes that may be due on reimbursement of retiree longevity benefits.

As of the June 30, 2019 (measurement date as of June 30, 2018) actuarial valuation, the following current and former employees were covered by the benefit terms under the Agency Plan:

Inactive employees or beneficiaries currently receiving benefits	87
Inactive employees entitled to, but not yet receiving benefits	0
Active employees	<u>288</u>
<b>Total</b>	<b>375</b>

The OPEB Plan and its contribution requirements are established by a Memorandum of Understanding with the applicable employee bargaining units and may be amended by agreements between the Agency and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2019, measurement date June 30, 2018, the Agency's cash contributions were \$2,561,354, \$2,000,000 in payments to the trust and \$561,354 in payments to retirees, and the estimated implied subsidy was \$105,188 resulting in total contributions of \$2,666,542.

In Fiscal Year 2014, the Agency entered into an agreement to prefund OPEB through CalPERS California Employer's Retiree Benefit Trust (CERBT). As of June 30, 2019, the Agency has funded \$15,000,000 into the CERBT trust fund towards the net OPEB liability. The Agency expects to contribute approximately \$2 million per year into the CERBT trust fund through Fiscal Year 2025, or until the OPEB liability is fully funded, whichever occurs first.

The Agency's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Assumptions:	
Discount Rate	6.50%
Inflation	2.75%
Payroll growth	3.00% per annum, in aggregate
Investment Rate of Return	6.50% (net of pension plan investment and administration expenses; includes inflation)
Mortality Rate <sup>(1)</sup>	Derived using CalPERS' Membership Data for all funds
Pre-Retirement Turnover <sup>(2)</sup>	Derived using CalPERS' Membership Data for all funds
Healthcare Trend Rate	6.00% HMO/6.50% PPO decreasing to 5.00% HMO/5.00% PPO

(1) Pre-retirement mortality information was derived from data collected during 1997 to 2015 CalPERS Experience Study dated December 2017 and post-retirement mortality information was derived from the 2007 to 2015 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

(2) The pre-retirement turnover information was developed based on CalPERS' specific data. For more details, please refer to the 2007 to 2015 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

The changes in the net OPEB liability for the Agency's OPEB Plan are as follows:

	<i>Increase (Decrease)</i>		
	<i>Total OPEB Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net OPEB Liability (Asset)</i>
<b>Balances at June 30, 2018</b> <i>(Valuation Date June 30, 2017)</i>	\$ 16,574,885	\$ 11,688,978	\$ 4,885,907
<b>Changes in the Year:</b>			
Service cost	520,676	-	520,676
Interest on the total OPEB liability	1,005,737	-	1,005,737
Differences between actual and expected experience	-	-	-
Changes in assumptions	(1,161,761)	-	(1,161,761)
Contribution – employer	-	2,666,542	(2,666,542)
Net investment income	-	551,142	(551,142)
Administrative expenses	-	(6,115)	6,115
Other expenses	-	(15,471)	15,471
Benefit payments, including refunds of employee contributions	(666,542)	(666,542)	-
<b>Net Changes</b>	<b>\$ (301,890)</b>	<b>\$ 2,529,556</b>	<b>\$ (2,831,446)</b>
<b>Balance at June 30, 2019</b> <i>(Measurement Date June 30, 2018)</i>	<b>\$ 16,272,995</b>	<b>\$ 14,218,534</b>	<b>\$ 2,054,461</b>



The following presents the net OPEB liability of the Agency Plan, calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	<i><b>1% Decrease (5.50%)</b></i>	<i><b>Current Discount Rate (6.50%)</b></i>	<i><b>1% Increase (7.50%)</b></i>
Net OPEB Liability	\$4,515,172	\$2,054,461	\$71,985

The following presents the net OPEB liability of the Agency if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	<i><b>1% Decrease (5.00% HMO/5.50% PPO decreasing to 4.00% HMO/4.00% PPO)</b></i>	<i><b>Current Healthcare Cost Trend Rates (6.00% HMO/6.50% PPO decreasing to 5.00% HMO/5.00% PPO)</b></i>	<i><b>1% Increase (7.00% HMO/7.50% PPO decreasing to 6.00% HMO/6.00% PPO)</b></i>
Net OPEB Liability	\$ (147,498)	\$2,054,461	\$4,814,931

As of June 30, 2018, the plan was 87% funded. The total OPEB liability was \$16,272,995 and the plan fiduciary net position was \$14,218,534, resulting in net OPEB liability of \$2,054,461. The covered-employee payroll (annual total payroll of active employees covered by the plan) was \$3,788,381, and the ratio of the net OPEB liability to the covered-employee payrolls was 54.23%.

The Agency believes that PERS' earnings may be reduced in the PERS fiscal year ending June 30, 2020 as a result of financial market declines resulting from Federal, State, and local responses to the COVID-19 outbreak. Such reductions could increase future OPEB liability for the Agency. The Agency cannot currently project the amount by which the Agency's OPEB liability will increase as a result of the Federal, State and local responses to the COVID-19 outbreak. See the caption "INVESTMENT CONSIDERATIONS—COVID-19 Pandemic."

For more information with respect to the Agency's Other Post-Employment Benefits, see Note 18 and required supplemental information sections to the Agency's audited financial statements attached hereto as Appendix A.

**Public Liability.** The Agency maintains a self-insurance program for losses up to \$1,000,000 in connection with its general liability, auto liability, and public officials and employees' error and omissions liability, and up to \$25,000 in connection with property damage and boiler machinery claims. The Agency also maintains coverage for such risks in excess of its self-insurance program through commercial insurance purchased from independent third parties.

The Agency also maintains a self-insurance program for risks associated with workers' compensation to account for and finance uninsured workers' compensation losses. The Agency uses excess insurance agreements to reduce its exposure to large workers' compensation losses. In addition, the Agency purchases commercial insurance coverage for that portion of workers' compensation claims exceeding the California statutory limits of \$1,000,000 per person per occurrence. The current commercial insurance provides coverage for workers' compensation claims up to \$25,000,000.

The Agency also maintains the insurance coverages for employee dishonesty, property damage, and boiler and machinery, as follows:

- Employee dishonesty coverage up to \$15,000,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverage's, and computer fraud; with a deductible of \$2,500 per occurrence.
- Property damage up to \$1,000,000,000 per occurrence coverage limit, subject to a \$25,000 deductible per occurrence. All other claims categories provide coverage up to \$800,000,000 on an annual aggregate basis.
- Boiler and machinery coverage for the replacement cost up to a shared limit of \$500,000,000, subject to various deductibles depending on the type of equipment.

Settled claims from the risks discussed above have not exceeded the Agency's self-insured retentions in any of the last three Fiscal Years.

For more information with respect to the Agency risk management program, see Note 6 to the Agency's audited financial statements attached hereto as Appendix A.

### **Regional Wastewater System**

**General.** The Agency provides wastewater treatment services to the cities of Chino, Chino Hills, Fontana, Montclair, Ontario and Upland, and to the Cucamonga Valley Water District (which serves the city of Rancho Cucamonga) (collectively, the "Contracting Agencies"). In 1972, for the purpose of establishing a Regional Wastewater System, the Agency entered into the Regional Sewage Service Contract (the "Regional Contract") with the Contracting Agencies. Under the terms of the Regional Contract, the Agency is charged with the ownership and operation of the Wastewater System for the collection, treatment and disposal of sewage delivered by the Contracting Agencies. As the operator of the Regional Wastewater system, the Agency assumed the responsibility of meeting the region's annual obligation to deliver treated wastewater to the Santa Ana River as mandated by the *Orange County Water District vs. City of Chino* (Superior Court Case #117628). The Agency is further obligated to construct certain new regional interceptors and expand regional treatment facilities within a reasonable time frame to be prepared to receive all domestic waste delivered by the Contracting Agencies. See the caption "SECURITY FOR THE BONDS—2020A Installment Payments Limited Obligations Payable from Net Revenues—Revenues-The Regional Sewage Service Contract." See the caption "—PFOA and PFOS" for information regarding PFOA and PFOS in the wastewater treated by the Agency.

The Agency operates the Wastewater System pursuant to a National Pollutant Discharge Elimination System ("NPDES") permit, which expires on October 31, 2020. The Agency has filed its Report of Waste Discharge as required to renew the NPDES permit.

**Regional Sewage Service Contract.** In July 1972, the Agency and the Contracting Agencies entered into the Regional Contract. Since that time, the Regional Contract has been amended several times. Since inception of the Regional Wastewater Program, the products and services provided by the Agency have significantly expanded, including production of high-quality renewable products such as recycled water, compost, and renewable energy. During this period, new policies and procedures have been implemented to accommodate the changing regulations and environment, as well as improved effectiveness and efficiencies of the Regional Wastewater Program.

Discussions currently underway among the Agency and the Contracting Agencies are focused on updating, clarifying, and streamlining some of the contract provisions, as well as a potential extension of the Regional Contract beyond the 2023 expiration date. There can be no assurance however that the Regional Contract will be extended or, if extended, what terms or conditions will be included in such extension. In the

event the Regional Contract is not extended, the Agency's Board of Directors has full discretion and authority to adopt an ordinance to support its Regional Wastewater Program without any significant change to the services provided under the Regional Contract.

***Regional Wastewater System Facilities.*** The Regional Wastewater System includes four regional water recycling plants ("RWRPs") which produce recycled water that meet Title 22 standards for indirect reuse and groundwater recharge. All of the RWRPs have primary, secondary, and tertiary treatment and recycled water pumping facilities that are interconnected in a regional network. Agency staff uses influent bypass and diversion facilities, such as the San Bernardino Lift Station and the Montclair Diversion Structure to route flows between regional plants in order to optimize capacity utilization, maximize recycled water deliveries, and minimize overall pumping and treatment costs. The Agency's aggregate existing hydraulic capacity is 85 million gallons per day ("MGD"), including 90 miles of regional sewage interceptors.

In addition, the Agency has three facilities where the biosolids from the RWRPs are handled: Regional Plant No. 1 Solids Handling Facility, Regional Plant No. 2 Solids Handling Facility, and the Inland Empire Regional Composting Authority ("IERCA").

In July 2015, the Agency updated its Wastewater Facilities Master Plan ("WWFMP"), originally prepared in 2002 and last updated in 2007. The planning period of the updated WWFMP was for year 2035 and the ultimate year 2060. Capital projects were developed based on the expansion needs for each of the RWRPs for the next 20 years. The WWFMP will be evaluated every ten years, or as major changes are identified.

***Regional Water Recycling Plant No. 1.*** RP-1 was originally commissioned in 1948 and originally owned jointly by the cities of Ontario and Upland. Upon completion of the negotiations that led to the Regional Contract in 1972, assets were purchased by, and the operation of the facility was passed to, the Agency. Over the years, RP-1 has undergone several expansions to increase the design wastewater treatment capacity as the population and economic activity within its service area (the cities of Montclair, Upland, Ontario, Rancho Cucamonga and Fontana) have increased. The existing hydraulic capacity is approximately 44 MGD; however, the liquids treatment capacity is approximately 32 MGD. The 2015 WWFMP identified expansion of the RP-1 Solids Treatment and Liquid Treatment capacity was needed to meet the increase in influent flows projected by 2035. The implementation of a mixed liquor return pump system has increased liquid treatment capacity to 32 MGD until the next major plant expansion, which is planned to take place in the next 10 to 15 years.

***Regional Water Recycling Plant No. 2.*** Regional Water Recycling Plant No. 2 ("RP-2") was acquired in the same manner as RP-1 from the city of Chino in 1972 and has been in operation since 1960. When RP-5 came online in March, 2004, the RP-2 liquid stream portion of the treatment facilities ceased operations and was taken offline. However, the Agency continues to process solids from RP-5 and CCWRF at RP-2. Relocation of the RP-2 solids handling processes to the RP-5 facility is planned over the next five years. RP-2 is located on land leased from the U. S. Army Corps of Engineers (the "Corps") and is within the flood zone behind Prado Dam. The Corps and Orange County Flood Control District have plans to raise the maximum operational water level behind Prado Dam to allow greater water storage and conservation. Since RP-2 does not have physical flood protections, ***all remaining operations at RP-2 will be relocated*** to RP-5. Such relocation is planned to be completed by 2025. The RP-2 lease expires in 2035. A fund has been established by the Agency to support the future decommissioning of the RP-2 site in which approximately \$12,000,000 is currently on deposit.

***Regional Plant No. 3.*** Regional Plant No. 3 ("RP-3") was acquired in the same manner as RP-1 from the city of Fontana. Following acquisition in 1972, minor modifications were made to extend its useful life until a new regional interceptor could be constructed which would transport flows directly to RP-1 for treatment. Subsequent to the completion of the regional interceptor, the treatment facilities ceased operations and were taken offline in 1988. Plans to develop a new wastewater treatment plant at the 63.3 acre RP-3 site were abandoned by agreement with the city of Fontana. A substantial portion of the RP-3 site is currently being used as a groundwater recharge site for the Chino Basin. A total of 1,106 acre-feet (AF) was recharged into RP-3 in

Fiscal Year 2019, primarily as a result of the Wineville recycled water pipeline extension, which was completed in December 2015.

*Carbon Canyon Water Recycling Facility.* Located in the city of Chino, the Carbon Canyon Water Recycling Facility (“CCWRF”) has been in operation since 1992. The CCWRF works in tandem with RP-2 and RP-5 to serve the areas of Chino, Chino Hills, Montclair, and Upland and provides recycled water to local industries, parks, golf courses, freeway landscape, and city greenbelt areas. It was designed to treat an annual average flow of 11.4 MGD and currently treats approximately 6.9 MGD. There are no major expansion projects planned for CCWRF over the next 30 years and future plans to continue operating or transfer treatment to the RP-5 facility are currently being evaluated.

*Regional Water Recycling Plant No. 4.* Located in the city of Rancho Cucamonga, RP-4 has been in operation since September 1997. In 2009, RP-4 was expanded from 7 MGD to 14 MGD. This treatment plant serves the fast-developing areas of the northeastern section of the city of Rancho Cucamonga and the northwestern section of the city of Fontana, currently treating approximately 10.0 MGD. Part of the original construction included an eight-mile outfall line that connects RP-4 to RP-1, allowing recycled water to be distributed from either facility. The 2015 WWFMP identified expansion of the RP-4 treatment capacity within the next 25 years.

*Regional Water Recycling Plant No. 5.* Regional Water Recycling Plant No. 5 (“RP-5”) is located on 89.8 acres of land in the city of Chino. The Agency completed construction of RP-5 and began operation in March 2004. The Agency constructed RP-5 to replace the liquid treatment processes of the aging RP-2 facility located below the new “take-line” behind the Prado Dam which is subject to a potential flood threat. RP-5 is situated above the new “take-line” behind the Prado Dam and is not subject to a potential flood threat. RP-5 processes sewage flow primarily from the cities of Chino, Chino Hills, and Ontario, and is currently treating approximately 10 MGD and is rated for 15 MGD. Based on Contracting Agencies’ projections, approximately 60% of future growth within the Agency’s service area is projected to occur in the cities of Ontario and Fontana increasing projected flows to RP-5 to 20 MGD by 2030. To accommodate the increased flows, the Agency is in the process of bidding the RP-5 Expansion, which will include a membrane bioreactor treatment system to provide improved water quality for the region. The RP-5 Expansion will result in an increase of the RP-5 hydraulic treatment capacity from 15 MGD to 22.5 MGD for liquid treatment (22.5 MGD for mechanical systems and 30 MGD for structures). In addition, the RP-5 Expansion will also construct a 30 MGD solid treatment facility to replace and relocate the aging RP-2 solids facility above the new “take-line” of Prado Dam. Expansion of the RP-5 facility is currently scheduled to bid in May 2020, be awarded in July of 2020, and complete construction in early 2025.

In order to finance the RP-5 Expansion, the Agency and the Authority executed the WIFIA Installment Purchase Agreement, under which the Agency will make installment payments to the Authority to acquire the WIFIA-financed portion of the RP-5 Expansion from Net Revenues on a parity with the 2020A Installment Payments. The Authority concurrently executed a loan (the “WIFIA Loan”) in the amount of \$196,436,445 with the United States Environmental Protection Agency pursuant to the Water Infrastructure Finance and Innovation Act, the proceeds of which will be used to pay approximately 49% of the costs of the RP-5 Expansion. See the caption “-Description of Indebtedness—*Parity Obligations.*”

In addition, the Agency has applied for a State Revolving Fund Loan from the State Water Resources Control Board (“SWRCB”) to finance approximately 25% of the cost of the RP-5 Expansion. If such loan is extended, the Agency expects the loan to be a Contract payable from Net Revenues on a parity with the 2020A Installment Payments. The Agency does not expect repayment on such State Revolving Fund Loan, if obtained by the Agency, to begin until one year after the completion of the RP-5 Expansion, which is currently expected in Fiscal Year 2025. If a loan from the SWRCB is not available, the Agency expects to finance the remaining costs of the RP-5 Expansion through the execution of Contracts or the issuance of Bonds payable from Net Revenues on a parity with the 2020A Installment Payments. If Contracts are executed or Bonds are issued, Debt Service could begin to be paid in Fiscal Year 2021.

*Regional Interceptors.* The Regional Contract defines sewers which function solely as sewers that convey wastewater from more than one Contracting Agency as “regional interceptors.” These regional interceptors receive sewage from the most downstream point of a Contracting Agency’s community collection system and transport it to the Agency’s treatment plants for processing. The regional interceptors are designed, constructed and maintained by the Agency. As new development occurs, the regional interceptor network is expanded and modified to stay ahead of demand. To date, there are nearly 60 miles of regional interceptor pipelines identified in the Wastewater System.

*Disaster Preparedness.* The Agency recognizes the importance of disaster preparedness in support of meeting the public’s critical infrastructure needs and protecting public health. In support of these essential services, the Agency has developed several programs that provide guidance, training and response procedures for emergency situations.

The Agency’s Emergency Manual provides guidance and protocols on various disasters and risks that the Agency may face. These manuals are located at every Agency facility and are reviewed and updated annually. In support of implementing these plans, the Agency participates in numerous training and communication programs throughout the year. All Agency staff have participated in National Incident Command training, supporting the Agency’s Incident Command Organizational Chart. This includes process and documentation training required during disaster response situations. Annual trainings, which include scenario-based drills, are conducted to ensure employee readiness.

To support communication during these emergency situations, the Agency requires all Agency land lines and cellular phones to be enrolled in the Government Emergency Telecommunications Service/Wireless Priority Service (GETS/WPS). This program provides priority service designed to support national security and public safety communications, availability for government officials, emergency responders and critical infrastructure owners and operators. Additionally, Agency smartphones are equipped with the “In Case of Crisis” application that provides access to the emergency documents, as well as allows for push notifications to all users.

Each Agency facility is equipped with multiple automated external defibrillator (AEDs) and emergency supply sheds. These sheds include the essential food/water and first-aid supplies for up to three days, as well as essential survival equipment tools, supplies, and documentation.

In addition, the Agency participates in several Mutual Aid programs that provide shared resources between public and private organizations and municipalities in our region, programs such as CALWarn, Emergency Network of the Inland Empire (ERNIE), Chino Valley MET-Net, and an agreement directly with our member agencies.

The Agency Maintains robust Business Continuity and Disaster Recovery plans for Information Technology and Operational Technology systems. Backup power and alternate computing resources are deployed to address utility or environmental problems. Computer systems are backed up daily to a minimum of two locations, one of which is kept offline to defend against network compromise. Agency IT staff participate in semi-annual disaster recovery drills to test these measures and ensure that the supporting technology functions as planned. The most recent drill was held on February 12, 2020.

The Agency is planning an alternate datacenter at the RP-1 site to further enhance recovery capabilities. This site will include computing capacity and staff workspace to accommodate operational workloads in the event that RP-5/Head Quarters is unavailable. The Agency regularly explores methods of increasing resilience such as High Availability technology and leveraging cloud services.

*COVID-19 Response:* The primary focus of the Agency in response to the COVID-19 pandemic is to keep our employees and community safe and maintain critical Agency operations. The Agency and staff are



following the recommendations set forth by the Centers for Disease Control (CDC) and the guidelines issued by the federal, state and local governments, and closely monitoring any changes in the status of the virus.

To ensure protection for the employees, beginning Tuesday, March 17, 2020, the Agency is maximizing the number of staff working remotely to create physical distancing with only critical positions being required to work onsite. All onsite employees have been provided with face coverings in compliance with an order from the State of California and Federal government that face coverings be worn outside of private homes. In the event that the current “stay at home” order becomes more restrictive, as an essential service provider all employees have been provided a travel clearance letter. The travel clearance letter was created in consultation with the County, service area cities, and the Agency’s legal counsel.

Board meetings are being held using videoconferencing, with a dedicated call-in line for members of the public who wish to listen or provide public comment. This is following California Governor Newsom’s Executive Order N-29-20 that temporarily modified certain requirements of the Brown Act to ensure physical distancing through teleconferencing or videoconferencing. Board meetings can be viewed via a live-stream link on *ieua.org*.

The Agency’s General Manager has also been in touch with all member agency general managers and city managers to let them know how the Agency is responding operationally and offer support if needed. See the caption “INVESTMENT CONSIDERATIONS—COVID-19 Pandemic.”

**PFOA and PFOS.** In February 2020, the State Water Resources Control Board announced it would reduce the response levels for Perfluorooctanoic acid (PFOA) and Perfluorooctane sulfonic acid (PFOS) to 10 parts per trillion and 40 parts per trillion, respectively. This was a significant reduction from the prior response level of 70 parts per trillion for the two contaminants combined.

While the Agency provides supplemental water purchased from MWD to various entities within its boundaries, the Agency does not pump groundwater for delivery to such entities. The Agency’s water recycling facilities do not utilize or produce PFOA and PFOS; however, the Agency receives wastewater which contains these ubiquitous chemicals used by manufacturers and consumers. As a result, the Agency has reason to believe that water provided by the Agency as well as wastewater discharged to the Santa Ana River may contain PFOA and PFOS. To date, the levels of PFOA and PFOS in Agency-provided recycled water or in wastewater discharged to the Santa Ana River have not been detected above the response levels applicable to these substances.

The Agency expects to being monitoring the levels of PFOA and PFOS in recycled water produced by the Agency, wastewater discharged to the Santa Ana River, and the biosolids created as a byproduct of the Agency’s wastewater treatment activities and delivered to the Agency’s composter. The Agency does not anticipate that the existence of PFOA or PFOS as described above will have a material adverse impact on the Agency’s ability to pay 2020A Installment Payments when due.

**Wastewater Facility Usage.** The following table presents actual wastewater flows for the Fiscal Years ended June 30, 2015 through June 30, 2019.

**Actual Wastewater Flow For Fiscal Years 2015-2019**

	<i>(Northern Service Area)</i>	<i>(Southern Service Area)</i>	
<i>Fiscal Year (Ending June 30)</i>	<i>RP-1 and RP-4 (MGD)</i>	<i>RP-2, RP-5 and CCWRF (MGD)</i>	<i>Total (MGD)</i>
2019	32.7	16.4	49.1
2018	31.0	16.4	47.4
2017	31.9	15.8	47.7
2016 <sup>(1)</sup>	33.5	14.9	48.4
2015	35.6	15.1	50.7

<sup>(1)</sup> Lower wastewater flows resulting from indoor water conservation measures in response to the recent drought in California account for the lower MGD flows in Fiscal Year 2016. Lower flows have resulted in higher concentration of total solid strength.

Source: The Agency.

The Agency projects increases in wastewater flows over the current and next four Fiscal Years, as a result of growth from new development in the service areas, as set forth below. The projected wastewater flows are based on estimates the Agency receives every five years from its Contracting Agencies, and were last updated in 2015. Wastewater flows lower than projected by the Contracting Agencies in 2015 will not have a material negative impact on Agency Revenues, as the Agency can adjust fees per EDU as needed to pay the cost of providing wastewater services.

**Projected Wastewater Flow For Fiscal Years 2020-2024**

<i>Fiscal Year (Ending June 30)</i>	<i>Total (MGD)</i>
2020	53.0
2021	54.0
2022	55.0
2023	56.0
2024	57.0

Source: The Agency.

The following table presents Fiscal Year 2019 reported annualized number of EDU connections within the Agency's service area.

**Agency Wastewater Facilities  
Annualized Number of EDU Connections**

**Fiscal Year Ending June 30, 2019**

<i>User</i>	<i>Annualized Number of EDUs<sup>(1)</sup></i>
CVWD	825,343
City of Ontario	772,176
City of Fontana	689,243
City of Chino	370,820
City of Upland	318,093
City of Chino Hills	305,993
City of Montclair	<u>144,563</u>
<b>Total</b>	<b>3,426,229</b>

<sup>(1)</sup> Equivalent Dwelling Units – one EDU represents the sewage flow at 270 gallons per day from a single-family residential household. Annualized EDU reflects monthly EDU multiplied by 12.

Source: The Agency.

**Agency Wastewater Facilities  
Existing and Projected Plant Capacity  
as of June 30, 2019**

<i>Plant</i>	<i>Hydraulic Capacity (mgd)</i>		<i>Liquid Treatment Capacity (mgd)</i>		<i>Solids Treatment Capacity (mgd)</i>	
	<i>Existing</i>	<i>TYF<sup>(1)</sup></i>	<i>Existing</i>	<i>TYF<sup>(1)</sup></i>	<i>Existing</i>	<i>TYF<sup>(1)</sup></i>
RP-4	14	14	14	14 <sup>(2)</sup>		
RP-1	44	44	32	40 <sup>(3)</sup>	38 <sup>(4)</sup>	60 <sup>(3)</sup>
CCWRF	12	12	12	12		
RP-5	<u>15</u>	<u>22.5</u>	<u>15</u>	<u>22.5</u>	<u>18<sup>(4)</sup></u>	<u>30</u>
<b>Total</b>	<b>85</b>	<b>92.5</b>	<b>73</b>	<b>88.5</b>	<b>56</b>	<b>90</b>

<sup>(1)</sup> “TYF” means Ten Year Forecast.

<sup>(2)</sup> Includes planned expansion to add 7 MGD by 2040.

<sup>(3)</sup> Includes RP-1 Capacity Recovery Project (2023-2030).

<sup>(4)</sup> Based on the Agency’s 2015 Wastewater Facilities Master Plan.

Source: The Agency.

The Agency operates four water recycling plants and solids handling and composting facilities. The combined hydraulic capacity of the Agency’s Regional Plant 1 (RP-1), Regional Plant 4 (RP-4), Carbon Canyon Water Recycling Facility (CCWRF) and Regional Plant 5 (RP-5) is 85 MGD. These facilities have a combined treatment capacity of 73 MGD. With the current RP-5 Expansion project, the current hydraulic and treatment capacity of 15 MGD at RP-5 will be expanded to 22.5 MGD. With other planned improvement projects, the Agency’s total hydraulic treatment capacity will be increased to 92.5 MGD and treatment capacity will be increased to 88.5 MGD. In fiscal 2019, the total average flow of all facilities was approximately 50 MGD, well below the total available hydraulic and treatment capacity.

**Wastewater System Rates and Charges - Sewer Charges.** Sewer rates for both the Wastewater System and the Non-Reclaimable Wastewater (NRW) System are established by the Board. The budget, including such sewer rates, is adopted by the Board no later than June. The Agency adopted its biennial budget for Fiscal Years 2020 and 2021 in June 2019. Included in the adopted budget were the multi-year sewer service rates adopted by the Board in March 2015 for Fiscal Years 2016 – 2020. The Board revised and adopted rates in November 2019 for Fiscal Years 2021 – 2022 based on the 2020 Rate Study to ensure full cost of service is achieved and maintained. Subsequent to the Board actions, the Contracting Agencies each set rate structures reflecting any



necessary changes. The Board adopted rates for two fiscal years to allow for a return to flow study and subsequent Equivalent Dwelling Unit (EDU) analysis.

The following table presents a summary of the Wastewater System sewer service rates charged to the Contracting Agencies for the Fiscal Years ending June 30, 2015 to June 30, 2019.

**Historical Wastewater System Sewer Service Rates**

<i>Fiscal Year (Ending June 30)</i>	<i>Sewer Rates per EDU/mo.*</i>
2019	\$19.59
2018	18.39
2017	17.14
2016	15.89
2015	14.39

\* Equivalent Dwelling Unit per month.  
Source: The Agency.

These rates are monthly sewer service rates that take effect on July 1st of the respective Fiscal Year pursuant to the notice, public hearing and protest procedures of Proposition 218, see the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES.”

The following table presents the Wastewater System sewer service rate charged to the Contracting Agencies for Fiscal Year 2020, which were adopted by the Board in March 2015. Rates for Fiscal Years 2021 and 2022 were adopted by the Board in November 2019. In response to the potential economic impact of the COVID-19 pandemic, on May 6, 2020 the Board rescinded the rate increase set to take effect on July 1, 2020, maintaining the monthly EDU rate unchanged for Fiscal Year 2021.

Rates for Fiscal Years 2023 through 2024 are projected by the Agency. There is no assurance that the Board will not repeal or modify such rate increases in the future or that the Agency’s ratepayers will not approve an initiative to repeal or modify any increase in water service rates and charges approved by the Board.

**Adopted and Projected Wastewater System Sewer Service Rates<sup>(1)</sup>**

<i>Fiscal Year</i>	<i>Sewer Rates per EDU/mo.<sup>(2)</sup></i>
2020	\$20.00
2021	20.00
2022	21.22
2023	21.86
2024	22.52

<sup>(1)</sup> Wastewater System sewer service rates for Fiscal Year 2020 were adopted by the Board in March 2015. Rates for Fiscal Years 2021 and 2022 were adopted by the Board in November 2019. On May 6, 2020 the Board rescinded the rate increase for Fiscal Year 2021. Projected Wastewater System sewer service rates are based on a 3% increase for Fiscal Years 2023 and 2024.

<sup>(2)</sup> Equivalent Dwelling Unit per month.  
Source: The Agency.

**Wastewater System Revenues.** The following table presents summary of the Wastewater System sewer

service revenues for Fiscal Years 2015 through 2019.

### **Wastewater System Sewer Service Revenues**

<i>Fiscal Year (Ending June 30)</i>	<i>Wastewater System Sewer Service Revenues</i>
2019	\$66,498,642
2018	62,144,346
2017	56,641,193
2016	50,073,868
2015	47,022,954

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Source: The Agency and Comprehensive Annual Financial Report (“CAFR”) of the Agency for Fiscal Years 2015 through 2019.

Wastewater System sewer service revenues have customarily been subject to review and audit by both the Agency and the Contracting Agencies. As a result, the rates set forth above and below are subject to such review and audit. Such review and audit may result in additional payments by the Contracting Agencies to the Agency or refunds by the Agency to Contracting Agencies.

The following table presents a summary of projected Wastewater System sewer service revenues based on adopted rates for Fiscal Years 2020 through 2022 and projected sewer service rates for Fiscal Years 2023 through 2024. There is no assurance that the Board will not repeal or modify such rate increases in the future or that the Agency’s ratepayers will not approve an initiative to repeal or modify any increase in water service rates and charges approved by the Board.

### **Projected Wastewater System Sewer Service Revenues**

<i>Fiscal Year (Ending June 30)</i>	<i>Wastewater System Sewer Revenues</i>
2020	\$68,157,700
2021	68,327,100
2022	72,653,200
2023	75,019,900
2024	77,466,400

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Source: The Agency.

**Standby Charges.** Pursuant to the Regional Contract and Section 71631 of the State Water Code, the Agency may, by ordinance, annually fix availability or standby charges in the Agency, or any portion of the Agency, whether such sewage services are actually used or not. The standby assessment or availability charge shall not exceed ten dollars per acre per year for each acre of land on which the charge is levied or ten dollars per year for parcels of less than an acre. To date, the Agency has not imposed any such charges. However, if and to the extent the Agency’s standby assessment or availability charges are determined to be for a property related service within the meaning of Article XIII D of the State Constitution, increases in such standby assessment or availability charges may be subject to the provisions thereof. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Article XIID.”

**Wastewater Capital Connection Fees.** The Agency levies a fee on all new connections that connect to its Regional Wastewater System. The Regional Wastewater System connection is planned and designed using a raw wastewater generation factor of 270 gallons per day (“GPD”) per equivalent dwelling unit (“EDU”) as specified in Exhibit J of the Regional Contract. One EDU is equivalent to one new connection unit. Under the Regional Contract, the Contracting Agencies collect fees for each new EDU connected to a Contracting Agency’s community collection system and consequently to the Regional Wastewater System (“Wastewater

Capital Connection Fees”). The Wastewater Capital Connection Fees are held in trust by the Contracting Agencies in a Capital Capacity Reimbursement Account (“CCRA”) until requested, or “called,” by the contracting agencies. The fee for such Wastewater Capital Connection Fees has been revised periodically and is currently \$6,955 per EDU. Wastewater Capital Connection Fees are restricted to finance the acquisition, construction, and improvement and expansion of the Regional Wastewater System.

Under the Regional Contract, the Agency is required to maintain a regional capital reserve fund (the “RCIF”) with a maximum excess reserve balance of \$1,000,000. On a quarterly basis, Agency staff projects capital funding requirements of the Agency for the following six months. The Agency calls for Wastewater Capital Connection Fees from the Contracting Agencies when the Agency projects a need for additional funds. Capital calls are calculated based on the percentage of each contracting agency’s CCRA account balance relative to the aggregate amount held in the CCRA.

The Agency recognizes Wastewater Capital Connection Fees as revenues when collected by the Contracting Agencies rather than when the Agency calls for the Contracting Agencies to transfer the Wastewater Capital Connection Fees to the Agency.

The following table presents a summary of the Wastewater Capital Connection Fees when recognized by the Agency in Fiscal Years 2015 through 2019.

#### **Historic Wastewater Capital Connection Fee Revenue**

<i>Fiscal Year (Ending June 30)</i>	<i>Wastewater Capital Connection Fee Revenues</i>
2019	\$22,914,037
2018	32,849,912
2017	30,508,191
2016	24,910,235
2015	15,073,882

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Source: The Agency.

As of June 30, 2019 there was approximately \$66,473,575 of Wastewater Capital Connection Fees recognized by the Agency but held by the Contracting Agencies.

Capital Connection Fees have customarily been subject to review and audit by both the Agency and the Contracting Agencies. As a result, the amounts set forth above are subject to such review and audit. Such review and audit may result in additional payments by the Contracting Agencies to the Agency or refunds by the Agency to Contracting Agencies.

Agency collection of Wastewater Capital Connection Fees is dependent on development activity within the Agency. If development activity varies from the activity currently projected by the Agency, Wastewater Capital Connection fees may not be collected as set forth above. Such variation could be material and could have a material adverse impact on the Net Revenues available to make 2020A Installment Payments. See the caption “INVESTMENT CONSIDERATIONS—COVID-19 Pandemic.”

The following table presents a summary of historic Wastewater Capital Connection Fee rates for Fiscal

Years 2015 through 2019.

### Historic Wastewater Capital Connection Fees

<i>Fiscal Year</i>	<i>Effective Date</i>	<i>Connection Fee per EDU*</i>
2019	July 1, 2018	\$6,624
2018	July 1, 2017	6,309
2017	July 1, 2016	6,009
2016	January 1, 2016	5,415
	July 1, 2015	5,107
2015	July 1, 2014	5,107

\* Equivalent Dwelling Unit.  
Source: The Agency.

The following table presents a summary of the rates for Fiscal Year 2020 approved by the Board and the projected rates for Fiscal Years 2021 through 2024. Projected Wastewater System capital connection fees are based on an estimated 6% increase for Fiscal Year 2022 and 3% increase for Fiscal Years 2023 and 2024. There is no assurance that the Board will not repeal or modify such rate increases in the future or that the Agency's ratepayers will not approve an initiative to repeal or modify any increase in water service rates and charges approved by the Board.

### Projected Wastewater Capital Connection Fees

<i>Fiscal Year</i>	<i>Effective Date</i>	<i>Connection Fee per EDU*</i>
2020	July 1, 2019	\$6,955
2021	July 1, 2020	6,955
2022	July 1, 2021	7,379
2023	July 1, 2022	7,600
2024	July 1, 2023	7,828

\* Equivalent Dwelling Unit.  
Source: The Agency.

The following table presents a summary of projected Wastewater Capital Connection Fees for Fiscal Years 2020 through 2024 based on the adopted fees for Fiscal Years 2020, and projected growth. There is no assurance that the Board will not repeal or modify such rate increases in the future or that the Agency's ratepayers will not approve an initiative to repeal or modify any increase in water service rates and charges approved by the Board. The projected growth is based on forecasts provided by Contracting Agencies and is adjusted by the Agency based on historical experience.

### Projected Wastewater Capital Connection Fee Revenue

<i>Fiscal Year (Ending June 30)</i>	<i>Wastewater Capital Connection Fee Revenues</i>
2020	\$27,820,000
2021	27,820,000
2022	29,514,238
2023	26,599,707
2024	27,397,698

Source: The Agency.

***Ad Valorem Property Taxes.*** Prior to the passage of Proposition 13, the Agency established an annual tax levy for the support of Agency activities. Pursuant to Proposition 13, the County Auditor became responsible for the fixed establishment of a county-wide tax rate allocation. Such allocation was determined by averaging the tax levy of each taxing agency for the three Fiscal Years prior to the passage of Proposition 13. The County Auditor then determined the allocation of the county-wide 1% property tax levy between all of the County's taxing agencies on a pro rata basis. See the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Article XIII A."

The Agency had two tax levies in place when Proposition 13 was implemented: A General allocation and an allocation to Improvement District "C." The revenue to Improvement District "C" is applied to the funding of Regional Wastewater System capital requirements. The General allocation is applied to fund general Agency activities.

From time to time legislation has been considered as part of the State budget to shift property tax revenues from special districts to school districts or other governmental entities. While legislation enacted in connection with the 1992-93 State budget shifted many special districts' shares of the countywide one percent *ad valorem* tax, special legislation was enacted which exempted the Agency's share of the countywide one percent *ad valorem* tax from this shift.

On November 2, 2004, State voters approved Proposition 1A, which amends the State Constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State may not, among other things: (i) shift property taxes from local governments to schools or community colleges; or (ii) change how Property Tax Revenues are shared among local governments without two-thirds approval of both houses of the State Legislature.

In Fiscal Year 2010, the State shifted to schools and community colleges a limited amount of local government property tax revenues after certain conditions were met, including: (a) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State; and (b) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. No additional shifts may occur until the State repays the 2009-10 shift. The Agency participated in the State of California Proposition 1A Receivables Program to securitize its receivable from the State, and as a result received the funds shifted, without interest, in two installment payments in 2010. The Agency received its first installment payment of \$1,070,028 in January 2010 and the second installment of equal amount in May 2010. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

On November 2, 2010, the voters of the State approved Proposition 22, known as "The Local Taxpayer, Public Safety, and Transportation Protection Act" ("Proposition 22"). Proposition 22, among other things, broadens the restrictions established by Proposition 1A. While Proposition 1A permits the State to appropriate or borrow local property tax revenues on a temporary basis during times of severe financial hardship, Proposition 22 amends Article XIII of the State Constitution to prohibit the State from appropriating or borrowing local property tax revenues under any circumstances. The State can no longer borrow local property tax revenues on a temporary basis even during times of severe financial hardship. Proposition 22 also prohibits the State from appropriating or borrowing proceeds derived from any tax levied by a local government solely for the local government's purposes. Furthermore, Proposition 22 restricts the State's ability to redirect redevelopment agency property tax revenues to school districts and other local governments and limits uses of certain other funds. Proposition 22 is intended to stabilize local government revenue sources by restricting the State government's control over local revenues.

There can be no assurance that the property tax revenues the Agency currently expects to receive will not be further reduced pursuant to State legislation enacted in the future. If the formula is changed in the future it could have a material adverse effect on the receipt of property tax revenues by the Agency, including property

tax revenues received pursuant to Section 97.23 of the Revenue and Taxation Code of the State of California for the payment of the outstanding Bonds.

The table below sets forth the assessed value of property within the Agency and the amount of property tax revenue received by the Agency and allocated to the Revenue Fund in each of the last five fiscal years.

**Agency Historical Assessed Values and Property Tax Revenue  
For Fiscal Years 2015 to 2019**

<i><b>Fiscal Year</b></i>	<i><b>Assessed Value</b></i>	<i><b>Property Tax Revenue</b></i>	<i><b>Property Tax Allocation to Water Fund</b></i>	<i><b>Net Property Tax Revenue<sup>(1)</sup></b></i>
2019	\$74,836,656,000	\$53,040,078	\$4,873,127	\$48,166,951
2018	69,545,093,000	48,413,443	3,253,805	45,159,638
2017	65,717,035,000	45,674,031	2,295,011	43,379,020
2016	62,396,625,000	45,631,117	4,295,188	41,335,929
2015	59,886,639,000	40,946,003	1,500,000	39,446,003

<sup>(1)</sup> Amounts may not foot due to rounding.

Source: County of San Bernardino – Auditor and Comprehensive Annual Financial Report of the Agency for fiscal years 2015 through 2019.

Fiscal Year 2016 includes approximately \$2.7 million of unobligated incremental taxes returned by the successor agencies to the County Tax/Assessor, which amounts were included in the \$4,295,188 transferred to the Water Resources Fund in Fiscal Year 2016. These unobligated funds were re-distributed by the County Tax/Assessor to eligible taxing agencies pursuant to the dissolution of redevelopment agencies which took effect on February 1, 2012 and represent a non-recurring source of funds to the Agency.

The allocation of Property Tax Revenues between the Revenue Fund and the Water Resources Fund is determined by the Board as part of the budget process on an annual basis. While there can be no assurance that the Board will allocate Property Tax Revenues to the Revenue Fund in accordance with recent practice, the Agency has entered into a rate covenant as further described under the caption “SECURITY FOR THE BONDS-Rate Covenant.”

The table below sets forth the assessed value of property within the Agency and the amount of property tax revenue projected to be received by the Agency in each of the next five fiscal years. A portion of the property tax revenues received by the Agency from properties within redevelopment project areas is first deposited by the County Auditor-Controller into Redevelopment Property Tax Trust Funds established for redevelopment successor agencies, and only paid to the Agency after payment of County administrative and collection fees, pass-through payments to various taxing entities (including the Agency), and enforceable obligations of the former redevelopment agencies and the successor agencies formed to wind down their affairs. As a result, the Agency is not able to accurately predict the amount of property tax revenues the Agency will receive in future years from such redevelopment project areas, and expects to receive less than its full share of the 1% *ad valorem* property tax levy; accordingly, the Agency has projected property tax revenues to be received from such redevelopment project areas in Fiscal Years 2020 through 2025 at levels lower than actually received in some prior years.

**Agency Projected Assessed Values and Property Tax Revenue  
for Fiscal Years 2020 to 2024**

<i>Fiscal Year</i>	<i>Assessed Value</i>	<i>Property Tax Revenue</i>	<i>Property Tax Allocation to Water Fund</i>	<i>Net Property Tax Revenue</i>
2020	\$79,369,678,000	\$52,364,000	\$4,636,500	\$47,727,500
2021	81,750,738,000	53,934,900	5,186,300	48,748,600
2022	84,203,189,000	55,552,900	5,752,600	49,800,300
2023	86,729,304,000	57,219,500	6,335,900	50,883,600
2024	88,463,905,000	58,363,900	6,736,400	51,627,500

Source: The Agency.

The San Bernardino Assessment roll for Fiscal Year 2020 increased by 6% compared to Fiscal Year 2019. The Agency is projecting a conservative 3% growth in assessed value from 2021 to 2023 and a growth factor of 2% for 2024. The property tax revenue projection was based on budgeted receipts in 2019 with a growth factor of 3% for Fiscal Years 2020 through 2023, and a growth factor of 2% thereafter. See the caption “INVESTMENT CONSIDERATIONS—COVID-19 Pandemic.”

### **Non-Reclaimable Wastewater System**

**General.** The Non-Reclaimable Wastewater System (the “NRW System”) provides a collection system which includes pipelines and pump stations to export the high-salinity industrial wastewater generated within the Agency’s service area for treatment and eventual discharge to the Pacific Ocean. The NRW System is physically separated from the Agency’s Regional Wastewater System, ensuring further compliance with the California Regional Water Quality Control Board and state regulations related to environmental criteria, and improving the quality of recycled water for local use. Maximizing the use of the NRW System helps ensure that the Agency complies with the final effluent total dissolved solids (“TDS”) limits which are required under the National Pollutant Discharge Elimination System (“NPDES”) permits.

The NRW System operated by the Agency is comprised of two independent collection systems, the north and south systems which serve different patrons.

The north NRW System serves approximately 42 industries and municipalities. The north NRW System also collects wastewater belt press filtrate and centrate from RP-1. The north NRW System conveys the non-reclaimable wastewater to the Los Angeles County Sanitation Districts (formerly known as the Sanitation Districts of Los Angeles County (LACSD) treatment facility in Carson, where it is treated and discharged to the ocean.



The LACSD and the Agency have entered into various agreements dating back to 1966 (collectively, the “Prior Agreement”) under which the LACSD agreed to accept a portion of the Agency’s industrial wastewater flows from the NRW System. The Prior Agreement, which was set to expire on May 1, 2018, was replaced by the new NRW System Wastewater Disposal Agreement which took effect on July 1, 2014 (the “New LACSD Agreement”). The New LACSD Agreement has an initial term of 30 years, with up to four additional five-year extensions for a total term of up to 50 years. Annual management meetings to review and discuss any modifications due to financial, operational or environmental changes will ensure that the New LACSD Agreement remains relevant. Under the New LACSD Agreement, the Agency has the option to purchase or lease discharge rights, making the New LACSD Agreement more attractive for both new and existing customers looking to expand. Under the Prior Agreement, customers were required to purchase capacity.

The south NRW System serves approximately 15 industries, truckers and the Chino Basin Desalter Authority and conveys wastewater to the Inland Empire Brine Line (“IEBL”) which then carries it to the Orange County Sanitation Districts facility in the city of Fountain Valley for treatment and ocean discharge. The IEBL, which is owned by Santa Ana Watershed Project Authority (SAWPA), is an independent collections system that serves the southern portion of the Agency’s service area. The highest and best use of the brine line is the removal of salts from the watershed to keep them from degrading water quality within the watershed, thereby allowing better use of groundwater resources and expanding the ability to reclaim water. The long-term goal of achieving salt balance within the region depends on the ability to remove salts from the watershed via the brine line.

***Non-Reclaimable Wastewater System Rates and Charges.*** The following tables present summaries of NRW System service rates and charges relating to the Agency’s north and south NRW System for the Fiscal Years 2015 through 2019. Rates for the south NRW System are approved by SAWPA on a biennial basis and such rates are currently approved through Fiscal Year 2021. Rates for the north NRW System are approved by LACSD on an annual basis. There is no assurance that the SAWPA or LACSD Boards will not repeal or modify any future rates.

#### **Historical NRW System Sewer Service Rates**

<i><b>Fiscal Year</b></i>	<i><b>North NRW System Monthly Volumetric Rate per MG</b></i>	<i><b>South NRW System Monthly Volumetric Rate per MG</b></i>
2019	\$912.00	\$946.00
2018	919.00	901.00
2017	915.00	858.00
2016	948.00*	817.00
2015	835.80*	777.00

\* New LACSD Agreement rates effective July 1, 2014.

Source: The Agency.

<i><b>Fiscal Year</b></i>	<i><b>North NRW System Monthly Capacity Charge Rate per Capacity Unit</b></i>	<i><b>South NRW System Monthly Capacity Charge Rate per Capacity Unit</b></i>
2019	none*	\$406.60
2018	none*	387.24
2017	none*	368.76
2016	none*	351.17
2015	none*	334.43

\* New LACSD Agreement rates effective July 1, 2014. The New LACSD Agreement allows Agency to allocate a baseline capacity at no cost to existing industries based on their average use, up to a total of 15,286 capacity units.

Source: The Agency.



<i>Fiscal Year</i>	<i>North NRW System Excessive Strength Charges Rate per 1000 lbs.</i>		<i>South NRW System Excessive Strength Charges Rate per 1000 lbs.</i>	
2019	TSS <sup>(1)*</sup>	\$546.00	TSS <sup>(1)*</sup>	\$429.00
	COD <sup>(2)*</sup>	161.00	BOD <sup>(2)*</sup>	307.00
2018	TSS <sup>(1)*</sup>	446.00	TSS <sup>(1)*</sup>	429.00
	COD <sup>(2)*</sup>	172.00	BOD <sup>(2)*</sup>	307.00
2017	TSS <sup>(1)*</sup>	436.00	TSS <sup>(1)*</sup>	429.00
	COD <sup>(2)*</sup>	180.00	BOD <sup>(2)*</sup>	307.00
2016	TSS <sup>(1)*</sup>	433.00	TSS	420.00
	COD <sup>(2)*</sup>	210.00	BOD <sup>(3)</sup>	301.00
2015	TSS <sup>(1)*</sup>	418.22	TSS	411.00
	COD <sup>(2)*</sup>	147.84	BOD <sup>(3)</sup>	295.00

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<sup>(1)</sup> Total Suspended Solids.

<sup>(2)</sup> Chemical Oxygen Demand.

<sup>(3)</sup> Biochemical Oxygen Demand.

\* New LACSD Agreement rates effective July 1, 2014. The New LACSD Agreement eliminated the threshold for strength charges which will be passed through to industries.

Source: The Agency.

**NRW System Revenues.** The following table presents a summary of NRW System service revenues for Fiscal Years 2015 through 2019. Such revenues have been derived from the Agency financial statements but exclude certain non-cash items and include certain other adjustments.

#### Historical NRW System Sewer Service Revenues

<i>Fiscal Year</i>	<i>NRW System Sewer Service Revenues</i>
2019	\$12,455,880
2018	12,960,607
2017	11,947,914
2016	11,854,847
2015	11,242,300

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Source: The Agency.

The following table presents a summary of projected NRW System sewer service revenues for Fiscal Years 2020 through 2024. There is no assurance that the Board will not repeal or modify such rate increases in the future or that the Agency's ratepayers will not approve an initiative to repeal or modify any increase in water service rates and charges approved by the Board.

<i>Fiscal Year</i>	<i>NRW System Sewer Service Revenues</i>
2020	\$12,369,680
2021	12,509,123
2022	12,988,800
2023	13,266,450
2024	13,655,400

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Source: The Agency.

## Recycled Water System

**General.** In 2005, the Board approved a Regional Recycled Water Expansion Program. Construction of Phases I through V was completed between June 2005 and June 2008. Construction for Phase VI was started in 2008 and completed in June 2015, and the Central/Wineville area projects began in September 2015 and were completed in August 2016. These projects, collectively known as the Regional Recycled Water Distribution System (“RRWDS”), are the backbone of the recycled water regional distribution system. The Agency’s recycled water production is directly related to influent wastewater flow which currently averages approximately 50 million gallons per day (MGD).

Expansion and improvements of the RRWDS increases the water supply that can be used to meet the water demands of the current residents in the Agency’s service area. The Agency expects to continue to develop, expand, and provide flexibility to the program to allow the region to utilize all available recycled water supplies.

Recycled water volumetric rates support the costs associated with the operations and maintenance of the Agency’s water recycling facilities, non-reimbursable operating costs for groundwater recharge basins, including the Agency’s pro-rata share for basins recharged with recycled water, and debt service costs related to the financing of existing facilities and infrastructure.

The Agency previously received a rebate from Metropolitan Water District of Southern California (“MWD”) under its Local Projects Program (“LPP”). Recycled water deliveries in excess of 3,500 AF and up to a maximum of 17,000 Acre-feet (AF) per year, excluding groundwater recharge deliveries, were eligible for the LPP rebate of \$154 per AF, for an annual amount of up to \$2,079,000. The LPP rebate expired in June 2017 and is no longer received by the Agency.

Most purchasers of recycled water from the Agency have no contractual obligation to take a minimum amount of recycled water. As a result, actual direct sales of recycled water may be less than reflected in the projected recycled water system revenues under the caption “—*Recycled Water System Revenues.*”

See the caption “Regional Wastewater System—*PFOA and PFOS*” for information regarding PFOA and PFOS in the recycled water delivered by the Agency.

**Recycled Water System Rates.** The following table presents a summary of the Recycled Water System Rates for Fiscal Years 2015 through 2019.

### Historic Recycled Water System Rates

<i>Fiscal Year</i>	<i>Direct Use Recycled Water Rates per AF*</i>	<i>Groundwater Recharge Rates per AF</i>
2019	\$480	\$540
2018	470	530
2017	410	470
2016 <sup>(1)</sup>	350	410
2015	290	335

\* Acre-feet.

<sup>(1)</sup> 2016 rates effective October 1, 2015. Rates for future Fiscal Years are effective July 1 of the respective year.

Source: The Agency.

The following table shows the rates for Fiscal Year 2020, which were adopted by the Board in May 2015, rates for Fiscal Years 2021 through 2024, which are projected by the Agency. Projected recycled water rates are based on an estimated 5.5% increase for Fiscal Year 2022 and an estimated 2.5% increase for Fiscal Years 2023 and 2024. There is no assurance that the Board will not repeal or modify such rate increase in the

future or that the Agency's ratepayers will not approve an initiative to repeal or modify any increase in water service rates and charges approved by the Board.

### Projected Recycled Water System Rates

<i>Fiscal Year</i>	<i>Direct Use Recycled Water Rates per AF*</i>	<i>Groundwater Recharge Rates per AF</i>
2020	\$490	\$550
2021	490	550
2022	520	580
2023	535	595
2024	551	611

\* Acre-feet.  
Source: The Agency.

**Recycled Water System Revenues.** The following table presents a summary of the Recycled Water System revenues for Fiscal Years 2015 through 2019.

### Historic Recycled Water System Revenues

<i>Fiscal Year</i>	<i>AF <sup>(1)</sup></i>	<i>Recycled Water Sales</i>	<i>MWD Rebate<sup>(2)</sup></i>	<i>Total Recycled Water Revenues</i>
2019	28,345	\$13,901,786	\$ 0	\$13,901,786
2018	34,642	16,877,757	0	16,877,757
2017	33,411	14,305,605	2,079,000	16,384,605
2016	32,619	11,389,182	2,079,000	13,468,182
2015	33,053	9,968,164	2,079,000	12,047,164

(1) Deliveries in acre-feet for both recycled water direct and groundwater recharge.

(2) MWD Rebate expired June 2017.

Source: The Agency.

The following table presents a summary of projected Recycled Water System revenues for Fiscal Years 2020 to 2024.

### Projected Recycled Water System Revenues

<i>Fiscal Year</i>	<i>AF *</i>	<i>Total Recycled Water Sales</i>
2020	32,300	\$16,433,000
2021	31,900	16,155,000
2022	32,100	17,211,950
2023	32,800	18,126,000
2024	33,200	18,650,800

\* Deliveries in acre-feet for both recycled water direct and groundwater recharge based on current trends and subject to changes such as precipitation, land use conversion, or changes in user demand.

Source: The Agency.

**Water Connection Fees.** On January 1, 2016, a new water connection fee was implemented by the Agency with revenues intended to support capital improvement and expansion of the Agency's regional water

system, which is comprised of potable water, recycled water, and groundwater recharge facilities. The new water connection fee is per meter equivalent unit (MEU) per residential unit (based on 5/8" and 3/4" size meters). Projects within the Administrative Services, Water Resources, and Recharge Water Funds supporting the Agency's regional water system receive a portion of annual water connection fees based on project scope and activity during the fiscal year.

The following table presents the Water Connection Fee Revenue for Fiscal Years 2016 through 2019 based on the adopted fees and projected growth. Transfers out represent amounts allocated to the Water Resources Fund for project support.

#### Historic Water Connection Fee Revenue

<i><b>Fiscal Year (Ending June 30)</b></i>	<i><b>Water Connection Fee</b></i>	<i><b>Transfer Out<sup>(1)</sup></b></i>	<i><b>Net Water Connection Fee Revenue<sup>(2)</sup></b></i>
2019	\$5,916,291	\$436,414	\$5,479,877
2018	7,889,278	321,152	7,568,126
2017	5,414,935	58,976	5,355,959
2016	997,010	294,955	702,055

<sup>(1)</sup> Reflects portion of Water Connection Fees allocated to the Water Resources Fund which are not pledged to the repayment of the 2020A Installment Purchase Agreement.

<sup>(2)</sup> Pledged to the repayment of the 2020A Installment Purchase Agreement.

Source: The Agency.

The Water Connection Fees were imposed by the Board in May 2015, effective January 1 for Fiscal Years 2016 and 2017, and July 1 of each Fiscal Year thereafter.

The following table presents the projected Water Connection Fees for Fiscal Years 2020 through 2024 based on the adopted fees and projected growth. Transfers out represent amounts allocated to the Water Resources Fund for project support.

#### Projected Water Connection Fee Revenue

<i><b>Fiscal Year (Ending June 30)</b></i>	<i><b>Water Connection Fee</b></i>	<i><b>Transfer Out<sup>(1)</sup></b></i>	<i><b>Net Water Connection Fee Revenue<sup>(2)</sup></b></i>
2020	\$7,914,800	\$1,947,324	\$5,967,476
2021	7,914,800	1,486,241	6,428,559
2022	8,398,900	1,430,581	6,968,319
2023	8,652,700	1,569,908	7,082,792
2024	8,911,200	348,565	8,562,635

<sup>(1)</sup> Reflects portion of Water Connection Fees allocated to the Water Resources Fund which are not pledged to the repayment of the 2020A Installment Purchase Agreement.

<sup>(2)</sup> Pledged to the repayment of the 2020A Installment Purchase Agreement.

Source: The Agency.

The following table presents a summary of the adopted rates for Fiscal Year 2020 and the projected rates for Fiscal Years 2021 through 2024. Projected water connection fee rates are based on an estimated 6% increase for Fiscal Year 2022 and an estimated 3% increase for Fiscal Years 2023 and 2024. There is no assurance that the Board will not repeal or modify such rate increase in the future or that the Agency's ratepayers will not approved an initiative to repeal or modify any increase in water connection fees approved by the Board.

### Projected Water Connection Fee Rates

<i>Fiscal Year</i>	<i>Effective Date</i>	<i>Connection Fee per MEU*</i>
2020	July 1, 2019	\$1,684
2021	July 1, 2020	1,684
2022	July 1, 2021	1,787
2023	July 1, 2022	1,841
2024	July 1, 2023	1,896

\* Meter Equivalent Unit.

Source: The Agency.

### Composting

**General.** In 2002, the Agency and the LACSD formed the IERCA, a Joint Powers Authority, to construct a fully enclosed state of the art Inland Empire Regional Composting Facility (“IERCF”) in the city of Rancho Cucamonga. The purpose of this facility is to further treat the biosolids generated from the Agency’s four wastewater treatment plants and LACSD as well as other providers as approved. The purchase of the property and existing warehouse was made by the Agency in December 2001. The Agency transferred title to the warehouse to IERCA in July 2002. Construction was completed and the facility was commissioned in March 2007.

The IERCF began operations in 2007 and reached full capacity in 2008 processing over 200,000 tons of recycled wood wastes and biosolids per year. The Agency typically sends 100% of the biosolids it produces representing approximately 60,000 wet tons and 40% of the IERCF’s biosolids capacity. The IERCF has sufficient capacity to accept and process all of the Agency’s biosolids anticipated to be produced over the next several years. The Agency is responsible for the day-to-day operations of the IERCF.

The IERCF composts the recycled organics to produce over 230,000 cubic yards of high quality compost per year. The compost is used as a soil amendment on landscapes and farms and sold under the brand name SoilPro. Since startup, the IERCF has processed over 1 million wet tons of biosolids and produced nearly 2 million cubic yards of compost. The compost is used to create healthy soils which require less water and fertilizers to support landscapes and agriculture. The practice is consistent with the Agency’s goals to conserve and protect water resources. A tipping fee paid by the IERCF partners for biosolid deliveries to the IERCA supports the operations and maintenance expenses and a major part of the repair and replacement costs. Capital project expenditures are equally funded by IERCF partners as needed.

See the caption “—Regional Wastewater System—PFOA and PFOS” for information regarding the potential presence of PFOA and PFOS in the biosolids created as a byproduct of the Agency’s wastewater treatment activities and delivered to the Agency’s composter.

### Financial Information

**Reserve Policy; Liquidity.** The Agency maintains reserve balances at an Agency-wide level and at an individual fund level. The Agency’s overall reserve policy provides that the Agency will maintain fund reserves to ensure sufficient funding is available to meet its operating, capital and debt service obligations, comply with legally mandated requirements, and could respond to unforeseen events. The Agency’s reserve policy also requires an Operating Reserve of at least 4 months projected operating expenses, with a target of 6 months operating expenses for the current fiscal year, and a Debt Service Reserve of at least the next Fiscal Year’s debt service, with a target of maximum annual debt service. The Agency’s reserve policy also specifies minimum and target amounts for the Capital Construction Reserve, Replacement and Rehabilitation Reserve, Self-Insurance Program Reserve, Supplemental Water Reserve, Sinking Fund Reserve, and Employee Retirement

Benefit Reserve. The Agency's reserve policy and reserve balances are reviewed annually to ensure compliance with the Agency's policies and goals.

As of June 30, 2019, the Agency held \$154,214,630 in unrestricted reserves, which equates to approximately 350 days' operating expenses.

***Audited Financial Statements.*** A copy of the most recent financial statements of the Agency (the "Financial Statements") audited by Lance, Soll, & Lunghard, LLP, Brea, California (the "Auditor") and the accompanying Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in accordance with Government Auditing Standards dated December 3, 2019 are included as Appendix A hereto. The Financial Statements include a statement that the Auditor conducted an audit of the Financial Statements in accordance with auditing standards generally accepted in the United States of America and government auditing standards issued by the Comptroller General of the United States. The Auditor opines that the basic Financial Statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Agency, as of June 30, 2019, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with generally accepted accounting principles ("GAAP") in the United States of America. The Financial Statements include certain notes to the financial statements which may not be fully described below under the subheading "Significant Accounting Policies" or in the footnotes to the Tables. Such notes constitute an integral part of the audited financial statements. The Auditor's consent to inclusion of the Financial Statements in the Official Statement was not requested and no procedures were performed.

***Significant Accounting Policies.*** The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflow of resources, liabilities, deferred inflow of resources, net position, revenues and expenses, as appropriate. The Agency's resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Agency accounts for its activities in Enterprise Funds. These funds are included in the Financial Statements and have been grouped into fund types described as "Proprietary Fund Types."

For financial reporting purposes, the Agency has the following major funds: Regional Wastewater, Recycled Water, and Water Resources. These major funds are comprised of certain sub-funds within the Agency's accounting system. Revenues accounted from Recycled Water and Regional Wastewater programs are pledged to the repayment of the 2020A Installment Purchase Agreement.

The Financial Statements were prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when liabilities are incurred.

The Agency accounts for moneys received and expenses paid in accordance with GAAP. In certain cases, GAAP requires or permits moneys collected in one Fiscal Year to be recognized as revenue in a subsequent Fiscal Year and requires or permits expenses paid or incurred in one Fiscal Year to be recognized in a subsequent Fiscal Year. See APPENDIX A—"COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE AGENCY FOR THE FISCAL YEAR ENDED JUNE 30, 2019 AND AUDITOR'S REPORT RE INTERNAL CONTROLS." Except as otherwise expressly noted herein, all financial information derived from the Agency's audited financial statements reflect the application of GAAP.

See the Financial Statements attached hereto as Appendix A for a discussion of other accounting practices of the Agency.



## Description of Indebtedness

**Senior Obligations.** The Agency has one installment purchase agreement secured by Revenues on a basis senior to the 2020A Installment Purchase Agreement. The obligation of the Agency to make 2017A Installment Payments under the 2017A Installment Purchase Agreement secures in part the issuance of the Chino Basin Regional Financing Authority Refunding Revenue Bonds, Series 2017A (Inland Empire Utilities Agency) in the original aggregate principal amount of \$67,615,000 (the “2017A Bonds”). The 2017A Installment Payments are payable in annual principal installments through 2022 and have a current outstanding principal amount of \$58,315,000. As set forth in the 2017A Installment Purchase Agreements, 2017A Installment Payments are payable from the Revenues of the Agency on a basis senior to the 2020A Installment Payments.

**Parity Obligations.** The Agency’s 2020A Installment Payments are payable from Net Revenues on a parity with the WIFIA Installment Purchase Agreement and the State Revolving Fund Loans described below.

The obligation of the Agency to make WIFIA Installment Payments to the Authority under the WIFIA Installment Purchase Agreement secures the obligation of Chino Basin Regional Financing Authority to make WIFIA Loan Payments under the WIFIA Loan Agreement in the original aggregate principal amount of \$196,436,445 (the “WIFIA Loan”). The WIFIA Installment Payments are payable in annual principal installments through 2061 and have a current outstanding principal amount of \$196,436,445. As set forth in the WIFIA Installment Purchase Agreement, WIFIA Installment Payments are payable from the Net Revenues of the Agency on a parity with the 2020A Installment Payments.

The Agency has been an active participant of the State Water Resources Control Board (“SWRCB”) Clean Water State Revolving Fund (“CWSRF”) Program since 2003 and has received numerous loans from the CWSRF (collectively, the “State Revolving Fund Loans”). As of June 30, 2019, the Agency had nineteen State Revolving Fund Loans outstanding with an aggregate principal balance of \$119,746,061. Repayment of the principal of these State Revolving Fund Loans is amortized over a 20 to 30 year period at fixed interest rates ranging from 0.0% to 2.60% with payments commencing one year after the completion of the related capital construction projects. Annual installment payments of principal and interest expense for the outstanding State Revolving Fund Loans is estimated to be \$8,500,000. Since June 30, 2019, the Agency entered into two new State Revolving Fund Loans for two recycled water projects related to the 2015 Drought Relief Program Phase 1: Napa Lateral in the amount of \$3,025,000, net of principal forgiveness, and San Seivaine Basin Improvements in the amount of \$3,230,000, net of state and federal grants. The 2020A Bonds include the refunding of the eight Refunded Revolving Fund Loan Agreements, with a cumulative outstanding principal balance of \$33,819,564, and bearing interest at rates ranging between 2.60% and 1.80%. Following the issuance of the 2020A Bonds, the Outstanding Revolving Fund Loan Agreements will have an outstanding principal balance of \$85,926,497.

The Outstanding Revolving Fund Loan Agreements are payable from Net Revenues on a parity basis to the 2020A Installment Payments. Future CWSRF loans are also expected to be payable from Net Revenues on a parity to the 2020A Installment Payments.

See the captions “SECURITY FOR THE BONDS—Additional Contracts and Bonds” and “THE AGENCY—Additional Parity Contracts and Bonds.”

## Subordinate Obligations

In Fiscal Year 2006, the Agency entered into a reimbursement agreement with the city of Fontana for the construction of the San Bernardino Regional Lift Station and Force Main to convey wastewater to the Agency’s regional water recycling facility. The city of Fontana received a 20-year loan payable from the SWRCB for \$9,577,747, less \$1,596,323 in deferred interest charges for a net loan amount of \$7,981,424 for the cost of construction. As of June 30, 2019 the outstanding amount was \$4,556,378. The project was completed by June 30, 2010, and title and ownership of the regional lift station and force main was transferred to the Agency

from the city of Fontana. The Agency's obligation to make payments under this reimbursement agreement is subordinate to the Agency's obligation to make payments under the 2020A Installment Purchase Agreement.

In 2017, the Agency entered into an On-Bill Financing Agreement with Southern California Edison ("SCE") pursuant to which SCE provided a loan to the Agency (the "SCE On-Bill Financing") to pay for installation of energy efficient lighting at Agency facilities. As of June 30, 2019, the SCE On-Bill Financing has an outstanding balance of \$880,846 and accrues zero percent interest.

### **Historic Operating Results**

The following table is a summary of historic operating results of the Agency for the Wastewater System, NRW System, and Recycled Water System (sometimes collectively referred to herein as the "Agency System") for the past five Fiscal Years. These results have been derived from the Agency financial statements, but exclude the water resource program, depreciation, certain other non-cash items and include certain other adjustments. The Auditor has neither performed any post-audit review of the financial condition of the Agency nor reviewed or audited the Official Statement.

The presentation of historic operating results below reflects the financial covenants set forth in the 2020A Installment Purchase Agreement, not with respect to any other obligations currently or previously outstanding.



**AGENCY SYSTEM**  
**Historic Operating Results**  
**Fiscal Years Ended June 30**

	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
Revenues <sup>(1)</sup>					
Wastewater System Service Charges <sup>(2)</sup>	\$ 66,498,642	\$ 62,144,346	\$ 56,641,193	\$ 50,073,868	\$ 47,022,954
Wastewater Capital Connection Fees <sup>(3)</sup>	22,914,037	32,849,912	30,508,191	24,910,235	15,073,882
Property Tax <sup>(4)</sup>	48,166,951	45,159,638	43,379,020	41,335,929	39,446,003
NRW System Service Charges <sup>(5)</sup>	12,455,880	12,960,607	11,947,914	11,854,847	11,242,300
Interest <sup>(6)</sup>	3,583,464	1,913,954	1,133,004	624,871	395,668
Recycled Water Sales <sup>(7)</sup>	13,901,786	16,877,757	16,384,605	13,468,182	12,047,164
Water Connection Fees <sup>(8)</sup>	5,479,877	7,568,126	5,355,959	702,055	0
Desalter/Composter Services <sup>(9)</sup>	5,133,379	5,343,460	4,855,962	4,772,780	4,655,432
Other <sup>(10)</sup>	<u>3,335,598</u>	<u>1,714,229</u>	<u>2,143,952</u>	<u>1,809,078</u>	<u>2,081,560</u>
Total Revenues	\$ 181,469,614	\$ 186,532,029	\$ 172,349,800	\$ 149,551,845	\$ 131,964,963
Operation and Maintenance Costs					
Wastewater Treatment <sup>(11)</sup>	\$ 23,829,235	\$ 26,617,534	\$ 24,242,516	\$ 21,104,320	\$ 19,001,130
Administration and General <sup>(12)</sup>	31,356,401	29,685,310	24,871,623	22,200,022	28,562,209
Wastewater Disposal <sup>(11)</sup>	11,316,753	10,236,087	11,687,784	11,148,524	7,996,871
Wastewater Collection	10,341,109	9,990,684	8,756,622	7,510,150	8,088,875
Desalter/Composter O&M	3,860,564	3,323,965	3,056,482	4,788,211	3,262,561
Operations and Maintenance	5,133,379	5,343,460	4,855,962	4,772,780	4,655,377
Other <sup>(13)</sup>	<u>1,125,456</u>	<u>3,771,873</u>	<u>6,229,966</u>	<u>3,932,655</u>	<u>1,486,047</u>
Total Operation and Maintenance Costs	\$ 86,962,897	\$ 88,968,913	\$ 83,700,954	\$ 75,456,662	\$ 73,053,069
Senior Obligation Debt Service					
2005A Installment <sup>(14)</sup>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,873,854
2008A Installment Payments <sup>(15)</sup>	0	0	4,704,861	6,250,000	6,250,000
2008B Installment Payments <sup>(16)</sup>	2,538,525	2,438,725	2,283,855	1,904,849	1,811,533
2010A Installment Payments <sup>(17)</sup>	5,114,625	5,305,050	5,350,450	5,291,450	5,292,500
2017A Installment Payments <sup>(18)</sup>	<u>6,146,800</u>	<u>6,223,250</u>	<u>3,792,050</u>	<u>0</u>	<u>0</u>
Total Senior Obligation Debt Service	\$ 13,799,950	\$ 13,967,025	\$ 16,131,217	\$ 13,446,299	\$ 15,227,887
Net Revenues Available to Pay Parity Debt Service	\$ 80,706,768	\$ 83,596,091	\$ 72,517,629	\$ 60,648,884	\$ 43,684,006
State Revolving Fund Loans	\$ 6,471,244	\$ 6,808,862	\$ 6,471,244	\$ 6,642,011	\$ 4,720,863
Parity Obligation Debt Service Coverage	12.47	12.28	11.21	9.13	9.25
Parity Obligation Debt Service Coverage Adjusted for Reclassification of Certain Project Costs <sup>(19)</sup>				8.95	9.21
Net Revenues Available to Pay Subordinate Obligations	74,235,524	76,787,229	66,046,385	54,006,873	38,963,143
Subordinate Obligations					
SAWPA Sari Capacity Purchase	\$ 0	\$ 267,188	\$ 267,188	\$ 267,188	\$ 267,188
City of Fontana Agreement	562,402	562,402	562,402	562,402	562,402
LACSD Past 4R's	737,600	737,600	737,600	737,600	737,600
SCE On-Bill Financing	<u>142,735</u>	<u>60,322</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Subordinate Obligations	\$ 1,442,738	\$ 1,627,511	\$ 1,567,190	\$ 1,567,190	\$ 1,567,190
Remaining Net Revenue	<u>\$ 72,792,786</u>	<u>\$ 75,159,717</u>	<u>\$ 64,479,195</u>	<u>\$ 52,439,683</u>	<u>\$ 37,395,953</u>

(Footnotes on Following Page)

- (1) Revenues do not include grants in support of capital projects obtained by the Agency in the aggregate principal amount of approximately \$5,900,000 in Fiscal Year 2015, \$4,800,000 in Fiscal Year 2016, \$12,300,000 in Fiscal Year 2017, \$5,600,000 in Fiscal Year 2018, and \$1,900,000 in Fiscal Year 2019.
- (2) Wastewater System Service Charge per EDU was \$14.39 for Fiscal Year 2015, \$15.89 for Fiscal Year 2016, \$17.14 for Fiscal Year 2017, \$18.39 for Fiscal Year 2018, and \$19.59 for Fiscal Year 2019.
- (3) Wastewater Capital Connection Fees are collected and held by the Contracting Agencies until the Agency requisitions such payments. The Agency recognizes Wastewater Capital Connection Fees held by the Contracting Agencies as revenue when the funds are collected by each Contracting Agency, as opposed to recording such funds as revenue when the Agency calls for the funds.
- (4) Includes the Agency's share of the County's 1% *ad valorem* property tax and "pass-through" incremental taxes (formerly RDA taxes), and net of property tax allocation to the Water Resource Fund. In Fiscal Year 2016 the Agency received a one-time allocation of \$2.7 million in "surplus" incremental taxes passed through from successor agencies. Actual property tax growth for Fiscal Year 2019 was 7% compared to Fiscal Year 2018.
- (5) The Agency's NRW rates are passed through to NRW customers for both the North and South systems.
- (6) Includes the interest portion of loan payments received pursuant to a reimbursement agreement with Monte Vista Water District dated February 2, 2008 and a reimbursement agreement with Cucamonga Valley Water District dated November 24, 2009.
- (7) Recycled Water sales from Fiscal Years 2015-2017 include approximately \$2,079,000 from MWD Local Projects Program (LPP) rebate which expired June 2017. Lower sales in Fiscal Year 2019 due to high precipitation resulting in lower demand of recycled water.
- (8) Water Connection Fee was implemented in January 2016 with revenues intended to support capital improvement and expansion of the Agency's regional water system, which is comprised of potable water, recycled water, and groundwater recharge facilities. Reflects Water Connection Fees net of the unpledged portion allocated to the Water Resources Fund, which was \$294,955 in Fiscal Year 2016, \$58,976 in Fiscal Year 2017, \$321,152 in Fiscal Year 2018 and \$436,414 in Fiscal Year 2019. See the Projected Water Connection Fee Revenue table under the caption "—Recycled Water System—*Water Connection Fees*" above.
- (9) Desalter/Composter services revenues include contract cost reimbursement from the following joint powers authorities: Inland Empire Regional Composting Authority (IERCA), and Chino Basin Desalter Authority (CDA). The Agency is responsible for the day to day operation of the IERCA composter and CDA Desalter 1.
- (10) Other revenues include (a) contract cost reimbursement from groundwater operations partially funded by Chino Basin Watermaster, (b) MWD rebates for public retrofits and lateral recycled water projects, (c) capital construction reimbursements, (d) lease revenue, (e) minor revenues from certain pass-through charges, and (f) USBR grant revenues for the Chino Basin Groundwater Supply Wells and Raw Water Pipeline project (\$311,431 for Fiscal Year 2019). Related project costs are included in Administration and General expenses.
- (11) The increases in wastewater treatment and wastewater disposal expenses in Fiscal Years 2016, 2017 and 2018 are primarily due to reclassification of labor costs from administration general expense to maintenance (\$5,100,000), operations (\$5,200,000) and laboratory (\$1,500,000).
- (12) The decrease in administrative and general expenses in Fiscal Years 2016 and 2017 was due to the reclassification of administrative labor costs to operations as noted in footnote 11. The decreases in administrative costs partially offset additional costs related to non-capital project costs, such as the RP-1 Fuel Cell and the Chino Basin Groundwater Supply Wells and Raw Water Pipeline.
- (13) Other expense includes retirement of assets in Fiscal Year 2016 and reclassification of certain capital project costs to Operation and Maintenance Costs in Fiscal Year 2015. At the completion of a project, and prior to capitalization, its costs are analyzed to ensure only capital expenditures are appropriately capitalized. Not included in the Other expense for Fiscal Year 2016 is the forgiveness of an inter-fund loan from the Administrative Service Fund to the Water Resources Fund in the amount of \$4,308,104 approved by the Board in June 2016. Such loan forgiveness is a non-cash transaction and does not constitute an Operation and Maintenance Cost for debt coverage rate calculation purposes. Fiscal Years 2017, 2018 and 2019 includes primarily contributions to Chino Basin Groundwater Supply Wells and Raw Water Pipeline non-capital project, that are partially offset by USBR grants.
- (14) The 2005A Installment Payments under the 2005 Installment Purchase Agreement, which secured in part the Chino Basin Regional Financing Authority Revenue Bonds, Series 2005A (Inland Empire Utilities Agency) (the "2005A Bonds"), were scheduled to mature in November 2022 and were redeemed in November 2014.
- (15) The 2008A Installment Payments under the 2008A Installment Purchase Agreement, which secured the Chino Basin Regional Financing Authority Revenue Bonds, Series 2008A (Inland Empire Utilities Agency) (the "2008A Bonds"), were scheduled to mature in November 2039 and were redeemed in January 2017 with proceeds of the 2017A Bonds.
- (16) The 2008B Installment Payments under the 2008B Installment Purchase Agreement secure the Chino Basin Regional Financing Authority Variable Rate Demand Revenue Refunding Bonds (Inland Empire Utilities Agency), Series 2008B, and will be redeemed with proceeds of the 2020A Bonds.
- (17) In Fiscal Year 2011 the 2010A Bonds were issued to refinance \$55,040,000 of Chino Basin Regional Financing Authority Revenue Bonds, Series 1994.
- (18) The 2017A Installment Payments under the 2017A Installment Purchase Agreement were issued to refinance the 2008A Bonds.
- (19) Equals Net Revenues less prior period adjustments and restatements of net position (less amounts allocable to the Water Resources Fund), related to reclassification of certain project costs from capital to operations and maintenance costs of \$1,207,166 in Fiscal Year 2016, and \$217,406 in Fiscal Year 2015. Such calculations are not required under the rate covenant contained in the 2020A Installment Purchase Agreement but are provided here for general information. See the caption "—Management Discussion of Historic Operating Results" for a discussion of restatements of net position, non-cash transactions and restatements not reflected in the numbers above.

Source: The Agency.

## Management Discussion of Historic Operating Results

In the Agency's audited Financial Statements for Fiscal Year 2015, the Agency recorded a restatement to reflect the implementation of GASB pronouncements 68 and 71. Such restatement had no effect on Revenues, Operation and Maintenance Costs, Net Revenues, Parity Obligation Debt Service or Parity Obligation Debt Service Coverage in Fiscal Year 2015 or any prior year which are calculated in accordance with the Indenture.

In the Agency's audited Financial Statements for Fiscal Year 2015, the Agency recorded a restatement related to the reclassification of certain Fiscal Year 2014 project costs from capital to operations and maintenance costs. Such restatement increased Operations and Maintenance Costs and decreased Net Revenues in prior Fiscal Years, and had no material effect on Parity Obligation Debt Service or Parity Obligation Debt Service Coverage in Fiscal Year 2015 or any prior year which are calculated in accordance with the Indenture. See Footnote 18 to the table under the caption "—Historic Operating Results" above.

In the Agency's audited Financial Statements for Fiscal Year 2016, the Agency recorded a restatement related to the reclassification of certain Fiscal Year 2015 project costs from capital to operations and maintenance costs. Such restatement increased Operations and Maintenance Costs and decreased Net Revenues in prior Fiscal Years and had no material effect on Parity Obligation Debt Service or Parity Obligation Debt Service Coverage in Fiscal Year 2016 or any prior year which are calculated in accordance with the Indenture. See Footnote 18 to the table under the caption "—Historic Operating Results" above.

In the Agency's audited Financial Statements for Fiscal Year 2018, the Agency recorded a restatement to reflect GASB pronouncement 75. Such restatement had no effect on Revenues, Operation and Maintenance Costs, Net Revenues, Debt Service or Debt Service Coverage in Fiscal Year 2017 or any prior year which are calculated in accordance with the Indenture. See Footnote 18 to the table under the caption "—Historic Operating Results" above.

## Future Wastewater System Improvements

The Agency projects total capital improvements to the Wastewater System of approximately \$477,945,000 over the current and next four Fiscal Years. These include the RP-5 Expansion, RP-4 Process Improvements, and replacement of the Supervisory Control and Data Acquisition (SCADA) system to standardize and update all Agency facilities. With the exception of the RP-5 Expansion, such capital improvements are expected to be financed by a combination of grants, Revenues remaining after payment of the 2020A Installment Payments and other parity Contracts and Bonds, development impact fees and Agency reserves.

The Agency anticipates financing the cost of the RP-5 Expansion initially using funds on hand, proceeds of additional CWSRF loans, and proceeds of the WIFIA Loan or proceeds of interim notes or other short-term financing. The Agency expects to repay any such interim financing using the proceeds of the WIFIA Loan (defined below under the caption "—Regional Wastewater Facilities—*Regional Wastewater System Facilities*") from the United States Environmental Protection Agency to the Authority pursuant to the Water Infrastructure Finance and Innovation Act.

## Additional Parity Contracts and Bonds

In order to finance the RP-5 Expansion, the Agency will incur one or more of the following obligations on a parity with the 2020A Installment Purchase Agreement to finance a portion of the cost of the RP-5 Expansion. See the caption "—Regional Wastewater Facilities—Regional Wastewater System Facilities."

The Agency expects to enter an CWSRF Loan in the aggregate principal amount of approximately \$101,530,000 to pay a portion of the cost of the RP-5 Expansion. The Agency expects to draw on the CWSRF

Loan to pay costs of the RP-5 Expansion and/or to pay or prepay the Interim Obligation (defined below), as applicable.

The Agency Board has approved the incurrence of a Contract with the Authority (the “Interim Obligation”) in an aggregate initial amount not to exceed \$250,000,000 to finance a portion of the RP-5 Expansion on an interim basis, if the Agency’s General Manager determines that interest rate savings can be achieved under the WIFIA Loan and/or if the Agency’s General Manager determines that the use of interim financing is appropriate to avoid potential disruption or delays in the execution of the RP-5 Expansion because the execution of the CWSRF Loan described above, or disbursements thereunder, or receipt of connection fee revenue, may be delayed.

The Agency expects to enter into additional CWSRF Loans during Fiscal Year 2021 for the purpose of making additional improvements to the Agency System, in the amount of approximately \$55,862,897. See the captions “SECURITY FOR THE BONDS—Additional Contracts and Bonds” and “—Projected Operating Results.”

### **Projected Operating Results**

The Agency’s forecast on projected operating results for the current and next four fiscal years for the Agency System are set forth below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents the Agency’s estimate of the projected financial results based upon the Agency’s judgment of the most probable occurrence of certain important future events. The assumptions set forth in the footnotes to the chart below are material in the development of financial projections for the Agency, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material. See the caption “FORWARD LOOKING STATEMENTS” hereafter.

**AGENCY SYSTEM**  
**Projected Operating Results**  
**Fiscal Years Ended June 30**

	<i>2020<sup>(15)</sup></i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Revenues <sup>(1)</sup> :					
Wastewater System Service Charges <sup>(2)</sup>	\$ 68,157,700	\$ 68,327,100	\$ 72,653,200	\$ 75,019,900	\$ 77,466,400
Wastewater Connection Fees <sup>(3)</sup>	27,820,000	27,820,000	29,514,238	26,599,707	27,397,698
Property Tax <sup>(4)</sup>	47,727,500	48,748,600	49,800,300	50,883,600	51,627,500
NRW System Service Charges	12,369,680	12,509,123	12,988,800	13,266,450	13,655,400
Interest <sup>(5)</sup>	4,491,033	3,838,697	3,542,129	3,598,837	3,567,314
Recycled Water Sales <sup>(6)</sup>	16,433,000	16,155,000	17,211,950	18,126,000	18,650,800
Water Connection Fees <sup>(7)</sup>	5,967,476	6,428,559	6,968,319	7,082,792	8,562,635
Desalter/Composter Services	4,064,526	5,609,227	5,863,448	6,100,830	6,342,181
Other <sup>(8)</sup>	<u>6,556,414</u>	<u>4,913,321</u>	<u>3,524,559</u>	<u>3,814,844</u>	<u>3,863,056</u>
Total Revenues	\$ 193,587,329	\$ 194,349,627	\$ 202,066,943	\$ 204,492,961	\$ 211,132,983
Operation and Maintenance Costs:					
Wastewater Treatment	28,027,104	32,283,138	33,694,878	35,080,902	36,228,670
Administration and General <sup>(9)</sup>	34,923,127	44,374,285	37,854,444	40,614,326	40,358,390
Wastewater Disposal	12,603,831	12,618,376	13,170,178	13,711,926	14,160,550
Wastewater Collection	10,925,425	11,530,516	12,034,745	12,529,789	12,939,736
Desalter/Composter Services	4,064,526	5,609,227	5,863,448	6,100,830	6,342,181
Operations and maintenance	<u>5,717,209</u>	<u>5,723,807</u>	<u>5,974,109</u>	<u>6,219,851</u>	<u>6,423,350</u>
Total Operation and Maintenance Costs	\$ 96,261,222	\$ 112,139,349	\$ 108,591,801	\$ 114,257,622	\$ 116,452,876
Revenues Available to Pay Senior and Parity Debt Service	\$ 97,326,107	\$ 82,210,278	\$ 93,475,142	\$ 90,235,339	\$ 94,680,107
Senior Obligation Debt Service					
2008B Installment Payments <sup>(10)</sup>	\$ 2,605,000	\$ 0	\$ 0	\$ 0	\$ 0
2010A Installment Payments <sup>(10)</sup>	5,227,000	5,127,625	0	0	0
2017A Installment Payments <sup>(10)</sup>	<u>6,146,450</u>	<u>6,145,850</u>	<u>6,142,250</u>	<u>6,143,750</u>	<u>6,472,625</u>
Total Senior Obligation Debt Service	\$ 13,978,450	\$ 11,273,475	\$ 6,142,250	\$ 6,143,750	\$ 6,472,625
Net Revenues Available to Pay Parity Debt Service	\$ 83,347,657	\$ 70,936,803	\$ 87,332,892	\$ 84,091,588	\$ 88,207,482
Parity Obligations <sup>(11)</sup>					
2020A Installment Payments	\$ 0	\$ 6,397,514	\$ 6,260,750	\$ 6,233,250	\$ 6,257,500
WIFIA Installment Payments <sup>(12)</sup>	0	0	0	0	0
2020B Installment Payments <sup>(13)</sup>	0	0	0	0	0
State Revolving Fund Loans <sup>(14)</sup>	<u>8,187,450</u>	<u>5,158,366</u>	<u>5,158,366</u>	<u>5,158,366</u>	<u>5,158,366</u>
Total Parity Obligation Debt Service	\$ 8,187,450	\$ 11,555,880	\$ 11,419,116	\$ 11,391,616	\$ 11,415,866
Total Parity and Senior Debt Service Coverage	4.39	3.60	5.32	5.15	5.29
Net Revenues Available to Pay Subordinate Obligations	\$ 75,160,207	\$ 59,380,923	\$ 75,913,776	\$ 72,699,972	\$ 76,791,616
Subordinate Obligations					
Fontana Loan	562,402	562,402	562,402	562,402	562,402
LACSD Past 4R's	737,600	0	0	0	0
SCE On-Bill Financing	<u>149,316</u>	<u>146,830</u>	<u>146,830</u>	<u>146,830</u>	<u>133,674</u>
Total Subordinate Obligations	\$ 1,449,318	\$ 709,232	\$ 709,232	\$ 709,232	\$ 696,076
Remaining Net Revenue	<u>\$ 73,710,889</u>	<u>\$ 58,671,691</u>	<u>\$ 75,204,544</u>	<u>\$ 71,990,740</u>	<u>\$ 76,095,540</u>

<sup>(1)</sup> Revenues do not include grants received for capital projects, CWSRF loan proceeds, or any revenues for the Water Resource Fund.

(Footnotes Continued on Following Page)



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- (2) In March 2015, the Board adopted the monthly volumetric wastewater system service charges per EDU rates for Fiscal Years 2016 through 2020. The monthly per EDU charges are \$20.00 for Fiscal Year 2020. The monthly per EDU charge of \$20.60 for Fiscal Year 2021, \$21.22 for Fiscal Year 2022, were adopted by the Board in November 2019. On May 6, 2020 in response to the potential economic impact of the COVID-19 pandemic, the Board approved to rescind the adopted rate increase for Fiscal Year 2021 and maintain the monthly EDU rate at \$20.00 per EDU for Fiscal Year 2021 and \$21.22 per EDU for Fiscal Year 2022. Monthly EDU charges of \$21.86 for Fiscal Year 2023, and \$22.52 for Fiscal Year 2024 are projected based on an estimated 3% increase in the cost of living.
- (3) Wastewater Capital Connection Fees support the acquisition, construction, improvement, and expansion of the Agency's regional wastewater system. Fees are collected and held by the Contracting agencies until the Agency requests such payments. The Agency recognizes wastewater connection fees as revenue when they are collected by the contracting agencies. In May 2015, the Board adopted wastewater connection fees for Fiscal Years 2015-2020, including \$6,955/EDU effective 7/1/2019. In response to the COVID-19 the Board is considering maintaining the same fee for Fiscal Year 2021 at \$6,955/EDU. For the following fiscal years, the estimated fees are \$6,955/EDU projected for 7/1/2021; \$7,600/EDU projected for 7/1/2022; and \$7,828/EDU projected for 7/1/2023.
- (4) Includes the Agency's share of the County's 1% *ad valorem* property tax and "pass-through" incremental taxes (formerly RDA taxes), and net of property tax allocation to the Water Resource Fund. A 3% increase in total property tax receipts is projected for Fiscal Year 2020, and an average of 2% increase thereafter.
- (5) Interest income is based on a projected average rate of return of 2.5%.
- (6) Recycled water sales projected to increase from 31,200 AF in Fiscal Year 2020 to 33,200 AF in Fiscal Year 2024, for both direct and groundwater recharge deliveries. Completion of groundwater recharge basins, account for the projected increase in recycled water deliveries. Revenues are based on the adopted budget recycled water rates. In May 2015, the Board adopted rates for Fiscal Years 2016–2020: \$490 per AF in Fiscal Year 2020. In response to the COVID-19 the Board is considering maintaining the same rates for Fiscal Year 2021. The projected rate for Fiscal Year 2022 is \$490/AF, and projected rates thereafter assume an increase of 3%. For groundwater recharge deliveries, a surcharge rate of \$60 per AF is added to the direct delivery rate to support a portion of groundwater recharge basin maintenance operations and maintenance costs not covered by Chino Basin Watermaster, including the Agency's pro rata share of operating costs for recharge basins recharged with recycled water.
- (7) A new Water Connection fee was implemented in January 2016 with revenues intended to support capital improvement and expansion of the Agency's regional water system, which is comprised of potable water, recycled water, and groundwater recharge facilities. The adopted connection fee for Fiscal Year 2020 is \$1,684 per Meter Equivalent Unit (MEU). In response to the COVID-19 the Board is considering maintaining the same fee for Fiscal Year 2021 at \$1,684/MEU. For the following fiscal years, the estimated rates are \$1,787 for Fiscal Year 2022, \$1,841 for Fiscal Year 2023 and \$1,896 for Fiscal Year 2024. The reported amounts are based on the projected units of 4,700 and exclude annual allocations to support projects in the Water Resources fund.
- (8) Other revenues include: (a) operations and maintenance costs for the groundwater recharge basins partially funded by Chino Basin Watermaster, (b) reimbursement from Chino Basin Watermaster for its portion of the 2008B Bonds debt service costs, (c) MWD rebates for public retrofit and lateral recycled water projects, (d) reimbursement of miscellaneous capital construction, (e) and lease revenue, and (f) USBR grant revenues for the Chino Basin Groundwater Supply Wells and Raw Water Pipeline non-capital project (\$65,000 projected in Fiscal 2020).
- (9) Included in Administration and General are employment costs and annual payments of \$4,500,000 towards the Agency's unfunded pension liability. In addition, \$1,000,000 to support planning documents for the Recycled Water and Regional Wastewater programs is included every other year beginning in Fiscal Year 2019.
- (10) See the caption "—Description of Indebtedness—*Senior Obligations.*"
- (11) See the caption "—Description of Indebtedness—*Parity Obligations.*"
- (12) Not expected to be drawn upon until Fiscal Year 2026.
- (13) Estimated issue to fund RP-5 expansion, interest only.
- (14) State Revolving Fund Loans estimated to remain outstanding following proposed partial refunding using proceeds of 2020A Bonds.
- (15) Based on Fiscal Year 2020 budget.

Source: The Agency.

## Management Discussion of Projected Operating Results

In November 2019 the Board adopted incremental rates for Fiscal Years 2021 and 2022 for the monthly sewer EDU rate; however, on May 6, 2020, the Board rescinded the rate increase for Fiscal Year 2021. The Board left in place the rate increase for Fiscal Year 2022, which will reflect a 6% increase from the Fiscal Year 2021 rates. The Agency can provide no assurance that the Board will not rescind the rate increase for Fiscal Year 2022. The Agency is currently completing the 2020 rate study and preparing a proposal for Regional Wastewater connection fee, Recycled Water rates and water connection fee. Total Operations and Maintenance Costs are projected to increase in Fiscal Years 2022-2024 by an annual average of 3%, which the Agency attributes to a reduction of the vacancy factor, anticipated increases of employee benefits, utilities, operating fees and non-capital project costs reflected in the table above under Administration and General expense.

## **INVESTMENT CONSIDERATIONS**

*The following information, in addition to the other matters that are described in this Official Statement, should be considered by prospective investors in evaluating the 2020A Bonds. However, the following does not purport to be comprehensive, definitive or an exhaustive listing of risks and other considerations that may be relevant to making an investment decision with respect to the 2020A Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. If any risk factor materializes to a sufficient degree, it alone could delay or preclude payment of principal or interest on the 2020A Bonds.*

### **Accuracy of Assumptions**

To estimate the Net Revenues which will be available to pay the 2020A Installment Payments, the Agency has made certain assumptions with regard to various matters, including but not limited to future development within the Agency, increases in property tax receipts and increases in revenues resulting therefrom, the rates and charges to be imposed in future years, the expenses associated with operating the Wastewater System and the interest rate at which funds will be invested. The Agency believes these assumptions to be reasonable, but to the extent that any of such assumptions fail to materialize, the Net Revenues available to pay the 2020A Bonds will, in all likelihood, be less than those projected herein. See the captions “THE AGENCY—Projected Operating Results.” See the caption “SECURITY FOR THE BONDS—Rate Covenants.”

### **Rate Covenant Not a Guarantee**

The 2020A Installment Payments are payable from Net Revenues. See “SECURITY FOR THE BONDS.” The Agency’s ability to pay the 2020A Installment Payments depends on its ability to generate Net Revenues at the levels required by the 2020A Installment Purchase Agreement. Although the Agency has covenanted in the 2020A Installment Purchase Agreement to impose rates and charges as more particularly described under the caption “SECURITY FOR THE BONDS—Rate Covenant” and expects that sufficient Net Revenues will be generated through the imposition and collection of such rates and charges, there is no assurance that the imposition and collection of such rates and charges will result in the generation of Net Revenues in the amounts required by the 2020A Installment Purchase Agreement. No assurance can be made that Net Revenues, estimated or otherwise, will be realized by the Agency in amounts sufficient to pay the 2020A Installment Payments. Among other matters, the availability of and demand for water and wastewater services, and changes in law and government regulations could adversely affect the amount of revenues realized by the Agency.

### **Wastewater Flow**

There can be no assurance that the wastewater flows will occur as described in this Official Statement. Reduction in flow levels could result in higher concentration of total solid strength, requiring additional or more costly treatment and thereby increasing operations and maintenance costs, which could require an increase in rates or charges in order to comply with the rate covenant. See the caption “SECURITY FOR THE BONDS—Rate Covenant.” Wastewater flow could be reduced or may not occur as projected by the Agency as a result of reduced levels of development in the Agency’s service area, hydrological conditions, conservation efforts, an economic downturn, mandatory State conservation orders and other factors; however with the anticipated growth within the service area, the result could be increased strength loading with no substantial increases in flow.

### **System Expenses**

There can be no assurance that the Agency’s expenses will be consistent with the descriptions in this Official Statement. Operation and Maintenance Costs may vary with hydrological conditions, the quality and treatment requirements of wastewater, as well as treatment costs, regulatory compliance costs, labor costs (including costs related to pension and other post-employment benefits) and other factors. Increases in Operation

and Maintenance Costs could require an increase in rates or charges in order to comply with the rate covenant. See the caption “SECURITY FOR THE BONDS—Rate Covenant.”

### **Limited Recourse on Default**

If the Agency defaults on its obligation to pay the 2020A Installment Payments, the Trustee has the right to declare the total unpaid principal amount of the 2020A Installment Payments, together with the accrued interest thereon, to be immediately due and payable. However, in the event of a default and such acceleration, there can be no assurance that the Agency will have sufficient funds to pay such accelerated amounts from Net Revenues.

### **COVID-19 Pandemic**

The spread of the novel strain of coronavirus and the disease it causes (now known as “COVID-19”) is having significant negative impacts throughout the world, including in California. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the United States, the State, and numerous counties throughout the State. The purpose behind these declarations are to coordinate and formalize emergency actions and across federal, state and local governmental agencies, and to proactively prepare for a wider spread of the virus.

To date there have been numerous confirmed cases of COVID-19 and numerous deaths resulting from COVID-19 illnesses in the State, including within the Agency’s service area, and health officials are expecting the number of confirmed cases to grow. The outbreak has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools. The United States is restricting certain non-United States citizens and permanent residents from entering the country. In addition, financial markets in the United States and globally have been volatile, with significant declines attributed to coronavirus concerns.

Potential impacts to the Agency associated with the federal, state and local responses to the COVID-19 outbreak include disruption of the regional and local economy including an adverse impact on development activities within the Agency’s service area, which would have a corresponding adverse effect on the receipt of capital connection fees and development impact fees by the Agency. In addition, a decline in assessed values of properties in the Agency’s service area as a result of the economic instability caused by federal, state and local responses to the COVID-19 pandemic would cause a reduction in the 1% property tax levied in the Agency, with a corresponding reduction in the property tax revenues received by the Agency.

In response to the outbreak, on April 2, 2020, Governor Newsom signed Executive Order N-42-20 (“Order N-42-20”), which, among other things, (i) suspends the authority of water systems from suspending water service for non-payment, (ii) orders that residential service to occupied residences that has been discontinued for nonpayment since March 4, 2020 be restored and (iii) provides that the SWRCB will identify best practices, guidelines, or both to be implemented during the COVID-19 emergency (a) to address non-payment or reduced payments, (b) to promote and to ensure continuity of service by water systems and wastewater systems, and (c) to provide measures such as the sharing of supplies, equipment and staffing to relieve water systems under financial distress. Order N-42-20 does not eliminate the obligation of water customers to pay for water service, prevent a water system from charging a customer for such service, or reduce the amount a customer already may owe to a water system. Although the Agency is a wholesale water agency and does not sell water directly to end users on a retail basis, amounts received from the agencies purchasing water from the Agency may be temporarily reduced as a result of Executive Order N-42-20.

In response to the COVID-19 outbreak, Governor Newsom also issued executive orders requiring all non-essential businesses to cease operations and requiring California residents to stay at home except as needed to conduct essential activities. The most recent such order reflects a phased approach to re-opening businesses in California, starting with retail businesses that can accommodate curbside pickup. The County Health Officer



has rescinded its prior stay-at-home order and issued an order that requires compliance with the Governor's executive orders relating to COVID-19.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of the Agency is unknown and there can be no assurance that the federal, state and local responses to the outbreak of COVID-19 will not affect the Agency's ability to pay the 2020A Installment Payments, which secure the 2020A Bonds.

## **Natural Disasters and Seismic Considerations**

**General.** The Agency, like all southern California communities, is subject to unpredictable seismic activity, fires, floods, high winds, landslides or other natural disasters. A severe natural disaster, such as an earthquake, fire, flood, high wind event or landslide, could result in substantial damage to the Agency, including the Wastewater System.

Although the Agency maintains certain insurance, including flood insurance, for damage to the Wastewater System as described under the caption "THE AGENCY—Public Liability," there can be no assurance that specific losses will be covered by insurance or, if covered, that claims will be paid in full by the applicable insurers.

In support of coordinating mitigation measures associated with Natural Disasters and Seismic Considerations that directly impact the Agency's facilities, the Agency prepared a Hazard Mitigation Plan in accordance with the Federal Emergency Management Agency's (FEMA) guidance and approval. The original plan was reviewed and approved in 2005, with updates approved by FEMA in 2010 and 2018.

**Seismic Activity.** The Agency is located in a seismically active region. There is potential for destructive ground shaking during the occurrence of a major seismic event. In addition, land along fault lines may be subject to liquefaction during the occurrence of such an event. In the event of a severe earthquake, there may be significant damage to both property and infrastructure within the Agency, including the Wastewater System. The Agency has an emergency response plan that would be implemented under such circumstances.

Newer Wastewater System facilities are designed to withstand earthquakes with minimal damage, as earthquake loads are taken into consideration in the design of project structures. The impact of lesser magnitude events is expected by the Agency to be temporary, localized and repairable. The Wastewater System has never sustained major damage to its facilities or experienced extended incidences of service interruptions as a result of seismic disturbances.

The Agency does not currently maintain earthquake insurance on the Wastewater System facilities.

**Flooding.** Portions of the Agency are mapped within the 100-year flood plain and have the potential to flood if rain events exceed the floodplain capacity. In particular, many of the Agency's wastewater facilities are located in areas that are subject to potential flooding. In the event of significant flooding affecting the Agency's facilities, the operation of the Wastewater System could be interrupted and the Wastewater System facilities could sustain significant damage. The Agency maintains insurance covering damage to the Wastewater System caused by flooding. See the caption "THE AGENCY—Public Liability." The Agency has not experienced significant damage as a result of past flooding.

**Fire.** Wildfires have occurred in recent years in different regions of the State. Certain of the Agency's facilities are located in areas considered by the Department of Forestry and Fire Protection of the State of California ("CalFire") to have an elevated risk of wildfires. As part of the Agency's Hazard Mitigation Plan,

the Agency evaluated wildfire history and maps identifying that there are no facilities identified with high exposure to wildfires.

There can be no assurance that fires will not occur within the boundaries of the Agency in the future, leading to decreased usage of the Agency's Wastewater System and a decline in Net Revenues. The Agency carries property insurance for fire damage.

***Climate Change.*** The Agency's Board of Directors adopted a Climate Change Action Plan in November of 2018. Climate change caused by human activities may have adverse effects on the Agency's Wastewater and Wholesale Water Systems. Climate change can also result in more variable weather patterns throughout the State, which can lead to longer and more severe droughts as well as increased risk of flooding. While projections of the impacts of global climate change on the Agency are complex and depend on many factors that are outside the Agency's control, in an attempt to prepare for the potential impacts of climate change, the Agency has established a Climate Change Action Plan. The plan outlines four goals: maximizing local water supplies, maintaining the health of the groundwater aquifer, maximizing system efficiencies, and measuring performance that will help the Agency create systems that may be more resilient to the effects of climate change. The Agency considers the potential effects of climate change in its planning.

The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, while the Agency has considered climate change in maintaining and expanding its Wastewater System, the Agency is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts. While the Agency may attempt to mitigate the impacts of climate change in past and future investment in adaptation strategies, the Agency can give no assurance about the net effects of those strategies and whether the Agency will be required to take additional adaptive mitigation measures.

### **Limitations on Remedies Available; Bankruptcy**

The enforceability of the rights and remedies of the Owners and the obligations of the Agency may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; equitable principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercising of powers by the federal or State government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation or modification of their rights.

The opinions to be delivered by Bond Counsel concurrently with the issuance of the 2020A Bonds will be subject to such limitations and the various other legal opinions to be delivered concurrently with the issuance of the 2020A Bonds will be similarly qualified. See APPENDIX E. In the event that the Agency fails to comply with its covenants under the 2020A Installment Purchase Agreement or fails to pay the 2020A Installment Payments, which secure the payments of principal and interest with respect to the 2020A Bonds, there can be no assurance of the availability of remedies adequate to protect the interest of the Owners of the 2020A Bonds.

### **Limited Obligations**

The 2020A Installment Purchase Agreement is a limited obligation of the Agency payable solely from Net Revenues and secured solely by the Revenues pledged in the 2020A Installment Purchase Agreement. If for any reason, the Agency does not collect sufficient Revenues to pay the 2020A Installment Payments, the Agency will not be obligated to utilize any other of its funds to pay the 2020A Installment Payments.

## **Statutory and Regulatory Compliance**

Laws and regulations governing treatment and delivery of water and the treatment and disposal of wastewater are enacted and promulgated by federal, State and local government agencies. Compliance with these laws and regulations is and will continue to be costly, and, as more stringent standards are developed, such costs will likely increase. For example, in February, 2020, the State Water Resources Control Board announced that it would reduce the levels of Perfluorooctanoic acid (PFOA) and Perfluorooctane sulfonic acid (PFOS) to 10 parts per trillion and 40 parts per trillion, respectively. This is a significant reduction from the prior response level of 70 parts per trillion for the two contaminants, combined. See the caption “THE AGENCY—Regional Wastewater System—*PFOA and PFOS*.”

Claims against the Wastewater System for failure to comply with applicable laws and regulations could be significant. Such claims may be payable from assets of the Wastewater System and constitute Operation and Maintenance Costs or from other legally available sources. In addition to claims by private parties, changes in the scope and standards for municipal water and wastewater systems such as that operated by the Agency may also lead to administrative orders issued by federal or State regulators. Future compliance with such orders can also impose substantial additional costs on the Agency. In addition to the other limitations described herein, the State electorate or Legislature could adopt a Constitutional amendment, legislation or an initiative with the effect of reducing revenues payable to or collected by the Agency. No assurance can be given that the cost of compliance with such laws, regulations and orders would not adversely affect the ability of the Agency to generate Net Revenues in amounts that are sufficient to pay the 2020A Installment Payments.

## **Senior Obligations**

The Agency’s obligation to pay 2020A Installment Payments from Net Revenues is subordinate to the District’s obligation to pay 2017A Installment Payments. See the captions “THE AGENCY—Description of Indebtedness—Senior Obligations” and “SECURITY FOR THE BONDS—2020A Installment Purchase Agreement.” In the event Revenues are insufficient to pay Operations and Maintenance Costs, 2017A Installment Payments, and all Parity Installment Payments, including the 2020A Installment Payments, the Agency will apply Revenues to payment of Operations and Maintenance Costs and 2017A Installment Payments prior to making any Parity Installment Payments. The 2020A Installment Purchase Agreement permits the Agency to incur additional obligations on a senior basis to the 2020A Installment Payments solely for the purpose of refunding the 2017A Installment Payments for savings. See the caption “SECURITY FOR THE BONDS—Additional Agency Indebtedness—*Additional Senior Contracts*.”

## **Parity Obligations**

The 2020A Installment Purchase Agreement permits the Agency to issue Bonds and enter into Contracts payable from Net Revenues on a parity with the 2020A Installment Payments, which secure the 2020A Bonds, subject to the terms and conditions set forth therein. The issuance of additional Bonds and entry into Contracts could result in reduced Net Revenues available to pay the 2020A Installment Payments. The Agency has covenanted to maintain coverage of at least 125% of Debt Service, as further described under the captions “SECURITY FOR THE BONDS—Additional Contracts and Bonds—*Additional Parity Contracts and Bonds*” and “THE AGENCY—Additional Parity Contracts and Bonds.”

## **Loss of Tax Exemption**

Interest with respect to the 2020A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date that the 2020A Bonds were executed and delivered as a result of future acts or omissions of the Agency in violation of its covenants in the 2020A Installment Purchase Agreement and Indenture. In addition, current and future legislative proposals, if enacted into law, may cause interest with respect to the 2020A Bonds to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the aggregate amount of interest on state and local

government bonds that may be treated as tax exempt by individuals. See the caption “TAX MATTERS.” Should such an event of taxability occur, the 2020A Bonds are not subject to a special prepayment and will remain outstanding until maturity.

### **Secondary Market**

There can be no guarantee that there will be a secondary market for the 2020A Bonds or, if a secondary market exists, that any 2020A Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

### **Cybersecurity**

Municipal agencies, like other business entities, face significant risks relating to the use and application of computer software and hardware. Recently, there have been significant cyber security incidents affecting municipal agencies, including a ransomware affecting computer systems of the city of Atlanta, an attack on the city of Baltimore’s 911 system, an attack on the Colorado Department of Transportation’s computers and an attack that resulted in the temporary closure of the Port of Los Angeles’ largest terminal.

Adopting the recommendations of the Department of Homeland Security and the National Institute of Standards for Critical Infrastructure Security, the Agency and its vendors employ a multi-layer cyber protection scheme that includes policies, secure architecture and supporting technical controls. Network segmentation, firewalls, endpoint protection software, anti-spam/malware software, intrusion protection and web protection technology are deployed to protect all agency computers. Mobile devices are centrally managed to maintain policy compliance and data security. Multifactor Authentication protects against credential theft. The Agency regularly analyzes the network construct for potential weaknesses in cyber security and thereafter promptly implements solutions for identified shortfalls. In addition, the Agency contracts with third party vendors to monitor and augment internal monitoring of the Agency’s computer systems. Staff participates in regular Security Awareness training to defend against social engineering attacks. IT staff employ vulnerability scanning and network monitoring tools to detect misconfiguration or anomalies in network operation which may indicate system vulnerability. To date, the Agency has not experienced a successful attack on its computer operating systems resulting in a data breach. However, there can be no assurance that a future attack or attempted attack would not result in disruption of Agency operations. The Agency expects that any such disruptions would be temporary in nature.

## **CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES**

### **Proposition 218**

An initiative measure entitled the “Right to Vote on Taxes Act” (the “Initiative”) was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Article XIIC and Article XIID to the State Constitution. According to the “Title and Summary” of the Initiative prepared by the State Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.”

### **Article XIID**

Article XIID defines the terms “fee” and “charge” to mean “any levy other than an *ad valorem* tax, a special tax or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property-related service.” A “property-related service” is defined as “a public service having a direct relationship to property ownership.” Article XIID further

provides that reliance by an agency on any parcel map (including an assessor's parcel map) may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership.

Article XIID requires that any agency imposing or increasing any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a result, if and to the extent that a fee or charge imposed by a local government for sewer service is ultimately determined to be a "fee" or "charge" as defined in Article XIID, the local government's ability to increase such fee or charge may be limited by a majority protest.

In addition, Article XIID includes a number of limitations applicable to existing fees and charges including provisions to the effect that (i) revenues derived from the fee or charge shall not exceed the funds required to provide the property-related service, (ii) such revenues shall not be used for any purpose other than that for which the fee or charge was imposed, (iii) the amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel and (iv) no such fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property-related fees or charges based on potential or future use of a service are not permitted.

Based upon the California Court of Appeal decision in *Howard Jarvis Taxpayers Association v. City of Los Angeles*, 85 Cal. App. 4th 79 (2000), which was denied review by the California Supreme Court, it was generally believed that Article XIID did not apply to charges for water services that are "primarily based on the amount consumed" (i.e., metered water rates), which had been held to be commodity charges related to consumption of the service, not property ownership. The Supreme Court stated in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal.4th 205 (2006) (the "*Bighorn Case*"), however, that fees for ongoing water service through an existing connection were property-related fees and charges. As a wholesale water agency, the Agency and Agency General Counsel do not believe Agency rates are subject to the substantive and procedural requirements of Article XIID.

On April 20, 2015, the California Court of Appeal, Fourth District, issued an opinion in *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano* upholding tiered water rates under Proposition 218 provided that the tiers correspond to the actual cost of furnishing service at a given level of usage. The opinion was specific to the facts of the case, including a finding that the City of San Juan Capistrano did not attempt to calculate the actual costs of providing water at various tier levels. The Agency's wastewater rates are described under the caption "THE AGENCY—Regional Wastewater System—*Wastewater System Rates and Charges - Sewer Charges*." The Agency does not currently expect the decision to affect its water rate structure. The Agency believes that its current water rates comply with the requirements of Proposition 218 and expects that any future water rates will comply with Proposition 218's procedural and substantive requirements to the extent applicable thereto.

### **Article XIIC**

Article XIIC provides that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments. Article XIIC does not define the terms "local tax," "assessment," "fee" or "charge," so it was unclear whether the definitions set forth in Article XIID referred to above are applicable to Article XIIC. Moreover, the provisions of Article XIIC are not expressly limited to local taxes, assessments, fees and charges imposed after November 6, 1996. On July 24, 2006, the Supreme Court held in the *Bighorn* case that the provisions of Article XIIC included rates and fees charged for domestic water use. In the decision, the Court noted that the decision did not address whether an initiative to reduce fees and charges could override statutory rate setting obligations. The Agency and Agency General Counsel do not believe that Article XIIC grants to the voters within the Agency the power to repeal or



reduce rates and charges in a manner which would be inconsistent with the contractual obligations of the Agency. However, there can be no assurance of the availability of particular remedies adequate to protect the Bond Owners. Remedies available to Bond Owners in the event of a default by the Agency are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time-consuming to obtain.

### **Article XIII A**

On June 6, 1978, California voters approved Proposition 13, which added Article XIII A to the California Constitution ("Article XIII A"). Article XIII A limits the amount of any *ad valorem* tax on real property to one percent of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and (as a result of an amendment to Article XIII A approved by California voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property that has been approved on or after July 1, 1978 by two-thirds of the voters voting on such indebtedness. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

Article XIII A limits the ability of the Agency to collect *ad valorem* property taxes which are pledged to the payment of the 2020A Installment Payments.

**Legislation Implementing Article XIII A.** Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by each California county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon the location of reappraised property and the value of property within each taxing agency. Any such allocation made to a local agency continues as part of its allocation in future years.

### **Article XIII B**

An initiative to amend the State Constitution entitled "Limitation of Government Appropriations" was approved on November 6, 1979 thereby adding Article XIII B to the State Constitution ("Article XIII B"). Under Article XIII B state and local governmental entities have an annual "appropriations limit" and are not permitted to spend certain moneys that are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the "appropriations limit." Article XIII B does not affect the appropriations of moneys that are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

The Agency is of the opinion that its Wastewater System and NRW System service charges for such services in the Agency's service area do not exceed the costs it reasonably bears in providing such services and therefore are not subject to the limits of Article XIII B. The Agency has covenanted in the 2020A Installment Purchase Agreement that it will prescribe Agency System rates and charges sufficient to provide for payment of 2020A Installment Payments in each year. See the caption "SECURITY FOR THE BONDS—Rate Covenant."

### **Future Initiatives**

Article XIII A, Article XIII B, Article XIII C and Article XIII D were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting Agency revenues or the Agency's ability to expend revenues.

### **Bankruptcy**

In addition to the specific limitations on remedies contained in the applicable documents themselves, the rights and obligations with respect to the Bonds and the 2020A Installment Purchase Agreement are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, and to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State. The various opinions of counsel to be delivered with respect to such documents, including the opinion of Bond Counsel (the form of which is attached as APPENDIX E), will be similarly qualified.

## **THE AUTHORITY**

The Authority is a joint exercise of powers agency organized under the provisions of the Act and a Joint Exercise of Powers Agreement, dated as of May 1, 1993 (the "Joint Powers Agreement") between the Agency and the CVWD. The Authority was created to provide for the financing of public capital improvements for the members of the Authority and other local agencies through the acquisition by the Authority of such public capital improvements, the purchase by the Authority of indebtedness of the members of the Authority and other local agencies pursuant to bond purchase agreements, and the lending or providing of funds by the Authority to the members of the Authority and other local agencies, and any other transaction authorized by law. Under the Act, the Authority has the power to issue bonds to pay the costs of public capital improvements. The Board of the Agency serves as the Commission of the Authority.

## **CHINO BASIN WATERMASTER**

Watermaster is a court-created entity charged with administering adjudicated water rights and managing groundwater resources within the Chino Groundwater Basin. Watermaster was formed pursuant to *Chino Basin Municipal Water District versus the City of Chino et al*, San Bernardino Superior Court Case No. RCVRS 51010 (formerly Case No. CSV 164327 (the "Judgment"), dated January 27, 1978. Watermaster must abide by the rules and regulations set forth in the Judgment. Pursuant to the Judgment, Watermaster has the power to levy administrative assessments, including assessments to pay for major operating expenses. Such administrative assessments include the OBMP Assessment. Other Watermaster responsibilities include, among other things, (i) managing and controlling the replenishment of water supplies in the Chino Groundwater Basin, (ii) determining the amount of groundwater that each producer is entitled to extract without incurring a replenishment obligation for the succeeding Fiscal Year, and (iii) approving and facilitating the storage of supplemental water in the Chino Groundwater Basin. See Appendix B—"CERTAIN INFORMATION RELATING TO THE CHINO BASIN WATERMASTER."

## **APPROVAL OF LEGAL PROCEEDINGS**

The valid, legal and binding nature of the Bonds is subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, acting as Bond Counsel, and certain other conditions. The form of such

legal opinion is attached hereto as APPENDIX E, and such legal opinion will be attached to each Bond. The Underwriters are being represented by their counsel, Nixon Peabody LLP, Los Angeles, California. Certain legal matters will be passed on for the Authority and the Agency by JC Law Firm, Chino Hills, California, for Watermaster by Brownstein Hyatt Farber Schreck LLP, and for the Trustee by Dorsey & Whitney LLP, Costa Mesa, California.

Bond Counsel expresses no opinion to the Owners of the Bonds as to the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Bonds and expressly disclaims any duty to do so.

The fees being paid to Bond Counsel, counsel to the Underwriters and the Underwriters are contingent upon the issuance of the Bonds.

Payment of the fees of Bond Counsel is contingent on the issuance of the Bonds. Bond Counsel represents the Authority and the Agency in connection with the issuance of the Bonds. Bond Counsel represents the Underwriters from time-to-time on matters unrelated to the Authority, the Agency or the Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation, is serving as Bond Counsel to both the Authority and the Agency in connection with the transaction described in this Official Statement. Bond Counsel does not represent the Underwriters or any other party in connection with the issuance of the Bonds.

## **LITIGATION**

### **Authority**

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the Authority, threatened against the Authority affecting the existence of the Authority or the titles of its directors or officers to their respective offices or seeking to restrain or to enjoin the issuance of the Bonds, the application of the proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the validity of the Bonds, the Indenture, or any action of the Authority contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the Authority or its authority with respect to the Bonds or any action of the Authority contemplated by any of said documents, nor to the knowledge of the Authority, is there any basis therefor.

### **Agency**

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the Agency, threatened against the Agency affecting the existence of the Agency or the titles of its directors or officers to their respective offices or seeking to restrain or to enjoin the execution and delivery of the Installment Purchase Agreement, the application of the proceeds of the Bonds in accordance with the Indenture, or in any way contesting or affecting the validity of the Bonds, the Indenture, the Installment Purchase Agreement, or any action of the Agency contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the Agency or its authority with respect to the 2017 Installment Payments or any action of the Agency contemplated by any of said documents, nor to the knowledge of the Agency, is there any basis therefor.

There exist lawsuits and claims against the Agency which are incidental to the ordinary course of business of the operation of the Agency. In the view of the Agency's General Counsel, no such incidental litigation present or pending, will individually or in the aggregate materially impair the Agency's ability to pay the 2020A Installment Payments.



## CONTINUING DISCLOSURE

The Agency has covenanted in a Continuing Disclosure Certificate for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Agency by not later than 270 days following the end of the Agency's Fiscal Year (currently its Fiscal Year ends on the last day of June) (the "Annual Report"), commencing with the report for Fiscal Year ending June 30, 2020, and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report and the notices of material events will be filed by the Agency with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report and the notice of material events is set forth in APPENDIX F—"FORM OF CONTINUING DISCLOSURE CERTIFICATE" hereto. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934.

In early January 2014, Agency staff codified its disclosure policies and procedures in a document entitled "Inland Empire Utilities Agency Disclosure Procedures" (the "Disclosure Policies and Procedures"). On May 21, 2014 the Board formally adopted the Disclosure Policies and Procedures.

The Board adopted an update to the Disclosures Policies and Procedures on [June 17, 2020] entitled "Inland Empire Utilities Agency Policy for Disclosure Procedures" (the "Policy for Disclosure Procedures"). A copy of the updated Policy for Disclosure Procedures has been provided to the Underwriters and is available from the Executive Manager of Finance and Administration/Assistant General Manager of the Agency at 6075 Kimball Avenue, Chino, California 91708, Telephone: (909) 993-1673.

In the past five years, the Agency has been subject to certain continuing disclosure undertakings previously entered into with respect to the 2005A Bonds (which were redeemed in full on November 1, 2017), the 2008B Bonds, the 2010A Bonds and the 2017A Bonds (the "Prior Continuing Disclosure Undertaking"). Pursuant to the Prior Continuing Disclosure Undertaking, the Agency agreed to file its audited financial reports, certain operating data, notices of certain enumerated events and notices of the occurrence of certain other enumerated events.

In connection with the issuance of the 2017A Bonds, the Agency conducted a review of noncompliance with its Prior Continuing Disclosure Undertaking. On January 11, 2017 the Agency made supplemental filings to provide notices of prior rating changes with respect to the rating of the 2008B Bonds and the 2010A Bonds. On January 12, 2017, the Agency made supplemental filings with respect to the 2008B Bonds and the 2010A Bonds to provide the balance in each respective debt service reserve fund and a statement of each respective the reserve requirement, and Historical NRW System Sewer Service Rates for Fiscal Years 2015 and 2016. [UPDATE WITH ANY ISSUES FROM CITIGROUP]

Based on the annual reports filed in accordance with the Prior Continuing Disclosure Undertaking and the filings described above, the Agency believes that it is currently in compliance in all material respects with the Prior Continuing Disclosure Undertaking.

## TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest on the Bonds is based upon certain representations of fact and certifications made by the Authority, the

Agency and others and is subject to the condition that the Authority and the Agency comply with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Bonds to assure that interest will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Authority and the Agency have covenanted to comply with all such requirements.

The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner’s basis in the applicable Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Beneficial Owner is excluded from gross income of such Beneficial Owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Beneficial Owner is exempt from State of California personal income tax.

The amount by which a Beneficial Owner’s original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Beneficial Owner’s basis in the applicable Bond (and the amount of tax-exempt interest received with respect to the Bond), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Beneficial Owner realizing a taxable gain when a Bond, is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Beneficial Owner. Purchasers of Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

Bond Counsel’s opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest on any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

The Internal Revenue Service (the “IRS”) has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar securities).

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES ON BENEFICIAL OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS,

ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Although Bond Counsel will render an opinion that the interest due on the Bonds is excluded from gross income for federal income tax purposes provided that the Authority and the Agency continue to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences with respect to the Bonds.

A complete copy of the proposed opinion of Bond Counsel is set forth in APPENDIX E—“FORM OF BOND COUNSEL OPINION.”

## **RATINGS**

S&P Global Ratings (“S&P”) has assigned the Bonds the rating of “\_\_\_” and Moody’s Investors Service (“Moody’s”) has assigned the Bonds the rating of “\_\_\_.” Such ratings reflect only the views of S&P and Moody’s, respectively, and an explanation of the significance of such ratings may be obtained from S&P and Moody’s. The Authority makes no representation as to the appropriateness of the ratings. Further, there is no assurance that the rating will continue for any given period of time or that they will not be revised downward or withdrawn entirely, if, in the sole judgment of such S&P or Moody’s, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on trading value and the market price of the Bonds. The Authority undertakes no responsibility either to bring to the attention of the owners of the Bonds any downward revisions or withdrawal of any ratings obtained or to oppose any such revision or withdrawal.

The Agency has covenanted in a Continuing Disclosure Certificate to file on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (“EMMA”), notices of any rating changes on the Bonds. See the caption “CONTINUING DISCLOSURE” above and APPENDIX F—“FORM OF CONTINUING DISCLOSURE CERTIFICATE” attached hereto. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the Agency and prior to the date the Agency is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the ratings agencies and their respective websites and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance of the Bonds.

In providing a rating on the Bonds, certain rating agencies may have performed independent calculations of coverage ratios using their own internal formulas and methodology which may not reflect the provisions of the Indenture. The Agency makes no representations as to any such calculations, and such calculations should not be construed as a representation by the Agency as to past or future compliance with any financial covenants, the availability of particular revenues for the payment of Debt Service or for any other purpose.

## **MUNICIPAL ADVISOR**

The Agency has retained PFM Financial Advisors LLC, Los Angeles, California, as municipal advisor (the “Municipal Advisor”) in connection with the issuance of the Bonds. The Municipal Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The fees being paid to the Municipal Advisor are contingent upon the issuance of the Bonds.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

## UNDERWRITING

The Bonds will be purchased by Citigroup Global Markets Inc., on behalf of itself and J.P. Morgan Securities LLC (together, the “Underwriters”), under a Purchase Agreement, dated June \_\_, 2020, pursuant to which the Underwriters have agreed to purchase all of the Bonds for an aggregate purchase price of \$ \_\_\_\_\_ which represents the par amount of the Bonds plus net original issue premium of \$ \_\_\_\_\_ less an Underwriters’ discount of \$ \_\_\_\_\_. The Purchase Agreement provides that the Underwriters will purchase all of the Bonds if any are purchased, the obligation to make such a purchase being subject to certain terms and conditions set forth in the Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, “Fidelity”). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Agency for which they received or will receive customary fees and expenses. In addition, certain affiliates of the Underwriters are lenders, and in some cases agents or managers for the lenders, under credit and liquidity facilities.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Agency.

In connection with the offering of the Bonds, the Underwriters may overallocate or effect transactions which stabilize or maintain the market price of such Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

## FORWARD LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the captions “SECURITY FOR THE BONDS,” and “THE AGENCY.”

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE AUTHORITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

### **MISCELLANEOUS**

Insofar as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of such statements made will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the Owners of the Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Authority.

CHINO BASIN REGIONAL FINANCING AUTHORITY

By: \_\_\_\_\_  
General Manager

**APPENDIX A**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE AGENCY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
AND AUDITOR'S REPORT RE INTERNAL CONTROLS**



## APPENDIX B

### CERTAIN INFORMATION RELATING TO THE CHINO BASIN WATERMASTER

*The information set forth below has been provided by the Chino Basin Watermaster (“Watermaster”). The Chino Basin Regional Financing Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below. Capitalized terms not otherwise defined herein will have the respective meanings ascribed thereto in the Recharge Facilities Financing Agreement dated as of June 1, 2002 (the “Recharge Facilities Agreement”). See APPENDIX D—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Recharge Facilities Agreement” for the definitions of such terms.*

#### General

***The Chino Basin.*** The Chino Basin is one of the largest groundwater basins in southern California containing approximately 5,900,000 acre-feet of water and has an unused storage capacity of approximately 400,000 acre-feet. The Chino Basin consists of approximately 235 square miles of the upper Santa Ana River watershed and lies within portions of the counties of San Bernardino, Riverside, and Los Angeles. Approximately 5% of the Chino Basin is located in Los Angeles County, 15% in Riverside County, and 80% in San Bernardino County. The Chino Basin is bounded by the Cucamonga Basin and the San Gabriel Mountains to the north, the Temescal Basin to the south, Chino Hills and Puente Hills to the southwest, San Jose Hills and the Pomona and Claremont Basins on the northwest and the Rialto/Colton Basins on the east. The legal boundaries of the Chino Basin are defined in the Judgment in “Chino Basin Municipal Water District v. City of Chino et. al.” in California State Superior Court for San Bernardino County (the “Court”) Number RCVRS 51010 (formerly Case Number 164327), dated January 27, 1978 (the “Judgment”).

The Chino Basin has a rapidly growing population. As of January 1, 2020, the population of the Chino Basin was approximately 1.2 million, and is estimated to reach approximately 1.3 million by 2030. Watermaster projects the demand for water from the Chino Basin will continue to rise.

***Historical Overview.*** In the 1970s, Chino Basin water users became concerned with increasing water production, a decreasing water supply and declining water quality in the Chino Basin. By 1975, several major Chino Basin water users and the State of California initiated studies of the problem of allocating water rights within the Chino Basin, and began to negotiate a solution. During the negotiations, three pools of Chino Basin water users with similar interests in the allocation of the Chino Basin emerged: (i) agricultural users, including dairy farmers and the State of California (the “Agricultural Pool”), (ii) industrial users (the “Non-Agricultural Pool”), and (iii) municipal water providers and other government entities (the “Appropriative Pool”) (the Agricultural Pool, the Non-Agricultural Pool and the Appropriative Pool are sometimes collectively referred to herein as the “Pools” and each individually as a “Pool”).

On January 2, 1975, several Chino Basin producers filed suit in the Court to settle the problem of allocating water rights in the Chino Basin. On January 30, 1978, the Court entered the Judgment adjudicating water rights in the Chino Basin and establishing Watermaster.

Watermaster is a Court created entity established pursuant to the Judgment. The Judgment adjudicated all groundwater rights in the Chino Basin and contains a physical solution to meet the requirements of water users having rights in or dependent upon the Chino Basin, and appointed Watermaster to account for and implement the management of the Chino Basin. The Judgment declared that the Initial Operating Safe Yield (“Safe Yield” refers to the amount of water that can safely be drawn from the aquifer) of the Chino Basin is 140,000 acre feet per year, which is allocated (i) 82,800 acre feet per year to the Agricultural Pool, (ii) 7,366 acre feet per year to the Non-Agricultural Pool, and (iii) 54,834 acre feet per year to the Appropriative Pool. In March 2019, the Safe Yield was reset from 140,000 acre feet to 135,000 acre feet, which allocated (i) 82,800



acre feet per year to the Agricultural Pool, (ii) 7,366 acre feet per year to the Non-Agricultural Pool, and (iii) 49,834 acre feet per year to the Appropriative Pool.

### **Organization, Purposes and Powers**

***Optimum Basin Management Program.*** Under Paragraph 41 of the Judgment, Watermaster has the authority to develop an Optimum Basin Management Program for the Chino Basin, which Watermaster submitted to the Court on September 22, 1999 (the “OBMP”). The Peace Agreement regarding the Chino Basin dated June 29, 2000 (the “Peace Agreement”), further clarifies Watermaster’s commitments and sets forth the adoption and implementation of the OBMP. The OBMP provides a strategy for increasing the quality and quantity of water within the Chino Basin through the implementation of nine elements of the OBMP strategy: (i) a groundwater monitoring program, (ii) a recharge program, (iii) supplying water to impaired areas of the Chino Basin, (iv) separating and managing the Chino Basin groundwater basin by management zones, (v) a regional supplemental water program, (vi) cooperative programs to improve management of the Chino Basin, (vii) a salt management program, (viii) a groundwater storage management program, and (ix) conjunctive-use programs. The recharge program element of the OBMP includes improvements to facilities to increase recharge in the Chino Basin by capturing more storm water and importing water to deposit into storage in the Chino Basin. Watermaster entered into the Recharge Facilities Agreement as part of the recharge program of the OBMP.

***Assessments.*** Watermaster has express powers and duties provided in the Judgment, and as additionally ordered or authorized by the Court in exercise of the Court’s continuing jurisdiction, including without limitation the power to (i) levy and collect assessments in amounts sufficient to replace water production in excess of allocated safe yields with supplemental water (“Replenishment Assessments”), (ii) levy and collect assessments for Watermaster and Pool administration (“Administrative Assessments”), and (iii) levy and collect assessments for the implementation of the OBMP (the “OBMP Assessments”) (Replenishment Assessments, Administrative Assessments and OBMP Assessments are sometimes collectively referred to herein as the “Assessments”). See the caption “—Sources of Revenues.”

***Watermaster Board and Committees.*** Under the Judgment, the Board of Directors of Chino Basin Municipal Water District, predecessor to Inland Empire Utilities Agency (“IEUA”), was originally appointed to act as Watermaster. In 1998, the Court appointed a nine-member Watermaster board consisting of representatives from each of the Agricultural Pool, the Non-Agricultural Pool, the Appropriative Pool, and three municipal water districts (the “Board”). See the caption “Board of Directors, Management and Employee Relations — Watermaster Board.” Under the Judgment, the Pools are each represented by a separate committee comprised of such Pool’s members (each a “Pool Committee” and collectively, the “Pool Committees”). The composition of each Pool Committee is determined according to each Pool’s respective pooling plan. Each Pool Committee has the opportunity to approve the Watermaster budget for its Pool for each Fiscal Year.

In addition to the Pool Committees, each of the Pools is represented on a committee called the “Advisory Committee.” The Advisory Committee acts on all matters that affect more than one Pool before such matters are forwarded to the Watermaster Board for action. Voting on the Advisory Committee consists of 100 votes allocated to the respective Pools based on the proportion of total Assessments paid to Watermaster during the preceding year, provided that the minimum number of votes is 20 votes for the Agricultural Pool, 20 votes for the Appropriative Pool and 5 votes for the Non-Agricultural Pool. The Advisory Committee must approve and recommend to the Board the budget for Watermaster for each Fiscal Year.

## Board, Management and Employee Relations

**Watermaster Board.** The current nine member Board, their producer affiliation and brief biographies are set forth below.

### CHINO BASIN WATERMASTER BOARD

<i>Board Member</i>	<i>Designation</i>	<i>Party</i>
Jeff Pierson, Chair	Agricultural Pool	Crops
James Curatalo, Vice-Chair	Appropriative Pool	Fontana Union Water Company
Bob G. Kuhn, Secretary/Treasurer	Municipal Water Districts	Three Valleys Municipal Water District
Robert Bowcock	Non-Agricultural Pool	Vulcan Materials
Victor Preciado	Appropriative Pool	City of Pomona
Steven J. Elie	Municipal Water Districts	Inland Empire Utilities Agency
Don Galleano	Municipal Water Districts	Western Municipal Water District
Paul Hofer	Agricultural Pool	Crops
Peter Rogers	Appropriative Pool	City of Chino Hills

*Jeff Pierson, Chair.* Mr. Jeffrey Pierson represents the Overlying Agricultural Pool on the Watermaster Board. He has been involved in both the Dairy and Farming industries within the Chino Basin for over three decades. He has participated as an officer of the Overlying Agricultural Pool and Advisory Committee throughout this period and has been involved with the evolution of Watermaster to its present-day configuration.

Mr. Pierson represents one of the largest property owners in the Chino Basin. Over the course of his career, he has been responsible for supervising and coordinating the production aspects of large scale real estate development, including land entitlements, engineering studies and documentation, land planning and architecture, construction management and general contracting, along with the acquisition and disposition of raw and finished product. He serves as the Principle-in-Charge of individual development projects controlled or managed by Unitex Management Corp., the Intex family of corporations and partnerships, and Eastvale Development Company.

*James Curatalo, Vice-Chair.* Mr. James V. Curatalo, Jr. was elected to the Cucamonga Valley Water District (“CVWD”) Board of Directors in November 1999. He represents Division 5 and currently serves on the Water Resources Committee and the Human Resources/Risk Management Committee. Director Curatalo represents CVWD as the regular special district member for the County of San Bernardino, Local Agency Formation Commission (LAFCO), where he serves as Vice-Chairman of the Commission. Mr. Curatalo also serves as the Chairman of the Fontana Union Water Company, a mutual water agency in which CVWD is the majority shareholder. As a representative of the Fontana Union Water Company, he was appointed to the Chino Basin Watermaster and currently serves as Vice-Chair.

Vice-Chair Curatalo is a retired battalion chief from the Rancho Cucamonga Fire Protection District. His background and experience include fire safety, technical rescue, hazardous material incident management, and he has served as a training officer for his department. Prior to his employment with the Fire District, he was a contractor operating his own business in the San Gabriel Valley.

*Bob G. Kuhn, Secretary/Treasurer.* Bob Kuhn has been a resident of Glendora for over 30 years and served eight years on the Glendora City Council, most notably as Mayor in 1990-91 and 1993-94. He was a delegate to the League of California Cities, San Gabriel Valley Association of Cities, and Southern California Association of Governments. He is a member and past President of Foothill Transit and has served as President for the Independent Cities Risk Management Authority. Director Kuhn has been a member of the Glendora Planning Commission, the East San Gabriel Valley Planning Committee and alternate member for the Local

Agency Formation Commission. He is also a member of the Foothill Presbyterian Hospital Men's Club. Director Kuhn is President of a Glendora based insurance agency.

*Robert Bowcock.* Mr. Robert Bowcock represents the Non-Agricultural Pool. Mr. Robert Bowcock has served on several Watermaster Boards since 1990. Mr. Bowcock currently represents municipal, industrial and commercial parties in the Chino, San Gabriel, Raymond, Mojave, Central and West Los Angeles, Upper Los Angeles River, Santa Clara and San Diego River Basin Judgments in California. Mr. Bowcock founded Integrated Resource Management, LLC in 1997 after serving as a Water Utility Manager in Azusa (1991-97) and Huntington Park (1987-91), California. Mr. Bowcock worked for the Metropolitan Water District of Southern California (1982-87), and as a United States Army Civil Affairs Team Leader designed and constructed water treatment and distribution systems for various federal branches of government in Southeast Asia and South America. Mr. Bowcock is a licensed California Grade V Water Treatment Operator and maintains various other water industry licenses and certifications. Mr. Bowcock routinely provides expert witness testimony to both state and federal courts and conducts research and writes reports for legal firms in the specific area of water resource management.

*Victor Preciado, Member.* Councilmember Victor Preciado represents the City of Pomona's District 2. He currently serves on the boards of the Spadra Basin Watermaster, the Pomona Valley Protection Agency, the Pomona Walnut Rowland JPA, and the Six Basins Watermaster. Mr. Preciado also serves on the board of the Downtown Pomona Owners Association.

*Steven J. Elie.* Mr. Elie was elected to serve on the Inland Empire Utilities Agency's Board of Directors in November, 2010, and currently serves as the Secretary/Treasurer. He represents Division 3 - the City of Chino, the City of Chino Hills, and portions of Ontario. He joined the Chino Basin Watermaster Board in January of 2011.

Mr. Elie also serves as a Committee member on the Community and Legislative Affairs Committee, the Finance and Administration Committee, the Agency's representative to the Association of San Bernardino County Special Districts, and as alternate representative to the Southern California Water Coalition. Mr. Elie also serves as Vice President of the Chino Basin Regional Financing Authority and serves as Board Member on the Chino Basin Water Bank JPA.

Mr. Elie is an attorney who regularly represents public entities and public utility regulated entities in complex, multiparty litigation and administrative matters, including soil and groundwater contamination.

*Don Galleano.* Don Galleano has been a public servant in Riverside County for more than 40 years. In 2004, he was elected to the Western Municipal Water District (Western) Board of Directors after serving nearly 25 years on the Jurupa Community Services District Board. He represents Western's Division #4, which includes the cities of Eastvale, Jurupa Valley and Norco. Don Galleano's current term on the Western Municipal Water District Board expires in December 2020.

As Western's sole representative on the Metropolitan Water District of Southern California Board, Don Galleano is responsible for acting on behalf of the interests of the nearly one million customers who receive their water both directly and indirectly from Western. Currently, he serves on Metropolitan's Engineering & Operations, Agriculture and Industry Relations, Communications and Legislation and Integrated Resources Planning committees. Galleano is past president of the Western Riverside County Businessman's Association and the Jurupa Chamber of Commerce. He is currently serving on the National Orange Show Foundation Board and the Los Angeles County Fair Association Board and is the Chairman of the Pacific Rim Wine Competition.

Don Galleano is a third-generation winegrower at the Historic Cantu-Galleano Ranch, home to Galleano Winery.

*Paul Hofer.* Mr. Paul Hofer represents the Agricultural Pool. Mr. Hofer currently serves on the Board of Directors for the Inland Empire Utilities Agency, District 2. Mr. Hofer previously served on the Chino Basin Water Conservation District Board of Directors for over 20 years as both President and Vice President. Mr. Hofer is a resident of Ontario where he has spent his lifetime career as a farmer.

*Peter Rogers.* Mr. Peter Rogers was elected to the Chino Hills City Council in 2006, and was re-elected in 2010, 2014, and 2018. He has served three terms as Mayor. He began his public service on the City's Parks and Recreation Commission in 1998 after interacting with the Commission for many years as President of Canyon Hills Little League.

Mr. Rogers served on the Chino Basin Watermaster Board in 2012 and 2013. He has also served as Chair, Vice Chair, and Board Member of the Chino Desalter Authority (CDA), and the Water Facilities Authority (WFA). He represents Chino Hills on the Policy Committee of the Inland Empire Utilities Agency (IEUA).

Mr. Rogers is a member and Past President of the Rancho Del Chino Rotary Club. Council Member Rogers is the Chair of the Chino Hills Community Foundation, which was founded in 2008. He founded chARTS, the Arts Committee of the Foundation in 2013. Council Member Rogers and his wife Merry have lived in Chino Hills since 1986. He is a small business owner. His Chino Hills-based company, Peter Rogers Photography, serves the advertising and public relations needs of many major corporations.

***Employees/Management.*** Watermaster currently employs a staff of ten employees, headed by the General Manager, to conduct the day-to-day business and technical activities of Watermaster. From time to time, as necessary to perform its duties, Watermaster also engages the services of consultants for special projects and in areas where specialized expertise are necessary. Watermaster is composed of the following officers:

General Manager – Peter Kavounas, PE

Chief Financial Officer – Joseph S. Joswiak, MBA

*Peter Kavounas, General Manager.* Mr. Kavounas was hired as the General Manager of Chino Basin Watermaster on September 4, 2012. Mr. Kavounas has over 30 years' experience and is a licensed Professional Engineer in the State of California. He worked for the Los Angeles Department of Water and Power as the Eastern Sierra Environmental Issues Manager, and subsequently for the City of Glendale's Water and Power Department as the Assistant General Manager-Water Services.

Mr. Kavounas has a Bachelor of Science degree in Civil Engineering from the University of Minnesota, a Master of Engineering-Structural from UC Berkeley, and a Master of Science-Water Resources from USC. He is also a graduate of Leadership Southern California Class XII.

*Joseph S. Joswiak, Chief Financial Officer.* Mr. Joswiak joined the Chino Basin Watermaster as CFO on April 5, 2010. Under the direction of the General Manager, the CFO provides leadership, coordination and administration of all functional activities and policies related to treasury and finance, accounting, budgeting, human resources, risk management and administrative functions of the organization. Mr. Joswiak has worked in both the public and private sectors and has a diversified career in finance and administration with more than 35+ years in manufacturing, transportation, banking, professional services and hospital management industries.

Prior to joining Chino Basin Watermaster, Mr. Joswiak was the Financial Services Manager/Assistant Treasurer for Fleetwood Enterprises, Inc., a former Fortune 500 company and the nation's leading producer of manufactured housing and recreational vehicles. He was also the Vice President of Finance and Administration for Cofiroute USA, formerly California Private Transportation Company ("CPTC"), which owned and operated the highly acclaimed 91 Express Lanes - the world's first fully automated toll highway.

Mr. Joswiak's past professional affiliations include management positions with Notting America, Inc.; CU Cooperative Systems, Inc.; California Credit Union League; Care Enterprises, Inc.; and Sony Corporation. Additionally, he served four years in the United States Navy assigned to the Naval Support Force Antarctica, which included deployments "on the ice" at McMurdo Station, Antarctica.

Mr. Joswiak earned an MBA from the University of Redlands, and received his Bachelor of Arts in Business Administration from California State University, Fullerton.

***Employee Benefits.*** Permanent Watermaster employees earn from 10 to 20 vacation days a year, depending on length of employment, and 12 sick days per year. In addition, Watermaster pays for 10 observed and 2 floating holidays. Employees may carry vacation days forward up to the equivalent number of days earned in the immediately preceding twenty-four month period. There is no maximum accumulation of sick leave. Upon separation from employment, except by retirement, employees who have been employed for five (5) or more years of continuous regular and/or introductory employment will be paid at their current rate of pay for twenty five (25) percent of their accrued unused sick leave. Employees who are terminated for cause, or resign in lieu of termination shall not be paid for accrued sick leave in any case. Employees who retire at or after age 55 with a minimum of five (5) years of continuous regular and/or introductory employment will be paid at their current base rate of pay for fifty percent (50%) of their accrued, unused sick leave, up to a maximum of 600 hours, and for one hundred percent (100%) of their accrued unused sick leave if retiring with a minimum of twenty (20) years of continuous regular and/or introductory employment, up to a maximum of 600 hours.

***Deferred Compensation Plan.*** Watermaster has established a deferred compensation plan for all employees of Watermaster in accordance with Internal Revenue Code Section 457. Under such plan, employees authorize the Watermaster to defer a portion of their salary to be deposited in individual investment accounts. Participation in the plans is voluntary and may be revoked at any time upon advance written notice. Watermaster makes no contribution under the plan. Watermaster employees can also participate in the 401(a) Retirement Plan which could allow contributions to be made by the employee, Watermaster, or both. Currently, Watermaster does not contribute any funds towards the 401(a) Retirement Plan.

As of June 30, 2019, the deferred compensation plan assets were held in trust accounts for the sole benefit of the employees and their beneficiaries, and accordingly have been excluded from the Watermaster's reported assets.

***Defined Benefit Pension Plan.*** Watermaster contributes to the California Public Employees' Retirement System ("PERS"), agent multiple-employer public employee defined benefit pension plan. Watermaster's defined benefit pension plan is identified as the Miscellaneous Plan of the Chino Basin Watermaster (the "Watermaster Plan"). PERS provides retirement, disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the state of California.

Benefit provisions, and all other requirements, are established by State statutes within the Public Employees' Retirement Law and the Watermaster contract with employee bargaining groups. PERS issues a separate comprehensive annual financial report. Copies of the PERS' annual financial report may be obtained from the PERS Executive Office - 400 "Q" Street - Sacramento, CA 95811.

At June 30, 2019, 10 active employees and no inactive employees were covered by the Watermaster Plan.

Watermaster is required to contribute the actuarially determined remaining amounts necessary to fund the retirement benefits for its members. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration.



The Watermaster's Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	<i>Miscellaneous Plan</i>	
	<i>Classic</i>	<i>PEPRA</i>
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.000%	6.25%
Required employer contribution rates	10.110%	6.533%

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates, for all public employers, be determined on an annual basis by the actuary and shall be effective on July 1 following notice of the change in rate. Funding contributions for the Watermaster Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Watermaster is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the fiscal years ended June 30, 2019 and 2018, the contributions recognized as part of pension expense for the Watermaster Plan was as follows:

	<i>Miscellaneous Plan</i>	
	<i>2019</i>	<i>2018</i>
Contributions – employer	\$173,396	\$151,517

As of June 30, 2019 and 2018, the Watermaster reported net pension liabilities for its proportionate share of the net pension liability of the Watermaster Plan as follows:

	<i>2019</i>	<i>2018</i>
Miscellaneous Plan	\$1,188,162	\$1,210,470

The Watermaster's net pension liability for the Watermaster Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Watermaster Plan is measured as of June 30, 2018 (the measurement date), and the total pension liability for the Watermaster Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 (the valuation date), rolled forward to June 30, 2018, using standard update procedures.

The Watermaster's proportion of the net pension liability was based on a projection of the Watermaster's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the fiscal year ended June 30, 2019, the Watermaster recognized pension expense of \$242,896.

As of June 30, 2019, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of \$173,396, and will be recognized as a reduction of the net pension liability in the Fiscal Year ended June 30, 2020.

At June 30, 2019, other amounts reported as deferred outflows and inflows of resources related to the pensions, which will be recognized as pension expense as follows:

<i><b>Fiscal Year Ending June 30,</b></i>	<i><b>Deferred Net Outflows/(Inflows) of Resources</b></i>
2020	\$123,662
2021	79,996
2022	(33,544)
2023	(10,687)

The total pension liabilities were determined by actuarial valuations as of June 30, 2017, which were rolled forward to June 30, 2018, using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	7.15%
Inflation rate	2.50%
Salary increases	Varies by Entry Age and Service
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Period Upon Which Actuarial Experience Survey Assumptions Were Based	1997-2011
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

\* The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of Scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

As of June 30, 2019, the Watermaster's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, is as follows:

	<i><b>Discount Rate - 1% 6.15%</b></i>	<i><b>Current Discount Rate 7.15%</b></i>	<i><b>Discount Rate + 1% 8.15%</b></i>
Watermaster's Net Pension Liability	\$1,851,236	\$1,188,162	\$640,805

For information concerning the discount rate, and deferred outflows and deferred inflows of resources related to pensions, see Note 9 to the Watermaster's audited financial statements attached hereto as Appendix B-1.

As of June 30, 2019, Watermaster had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

For more information with respect to the Watermaster’s Plan, see Note 9 to the Watermaster’s audited financial statements attached hereto as Appendix B-1.

**Other Post-Employment Benefits.** Watermaster also provides a defined benefit Other Post-Employment Benefit (OPEB) Plan (“OPEB Plan”) which provides OPEB for all permanent and vested full-time employees. The OPEB Plan is a single-employer defined benefit OPEB plan administered by the Watermaster. The Watermaster’s Board has the authority to establish and amend the benefit terms and financing requirements of the OPEB Plan. Watermaster participates in a CalPERS Health Program, a community-rated program for its medical coverage. Watermaster does not have an OPEB trust established and no assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The OPEB Plan provides a contribution equal to 50% of the retiree only costs for eligible retirees and surviving spouses in receipt of a pension benefit from CalPERS. An employee is eligible for this employer contribution provided they are vested in their CalPERS pension benefit and commence payment of their pension benefit within 120 days of retirement from the Watermaster.

Vesting requires at least 5 years of CalPERS total service. The surviving spouse of an eligible retiree who elected spouse coverage under CalPERS is eligible for the employer contribution upon death of the retiree. Board members during or prior to 1994 are also eligible for a Watermaster contribution at retirement.

At June 30, 2019, the following employees were covered by the benefit terms:

	<b>2019</b>
Active employees	9
Inactive employees or beneficiaries currently receiving benefit payments	<u>5</u>
Total plan membership	14

The Watermaster’s total OPEB liability of \$214,783 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

The total OPEB liability in the June 30, 2019 actuarial valuation, which was measured at December 31, 2018, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:



Valuation Date	December 31, 2017
Measurement Date	December 31, 2018
Actuarial cost method	Entry Age Normal cost method in accordance with the requirements of GASB Statement No. 75
Inflation	2.75% per annum
Salary increases	3.0% per annum, in aggregate
Discount rate	3.80%; the discount rate is based on the resulting rate using the average of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Byer 20-Bond GO Index, Fidelity GO AA 20 Year Bond Index
Healthcare cost trend rates	6.0% and 6.5% for HMO and PPO, respectively as of June 30, 2019, decreasing 0.5% per year to an ultimate rate of 5.0% for both HMO and PPO as of June 30, 2022 and later years.

Changes in the net OPEB Liability as of June 30, 2019 (measured at December 31, 2018) were as follows:

	<i>Increase (Decrease)</i>		
	<i>Total OPEB Liability (a)</i>	<i>Plan Fiduciary Net Position (b)</i>	<i>Net OPEB Liability/(Asset) (c) = (a) - (b)</i>
Balance at July 1, 2018	<u>\$ 208,799</u>	<u>\$ -</u>	<u>\$ 208,799</u>
Changes during the year:			
Service cost	18,418	-	18,418
Interest	7,571	-	7,571
Changes in assumptions	(17,582)	-	(17,582)
Contributions - employer	-	2,423	(2,423)
Benefit payments	<u>(2,423)</u>	<u>(2,423)</u>	<u>-</u>
Net changes	<u>5,984</u>	<u>-</u>	<u>5,984</u>
Balance at June 30, 2019	<u>\$ 214,783</u>	<u>\$ -</u>	<u>\$ 214,783</u>

The following presents the net OPEB liability of the Watermaster as of June 30, 2019, as well as what the Watermaster's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.80%) or 1-percentage-point higher (4.80%) than the current discount rate:

	<i>Discount Rate - 1% 2.80%</i>	<i>Current Discount Rate 3.80%</i>	<i>Discount Rate + 1% 4.80%</i>
Net OPEB Liability	\$256,653	\$214,783	\$181,827

The following presents the net OPEB liability of the Watermaster as of June 30, 2019, as well as what the Watermaster's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<i>1% Decrease</i>	<i>Current</i>	<i>1% Increase</i>
		Healthcare Cost Trend	
	5% HMO/ 5.50% PPO decreasing to 4% HMO/PPO)	Rates (6% HMO 6.50% PPO decreasing to 5% HMO/PPO)	7% HMO/ 7.50% PPO decreasing to 6% HMO/PPO)
Net OPEB Liability	<u>\$ 174,054</u>	<u>\$ 214,783</u>	<u>\$ 268,910</u>

For the fiscal year ended June 30, 2019, the Watermaster recognized OPEB expense of \$25,514.

At June 30, 2019, the Watermaster had no outstanding amount of contributions required to the OPEB plan.

For more information with respect to Watermaster's OPEB, see Notes 6 and 10 to the Watermaster's audited financial statements attached hereto as Appendix B-1.

### **Sources of Revenues**

The main sources of revenues of Watermaster are Assessments. Watermaster levies and collects (i) Administrative Assessments, (ii) OBMP Assessments, and (iii) Replenishment Assessments. Watermaster has covenanted in the Recharge Facilities Agreement to fix, prescribe and collect an OBMP Assessment for Fixed Project Costs at least 1.25 times the Watermaster Share of Fixed Project Costs as defined in the Recharge Facilities Agreement.

**Administrative Assessments.** Administrative Assessments are categorized under Paragraph 54 of the Judgment as either (i) general Watermaster administrative expenses, or (ii) special project expenses. General Watermaster administrative expenses include office rental, general personnel expense, supplies and office equipment, and related incidental expense and general overhead. Special project expenses are comprised of special engineering, economic or other studies, litigation expense, meter testing or other major operating expenses. Such administrative expenses are allocated and assessed against the respective Pools based upon allocations made by the Watermaster. Special project expenses are allocated to a specific Pool by express assent and a finding of benefit by the applicable Pool Committee, or pursuant to written order of the Court.

**Optimum Basin Management Assessments.** OBMP Assessments are allocated by Watermaster to the Pools to implement the OBMP, including OBMP Assessments to be levied and collected by Watermaster pursuant to the Recharge Facilities Agreement. The Peace Agreement states that OBMP Assessments are categorized as Administrative Assessments under the Judgment. Watermaster collects the Watermaster Share of Fixed Project Costs as a part of OBMP Assessments.

**Replenishment Assessments.** Watermaster levies Replenishment Assessments to purchase replenishment water to replace production by any Watermaster Party during the preceding year which exceeds such Party's allocated production right. Each Party is assessed only the amount necessary for the cost of replenishment water at the rate available to meet the replenishment obligation.

The following table sets forth the historic Assessments Revenues of Watermaster for Fiscal Years 2015 through 2019.

**CHINO BASIN WATERMASTER  
Historic Assessments Revenues**

<i><b>Fiscal Year (Ending June 30)</b></i>	<i><b>Administrative Assessments</b></i>	<i><b>Replenishment Assessments</b></i>	<i><b>OBMP Assessments</b></i>	<i><b>Total</b></i>
2019	\$2,139,484	\$ 927,239	\$6,551,288	\$ 9,618,011
2018	2,178,285	858,518	6,589,542	9,626,345
2017	2,089,784	1,544,862	8,107,810	11,742,456
2016	1,957,283	3,610,692	7,226,831	12,794,806
2015	1,970,758	1,903,179	5,553,748	9,427,685

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Source: Watermaster.

The following table sets forth the projected assessment revenues of Watermaster for Fiscal Years June 30, 2020 through 2024.

**CHINO BASIN WATERMASTER  
Projected Assessment Revenues  
For Fiscal Year Ending June 30**

	<i><b>Administrative Assessments</b></i>	<i><b>Replenishment Assessments</b></i>	<i><b>OBMP Assessments</b></i>	<i><b>Total</b></i>
2020	\$2,227,865	\$3,445,942	\$5,671,490	\$11,345,297
2021	2,294,701	3,549,320	5,756,562	11,600,583
2022	2,363,542	3,655,800	5,842,911	11,862,253
2023	2,434,448	3,765,474	5,930,554	12,130,476
2024	2,507,482	3,878,438	6,019,513	12,405,433

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Source: Watermaster.

Since the development of the OBMP, Assessments have been dramatically increased to cover the costs of implementing the OBMP and the Peace Agreement. The OBMP Assessment increases projected above include amounts to pay the Watermaster Share of debt service on the Bonds allocable to Watermaster under the Recharge Facilities Agreement. See the caption “SECURITY FOR THE BONDS — Recharge Facilities Agreement.”

**Billing and Collection of Assessments**

***Payment of Assessments.*** Watermaster typically bills the applicable parties within each pool for Assessments once per year, in either November or December. Each invoice is payable within 30 days. The Assessments are the obligations of the parties or successors owning the water production facilities at the time written notice of Assessment is given, unless prior arrangement for payment by others has been made in writing and filed with Watermaster.

***Delinquency of Assessments.*** Any Assessment owed to Watermaster which is not paid within 30 days after notice bears interest at 10% per annum (or such greater rate as shall equal the average current cost of borrowed funds to Watermaster) from the due date thereof. Such delinquent Assessments and interest may be collected by Watermaster in a show-cause proceeding by Watermaster provided for in the Judgment, in which case the Court may allow Watermaster its reasonable costs of collection, including attorney’s fees.

**Investments.** The Judgment provides that Watermaster may hold and invest any and all Watermaster funds in investments authorized for public agencies of the State of California. California State statutes and the Watermaster’s investment policy authorize Watermaster to invest in certificates of deposit with financial institutions having an operating branch within Watermaster geographic area, and the State of California Treasurer’s Investment pool, the Local Agency Investment Fund (“LAIF”). The Watermaster is a voluntary participant in LAIF. As of June 30, 2019, Watermaster had a deposit balance with LAIF of \$9,470,714. The balance available for withdrawal is based on the investment accounting records maintained by LAIF, which are recorded on an amortized cost basis.

## **Financial Information**

**Audited Financial Statements.** A copy of the most recent financial statements of Watermaster (the “Financial Statements”) audited by Fedak & Brown LLP, Cypress, California (the “Auditor”) and accompanying Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards dated October 24, 2019 are included as Appendix B-1 to the Official Statement. The Financial Statements include a statement that the Auditor conducted an audit of the Financial Statements in accordance with auditing standards generally accepted in the United States of America. The Auditor opines that the Financial Statements present fairly, in all material aspects, the respective financial position of the Watermaster, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. The Financial Statements include certain notes to the financial statements which may not be fully described below under the subheading “Significant Accounting Policies” or in the footnotes to the Tables. Such notes constitute an integral part of the Financial Statements. The Auditor’s consent to inclusion of the Financial Statements in the Official Statement was not requested.

**Significant Accounting Policies.** Governmental accounting systems are organized and operated on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations restrictions or limitations.

The Financial Statements are prepared on the modified accrual basis of accounting. Revenues are accrued when they become both measurable and available. “Available” means collected in the current period or soon enough thereafter to pay for the expenditures incurred during the current period. Expenditures are recorded when the related liability for goods or services received is incurred.

Watermaster accounts for moneys received and expenses paid in accordance with generally accepted accounting principles applicable to governmental agencies such as Watermaster (“GAAP”). In certain cases GAAP requires or permits moneys collected in one Fiscal Year to be recognized as revenue in a subsequent Fiscal Year and requires or permits expenses paid or incurred in one Fiscal Year to be recognized in a subsequent Fiscal Year. See “APPENDIX B-1 — COMPREHENSIVE ANNUAL FINANCIAL REPORT OF WATERMASTER FOR THE FISCAL YEAR ENDED JUNE 30, 2019 AND AUDITOR’S REPORT RE INTERNAL CONTROLS.” Except as otherwise expressly noted herein, all financial information derived from Watermaster’s audited financial statement reflect the application of GAAP.

See the Financial Statements attached hereto as Appendix B-1 for a discussion of other accounting practices of Watermaster.

## **Historic Operating Results**

The following table is a summary of historic operating results of Watermaster for the past five Fiscal Years. Data for all five Fiscal Years are from audited financial statements. These results have been derived

from Watermaster financial statements, but exclude certain non-cash items and include certain other adjustments. The table has not been audited by Watermaster's auditor.

Watermaster has covenanted in the Recharge Facilities Agreement to fix, prescribe and collect OBMP Assessments for the Watermaster Share of Fixed Project Costs at least equal to at least 1.25 times the Watermaster Share of Fixed Project Costs. Watermaster has not entered into any other financial covenants under the Recharge Agreement with respect to payment of the Watermaster Share of Fixed Project Costs.

**CHINO BASIN WATERMASTER  
HISTORIC OPERATING  
RESULTS  
For Fiscal Years Ended June 30**

	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
<u>Revenues:</u>					
OBMP Assessments	\$ 5,553,748	\$ 7,226,831	\$ 8,107,810	\$ 6,589,542	\$ 6,551,288
Replenishment Assessments	1,903,179	3,610,692	1,544,862	858,518	927,239
Administrative Assessments	1,970,758	1,957,283	2,089,784	2,178,285	2,139,484
Interest	23,370	31,782	70,656	154,744	275,394
Other	<u>155,608</u>	<u>157,349</u>	<u>159,631</u>	<u>195,322</u>	<u>167,833</u>
Total Revenues	\$ 9,606,663	\$ 12,983,937	\$ 11,972,743	\$ 9,976,411	\$ 10,061,238
<u>Expenses:</u>					
OBMP Expenses	\$ 4,334,189	\$ 5,351,386	\$ 5,735,769	\$ 5,188,228	\$ 7,263,202
Fixed Project Costs <sup>(1)</sup>	415,978	304,376	386,803	457,644	516,021
Replenishment	1,151,196	2,540,000	4,120,973	763,169	619,110
Watermaster Administration	1,307,336	1,626,653	1,877,257	2,155,544	2,541,487
Pool Administration	613,666	546,697	608,038	578,670	675,901
Other <sup>(2)</sup>	<u>104,866</u>	<u>537,281</u>	<u>312,625</u>	<u>78,397</u>	<u>57,732</u>
Total Expenses	\$ 7,927,231	\$ 10,906,393	\$ 13,041,465	\$ 9,221,652	\$ 11,673,453
Net Revenues	\$ 1,679,432	\$ 2,077,544	\$ (1,068,722)	\$ 754,759	\$ (1,612,215)
Fixed Project Costs Coverage Ratio <sup>(3)</sup>	13.35	23.74	20.96	14.4	12.70

(1) Includes amounts payable under the Recharge Facilities Agreement as Watermaster Share of Fixed Project Costs.

(2) Fiscal Year includes excess reserves refunded to the parties and other post-employment benefits ("OPEB") expenses.

(3) Calculated by dividing OBMP Assessments by Watermaster Share of Fixed Project Costs.

Source: Watermaster.

### Projected Operating Results

Watermaster's estimated projected operating results for the current and next four Fiscal Years are set forth below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents Watermaster's estimate of the projected financial results based upon Watermaster's judgment of the most probable occurrence of certain important future events. The assumptions set forth in the footnotes to the chart below are material in the development of financial projections for Watermaster, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

**CHINO BASIN WATERMASTER**  
**Projected Operating Results**  
**For Fiscal Years Ended June 30,**

	<i>2020<sup>(1)</sup></i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Revenues:					
OBMP Assessments <sup>(2)(4)</sup>	\$ 5,671,490	\$ 5,756,562	\$ 5,842,911	\$ 5,930,554	\$ 6,019,513
Replenishment Assessments <sup>(3)</sup>	3,445,942	3,549,320	3,655,800	3,765,474	3,878,438
Administrative Assessments <sup>(5)</sup>	2,227,865	2,294,701	2,363,542	2,434,448	2,507,482
Interest <sup>(6)</sup>	75,124	77,753	80,475	83,291	86,207
Other	<u>171,906</u>	<u>176,204</u>	<u>180,609</u>	<u>185,124</u>	<u>189,752</u>
Total Revenues	\$ 11,592,327	\$ 11,854,541	\$ 12,123,336	\$ 12,398,892	\$ 12,681,391
Expenses:					
OBMP Expenses <sup>(4)</sup>	\$ 5,113,050	\$ 5,189,746	\$ 5,267,592	\$ 5,346,606	\$ 5,426,805
Fixed Project Costs <sup>(7)(8)</sup>	558,440	586,362	615,680	646,464	678,787
Replenishment Water Purchases <sup>(3)</sup>	3,445,942	3,549,320	3,655,800	3,765,474	3,878,438
Watermaster Administration <sup>(5)</sup>	1,446,650	1,490,050	1,534,751	1,580,794	1,628,217
Pool Administration <sup>(5)</sup>	723,873	745,589	767,957	790,996	814,725
Other	<u>75,000</u>	<u>78,750</u>	<u>82,688</u>	<u>87,483</u>	<u>91,858</u>
Total Expenses	\$ 11,362,955	\$ 11,639,817	\$ 11,924,467	\$ 12,217,816	\$ 12,518,831
Net Revenues	\$ 229,372	\$ 214,724	\$ 198,869	\$ 181,076	\$ 162,561
Fixed Project Costs Coverage Ratio <sup>(9)</sup>	10.16	9.82	9.49	9.17	8.87

(1) Fiscal Year 2020 projection based on actual and anticipated revenues and expenses for Fiscal Year 2020.

(2) Includes OBMP Assessments sufficient to pay the Watermaster Share of Fixed Project Costs under the Recharge Facilities Agreement.

(3) Projected to vary each year.

(4) Projected to increase at 1.5% per annum from Fiscal Year 2020 projected amounts.

(5) Projected to increase at 3.0% per annum from Fiscal Year 2020 projected amounts.

(6) Interest income varies each year based on projected cash balance.

(7) Includes amounts payable as the Watermaster Share of Fixed Project Costs under Recharge Facilities Agreement.

(8) Includes amounts payable as the Watermaster Share of Fixed Project Costs under the Recharge Facilities Agreement, including the Watermaster Share of debt service on the Bonds at an assumed interest rate of 5% per annum.

(9) Calculated by dividing OBMP Assessments by Fixed Project Costs.

Source: Watermaster.

**APPENDIX B-1**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF WATERMASTER  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
AND AUDITOR'S REPORT RE INTERNAL CONTROLS**

## APPENDIX C

## ALLOCATION OF DEBT SERVICE ON THE BONDS

<i>Annual Period Ending (June 30)</i>	<i>Agency Share under 2020A Installment Purchase Agreement</i>	<i>Agency Share under Financing Agreement</i>	<i>Watermaster Share under Recharge Agreement</i>	<i>Total</i>
2021	\$	\$	\$	\$
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
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2058				
2059				
2060				
2061				
TOTAL	\$	\$	\$	\$



## **APPENDIX D**

### **SUMMARY OF PRINCIPAL LEGAL DOCUMENTS**

*The following is a summary of certain provisions of the Installment Purchase Agreement and the Indenture which are not described elsewhere in the Official Statement. This summary does not purport to be comprehensive and reference should be made to the Installment Purchase Agreement and the Indenture for a full and complete statement of their provisions. All capitalized terms not defined in the body of the Official Statement have the meanings set forth in the Installment Purchase Agreement and the Indenture.*

[TO COME]

**APPENDIX E**  
**FORM OF BOND COUNSEL OPINION**

Upon issuance of Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinions with respect to the Bonds in substantially the following forms:

[DATE OF CLOSING]

Chino Basin Regional Financing Authority  
6075 Kimball Avenue, Building A  
Chino, California 91708

Re:     \$\_\_\_\_\_ *Chino Basin Regional Financing Authority*  
          *Refunding Revenue Bonds (Inland Empire Utilities Agency), Series 2020A*

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Chino Basin Regional Financing Authority (the “Authority”), a public entity of the State of California, of \$\_\_\_\_\_ aggregate principal amount of Chino Basin Regional Financing Authority Refunding Revenue Bonds (Inland Empire Utilities Agency), Series 2020A (the “Bonds”) under and pursuant to the provisions relating to the joint exercise of powers found in Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended (the “Act”) and the provisions relating to refunding of bonded indebtedness of local agencies found in Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California (the “Refunding Act”), and under and pursuant to an Indenture of Trust (the “Indenture”), dated as of June 1, 2020, by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”).

Our services as Bond Counsel were limited to a review of the legal proceedings required for the authorization and issuance of the Bonds. We have reviewed originals or copies identified to our satisfaction as being true copies of (i) the Indenture; and (ii) certain other records of the Authority. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of Authority officers furnished to us without undertaking to verify the same by independent investigations.

Based upon the foregoing and after the examination described above and after examination of such questions of law as we have deemed relevant in the circumstances, but subject to the limitations set forth above, we are of the opinion that:

1.       The Authority has lawful authority under the Act and the Refunding Act to enter into the Indenture and the Authority has duly authorized, executed and delivered the Indenture and, assuming due authorization, execution and delivery by the respective other parties thereto, the Indenture is a legal, valid and binding obligation of the Authority enforceable in accordance with its terms. The Indenture creates a valid pledge of the Revenues (as defined in the Indenture), subject to the provisions thereof permitting the application thereof for the purposes and on the terms and conditions set forth therein.

2.       The Authority has lawful authority to issue the Bonds and the Bonds have been duly and validly authorized and issued by the Authority in accordance with the Constitution and statutes of the State of California, including the Act, the Refunding Act and the Indenture. The Bonds constitute legal, valid and binding special obligations of the Authority enforceable in accordance with their terms. The Bonds are special obligations of the Authority payable solely from Revenues and amounts on deposit in certain funds and accounts held under the Indenture. The Bonds are not an obligation of the State of California, any public agency thereof (other than

the Authority) or any member of the Authority; and neither the faith and credit nor the taxing powers of the State of California or any public agency thereof or any member of the Authority is pledged for the payment of the Bonds.

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

5. Interest on the Bonds is exempt from State of California personal income tax.

6. The excess of the stated redemption price at maturity over the issue price of a Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner's basis in the applicable Bond. Original issue discount that accrues to the Bond owner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

7. The amount by which a Bond owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond owner realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner.

The opinions expressed herein as to the exclusion from gross income for federal income tax purposes of interest on the Bonds is subject to the condition that the Authority and the Inland Empire Utilities Agency (the "Agency") comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that such interest will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Authority and the Agency each have covenanted to comply with all such requirements.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume to responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or occur. The Indenture and the Tax Certificate permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest on the Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the opinion or advice of counsel other than ourselves. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the Bonds. Our engagement as Bond Counsel terminates upon the issuance of the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Indenture and the Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting

creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California.

By delivering this opinion, we are not expressing any opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the Bonds, the Indenture or the Installment Purchase Agreement, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Indenture or the Installment Purchase Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on any assets thereunder.

Respectfully submitted,

**APPENDIX F**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

*Upon the issuance of the Bonds, the Agency proposes to enter into a Continuing Disclosure Certificate in substantially the following form:*

[TO COME.]

## APPENDIX G

### INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY

*The information in this section concerning the DTC and DTC's book-entry only system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.*

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each series and each maturity of the Bonds, each in the aggregate principal amount of such series and maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede &

Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bonds documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bonds certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bonds certificates will be printed and delivered to DTC.

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.*

Stradling Yocca Carlson & Rauth  
Draft of 5/20/2020

**INSTALLMENT PURCHASE AGREEMENT**

by and between

INLAND EMPIRE UTILITIES AGENCY\*

and

CHINO BASIN REGIONAL FINANCING AUTHORITY

Dated as of June 1, 2020

relating to

\$ \_\_\_\_\_  
CHINO BASIN REGIONAL FINANCING AUTHORITY  
REFUNDING REVENUE BONDS  
(INLAND EMPIRE UTILITIES AGENCY), SERIES 2020A

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\* *A Municipal Water District.*



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## **INSTALLMENT PURCHASE AGREEMENT**

This INSTALLMENT PURCHASE AGREEMENT (this “Agreement”), made and entered into and dated as of June 1, 2020 by and between INLAND EMPIRE UTILITIES AGENCY, a municipal water district duly organized and existing under and by virtue of the laws of the State of California (the “Agency”), and CHINO BASIN REGIONAL FINANCING AUTHORITY, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California (the “Authority”).

### **W I T N E S S E T H:**

WHEREAS, the Agency entered into the Installment Purchase Agreement, dated as of March 1, 2008, with the Authority (the “2008B Installment Purchase Agreement”) to refinance certain capital improvements described in Exhibit B hereto as the “2008 Project”; and

WHEREAS, the Authority issued the Chino Basin Regional Authority Variable Rate Demand Revenue Refunding Bonds (Inland Empire Utilities Agency), Series 2008B (the “2008B Bonds”) pursuant to an Indenture of Trust, dated as of March 1, 2008, by and between the Authority and U.S. National Bank Association, which 2008B Bonds were secured, in part, by installment payments payable by the Agency under the 2008B Installment Purchase Agreement; and

WHEREAS, the Agency entered into the Installment Purchase Agreement, dated as of May 1, 2010, with the Authority (the “2010A Installment Purchase Agreement”) to refinance certain capital improvements described in Exhibit B hereto as the “2010 Project”; and

WHEREAS, the Authority issued the Chino Basin Regional Financing Authority Refunding Revenue Bonds, Series 2010A (Inland Empire Utilities Agency) (the “2010A Bonds”) pursuant to an Indenture of Trust, dated as of May 1, 2010, by and between the Authority and U.S. National Bank Association, which 2010A Bonds were secured, in part, by installment payments payable by the Agency under the 2010A Installment Purchase Agreement; and

WHEREAS, the Agency entered into the Clean Water State Revolving Fund Financing Agreements listed in Exhibit C (the “Prepaid SWRCB Loans”) to obtain loans from the California State Water Resources Control Board (the “SWRCB”) to finance certain capital improvements described in Exhibit B hereto as the “Refinanced SWRCB Project”; and

WHEREAS, the Agency desires to refinance its payment obligation with respect to the 2008 Project to achieve a fixed interest rate and to refinance its payment obligations with respect to the 2010 Project and the Refinanced SWRCB Project to achieve savings; and

WHEREAS, the Authority will issue and cause U.S. Bank National Association, as trustee (the “Trustee”), to authenticate and deliver bonds (“2020A Bonds”), secured by the payments to be made by the Agency to the Authority under this Installment Purchase Agreement, pursuant to an Indenture of Trust, dated as of June 1, 2020 by and between the Authority and the Trustee; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Agreement do exist, have happened and have been performed in regular and due time, form and manner as required

by law, and the parties hereto are now duly authorized to execute and enter into the Installment Purchase Agreement;

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

## ARTICLE I

### DEFINITIONS

**Section 1.1. Definitions.** Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. Unless the context otherwise requires, all capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Indenture.

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

Agency. The term "Agency" means Inland Empire Utilities Agency, a municipal water district duly organized and existing under and by virtue of the laws of the State of California.

Agency System. The term "Agency System" means all facilities of the Agency other than the Water System and the Separate Facilities.

Agreement. The term "Agreement" means this Installment Purchase Agreement, by and between the Agency and the Authority, dated as of June 1, 2020, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

Authority. The term "Authority" means the Chino Basin Regional Financing Authority, a joint powers authority duly organized and existing under the Joint Exercise of Powers Agreement and the laws of the State of California

Bonds. The term "Bonds" means all revenue bonds or notes of the Agency authorized, executed, issued and delivered by the Agency, the payments of which are on a parity with the Installment Payments and which are secured by a pledge of and lien on the Revenues as described in Section 5.1 hereof.

Business Day. The term "Business Day" means a day other than: a Saturday or Sunday or a day on which (i) banks located in the city in which the principal corporate trust office of the Trustee is located are not required or authorized to remain closed, and (ii) on which The New York Stock Exchange is not closed.

Contracts. The term "Contracts" means this Agreement and any amendments and supplements hereto, and all contracts of the Agency previously or hereafter authorized and executed by the Agency, the Parity Installment Payments under which are on a parity with the Installment Payments and which are secured by a pledge and lien on the Revenues as described in Section 5.1 hereof, including the Outstanding SWRCB Loans, [the 2020B Installment Purchase Agreement,] and the WIFIA Installment

Purchase Agreement, but excluding contracts entered into for operation and maintenance of the Agency System.

Continuing Disclosure Certificate. The term “Continuing Disclosure Certificate” means the Continuing Disclosure Certificate of the Agency dated \_\_\_\_\_, 2020, as it may be amended or supplemented in accordance with the provisions thereof.

Date of Operation. The term “Date of Operation” means, with respect to any uncompleted Parity Project, the estimated date by which such uncompleted Parity Project will have been completed and, in the opinion of an engineer, will be ready for operation by or on behalf of the Agency.

Debt Service. The term “Debt Service” means, for any Fiscal Year, the sum of:

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

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

(3) those portions of the principal amount of all outstanding term Bonds required to be prepaid or paid in such Fiscal Year (but excluding Excluded Principal); and

(4) those portions of the Parity Installment Payments required to be made during such Fiscal Year (except to the extent the interest evidenced and represented thereby is capitalized or is reasonably anticipated to be reimbursed to the Agency by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111 5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program) (but excluding Excluded Principal);

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

provided that, as to any such Bonds or Parity Installment Payments bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall, for all purposes, be assumed to bear interest at a fixed rate equal to the higher of

- (i) the actual rate on the date of calculation, or if such Contract or Bond is not yet outstanding, the initial rate (if established and binding), and
- (ii) the highest average variable rate borne over a six month period during the preceding 24 months by outstanding variable rate debt issued by the Agency or, if no such variable rate debt is at the time outstanding, by variable rate debt of which the interest rate is computed by reference to an index comparable to that to be utilized in determining the interest rate for the debt then proposed to be issued;

and provided further that if any series or issue of such Bonds or Parity Installment Payments have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year (and such principal is not Excluded Principal), Debt Service shall be determined for the Fiscal Year of determination as if the principal of and interest on such series or issue of such Bonds or Parity Installment Payments were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of forty (40) years from the date of calculation;

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

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

provided further that for Contracts which are interest rate swap agreements which do not constitute Paired Obligations but for which an Independent Municipal Advisor certifies that such Contracts has a fixed spread component payable to the Agency, Debt Service shall be credited by an amount equal to the lesser of (i) the average of the actual payment received by the Agency over the last three Fiscal Years (or if outstanding less than three years, over the period outstanding) and (ii) the fixed spread component.

Event of Default. The term “Event of Default” means an event described in Section 8.1.

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

Fiscal Year. The term “Fiscal Year” means the period beginning on July 1 of each year and ending on the last day of June of the next succeeding year, or any other twelve-month period selected and designated as the official Fiscal Year of the Agency.

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

Indenture. The term “Indenture” means the Indenture of Trust executed and entered into as of June 1, 2020, by and between the Authority and U.S. Bank National Association, relating to the 2020A Bonds, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

Independent Certified Public Accountant. The term “Independent Certified Public Accountant” means any firm of certified public accountants appointed by the Agency, each of whom



is independent of the Agency and the Authority pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

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

Installment Payment Date; Parity Installment Payment Date. The term “Installment Payment Date” means the fifth day prior to each Interest Payment Date, or if said date is not a Business Day, then the preceding Business Day. The term “Parity Installment Payment Date” means each date on which Parity Installment Payments are scheduled to be paid by the Agency under and pursuant to any Contract.

Installment Payments; Parity Installment Payments. The term “Installment Payments” means the Installment Payments of interest and principal scheduled to be paid by the Agency under and pursuant hereto. The term “Parity Installment Payments” means the payments of interest and principal or other scheduled payments scheduled to be paid by the Agency under and pursuant to the Contracts.

Joint Exercise of Powers Agreement. The term “Joint Exercise of Powers Agreement” means the Joint Exercise of Powers Agreement, dated as of May 1, 1993, by and between the Chino Basin Municipal Water District and the Cucamonga County Water District, as amended and supplemented from time to time in accordance therewith.

Law. The term “Law” means the Municipal Water Agency Law of the State of California (being Division 20 of the Water Code of the State of California, as amended) and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California and in each case all laws amendatory thereof or supplemental thereto.

Manager. The Term “Manager” means the General Manager of the Agency, or any other person designated by the General Manager to act on behalf of the General Manager.

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

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

Operation and Maintenance Costs. The term “Operation and Maintenance Costs” means (1) costs spent or incurred for maintenance and operation of the Agency System calculated in accordance with Generally Accepted Accounting Principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Agency System in good repair and working order, and including administrative costs of the Agency that are charged directly or apportioned to the Agency System, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if



any), fees of auditors, accountants, attorneys, consultants or engineers and insurance premiums, and including all other reasonable and necessary costs of the Agency or charges required to be paid by it to comply with the terms of this Agreement or any other Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds and (2) all payments under Operation and Maintenance Obligations, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles, including amortization of water rights, unrealized losses on investments, write offs of the value of any impaired assets or other bookkeeping entries of a similar nature.

Operation and Maintenance Obligation. The term “Operation and Maintenance Obligation” means any contractual obligation with respect to any facilities, properties, structures, works, services, water or rights to receive water, or any loan of credit to or guaranty of debts, claims or liabilities of any other person (including a joint powers agency of which the Agency is a member) with respect to any facilities, properties, structures, works, services, water or rights to receive water, so long as in each case the payments thereunder are designated as Operation and Maintenance Costs by the Board of Directors of the Agency; provided however Bonds and Contracts shall not constitute Operation and Maintenance Obligations.

Outstanding SWRCB Loans. The term “Outstanding SWRCB Loans” means the Clean Water State Revolving Fund Financing Agreements entered into by the Agency and the SWRCB listed in Exhibit D hereto, which are secured pursuant to that certain Master Amendment No. 1 entered into as of September 18, 2017 between the Agency and the SWRCB.

Paired Obligations. The term “Paired Obligations” means any Bond or Contract (or portion thereof) designated as Paired Obligations in the resolution, indenture or other document authorizing the issuance or execution and delivery thereof, which are simultaneously issued or executed and delivered (i) the principal of which is of equal amount maturing and to be redeemed or prepaid (or cancelled after acquisition thereof) on the same dates and in the same amounts, and (ii) the interest rates which, taken together, are reasonably expected to result in a fixed interest rate obligation of the Agency for the term of such Bond or Contract, as certified by an Independent Municipal Advisor in writing.

Participating Underwriter. The term “Participating Underwriter” shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

Prepaid SWRCB Loans. The term “Prepaid SWRCB Loans” means the Clean Water State Revolving Fund Financing Agreements entered into by the Agency and the SWRCB listed in Exhibit C hereto.

Purchase Price. The term “Purchase Price” means the principal amount plus interest thereon owed by the Agency to the Authority under the terms hereof as provided in Section 4.1.

Regional Contract. The term “Regional Contract” means the Chino Basin Regional Sewage Service Contract, made and entered into on August 14, 1972, as amended and supplemented from time to time.

Revenue Fund. The term “Revenue Fund” means (i) all revenue accounts maintained by the Agency as of the date of this Agreement other than the Water Resources Fund and (ii) any revenue

account created after the date of this Agreement and designated by the Chief Financial Officer of the Agency as a part of the Revenue Fund.

Revenues. The term “Revenues” means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Agency System, including, without limiting the generality of the foregoing,

(1) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the Agency from the sale, furnishing and supplying of sewer services, composting services or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Agency System, including the Agency’s share of the County of San Bernardino’s 1% ad valorem property tax (to the extent allocated to the Revenue Fund), determined in accordance with Generally Accepted Accounting Principles, plus

(2) the earnings on and income derived from the investment of the amounts described in clauses (1) hereof, including the Agency’s share of the County of San Bernardino’s 1% ad valorem property tax (to the extent allocated to the Revenue Fund), and the general unrestricted funds of the Agency,

but excluding in all cases revenues derived from ownership or operation of the Water System and the Separate Facilities, customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the Agency, and excluding any proceeds of taxes restricted by law to be used by the Agency to pay bonds, notes or other obligations hereafter issued.

Senior Contracts. The term “Senior Contracts” means contracts of the Agency previously authorized and executed by the Agency, or authorized and executed by the Agency following the execution and delivery of this Agreement in accordance with Section 5.3 hereof, the payments under which are secured by Revenues on a senior basis to the Installment Payments, including the 2017A Installment Purchase Agreement.

Senior Debt Service. The term “Senior Debt Service” means, for any Agency Fiscal Year, the sum of:

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

(b) those portions of the principal amount of all outstanding serial Senior Contracts maturing in such Agency Fiscal Year (but excluding Excluded Principal);

(c) those portions of the principal amount of all outstanding term Senior Contracts required to be prepaid or paid in such Agency Fiscal Year (but excluding Excluded Principal); and

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

Separate Facilities. The term “Separate Facilities” means any facilities of the Agency constructed or acquired on or after the date hereof from the proceeds of bonds, notes or other obligations of the Agency which do not have a parity claim on the Revenues.

SWRCB. The term “SWRCB” means the California State Water Resources Control Board.

Trustee. The term “Trustee” means U.S. Bank National Association, acting in its capacity as Trustee under and pursuant to the Indenture, and its successors and assigns.

2008 Project; 2010 Project; Refinanced SWRCB Project; Parity Project. The term “2008 Project” has the meaning ascribed thereto in first WHEREAS clause herein. The term “2010 Project” has the meaning ascribed thereto in third WHEREAS clause herein. The term “Refinanced SWRCB Project” has the meaning ascribed thereto in fifth WHEREAS clause herein. The term “Parity Project” means any additions, betterments, extensions or improvements to the Agency System designated by the Board of Directors of the Agency as a Parity Project, the acquisition and construction of which is to be paid for with the proceeds of any Contracts or Bonds.

2008B Bonds. The term “2008B Bonds” means those certain Chino Basin Regional Financing Authority Variable Rate Demand Revenue Refunding Bonds (Inland Empire Utilities Agency), Series 2008B.

2008B Installment Purchase Agreement. The term “2008B Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of March 1, 2008, by and between the Agency and the Authority.

2010A Bonds. The term “2010A Bonds” means those certain Chino Basin Regional Financing Authority Refunding Revenue Bonds, Series 2010A (Inland Empire Utilities Agency).

2010A Installment Purchase Agreement. The term “2010A Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of May 1, 2010, by and between the Agency and the Authority.

2017A Installment Purchase Agreement. The term “2017A Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of January 1, 2017, by and between the Agency and the Authority.

[2020B Installment Purchase Agreement. The term “2020B Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of July 1, 2020, by and between the Agency and the Authority.]

2020 Project. The term “2020 Project” means the 2008 Project, the 2010 Project and the Refinanced SWRCB Project.

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

WIFIA Installment Purchase Agreement. The term “WIFIA Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of May 27, 2020, by and between the Agency and the Authority, the installment payments under which will be used by the Authority to make payments required under the WIFIA Loan Agreement dated as of May 27, 2020, by and among the Authority, the Agency and the United States Environmental Protection Agency, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency.

Written Consent of the Authority or Agency, Written Order of the Authority or Agency, Written Request of the Authority or Agency, Written Requisition of the Authority or Agency. The terms “Written Consent of the Authority or Agency,” “Written Order of the Authority or Agency,” “Written Request of the Authority or Agency,” and “Written Requisition of the Authority or Agency” mean, respectively, a written consent, order, request or requisition signed by or on behalf of (i) the Authority by its Authorized Representative or (ii) the Agency by the President of its Board of Directors or its General Manager or by the Secretary of its Board of Directors or by any two persons (whether or not officers of the Board of Directors of the Agency) who are specifically authorized by resolution of the Agency to sign or execute such a document on its behalf.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES: OPINIONS OF COUNSEL

**Section 2.1. Representations by the Agency.** The Agency makes the following representations:

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

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

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

(d) The Agency will not take or, to the extent within its power, permit any action to be taken which results in the interest paid for the installment purchase of the 2020 Project under the terms of this Agreement being included in the gross income of the owners of the 2020A Bonds, or its assigns for purposes of federal or State of California income taxation.

(e) The Agency has determined that it is necessary and proper for Agency uses and purposes within the terms of the Law that the Agency refinance the acquisition and construction of the 2020 Project in the manner provided for in this Agreement.

**Section 2.2. Representations and Warranties by the Authority.** The Authority makes the following representations and warranties:

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

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

(c) The Authority will not take or permit any action to be taken which results in interest paid for the installment purchase of the 2020 Project under the terms of this Agreement being included in the gross income of the owners of the 2020A Bonds for purposes of federal or State of California income taxation.

### **ARTICLE III**

#### **SALE AND PURCHASE OF THE 2020 PROJECT**

**Section 3.1. Sale and Purchase of the 2020 Project.** In consideration for the Authority's assistance in refinancing the 2020 Project, the Agency agrees to sell, and hereby sells, to the Authority, and the Authority agrees to purchase and hereby purchases, from the Agency, the 2020 Project in the manner and in accordance with the provisions of this Agreement.

**Section 3.2. Purchase and Sale of the 2020 Project.** In consideration for the Installment Payments as set forth in Section 4.2, the Authority agrees to sell, and hereby sells, to the Agency, and the Agency agrees to purchase, and hereby purchases, from the Authority, the 2008 Project at the Purchase Price specified in Section 4.1 hereof and otherwise in the manner and in accordance with the provisions of this Agreement.

**Section 3.3. Title.** All right, title and interest in the 2020 Project shall vest in the Agency immediately upon execution and delivery of this Agreement. Such vesting shall occur without further action by the Authority or the Agency and the Authority shall, if required by the Agency or, if necessary to assure such automatic vesting deliver any and all documents required to assume such vesting.

## ARTICLE IV

### INSTALLMENT PAYMENTS

#### Section 4.1. Purchase Price.

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

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

(c) The interest to accrue on the unpaid balance of the Purchase Price shall be equal to the interest payable with respect to the 2020A Bonds as provided in Section 2.03 of the Indenture, and shall be paid by the Agency as and constitute interest paid on the principal amount of the Agency's obligations hereunder.

**Section 4.2. Installment Payments.** The Agency shall, subject to any rights of prepayment provided in Article VII, pay the Authority the Installment Payments set forth in Section 4.1.

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

The obligation of the Agency to make the Installment Payments is absolute and unconditional, and until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article IX), the Agency will not discontinue or suspend any Installment Payments required to be made by it under this section when due, whether or not the Agency System or any part thereof is operating or operable, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and whether or not the 2020 Project has been completed, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

## ARTICLE V

### SECURITY

**Section 5.1. Pledge of Revenues.** All Revenues and all amounts on deposit in the Revenue Fund are hereby irrevocably pledged to the payment of the Installment Payments as provided herein and the Revenues shall not be used for any other purpose while any of the Installment Payments remain unpaid; provided that out of the Revenues there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge, together with the pledge created by all other Contracts



and Bonds, shall constitute a second lien on Revenues and, subject to application of amounts on deposit therein as permitted herein, the Revenue Fund and other funds and accounts created hereunder for the payment of the Installment Payments and all other Contracts and Bonds in accordance with the terms hereof and the Indenture, which lien shall be subordinate only to the liens created under the Senior Contracts in accordance with the terms thereof.

**Section 5.2. Allocation of Revenues.** In order to carry out and effectuate the pledge and lien contained herein, the Agency agrees and covenants that all Revenues shall be received by the Agency in trust hereunder and shall be deposited when and as received in a special fund designated as the "Revenue Fund," which fund includes the accounts described in the definition thereof and which fund the Agency agrees and covenants to maintain and to hold separate and apart from other funds so long as any Contracts or Bonds remain unpaid. Moneys in the Revenue Fund shall be used and applied by the Agency as provided in this Agreement.

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

(a) Senior Installment Payments. On or prior to each Installment Payment Date, the Agency shall, from the moneys in the Revenue Fund, transfer to the applicable (i) trustee for deposit in the respective payment fund, or (ii) payee, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any installment payments due with respect to Senior Debt Service in accordance with the provisions of the applicable Senior Contract.

(b) Installment Payments. Not later than each Installment Payment Date, the Agency shall, from the moneys in the Revenue Fund, transfer to the Trustee the Installment Payment due and payable on that Installment Payment Date for deposit in the Bond Payment Fund. The Agency shall also, from the moneys in the Revenue Fund, transfer to the applicable (i) trustee for deposit in the respective payment fund, or (ii) payee, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service in accordance with the provisions of any Bond or Contract.

(c) Reserve Accounts. On or before each Installment Payment Date the Agency will, from the remaining moneys in the Revenue Fund, thereafter, without preference or priority and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the applicable trustee for reserve funds and/or accounts, if any, as may have been established in connection with Bonds or Contracts, that sum, if any, necessary to restore such reserve funds and/or accounts to an amount equal to the required balance.

(d) Surplus. Moneys on deposit in the Revenue Fund on any date when the Agency reasonably expects such moneys will not be necessary to make any of the payments required above may be expended by the Agency at any time for any purpose permitted by law, subject to compliance with Sections 6.1 and 6.13 hereof.

**Section 5.3. Additional Senior Contracts.** The Agency may incur additional Senior Contracts solely for the purpose of refunding outstanding Senior Contracts so long as (A) after giving effect to the application of the proceeds of such additional Senior Contracts, Senior Debt Service will not be increased in any Fiscal Year in which the Agreement is outstanding, and (B) the additional Senior Contracts have a maturity date no later than the maturity date of the Senior Contracts being refunded).

**Section 5.4. Additional Contracts and Bonds.** The Agency may at any time execute any Contract or issue any Bonds, as the case may be, in accordance herewith; provided:

(a) The Net Revenues for the most recent audited Fiscal Year preceding the date of adoption by the Board of Directors of the Agency of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, as evidenced by both a calculation prepared by the Agency and a special report prepared by an Independent Certified Public Accountant or an Independent Municipal Advisor on such calculation on file with the Agency, shall have produced a sum equal to at least one hundred twenty-five percent (125%) of the Debt Service for such Fiscal Year; and

(b) The Net Revenues for the most recent audited Fiscal Year preceding the date of the execution of such Contract or the date of adoption by the Board of Directors of the Agency of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, including adjustments to give effect as of the first day of such Fiscal Year to increases or decreases in rates and charges with respect to the Agency System approved and in effect as of the date of calculation, as evidenced by a calculation prepared by the Agency, shall have produced a sum equal to at least one hundred twenty-five percent (125%) of the Debt Service for such Fiscal Year plus the Debt Service which would have accrued on any Contracts executed or Bonds issued since the end of such Fiscal Year assuming such Contracts had been executed or Bonds had been issued at the beginning of such Fiscal Year plus the Debt Service which would have accrued had such Contract been executed or Bonds been issued at the beginning of such Fiscal Year; and

(c) The estimated Net Revenues for the then current Fiscal Year and for each Fiscal Year thereafter to and including the first complete Fiscal Year after the latest Date of Operation of any uncompleted Parity Project, as evidenced by a certificate of the General Manager of the Agency on file with the Agency, including (after giving effect to the completion of all such uncompleted Parity Projects) an allowance for estimated Net Revenues for each of such Fiscal Years arising from any increase in the income, rents, fees, rates and charges estimated to be fixed, prescribed or received with respect to the Agency System and which are economically feasible and reasonably considered necessary based on projected operations for such period, as evidenced by a certificate of the Manager on file with the Agency, shall produce a sum equal to at least one hundred twenty-five percent (125%) of the estimated Debt Service for each of such Fiscal Years, after giving effect to the execution of all Contracts and the issuance of all Bonds estimated to be required to be executed or issued to pay the costs of completing all uncompleted Parity Projects within such Fiscal Years, assuming that all such Contracts and Bonds have maturities, interest rates and proportionate principal repayment provisions similar to the Contract last executed or then being executed or the Bonds last issued or then being issued for the purpose of acquiring and constructing any of such uncompleted Parity Projects.

(d) This Section 5.4 (a), (b) and (c) notwithstanding, Bonds or Contracts may be issued or incurred to refund outstanding Bonds or Contracts if, after giving effect to the application of the proceeds thereof, total Debt Service will not be increased in any Fiscal Year in which Bonds or



Contracts (outstanding on the date of issuance or incurrence of such refunding Bonds or Contracts, but excluding such refunding Bonds or Contracts) not being refunded are outstanding.

(e) Nothing herein shall preclude the Agency from issuing any bonds or executing contracts under which the payments from Net Revenue are subordinate to any Bonds or Contracts of the Agency.

**Section 5.5. Investments.** All moneys held by the Agency in the Revenue Fund shall be invested in Permitted Investments and the investment earnings thereon shall remain on deposit in such fund, except as otherwise provided herein.

## ARTICLE VI

### COVENANTS OF THE AGENCY

**Section 6.1. Compliance with Installment Purchase Agreement and Ancillary Agreements.** The Agency will punctually pay the Installment Payments in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate this Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the 2020 Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Authority to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Authority or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

It is expressly understood and agreed by and among the parties to this Agreement that, subject to Section 10.6 hereof, each of the agreements, conditions, covenants and terms contained in this Agreement is an essential and material term of the purchase of and payment for the 2020 Project by the Agency pursuant to, and in accordance with, and as authorized under the Law.

The Agency will faithfully observe and perform all the agreements, conditions, covenants and terms required to be observed and performed by it pursuant to all outstanding Contracts and Bonds as such may from time to time be executed or issued, as the case may be.

**Section 6.2. Against Encumbrances.** The Agency will not make any pledge of or place any lien on Revenues or the moneys in the Revenue Fund except as permitted hereby. The Agency may at any time, or from time to time, (i) incur additional Senior Contracts as permitted pursuant to Section 5.3 hereof; (ii) incur or issue Contracts and Bonds as permitted herein, or (iii) issue or incur evidences of indebtedness or incur other obligations, provided that such pledge and lien shall be subordinate in all respects to the pledge of and lien thereon provided herein.

**Section 6.3. Against Sale or Other Disposition of Property.** The Agency will not enter into any agreement or lease which impairs the operation of the Agency System or any part thereof

necessary to secure adequate Net Revenues to meet the requirements of this Agreement, or which would otherwise impair the rights of the Authority hereunder or the operation of the Agency System. Any real or personal property which has become nonoperative or which is not needed for the efficient and proper operation of the Agency System, or any material or equipment which has become worn out, may be sold if such sale will not impair the ability of the Agency to pay the Installment Payments and if the proceeds of such sale are deposited in the Revenue Fund.

Nothing herein shall restrict the ability of the Agency to sell any portion of the Agency System if such portion is immediately repurchased by the Agency and if such arrangement cannot by its terms result in the purchaser of such portion of the Agency System exercising any remedy which would deprive the Agency of or otherwise interfere with its right to own and operate such portion of the Agency System.

**Section 6.4. Against Competitive Facilities.** To the extent that it can so legally obligate itself, the Agency covenants that it will not acquire, construct, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the Agency any system competitive with the Agency System.

**Section 6.5. Tax Covenants.** Notwithstanding any other provision of this Agreement, absent an opinion of Bond Counsel that the exclusion from gross income of interest with respect to the 2020A Bonds, will not be adversely affected for federal income tax purposes, the Agency and the Authority covenant to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The Agency and the Authority will not take or omit to take any action or make any use of the proceeds of the 2020A Bonds or of any other moneys or property which would cause the 2020A Bonds to be “private activity bonds” within the meaning of Section 141 of the Code.

(b) Arbitrage. The Agency and the Authority will make no use of the proceeds of the 2020A Bonds, or of any other amounts or property, regardless of the source, or take or omit to take any action which would cause the 2020A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(c) Federal Guarantee. The Agency and the Authority will make no use of the proceeds of the 2020A Bonds, or take or omit to take any action that would cause the applicable 2020A Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(d) Information Reporting. The Agency and the Authority will take or cause to be taken all necessary action to comply with the informational reporting requirements of Section 149(e) of the Code.

(e) Miscellaneous. The Agency and the Authority will take no action inconsistent with the expectations stated in any Tax Certificate executed with respect to the 2020A Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

**Section 6.6. Maintenance and Operation of the Agency System.** The Agency will maintain and preserve the Agency System in good repair and working order at all times and will operate the Agency System in an efficient and economical manner and will pay all Operation and Maintenance Costs as they become due and payable.

**Section 6.7. Payment of Claims.** The Agency will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Revenues or the funds or accounts created hereunder or on any funds in the hands of the Agency pledged to pay the Installment Payments or to the Owners prior or superior to the lien of the Installment Payments or which might impair the security of the Installment Payments.

**Section 6.8. Compliance with Contracts.** The Agency will neither take nor omit to take any action under any contract if the effect of such act or failure to act would in any manner impair or adversely affect the ability of the Agency to secure adequate Net Revenues to meet the requirements of this Agreement; and the Agency will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be performed by it contained in all other contracts affecting or involving the Agency System, to the extent that the Agency is a party thereto.

**Section 6.9. Insurance.**

(a) The Agency will procure and maintain or cause to be procured and maintained insurance on the Agency System with responsible insurers in such amounts and against such risks (including damage to or destruction of the Agency System) as are usually covered in connection with facilities similar to the Agency System so long as such insurance is available from reputable insurance companies.

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

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

Proceeds shall be applied to the prepayment of Installment Payments as provided in Article VII and to the retirement of such Bonds and Contracts.

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

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

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

**Section 6.10. Accounting Records; Financial Statements and Other Reports.** The Agency will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Agency System, which records shall be available for inspection by the Authority, including agents and assignees of and lenders to the Authority and the Trustee at reasonable hours and under reasonable conditions.

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

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

**Section 6.13. Amount of Rates and Charges.** (a) To the fullest extent permitted by law, the Agency shall fix and prescribe, at the commencement of each Fiscal Year, rates and charges with respect to the Agency System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Revenues (net of Operation and Maintenance Costs) equal to one hundred fifteen percent (115%) of the sum of (A) Debt Service and (B) Senior Debt Service for such Fiscal Year. The Agency may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Revenues from such reduced rates and charges are reasonably expected to be sufficient to meet the requirements of this section.

(b) For avoidance of doubt, so long as the Agency has complied with its obligations set forth in Section 6.13(a) above, the failure of Revenues to meet the threshold set forth in Section

6.13(a) above at the end of a Fiscal Year shall not constitute a default or an Event of Default so long as the Agency has complied with Section 6.13(a) at the commencement of the succeeding Fiscal Year.

**Section 6.14. Collection of Rates and Charges.** The Agency will have in effect at all times by-laws, rules and regulations requiring each customer to pay the rates and charges applicable to the Agency System and providing for the billing thereof and for a due date and a delinquency date for each bill.

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

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

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

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

**Section 6.17. Enforcement of Contracts.** The Agency will not voluntarily consent to or permit any rescission of, nor will it consent to any amendment to or otherwise take any action under or in connection with any contracts previously or hereafter entered into if such rescission or amendment would in any manner materially impair or materially adversely affect the ability of the Agency to secure adequate Net Revenues to meet the requirements of this Agreement. For avoidance of doubt, the expiration of the Regional Contract shall not constitute a material impairment or constitute a material adverse effect on the Agency's ability to secure adequate Net Revenues to meet the requirements of this Agreement.

**Section 6.18. Continuing Disclosure.** The Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate.



Notwithstanding any other provision of this Agreement, failure of the Agency to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Owner of 2020A Bonds or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Section. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2020A Bonds (including persons holding 2020A Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2020A Bonds for federal income tax purposes."

## **ARTICLE VII**

### **PREPAYMENT OF INSTALLMENT PAYMENTS**

#### **Section 7.1. Prepayment.**

(a) The Agency may or shall, as the case may be, prepay from the Net Proceeds as provided herein on any date, all or any part on any Installment Payment Date, of the principal amount of the unpaid Installment Payments at a prepayment price equal to the sum of the principal amount prepaid plus accrued interest thereon to the date of prepayment.

(b) The Agency may optionally prepay the Installment Payments in accordance with the schedule set forth in Exhibit C of the Indenture with respect to the 2020A Bonds.

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

**Section 7.2. Method of Prepayment.** Before making any prepayment pursuant to Section 7.1(a), the Agency may, within five (5) days following the event permitting the exercise of such right to prepay or creating such obligation to prepay, give written notice to the Authority and the Trustee describing such event and specifying the date on which the prepayment of the 2020A Bonds will be paid, which date shall be not less than sixty (60) days from the date such notice is given, unless such prepayment must occur on an Interest Payment Date, in which case such date shall be the next Interest Payment Date with respect to which notice of prepayment may be timely given pursuant to the Indenture.

## **ARTICLE VIII**

### **EVENTS OF DEFAULT AND REMEDIES OF THE AUTHORITY**

**Section 8.1. Events of Default and Acceleration of Maturities.** If one or more of the following Events of Default shall happen, that is to say --

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

(b) if default shall be made by the Agency in the performance of any of the other agreements or covenants required herein or in any Contract or Bond to be performed by it, and such default shall have continued for a period of sixty (60) days after the Agency shall have been given notice in writing of such default by the Authority;

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

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

then and in each and every such case during the continuance of such Event of Default specified in clauses (c) and (d) above, the Authority shall and for any other such Event of Default the Authority may declare the entire principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding. This subsection however, is subject to the condition that if at any time after the entire principal amount of the unpaid Installment Payments and the accrued interest thereon shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered the Agency shall deposit with the Authority a sum sufficient to pay the unpaid principal amount of the Installment Payments and/or the unpaid payment of any other Contract or Bond referred to in clause (a) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the Installment Payments or such Contract or Bond if paid in accordance with their terms and the reasonable expenses of the Authority, and any and all other defaults known to the Authority (other than in the payment of the entire principal amount of the unpaid Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Authority or provision deemed by the Authority to be adequate shall have been made therefor, then and in every such case the Authority, by written notice to the Agency, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

**Section 8.2. Application of Funds Upon Acceleration.** Upon the date of the declaration of acceleration as provided in Section 8.1, all Revenues thereafter received shall be applied in the following order -

First, to the payment, without preference or priority, and in the event of any insufficiency of such Revenues ratably without any discrimination or preference, of the fees, costs and expenses of the Authority and Trustee, if any, including reasonable compensation to its accountants and counsel;

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

Third, to the payment without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, of the entire unpaid installment payments with respect to all Senior Contracts and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to such Senior Contracts if paid in accordance with their respective terms; and

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

**Section 8.3. Other Remedies of the Authority.** The Authority shall have the right:

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

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

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

Notwithstanding anything contained herein, the Authority shall have no security interest in or mortgage on the 2020 Project, the Agency System or other assets of the Agency, and no default hereunder shall result in the loss of the 2020 Project, the Agency System or other assets of the Agency.

**Section 8.4. Non-Waiver.** Nothing in this article or in any other provision hereof shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay the Installment Payments to the Authority at the respective due dates or upon prepayment from the Net Revenues, the Revenue Fund and the other funds herein pledged for such payment, or shall affect or impair the right of the Authority, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

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

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



**Section 8.5. Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

If any remedial action is discontinued or abandoned, the Trustee and 2020A Bond Owners shall be restored to their former positions.

## **ARTICLE IX**

### **DISCHARGE OF OBLIGATIONS**

#### **Section 9.1. Discharge of Obligations.**

(a) When all or any portion of the Installment Payments become due and payable in accordance herewith or a written notice of the Agency to prepay all or any portion of the Installment Payments is filed with the Trustee; and

(b) there has been deposited with the Trustee at or prior to the Installment Payment Dates or date (or dates) specified for prepayment, in trust for the benefit of the Authority or its assigns and irrevocably appropriated and set aside to the payment of all or any portion of the Installment Payments, sufficient moneys and non-callable Permitted Investments, issued by the United States of America and described in clause (a) and (b) of the definition thereof, the principal of and interest on which when due will provide money sufficient to pay all principal, prepayment premium, if any, and interest of such Installment Payments to their respective Installment Payment Dates or prepayment date or dates as the case may be; and

(c) provision shall have been made for paying all fees and expenses of the Trustee,

then and in that event, if an opinion of Bond Counsel acceptable to the Trustee is filed with the Trustee to the effect that the actions authorized by and taken as described under this heading will not adversely affect the exclusion from gross income for federal income tax purposes of the interest portion of the Installment Payments, the right, title and interest of the Authority herein and the obligations of the Agency hereunder shall, with respect to all or such portion of the Installment Payments as have been so provided for, thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Trustee and the obligation of the Agency to have such moneys and such Permitted Investments applied to the payment of such Installment Payments).

In such event, upon request of the Agency the Trustee will cause an accounting for such period or periods as may be requested by the Agency to be prepared and filed with the Agency and will execute and deliver to the Agency all such instruments as may be necessary or desirable to evidence such total or partial discharge and satisfaction, as the case may be, and, in the event of a total discharge and satisfaction, the Trustee will pay over to the Agency, after payment of all amounts due the Trustee pursuant to the Indenture as an overpayment of Installment Payments, all such moneys or such Permitted Investments held by it pursuant to the Agreement other than such moneys and such Permitted Investments as are required for the payment or prepayment of the Installment Payments, which moneys and Permitted Investments will continue to be held by the Trustee in trust for the payment of the

Installment Payments and will be applied by the Trustee to the payment of the Installment Payments of the Agency.

## ARTICLE X

### MISCELLANEOUS

**Section 10.1. Liability of Agency Limited to Net Revenues.** The obligation of the Agency to make the Installment Payments is a special obligation of the Agency payable solely from the Net Revenues, and does not constitute a debt of the Agency or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction. Notwithstanding anything contained in the Agreement, the Agency shall not be required to advance any moneys derived from any source of income other than the Net Revenues and the other funds provided in the Agreement for the payment of Installment Payments due hereunder or for the performance of any agreements or covenants required to be performed by it contained herein except as expressly provided herein. The Agency may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the Agency for such purpose.

**Section 10.2. Benefits of Installment Purchase Agreement Limited to Parties.** Nothing contained herein, expressed or implied, is intended to give to any person other than the Agency or the Authority any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the Agency or the Authority shall be for the sole and exclusive benefit of the other party.

**Section 10.3. Successor Is Deemed Included in all References to Predecessor.** Whenever either the Agency or the Authority is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Agency or the Authority, and all agreements and covenants required hereby to be performed by or on behalf of the Agency or the Authority shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

**Section 10.4. Waiver of Personal Liability.** No director, officer or employee of the Agency shall be individually or personally liable for the payment of the Installment Payments, but nothing contained herein shall relieve any director, officer or employee of the Agency from the performance of any official duty provided by any applicable provisions of law or hereby.

**Section 10.5. Article and Section Headings, Gender and References.** The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith" and other words of similar import refer to this Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

**Section 10.6. Partial Invalidity.** If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Agency or the Authority shall be contrary to law, then such agreement or agreements, such covenant or covenants or such

portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The Agency and the Authority hereby declare that they would have executed this Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

**Section 10.7. Assignment.** This Agreement and any rights hereunder may be assigned by the Authority, as a whole or in part, without the necessity of obtaining the prior consent of the Agency.

**Section 10.8. Net Contract.** This Agreement shall be deemed and construed to be a net contract, and the Agency shall pay absolutely net during the term hereof the Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

**Section 10.9. California Law.** THE INSTALLMENT PURCHASE AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

**Section 10.10. Notices.** All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the Agency:           Inland Empire Utilities Agency  
6075 Kimball Avenue  
Chino, California 91708  
Attention: General Manager

If to the Authority:       Chino Basin Regional Financing Authority  
6075 Kimball Avenue  
Chino, California 91708  
Attention: Treasurer

**Section 10.11. Effective Date.** This Agreement shall become effective upon its execution and delivery, and shall terminate when the Purchase Price shall have been fully paid (or provision for the payment thereof shall have been made to the written satisfaction of the Authority).

**Section 10.12. Execution in Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

**Section 10.13. Indemnification of Authority.** The Agency hereby agrees to indemnify and hold harmless the Authority if and to the extent permitted by law, from and against all claims, advances, damages and losses, including legal fees and expenses, arising out of or in connection with the acceptance or the performance of its duties hereunder and under the Indenture; provided that no indemnification will be made for willful misconduct, negligence or breach of an obligation hereunder or under the Indenture by the Authority.

**Section 10.14. Amendments Permitted.** This Agreement and the rights and obligations of the Authority, the Agency, the Owners of the 2020A Bonds and of the Trustee may be modified or amended at any time by an amendment hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the 2020A Bonds then Outstanding, exclusive of the 2020A Bonds disqualified as provided in the Indenture. No such modification or amendment shall (1) extend the stated maturities of the 2020A Bonds, or reduce the rate of interest represented thereby, or change the method of computing the rate of interest with respect thereto, or extend the time of payment of interest, or reduce the amount of principal represented thereby, or reduce any premium payable on the prepayment thereof, without the consent of the Owner of any 2020A Bond so affected, or (2) reduce the aforesaid percentage of Owners of the 2020A Bonds whose consent is required for the execution of any amendment or modification of this Agreement without the consent of the Owners of all 2020A Bonds then Outstanding, or (3) modify any of the rights or obligations of the Trustee or the Authority without its respective written consent thereto.

This Agreement and the rights and obligations of the Authority, the Agency and of the Owners of the 2020A Bonds may also be modified or amended at any time by an amendment hereto which shall become binding upon adoption, without the consent of the Owners of any 2020A Bonds but only to the extent permitted by law and only for any one or more of the following purposes.

(a) to add to the covenants and agreements of the Authority or the Agency contained in this Agreement other covenants and agreements thereafter to be observed or to surrender any right or power herein reserved to or conferred upon the Authority or the Agency, and which shall not adversely affect the interests of the Owners of the 2020A Bonds;

(b) to cure, correct or supplement any ambiguous or defective provision contained in this Agreement or in regard to questions arising under this Agreement, as the Authority or the Agency may deem necessary or desirable and which shall not adversely affect the interests of the Owners of the 2020A Bonds; and

(c) to make such other amendments or modifications as may be in the best interests of the Owners of the 2020A Bonds.

No amendment without consent of the Owners may modify any of the rights or obligations of the Trustee without its written consent thereto.

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

INLAND EMPIRE UTILITIES AGENCY

By: \_\_\_\_\_  
General Manager

CHINO BASIN REGIONAL FINANCING  
AUTHORITY

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

EXHIBIT A

PURCHASE PRICE

1. The principal amount of payments to be made by the Agency hereunder is \$\_\_\_\_\_.
2. The installment payments of principal are payable in the amounts and on the Installment Payment Dates as follows:

<i>Installment Payment Date (5 Days Prior To)</i>	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest</i>	<i>Total</i>
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<b>Total</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
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## EXHIBIT B

### DESCRIPTION OF THE PROJECTS TO BE REFINANCED

#### [AGENCY TO CONFIRM/PROVIDE INFORMATION]

##### **2008 Project:**

1. Composting facilities located in Rancho Cucamonga, California.
2. Wastewater treatment plant designated as Regional Plant No. 5
3. Facilities comprising the Kimball Interceptor Extension
4. Chino Creek Park
5. Primary clarifier relating to Regional Plant No. 4
6. Regional Plant No. 1 chlorine contact basin expansion

##### **2010 Project:**

1. Wastewater treatment facility designated as Regional Plant No. 4
2. Digester improvements to the Agency's principal wastewater treatment facility, Regional Plant No. 1 ("RP-1")
3. Odor control improvements to RP-1
4. Ultraviolet disinfection facilities for RP-1 and the Agency's Carbon Canyon Wastewater Reclamation Facility.

##### **Refinanced SWRCB Project:**

[TO COME]



EXHIBIT C

SCHEDULE OF PREPAID SWRCB LOANS

**[TO COME FROM BOND COUNSEL]**

EXHIBIT D

SCHEDULE OF OUTSTANDING SWRCB LOANS

**[TO COME FROM BOND COUNSEL]**

**CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Inland Empire Utilities Agency\* (the “Agency”) in connection with the execution and delivery of the Chino Basin Regional Financing Authority Refunding Revenue Bonds (Inland Empire Utilities Agency), Series 2020A, in the amount of \$\_\_\_\_\_ (the “Bonds”). The Bonds are being issued and delivered pursuant to an Indenture of Trust, dated as of June 1, 2020 (the “Indenture”), by and between the Chino Basin Regional Financing Authority (the “Authority”) and U.S. Bank National Association, as trustee (the “Trustee”). The Agency covenants and agrees as follows:

1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“EMMA” shall mean the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>.

“Fiscal Year” shall mean the one-year period ending on the last day of June of each year.

“Listed Events” shall mean any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

“Official Statement” shall mean the Official Statement of the Authority dated \_\_\_\_\_, 2020 related to the Bonds

“Owner” means a registered owner of the Bonds.

“Participating Underwriter” shall mean any of the original Underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

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\* A municipal water district.

“State” shall mean the State of California.

3. Provision of Annual Reports.

(a) The Agency shall provide not later than 270 days following the end of its Fiscal Year (commencing with the Fiscal Year 2020) to EMMA an Annual Report relating to the immediately preceding Fiscal Year which is consistent with the requirements of Section 4 of this Disclosure Certificate, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Agency is unable to provide to EMMA an Annual Report by the date required in subsection (a), the Agency shall send to EMMA a notice in the manner prescribed by the Municipal Securities Rulemaking Board.

4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the Agency for the prior Fiscal Year, which may be included in the Agency’s Comprehensive Annual Financial Report, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Agency’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financing statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Principal amount of the Bonds outstanding.

(c) An update, for the most recently-completed Fiscal Year only, of the information in the tables under the following captions in the Official Statement:

1. “THE AGENCY — Regional Wastewater System – Wastewater System Rates and Charges – Sewer Charges”;
2. “THE AGENCY — Regional Wastewater System – Wastewater Facility Usage”;
3. “THE AGENCY — Regional Wastewater System – Wastewater System Revenues”;
4. “THE AGENCY — Non-Reclaimable Wastewater System – Non-Reclaimable Wastewater System Rates and Charges”;
5. “THE AGENCY — Non-Reclaimable Wastewater System – NRW System Revenues”; and
6. “THE AGENCY — Recycled Water System – Recycled Water System Revenues.”

If the information in section 4(c) above can be derived from the audited financial statements required to be filed in 4(a) above, failure to file separate tables under section 4(c) above shall not constitute a default hereunder. Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission; provided, that if any document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board; and provided further, that the Agency shall clearly identify each such document so included by reference.

## 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB);
6. tender offers;
7. defeasances;
8. ratings changes;
9. bankruptcy, insolvency, receivership or similar proceedings; and
10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds;
2. modifications to the rights of Bond holders;
3. optional, unscheduled or contingent Bond redemptions;
4. release, substitution or sale of property securing repayment of the Bonds;
5. non-payment related defaults;
6. the consummation of a merger, consolidation, or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
7. appointment of a successor or additional trustee or the change of the name of a trustee; and
8. incurrence of a financial obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect Bond holders.

(c) If the Agency determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Agency shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

(d) For purposes of the events identified in subparagraphs (a)(10) and (b)(8) under this Section 5, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

6. Termination of Obligation. The Agency’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, or another nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. The Agency will provide notice of such amendment to the Municipal Securities Rulemaking Board.

8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set

forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Agency chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Agency shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

9. Default. In the event of a failure of the Agency to file an annual report under Section 4 hereof or to file a report of a significant event under Section 5 hereof, any Owners or Beneficial Owners of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to make such filing. Notwithstanding the foregoing, no action may be undertaken by Owners or Beneficial Owners of the Bonds with respect to the accuracy of the information contained in any such filing or otherwise without the approval in writing of Owner or Beneficial Owner of at least 50% of the aggregate principal amount of the Bonds. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Agency to comply with this Disclosure Certificate shall be an action to compel performance.

No Owners or Beneficial Owners may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Agency satisfactory written evidence of their status as Owners or Beneficial Owners and a written notice of and request to cure such failure, and the Agency shall have refused to comply therewith within a reasonable time.

10. Dissemination Agent. The Agency may from time to time appoint or engage a dissemination agent to assist the Agency in carrying out its obligations under this Disclosure Certificate and may discharge any such dissemination agent with or without appointing a successor dissemination agent.

11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Agency, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: \_\_\_\_\_, 2020

INLAND EMPIRE UTILITIES AGENCY

By: \_\_\_\_\_  
Its: General Manager



## **INLAND EMPIRE UTILITIES AGENCY POLICY FOR DISCLOSURE PROCEDURES**

### **PURPOSE**

The purpose of these Disclosure Procedures (these “Procedures”) is to memorialize and communicate key principles and procedures in connection with obligations, including notes, bonds and certificates of participation, issued by the Inland Empire Utilities Agency (the “Agency”) so as to ensure that the Agency continues to comply with all applicable disclosure obligations and requirements under the federal securities laws.

### **BACKGROUND**

The Agency from time to time issues certificates of participation, revenue bonds, notes or other obligations (collectively, “Obligations”) in order to fund or refund capital investments, other long-term programs and working capital needs. Such obligations are typically issued through the Chino Basin Regional Financing Authority (the “Authority”), although certain Obligations are incurred directly by the Agency. In offering Obligations to the public, and at other times when the Agency makes certain reports, the Agency must comply with the “anti-fraud rules” of federal securities laws. (“Anti-fraud rules” refers to Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities and Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission under those Acts, particularly “Rule 10b-5” under the 1934 Act.)

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

When the Agency or Authority issues Obligations, the two central disclosure documents which are prepared are a preliminary official statement (“POS”) and a final official statement (“OS”, and collectively with the POS, “Official Statement”). The Official Statement generally consists of (i) the forepart (which describes the specific transaction including maturity dates, interest rates, redemption provisions, the specific type of financing, the leased premises (in certificate of participation financings) and other matters particular to the financing, (ii) a section which provides information on the Agency, including its financial condition as well as certain operating information (“Agency Section”), and (iii) various other appendices, including the Agency’s audited financial report, form of the proposed legal opinion, and form of continuing disclosure undertaking. Investors use the Official Statement as one of their primary resources for making informed investment decisions regarding the Obligations.

## DISCLOSURE PROCESS

When the Agency determines to issue Obligations directly or through the Authority, the Agency's Executive Manager of Finance and Administration/Assistant General Manager requests the involved departments to commence preparation of the portions of the Official Statement (including particularly the Agency Section) for which they are responsible. While the general format and content of the Official Statement does not normally change substantially from offering to offering, except as necessary to reflect major events, the Agency's Executive Manager of Finance and Administration/Assistant General Manager and other relevant staff are responsible for reviewing and preparing or updating certain portions of the Agency Section which are within their particular area of knowledge. Once the Official Statement has been substantially updated, the entire Official Statement is shared with the General Manager for review and input. Additionally, all participants in the disclosure process are separately responsible for reviewing the entire Official Statement.

Members of the financing team, including Bond Counsel and the Agency's municipal advisor (the "Municipal Advisor") with respect to a proposed Obligation, assist staff in determining the materiality of any particular item, and in the development of specific language in the Agency Section. Members of the financing team also assist the Agency in the development of a "big picture" overview of the Agency's financial condition, which is included in the Agency section. This overview highlights particular areas of concern. Bond Counsel has a confidential, attorney-client relationship with officials and staff of the Agency and the Authority.

The Executive Manager of Finance and Administration/Assistant General Manager or a member of the financing team at the direction thereof schedules one or more meetings or conference calls of the financing team (which includes Agency officials, Bond Counsel, Municipal Advisor, the underwriter of the Obligations, and the underwriter's counsel), and new drafts of the Official Statement, including the Agency Section, are circulated and discussed. Such communications may occur via electronic means rather than by meetings or conference calls. During this part of the process, there is substantial contact among Agency staff and other members of the financing team to discuss issues which may arise to determine the materiality of particular items and ascertain the prominence in which the items should be disclosed.

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

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

At the time the POS is posted for review by potential investors, senior Agency and Authority officials execute certificates deeming certain portions of the POS complete (except for certain pricing terms) as required by SEC Rule 15c2-12.

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

In connection with the closing of the transaction, one or more senior Agency and Authority officials execute certificates stating that certain portions of the OS, as of the date of each OS and as of the date of closing, do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements contained in the OS in light of the circumstances under which they were made, not misleading. General Counsel also provides an opinion letter advising the underwriters that information contained in the section of the OS relating to the Agency and the Authority and its operations (or specified portions thereof) as of its date did not, and as of the date of the closing, does not contain any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. General Counsel does not approve to any financial, statistical, economic or demographic data or forecasts, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, and certain other customary matters.

## **AGENCY SECTION**

The information contained in the Agency Section is developed by personnel under the direction of the Executive Manager of Finance and Administration/Assistant General Manager, with the assistance of the financing team. In certain circumstances, additional officials will be involved, as necessary. The following principles govern the work of the respective staffs that contribute information to the Agency Section:

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

- The Agency must make sure that the staff involved in the disclosure process is of sufficient seniority such that it is reasonable to believe that, collectively, they are in possession of material information relating to the Agency, its operations and its finances.

## **DISTRIBUTION AND TRAINING**

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

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

## **ANNUAL CONTINUING DISCLOSURE REQUIREMENTS**

In connection with the issuance or execution and delivery of Obligations, the Agency has entered into a number of contractual agreements ("Continuing Disclosure Certificates") to provide annual reports related to its financial condition (including its audited financial statements) as well as notice of certain events relating to the Obligations specified in the Continuing Disclosure Certificates. The Agency must comply with the specific requirements of each Continuing Disclosure Certificate. The Agency's Continuing Disclosure Certificates generally require that the annual reports be filed within 270 days after the end of the Agency's fiscal year, and event notices are generally required to be filed within 10 days of their occurrence.

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

The Executive Manager of Finance and Administration/Assistant General Manager shall be responsible for preparing and filing the annual reports and enumerated event notices required pursuant to the Continuing Disclosure Certificates and for other secondary market disclosures as described under the caption "Secondary Market Disclosure." Particular care shall be paid to the timely filing of any changes in credit ratings on Obligations (including changes resulting from changes in the credit ratings of insurers of particular Obligations).

The General Counsel or General Manager will provide written notice to the Agency Board and the Authority Commission of any receipt by the Agency or the Authority of any default, event of acceleration, termination event, modification of terms (only if material or may reflect financial difficulties), or other similar events (collectively, a "Potentially Reportable Event") under any agreement or obligation to which the Agency is a party and which may be a "financial obligation" as discussed below. Such written notice should be provided by the General Counsel or General Manager

to the Agency Board and the Authority Commission as soon as the General Counsel or General Manager is provided written notice or otherwise informed by Agency staff, consultants, or external parties of such event. The General Manager, with the assistance of Bond Counsel, will determine whether notice of such Potentially Reportable Event is required to be filed on the Electronic Municipal Market Access (“EMMA”) pursuant to the disclosure requirements of SEC Rule 15c2-12 (the “Rule”). If filing on EMMA is required, the filing is due within 10 business days of such Potentially Reportable Event to comply with the continuing disclosure undertaking for the various debt obligations of the Agency. The General Manager will notify the Agency Board and the Authority Commission of such events.

The General Counsel or General Manager will report to the Agency Board and the Authority Commission regarding the execution by the Agency of any agreement or other obligation which might constitute a “financial obligation” for purposes of Rule 15c2-12. Amendments to existing Agency agreements or obligations with “financial obligation,” which relate to covenants, events of default, remedies, priority rights, or other similar terms, should be reported to the Agency Board and the Authority Commission as soon as the General Counsel or General Manager is provided written notice or otherwise notified by Agency staff, consultants, or external parties of such event. The General Manager will determine, in consultation with the General Counsel and with the assistance of Bond Counsel, whether such agreement or other obligation constitutes a material “financial obligation” for purposes of Rule 15c2-12. If such agreement or other obligation is determined to be a material “financial obligation” or a material amendment to a “financial obligation” described above, notice thereof would be required to be filed on EMMA within 10 business days of execution or incurrence. The types of agreements or other obligations that could constitute “financial obligations” and would need to be reported on EMMA include:

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

Types of agreements that could be a “financial obligation” under the Rule include:

1. Payment agreements which obligate the Agency to pay a share of another public agency’s debt service (for example, an agreement with a joint powers agency whereby the Agency agrees to pay a share of the joint powers agency’s bonds, notes or other obligations); and

2. Service contracts with a public agency or a private party pursuant to which the Agency is obligated to pay a share of such public agency or private party's debt service obligation (for example, certain types of Public-Private Partnership arrangements).

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

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

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

## **SECONDARY MARKET DISCLOSURE**

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

**CERTIFICATION AND RECEIPT OF UNDERSTANDING**

**I certify that I have received a copy of the Inland Empire Utilities Agency Policy for Disclosure Procedures. I have reviewed and understand its contents and agree to abide by the principles and requirements in the Disclosure Procedures.**

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

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



**RESOLUTION NO. 2020-6-17**

**RESOLUTION OF THE INLAND EMPIRE UTILITIES AGENCY\* AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$250,000,000 REVENUE NOTES (INLAND EMPIRE UTILITIES AGENCY INTERIM FINANCING) AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS**

WHEREAS, the Inland Empire Utilities Agency\* (the “Agency”), a municipal water district duly organized and existing under and pursuant to the Constitution and laws of the State of California, proposes to undertake the interim financing of certain improvements to the Agency’s wastewater system at Regional Plant 5 (RP-5) (the “Project”); and

WHEREAS, in order to acquire certain additions to the Project, the Agency entered into an Installment Purchase Agreement (the “Installment Purchase Agreement”) with the Chino Basin Regional Financing Authority (the “Authority”), pursuant to which the Authority will acquire additions to the Project and convey such additions to the Agency and the Agency will make installment payments to the Authority in consideration thereof; and

WHEREAS, in order to fulfill its obligation to the Agency under the Installment Purchase Agreement, the Authority obtained a loan under the authority of the Water Infrastructure Finance and Innovation Act (the “WIFIA Loan”) from the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (the “WIFIA Lender”), pursuant to a loan agreement (the “WIFIA Loan Agreement”) among the Authority, the WIFIA Lender and the Agency; and

WHEREAS, the Agency has applied for a loan from the California State Water Resources Control Board (the “SRF Loan”) to finance a portion of the cost of the Project; and

WHEREAS, this Board has determined that it is in the best interest of the Agency to cause the Chino Basin Regional Financing Authority (the “Authority”) to issue revenue notes to finance certain such improvements and facilities on an interim basis if the General Manager reasonably determines that (a) the use of interim financing with respect to the WIFIA Loan will lower the all-in-cost of the Project or (b) the use of interim financing is appropriate to avoid potential disruption or delays in the execution of the Project in the event of (i) a delay in the execution of the SRF Loan, (ii) a delay in the disbursement of SRF Loan proceeds to the Agency, or (iii) a deferral of connection fee revenue due to an unanticipated slowdown in new development; and

WHEREAS, this Board has determined to authorize the financing of all or a portion of the Project and to approve certain documents in connection therewith;

NOW THEREFORE, the Board of Directors (the “Board”) of the Inland Empire Utilities Agency\* hereby finds, determines, declares and resolves as follows:

---

\* A municipal water district.

1. The issuance by the Chino Basin Regional Financing Authority of its Revenue Notes (Inland Empire Utilities Agency Interim Financing), in one or more series from time to time (the "Notes"), in the cumulative principal amount not to exceed \$250,000,000, is hereby requested and approved, in order to finance a portion of the Project on an interim basis if the General Manager reasonably determines that (a) the use of interim financing with respect to the WIFIA Loan will lower the all-in-cost of the Project or (b) the use of interim financing is appropriate to avoid potential disruption or delays in the execution of the Project in the event of (i) a delay in the execution of the SRF Loan, (ii) a delay in the disbursement of SRF Loan proceeds to the Agency, or (iii) a deferral of connection fee revenue due to an unanticipated slowdown in new development. Proceeds of the Notes shall be used to (A) finance a portion of the cost of the Project, (B) pay capitalized interest on the Notes, and (C) pay the cost of issuance for the Notes. The sale and issuance of the Notes by the Authority on behalf of the Agency is determined to be consistent with the Agency's Debt Management Policy and to the extent the sale and issuance of the Notes is not in compliance with the Agency's Debt Management Policy, such noncompliance is waived in accordance with the terms of the Agency's Debt Management Policy.

2. The form of Installment Purchase Agreement in substantially the form on file with the Agency is hereby approved. Each of the President, the Vice President, the General Manager or the written designee thereof (each an "Authorized Officer") is hereby individually authorized and directed to execute and deliver an Installment Purchase Agreement in connection with the issuance of each series of Notes, with such changes, insertions and omissions as may be recommended by General Counsel or Stradling Yocca Carlson & Rauth, A Professional Corporation ("Note Counsel") and approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval.

3. The form of Purchase Contract with the underwriters named therein, in substantially the form on file with the Agency is hereby approved. The General Manager or the written designee thereof is hereby authorized and directed to execute and deliver a Purchase Contract in connection with the issuance of each series of Notes, with such changes, insertions and omissions as may be recommended by General Counsel and Note Counsel approved by the General Manager or such written designee executing the same, said execution being conclusive evidence of such approval; provided, however, that in no event shall the cumulative principal amount of the Notes issued from time to time pursuant to this resolution exceed \$250,000,000, nor shall the underwriters' discount exceed 0.5% of the principal amount of the applicable series of Notes.

4. The form of Continuing Disclosure Certificate in substantially the form on file with the Agency is hereby approved. Each Authorized Officer is hereby individually authorized and directed to execute and deliver a Continuing Disclosure Certificate in connection with the issuance of each series of Notes, with such changes, insertions and omissions as may be recommended by General Counsel or Note Counsel and approved by the person executing the same, said execution being conclusive evidence of such approval.

5. The preparation and distribution of the Agency information in the Preliminary Official Statement with respect to each series of Notes, in substantially the form on file with the Agency (the "Agency Portion"), is hereby approved. Each of the General Manager or the written designee thereof is hereby individually authorized to approve such changes, insertions and omissions as may be recommended by General Counsel or Note Counsel, including to refer to specific series of Notes proposed to be issued, and is authorized and directed to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 with respect to the Agency Portion of the Preliminary Official Statement. The General Manager or the written designee thereof is further

authorized and directed to update the Agency Portion for inclusion in the final Official Statement. The underwriters named in the Purchase Contract are hereby authorized to distribute copies of the Agency Portion of each Preliminary Official Statement to persons who may be interested in the initial purchase of each series of Notes and are directed to deliver copies of the Agency Portion of each final Official Statement to all actual initial purchasers of each series of Notes.

6. The Board hereby authorizes the General Manager or the written designee thereof to select a municipal bond insurer to insure payments of interest and principal on all or a portion of a series of Notes so long as the General Manager or such written designee determines that obtaining the municipal bond insurance policy provided thereby will result in a lower interest rate or yield to maturity on such Notes. Note Counsel is hereby directed to make all changes to the Installment Purchase Agreement, the Purchase Contract, the Continuing Disclosure Certificate, the Preliminary Official Statement and the final Official Statement for the applicable series of Notes as are necessary to reflect the selection of a municipal bond insurer and the reasonable comments thereof.

7. The Board of Directors acknowledges that the good faith estimates required by Section 5852.1 of the California Government Code are disclosed in Exhibit A to this resolution and are available to the public at the meeting at which this resolution is approved.

8. Each Authorized Officer, the General Manager, the Executive Manager of Finance and Administration/Assistant General Manager or the written designee thereof and any other proper officer of the Agency, acting singly, is authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Installment Purchase Agreement, Purchase Contract, Continuing Disclosure Certificate, the Preliminary Official Statement, the final Official Statement, and this resolution.

9. The authorization in this Resolution shall terminate on the one year anniversary of the date of adoption hereof.

10. Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given such terms in the Installment Purchase Agreement unless the context otherwise clearly requires.

11. This Resolution shall take effect immediately.

ADOPTED this 17th day of June, 2020.

---

Kati Parker  
President of the Inland Empire Utilities Agency\* and  
the Board of Directors thereof

ATTEST:

---

Steven J. Elie  
Secretary of the Inland Empire Utilities  
Agency\* and the Board of Directors thereof

(SEAL)

---

\* A Municipal Water District

## EXHIBIT A

### GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the 2020B Revenue Notes and the Installment Purchase Agreement in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the Agency by the Municipal Advisor.

***Principal Amount.*** The Municipal Advisor has informed the Agency that, based on the Agency's financing plan and current market conditions, its good faith estimate of the aggregate amount of the Installment Purchase Agreement is \$250,000,000.

***True Interest Cost of the Installment Purchase Agreement.*** The Municipal Advisor has informed the Agency that based on the expected interest rates prevailing at the time of preparation of such estimate, their good faith estimate of the true interest cost of the Installment Purchase Agreement, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Installment Purchase Agreement, is 0.89%.

***Finance Charge of the Installment Purchase Agreement.*** The Municipal Advisor has informed the Agency that, assuming that the Installment Purchase Agreement is executed, their good faith estimate of the finance charge for the Installment Purchase Agreement, which means the sum of all fees and charges paid to third parties (or costs associated with the Installment Purchase Agreement), is \$672,750.00.

***Amount of Proceeds to be Received.*** The Municipal Advisor has informed the Agency that based on estimated interest rates prevailing at the time of preparation of such estimate, their good faith estimate of the amount of proceeds expected to be received by the Agency for sale of the Installment Purchase Agreement, less the finance charge of the Installment Purchase Agreement, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Installment Purchase Agreement, is \$303,480,000.

***Total Payment Amount.*** The Municipal Advisor has informed the Agency that based on interest rates prevailing at the time of preparation of such estimate, their good faith estimate of the total payment amount, which means the sum total of all payments the Agency will make to pay debt service on the Installment Purchase Agreement, plus the finance charge for the Installment Purchase Agreement, as described above, paid with the proceeds of the Installment Purchase Agreement, calculated to the final maturity of the Installment Purchase Agreement, is \$316,215,277.78, which excludes any reserves funded with proceeds of the Installment Purchase Agreement (which may offset such total payment amount).

The foregoing estimates constitute good faith estimates only as of May 26, 2020, and are based on information provided in the draft Installment Purchase Agreement at the time of preparation of such estimates. The actual principal amount of the Installment Purchase Agreement, 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 the entering into the Installment Purchase Agreement being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Installment Purchase Agreement executed by the Agency being different from the Principal Amount, (c) the actual amortization of the payments under

the Installment Purchase Agreement being different than the amortization assumed for purposes of such estimates, (d) the actual interest rates at the time of execution of the Installment Purchase Agreement being different than those estimated for purposes of such estimates, (e) other market conditions, (f) alterations in the Agency's financing plan, or a combination of such factors. The actual date of execution of the Installment Purchase Agreement and the actual principal amount of the Installment Purchase Agreement will be determined by the Agency based on the timing of the need for proceeds of the Installment Purchase Agreement and other factors. Factors such as the final loan repayment schedule, any changes to the interest rate on the Installment Purchase Agreement and timing of the execution of the Installment Purchase Agreement may be affected by factors beyond the control of the Agency, or the Municipal Advisor.

STATE OF CALIFORNIA                     )  
   ) ss.  
COUNTY OF SAN BERNARDINO    )

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency\*, DO HEREBY CERTIFY that the foregoing Resolution being No. 2020-6-17, was adopted at a regular Board Meeting on June 17, 2020, of said Agency by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

---

Steven J. Elie  
Secretary/Treasurer

(SEAL)

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\* A Municipal Water District



**PRELIMINARY OFFICIAL STATEMENT DATED JUNE \_\_, 2020**

**NEW ISSUE – BOOK-ENTRY ONLY**

**RATINGS:** See the caption “RATINGS”

\$ \_\_\_\_\_ \*

**CHINO BASIN REGIONAL FINANCING AUTHORITY  
REVENUE NOTES**

**(INLAND EMPIRE UTILITIES AGENCY INTERIM FINANCING), SERIES 2020B**

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Interest Rate: \_\_\_\_%

Yield: \_\_\_\_%

Price: \_\_\_\_\_

CUSIP No.: \_\_\_\_\_

**Dated: Date of Delivery****Due: June 1, 20\_\_**

The Chino Basin Regional Financing Authority Revenue Notes (Inland Empire Utilities Agency Interim Financing), Series 2020B are being issued by the Authority pursuant to an Indenture of Trust, dated as of July 1, 2020, by and between the Authority and U.S. Bank National Association, as trustee, and will be payable from the sources described herein. The Notes are being issued (i) to finance, on an interim basis, a portion of the cost of the Regional Plant No. 5 (RP-5) Expansion Project, (ii) to pay capitalized interest with respect to the Notes, and (iii) to pay the costs of issuance of the Notes.

The Notes will bear interest at the rates shown above, payable semi-annually on December 1, 2020, and each June 1 and December 1 thereafter. The Notes are being issued in fully registered book-entry form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchasers will not receive certificates representing their interest in the Notes. Individual purchases will be in principal amounts of \$5,000 and integral multiples thereof. Payments of principal of and interest on the Notes will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Notes.

**The Notes are subject to optional redemption prior to maturity as set forth herein.**

The Authority has entered into a WIFIA Loan Agreement with the United States Environmental Protection Agency. Proceeds of the WIFIA Loan are expected to be applied by the Authority to repay the principal of the Notes at maturity or to redeem the Notes prior to maturity.

The Notes are limited obligations of the Authority. The Notes are payable solely from Authority Revenues and from certain other amounts on deposit in funds and accounts under the Indenture. Authority Revenues consist primarily of payments received by the Authority from the Agency pursuant to the 2020B Installment Purchase Agreement.

The obligation of the Agency to make 2020B Installment Payments is a special obligation of the Agency payable solely from Net Revenues of the Agency System on a subordinate basis to the obligation of the Agency to make \$58,315,000 aggregate principal amount of 2017A Installment Payments pursuant to the 2017A Installment Purchase Agreement and on a parity with the obligation of the Agency to make WIFIA Installment Payments pursuant to the WIFIA Installment Purchase Agreement, 2020A Installment Payments pursuant to the 2020A Installment Purchase Agreement, and payments to the State of California Regional Water Quality Control Board under Revolving Fund Loans, in an aggregate principal amount of \$85,926,497. The Agency may incur additional obligations payable from Net Revenues on a parity with the 2020B Installment Payments, subject to the terms and conditions set forth herein.

The Authority is not funding a debt service reserve account for the Notes.

**NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY THEREOF OR ANY MEMBER OF THE AUTHORITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL AMOUNT OR REDEMPTION PRICE OF, OR INTEREST ON, THE NOTES. THE AUTHORITY HAS NO TAXING POWER. THE NOTES DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY THEREOF (OTHER THAN THE AUTHORITY) OR ANY MEMBER OF THE AUTHORITY IN CONTRAVENTION OF ANY STATE OF CALIFORNIA CONSTITUTIONAL OR STATUTORY PROVISION.**

**MATURITY SCHEDULE**

**(See inside front cover)**

*In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Note Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in this Official Statement, interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Note Counsel, interest on the Notes is exempt from State of California personal income tax. See the caption "TAX MATTERS" with respect to tax consequences relating to the Notes.*

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A COMPLETE SUMMARY OF THE NOTES. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION. Capitalized terms used on the cover of this Official Statement shall have the meanings ascribed thereto herein.

*The Notes are offered when, as and if issued and received by the Underwriters, subject to approval of the valid, legal and binding nature of the Notes by Stradling Yocca Carlson & Rauth, a Professional Corporation, Note Counsel, and certain other conditions. The Underwriters are being represented by their counsel, Nixon Peabody LLP. Certain legal matters will be passed upon for the Authority and for the Agency by JC Law Firm, Chino Hills, California and for the Trustee by Dorsey & Whitney LLP, Costa Mesa, California. It is anticipated that the Notes will be available through the facilities of DTC on or about July \_\_, 2020.*

**J.P. MORGAN**

**CITIGROUP SUMITOMO MITSUI BANKING CORP.**

Dated: June \_\_, 2020

\* Preliminary, subject to change.

No dealer, broker, salesperson or other person has been authorized by the Authority, the Agency or the Underwriters to give any information or to make any representations in connection with the offer or sale of the Notes other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the Agency or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Notes by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or owners of the Notes. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with a nationally recognized municipal securities depository.

The Underwriters has provided the following sentence for inclusion in this Official Statement:

The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy of completeness of such information.

The information set forth herein has been obtained from sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or any other parties described herein since the date hereof. All summaries of the Indenture or the 2020B Installment Purchase Agreement or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Authority for further information in connection therewith.

IN CONNECTION WITH THE OFFERING OF THE NOTES, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE NOTES HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

While the Agency maintains an internet website for various purposes, none of the information on its website is intended to assist investors in making any investment decision or to provide any continuing information with respect to the Notes or any other bonds of the Authority or bonds or obligations of the Agency.

**CHINO BASIN REGIONAL FINANCING AUTHORITY**

6075 Kimball Avenue, Building A  
Chino, California 91708  
(909) 993-1600

**AUTHORITY COMMISSION MEMBERS**

Jasmin A. Hall, President  
Steven J. Elie, Vice President  
Kati Parker, Secretary  
Michael Camacho, Commissioner  
Paul Hofer, Commissioner

**OFFICERS OF THE AUTHORITY**

Jasmin A. Hall, President  
Steven J. Elie, Vice President  
Kati Parker, Secretary  
Christina Valencia, Treasurer  
Javier Chagoyen-Lazaro, Alternate Treasurer

**AGENCY BOARD OF DIRECTORS**

Kati Parker, President  
Jasmin A. Hall, Vice President  
Steven J. Elie, Secretary/Treasurer  
Michael Camacho, Director  
Paul Hofer, Director

**MANAGEMENT OF THE AGENCY**

Shivaji Deshmukh, General Manager  
Christiana Daisy, Executive Manager of Engineering/Assistant General Manager  
Kathy Besser, Executive Manager of External Affairs and Policy Development/Assistant General Manager  
Randy Lee, Executive Manager of Operations/Assistant General Manager  
Christina Valencia, Executive Manager of Finance and Administration/Assistant General Manager

**AUTHORITY AND AGENCY  
GENERAL COUNSEL**

JC Law Firm  
Chino Hills, California

**TRUSTEE**

U.S. Bank National Association  
Los Angeles, California

**NOTE COUNSEL**

Stradling Yocca Carlson & Rauth,  
a Professional Corporation  
Newport Beach, California

**MUNICIPAL ADVISOR**

PFM Financial Advisors LLC  
Los Angeles, California

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**CHINO BASIN REGIONAL FINANCING AUTHORITY**  
**REVENUE NOTES**  
**(INLAND EMPIRE UTILITIES AGENCY INTERIM FINANCING), SERIES 2020B**

## INTRODUCTION

### General

This Official Statement, including the cover page and all appendices hereto, provides certain information concerning the issuance of the Chino Basin Regional Financing Authority Revenue Notes (Inland Empire Utilities Agency Interim Financing), Series 2020B (the “Notes”). Descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in Appendix B hereto entitled “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Definitions.”

The Notes are being issued pursuant to the provisions of an Indenture of Trust (the “Indenture”), dated as of July 1, 2020, by and between the Chino Basin Regional Financing Authority (the “Authority”) and U.S. Bank National Association, as trustee (the “Trustee”), and pursuant to the Marks-Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the “Bond Law”).

### Purpose of the Notes

The Notes are being issued (i) to finance, on an interim basis, a portion of the cost of the Regional Plant No. 5 (RP-5) Expansion Project, (ii) to pay capitalized interest with respect to the Notes, and (iii) to pay the costs of issuance of the Notes.

### The RP-5 Expansion Project

The Agency plans to construct an expansion of the Agency’s Regional Water Recycling Plant No. 5 (RP-5) (the “RP-5 Expansion”), which will include a membrane bioreactor treatment system to provide improved water quality for the region. The RP-5 Expansion will result in an increase of the RP-5 hydraulic treatment capacity from 15 MGD to 22.5 MGD for liquid treatment (22.5 MGD for mechanical systems and 30 MGD for structures). In addition, the RP-5 Expansion will also construct a 30 MGD solid treatment facility to replace and relocate the aging RP-2 solids facility above the new “take-line” of Prado Dam. The Agency accepted a bid for construction of the RP-5 Expansion on \_\_\_\_\_, 2020. The Agency expects to award a construction contract in July of 2020, and expects to complete construction in early 2025. The Agency currently projects the cost of the RP-5 Expansion to be approximately \$450,000,000.

The Agency entered into a WIFIA Installment Purchase Agreement on May 27, 2020 (the “WIFIA Installment Purchase Agreement”), which will finance the acquisition of approximately \_\_\_\_% of estimated cost of the RP-5 Expansion (the “WIFIA Share of RP-5”), described below under the caption “—The WIFIA Loan.” The Agency has applied for a loan from the State Water Resources Control Board in an amount of approximately \$101,530,000 to fund a portion of the cost of the RP-5 Expansion. See the captions “THE FINANCING PLAN” and “THE AGENCY—Regional Wastewater System—Regional Wastewater System Facilities.”

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\* Preliminary, subject to change.



## **The WIFIA Loan**

The Authority and Agency have executed and delivered a WIFIA Loan Agreement, dated as of May 27, 2020 (the “WIFIA Loan Agreement”), by and among the Authority, the Agency, and the United States Environmental Protection Agency (the “EPA”), as WIFIA lender for a loan (the “WIFIA Loan”) for the purpose of financing the WIFIA Share of RP-5. While the WIFIA Loan is an obligation of the Authority, the Agency entered into the WIFIA Installment Purchase Agreement pursuant to which the Agency will purchase the WIFIA Project from the Authority in exchange for payments (“WIFIA Installment Payments”) in amounts and at times sufficient to enable the Authority to pay the WIFIA Loan. Subject to the terms and conditions set forth in the WIFIA Installment Purchase Agreement, the Agency may draw up to \$196,436,445 under the WIFIA Loan to pay the Notes at or prior to maturity.

The Authority expects to draw on the WIFIA Loan to pay the principal of the Notes at maturity or to prepay the Notes prior to maturity as described under the caption “THE NOTES—Redemption.” See the captions “FINANCING PLAN” and “THE AGENCY—Additional Parity Contracts and Bonds” for a further discussion of the WIFIA Loan.

## **Optional Redemption**

The Notes are subject to optional redemption on and after [\_\_\_\_\_ 1, 2025], as described under the caption “THE NOTES—Redemption” herein.

## **Security for the Notes**

The Notes are limited obligations of the Authority. The Notes are payable solely from Authority Revenues and from certain other amounts on deposit in funds and accounts under the Indenture. Authority Revenues consist primarily of payments received from the Agency pursuant to an Installment Purchase Agreement dated as of July 1, 2020, by and between the Agency and the Authority, as amended to the date hereof (the “2020B Installment Purchase Agreement”). See the captions “SECURITY FOR THE NOTES—2020B Installment Purchase Agreement.”

The Notes do not constitute a charge against the general credit of the Authority. The Notes are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts except Authority Revenues and other moneys pledged by the Authority under the Indenture. Neither the faith and credit nor the taxing power of the State of California or any public agency thereof or any member of the Authority is pledged to the payment of the principal amount or redemption price of, or interest on, the Notes. The Authority has no taxing power. The Notes do not constitute a debt, liability or obligation of the State of California, or any public agency thereof (other than the Authority) or any member of the Authority in contravention of any State of California constitutional or statutory provision.

**2020B Installment Purchase Agreement.** Pursuant to the 2020B Installment Purchase Agreement, the Agency is obligated to pay the installment payments (the “2020B Installment Payments”) as the price for certain additional acquisition and construction costs for a wastewater treatment plant of the Agency designated as Regional Plant No. 5 (“RP 5”). The obligation of the Agency to make the 2020B Installment Payments is a special obligation of the Agency payable solely from Net Revenues, and does not constitute a debt of the Agency or of the State or any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction. Pursuant to the 2020B Installment Purchase Agreement, the Agency has pledged the Revenues (as defined in the 2020B Installment Purchase Agreement) of the Agency to secure the prompt payment of the 2020B Installment Payments. Under the 2020B Installment Purchase Agreement the Agency has covenanted not to issue or incur any additional obligations senior to the 2020B Installment Purchase Agreement or any additional obligations secured by a pledge of Revenues prior to the pledge of Revenues under the 2020B Installment Purchase Agreement, except for refundings of Senior Contracts for savings. See the

captions “SECURITY FOR THE NOTES—2020B Installment Purchase Agreement” and “THE AGENCY—Description of Indebtedness.”

The obligation of the Agency to make the 2020B Installment Payments from Net Revenues is subordinate to the obligation of the Agency to make payments from Revenues (the “2017A Installment Payments”) under that certain Installment Purchase Agreement, dated as of January 1, 2017, by and between the Agency and the Authority.

The obligation of the Agency to make the 2020B Installment Payments from Net Revenues is on a parity with the obligation of the Agency to make payments from Net Revenues (the “WIFIA Installment Payments”) under the WIFIA Installment Purchase Agreement, to make payments (the “2020A Installment Payments”) from Net Revenues under that certain Installment Purchase Agreement, dated as of June 1, 2020, by and between the Agency and the Authority (the “2020A Installment Purchase Agreement”), and to make payments (the “Revolving Fund Loan Payments”) under thirteen outstanding Clean Water State Revolving Fund Financing Agreements entered into by the Agency and the SWRCB, which are secured pursuant to that certain Master Amendment No. 1 entered into as of September 18, 2017 between the Agency and the SWRCB, and certain other Clean Water State Revolving Fund Financing Agreements (collectively, the “Revolving Fund Loan Agreements”). See the caption “THE AGENCY—Financial Information—Description of Indebtedness—Parity Obligations.”

#### **Covenant Regarding Payment of the Principal of the Notes**

The Agency has covenanted in the 2020B Installment Purchase Agreement that, if the Agency has not provided funds to pay the principal amount of the 2020B Installment Payments attributable to the Notes when due at maturity of the Notes, the Agency will draw on the WIFIA Loan to pay such principal amount of the 2020B Installment Payments when due (to the extent such principal amount of the 2020B Installment Payments was used to pay for any portion of the purchase price of the WIFIA Portion of the Project, as defined in the WIFIA Loan Agreement). See the captions “SECURITY FOR THE NOTES—2020B Installment Purchase Agreement—*Covenant Regarding Payment of the Principal of the Notes.*”

#### **No Reserve Fund**

Neither the Authority nor the Agency is funding a debt service reserve fund for the Notes.

#### **The Agency**

The Agency, formerly known as the Chino Basin Municipal Water District until 1998, was established by a majority vote in a special election on June 6, 1950, for an original population of approximately 80,000 people. In 1951, the Agency annexed to the Metropolitan Water District of Southern California. Today the Agency services an area of approximately 242 square miles with a population of approximately 870,000. The Agency is governed by a Board of Directors (the “Board”). The original mission of the Agency was to distribute water imported from the Colorado River. During the mid-1960s, the Agency began domestic sewage and industrial waste collection. The Agency’s regional water and wastewater services are essentially wholesale services provided to the cities of Chino, Chino Hills, Fontana, Montclair, Ontario and Upland, and to the Cucamonga Valley Water District, formerly known as the Cucamonga County Water District (collectively, the “Contracting Agencies”), Monte Vista Water District, Fontana Water Company, San Antonio Water Company and West Valley Water District. The Agency also provides recycled water to the Contracting Agencies. For more information on the Agency, see the caption “THE AGENCY.”

#### **The Authority**

The Authority is a joint exercise of powers agency organized under the provisions of State law governing the joint exercise of powers, being Chapter 5, Division 7, Title 1 of the Government Code of the State

(the “Act”) and a Joint Exercise of Powers Agreement, dated as of May 1, 1993 (the “Joint Powers Agreement”) between the Agency and the Cucamonga Valley Water District (“CVWD”), formerly known as Cucamonga County Water District. The Authority was created to provide for the financing of public capital improvements for the members of the Authority and other local agencies through the acquisition by the Authority of such public capital improvements, the purchase by the Authority of indebtedness of the members of the Authority and other local agencies pursuant to bond purchase agreements, and the lending or providing of funds by the Authority to the members of the Authority and other local agencies, and any other transaction authorized by law. Under the Act, the Authority has the power to issue bonds and other obligations to pay the costs of public capital improvements. The Board of the Agency serves as the Commission of the Authority. See the caption “THE AUTHORITY.”

## **Tax Matters**

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation (“Note Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original discount) on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Note Counsel, interest on the Notes is exempt from State of California personal income tax. See the caption “TAX MATTERS” herein with respect to other tax consequences with respect to the Notes.

## **Professionals Involved in this Issue**

The Notes are offered when, as and if issued, subject to approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Note Counsel, and certain other conditions. The Underwriters are being represented by their counsel, Nixon Peabody LLP. The Authority and the Agency are represented by JC Law Firm, Chino Hills, California, and for the Trustee by Dorsey & Whitney LLP, Costa Mesa, California.

## **THE FINANCING PLAN**

The Notes are being issued (i) to finance, on an interim basis, a portion of the cost of the RP-5 Expansion, (ii) to pay capitalized interest with respect to the Notes, and (iii) to pay the costs of issuance of the Notes.

## **The RP-5 Expansion Project**

The Agency plans to construct an expansion of the Agency’s Regional Water Recycling Plant No. 5 (RP-5) (the “RP-5 Expansion”), which will include a membrane bioreactor treatment system to provide improved water quality for the region. The RP-5 Expansion will result in an increase of the RP-5 hydraulic treatment capacity from 15 MGD to 22.5 MGD for liquid treatment (22.5 MGD for mechanical systems and 30 MGD for structures). In addition, the RP-5 Expansion will also construct a 30 MGD solid treatment facility to replace and relocate the aging RP-2 solids facility above the new “take-line” of Prado Dam. The Agency accepted a bid for construction of the RP-5 Expansion on \_\_\_\_\_, 2020. The Agency expects to award a construction contract in July of 2020, and expects to complete construction in early 2025. The Agency currently projects the cost of the RP-5 Expansion to be approximately \$450,000,000. See the caption “THE AGENCY—Regional Wastewater System—*Regional Wastewater System Facilities*.”

The Agency entered into the WIFIA Installment Purchase Agreement on May 27, 2020, which will finance the acquisition of approximately \_\_\_\_% of estimated cost of the RP-5 Expansion (the “WIFIA Share of RP-5”), described below under the caption “—The WIFIA Loan.” The Agency has applied for a loan from the State Water Resources Control Board in an amount of approximately \$101,530,000 to fund a portion of the cost of the RP-5 Expansion. See the caption “THE AGENCY—Regional Wastewater System—*Regional Wastewater System Facilities*.”

## **The WIFIA Loan**

The Authority and Agency have executed and delivered the WIFIA Loan Agreement, dated as of May 27, 2020, by and among the Authority, the Agency, and the United States Environmental Protection Agency (the “EPA”), as WIFIA lender for the WIFIA Loan, for the purpose of financing the WIFIA Share of RP-5. While the WIFIA Loan is an obligation of the Authority, the Agency entered into the WIFIA Installment Purchase Agreement pursuant to which the Agency will purchase the WIFIA Project from the Authority in exchange for the WIFIA Installment Payments in amounts and at times sufficient to enable the Authority to pay the WIFIA Loan. Subject to the terms and conditions set forth in the WIFIA Installment Purchase Agreement, the Agency may draw up to \$196,436,445 under the WIFIA Loan to pay the Notes at or prior to maturity.

The Authority expects to draw on the WIFIA Loan to pay the principal of the Notes at maturity or to prepay the Notes prior to maturity as described under the caption “THE NOTES—Redemption.” See the captions “THE AGENCY—Regional Wastewater System—*Regional Wastewater System Facilities*” and “—Description of Indebtedness—*Parity Obligations*” for a further discussion of the WIFIA Loan.

## **The RP-5 Revolving Fund Loan**

The Agency has applied for a State Revolving Fund Loan from the SWRCB (the “RP-5 Revolving Fund Loan”) to finance approximately 25% of the cost of the RP-5 Expansion. While the Agency currently projects executing the RP-5 Revolving Fund Loan in August 2020 and drawing on the RP-5 Revolving Fund Loan to pay costs of the RP-5 Expansion, there can be no assurance that the RP-5 Revolving Fund Loan will be executed or that the SWRCB will disburse the proceeds of the RP-5 Revolving Fund Loan when requested by the Agency.

In the event that the Agency does not execute the RP-5 Revolving Fund Loan or that the SWRCB does not disburse amounts requested by the Agency when needed to pay costs of the RP-5 Expansion, the Agency would need to find other sources of funding for the RP-5 Expansion, and may need to issue and sell obligations to pay such costs. A variety of events could prevent access to the municipal securities market, prohibit the Agency from issuing or incurring such obligations, or make the issuance or incurrence of such obligations prohibitively expensive. Also, additional authorization for the issuance or incurrence of such obligations must be obtained by the Agency’s Board of Directors (the “Board”) prior to the issuance or incurrence thereof. No assurance can be given that such proceeds of such a financing will be available to the Agency on sufficiently favorable terms. See the captions “THE AGENCY—Regional Wastewater System—*Regional Wastewater System Facilities*” and “—Description of Indebtedness—*Parity Obligations*” for a further discussion of the RP-5 Revolving Fund Loan.

## **THE NOTES**

### **General Provisions**

*The following is a summary of certain provisions of the Notes. Reference is made to the Indenture for the complete provisions thereof, and the discussion herein is qualified in its entirety by such reference. See Appendix B—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”*

The Notes will be dated the date of delivery and will be payable in the years and amounts and will bear interest at the respective rates set forth on the inside cover page hereof, which interest will be payable on December 1, 2020 and on each June 1 and December 1 thereafter (each, an “Interest Payment Date”). The Notes will be delivered in the form of fully registered Notes and, when authenticated and delivered, will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Notes. Ownership interests in the Notes may be purchased in book-entry form only in denominations of \$5,000 or any integral multiple thereof. See “—Book-

Entry System” below and Appendix E—“INFORMATION CONCERNING DEPOSITORY TRUST COMPANY.” Interest will be calculated on the basis of a 360-day year consisting of twelve 30 day months.

### **Book-Entry System**

The information in this section concerning DTC and DTC’s book-entry system has been obtained from DTC, and the Authority, the Agency, the Underwriters and the Trustee take no responsibility for the accuracy thereof. See Appendix E—“INFORMATION CONCERNING DEPOSITORY TRUST COMPANY” for a further description of DTC and its book-entry system. Capitalized terms used under this caption and not otherwise defined shall have the respective meanings given to such terms in Appendix E.

DTC will act as securities depository for the Notes. The Notes will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered Note will be issued for each year in which the Notes mature in a denomination equal to the aggregate principal amount of the Notes maturing in that year, and will be deposited with DTC. So long as Cede & Co. is the registered owner of the Notes, as nominee of DTC, references herein to the owners or holders of the Notes shall mean Cede & Co. and shall not mean the actual purchasers of the Notes (the “Beneficial Owners”).

The Authority, the Agency and the Trustee cannot and do not give any assurances that DTC Direct Participants or DTC Indirect Participants will distribute to the Beneficial Owners (i) payments of interest on and principal of the Notes, (ii) Notes representing an ownership interest in or other confirmation of ownership interests in the Notes, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as registered owner of the Notes, or that they will do so on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will service and act in the manner described in the Official Statement.

### **Provisions Upon Termination of Book-Entry Only System**

In the event the book-entry system is terminated, Notes will be printed and delivered. Thereafter, any Note may, in accordance with its terms, be transferred, upon the Registration Books by the person in whose name it is registered, in person or by such person’s duly authorized attorney, upon surrender of such Note for cancellation at the Principal Corporate Trust Office of the Trustee, accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee. Whenever any Note or Notes will be surrendered for transfer, the Trustee will authenticate and deliver a new Note or Notes of authorized denomination or denominations of the same maturity and series for a like aggregate principal amount and interest rate. The Trustee may require the payment by any person whose name appears on the registration books maintained by the Trustee (the “Registration Books”) as the owner thereof (the “Owner”) requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

Notes may be exchanged upon surrender thereof at the Principal Corporate Trust Office of the Trustee for a like aggregate principal amount of Notes of other authorized denominations of the same maturity and interest rate. The Trustee may require the payment by any Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee will not be required to register the exchange or transfer of any Note within 15 days preceding selection of Notes for redemption or of any Note, in fact, selected for redemption.

The principal of each of the Notes at maturity will be paid upon presentation and surrender thereof at the principal corporate trust office of the Trustee in Los Angeles, California (the “Principal Corporate Trust Office”). The principal of (other than at maturity), premium, if any, and interest on each Note will be payable on each Interest Payment Date to the Owner as of the close of business on the first day of the calendar month in which an Interest Payment Date occurs (the “Record Date”), such interest to be paid by check of the Trustee, sent by first-class mail to the Owner at such Owner’s address as it appears on the Registration Books. Interest payable on any Interest Payment Date to the Owner in the aggregate principal amount of \$1,000,000 or more



may upon written request by such Owner received by the Trustee at least two Business Days prior to the preceding Record Date, be paid by wire transfer in immediately available funds to a designated account in any bank in the United States. Such written request will remain in effect until revoked or revised in writing by such Owner delivered to the Trustee. The principal of, premium, if any, and interest on each of the Notes will be payable in any currency of the United States of America which on the respective dates for payment thereof is legal tender for the payment of public and private debts.

Interest on the Notes is payable from the Interest Payment Date next preceding their date of execution, unless (i) such date is after a Record Date and on or before the following Interest Payment Date, in which case interest will be payable from such Interest Payment Date, or (ii) such date is on or before the first Record Date, in which case interest will be payable from the date of delivery; provided, however, that if, as shown by the records of the Trustee, interest borne by the Notes is in default, Notes authenticated in exchange for Notes surrendered for transfer or exchange will bear interest from the last date to which interest has been paid in full or duly provided for on the Notes, or, if no interest has been paid or duly provided for on the Notes, from the date of delivery. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

## **Redemption**

***Optional Redemption.*** The Notes will be subject to optional redemption from Installment Payments received from the Agency on any date on and after [\_\_\_\_\_] 1, 2025], in whole, or in part, in such order as the Authority may determine, in Authorized Denominations, from any source of available funds, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date of redemption, without premium.

***Notice of Redemption.*** The Agency will notify the Trustee at least forty-five (45) days prior to the redemption date for Notes pursuant to the Indenture. Notice of redemption shall be mailed by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the redemption date, (i) to the respective Owners of any Notes designated for redemption at their addresses appearing on the bond registration books of the Trustee by first-class mail, (ii) to the Securities Depository by facsimile and by first-class mail, and (iii) to the Information Services by first-class mail. Notice of redemption shall be given in the form and in accordance with the terms of the Indenture.

**DEBT SERVICE SCHEDULE**

Set forth below is a schedule of 2020B Installment Payments and payments on Parity Debt for each annual period ending on June 30 of the years indicated.

<i><b>Annual Period Ending (June 30)</b></i>	<i><b>2020B Installment Payments</b></i>					
	<i><b>Senior Debt<sup>(1)</sup></b></i>	<i><b>Principal</b></i>	<i><b>Interest</b></i>	<i><b>Total</b></i>	<i><b>Parity Debt<sup>(2)</sup></b></i>	<i><b>Total</b></i>
2021	\$ 6,145,850	\$	\$	\$	\$	\$
2022	6,142,250					
2023	6,143,750					
2024	6,472,625					
2025	6,468,125					
2026	6,467,750					
2027	6,470,750					
2028	4,994,375					
2029	5,043,750					
2030	5,042,375					
2031	5,045,875					
2032	5,092,500					
2033	5,043,000					
2034	5,043,000					
2035						
2036						
2037						
2038						
2039						
2040						
2041						
2042						
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2059						
2060						
2061						
<b>TOTAL</b>	<u><b>\$70,615,975</b></u>	<u><b>\$</b></u>	<u><b>\$</b></u>	<u><b>\$</b></u>	<u><b>\$</b></u>	<u><b>\$</b></u>

<sup>(1)</sup> Payments on the 2017A Installment Purchase Agreement.

<sup>(2)</sup> Includes aggregate payments on the WIFIA Installment Purchase Agreement, the 2020A Installment Purchase Agreement and the Revolving Fund Loan Agreements. See the caption "THE AGENCY—Description of Indebtedness."

## SECURITY FOR THE NOTES

### General

Pursuant to the Indenture, the Authority, for good and valuable consideration, unconditionally has granted, transferred and assigned to the Trustee without recourse all its rights to receive the Authority Revenues (as defined in the succeeding sentence) and to enforce the 2020B Installment Purchase Agreement, upon an event of default thereunder for the benefit of the Owners of the Notes, for the purpose of securing: (a) the payment of all sums due and owing to the Owners of the Notes under the terms of the Indenture; and (b) the observance, performance and discharge of each agreement, condition, covenant and term of the Agency contained in the 2020B Installment Purchase Agreement. Under the Indenture, Authority Revenues consist of amounts received by the Authority pursuant to or with respect to the 2020B Installment Purchase Agreement, and all interests or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture.

The Notes do not constitute a charge against the general credit of the Authority. The Notes are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts except payments under the 2020B Installment Purchase Agreement, and other moneys pledged by the Authority under the Indenture. Neither the faith and credit nor the taxing power of the State of California, the County of San Bernardino or any public agency thereof or any member of the Authority is pledged to the payment of the principal amount or redemption price of, or interest on, the Notes. The Authority has no taxing powers. The Notes do not constitute a debt, liability or obligation of the State of California, the County of San Bernardino or any public agency thereof (other than the Authority) or any member of the Authority in contravention of any State of California constitutional or statutory provision.

### 2020B Installment Purchase Agreement

The obligation of the Agency to make the 2020B Installment Payments pursuant to the 2020B Installment Purchase Agreement is a special obligation of the Agency payable solely from Net Revenues of the Agency and does not constitute a debt of the Agency or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction. Notwithstanding anything contained in the 2020B Installment Purchase Agreement, the Agency shall not be required to advance any moneys derived from any source of income other than the Net Revenues and the other funds provided in the 2020B Installment Purchase Agreement for the payment of 2020B Installment Payments due thereunder or for the performance of any agreements or covenants required to be performed by it contained therein except as expressly provided therein.

The term “Net Revenues” means, for any Fiscal Year (currently, the Agency’s Fiscal Year begins July 1) (“Fiscal Year”), the Revenues for such fiscal year less the Operation and Maintenance Costs for such Fiscal Year and less Senior Debt Service for such Fiscal Year.

Under the 2020B Installment Purchase Agreement, the term “Revenues” is defined to mean all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Agency System, including, without limiting the generality of the foregoing, (1) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the Agency from the sale, furnishing and supplying of sewer services, composting services or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Agency System, including the Agency’s share of the County of San Bernardino’s 1% *ad valorem* property tax (to the extent allocated to the Revenue Fund), as determined in accordance with Generally Accepted Accounting Principles, plus (2) the earnings on and income derived from the investment of the amounts described in (1) above, including the Agency’s share of the County of San Bernardino’s 1% *ad valorem* property tax (to the extent allocated to the Revenue Fund), and the general unrestricted funds of the Agency, but excluding in all cases revenues derived from ownership or operation of the Water System and the Separate Facilities, customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the Agency, and excluding any proceeds of taxes restricted by law to be used by the Agency to pay bonds hereafter issued.



“Operation and Maintenance Costs” are defined in the 2020B Installment Purchase Agreement to mean:

- (1) costs spent or incurred for maintenance and operation of the Agency System calculated in accordance with Generally Accepted Accounting Principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Agency System in good repair and working order, and including administrative costs of the Agency that are charged directly or apportioned to the Agency System, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys, consultants or engineers and insurance premiums, and including all other reasonable and necessary costs of the Agency or charges required to be paid by it to comply with the terms of the Installment Purchase Agreement or any other Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds and
- (2) all payments under Operation and Maintenance Obligations but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles, including amortization of water rights, unrealized losses in investments, write offs of the value of any impaired assets or other bookkeeping entries of a similar nature.

**Revenues—The Regional Sewage Service Contract.** In 1972, for the purpose of establishing the Sewer System, the Agency entered into the Chino Basin Regional Sewage Service Contract (the “Regional Contract”) with the Contracting Agencies. The Regional Contract currently expires on January 2, 2023, which is prior to the final maturity of the Notes. Under the terms of the Regional Contract, the Agency is charged with the ownership and operation of the Sewer System for the collection, treatment and disposal of sewage delivered by the Contracting Agencies. The Agency is further obligated to construct certain new regional interceptors and expand regional treatment facilities within a reasonable time frame to be prepared to receive all domestic sewage delivered by the Contracting Agencies. The Agency also assumed the responsibility for operating and maintaining these and future facilities in a manner to assure compliance with State and federally mandated discharge requirements. The responsibility for collection and delivery of sewage to the regional interceptor facilities remains with the Contracting Agencies. The Regional Contract also established a Regional Policy Committee to advise the Agency of the needs and views of the Contracting Agencies concerning the Sewer System. According to the Regional Contract, each Contracting Agency appoints a member from its respective governing body to the Regional Policy Committee.

**Allocation of Revenues.** Under the 2020B Installment Purchase Agreement, all Revenues will be received by the Agency in trust and deposited when and as received in a special fund designated as the “Revenue Fund,” which fund includes the accounts described in the definition thereof and which fund the Agency agrees and covenants to maintain and to hold separate and apart from other funds so long as any Contracts or Bonds remain unpaid. Moneys in the Revenue Fund will be held and applied by the Agency as provided in the 2020B Installment Purchase Agreement.

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

All remaining moneys in the Revenue Fund will be set aside by the Agency at the following times for the transfer to the following respective special funds in the order of priority described below; and all moneys in each of such funds will be held in trust and will be applied, used and withdrawn only for the purposes set forth in the 2020B Installment Purchase Agreement.

**Senior Installment Payments.** On or prior to each Installment Payment Date, the Agency will, from the moneys in the Revenue Fund, transfer to the applicable (i) trustee for deposit in the respective payment fund, or (ii) payee, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any installment payments due with respect to Senior Debt Service in accordance with the provisions of the applicable Senior Contract (currently, the 2017A Installment Purchase Agreement).

***Installment Payments.*** Not later than each Installment Payment Date, the Agency will, from the moneys in the Revenue Fund, transfer to the Trustee the 2020A Installment Payment and any Parity Installment Payments (including under the WIFIA Installment Payment Agreement and the Revolving Fund Loan Agreements) due and payable on that Installment Payment Date for deposit in the Note Payment Fund. The Agency shall also, from the moneys in the Revenue Fund, transfer to the applicable (i) trustee for deposit in the respective payment fund, or (ii) payee, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service in accordance with the provisions of any Bond or Contract.

***Reserve Accounts.*** On or before each Installment Payment Date the Agency will, from the remaining moneys in the Revenue Fund, thereafter, without preference or priority and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the applicable trustee for reserve funds and/or accounts, if any, as may have been established in connection with Bonds or Contracts other than the 2020B Installment Purchase Agreement, that sum, if any, necessary to restore such reserve funds and/or accounts to an amount equal to the required balance.

Moneys on deposit in the Revenue Fund on any date when the Agency reasonably expects such moneys will not be necessary to make any of the payments required above may be expended by the Agency at any time for any purpose permitted by law, subject to compliance with the 2020B Installment Purchase Agreement.

***Covenant Regarding Payment of the Principal of the Notes.*** The Agency has covenanted in the 2020B Installment Purchase Agreement that, if the Agency has not provided funds to pay the principal amount of the 2020B Installment Payments attributable to the Notes when due at maturity of the Notes, the Agency will draw on the WIFIA Loan to pay such principal amount of the 2020B Installment Payments when due (to the extent such principal amount of the 2020B Installment Payments was used to pay for any portion of the purchase price of the WIFIA Portion of the Project, as defined in the WIFIA Loan Agreement).

## **Rate Covenant**

The Agency has covenanted in the 2020B Installment Purchase Agreement, that, to the fullest extent permitted by law, the Agency will fix and prescribe, at the commencement of each Fiscal Year, rates and charges with respect to the Agency System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Revenues (net of Operation and Maintenance Costs) equal to one hundred fifteen percent (115%) of the sum of (A) Debt Service and (B) Senior Debt Service (as such terms are defined in Appendix B hereto) for such Fiscal Year. The Agency may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but will not reduce the rates and charges then in effect unless the Revenues from such reduced rates and charges are reasonably expected to be sufficient to meet the requirements set forth above.

For avoidance of doubt, so long as the Agency has complied with its obligations described in the prior paragraph, the failure of Revenues to meet the threshold set forth in such paragraph at the end of a Fiscal Year shall not constitute a default or an Event of Default so long as the Agency has complied with its obligations set forth in the prior paragraph at the commencement of the succeeding Fiscal Year.

## **Additional Agency Indebtedness**

***Additional Senior Contracts.*** Under the 2020B Installment Purchase Agreement, the Agency may incur additional Senior Contracts solely for the purpose of refunding outstanding Senior Contracts so long as (A) after giving effect to the application of the proceeds of such additional Senior Contracts, Senior Debt Service will not be increased in any Fiscal Year in which the Agreement is outstanding, and (B) the additional Senior Contracts have a maturity date no later than the maturity date of the Senior Contracts being refunded).

***Additional Parity Contracts and Bonds.*** Under the 2020B Installment Purchase Agreement, the Agency may at any time execute any Contract or issue any Bonds, as the case may be, in accordance herewith; provided:

(1) The Net Revenues for the most recent audited Fiscal Year preceding the date of adoption by the Board of Directors of the Agency of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, as evidenced by both a calculation prepared by the Agency and a special report prepared by an Independent Certified Public Accountant or an Independent Financial Consultant on such calculation on file with the Agency, shall have produced a sum equal to at least one hundred twenty-five percent (125%) of the Debt Service for such Fiscal Year; and

(2) The Net Revenues for the most recent audited Fiscal Year preceding the date of the execution of such Contract or the date of adoption by the Board of Directors of the Agency of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, including adjustments to give effect as of the first day of such Fiscal Year to increases or decreases in rates and charges with respect to the Agency System approved and in effect as of the date of calculation, as evidenced by a calculation prepared by the Agency, shall have produced a sum equal to at least one hundred twenty-five percent (125%) of the Debt Service for such Fiscal Year plus the Debt Service which would have accrued on any Contracts executed or Bonds issued since the end of such Fiscal Year assuming such Contracts had been executed or Bonds had been issued at the beginning of such Fiscal Year plus the Debt Service which would have accrued had such Contract been executed or Bonds been issued at the beginning of such Fiscal Year; and

(3) The estimated Net Revenues for the then current Fiscal Year and for each Fiscal Year thereafter to and including the first complete Fiscal Year after the latest Date of Operation of any uncompleted Parity Project, as evidenced by a certificate of the General Manager of the Agency on file with the Agency, including (after giving effect to the completion of all such uncompleted Parity Projects) an allowance for estimated Net Revenues for each of such Fiscal Years arising from any increase in the income, rents, fees, rates and charges estimated to be fixed, prescribed or received with respect to the Agency System and which are economically feasible and reasonably considered necessary based on projected operations for such period, as evidenced by a certificate of the General Manager on file with the Agency, shall produce a sum equal to at least one hundred twenty-five percent (125%) of the estimated Debt Service for each of such Fiscal Years, after giving effect to the execution of all Contracts and the issuance of all Bonds estimated to be required to be executed or issued to pay the costs of completing all uncompleted Parity Projects within such Fiscal Years, assuming that all such Contracts and Bonds have maturities, interest rates and proportionate principal repayment provisions similar to the Contract last executed or then being executed or the Bonds last issued or then being issued for the purpose of acquiring and constructing any of such uncompleted Parity Projects.

The requirements set forth in (1), (2), and (3) above notwithstanding, Bonds or Contracts may be issued or incurred to refund outstanding Bonds or Contracts if, after giving effect to the application of the proceeds thereof, total Debt Service will not be increased in any Fiscal Year in which Bonds or Contracts (outstanding on the date of issuance or incurrence of such refunding Bonds or Contracts, but excluding such refunding Bonds or Contracts) not being refunded are outstanding.

Nothing in the 2020B Installment Purchase Agreement precludes the Agency from issuing any bonds or entering into contracts the payments from Net Revenues under which are subordinate to any Bonds or Contracts of the Agency. See the caption "THE AGENCY—Description of Indebtedness—Subordinate Obligations."

No Reserve Fund

Neither the Authority nor the Agency is funding a debt service reserve fund for the Notes.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth a summary of the estimated sources and uses of funds associated with the issuance and sale of the Notes.

Sources <sup>(1)</sup> :	
Principal Amount of the Notes	\$
Plus Original Issue Premium	
Total Sources	\$
Uses <sup>(1)</sup> :	
Transfer to Acquisition Fund	\$
Capitalized Interest Account <sup>(2)</sup>	
Costs of Issuance <sup>(3)</sup>	
Total Uses	\$

(1) Amounts rounded to the nearest \$1.  
(2) Together with projected interest earnings on moneys on deposit in the Capitalized Interest Account, expected to be equal to interest on the Notes through June 1, 20\_\_\_\_.  
(3) Estimate includes legal and financing costs, printing costs, fees of rating agencies, initial fees of Trustee, Municipal Advisor fees, the Underwriters’ discount and Note Counsel fees.

THE AGENCY

*The information set forth below has been provided by the Agency. The Authority makes no representations or warranties as to the accuracy or completeness of any of the information set forth below. Capitalized terms not otherwise defined herein will have the respective meanings ascribed to such terms in the 2020B Installment Purchase Agreement. See Appendix B—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—SUMMARY OF CERTAIN PROVISIONS OF THE 2020B Installment Purchase Agreement” for the definitions of such terms.*

Organization, Purpose and Powers

The Inland Empire Utilities Agency\*, formerly known as the Chino Basin Municipal Water District, was established by a majority vote in a special election on June 6, 1950, for an original population of approximately 80,000 people. In 1951, the Agency annexed to the Metropolitan Water District of Southern California (“MWD”). The original boundaries of the Agency encompassed 92 square miles. Three subsequent annexations added land to the Agency’s service area, and the current Agency boundaries encompass approximately 242 square miles with a current population of approximately 875,000. The boundaries of the Agency encompass the urban west end of San Bernardino County, immediately east of the Los Angeles County line, and includes the cities of Ontario, Upland, Montclair, Chino, Chino Hills, Fontana and Rancho Cucamonga. The Agency boundaries extend from the Los Angeles County line to a point near the eastern boundary line of the city of Fontana and from the base of the San Gabriel Mountains, south to the Riverside County line and west to the Orange County line.

When formed in 1950, the Agency only operated a water system which delivered over 50 million gallons per day of imported water from the Colorado River as a member of MWD. During the mid-1960s, the Agency began a domestic sewage collection system (the “Wastewater System”). In 1969, the Agency started

\* A Municipal Water District.

construction of a non-reclaimable wastewater system (NRW System) to curtail groundwater pollution from existing industry and to provide for new industrial development within the Agency's service area. In 1990, the Agency began the design and construction of a facility (Co- Composter Facility) to co-compost the municipal sludge from the Agency's treatment plants together with dairy manure from the agricultural preserve, which is located in the southeastern section of the city of Chino. The Agency began producing recycled water in the early 1970s as a low-cost alternative to potable water.

In an effort to more accurately identify both the current and future functions of the entity, the Board of Directors of the Chino Basin Municipal Water District approved and made effective on July 1, 1998, the name change from the Chino Basin Municipal Water District to the Inland Empire Utilities Agency.

In 2001, the Agency and the cities of Chino, Chino Hills, Ontario, Norco, the Jurupa Community Services District, and the Santa Ana River Water Company formed the Chino Basin Desalter Authority (CDA), a joint powers authority, to acquire all assets and liabilities from Santa Ana Watershed Project Authority (SAWPA) Project #14. Such acquisition was completed in February 2002. The Agency serves as a non-voting member and provides financing services support for CDA, as well as operational support for the CDA Desalter 1 facility. In August 2008, Western Municipal Water District was added as a member of CDA.

In 2002, the Agency and the Los Angeles County Sanitation Districts (formerly known as the Sanitation Districts of Los Angeles County) formed the Inland Empire Regional Composting Authority (IERCA), a joint powers authority, to construct a regional composting facility in Rancho Cucamonga. The fully enclosed composting facility opened for operations in 2007 replacing the co-composter facility which had been in operation since 1990. Also, in 2002, the Agency expanded the scope of operations of the Agency, along with the Chino Basin Watermaster, by financing the design and construction of facilities to replenish the Chino Groundwater Basin by recharging potable water, stormwater and recycled water through regional conveyance systems and infrastructure.

Further development of the regional recycled water system and related services have been the focus of the Agency over the past decade. In 2016, the final phase of a regional recycled water distribution backbone system was completed. Recycled water is produced at four regional water recycling plants (RWRPs): Regional Water Recycling Plant No. 1 (RP-1), Regional Water Recycling Plant No. 4 (RP-4), Carbon Canyon Water Recycling Facility (CCWRF), and Regional Water Recycling Plant No. 5 (RP-5). Recycled water sales were approximately 28,345 acre-feet (AF) in Fiscal Year 2019, for both direct use and groundwater recharge deliveries. In addition, the Agency has three facilities which handle biosolids produced at the water recycling plants: RP-1 Solids Handling Facility, RP-2 Solids Handling Facility, and the IERCA composting facility.

## **Board of Directors, Management and Employee Relations**

***Board of Directors.*** The current members of the Agency's Board of Directors and brief biographies of each are set forth below.

Kati Parker, President  
 Jasmin A. Hall, Vice President  
 Steven J. Elie, Secretary/Treasurer  
 Michael Camacho, Director  
 Paul Hofer, Director

President Kati Parker, representing Division 1, the city of Upland, the city of Montclair and the unincorporated territories in the city of Montclair's sphere of influence, San Antonio Heights, which is an unincorporated territory in the city of Upland's sphere of influence, portions of the cities of Ontario and Rancho Cucamonga. Dir. Parker was elected to the Board of Directors in November 2016. Dir. Parker serves as Chair on the Agency's Audit Committee, and as a Committee member on the Engineering, Operations & Water Resource Committee and Community and Legislative Affairs Committee. Dir. Parker serves as the Agency's



representative and Vice Chair on the Santa Ana Watershed Project Authority (SAWPA) Commission, as well as on the One Water One Watershed Steering Committee and on the SAWPA Project Authority 23 and Project Authority 24. Dir. Parker serves as the Agency's representative on the Regional Policy Committee, Chino Basin Desalter Authority, and the Association of California Water Agencies (ACWA). She also serves as Secretary for the Chino Basin Regional Financing Authority, and alternate representative to the Southern California Water Coalition and the Inland Empire Regional Composting Authority. Dir. Parker has been a resident of the city of Upland since 2000. Dir. Parker received a B.S. degree from Humboldt State University in Environmental Resources Engineering with a specialty in Water Quality. She also holds a M.S. from the University of California, Los Angeles, in Civil Engineering with a specialty in Environmental Engineering. Between 1993 and 2004, Dir. Parker worked at the Inland Empire Utilities Agencies in the Operations, Water Resources, and Engineering Department.

Vice President Jasmin A. Hall, representing Division 4, a large portion of the city of Fontana, including portions of the unincorporated territories in the city of Fontana's sphere of influence, and portions of the cities of Rialto and Bloomington as well as, unincorporated territories in the cities of Rialto's and Fontana's sphere of influence. Dir. Hall was appointed to the Board of Directors in October 2013, elected November 2014, and re-elected in November 2018. Dir. Hall is also the Agency's representative and currently serves as Secretary/Treasurer on the California Association of Sanitation Agencies (CASA) Board of Directors. Dir. Hall is the alternate representative on the Association of San Bernardino County Special Districts. She also serves as President of the Chino Basin Regional Financing Authority. Dir. Hall initiated the process that earned the Agency the Special District Leadership Foundation's District Transparency Certificate of Excellence. Dir. Hall received the Recognition in Special District Governance certificate to recognize special district Board members who demonstrate their commitment to continuing education and special district governance. Dir. Hall has extensive experience in community leadership by serving on the Fontana Planning Commission and serving as Chairwoman for the Fontana Parks and Recreation Commission. Dir. Hall holds an M.B.A. degree with a specialization in Human Resource Management, a B.S. degree in Business Management and a Project Management Certification.

Secretary/Treasurer Steven J. Elie, representing Division 3 the city of Chino, including unincorporated territories in the city of Chino's sphere of influence, and the city of Chino Hills. Dir. Elie was elected to the Board of Directors in November 2010, and re-elected in November 2014 and again in November 2018. From 2011 through 2016, he served as the Agency's Secretary/Treasurer, and from 2017 through 2018, he served as the Agency Board President. He currently serves as the Agency's Secretary/Treasurer. Dir. Elie serves as Chair of the Agency's Community and Legislative Affairs Committee, and as a Committee member of the Audit Committee, and the Finance and Administration Committee. Dir. Elie has continuously served as the Agency's representative to the Chino Basin Watermaster since January 2011. Dir. Elie also serves as Vice President of the Chino Basin Regional Financing Authority and serves as Board Member on the Chino Basin Water Bank JPA. He is the Agency's representative to the Southern California Water Coalition, the Association of San Bernardino County Special Districts, the National Water Research Institute, and serves as an alternate Agency Representative for the Chino Basin Desalter Authority (CDA) and for the California Association of Sanitation Agencies (CASA). He is also a member of the Steering Committees of the WaterNow Alliance. Dir. Elie is an attorney who regularly represents public entities and public utility regulated entities in complex, multiparty litigation and administrative matters, including soil and groundwater contamination.

Director Michael Camacho, representing Division 5, a large portion of the city of Rancho Cucamonga, including unincorporated territories in the city of Rancho Cucamonga's sphere of influence, and a portion of the city of Fontana, as well as, a portion of the unincorporated territories in the city of Fontana's sphere of influence. Dir. Camacho was elected to the Board of Directors in November 2008 and re-elected in November 2012 and November 2016. From 2009 through 2011, Dir. Camacho served as the Agency's Secretary/Treasurer, and from 2011 through 2018, he served as the Agency's Vice President. He also served as the former Vice Chair of the Chino Basin Watermaster Board and currently serves as the Agency's alternate representative. From 2011 through 2018, Dir. Camacho served as a Director on the Metropolitan Water District of Southern California. In 2020, Dir. Camacho was re-appointed to serve as Director on the Metropolitan Water District of Southern

California Board. He also serves as Vice Chair for the Inland Empire Regional Composting Authority. Dir. Camacho is currently Chair for the Agency's Engineering, Operations & Water Resources Committee, and alternate Committee Member for the Community and Legislative Affairs Committee and Finance and Administration Committee. Dir. Camacho is the Agency's alternate Board Member for the Chino Basin Water Bank JPA, alternate representative for Santa Ana Watershed Project Authority (SAWPA), SAWPA Project Authority 23, SAWPA Project Authority 24, and Association of California Water Agencies (ACWA ).

Director Paul Hofer, representing Division 2, a large portion of the city of Ontario, and a portion of the unincorporated territories in the city of Fontana's sphere of influence. Dir. Hofer was appointed to the Agency's Board of Directors in August 2016, elected to the Board in November 2016, and re-elected in November 2018. He serves as Chair of the Agency's Finance and Administration Committee, and as an alternate Committee member on the Engineering, Operations & Water Resources Committee and Audit Committee. He also serves as a Director of the Inland Empire Regional Composting Authority Board. Dir. Hofer serves as the alternate Committee member on the Regional Policy Committee. Dir. Hofer has served as a representative for the Chino Basin Watermaster Agricultural Pool since January 1998 and continues to serve as a representative. Dir. Hofer has been a resident of the city of Ontario since 1947. He is a farmer who resides and works at the Hofer Ranch, the family homestead since 1882.

**Management.** The Agency's management is composed of the following officers:

Shivaji Deshmukh, General Manager  
 Christina Valencia, Executive Manager of Finance and Administration/Assistant General Manager  
 Randy Lee, Executive Manager of Operations/Assistant General Manager  
 Christiana Daisy, Executive Manager of Engineering/Assistant General Manager  
 Kathy Besser, Executive Manager of External Affairs and Policy Development /Assistant General Manager

Shivaji Deshmukh is a licensed engineer with over 20 years of experience in the water industry who serves as the General Manager of the Inland Empire Utilities Agency. Before joining the Agency, he served as the Assistant General Manager at the West Basin Municipal Water District for 9 years, where he oversaw engineering, operations, the recycled water program, and two major capital improvement programs. Prior to that, he served Orange County Water District, managing implementation, design, and construction of the Groundwater Replenishment System, a 100 million gallon per day potable reuse project. He holds a Bachelor and Master of Science in Civil and Environmental Engineering from the University of California, Los Angeles.

Christina Valencia is the Executive Manager of Finance and Administration/Assistant General Manager at the Agency. Ms. Valencia joined the Agency in 1999, and in 2007 she was promoted to Manager of Financial Planning before being named CFO in October 2010. Ms. Valencia began her career at KDC Pipe & Steel, Inc., where she worked for 18 years and rose to the position of Controller. Ms. Valencia has served on the Board of Trustees for California Asset Management Program (CAMP) since April 2016, and on the California Special Districts Association Fiscal Committee and Professional Development Committee. Ms. Valencia holds a Bachelor's degree in Business Administration with a concentration in Accounting from the University of Texas at El Paso. Ms. Valencia also earned a Master's degree in Public Administration from the California State University at Northridge. Ms. Valencia has over 25 years of experience in both the private and public sector and oversees the Finance and Accounting, Contracts Administration and Procurement and Business Information Service departments of the Agency.

Randy Lee is the Executive Manager of Operations/Assistant General Manager at the Agency. Mr. Lee joined the Agency in 2000, and during his tenure has worked in Construction Management, Engineering, Operations, and Technical Services/Environment Compliance departments. Mr. Lee left the Agency and spent two years as the Assistant Director of Recycling Operations for the Irvine Ranch Water District. In 2015, Mr. Lee returned to the Agency and was promoted to his current position in May 2016. Mr. Lee holds a Bachelor of Science in Environmental Engineering and a Master of Science in Chemical and Environmental Engineering



from the University of California, Riverside, and is a Professional Engineer-Civil. In addition, Mr. Lee has a Grade V Wastewater Operator Certificate..

Christiana Daisy is the Executive Manager of Engineering/Assistant General Manager at the Agency. Ms. Daisy joined the Agency at the end of 2019. Prior to working for the Agency, Ms. Daisy was the Operations Manager for West Basin Municipal Water District for over ten years and served approximately eighteen years with the Metropolitan Water District of Southern California. Ms. Daisy graduated from Loyola Marymount University with a Bachelor's degree in Civil Engineering as well as a Master's degree in Business. She is a registered Civil Engineer as well as a T2 Water Treatment Operator and D2 Water Distribution Operator.

Kathy Besser is the Executive Manager of External Affairs and Policy Development /Assistant General Manager at the Agency. Ms. Besser joined the Agency in 2014 as the Manager of External Affairs and was promoted to her current position in early 2017. Ms. Besser has extensive experience in public relations and legislative programs working at the highest levels of state and federal government. Prior to her employment at the Agency, she served as the long-time Chief of Staff for a Nevada Lieutenant Governor and State Treasurer, as well as two years as the Communications Director for Congressman Ken Calvert in Washington, DC. Ms. Besser holds a Bachelor's degree in International Relations from the University of Southern California and a Master's degree in Business Administration from Pepperdine University.

***Employee Relations.*** As of June 30, 2019, the Agency had 290 authorized full time positions, of which 260 were filled, 16 limited term positions, of which 14 were filled, and 28 internship positions. The biennial budget for Fiscal Years 2020 and 2021 was adopted by the Board on June 19, 2019. The Agency currently has five recognized bargaining units, representing a total of 199 full time employees. The Agency's remaining 61 full time employees are unrepresented. The Agency and its bargaining units regularly work together to resolve problems of mutual interest. The existing contracts between the Agency and the five bargaining units expire on June 30, 2021. The Agency has never experienced a work stoppage or strike.

***Defined Benefit Pension Plan.*** The Agency contributes to the California Public Employees' Retirement System ("PERS"), agent multiple-employer public employee defined benefit pension plan. The Agency's defined benefit pension plan is identified as the Miscellaneous Plan of the Inland Empire Utilities Agency (the "Agency's Plan"). PERS provides retirement, disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the state of California.

Benefit provisions, and all other requirements, are established by State statutes within the Public Employees' Retirement Law. The Agency's Plan selects optional provisions from the benefit menu by contract with PERS and adopts those benefits through local ordinance. PERS issues a separate comprehensive annual financial report. Copies of the PERS' annual financial report may be obtained from the PERS Executive Office - 400 "Q" Street - Sacramento, CA 95811.

The Agency is required to contribute the actuarially determined remaining amounts necessary to fund the retirement benefits for its members. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration.

The Agency's Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

Hire date	Prior to January 1, 2012	On or After January 1, 2012 <sup>(1)</sup>	After January 1, 2013
<b>Benefit formula</b>	2.5%@55	2%@55	2%@62
<b>Final average compensation period</b>	1 year	3 years	3 years
<b>Benefit vesting schedule</b>	5 years of service	5 years of service	5 years of service
<b>Benefit payments</b>	monthly for life	monthly for life	monthly for life
<b>Eligible retirement age</b>	50 – 55+	50 – 63+	52 – 67+
<b>Monthly benefits, as a % of eligible compensation</b>	2% - 2.5%	1.4% - 2.4%	1% - 2.5%
<b>FY2017/18 required employee contribution rates<sup>(2)</sup></b>	8%	7%	6.25%
<b>FY2017/18 required employer contribution rates</b>	18.580%	18.580%	18.580%

<sup>(1)</sup> Closed to new entrants.

<sup>(2)</sup> Starting Fiscal Year 2017-18 employees pay the full amount of the required employee contribution rate.

The following table shows the additional fixed percentage each full-time and limited-term employee must contribute per the MOUs:

<i>Fiscal Year</i>	<i>Hired Prior to January 1, 2012</i>	<i>Hired On or After January 1, 2012</i>	<i>Hired After January 1, 2013</i>
2015/16	5.5%	6.5%	6.25%
2016/17	7.0%	7.0%	6.25%
2017/18	8.0%	7.0%	6.25%
2018/19	8.0%	7.0%	6.25%
2019/20	8.0%	7.0%	6.25%
Employee contribution rates	<b>8.0</b>	<b>7.0%</b>	<b>6.25%</b>

At June 30, 2018, the following employees were covered by the Agency's Plans' terms:

Inactive employees or beneficiaries currently receiving benefits	252
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>276</u>
Total	<b>528</b>

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by PERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Agency contribution rates may change if plan contracts are amended. Payments made by the Agency to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member age 61 contributions.

The net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The total pension liabilities in the June 30, 2017 actuarial accounting valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Projected Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% (net of pension plan investment and administration expenses; includes inflation)
Mortality	The probabilities of mortality are derived using PERS membership data for all funds. The mortality table used was developed based on PERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table please refer to the 2017 experience study report.

The underlying mortality assumptions and all other actuarial assumptions used in the December 2017 valuation were based on the results of a 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the PERS website.

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The changes in the net pension liability for the Agency's Plan are as follows:

	<i><b>Increase (Decrease)</b></i>		
	<i><b>Total Pension Liability</b></i>	<i><b>Plan Fiduciary Net Position</b></i>	<i><b>Net Pension Liability (Asset)</b></i>
<b>Balances at June 30, 2017</b>	\$ 193,055,604	\$ 149,821,803	\$ 43,233,801
<b>Changes in the Year:</b>			
Service cost	4,646,509	-	4,646,509
Interest on the total pension liability	13,746,742	-	13,746,742
Differences between actual and expected experience	2,100,628	-	2,100,628
Changes in assumptions	(1,453,107)	-	(1,453,107)
Changes in benefit terms	-	-	-
Net plan to plan resources movement	-	(385)	385
Contribution – employer	-	9,461,289	(9,461,289)
Contribution – employee	-	2,374,114	(2,374,114)
Net investment income	-	13,002,740	(13,002,740)
Administrative expenses	-	(233,464)	233,464
Other miscellaneous income/(expense)	-	(443,351)	443,351
Benefit payments, including refunds of employee contributions	(7,528,545)	(7,528,545)	-
<b>Net Changes</b>	<b>\$ 11,512,227</b>	<b>\$ 16,632,398</b>	<b>\$ (5,120,171)</b>
<b>Balance at June 30, 2018</b>	<b>\$ 204,567,831</b>	<b>\$ 166,454,201</b>	<b>\$ 38,113,630</b>

The following table presents the net pension liability of the Agency's Plan, calculated using the discount rate for each Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<i><b>Discount Rate – 1% (6.15%)</b></i>	<i><b>Current Discount Rate (7.15%)</b></i>	<i><b>Discount Rate + 1% (8.15%)</b></i>
Net Pension Liability	\$66,704,890	\$38,113,630	\$14,499,815

For information concerning the discount rate, and deferred outflows and deferred inflows of resources related to pensions, see Note 5 to the Agency's audited financial statements attached hereto as Appendix A.

For the fiscal year ended June 30, 2019, the Agency recognized pension expense of \$7,816,754. As of June 30, 2019, the Agency had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

The Board adopted a policy pursuant to which the Agency is making additional contributions to PERS of \$4.5 million per year for ten years, commencing in Fiscal Year 2015, to reduce the Agency's net pension liability. The Agency expects to make these additional annual payments through Fiscal Year 2025.

The Agency believes that PERS' earnings may be reduced in the PERS's fiscal year ending June 30, 2020 as a result of financial market declines resulting from Federal, State, and local responses to the COVID-19 outbreak. Such reductions could increase future contribution rates for plan participants, including the Agency. The Agency cannot currently project the amount by which the Agency's contributions to the Agency's Plan will increase as a result of the Federal, State and local responses to the COVID-19 outbreak. See the caption "INVESTMENT CONSIDERATIONS—COVID-19 Pandemic."

For more information with respect to the Agency's Plan, see Note 5 to the Agency's audited financial statements attached hereto as Appendix A.

**Other Post-Employment Benefits.** The Agency also provides post-employment benefits to all retired employees through PERS Public Employees Medical and Hospital Care Act ("PEMHCA") health program. The Agency contributes an additional monthly longevity benefit to each retiree minus the minimum PEMHCA contribution or currently \$139.00, whichever is greater, according to the chart below to each retiree who simultaneously retires from the Agency through PERS and who is a minimum age of fifty-five (55).

<i>Hire Date</i>	<i>Retirement Date</i>	<i>Benefit Level</i>	<i>Minimum Years of Agency Service</i>	<i>Benefit</i>
Before July 2, 1980	N/A	Employee and/or eligible dependent(s)	15	100% of applicable Kaiser Rate
Before Jan. 1, 1992	N/A	Employee and/or eligible dependent(s)	20	50% of applicable Kaiser Rate
After July 3, 2004	N/A	Employee only or surviving spouse	12	50% of applicable Kaiser Rate

The longevity benefit is available to qualifying retirees whether they enroll in a PERS medical plan or not. The retiree will be reimbursed on a monthly basis for his/her retiree longevity benefit via direct deposit to the retiree's (or surviving spouse's) bank account, up to the maximum benefit provided. Retirees are responsible for any taxes that may be due on reimbursement of retiree longevity benefits.

As of the June 30, 2019 (measurement date as of June 30, 2018) actuarial valuation, the following current and former employees were covered by the benefit terms under the Agency Plan:

Inactive employees or beneficiaries currently receiving benefits	87
Inactive employees entitled to, but not yet receiving benefits	0
Active employees	<u>288</u>
<b>Total</b>	<b>375</b>

The OPEB Plan and its contribution requirements are established by a Memorandum of Understanding with the applicable employee bargaining units and may be amended by agreements between the Agency and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2019, measurement date June 30, 2018, the Agency's cash contributions were \$2,561,354, \$2,000,000 in payments to the trust and \$561,354 in payments to retirees, and the estimated implied subsidy was \$105,188 resulting in total contributions of \$2,666,542.

In Fiscal Year 2014, the Agency entered into an agreement to prefund OPEB through CalPERS California Employer's Retiree Benefit Trust (CERBT). As of June 30, 2019, the Agency has funded \$15,000,000 into the CERBT trust fund towards the net OPEB liability. The Agency expects to contribute approximately \$2 million per year into the CERBT trust fund through Fiscal Year 2025, or until the OPEB liability is fully funded, whichever occurs first.

The Agency's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Assumptions:	
Discount Rate	6.50%
Inflation	2.75%
Payroll growth	3.00% per annum, in aggregate
Investment Rate of Return	6.50% (net of pension plan investment and administration expenses; includes inflation)
Mortality Rate <sup>(1)</sup>	Derived using CalPERS' Membership Data for all funds
Pre-Retirement Turnover <sup>(2)</sup>	Derived using CalPERS' Membership Data for all funds
Healthcare Trend Rate	6.00% HMO/6.50% PPO decreasing to 5.00% HMO/5.00% PPO

(1) Pre-retirement mortality information was derived from data collected during 1997 to 2015 CalPERS Experience Study dated December 2017 and post-retirement mortality information was derived from the 2007 to 2015 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

(2) The pre-retirement turnover information was developed based on CalPERS' specific data. For more details, please refer to the 2007 to 2015 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

The changes in the net OPEB liability for the Agency's OPEB Plan are as follows:

	<i>Increase (Decrease)</i>		
	<i>Total OPEB Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net OPEB Liability (Asset)</i>
<b>Balances at June 30, 2018</b> <i>(Valuation Date June 30, 2017)</i>	\$ 16,574,885	\$ 11,688,978	\$ 4,885,907
<b>Changes in the Year:</b>			
Service cost	520,676	-	520,676
Interest on the total OPEB liability	1,005,737	-	1,005,737
Differences between actual and expected experience	-	-	-
Changes in assumptions	(1,161,761)	-	(1,161,761)
Contribution – employer	-	2,666,542	(2,666,542)
Net investment income	-	551,142	(551,142)
Administrative expenses	-	(6,115)	6,115
Other expenses	-	(15,471)	15,471
Benefit payments, including refunds of employee contributions	(666,542)	(666,542)	-
<b>Net Changes</b>	<b>\$ (301,890)</b>	<b>\$ 2,529,556</b>	<b>\$ (2,831,446)</b>
<b>Balance at June 30, 2019</b> <i>(Measurement Date June 30, 2018)</i>	<b>\$ 16,272,995</b>	<b>\$ 14,218,534</b>	<b>\$ 2,054,461</b>

The following presents the net OPEB liability of the Agency Plan, calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	<i>1% Decrease (5.50%)</i>	<i>Current Discount Rate (6.50%)</i>	<i>1% Increase (7.50%)</i>
Net OPEB Liability	\$4,515,172	\$2,054,461	\$71,985

The following presents the net OPEB liability of the Agency if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	<i>1% Decrease (5.00% HMO/5.50% PPO decreasing to 4.00% HMO/4.00% PPO)</i>	<i>Current Healthcare Cost Trend Rates (6.00% HMO/6.50% PPO decreasing to 5.00% HMO/5.00% PPO)</i>	<i>1% Increase (7.00% HMO/7.50% PPO decreasing to 6.00% HMO/6.00% PPO)</i>
Net OPEB Liability	\$ (147,498)	\$2,054,461	\$4,814,931

As of June 30, 2018, the plan was 87% funded. The total OPEB liability was \$16,272,995 and the plan fiduciary net position was \$14,218,534, resulting in net OPEB liability of \$2,054,461. The covered-employee payroll (annual total payroll of active employees covered by the plan) was \$3,788,381, and the ratio of the net OPEB liability to the covered-employee payrolls was 54.23%.

The Agency believes that PERS' earnings may be reduced in the PERS fiscal year ending June 30, 2020 as a result of financial market declines resulting from Federal, State, and local responses to the COVID-19 outbreak. Such reductions could increase future OPEB liability for the Agency. The Agency cannot currently project the amount by which the Agency's OPEB liability will increase as a result of the Federal, State and local responses to the COVID-19 outbreak. See the caption "INVESTMENT CONSIDERATIONS—COVID-19 Pandemic."

For more information with respect to the Agency's Other Post-Employment Benefits, see Note 18 and required supplemental information sections to the Agency's audited financial statements attached hereto as Appendix A.

**Public Liability.** The Agency maintains a self-insurance program for losses up to \$1,000,000 in connection with its general liability, auto liability, and public officials and employees' error and omissions liability, and up to \$25,000 in connection with property damage and boiler machinery claims. The Agency also maintains coverage for such risks in excess of its self-insurance program through commercial insurance purchased from independent third parties.

The Agency also maintains a self-insurance program for risks associated with workers' compensation to account for and finance uninsured workers' compensation losses. The Agency uses excess insurance agreements to reduce its exposure to large workers' compensation losses. In addition, the Agency purchases commercial insurance coverage for that portion of workers' compensation claims exceeding the California statutory limits of \$1,000,000 per person per occurrence. The current commercial insurance provides coverage for workers' compensation claims up to \$25,000,000.



The Agency also maintains the insurance coverages for employee dishonesty, property damage, and boiler and machinery, as follows:

- Employee dishonesty coverage up to \$15,000,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverage's, and computer fraud; with a deductible of \$2,500 per occurrence.
- Property damage up to \$1,000,000,000 per occurrence coverage limit, subject to a \$25,000 deductible per occurrence. All other claims categories provide coverage up to \$800,000,000 on an annual aggregate basis.
- Boiler and machinery coverage for the replacement cost up to a shared limit of \$500,000,000, subject to various deductibles depending on the type of equipment.

Settled claims from the risks discussed above have not exceeded the Agency's self-insured retentions in any of the last three Fiscal Years.

For more information with respect to the Agency risk management program, see Note 6 to the Agency's audited financial statements attached hereto as Appendix A.

### **Regional Wastewater System**

**General.** The Agency provides wastewater treatment services to the cities of Chino, Chino Hills, Fontana, Montclair, Ontario and Upland, and to the Cucamonga Valley Water District (which serves the city of Rancho Cucamonga) (collectively, the "Contracting Agencies"). In 1972, for the purpose of establishing a Regional Wastewater System, the Agency entered into the Regional Sewage Service Contract (the "Regional Contract") with the Contracting Agencies. Under the terms of the Regional Contract, the Agency is charged with the ownership and operation of the Wastewater System for the collection, treatment and disposal of sewage delivered by the Contracting Agencies. As the operator of the Regional Wastewater system, the Agency assumed the responsibility of meeting the region's annual obligation to deliver treated wastewater to the Santa Ana River as mandated by the *Orange County Water District vs. City of Chino* (Superior Court Case #117628). The Agency is further obligated to construct certain new regional interceptors and expand regional treatment facilities within a reasonable time frame to be prepared to receive all domestic waste delivered by the Contracting Agencies. See the caption "SECURITY FOR THE NOTES—2020B Installment Payments Limited Obligations Payable from Net Revenues—Revenues-The Regional Sewage Service Contract." See the caption "—PFOA and PFOS" for information regarding PFOA and PFOS in the wastewater treated by the Agency.

The Agency operates the Wastewater System pursuant to a National Pollutant Discharge Elimination System ("NPDES") permit, which expires on October 31, 2020. The Agency has filed its Report of Waste Discharge as required to renew the NPDES permit.

**Regional Sewage Service Contract.** In July 1972, the Agency and the Contracting Agencies entered into the Regional Contract. Since that time, the Regional Contract has been amended several times. Since inception of the Regional Wastewater Program, the products and services provided by the Agency have significantly expanded, including production of high-quality renewable products such as recycled water, compost, and renewable energy. During this period, new policies and procedures have been implemented to accommodate the changing regulations and environment, as well as improved effectiveness and efficiencies of the Regional Wastewater Program.

Discussions currently underway among the Agency and the Contracting Agencies are focused on updating, clarifying, and streamlining some of the contract provisions, as well as a potential extension of the Regional Contract beyond the 2023 expiration date. There can be no assurance however that the Regional Contract will be extended or, if extended, what terms or conditions will be included in such extension. In the

event the Regional Contract is not extended, the Agency's Board of Directors has full discretion and authority to adopt an ordinance to support its Regional Wastewater Program without any significant change to the services provided under the Regional Contract.

***Regional Wastewater System Facilities.*** The Regional Wastewater System includes four regional water recycling plants ("RWRPs") which produce recycled water that meet Title 22 standards for indirect reuse and groundwater recharge. All of the RWRPs have primary, secondary, and tertiary treatment and recycled water pumping facilities that are interconnected in a regional network. Agency staff uses influent bypass and diversion facilities, such as the San Bernardino Lift Station and the Montclair Diversion Structure to route flows between regional plants in order to optimize capacity utilization, maximize recycled water deliveries, and minimize overall pumping and treatment costs. The Agency's aggregate existing hydraulic capacity is 85 million gallons per day ("MGD"), including 90 miles of regional sewage interceptors.

In addition, the Agency has three facilities where the biosolids from the RWRPs are handled: Regional Plant No. 1 Solids Handling Facility, Regional Plant No. 2 Solids Handling Facility, and the Inland Empire Regional Composting Authority ("IERCA").

In July 2015, the Agency updated its Wastewater Facilities Master Plan ("WWFMP"), originally prepared in 2002 and last updated in 2007. The planning period of the updated WWFMP was for year 2035 and the ultimate year 2060. Capital projects were developed based on the expansion needs for each of the RWRPs for the next 20 years. The WWFMP will be evaluated every ten years, or as major changes are identified.

***Regional Water Recycling Plant No. 1.*** RP-1 was originally commissioned in 1948 and originally owned jointly by the cities of Ontario and Upland. Upon completion of the negotiations that led to the Regional Contract in 1972, assets were purchased by, and the operation of the facility was passed to, the Agency. Over the years, RP-1 has undergone several expansions to increase the design wastewater treatment capacity as the population and economic activity within its service area (the cities of Montclair, Upland, Ontario, Rancho Cucamonga and Fontana) have increased. The existing hydraulic capacity is approximately 44 MGD; however, the liquids treatment capacity is approximately 32 MGD. The 2015 WWFMP identified expansion of the RP-1 Solids Treatment and Liquid Treatment capacity was needed to meet the increase in influent flows projected by 2035. The implementation of a mixed liquor return pump system has increased liquid treatment capacity to 32 MGD until the next major plant expansion, which is planned to take place in the next 10 to 15 years.

***Regional Water Recycling Plant No. 2.*** Regional Water Recycling Plant No. 2 ("RP-2") was acquired in the same manner as RP-1 from the city of Chino in 1972 and has been in operation since 1960. When RP-5 came online in March, 2004, the RP-2 liquid stream portion of the treatment facilities ceased operations and was taken offline. However, the Agency continues to process solids from RP-5 and CCWRF at RP-2. Relocation of the RP-2 solids handling processes to the RP-5 facility is planned over the next five years. RP-2 is located on land leased from the U. S. Army Corps of Engineers (the "Corps") and is within the flood zone behind Prado Dam. The Corps and Orange County Flood Control District have plans to raise the maximum operational water level behind Prado Dam to allow greater water storage and conservation. Since RP-2 does not have physical flood protections, ***all remaining operations at RP-2 will be relocated*** to RP-5. Such relocation is planned to be completed by 2025. The RP-2 lease expires in 2035. A fund has been established by the Agency to support the future decommissioning of the RP-2 site in which approximately \$12,000,000 is currently on deposit.

***Regional Plant No. 3.*** Regional Plant No. 3 ("RP-3") was acquired in the same manner as RP-1 from the city of Fontana. Following acquisition in 1972, minor modifications were made to extend its useful life until a new regional interceptor could be constructed which would transport flows directly to RP-1 for treatment. Subsequent to the completion of the regional interceptor, the treatment facilities ceased operations and were taken offline in 1988. Plans to develop a new wastewater treatment plant at the 63.3 acre RP-3 site were abandoned by agreement with the city of Fontana. A substantial portion of the RP-3 site is currently being used as a groundwater recharge site for the Chino Basin. A total of 1,106 acre-feet (AF) was recharged into RP-3 in

Fiscal Year 2019, primarily as a result of the Wineville recycled water pipeline extension, which was completed in December 2015.

*Carbon Canyon Water Recycling Facility.* Located in the city of Chino, the Carbon Canyon Water Recycling Facility (“CCWRF”) has been in operation since 1992. The CCWRF works in tandem with RP-2 and RP-5 to serve the areas of Chino, Chino Hills, Montclair, and Upland and provides recycled water to local industries, parks, golf courses, freeway landscape, and city greenbelt areas. It was designed to treat an annual average flow of 11.4 MGD and currently treats approximately 6.9 MGD. There are no major expansion projects planned for CCWRF over the next 30 years and future plans to continue operating or transfer treatment to the RP-5 facility are currently being evaluated.

*Regional Water Recycling Plant No. 4.* Located in the city of Rancho Cucamonga, RP-4 has been in operation since September 1997. In 2009, RP-4 was expanded from 7 MGD to 14 MGD. This treatment plant serves the fast-developing areas of the northeastern section of the city of Rancho Cucamonga and the northwestern section of the city of Fontana, currently treating approximately 10.0 MGD. Part of the original construction included an eight-mile outfall line that connects RP-4 to RP-1, allowing recycled water to be distributed from either facility. The 2015 WWFMP identified expansion of the RP-4 treatment capacity within the next 25 years.

*Regional Water Recycling Plant No. 5.* Regional Water Recycling Plant No. 5 (“RP-5”) is located on 89.8 acres of land in the city of Chino. The Agency completed construction of RP-5 and began operation in March 2004. The Agency constructed RP-5 to replace the liquid treatment processes of the aging RP-2 facility located below the new “take-line” behind the Prado Dam which is subject to a potential flood threat. RP-5 is situated above the new “take-line” behind the Prado Dam and is not subject to a potential flood threat. RP-5 processes sewage flow primarily from the cities of Chino, Chino Hills, and Ontario, and is currently treating approximately 10 MGD and is rated for 15 MGD. Based on Contracting Agencies’ projections, approximately 60% of future growth within the Agency’s service area is projected to occur in the cities of Ontario and Fontana increasing projected flows to RP-5 to 20 MGD by 2030. To accommodate the increased flows, the Agency is in the process of bidding the RP-5 Expansion, which will include a membrane bioreactor treatment system to provide improved water quality for the region. The RP-5 Expansion will result in an increase of the RP-5 hydraulic treatment capacity from 15 MGD to 22.5 MGD for liquid treatment (22.5 MGD for mechanical systems and 30 MGD for structures). In addition, the RP-5 Expansion will also construct a 30 MGD solid treatment facility to replace and relocate the aging RP-2 solids facility above the new “take-line” of Prado Dam. Expansion of the RP-5 facility is currently scheduled to bid in May 2020, be awarded in July of 2020, and complete construction in early 2025.

In order to finance the RP-5 Expansion, the Agency and the Authority executed the WIFIA Installment Purchase Agreement, under which the Agency will make installment payments to the Authority to acquire the WIFIA-financed portion of the RP-5 Expansion from Net Revenues on a parity with the 2020B Installment Payments. The Authority concurrently executed a loan (the “WIFIA Loan”) in the amount of \$196,436,445 with the United States Environmental Protection Agency pursuant to the Water Infrastructure Finance and Innovation Act, the proceeds of which will be used to pay approximately 49% of the costs of the RP-5 Expansion. See the captions “—Description of Indebtedness—Parity Obligations” and “FINANCING PLAN.”

In addition, the Agency has applied for a State Revolving Fund Loan from the SWRCB (the “RP-5 Revolving Fund Loan”) to finance approximately 25% of the cost of the RP-5 Expansion. If such loan is extended, the Agency expects the loan to be a Contract payable from Net Revenues on a parity with the 2020B Installment Payments. The Agency does not expect repayment on such State Revolving Fund Loan, if obtained by the Agency, to begin until one year after the completion of the RP-5 Expansion, which is currently expected in Fiscal Year 2025. If a loan from the SWRCB is not available, the Agency expects to finance the remaining costs of the RP-5 Expansion through the execution of Contracts or the issuance of Bonds payable from Net Revenues on a parity with the 2020B Installment Payments. If Contracts are executed or Bonds are issued, Debt

Service could begin to be paid in Fiscal Year 2021. See the captions “—Description of Indebtedness—*Parity Obligations*” and “THE FINANCING PLAN.”

*Regional Interceptors.* The Regional Contract defines sewers which function solely as sewers that convey wastewater from more than one Contracting Agency as “regional interceptors.” These regional interceptors receive sewage from the most downstream point of a Contracting Agency’s community collection system and transport it to the Agency’s treatment plants for processing. The regional interceptors are designed, constructed and maintained by the Agency. As new development occurs, the regional interceptor network is expanded and modified to stay ahead of demand. To date, there are nearly 60 miles of regional interceptor pipelines identified in the Wastewater System.

*Disaster Preparedness.* The Agency recognizes the importance of disaster preparedness in support of meeting the public’s critical infrastructure needs and protecting public health. In support of these essential services, the Agency has developed several programs that provide guidance, training and response procedures for emergency situations.

The Agency’s Emergency Manual provides guidance and protocols on various disasters and risks that the Agency may face. These manuals are located at every Agency facility and are reviewed and updated annually. In support of implementing these plans, the Agency participates in numerous training and communication programs throughout the year. All Agency staff have participated in National Incident Command training, supporting the Agency’s Incident Command Organizational Chart. This includes process and documentation training required during disaster response situations. Annual trainings, which include scenario-based drills, are conducted to ensure employee readiness.

To support communication during these emergency situations, the Agency requires all Agency land lines and cellular phones to be enrolled in the Government Emergency Telecommunications Service/Wireless Priority Service (GETS/WPS). This program provides priority service designed to support national security and public safety communications, availability for government officials, emergency responders and critical infrastructure owners and operators. Additionally, Agency smartphones are equipped with the “In Case of Crisis” application that provides access to the emergency documents, as well as allows for push notifications to all users.

Each Agency facility is equipped with multiple automated external defibrillator (AEDs) and emergency supply sheds. These sheds include the essential food/water and first-aid supplies for up to three days, as well as essential survival equipment tools, supplies, and documentation.

In addition, the Agency participates in several Mutual Aid programs that provide shared resources between public and private organizations and municipalities in our region, programs such as CALWarn, Emergency Network of the Inland Empire (ERNIE), Chino Valley MET-Net, and an agreement directly with our member agencies.

The Agency Maintains robust Business Continuity and Disaster Recovery plans for Information Technology and Operational Technology systems. Backup power and alternate computing resources are deployed to address utility or environmental problems. Computer systems are backed up daily to a minimum of two locations, one of which is kept offline to defend against network compromise. Agency IT staff participate in semi-annual disaster recovery drills to test these measures and ensure that the supporting technology functions as planned. The most recent drill was held on February 12, 2020.

The Agency is planning an alternate datacenter at the RP-1 site to further enhance recovery capabilities. This site will include computing capacity and staff workspace to accommodate operational workloads in the event that RP-5/Head Quarters is unavailable. The Agency regularly explores methods of increasing resilience such as High Availability technology and leveraging cloud services.

*COVID-19 Response:* The primary focus of the Agency in response to the COVID-19 pandemic is to keep our employees and community safe and maintain critical Agency operations. The Agency and staff are following the recommendations set forth by the Centers for Disease Control (CDC) and the guidelines issued by the federal, state and local governments, and closely monitoring any changes in the status of the virus.

To ensure protection for the employees, beginning Tuesday, March 17, 2020, the Agency is maximizing the number of staff working remotely to create physical distancing with only critical positions being required to work onsite. All onsite employees have been provided with face coverings in compliance with guidance issued by the State of California and Federal government that face coverings be worn outside of private homes. In the event that the current “stay at home” order becomes more restrictive, as an essential service provider all employees have been provided a travel clearance letter. The travel clearance letter was created in consultation with the County, service area cities, and the Agency’s legal counsel.

Board meetings are being held using videoconferencing, with a dedicated call-in line for members of the public who wish to listen or provide public comment. This is following California Governor Newsom’s Executive Order N-29-20 that temporarily modified certain requirements of the Brown Act to ensure physical distancing through teleconferencing or videoconferencing. Board meetings can be viewed via a live-stream link on [ieua.org](http://ieua.org).

The Agency’s General Manager has also been in touch with all member agency general managers and city managers to let them know how the Agency is responding operationally and offer support if needed. See the caption “INVESTMENT CONSIDERATIONS—COVID-19 Pandemic.”

**PFOA and PFOS.** In February 2020, the State Water Resources Control Board announced it would reduce the response levels for Perfluorooctanoic acid (PFOA) and Perfluorooctane sulfonic acid (PFOS) to 10 parts per trillion and 40 parts per trillion, respectively. This was a significant reduction from the prior response level of 70 parts per trillion for the two contaminants combined.

While the Agency provides supplemental water purchased from MWD to various entities within its boundaries, the Agency does not pump groundwater for delivery to such entities. The Agency’s water recycling facilities do not utilize or produce PFOA and PFOS; however, the Agency receives wastewater which contains these ubiquitous chemicals used by manufacturers and consumers. As a result, the Agency has reason to believe that water provided by the Agency as well as wastewater discharged to the Santa Ana River may contain PFOA and PFOS. To date, the levels of PFOA and PFOS in Agency-provided recycled water or in wastewater discharged to the Santa Ana River have not been detected above the response levels applicable to these substances.

The Agency expects to being monitoring the levels of PFOA and PFOS in recycled water produced by the Agency, wastewater discharged to the Santa Ana River, and the biosolids created as a byproduct of the Agency’s wastewater treatment activities and delivered to the Agency’s composter. The Agency does not anticipate that the existence of PFOA or PFOS as described above will have a material adverse impact on the Agency’s ability to pay 2020B Installment Payments when due.



**Wastewater Facility Usage.** The following table presents actual wastewater flows for the Fiscal Years ended June 30, 2015 through June 30, 2019.

**Actual Wastewater Flow For Fiscal Years 2015-2019**

	<i>(Northern Service Area)</i>	<i>(Southern Service Area)</i>	
<i>Fiscal Year (Ending June 30)</i>	<i>RP-1 and RP-4 (MGD)</i>	<i>RP-2, RP-5 and CCWRF (MGD)</i>	<i>Total (MGD)</i>
2019	32.7	16.4	49.1
2018	31.0	16.4	47.4
2017	31.9	15.8	47.7
2016 <sup>(1)</sup>	33.5	14.9	48.4
2015	35.6	15.1	50.7

<sup>(1)</sup> Lower wastewater flows resulting from indoor water conservation measures in response to the recent drought in California account for the lower MGD flows in Fiscal Year 2016. Lower flows have resulted in higher concentration of total solid strength.

Source: The Agency.

The Agency projects increases in wastewater flows over the current and next four Fiscal Years, as a result of growth from new development in the service areas, as set forth below. The projected wastewater flows are based on estimates the Agency receives every five years from its Contracting Agencies, and were last updated in 2015. Wastewater flows lower than projected by the Contracting Agencies in 2015 will not have a material negative impact on Agency Revenues, as the Agency can adjust fees per EDU as needed to pay the cost of providing wastewater services.

**Projected Wastewater Flow For Fiscal Years 2020-2024**

<i>Fiscal Year (Ending June 30)</i>	<i>Total (MGD)</i>
2020	53.0
2021	54.0
2022	55.0
2023	56.0
2024	57.0

Source: The Agency.

The following table presents Fiscal Year 2019 reported annualized number of EDU connections within the Agency's service area.

**Agency Wastewater Facilities  
Annualized Number of EDU Connections**

**Fiscal Year Ending June 30, 2019**

<i>User</i>	<i>Annualized Number of EDUs<sup>(1)</sup></i>
CVWD	825,343
City of Ontario	772,176
City of Fontana	689,243
City of Chino	370,820
City of Upland	318,093
City of Chino Hills	305,993
City of Montclair	<u>144,563</u>
<b>Total</b>	<b>3,426,229</b>

<sup>(1)</sup> Equivalent Dwelling Units – one EDU represents the sewage flow at 270 gallons per day from a single-family residential household. Annualized EDU reflects monthly EDU multiplied by 12.

Source: The Agency.

**Agency Wastewater Facilities  
Existing and Projected Plant Capacity  
as of June 30, 2019**

<i>Plant</i>	<i>Hydraulic Capacity (mgd)</i>		<i>Liquid Treatment Capacity (mgd)</i>		<i>Solids Treatment Capacity (mgd)</i>	
	<i>Existing</i>	<i>TYF<sup>(1)</sup></i>	<i>Existing</i>	<i>TYF<sup>(1)</sup></i>	<i>Existing</i>	<i>TYF<sup>(1)</sup></i>
RP-4	14	14	14	14 <sup>(2)</sup>		
RP-1	44	44	32	40 <sup>(3)</sup>	38 <sup>(4)</sup>	60 <sup>(3)</sup>
CCWRF	12	12	12	12		
RP-5	<u>15</u>	<u>22.5</u>	<u>15</u>	<u>22.5</u>	<u>18<sup>(4)</sup></u>	<u>30</u>
<b>Total</b>	<b>85</b>	<b>92.5</b>	<b>73</b>	<b>88.5</b>	<b>56</b>	<b>90</b>

<sup>(1)</sup> “TYF” means Ten Year Forecast.

<sup>(2)</sup> Includes planned expansion to add 7 MGD by 2040.

<sup>(3)</sup> Includes RP-1 Capacity Recovery Project (2023-2030).

<sup>(4)</sup> Based on the Agency’s 2015 Wastewater Facilities Master Plan.

Source: The Agency.

The Agency operates four water recycling plants and solids handling and composting facilities. The combined hydraulic capacity of the Agency’s Regional Plant 1 (RP-1), Regional Plant 4 (RP-4), Carbon Canyon Water Recycling Facility (CCWRF) and Regional Plant 5 (RP-5) is 85 MGD. These facilities have a combined treatment capacity of 73 MGD. With the current RP-5 Expansion project, the current hydraulic and treatment capacity of 15 MGD at RP-5 will be expanded to 22.5 MGD. With other planned improvement projects, the Agency’s total hydraulic treatment capacity will be increased to 92.5 MGD and treatment capacity will be increased to 88.5 MGD. In fiscal 2019, the total average flow of all facilities was approximately 50 MGD, well below the total available hydraulic and treatment capacity.

**Wastewater System Rates and Charges - Sewer Charges.** Sewer rates for both the Wastewater System and the Non-Reclaimable Wastewater (NRW) System are established by the Board. The budget, including such sewer rates, is adopted by the Board no later than June. The Agency adopted its biennial budget for Fiscal Years 2020 and 2021 in June 2019. Included in the adopted budget were the multi-year sewer service rates adopted by the Board in March 2015 for Fiscal Years 2016 – 2020. The Board revised and adopted rates in November 2019 for Fiscal Years 2021 – 2022 based on the 2020 Rate Study to ensure full cost of service is achieved and maintained. Subsequent to the Board actions, the Contracting Agencies each set rate structures reflecting any



necessary changes. The Board adopted rates for two fiscal years to allow for a return to flow study and subsequent Equivalent Dwelling Unit (EDU) analysis.

The following table presents a summary of the Wastewater System sewer service rates charged to the Contracting Agencies for the Fiscal Years ending June 30, 2015 to June 30, 2019.

**Historical Wastewater System Sewer Service Rates**

<i><b>Fiscal Year (Ending June 30)</b></i>	<i><b>Sewer Rates per EDU/mo.*</b></i>
2019	\$19.59
2018	18.39
2017	17.14
2016	15.89
2015	14.39

\* Equivalent Dwelling Unit per month.  
Source: The Agency.

These rates are monthly sewer service rates that take effect on July 1st of the respective Fiscal Year pursuant to the notice, public hearing and protest procedures of Proposition 218, see the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES.”

The following table presents the Wastewater System sewer service rate charged to the Contracting Agencies for Fiscal Year 2020, which were adopted by the Board in March 2015. Rates for Fiscal Years 2021 and 2022 were adopted by the Board in November 2019. In response to the potential economic impact of the COVID-19 pandemic, on May 6, 2020 the Board rescinded the rate increase set to take effect on July 1, 2020, maintaining the monthly EDU rate unchanged for Fiscal Year 2021.

Rates for Fiscal Years 2023 through 2024 are projected by the Agency. There is no assurance that the Board will not repeal or modify such rate increases in the future or that the Agency’s ratepayers will not approve an initiative to repeal or modify any increase in water service rates and charges approved by the Board.

**Adopted and Projected Wastewater System Sewer Service Rates<sup>(1)</sup>**

<i><b>Fiscal Year</b></i>	<i><b>Sewer Rates per EDU/mo.<sup>(2)</sup></b></i>
2020	\$20.00
2021	20.00
2022	21.22
2023	21.86
2024	22.52

<sup>(1)</sup> Wastewater System sewer service rates for Fiscal Year 2020 were adopted by the Board in March 2015. Rates for Fiscal Years 2021 and 2022 were adopted by the Board in November 2019. On May 6, 2020 the Board rescinded the rate increase for Fiscal Year 2021. Projected Wastewater System sewer service rates are based on a 3% increase for Fiscal Years 2023 and 2024.

<sup>(2)</sup> Equivalent Dwelling Unit per month.  
Source: The Agency.

**Wastewater System Revenues.** The following table presents summary of the Wastewater System sewer

service revenues for Fiscal Years 2015 through 2019.

### **Wastewater System Sewer Service Revenues**

<i>Fiscal Year (Ending June 30)</i>	<i>Wastewater System Sewer Service Revenues</i>
2019	\$66,498,642
2018	62,144,346
2017	56,641,193
2016	50,073,868
2015	47,022,954

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Source: The Agency and Comprehensive Annual Financial Report (“CAFR”) of the Agency for Fiscal Years 2015 through 2019.

Wastewater System sewer service revenues have customarily been subject to review and audit by both the Agency and the Contracting Agencies. As a result, the rates set forth above and below are subject to such review and audit. Such review and audit may result in additional payments by the Contracting Agencies to the Agency or refunds by the Agency to Contracting Agencies.

The following table presents a summary of projected Wastewater System sewer service revenues based on adopted rates for Fiscal Years 2020 through 2022 and projected sewer service rates for Fiscal Years 2023 through 2024. There is no assurance that the Board will not repeal or modify such rate increases in the future or that the Agency’s ratepayers will not approve an initiative to repeal or modify any increase in water service rates and charges approved by the Board.

### **Projected Wastewater System Sewer Service Revenues**

<i>Fiscal Year (Ending June 30)</i>	<i>Wastewater System Sewer Revenues</i>
2020	\$68,157,700
2021	68,327,100
2022	72,653,200
2023	75,019,900
2024	77,466,400

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Source: The Agency.

**Standby Charges.** Pursuant to the Regional Contract and Section 71631 of the State Water Code, the Agency may, by ordinance, annually fix availability or standby charges in the Agency, or any portion of the Agency, whether such sewage services are actually used or not. The standby assessment or availability charge shall not exceed ten dollars per acre per year for each acre of land on which the charge is levied or ten dollars per year for parcels of less than an acre. To date, the Agency has not imposed any such charges. However, if and to the extent the Agency’s standby assessment or availability charges are determined to be for a property related service within the meaning of Article XIII D of the State Constitution, increases in such standby assessment or availability charges may be subject to the provisions thereof. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Article XIID.”

**Wastewater Capital Connection Fees.** The Agency levies a fee on all new connections that connect to its Regional Wastewater System. The Regional Wastewater System connection is planned and designed using a raw wastewater generation factor of 270 gallons per day (“GPD”) per equivalent dwelling unit (“EDU”) as specified in Exhibit J of the Regional Contract. One EDU is equivalent to one new connection unit. Under the Regional Contract, the Contracting Agencies collect fees for each new EDU connected to a Contracting Agency’s community collection system and consequently to the Regional Wastewater System (“Wastewater

Capital Connection Fees”). The Wastewater Capital Connection Fees are held in trust by the Contracting Agencies in a Capital Capacity Reimbursement Account (“CCRA”) until requested, or “called,” by the contracting agencies. The fee for such Wastewater Capital Connection Fees has been revised periodically and is currently \$6,955 per EDU. Wastewater Capital Connection Fees are restricted to finance the acquisition, construction, and improvement and expansion of the Regional Wastewater System.

Under the Regional Contract, the Agency is required to maintain a regional capital reserve fund (the “RCIF”) with a maximum excess reserve balance of \$1,000,000. On a quarterly basis, Agency staff projects capital funding requirements of the Agency for the following six months. The Agency calls for Wastewater Capital Connection Fees from the Contracting Agencies when the Agency projects a need for additional funds. Capital calls are calculated based on the percentage of each contracting agency’s CCRA account balance relative to the aggregate amount held in the CCRA.

The Agency recognizes Wastewater Capital Connection Fees as revenues when collected by the Contracting Agencies rather than when the Agency calls for the Contracting Agencies to transfer the Wastewater Capital Connection Fees to the Agency.

The following table presents a summary of the Wastewater Capital Connection Fees when recognized by the Agency in Fiscal Years 2015 through 2019.

#### **Historic Wastewater Capital Connection Fee Revenue**

<i>Fiscal Year (Ending June 30)</i>	<i>Wastewater Capital Connection Fee Revenues</i>
2019	\$22,914,037
2018	32,849,912
2017	30,508,191
2016	24,910,235
2015	15,073,882

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Source: The Agency.

As of June 30, 2019 there was approximately \$66,473,575 of Wastewater Capital Connection Fees recognized by the Agency but held by the Contracting Agencies.

Capital Connection Fees have customarily been subject to review and audit by both the Agency and the Contracting Agencies. As a result, the amounts set forth above are subject to such review and audit. Such review and audit may result in additional payments by the Contracting Agencies to the Agency or refunds by the Agency to Contracting Agencies.

Agency collection of Wastewater Capital Connection Fees is dependent on development activity within the Agency. If development activity varies from the activity currently projected by the Agency, Wastewater Capital Connection fees may not be collected as set forth above. Such variation could be material and could have a material adverse impact on the Net Revenues available to make 2020B Installment Payments. See the caption “INVESTMENT CONSIDERATIONS—COVID-19 Pandemic.”

The following table presents a summary of historic Wastewater Capital Connection Fee rates for Fiscal

Years 2015 through 2019.

### Historic Wastewater Capital Connection Fees

<i>Fiscal Year</i>	<i>Effective Date</i>	<i>Connection Fee per EDU*</i>
2019	July 1, 2018	\$6,624
2018	July 1, 2017	6,309
2017	July 1, 2016	6,009
2016	January 1, 2016	5,415
	July 1, 2015	5,107
2015	July 1, 2014	5,107

\* Equivalent Dwelling Unit.  
Source: The Agency.

The following table presents a summary of the rates for Fiscal Year 2020 approved by the Board and the projected rates for Fiscal Years 2021 through 2024. Projected Wastewater System capital connection fees are based on an estimated 6% increase for Fiscal Year 2022 and 3% increase for Fiscal Years 2023 and 2024. There is no assurance that the Board will not repeal or modify such rate increases in the future or that the Agency's ratepayers will not approve an initiative to repeal or modify any increase in water service rates and charges approved by the Board.

### Projected Wastewater Capital Connection Fees

<i>Fiscal Year</i>	<i>Effective Date</i>	<i>Connection Fee per EDU*</i>
2020	July 1, 2019	\$6,955
2021	July 1, 2020	6,955
2022	July 1, 2021	7,379
2023	July 1, 2022	7,600
2024	July 1, 2023	7,828

\* Equivalent Dwelling Unit.  
Source: The Agency.

The following table presents a summary of projected Wastewater Capital Connection Fees for Fiscal Years 2020 through 2024 based on the adopted fees for Fiscal Years 2020, and projected growth. There is no assurance that the Board will not repeal or modify such rate increases in the future or that the Agency's ratepayers will not approve an initiative to repeal or modify any increase in water service rates and charges approved by the Board. The projected growth is based on forecasts provided by Contracting Agencies and is adjusted by the Agency based on historical experience.

### Projected Wastewater Capital Connection Fee Revenue

<i>Fiscal Year (Ending June 30)</i>	<i>Wastewater Capital Connection Fee Revenues</i>
2020	\$27,820,000
2021	27,820,000
2022	29,514,238
2023	26,599,707
2024	27,397,698

Source: The Agency.

***Ad Valorem Property Taxes.*** Prior to the passage of Proposition 13, the Agency established an annual tax levy for the support of Agency activities. Pursuant to Proposition 13, the County Auditor became responsible for the fixed establishment of a county-wide tax rate allocation. Such allocation was determined by averaging the tax levy of each taxing agency for the three Fiscal Years prior to the passage of Proposition 13. The County Auditor then determined the allocation of the county-wide 1% property tax levy between all of the County's taxing agencies on a pro rata basis. See the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Article XIII A."

The Agency had two tax levies in place when Proposition 13 was implemented: A General allocation and an allocation to Improvement District "C." The revenue to Improvement District "C" is applied to the funding of Regional Wastewater System capital requirements. The General allocation is applied to fund general Agency activities.

From time to time legislation has been considered as part of the State budget to shift property tax revenues from special districts to school districts or other governmental entities. While legislation enacted in connection with the 1992-93 State budget shifted many special districts' shares of the countywide one percent *ad valorem* tax, special legislation was enacted which exempted the Agency's share of the countywide one percent *ad valorem* tax from this shift.

On November 2, 2004, State voters approved Proposition 1A, which amends the State Constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State may not, among other things: (i) shift property taxes from local governments to schools or community colleges; or (ii) change how Property Tax Revenues are shared among local governments without two-thirds approval of both houses of the State Legislature.

In Fiscal Year 2010, the State shifted to schools and community colleges a limited amount of local government property tax revenues after certain conditions were met, including: (a) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State; and (b) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. No additional shifts may occur until the State repays the 2009-10 shift. The Agency participated in the State of California Proposition 1A Receivables Program to securitize its receivable from the State, and as a result received the funds shifted, without interest, in two installment payments in 2010. The Agency received its first installment payment of \$1,070,028 in January 2010 and the second installment of equal amount in May 2010. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

On November 2, 2010, the voters of the State approved Proposition 22, known as "The Local Taxpayer, Public Safety, and Transportation Protection Act" ("Proposition 22"). Proposition 22, among other things, broadens the restrictions established by Proposition 1A. While Proposition 1A permits the State to appropriate or borrow local property tax revenues on a temporary basis during times of severe financial hardship, Proposition 22 amends Article XIII of the State Constitution to prohibit the State from appropriating or borrowing local property tax revenues under any circumstances. The State can no longer borrow local property tax revenues on a temporary basis even during times of severe financial hardship. Proposition 22 also prohibits the State from appropriating or borrowing proceeds derived from any tax levied by a local government solely for the local government's purposes. Furthermore, Proposition 22 restricts the State's ability to redirect redevelopment agency property tax revenues to school districts and other local governments and limits uses of certain other funds. Proposition 22 is intended to stabilize local government revenue sources by restricting the State government's control over local revenues.

There can be no assurance that the property tax revenues the Agency currently expects to receive will not be further reduced pursuant to State legislation enacted in the future. If the formula is changed in the future it could have a material adverse effect on the receipt of property tax revenues by the Agency, including property

tax revenues received pursuant to Section 97.23 of the Revenue and Taxation Code of the State of California for the payment of the outstanding Notes.

The table below sets forth the assessed value of property within the Agency and the amount of property tax revenue received by the Agency and allocated to the Revenue Fund in each of the last five fiscal years.

**Agency Historical Assessed Values and Property Tax Revenue  
For Fiscal Years 2015 to 2019**

<i><b>Fiscal Year</b></i>	<i><b>Assessed Value</b></i>	<i><b>Property Tax Revenue</b></i>	<i><b>Property Tax Allocation to Water Fund</b></i>	<i><b>Net Property Tax Revenue<sup>(1)</sup></b></i>
2019	\$74,836,656,000	\$53,040,078	\$4,873,127	\$48,166,951
2018	69,545,093,000	48,413,443	3,253,805	45,159,638
2017	65,717,035,000	45,674,031	2,295,011	43,379,020
2016	62,396,625,000	45,631,117	4,295,188	41,335,929
2015	59,886,639,000	40,946,003	1,500,000	39,446,003

<sup>(1)</sup> Amounts may not foot due to rounding.

Source: County of San Bernardino – Auditor and Comprehensive Annual Financial Report of the Agency for fiscal years 2015 through 2019.

Fiscal Year 2016 includes approximately \$2.7 million of unobligated incremental taxes returned by the successor agencies to the County Tax/Assessor, which amounts were included in the \$4,295,188 transferred to the Water Resources Fund in Fiscal Year 2016. These unobligated funds were re-distributed by the County Tax/Assessor to eligible taxing agencies pursuant to the dissolution of redevelopment agencies which took effect on February 1, 2012 and represent a non-recurring source of funds to the Agency.

The allocation of Property Tax Revenues between the Revenue Fund and the Water Resources Fund is determined by the Board as part of the budget process on an annual basis. While there can be no assurance that the Board will allocate Property Tax Revenues to the Revenue Fund in accordance with recent practice, the Agency has entered into a rate covenant as further described under the caption “SECURITY FOR THE NOTES-Rate Covenant.”

The table below sets forth the assessed value of property within the Agency and the amount of property tax revenue projected to be received by the Agency in each of the next five fiscal years. A portion of the property tax revenues received by the Agency from properties within redevelopment project areas is first deposited by the County Auditor-Controller into Redevelopment Property Tax Trust Funds established for redevelopment successor agencies, and only paid to the Agency after payment of County administrative and collection fees, pass-through payments to various taxing entities (including the Agency), and enforceable obligations of the former redevelopment agencies and the successor agencies formed to wind down their affairs. As a result, the Agency is not able to accurately predict the amount of property tax revenues the Agency will receive in future years from such redevelopment project areas, and expects to receive less than its full share of the 1% *ad valorem* property tax levy; accordingly, the Agency has projected property tax revenues to be received from such redevelopment project areas in Fiscal Years 2020 through 2025 at levels lower than actually received in some prior years.



**Agency Projected Assessed Values and Property Tax Revenue  
for Fiscal Years 2020 to 2024**

<i><b>Fiscal Year</b></i>	<i><b>Assessed Value</b></i>	<i><b>Property Tax Revenue</b></i>	<i><b>Property Tax Allocation to Water Fund</b></i>	<i><b>Net Property Tax Revenue</b></i>
2020	\$79,369,678,000	\$52,364,000	\$4,636,500	\$47,727,500
2021	81,750,738,000	53,934,900	5,186,300	48,748,600
2022	84,203,189,000	55,552,900	5,752,600	49,800,300
2023	86,729,304,000	57,219,500	6,335,900	50,883,600
2024	88,463,905,000	58,363,900	6,736,400	51,627,500

Source: The Agency.

The San Bernardino Assessment roll for Fiscal Year 2020 increased by 6% compared to Fiscal Year 2019. The Agency is projecting a conservative 3% growth in assessed value from 2021 to 2023 and a growth factor of 2% for 2024. The property tax revenue projection was based on budgeted receipts in 2019 with a growth factor of 3% for Fiscal Years 2020 through 2023, and a growth factor of 2% thereafter. See the caption “INVESTMENT CONSIDERATIONS—COVID-19 Pandemic.”

### **Non-Reclaimable Wastewater System**

**General.** The Non-Reclaimable Wastewater System (the “NRW System”) provides a collection system which includes pipelines and pump stations to export the high-salinity industrial wastewater generated within the Agency’s service area for treatment and eventual discharge to the Pacific Ocean. The NRW System is physically separated from the Agency’s Regional Wastewater System, ensuring further compliance with the California Regional Water Quality Control Board and state regulations related to environmental criteria, and improving the quality of recycled water for local use. Maximizing the use of the NRW System helps ensure that the Agency complies with the final effluent total dissolved solids (“TDS”) limits which are required under the National Pollutant Discharge Elimination System (“NPDES”) permits.

The NRW System operated by the Agency is comprised of two independent collection systems, the north and south systems which serve different patrons.

The north NRW System serves approximately 42 industries and municipalities. The north NRW System also collects wastewater belt press filtrate and centrate from RP-1. The north NRW System conveys the non-reclaimable wastewater to the Los Angeles County Sanitation Districts (formerly known as the Sanitation Districts of Los Angeles County (LACSD) treatment facility in Carson, where it is treated and discharged to the ocean.

The LACSD and the Agency have entered into various agreements dating back to 1966 (collectively, the “Prior Agreement”) under which the LACSD agreed to accept a portion of the Agency’s industrial wastewater flows from the NRW System. The Prior Agreement, which was set to expire on May 1, 2018, was replaced by the new NRW System Wastewater Disposal Agreement which took effect on July 1, 2014 (the “New LACSD Agreement”). The New LACSD Agreement has an initial term of 30 years, with up to four additional five-year extensions for a total term of up to 50 years. Annual management meetings to review and discuss any modifications due to financial, operational or environmental changes will ensure that the New LACSD Agreement remains relevant. Under the New LACSD Agreement, the Agency has the option to purchase or lease discharge rights, making the New LACSD Agreement more attractive for both new and existing customers looking to expand. Under the Prior Agreement, customers were required to purchase capacity.

The south NRW System serves approximately 15 industries, truckers and the Chino Basin Desalter Authority and conveys wastewater to the Inland Empire Brine Line (“IEBL”) which then carries it to the Orange



County Sanitation Districts facility in the city of Fountain Valley for treatment and ocean discharge. The IEBL, which is owned by Santa Ana Watershed Project Authority (SAWPA), is an independent collections system that serves the southern portion of the Agency's service area. The highest and best use of the brine line is the removal of salts from the watershed to keep them from degrading water quality within the watershed, thereby allowing better use of groundwater resources and expanding the ability to reclaim water. The long-term goal of achieving salt balance within the region depends on the ability to remove salts from the watershed via the brine line.

***Non-Reclaimable Wastewater System Rates and Charges.*** The following tables present summaries of NRW System service rates and charges relating to the Agency's north and south NRW System for the Fiscal Years 2015 through 2019. Rates for the south NRW System are approved by SAWPA on a biennial basis and such rates are currently approved through Fiscal Year 2021. Rates for the north NRW System are approved by LACSD on an annual basis. There is no assurance that the SAWPA or LACSD Boards will not repeal or modify any future rates.

#### **Historical NRW System Sewer Service Rates**

<i><b>Fiscal Year</b></i>	<i><b>North NRW System Monthly Volumetric Rate per MG</b></i>	<i><b>South NRW System Monthly Volumetric Rate per MG</b></i>
2019	\$912.00	\$946.00
2018	919.00	901.00
2017	915.00	858.00
2016	948.00*	817.00
2015	835.80*	777.00

\* New LACSD Agreement rates effective July 1, 2014.

Source: The Agency.

<i><b>Fiscal Year</b></i>	<i><b>North NRW System Monthly Capacity Charge Rate per Capacity Unit</b></i>	<i><b>South NRW System Monthly Capacity Charge Rate per Capacity Unit</b></i>
2019	none*	\$406.60
2018	none*	387.24
2017	none*	368.76
2016	none*	351.17
2015	none*	334.43

\* New LACSD Agreement rates effective July 1, 2014. The New LACSD Agreement allows Agency to allocate a baseline capacity at no cost to existing industries based on their average use, up to a total of 15,286 capacity units.

Source: The Agency.

<i>Fiscal Year</i>	<i>North NRW System Excessive Strength Charges Rate per 1000 lbs.</i>		<i>South NRW System Excessive Strength Charges Rate per 1000 lbs.</i>	
2019	TSS <sup>(1)*</sup>	\$546.00	TSS <sup>(1)*</sup>	\$429.00
	COD <sup>(2)*</sup>	161.00	BOD <sup>(2)*</sup>	307.00
2018	TSS <sup>(1)*</sup>	446.00	TSS <sup>(1)*</sup>	429.00
	COD <sup>(2)*</sup>	172.00	BOD <sup>(2)*</sup>	307.00
2017	TSS <sup>(1)*</sup>	436.00	TSS <sup>(1)*</sup>	429.00
	COD <sup>(2)*</sup>	180.00	BOD <sup>(2)*</sup>	307.00
2016	TSS <sup>(1)*</sup>	433.00	TSS	420.00
	COD <sup>(2)*</sup>	210.00	BOD <sup>(3)</sup>	301.00
2015	TSS <sup>(1)*</sup>	418.22	TSS	411.00
	COD <sup>(2)*</sup>	147.84	BOD <sup>(3)</sup>	295.00

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<sup>(1)</sup> Total Suspended Solids.

<sup>(2)</sup> Chemical Oxygen Demand.

<sup>(3)</sup> Biochemical Oxygen Demand.

\* New LACSD Agreement rates effective July 1, 2014. The New LACSD Agreement eliminated the threshold for strength charges which will be passed through to industries.

Source: The Agency.

**NRW System Revenues.** The following table presents a summary of NRW System service revenues for Fiscal Years 2015 through 2019. Such revenues have been derived from the Agency financial statements but exclude certain non-cash items and include certain other adjustments.

#### Historical NRW System Sewer Service Revenues

<i>Fiscal Year</i>	<i>NRW System Sewer Service Revenues</i>
2019	\$12,455,880
2018	12,960,607
2017	11,947,914
2016	11,854,847
2015	11,242,300

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Source: The Agency.

The following table presents a summary of projected NRW System sewer service revenues for Fiscal Years 2020 through 2024. There is no assurance that the Board will not repeal or modify such rate increases in the future or that the Agency's ratepayers will not approve an initiative to repeal or modify any increase in water service rates and charges approved by the Board.

<i>Fiscal Year</i>	<i>NRW System Sewer Service Revenues</i>
2020	\$12,369,680
2021	12,509,123
2022	12,988,800
2023	13,266,450
2024	13,655,400

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Source: The Agency.

## Recycled Water System

**General.** In 2005, the Board approved a Regional Recycled Water Expansion Program. Construction of Phases I through V was completed between June 2005 and June 2008. Construction for Phase VI was started in 2008 and completed in June 2015, and the Central/Wineville area projects began in September 2015 and were completed in August 2016. These projects, collectively known as the Regional Recycled Water Distribution System (“RRWDS”), are the backbone of the recycled water regional distribution system. The Agency’s recycled water production is directly related to influent wastewater flow which currently averages approximately 50 million gallons per day (MGD).

Expansion and improvements of the RRWDS increases the water supply that can be used to meet the water demands of the current residents in the Agency’s service area. The Agency expects to continue to develop, expand, and provide flexibility to the program to allow the region to utilize all available recycled water supplies.

Recycled water volumetric rates support the costs associated with the operations and maintenance of the Agency’s water recycling facilities, non-reimbursable operating costs for groundwater recharge basins, including the Agency’s pro-rata share for basins recharged with recycled water, and debt service costs related to the financing of existing facilities and infrastructure.

The Agency previously received a rebate from Metropolitan Water District of Southern California (“MWD”) under its Local Projects Program (“LPP”). Recycled water deliveries in excess of 3,500 AF and up to a maximum of 17,000 Acre-feet (AF) per year, excluding groundwater recharge deliveries, were eligible for the LPP rebate of \$154 per AF, for an annual amount of up to \$2,079,000. The LPP rebate expired in June 2017 and is no longer received by the Agency.

Most purchasers of recycled water from the Agency have no contractual obligation to take a minimum amount of recycled water. As a result, actual direct sales of recycled water may be less than reflected in the projected recycled water system revenues under the caption “—*Recycled Water System Revenues.*”

See the caption “Regional Wastewater System—*PFOA and PFOS*” for information regarding PFOA and PFOS in the recycled water delivered by the Agency.

**Recycled Water System Rates.** The following table presents a summary of the Recycled Water System Rates for Fiscal Years 2015 through 2019.

### Historic Recycled Water System Rates

<i>Fiscal Year</i>	<i>Direct Use Recycled Water Rates per AF*</i>	<i>Groundwater Recharge Rates per AF</i>
2019	\$480	\$540
2018	470	530
2017	410	470
2016 <sup>(1)</sup>	350	410
2015	290	335

\* Acre-feet.

<sup>(1)</sup> 2016 rates effective October 1, 2015. Rates for future Fiscal Years are effective July 1 of the respective year.

Source: The Agency.

The following table shows the rates for Fiscal Year 2020, which were adopted by the Board in May 2015, rates for Fiscal Years 2021 through 2024, which are projected by the Agency. Projected recycled water rates are based on an estimated 5.5% increase for Fiscal Year 2022 and an estimated 2.5% increase for Fiscal Years 2023 and 2024. There is no assurance that the Board will not repeal or modify such rate increase in the

future or that the Agency's ratepayers will not approve an initiative to repeal or modify any increase in water service rates and charges approved by the Board.

### Projected Recycled Water System Rates

<i>Fiscal Year</i>	<i>Direct Use Recycled Water Rates per AF*</i>	<i>Groundwater Recharge Rates per AF</i>
2020	\$490	\$550
2021	490	550
2022	520	580
2023	535	595
2024	551	611

\* Acre-feet.  
Source: The Agency.

**Recycled Water System Revenues.** The following table presents a summary of the Recycled Water System revenues for Fiscal Years 2015 through 2019.

### Historic Recycled Water System Revenues

<i>Fiscal Year</i>	<i>AF <sup>(1)</sup></i>	<i>Recycled Water Sales</i>	<i>MWD Rebate<sup>(2)</sup></i>	<i>Total Recycled Water Revenues</i>
2019	28,345	\$13,901,786	\$ 0	\$13,901,786
2018	34,642	16,877,757	0	16,877,757
2017	33,411	14,305,605	2,079,000	16,384,605
2016	32,619	11,389,182	2,079,000	13,468,182
2015	33,053	9,968,164	2,079,000	12,047,164

(1) Deliveries in acre-feet for both recycled water direct and groundwater recharge.

(2) MWD Rebate expired June 2017.

Source: The Agency.

The following table presents a summary of projected Recycled Water System revenues for Fiscal Years 2020 to 2024.

### Projected Recycled Water System Revenues

<i>Fiscal Year</i>	<i>AF *</i>	<i>Total Recycled Water Sales</i>
2020	32,300	\$16,433,000
2021	31,900	16,155,000
2022	32,100	17,211,950
2023	32,800	18,126,000
2024	33,200	18,650,800

\* Deliveries in acre-feet for both recycled water direct and groundwater recharge based on current trends and subject to changes such as precipitation, land use conversion, or changes in user demand.

Source: The Agency.

**Water Connection Fees.** On January 1, 2016, a new water connection fee was implemented by the Agency with revenues intended to support capital improvement and expansion of the Agency's regional water

system, which is comprised of potable water, recycled water, and groundwater recharge facilities. The new water connection fee is per meter equivalent unit (MEU) per residential unit (based on 5/8" and 3/4" size meters). Projects within the Administrative Services, Water Resources, and Recharge Water Funds supporting the Agency's regional water system receive a portion of annual water connection fees based on project scope and activity during the fiscal year.

The following table presents the Water Connection Fee Revenue for Fiscal Years 2016 through 2019 based on the adopted fees and projected growth. Transfers out represent amounts allocated to the Water Resources Fund for project support.

#### Historic Water Connection Fee Revenue

<i><b>Fiscal Year (Ending June 30)</b></i>	<i><b>Water Connection Fee</b></i>	<i><b>Transfer Out<sup>(1)</sup></b></i>	<i><b>Net Water Connection Fee Revenue<sup>(2)</sup></b></i>
2019	\$5,916,291	\$436,414	\$5,479,877
2018	7,889,278	321,152	7,568,126
2017	5,414,935	58,976	5,355,959
2016	997,010	294,955	702,055

<sup>(1)</sup> Reflects portion of Water Connection Fees allocated to the Water Resources Fund which are not pledged to the repayment of the 2020B Installment Purchase Agreement.

<sup>(2)</sup> Pledged to the repayment of the 2020B Installment Purchase Agreement.

Source: The Agency.

The Water Connection Fees were imposed by the Board in May 2015, effective January 1 for Fiscal Years 2016 and 2017, and July 1 of each Fiscal Year thereafter.

The following table presents the projected Water Connection Fees for Fiscal Years 2020 through 2024 based on the adopted fees and projected growth. Transfers out represent amounts allocated to the Water Resources Fund for project support.

#### Projected Water Connection Fee Revenue

<i><b>Fiscal Year (Ending June 30)</b></i>	<i><b>Water Connection Fee</b></i>	<i><b>Transfer Out<sup>(1)</sup></b></i>	<i><b>Net Water Connection Fee Revenue<sup>(2)</sup></b></i>
2020	\$7,914,800	\$1,947,324	\$5,967,476
2021	7,914,800	1,486,241	6,428,559
2022	8,398,900	1,430,581	6,968,319
2023	8,652,700	1,569,908	7,082,792
2024	8,911,200	348,565	8,562,635

<sup>(1)</sup> Reflects portion of Water Connection Fees allocated to the Water Resources Fund which are not pledged to the repayment of the 2020B Installment Purchase Agreement.

<sup>(2)</sup> Pledged to the repayment of the 2020B Installment Purchase Agreement.

Source: The Agency.

The following table presents a summary of the adopted rates for Fiscal Year 2020 and the projected rates for Fiscal Years 2021 through 2024. Projected water connection fee rates are based on an estimated 6% increase for Fiscal Year 2022 and an estimated 3% increase for Fiscal Years 2023 and 2024. There is no assurance that the Board will not repeal or modify such rate increase in the future or that the Agency's ratepayers will not approved an initiative to repeal or modify any increase in water connection fees approved by the Board.

### Projected Water Connection Fee Rates

<i>Fiscal Year</i>	<i>Effective Date</i>	<i>Connection Fee per MEU*</i>
2020	July 1, 2019	\$1,684
2021	July 1, 2020	1,684
2022	July 1, 2021	1,787
2023	July 1, 2022	1,841
2024	July 1, 2023	1,896

\* Meter Equivalent Unit.

Source: The Agency.

### Composting

**General.** In 2002, the Agency and the LACSD formed the IERCA, a Joint Powers Authority, to construct a fully enclosed state of the art Inland Empire Regional Composting Facility (“IERCF”) in the city of Rancho Cucamonga. The purpose of this facility is to further treat the biosolids generated from the Agency’s four wastewater treatment plants and LACSD as well as other providers as approved. The purchase of the property and existing warehouse was made by the Agency in December 2001. The Agency transferred title to the warehouse to IERCA in July 2002. Construction was completed and the facility was commissioned in March 2007.

The IERCF began operations in 2007 and reached full capacity in 2008 processing over 200,000 tons of recycled wood wastes and biosolids per year. The Agency typically sends 100% of the biosolids it produces representing approximately 60,000 wet tons and 40% of the IERCF’s biosolids capacity. The IERCF has sufficient capacity to accept and process all of the Agency’s biosolids anticipated to be produced over the next several years. The Agency is responsible for the day-to-day operations of the IERCF.

The IERCF composts the recycled organics to produce over 230,000 cubic yards of high quality compost per year. The compost is used as a soil amendment on landscapes and farms and sold under the brand name SoilPro. Since startup, the IERCF has processed over 1 million wet tons of biosolids and produced nearly 2 million cubic yards of compost. The compost is used to create healthy soils which require less water and fertilizers to support landscapes and agriculture. The practice is consistent with the Agency’s goals to conserve and protect water resources. A tipping fee paid by the IERCF partners for biosolid deliveries to the IERCA supports the operations and maintenance expenses and a major part of the repair and replacement costs. Capital project expenditures are equally funded by IERCF partners as needed.

See the caption “—Regional Wastewater System—PFOA and PFOS” for information regarding the potential presence of PFOA and PFOS in the biosolids created as a byproduct of the Agency’s wastewater treatment activities and delivered to the Agency’s composter.

### Financial Information

**Reserve Policy; Liquidity.** The Agency maintains reserve balances at an Agency-wide level and at an individual fund level. The Agency’s overall reserve policy provides that the Agency will maintain fund reserves to ensure sufficient funding is available to meet its operating, capital and debt service obligations, comply with legally mandated requirements, and could respond to unforeseen events. The Agency’s reserve policy also requires an Operating Reserve of at least 4 months projected operating expenses, with a target of 6 months operating expenses for the current fiscal year, and a Debt Service Reserve of at least the next Fiscal Year’s debt service, with a target of maximum annual debt service. The Agency’s reserve policy also specifies minimum and target amounts for the Capital Construction Reserve, Replacement and Rehabilitation Reserve, Self-Insurance Program Reserve, Supplemental Water Reserve, Sinking Fund Reserve, and Employee Retirement

Benefit Reserve. The Agency's reserve policy and reserve balances are reviewed annually to ensure compliance with the Agency's policies and goals.

As of June 30, 2019, the Agency held \$154,214,630 in unrestricted reserves, which equates to approximately 350 days' operating expenses.

***Audited Financial Statements.*** A copy of the most recent financial statements of the Agency (the "Financial Statements") audited by Lance, Soll, & Lunghard, LLP, Brea, California (the "Auditor") and the accompanying Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in accordance with Government Auditing Standards dated December 3, 2019 are included as Appendix A hereto. The Financial Statements include a statement that the Auditor conducted an audit of the Financial Statements in accordance with auditing standards generally accepted in the United States of America and government auditing standards issued by the Comptroller General of the United States. The Auditor opines that the basic Financial Statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Agency, as of June 30, 2019, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with generally accepted accounting principles ("GAAP") in the United States of America. The Financial Statements include certain notes to the financial statements which may not be fully described below under the subheading "Significant Accounting Policies" or in the footnotes to the Tables. Such notes constitute an integral part of the audited financial statements. The Auditor's consent to inclusion of the Financial Statements in the Official Statement was not requested and no procedures were performed.

***Significant Accounting Policies.*** The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflow of resources, liabilities, deferred inflow of resources, net position, revenues and expenses, as appropriate. The Agency's resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Agency accounts for its activities in Enterprise Funds. These funds are included in the Financial Statements and have been grouped into fund types described as "Proprietary Fund Types."

For financial reporting purposes, the Agency has the following major funds: Regional Wastewater, Recycled Water, and Water Resources. These major funds are comprised of certain sub-funds within the Agency's accounting system. Revenues accounted from Recycled Water and Regional Wastewater programs are pledged to the repayment of the 2020B Installment Purchase Agreement.

The Financial Statements were prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when liabilities are incurred.

The Agency accounts for moneys received and expenses paid in accordance with GAAP. In certain cases, GAAP requires or permits moneys collected in one Fiscal Year to be recognized as revenue in a subsequent Fiscal Year and requires or permits expenses paid or incurred in one Fiscal Year to be recognized in a subsequent Fiscal Year. See APPENDIX A—"COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE AGENCY FOR THE FISCAL YEAR ENDED JUNE 30, 2019 AND AUDITOR'S REPORT RE INTERNAL CONTROLS." Except as otherwise expressly noted herein, all financial information derived from the Agency's audited financial statements reflect the application of GAAP.

See the Financial Statements attached hereto as Appendix A for a discussion of other accounting practices of the Agency.



## Description of Indebtedness

**Senior Obligations.** The Agency has one installment purchase agreement secured by Revenues on a basis senior to the 2020B Installment Purchase Agreement. The obligation of the Agency to make 2017A Installment Payments under the 2017A Installment Purchase Agreement secures the issuance of the Chino Basin Regional Financing Authority Refunding Revenue Bonds, Series 2017A (Inland Empire Utilities Agency) in the original aggregate principal amount of \$67,615,000 (the “2017A Bonds”). The 2017A Installment Payments are payable in annual principal installments through 2022 and have a current outstanding principal amount of \$58,315,000. As set forth in the 2017A Installment Purchase Agreement, 2017A Installment Payments are payable from the Revenues of the Agency on a basis senior to the 2020B Installment Payments.

**Parity Obligations.** The Agency’s 2020B Installment Payments are payable from Net Revenues on a parity with the WIFIA Installment Purchase Agreement and the State Revolving Fund Loans described below.

The obligation of the Agency to make WIFIA Installment Payments to the Authority under the WIFIA Installment Purchase Agreement secures the obligation of Chino Basin Regional Financing Authority to make WIFIA Loan Payments under the WIFIA Loan Agreement in the original aggregate principal amount of \$196,436,445 (the “WIFIA Loan”). The WIFIA Installment Payments are payable in annual principal installments through 2061 and have a current outstanding principal amount of \$196,436,445. As set forth in the WIFIA Installment Purchase Agreement, WIFIA Installment Payments are payable from the Net Revenues of the Agency on a parity with the 2020B Installment Payments.

The Agency has been an active participant of the State Water Resources Control Board (“SWRCB”) Clean Water State Revolving Fund (“CWSRF”) Program since 2003 and has received numerous loans from the CWSRF (collectively, the “State Revolving Fund Loans”). As of June 30, 2019, the Agency had nineteen State Revolving Fund Loans outstanding with an aggregate principal balance of \$119,746,061. Repayment of the principal of these State Revolving Fund Loans is amortized over a 20 to 30 year period at fixed interest rates ranging from 0.0% to 2.60% with payments commencing one year after the completion of the related capital construction projects. Since June 30, 2019, the Agency entered into two new State Revolving Fund Loans for two recycled water projects related to the 2015 Drought Relief Program Phase 1: Napa Lateral in the amount of \$3,025,000, net of principal forgiveness, and San Sevaine Basin Improvements in the amount of \$3,230,000, net of state and federal grants. The current outstanding principal balance of the State Revolving Fund Loans is \$85,926,497, which reflects the refunding of eight State Revolving Fund Loans with the proceeds of the 2020A Installment Purchase Agreement.

The Revolving Fund Loan Agreements are payable from Net Revenues on a parity basis to the 2020B Installment Payments. Future CWSRF loans are also expected to be payable from Net Revenues on a parity to the 2020B Installment Payments.

The obligation of the Agency to make 2020A Installment Payments under the 2020A Installment Purchase Agreement secures the issuance of the Chino Basin Regional Financing Authority Refunding Revenue Bonds (Inland Empire Utilities Agency), Series 2020A, in the original aggregate principal amount of \$\_\_\_\_\_ (the “2020A Bonds”). The 2020A Installment Payments are payable in annual principal installments through 2061 and have a current outstanding principal amount of \$\_\_\_\_\_. As set forth in the 2020A Installment Purchase Agreement, 2020A Installment Payments are payable from the Net Revenues of the Agency on a parity with the 2020B Installment Payments.

See the captions “SECURITY FOR THE NOTES—Additional Contracts and Bonds” and “THE AGENCY—Additional Parity Contracts and Bonds.”

### **Subordinate Obligations**

In Fiscal Year 2006, the Agency entered into a reimbursement agreement with the city of Fontana for the construction of the San Bernardino Regional Lift Station and Force Main to convey wastewater to the Agency's regional water recycling facility. The city of Fontana received a 20-year loan payable from the SWRCB for \$9,577,747, less \$1,596,323 in deferred interest charges for a net loan amount of \$7,981,424 for the cost of construction. As of June 30, 2019 the outstanding amount was \$4,556,378. The project was completed by June 30, 2010, and title and ownership of the regional lift station and force main was transferred to the Agency from the city of Fontana. The Agency's obligation to make payments under this reimbursement agreement is subordinate to the Agency's obligation to make payments under the 2020B Installment Purchase Agreement.

In 2017, the Agency entered into an On-Bill Financing Agreement with Southern California Edison ("SCE") pursuant to which SCE provided a loan to the Agency (the "SCE On-Bill Financing") to pay for installation of energy efficient lighting at Agency facilities. As of June 30, 2019, the SCE On-Bill Financing has an outstanding balance of \$880,846 and accrues zero percent interest.

### **Historic Operating Results**

The following table is a summary of historic operating results of the Agency for the Wastewater System, NRW System, and Recycled Water System (sometimes collectively referred to herein as the "Agency System") for the past five Fiscal Years. These results have been derived from the Agency financial statements, but exclude the water resource program, depreciation, certain other non-cash items and include certain other adjustments. The Auditor has neither performed any post-audit review of the financial condition of the Agency nor reviewed or audited the Official Statement.

The presentation of historic operating results below reflects the financial covenants set forth in the 2020B Installment Purchase Agreement, not with respect to any other obligations currently or previously outstanding.

**AGENCY SYSTEM**  
**Historic Operating Results**  
**Fiscal Years Ended June 30**

	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
Revenues <sup>(1)</sup>					
Wastewater System Service Charges <sup>(2)</sup>	\$ 66,498,642	\$ 62,144,346	\$ 56,641,193	\$ 50,073,868	\$ 47,022,954
Wastewater Capital Connection Fees <sup>(3)</sup>	22,914,037	32,849,912	30,508,191	24,910,235	15,073,882
Property Tax <sup>(4)</sup>	48,166,951	45,159,638	43,379,020	41,335,929	39,446,003
NRW System Service Charges <sup>(5)</sup>	12,455,880	12,960,607	11,947,914	11,854,847	11,242,300
Interest <sup>(6)</sup>	3,583,464	1,913,954	1,133,004	624,871	395,668
Recycled Water Sales <sup>(7)</sup>	13,901,786	16,877,757	16,384,605	13,468,182	12,047,164
Water Connection Fees <sup>(8)</sup>	5,479,877	7,568,126	5,355,959	702,055	0
Desalter/Composter Services <sup>(9)</sup>	5,133,379	5,343,460	4,855,962	4,772,780	4,655,432
Other <sup>(10)</sup>	<u>3,335,598</u>	<u>1,714,229</u>	<u>2,143,952</u>	<u>1,809,078</u>	<u>2,081,560</u>
Total Revenues	\$ 181,469,614	\$ 186,532,029	\$ 172,349,800	\$ 149,551,845	\$ 131,964,963
Operation and Maintenance Costs					
Wastewater Treatment <sup>(11)</sup>	\$ 23,829,235	\$ 26,617,534	\$ 24,242,516	\$ 21,104,320	\$ 19,001,130
Administration and General <sup>(12)</sup>	31,356,401	29,685,310	24,871,623	22,200,022	28,562,209
Wastewater Disposal <sup>(11)</sup>	11,316,753	10,236,087	11,687,784	11,148,524	7,996,871
Wastewater Collection	10,341,109	9,990,684	8,756,622	7,510,150	8,088,875
Desalter/Composter O&M	3,860,564	3,323,965	3,056,482	4,788,211	3,262,561
Operations and Maintenance	5,133,379	5,343,460	4,855,962	4,772,780	4,655,377
Other <sup>(13)</sup>	<u>1,125,456</u>	<u>3,771,873</u>	<u>6,229,966</u>	<u>3,932,655</u>	<u>1,486,047</u>
Total Operation and Maintenance Costs	\$ 86,962,897	\$ 88,968,913	\$ 83,700,954	\$ 75,456,662	\$ 73,053,069
Senior Obligation Debt Service					
2005A Installment <sup>(14)</sup>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,873,854
2008A Installment Payments <sup>(15)</sup>	0	0	4,704,861	6,250,000	6,250,000
2008B Installment Payments <sup>(16)</sup>	2,538,525	2,438,725	2,283,855	1,904,849	1,811,533
2010A Installment Payments <sup>(17)</sup>	5,114,625	5,305,050	5,350,450	5,291,450	5,292,500
2017A Installment Payments <sup>(18)</sup>	<u>6,146,800</u>	<u>6,223,250</u>	<u>3,792,050</u>	<u>0</u>	<u>0</u>
Total Senior Obligation Debt Service	\$ 13,799,950	\$ 13,967,025	\$ 16,131,217	\$ 13,446,299	\$ 15,227,887
Net Revenues Available to Pay Parity Debt Service	\$ 80,706,768	\$ 83,596,091	\$ 72,517,629	\$ 60,648,884	\$ 43,684,006
State Revolving Fund Loans	\$ 6,471,244	\$ 6,808,862	\$ 6,471,244	\$ 6,642,011	\$ 4,720,863
Parity Obligation Debt Service Coverage	12.47	12.28	11.21	9.13	9.25
Parity Obligation Debt Service Coverage Adjusted for Reclassification of Certain Project Costs <sup>(19)</sup>				8.95	9.21
Net Revenues Available to Pay Subordinate Obligations	74,235,524	76,787,229	66,046,385	54,006,873	38,963,143
Subordinate Obligations					
SAWPA Sari Capacity Purchase	\$ 0	\$ 267,188	\$ 267,188	\$ 267,188	\$ 267,188
City of Fontana Agreement	562,402	562,402	562,402	562,402	562,402
LACSD Past 4R's	737,600	737,600	737,600	737,600	737,600
SCE On-Bill Financing	<u>142,735</u>	<u>60,322</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Subordinate Obligations	\$ 1,442,738	\$ 1,627,511	\$ 1,567,190	\$ 1,567,190	\$ 1,567,190
Remaining Net Revenue	<u>\$ 72,792,786</u>	<u>\$ 75,159,717</u>	<u>\$ 64,479,195</u>	<u>\$ 52,439,683</u>	<u>\$ 37,395,953</u>

(Footnotes on Following Page)

- (1) Revenues do not include grants in support of capital projects obtained by the Agency in the aggregate principal amount of approximately \$5,900,000 in Fiscal Year 2015, \$4,800,000 in Fiscal Year 2016, \$12,300,000 in Fiscal Year 2017, \$5,600,000 in Fiscal Year 2018, and \$1,900,000 in Fiscal Year 2019.
- (2) Wastewater System Service Charge per EDU was \$14.39 for Fiscal Year 2015, \$15.89 for Fiscal Year 2016, \$17.14 for Fiscal Year 2017, \$18.39 for Fiscal Year 2018, and \$19.59 for Fiscal Year 2019.
- (3) Wastewater Capital Connection Fees are collected and held by the Contracting Agencies until the Agency requisitions such payments. The Agency recognizes Wastewater Capital Connection Fees held by the Contracting Agencies as revenue when the funds are collected by each Contracting Agency, as opposed to recording such funds as revenue when the Agency calls for the funds.
- (4) Includes the Agency's share of the County's 1% *ad valorem* property tax and "pass-through" incremental taxes (formerly RDA taxes), and net of property tax allocation to the Water Resource Fund. In Fiscal Year 2016 the Agency received a one-time allocation of \$2.7 million in "surplus" incremental taxes passed through from successor agencies. Actual property tax growth for Fiscal Year 2019 was 7% compared to Fiscal Year 2018.
- (5) The Agency's NRW rates are passed through to NRW customers for both the North and South systems.
- (6) Includes the interest portion of loan payments received pursuant to a reimbursement agreement with Monte Vista Water District dated February 2, 2008 and a reimbursement agreement with Cucamonga Valley Water District dated November 24, 2009.
- (7) Recycled Water sales from Fiscal Years 2015-2017 include approximately \$2,079,000 from MWD Local Projects Program (LPP) rebate which expired June 2017. Lower sales in Fiscal Year 2019 due to high precipitation resulting in lower demand of recycled water.
- (8) Water Connection Fee was implemented in January 2016 with revenues intended to support capital improvement and expansion of the Agency's regional water system, which is comprised of potable water, recycled water, and groundwater recharge facilities. Reflects Water Connection Fees net of the unpledged portion allocated to the Water Resources Fund, which was \$294,955 in Fiscal Year 2016, \$58,976 in Fiscal Year 2017, \$321,152 in Fiscal Year 2018 and \$436,414 in Fiscal Year 2019. See the Projected Water Connection Fee Revenue table under the caption "—Recycled Water System—*Water Connection Fees*" above.
- (9) Desalter/Composter services revenues include contract cost reimbursement from the following joint powers authorities: Inland Empire Regional Composting Authority (IERCA), and Chino Basin Desalter Authority (CDA). The Agency is responsible for the day to day operation of the IERCA composter and CDA Desalter 1.
- (10) Other revenues include (a) contract cost reimbursement from groundwater operations partially funded by Chino Basin Watermaster, (b) MWD rebates for public retrofits and lateral recycled water projects, (c) capital construction reimbursements, (d) lease revenue, (e) minor revenues from certain pass-through charges, and (f) USBR grant revenues for the Chino Basin Groundwater Supply Wells and Raw Water Pipeline project (\$311,431 for Fiscal Year 2019). Related project costs are included in Administration and General expenses.
- (11) The increases in wastewater treatment and wastewater disposal expenses in Fiscal Years 2016, 2017 and 2018 are primarily due to reclassification of labor costs from administration general expense to maintenance (\$5,100,000), operations (\$5,200,000) and laboratory (\$1,500,000).
- (12) The decrease in administrative and general expenses in Fiscal Years 2016 and 2017 was due to the reclassification of administrative labor costs to operations as noted in footnote 11. The decreases in administrative costs partially offset additional costs related to non-capital project costs, such as the RP-1 Fuel Cell and the Chino Basin Groundwater Supply Wells and Raw Water Pipeline.
- (13) Other expense includes retirement of assets in Fiscal Year 2016 and reclassification of certain capital project costs to Operation and Maintenance Costs in Fiscal Year 2015. At the completion of a project, and prior to capitalization, its costs are analyzed to ensure only capital expenditures are appropriately capitalized. Not included in the Other expense for Fiscal Year 2016 is the forgiveness of an inter-fund loan from the Administrative Service Fund to the Water Resources Fund in the amount of \$4,308,104 approved by the Board in June 2016. Such loan forgiveness is a non-cash transaction and does not constitute an Operation and Maintenance Cost for debt coverage rate calculation purposes. Fiscal Years 2017, 2018 and 2019 includes primarily contributions to Chino Basin Groundwater Supply Wells and Raw Water Pipeline non-capital project, that are partially offset by USBR grants.
- (14) The 2005A Installment Payments under the 2005 Installment Purchase Agreement, which secured in part the Chino Basin Regional Financing Authority Revenue Bonds, Series 2005A (Inland Empire Utilities Agency) (the "2005A Bonds"), were scheduled to mature in November 2022 and were redeemed in November 2014.
- (15) The 2008A Installment Payments under the 2008A Installment Purchase Agreement, which secured the Chino Basin Regional Financing Authority Revenue Bonds, Series 2008A (Inland Empire Utilities Agency) (the "2008A Bonds"), were scheduled to mature in November 2039 and were redeemed in January 2017 with proceeds of the 2017A Bonds.
- (16) The 2008B Installment Payments under the 2008B Installment Purchase Agreement secure the Chino Basin Regional Financing Authority Variable Rate Demand Revenue Refunding Bonds (Inland Empire Utilities Agency), Series 2008B, and will be redeemed with proceeds of the 2020A Bonds.
- (17) In Fiscal Year 2011 the 2010A Bonds were issued to refinance \$55,040,000 of Chino Basin Regional Financing Authority Revenue Bonds, Series 1994.
- (18) The 2017A Installment Payments under the 2017A Installment Purchase Agreement were issued to refinance the 2008A Bonds.
- (19) Equals Net Revenues less prior period adjustments and restatements of net position (less amounts allocable to the Water Resources Fund), related to reclassification of certain project costs from capital to operations and maintenance costs of \$1,207,166 in Fiscal Year 2016, and \$217,406 in Fiscal Year 2015. Such calculations are not required under the rate covenant contained in the 2020B Installment Purchase Agreement but are provided here for general information. See the caption "—Management Discussion of Historic Operating Results" for a discussion of restatements of net position, non-cash transactions and restatements not reflected in the numbers above.

Source: The Agency.

## Management Discussion of Historic Operating Results

In the Agency's audited Financial Statements for Fiscal Year 2015, the Agency recorded a restatement to reflect the implementation of GASB pronouncements 68 and 71. Such restatement had no effect on Revenues, Operation and Maintenance Costs, Net Revenues, Parity Obligation Debt Service or Parity Obligation Debt Service Coverage in Fiscal Year 2015 or any prior year which are calculated in accordance with the Indenture.

In the Agency's audited Financial Statements for Fiscal Year 2015, the Agency recorded a restatement related to the reclassification of certain Fiscal Year 2014 project costs from capital to operations and maintenance costs. Such restatement increased Operations and Maintenance Costs and decreased Net Revenues in prior Fiscal Years, and had no material effect on Parity Obligation Debt Service or Parity Obligation Debt Service Coverage in Fiscal Year 2015 or any prior year which are calculated in accordance with the Indenture. See Footnote 18 to the table under the caption "—Historic Operating Results" above.

In the Agency's audited Financial Statements for Fiscal Year 2016, the Agency recorded a restatement related to the reclassification of certain Fiscal Year 2015 project costs from capital to operations and maintenance costs. Such restatement increased Operations and Maintenance Costs and decreased Net Revenues in prior Fiscal Years and had no material effect on Parity Obligation Debt Service or Parity Obligation Debt Service Coverage in Fiscal Year 2016 or any prior year which are calculated in accordance with the Indenture. See Footnote 18 to the table under the caption "—Historic Operating Results" above.

In the Agency's audited Financial Statements for Fiscal Year 2018, the Agency recorded a restatement to reflect GASB pronouncement 75. Such restatement had no effect on Revenues, Operation and Maintenance Costs, Net Revenues, Debt Service or Debt Service Coverage in Fiscal Year 2017 or any prior year which are calculated in accordance with the Indenture. See Footnote 18 to the table under the caption "—Historic Operating Results" above.

## Future Wastewater System Improvements

The Agency projects total capital improvements to the Wastewater System of approximately \$477,945,000 over the current and next four Fiscal Years. These include the RP-5 Expansion, RP-4 Process Improvements, and replacement of the Supervisory Control and Data Acquisition (SCADA) system to standardize and update all Agency facilities. With the exception of the RP-5 Expansion, such capital improvements are expected to be financed by a combination of grants, Revenues remaining after payment of the 2020B Installment Payments and other parity Contracts and Bonds, development impact fees and Agency reserves.

The Agency anticipates financing the cost of the RP-5 Expansion initially using funds on hand, proceeds of additional CWSRF loans, and proceeds of interim notes or other short-term financing. The Agency expects to repay any such interim financing using the proceeds of the WIFIA Loan (defined below under the caption "—Regional Wastewater Facilities—*Regional Wastewater System Facilities*") from the United States Environmental Protection Agency to the Authority pursuant to the Water Infrastructure Finance and Innovation Act.

## Additional Parity Contracts and Bonds

In order to finance the RP-5 Expansion, the Agency will incur one or more of the following obligations on a parity with the 2020B Installment Purchase Agreement to finance a portion of the cost of the RP-5 Expansion. See the caption "—Regional Wastewater Facilities—Regional Wastewater System Facilities."

The Agency expects to enter into the RP-5 Revolving Fund Loan in the aggregate principal amount of approximately \$101,530,000 to pay a portion of the cost of the RP-5 Expansion. The Agency expects to draw on the RP-5 Revolving Fund Loan to pay a portion of the cost of the RP-5 Expansion.

The Agency expects to enter into additional CWSRF Loans during Fiscal Year 2021 for the purpose of making additional improvements to the Agency System, in the cumulative amount of approximately \$55,862,897. See the captions “SECURITY FOR THE NOTES—Additional Contracts and Bonds” and “—Projected Operating Results.”

### **Projected Operating Results**

The Agency’s forecast on projected operating results for the current and next four fiscal years for the Agency System are set forth below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents the Agency’s estimate of the projected financial results based upon the Agency’s judgment of the most probable occurrence of certain important future events. The assumptions set forth in the footnotes to the chart below are material in the development of financial projections for the Agency, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material. See the caption “FORWARD LOOKING STATEMENTS” hereafter.



**AGENCY SYSTEM**  
**Projected Operating Results**  
**Fiscal Years Ended June 30**

	<i>2020<sup>(15)</sup></i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Revenues <sup>(1)</sup> :					
Wastewater System Service Charges <sup>(2)</sup>	\$ 68,157,700	\$ 68,327,100	\$ 72,653,200	\$ 75,019,900	\$ 77,466,400
Wastewater Connection Fees <sup>(3)</sup>	27,820,000	27,820,000	29,514,238	26,599,707	27,397,698
Property Tax <sup>(4)</sup>	47,727,500	48,748,600	49,800,300	50,883,600	51,627,500
NRW System Service Charges	12,369,680	12,509,123	12,988,800	13,266,450	13,655,400
Interest <sup>(5)</sup>	4,491,033	3,838,697	3,542,129	3,598,837	3,567,314
Recycled Water Sales <sup>(6)</sup>	16,433,000	16,155,000	17,211,950	18,126,000	18,650,800
Water Connection Fees <sup>(7)</sup>	5,967,476	6,428,559	6,968,319	7,082,792	8,562,635
Desalter/Composter Services	4,064,526	5,609,227	5,863,448	6,100,830	6,342,181
Other <sup>(8)</sup>	<u>6,556,414</u>	<u>4,913,321</u>	<u>3,524,559</u>	<u>3,814,844</u>	<u>3,863,056</u>
Total Revenues	\$ 193,587,329	\$ 194,349,627	\$ 202,066,943	\$ 204,492,961	\$ 211,132,983
Operation and Maintenance Costs:					
Wastewater Treatment	28,027,104	32,283,138	33,694,878	35,080,902	36,228,670
Administration and General <sup>(9)</sup>	34,923,127	44,374,285	37,854,444	40,614,326	40,358,390
Wastewater Disposal	12,603,831	12,618,376	13,170,178	13,711,926	14,160,550
Wastewater Collection	10,925,425	11,530,516	12,034,745	12,529,789	12,939,736
Desalter/Composter Services	4,064,526	5,609,227	5,863,448	6,100,830	6,342,181
Operations and maintenance	<u>5,717,209</u>	<u>5,723,807</u>	<u>5,974,109</u>	<u>6,219,851</u>	<u>6,423,350</u>
Total Operation and Maintenance Costs	\$ 96,261,222	\$ 112,139,349	\$ 108,591,801	\$ 114,257,622	\$ 116,452,876
Revenues Available to Pay Senior and Parity Debt Service	\$ 97,326,107	\$ 82,210,278	\$ 93,475,142	\$ 90,235,339	\$ 94,680,107
Senior Obligation Debt Service					
2008B Installment Payments <sup>(10)</sup>	\$ 2,605,000	\$ 0	\$ 0	\$ 0	\$ 0
2010A Installment Payments <sup>(10)</sup>	5,227,000	5,127,625	0	0	0
2017A Installment Payments <sup>(10)</sup>	<u>6,146,450</u>	<u>6,145,850</u>	<u>6,142,250</u>	<u>6,143,750</u>	<u>6,472,625</u>
Total Senior Obligation Debt Service	\$ 13,978,450	\$ 11,273,475	\$ 6,142,250	\$ 6,143,750	\$ 6,472,625
Net Revenues Available to Pay Parity Debt Service	\$ 83,347,657	\$ 70,936,803	\$ 87,332,892	\$ 84,091,588	\$ 88,207,482
Parity Obligations <sup>(11)</sup>					
2020A Installment Payments	\$ 0	\$ 6,397,514	\$ 6,260,750	\$ 6,233,250	\$ 6,257,500
WIFIA Installment Payments <sup>(12)</sup>	0	0	0	0	0
2020B Installment Payments <sup>(13)</sup>	0	0	0	0	0
State Revolving Fund Loans <sup>(14)</sup>	<u>8,187,450</u>	<u>5,158,366</u>	<u>5,158,366</u>	<u>5,158,366</u>	<u>5,158,366</u>
Total Parity Obligation Debt Service	\$ 8,187,450	\$ 11,555,880	\$ 11,419,116	\$ 11,391,616	\$ 11,415,866
Total Parity and Senior Debt Service Coverage	4.39	3.60	5.32	5.15	5.29
Net Revenues Available to Pay Subordinate Obligations	\$ 75,160,207	\$ 59,380,923	\$ 75,913,776	\$ 72,699,972	\$ 76,791,616
Subordinate Obligations					
Fontana Loan	562,402	562,402	562,402	562,402	562,402
LACSD Past 4R's	737,600	0	0	0	0
SCE On-Bill Financing	<u>149,316</u>	<u>146,830</u>	<u>146,830</u>	<u>146,830</u>	<u>133,674</u>
Total Subordinate Obligations	\$ 1,449,318	\$ 709,232	\$ 709,232	\$ 709,232	\$ 696,076
Remaining Net Revenue	<u>\$ 73,710,889</u>	<u>\$ 58,671,691</u>	<u>\$ 75,204,544</u>	<u>\$ 71,990,740</u>	<u>\$ 76,095,540</u>

<sup>(1)</sup> Revenues do not include grants received for capital projects, CWSRF loan proceeds, or any revenues for the Water Resource Fund.

(Footnotes Continued on Following Page)



(Continued from Previous Page)

- (2) In March 2015, the Board adopted the monthly volumetric wastewater system service charges per EDU rates for Fiscal Years 2016 through 2020. The monthly per EDU charges are \$20.00 for Fiscal Year 2020. The monthly per EDU charge of \$20.60 for Fiscal Year 2021, \$21.22 for Fiscal Year 2022, were adopted by the Board in November 2019. On May 6, 2020 in response to the potential economic impact of the COVID-19 pandemic, the Board approved to rescind the adopted rate increase for Fiscal Year 2021 and maintain the monthly EDU rate at \$20.00 per EDU for Fiscal Year 2021 and \$21.22 per EDU for Fiscal Year 2022. Monthly EDU charges of \$21.86 for Fiscal Year 2023, and \$22.52 for Fiscal Year 2024 are projected based on an estimated 3% increase in the cost of living.
- (3) Wastewater Capital Connection Fees support the acquisition, construction, improvement, and expansion of the Agency's regional wastewater system. Fees are collected and held by the Contracting agencies until the Agency requests such payments. The Agency recognizes wastewater connection fees as revenue when they are collected by the contracting agencies. In May 2015, the Board adopted wastewater connection fees for Fiscal Years 2015-2020, including \$6,955/EDU effective 7/1/2019. In response to the COVID-19 the Board is considering maintaining the same fee for Fiscal Year 2021 at \$6,955/EDU. For the following fiscal years, the estimated fees are \$6,955/EDU projected for 7/1/2021; \$7,600/EDU projected for 7/1/2022; and \$7,828/EDU projected for 7/1/2023.
- (4) Includes the Agency's share of the County's 1% *ad valorem* property tax and "pass-through" incremental taxes (formerly RDA taxes), and net of property tax allocation to the Water Resource Fund. A 3% increase in total property tax receipts is projected for Fiscal Year 2020, and an average of 2% increase thereafter.
- (5) Interest income is based on a projected average rate of return of 2.5%.
- (6) Recycled water sales projected to increase from 31,200 AF in Fiscal Year 2020 to 33,200 AF in Fiscal Year 2024, for both direct and groundwater recharge deliveries. Completion of groundwater recharge basins, account for the projected increase in recycled water deliveries. Revenues are based on the adopted budget recycled water rates. In May 2015, the Board adopted rates for Fiscal Years 2016–2020: \$490 per AF in Fiscal Year 2020. In response to the COVID-19 the Board is considering maintaining the same rates for Fiscal Year 2021. The projected rate for Fiscal Year 2022 is \$490/AF, and projected rates thereafter assume an increase of 3%. For groundwater recharge deliveries, a surcharge rate of \$60 per AF is added to the direct delivery rate to support a portion of groundwater recharge basin maintenance operations and maintenance costs not covered by Chino Basin Watermaster, including the Agency's pro rata share of operating costs for recharge basins recharged with recycled water.
- (7) A new Water Connection fee was implemented in January 2016 with revenues intended to support capital improvement and expansion of the Agency's regional water system, which is comprised of potable water, recycled water, and groundwater recharge facilities. The adopted connection fee for Fiscal Year 2020 is \$1,684 per Meter Equivalent Unit (MEU). In response to the COVID-19 the Board is considering maintaining the same fee for Fiscal Year 2021 at \$1,684/MEU. For the following fiscal years, the estimated rates are \$1,787 for Fiscal Year 2022, \$1,841 for Fiscal Year 2023 and \$1,896 for Fiscal Year 2024. The reported amounts are based on the projected units of 4,700 and exclude annual allocations to support projects in the Water Resources fund.
- (8) Other revenues include: (a) operations and maintenance costs for the groundwater recharge basins partially funded by Chino Basin Watermaster, (b) reimbursement from Chino Basin Watermaster for its portion of the 2008B Bonds debt service costs, (c) MWD rebates for public retrofit and lateral recycled water projects, (d) reimbursement of miscellaneous capital construction, (e) and lease revenue, and (f) USBR grant revenues for the Chino Basin Groundwater Supply Wells and Raw Water Pipeline non-capital project (\$65,000 projected in Fiscal 2020).
- (9) Included in Administration and General are employment costs and annual payments of \$4,500,000 towards the Agency's unfunded pension liability. In addition, \$1,000,000 to support planning documents for the Recycled Water and Regional Wastewater programs is included every other year beginning in Fiscal Year 2019.
- (10) See the caption "—Description of Indebtedness—*Senior Obligations.*"
- (11) See the caption "—Description of Indebtedness—*Parity Obligations.*"
- (12) Not expected to be drawn upon until Fiscal Year 2026.
- (13) Debt service is shown net of capitalized interest through Fiscal Year 2025. The principal of and interest on the Notes are expected to be paid with proceeds of the WIFIA Loan.
- (14) State Revolving Fund Loans.
- (15) Based on Fiscal Year 2020 budget.
- Source: The Agency.

## Management Discussion of Projected Operating Results

In November 2019 the Board adopted incremental rates for Fiscal Years 2021 and 2022 for the monthly sewer EDU rate; however, on May 6, 2020, the Board rescinded the rate increase for Fiscal Year 2021. The Board left in place the rate increase for Fiscal Year 2022, which will reflect a 6% increase from the Fiscal Year 2021 rates. The Agency can provide no assurance that the Board will not rescind the rate increase for Fiscal Year 2022. The Agency is currently completing the 2020 rate study and preparing a proposal for Regional Wastewater connection fee, Recycled Water rates and water connection fee. Total Operations and Maintenance Costs are projected to increase in Fiscal Years 2022-2024 by an annual average of 3%, which the Agency attributes to a reduction of the vacancy factor, anticipated increases of employee benefits, utilities, operating fees and non-capital project costs reflected in the table above under Administration and General expense.

## **INVESTMENT CONSIDERATIONS**

*The following information, in addition to the other matters that are described in this Official Statement, should be considered by prospective investors in evaluating the Notes. However, the following does not purport to be comprehensive, definitive or an exhaustive listing of risks and other considerations that may be relevant to making an investment decision with respect to the Notes. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. If any risk factor materializes to a sufficient degree, it alone could delay or preclude payment of principal or interest on the Notes.*

### **Accuracy of Assumptions**

To estimate the Net Revenues which will be available to pay the 2020B Installment Payments, the Agency has made certain assumptions with regard to various matters, including but not limited to future development within the Agency, increases in property tax receipts and increases in revenues resulting therefrom, the rates and charges to be imposed in future years, the expenses associated with operating the Wastewater System and the interest rate at which funds will be invested. The Agency believes these assumptions to be reasonable, but to the extent that any of such assumptions fail to materialize, the Net Revenues available to pay the Notes will, in all likelihood, be less than those projected herein. See the captions “THE AGENCY—Projected Operating Results.” See the caption “SECURITY FOR THE NOTES—Rate Covenants.”

### **Rate Covenant Not a Guarantee**

The 2020B Installment Payments are payable from Net Revenues. See “SECURITY FOR THE NOTES.” The Agency’s ability to pay the 2020B Installment Payments depends on its ability to generate Net Revenues at the levels required by the 2020B Installment Purchase Agreement. Although the Agency has covenanted in the 2020B Installment Purchase Agreement to impose rates and charges as more particularly described under the caption “SECURITY FOR THE NOTES—Rate Covenant” and expects that sufficient Net Revenues will be generated through the imposition and collection of such rates and charges, there is no assurance that the imposition and collection of such rates and charges will result in the generation of Net Revenues in the amounts required by the 2020B Installment Purchase Agreement. No assurance can be made that Net Revenues, estimated or otherwise, will be realized by the Agency in amounts sufficient to pay the 2020B Installment Payments. Among other matters, the availability of and demand for water and wastewater services, and changes in law and government regulations could adversely affect the amount of revenues realized by the Agency.

### **Wastewater Flow**

There can be no assurance that the wastewater flows will occur as described in this Official Statement. Reduction in flow levels could result in higher concentration of total solid strength, requiring additional or more costly treatment and thereby increasing operations and maintenance costs, which could require an increase in rates or charges in order to comply with the rate covenant. See the caption “SECURITY FOR THE NOTES—Rate Covenant.” Wastewater flow could be reduced or may not occur as projected by the Agency as a result of reduced levels of development in the Agency’s service area, hydrological conditions, conservation efforts, an economic downturn, mandatory State conservation orders and other factors; however with the anticipated growth within the service area, the result could be increased strength loading with no substantial increases in flow.

### **System Expenses**

There can be no assurance that the Agency’s expenses will be consistent with the descriptions in this Official Statement. Operation and Maintenance Costs may vary with hydrological conditions, the quality and treatment requirements of wastewater, as well as treatment costs, regulatory compliance costs, labor costs (including costs related to pension and other post-employment benefits) and other factors. Increases in Operation and Maintenance Costs could require an increase in rates or charges in order to comply with the rate covenant. See the caption “SECURITY FOR THE NOTES—Rate Covenant.”

### **Limited Recourse on Default**

If the Agency defaults on its obligation to pay the 2020B Installment Payments, the Trustee has the right to declare the total unpaid principal amount of the 2020B Installment Payments, together with the accrued interest thereon, to be immediately due and payable. However, in the event of a default and such acceleration, there can be no assurance that the Agency will have sufficient funds to pay such accelerated amounts from Net Revenues.

### **COVID-19 Pandemic**

The spread of the novel strain of coronavirus and the disease it causes (now known as “COVID-19”) is having significant negative impacts throughout the world, including in California. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the United States, the State, and numerous counties throughout the State. The purpose behind these declarations are to coordinate and formalize emergency actions and across federal, state and local governmental agencies, and to proactively prepare for a wider spread of the virus.

To date there have been numerous confirmed cases of COVID-19 and numerous deaths resulting from COVID-19 illnesses in the State, including within the Agency’s service area, and health officials are expecting the number of confirmed cases to grow. The outbreak has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools. The United States is restricting certain non-United States citizens and permanent residents from entering the country. In addition, financial markets in the United States and globally have been volatile, with significant declines attributed to coronavirus concerns.

Potential impacts to the Agency associated with the federal, state and local responses to the COVID-19 outbreak include disruption of the regional and local economy including an adverse impact on development activities within the Agency’s service area, which would have a corresponding adverse effect on the receipt of capital connection fees and development impact fees by the Agency. In addition, a decline in assessed values of properties in the Agency’s service area as a result of the economic instability caused by federal, state and local responses to the COVID-19 pandemic would cause a reduction in the 1% property tax levied in the Agency, with a corresponding reduction in the property tax revenues received by the Agency.

In response to the outbreak, on April 2, 2020, Governor Newsom signed Executive Order N-42-20 (“Order N-42-20”), which, among other things, (i) suspends the authority of water systems from suspending water service for non-payment, (ii) orders that residential service to occupied residences that has been discontinued for nonpayment since March 4, 2020 be restored and (iii) provides that the SWRCB will identify best practices, guidelines, or both to be implemented during the COVID-19 emergency (a) to address non-payment or reduced payments, (b) to promote and to ensure continuity of service by water systems and wastewater systems, and (c) to provide measures such as the sharing of supplies, equipment and staffing to relieve water systems under financial distress. Order N-42-20 does not eliminate the obligation of water customers to pay for water service, prevent a water system from charging a customer for such service, or reduce the amount a customer already may owe to a water system. Although the Agency is a wholesale water agency and does not sell water directly to end users on a retail basis, amounts received from the agencies purchasing water from the Agency may be temporarily reduced as a result of Executive Order N-42-20.

In response to the COVID-19 outbreak, Governor Newsom also issued executive orders requiring all non-essential businesses to cease operations and requiring California residents to stay at home except as needed to conduct essential activities. The most recent such order reflects a phased approach to re-opening businesses in California, starting with retail businesses that can accommodate curbside pickup. The County Health Officer has rescinded its prior stay-at-home order and issued an order that requires compliance with the Governor’s executive orders relating to COVID-19.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of the Agency is unknown and there can be no assurance that the federal, state and local responses to the outbreak of COVID-19 will not affect the Agency's ability to pay the 2020B Installment Payments, which secure the Notes.

## **Natural Disasters and Seismic Considerations**

**General.** The Agency, like all southern California communities, is subject to unpredictable seismic activity, fires, floods, high winds, landslides or other natural disasters. A severe natural disaster, such as an earthquake, fire, flood, high wind event or landslide, could result in substantial damage to the Agency, including the Wastewater System.

Although the Agency maintains certain insurance, including flood insurance, for damage to the Wastewater System as described under the caption "THE AGENCY—Public Liability," there can be no assurance that specific losses will be covered by insurance or, if covered, that claims will be paid in full by the applicable insurers.

In support of coordinating mitigation measures associated with Natural Disasters and Seismic Considerations that directly impact the Agency's facilities, the Agency prepared a Hazard Mitigation Plan in accordance with the Federal Emergency Management Agency's (FEMA) guidance and approval. The original plan was reviewed and approved in 2005, with updates approved by FEMA in 2010 and 2018.

**Seismic Activity.** The Agency is located in a seismically active region. There is potential for destructive ground shaking during the occurrence of a major seismic event. In addition, land along fault lines may be subject to liquefaction during the occurrence of such an event. In the event of a severe earthquake, there may be significant damage to both property and infrastructure within the Agency, including the Wastewater System. The Agency has an emergency response plan that would be implemented under such circumstances.

Newer Wastewater System facilities are designed to withstand earthquakes with minimal damage, as earthquake loads are taken into consideration in the design of project structures. The impact of lesser magnitude events is expected by the Agency to be temporary, localized and repairable. The Wastewater System has never sustained major damage to its facilities or experienced extended incidences of service interruptions as a result of seismic disturbances.

The Agency does not currently maintain earthquake insurance on the Wastewater System facilities.

**Flooding.** Portions of the Agency are mapped within the 100-year flood plain and have the potential to flood if rain events exceed the floodplain capacity. In particular, many of the Agency's wastewater facilities are located in areas that are subject to potential flooding. In the event of significant flooding affecting the Agency's facilities, the operation of the Wastewater System could be interrupted and the Wastewater System facilities could sustain significant damage. The Agency maintains insurance covering damage to the Wastewater System caused by flooding. See the caption "THE AGENCY—Public Liability." The Agency has not experienced significant damage as a result of past flooding.

**Fire.** Wildfires have occurred in recent years in different regions of the State. Certain of the Agency's facilities are located in areas considered by the Department of Forestry and Fire Protection of the State of California ("CalFire") to have an elevated risk of wildfires. As part of the Agency's Hazard Mitigation Plan, the Agency evaluated wildfire history and maps identifying that there are no facilities identified with high exposure to wildfires.

There can be no assurance that fires will not occur within the boundaries of the Agency in the future, leading to decreased usage of the Agency's Wastewater System and a decline in Net Revenues. The Agency carries property insurance for fire damage.

***Climate Change.*** The Agency's Board of Directors adopted a Climate Change Action Plan in November of 2018. Climate change caused by human activities may have adverse effects on the Agency's Wastewater and Wholesale Water Systems. Climate change can also result in more variable weather patterns throughout the State, which can lead to longer and more severe droughts as well as increased risk of flooding. While projections of the impacts of global climate change on the Agency are complex and depend on many factors that are outside the Agency's control, in an attempt to prepare for the potential impacts of climate change, the Agency has established a Climate Change Action Plan. The plan outlines four goals: maximizing local water supplies, maintaining the health of the groundwater aquifer, maximizing system efficiencies, and measuring performance that will help the Agency create systems that may be more resilient to the effects of climate change. The Agency considers the potential effects of climate change in its planning.

The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, while the Agency has considered climate change in maintaining and expanding its Wastewater System, the Agency is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts. While the Agency may attempt to mitigate the impacts of climate change in past and future investment in adaptation strategies, the Agency can give no assurance about the net effects of those strategies and whether the Agency will be required to take additional adaptive mitigation measures.

#### **Limitations on Remedies Available; Bankruptcy**

The enforceability of the rights and remedies of the Owners and the obligations of the Agency may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; equitable principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercising of powers by the federal or State government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation or modification of their rights.

The opinions to be delivered by Note Counsel concurrently with the issuance of the Notes will be subject to such limitations and the various other legal opinions to be delivered concurrently with the issuance of the Notes will be similarly qualified. See Appendix C. In the event that the Agency fails to comply with its covenants under the 2020B Installment Purchase Agreement or fails to pay the 2020B Installment Payments, which secure the payments of principal and interest with respect to the Notes, there can be no assurance of the availability of remedies adequate to protect the interest of the Owners of the Notes.

#### **Limited Obligations**

The 2020B Installment Purchase Agreement is a limited obligation of the Agency payable solely from Net Revenues and secured solely by the Revenues pledged in the 2020B Installment Purchase Agreement. If for any reason, the Agency does not collect sufficient Revenues to pay the 2020B Installment Payments, the Agency will not be obligated to utilize any other of its funds to pay the 2020B Installment Payments.



## Statutory and Regulatory Compliance

Laws and regulations governing treatment and delivery of water and the treatment and disposal of wastewater are enacted and promulgated by federal, State and local government agencies. Compliance with these laws and regulations is and will continue to be costly, and, as more stringent standards are developed, such costs will likely increase. For example, in February, 2020, the State Water Resources Control Board announced that it would reduce the levels of Perfluorooctanoic acid (PFOA) and Perfluorooctane sulfonic acid (PFOS) to 10 parts per trillion and 40 parts per trillion, respectively. This is a significant reduction from the prior response level of 70 parts per trillion for the two contaminants, combined. See the caption “THE AGENCY—Regional Wastewater System—*PFOA and PFOS*.”

Claims against the Wastewater System for failure to comply with applicable laws and regulations could be significant. Such claims may be payable from assets of the Wastewater System and constitute Operation and Maintenance Costs or from other legally available sources. In addition to claims by private parties, changes in the scope and standards for municipal water and wastewater systems such as that operated by the Agency may also lead to administrative orders issued by federal or State regulators. Future compliance with such orders can also impose substantial additional costs on the Agency. In addition to the other limitations described herein, the State electorate or Legislature could adopt a Constitutional amendment, legislation or an initiative with the effect of reducing revenues payable to or collected by the Agency. No assurance can be given that the cost of compliance with such laws, regulations and orders would not adversely affect the ability of the Agency to generate Net Revenues in amounts that are sufficient to pay the 2020B Installment Payments.

## Senior Obligations

The Agency’s obligation to pay 2020B Installment Payments from Net Revenues is subordinate to the District’s obligation to pay 2017A Installment Payments. See the captions “THE AGENCY—Description of Indebtedness—Senior Obligations” and “SECURITY FOR THE NOTES—2020B Installment Purchase Agreement.” In the event Revenues are insufficient to pay Operations and Maintenance Costs, 2017A Installment Payments, and all Parity Installment Payments, including the 2020B Installment Payments, the Agency will apply Revenues to payment of Operations and Maintenance Costs and 2017A Installment Payments prior to making any Parity Installment Payments. The 2020B Installment Purchase Agreement permits the Agency to incur additional obligations on a senior basis to the 2020B Installment Payments solely for the purpose of refunding the 2017A Installment Payments for savings. See the caption “SECURITY FOR THE NOTES—Additional Agency Indebtedness—*Additional Senior Contracts*.”

## Parity Obligations

The 2020B Installment Purchase Agreement permits the Agency to issue Bonds and enter into Contracts payable from Net Revenues on a parity with the 2020B Installment Payments, which secure the Notes, subject to the terms and conditions set forth therein. The issuance of additional Bonds and entry into Contracts could result in reduced Net Revenues available to pay the 2020B Installment Payments. The Agency has covenanted to maintain coverage of at least 125% of Debt Service, as further described under the captions “SECURITY FOR THE NOTES—Additional Contracts and Bonds—*Additional Parity Contracts and Bonds*” and “THE AGENCY—Additional Parity Contracts and Bonds.”

## Loss of Tax Exemption

Interest with respect to the Notes could become includable in gross income for purposes of federal income taxation retroactive to the date that the Notes were executed and delivered as a result of future acts or omissions of the Agency in violation of its covenants in the 2020B Installment Purchase Agreement and Indenture. In addition, current and future legislative proposals, if enacted into law, may cause interest with respect to the Notes to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the aggregate amount of interest on state and local government

bonds that may be treated as tax exempt by individuals. See the caption “TAX MATTERS.” Should such an event of taxability occur, the Notes are not subject to a special prepayment and will remain outstanding until maturity.

## **Secondary Market**

There can be no guarantee that there will be a secondary market for the Notes or, if a secondary market exists, that any Notes can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

## **Cybersecurity**

Municipal agencies, like other business entities, face significant risks relating to the use and application of computer software and hardware. Recently, there have been significant cyber security incidents affecting municipal agencies, including a ransomware affecting computer systems of the city of Atlanta, an attack on the city of Baltimore’s 911 system, an attack on the Colorado Department of Transportation’s computers and an attack that resulted in the temporary closure of the Port of Los Angeles’ largest terminal.

Adopting the recommendations of the Department of Homeland Security and the National Institute of Standards for Critical Infrastructure Security, the Agency and its vendors employ a multi-layer cyber protection scheme that includes policies, secure architecture and supporting technical controls. Network segmentation, firewalls, endpoint protection software, anti-spam/malware software, intrusion protection and web protection technology are deployed to protect all agency computers. Mobile devices are centrally managed to maintain policy compliance and data security. Multifactor Authentication protects against credential theft. The Agency regularly analyzes the network construct for potential weaknesses in cyber security and thereafter promptly implements solutions for identified shortfalls. In addition, the Agency contracts with third party vendors to monitor and augment internal monitoring of the Agency’s computer systems. Staff participates in regular Security Awareness training to defend against social engineering attacks. IT staff employ vulnerability scanning and network monitoring tools to detect misconfiguration or anomalies in network operation which may indicate system vulnerability. To date, the Agency has not experienced a successful attack on its computer operating systems resulting in a data breach. However, there can be no assurance that a future attack or attempted attack would not result in disruption of Agency operations. The Agency expects that any such disruptions would be temporary in nature.

## **Failure of the Authority to Refund the Notes**

The Authority’s ability to pay principal on the Notes is dependent on the Authority’s ability to receive proceeds of the WIFIA Loan or to issue and sell refunding obligations prior to the maturity of the Notes.

The Authority has entered into the WIFIA Loan Agreement with the EPA, proceeds of which are expected to be used by the Authority to pay the Notes at maturity or to optionally redeem all or a portion of the Notes prior to their maturity. See the caption “INTRODUCTION—The WIFIA Loan” herein. While the Authority expects to receive proceeds of the WIFIA Loan in an amount sufficient to pay the Notes at or prior to maturity, the WIFIA Loan includes certain conditions that the Authority must satisfy in order to draw upon it. As a result, there can be no assurance that WIFIA Loan proceeds will be available to pay the principal of the Notes at maturity.

If the proceeds of the WIFIA Loan are not received by the Authority in a timely manner, whether as a result of a failure to honor a draw by the EPA, a default by the Authority under the WIFIA Loan Agreement, or otherwise, the Authority’s ability to pay the principal amount of the Notes would be dependent on the Authority’s



ability to issue and sell refunding obligations prior to the maturity of the Notes. In such circumstance, the Authority or the Agency would likely have to issue bonds, notes or other obligations to pay the principal of the Notes. Debt service on such bonds, notes or other obligations could be materially higher than payments on the WIFIA Loan.

A variety of events could prevent access to the municipal securities market, prohibit the Authority from issuing such bonds, notes or other obligations, or make the issuance of such bonds, notes or other obligations prohibitively expensive. Also, additional authorization for the issuance of such bonds, notes or other obligations must be obtained by the Authority and the Agency prior to the issuance thereof. No assurance can be given that such a financing will be herein available to the Authority or the Agency on sufficiently favorable terms.

## **CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES**

### **Proposition 218**

An initiative measure entitled the “Right to Vote on Taxes Act” (the “Initiative”) was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Article XIIC and Article XIID to the State Constitution. According to the “Title and Summary” of the Initiative prepared by the State Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.”

### **Article XIID**

Article XIID defines the terms “fee” and “charge” to mean “any levy other than an *ad valorem* tax, a special tax or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property-related service.” A “property-related service” is defined as “a public service having a direct relationship to property ownership.” Article XIID further provides that reliance by an agency on any parcel map (including an assessor’s parcel map) may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership.

Article XIID requires that any agency imposing or increasing any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a result, if and to the extent that a fee or charge imposed by a local government for sewer service is ultimately determined to be a “fee” or “charge” as defined in Article XIID, the local government’s ability to increase such fee or charge may be limited by a majority protest.

In addition, Article XIID includes a number of limitations applicable to existing fees and charges including provisions to the effect that (i) revenues derived from the fee or charge shall not exceed the funds required to provide the property-related service, (ii) such revenues shall not be used for any purpose other than that for which the fee or charge was imposed, (iii) the amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel and (iv) no such fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property-related fees or charges based on potential or future use of a service are not permitted.

Based upon the California Court of Appeal decision in *Howard Jarvis Taxpayers Association v. City of Los Angeles*, 85 Cal. App. 4th 79 (2000), which was denied review by the California Supreme Court, it was generally believed that Article XIID did not apply to charges for water services that are “primarily based on the amount consumed” (i.e., metered water rates), which had been held to be commodity charges related to consumption of the service, not property ownership. The Supreme Court stated in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal.4th 205 (2006) (the “*Bighorn Case*”), however, that fees for ongoing water service

through an existing connection were property-related fees and charges. As a wholesale water agency, the Agency and Agency General Counsel do not believe Agency rates are subject to the substantive and procedural requirements of Article XIID.

On April 20, 2015, the California Court of Appeal, Fourth District, issued an opinion in *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano* upholding tiered water rates under Proposition 218 provided that the tiers correspond to the actual cost of furnishing service at a given level of usage. The opinion was specific to the facts of the case, including a finding that the City of San Juan Capistrano did not attempt to calculate the actual costs of providing water at various tier levels. The Agency's wastewater rates are described under the caption "THE AGENCY—Regional Wastewater System—*Wastewater System Rates and Charges - Sewer Charges*." The Agency does not currently expect the decision to affect its water rate structure. The Agency believes that its current water rates comply with the requirements of Proposition 218 and expects that any future water rates will comply with Proposition 218's procedural and substantive requirements to the extent applicable thereto.

### **Article XIIC**

Article XIIC provides that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments. Article XIIC does not define the terms "local tax," "assessment," "fee" or "charge," so it was unclear whether the definitions set forth in Article XIID referred to above are applicable to Article XIIC. Moreover, the provisions of Article XIIC are not expressly limited to local taxes, assessments, fees and charges imposed after November 6, 1996. On July 24, 2006, the Supreme Court held in the *Bighorn* case that the provisions of Article XIIC included rates and fees charged for domestic water use. In the decision, the Court noted that the decision did not address whether an initiative to reduce fees and charges could override statutory rate setting obligations. The Agency and Agency General Counsel do not believe that Article XIIC grants to the voters within the Agency the power to repeal or reduce rates and charges in a manner which would be inconsistent with the contractual obligations of the Agency. However, there can be no assurance of the availability of particular remedies adequate to protect the Note Owners. Remedies available to Note Owners in the event of a default by the Agency are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time-consuming to obtain.

### **Article XIII A**

On June 6, 1978, California voters approved Proposition 13, which added Article XIII A to the California Constitution ("Article XIII A"). Article XIII A limits the amount of any *ad valorem* tax on real property to one percent of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and (as a result of an amendment to Article XIII A approved by California voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property that has been approved on or after July 1, 1978 by two-thirds of the voters voting on such indebtedness. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

Article XIII A limits the ability of the Agency to collect *ad valorem* property taxes which are pledged to the payment of the 2020B Installment Payments.

**Legislation Implementing Article XIII A.** Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by each California county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon the location of reappraised property and the value of property within each taxing agency. Any such allocation made to a local agency continues as part of its allocation in future years.

## **Article XIII B**

An initiative to amend the State Constitution entitled “Limitation of Government Appropriations” was approved on November 6, 1979 thereby adding Article XIII B to the State Constitution (“Article XIII B”). Under Article XIII B state and local governmental entities have an annual “appropriations limit” and are not permitted to spend certain moneys that are called “appropriations subject to limitation” (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the “appropriations limit.” Article XIII B does not affect the appropriations of moneys that are excluded from the definition of “appropriations subject to limitation,” including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the “appropriations limit” is to be based on certain 1978-79 expenditures and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities’ revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

The Agency is of the opinion that its Wastewater System and NRW System service charges for such services in the Agency’s service area do not exceed the costs it reasonably bears in providing such services and therefore are not subject to the limits of Article XIII B. The Agency has covenanted in the 2020B Installment Purchase Agreement that it will prescribe Agency System rates and charges sufficient to provide for payment of 2020B Installment Payments in each year. See the caption “SECURITY FOR THE NOTES—Rate Covenant.”

## **Future Initiatives**

Article XIII A, Article XIII B, Article XIII C and Article XIII D were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time other initiative measures could be adopted, further affecting Agency revenues or the Agency’s ability to expend revenues.

## **Bankruptcy**

In addition to the specific limitations on remedies contained in the applicable documents themselves, the rights and obligations with respect to the Notes and the 2020B Installment Purchase Agreement are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors’ rights, to the application of equitable principles if equitable remedies are sought, and to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State. The various opinions of counsel to be delivered with respect to such documents, including the opinion of Note Counsel (the form of which is attached as Appendix C), will be similarly qualified.

## **THE AUTHORITY**

The Authority is a joint exercise of powers agency organized under the provisions of the Act and a Joint Exercise of Powers Agreement, dated as of May 1, 1993 (the “Joint Powers Agreement”) between the Agency and the CVWD. The Authority was created to provide for the financing of public capital improvements for the

members of the Authority and other local agencies through the acquisition by the Authority of such public capital improvements, the purchase by the Authority of indebtedness of the members of the Authority and other local agencies pursuant to bond purchase agreements, and the lending or providing of funds by the Authority to the members of the Authority and other local agencies, and any other transaction authorized by law. Under the Act, the Authority has the power to issue bonds to pay the costs of public capital improvements. The Board of the Agency serves as the Commission of the Authority.

### **APPROVAL OF LEGAL PROCEEDINGS**

The valid, legal and binding nature of the Notes is subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, acting as Note Counsel, and certain other conditions. The form of such legal opinion is attached hereto as Appendix C, and such legal opinion will be attached to each Note. The Underwriters are being represented by their counsel, Nixon Peabody LLP, Los Angeles, California. Certain legal matters will be passed on for the Authority and the Agency by JC Law Firm, Chino Hills, California and for the Trustee by Dorsey & Whitney LLP, Costa Mesa, California.

Note Counsel expresses no opinion to the Owners of the Notes as to the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Notes and expressly disclaims any duty to do so.

The fees being paid to Note Counsel, counsel to the Underwriters and the Underwriters are contingent upon the issuance of the Notes.

Note Counsel represents the Underwriters from time-to-time on matters unrelated to the Authority, the Agency or the Notes. Stradling Yocca Carlson & Rauth, a Professional Corporation, is serving as Note Counsel to both the Authority and the Agency in connection with the transaction described in this Official Statement. Note Counsel does not represent the Underwriters or any other party in connection with the issuance of the Notes.

### **LITIGATION**

#### **Authority**

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the Authority, threatened against the Authority affecting the existence of the Authority or the titles of its directors or officers to their respective offices or seeking to restrain or to enjoin the issuance of the Notes, the application of the proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the validity of the Notes, the Indenture, or any action of the Authority contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the Authority or its authority with respect to the Notes or any action of the Authority contemplated by any of said documents, nor to the knowledge of the Authority, is there any basis therefor.

#### **Agency**

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the Agency, threatened against the Agency affecting the existence of the Agency or the titles of its directors or officers to their respective offices or seeking to restrain or to enjoin the execution and delivery of the Installment Purchase Agreement, the application of the proceeds of the Notes in accordance with the Indenture, or in any way contesting or affecting the validity of the Notes, the Indenture, the Installment Purchase Agreement, or any action of the Agency contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the Agency or its authority with respect to the

2017 Installment Payments or any action of the Agency contemplated by any of said documents, nor to the knowledge of the Agency, is there any basis therefor.

There exist lawsuits and claims against the Agency which are incidental to the ordinary course of business of the operation of the Agency. In the view of the Agency's General Counsel, no such incidental litigation present or pending, will individually or in the aggregate materially impair the Agency's ability to pay the 2020B Installment Payments.

### **CONTINUING DISCLOSURE**

The Agency has covenanted in a Continuing Disclosure Certificate for the benefit of the holders and beneficial owners of the Notes to provide certain financial information and operating data relating to the Agency by not later than 270 days following the end of the Agency's Fiscal Year (currently its Fiscal Year ends on the last day of June) (the "Annual Report"), commencing with the report for Fiscal Year ending June 30, 2020, and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report and the notices of material events will be filed by the Agency with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report and the notice of material events is set forth in Appendix D—"FORM OF CONTINUING DISCLOSURE CERTIFICATE" hereto. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934.

In early January 2014, Agency staff codified its disclosure policies and procedures in a document entitled "Inland Empire Utilities Agency Disclosure Procedures" (the "Disclosure Policies and Procedures"). On May 21, 2014 the Board formally adopted the Disclosure Policies and Procedures.

The Board adopted an update to the Disclosures Policies and Procedures on [June 17, 2020] entitled "Inland Empire Utilities Agency Policy for Disclosure Procedures" (the "Policy for Disclosure Procedures"). A copy of the updated Policy for Disclosure Procedures has been provided to the Underwriters and is available from the Executive Manager of Finance and Administration/Assistant General Manager of the Agency at 6075 Kimball Avenue, Chino, California 91708, Telephone: (909) 993-1673.

In the past five years, the Agency has been subject to certain continuing disclosure undertakings previously entered into with respect to the 2005A Bonds (which were redeemed in full on November 1, 2017), the 2008B Bonds, the 2010A Bonds and the 2017A Bonds (the "Prior Continuing Disclosure Undertaking"). Pursuant to the Prior Continuing Disclosure Undertaking, the Agency agreed to file its audited financial reports, certain operating data, notices of certain enumerated events and notices of the occurrence of certain other enumerated events.

In connection with the issuance of the 2017A Bonds, the Agency conducted a review of noncompliance with its Prior Continuing Disclosure Undertaking. On January 11, 2017 the Agency made supplemental filings to provide notices of prior rating changes with respect to the rating of the 2008B Bonds and the 2010A Bonds. On January 12, 2017, the Agency made supplemental filings with respect to the 2008B Bonds and the 2010A Bonds to provide the balance in each respective debt service reserve fund and a statement of each respective the reserve requirement, and Historical NRW System Sewer Service Rates for Fiscal Years 2015 and 2016. [UPDATE WITH ANY ISSUES FROM JP MORGAN]

Based on the annual reports filed in accordance with the Prior Continuing Disclosure Undertaking and the filings described above, the Agency believes that it is currently in compliance in all material respects with the Prior Continuing Disclosure Undertaking.

### **TAX MATTERS**

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach,



California, Note Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Notes is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Note Counsel, interest on the Notes is exempt from State of California personal income tax.

Note Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest on the Notes is based upon certain representations of fact and certifications made by the Authority, the Agency and others and is subject to the condition that the Authority and the Agency comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Notes to assure that interest will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. The Authority and the Agency have covenanted to comply with all such requirements.

The difference between the issue price of a Note (the first price at which a substantial amount of the Notes of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Note (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner's basis in the applicable Note. In the opinion of Note Counsel, the amount of original issue discount that accrues to the Beneficial Owner is excluded from gross income of such Beneficial Owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Note Counsel, the amount of original issue discount that accrues to the Beneficial Owner is exempt from State of California personal income tax.

The amount by which a Beneficial Owner's original basis for determining gain or loss on sale or exchange of the applicable Note (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Note premium, which must be amortized under Section 171 of the Code; such amortizable Note premium reduces the Beneficial Owner's basis in the applicable Note (and the amount of tax-exempt interest received with respect to the Note), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Note premium may result in a Beneficial Owner realizing a taxable gain when a Note, is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Note to the Beneficial Owner. Purchasers of Notes should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Note premium.

Note Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Note Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate permit certain actions to be taken or to be omitted if a favorable opinion of Note Counsel is provided with respect thereto. Note Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest on any Note if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt Note issues, including both random and targeted audits. It is possible that the Notes will be selected for audit by the IRS. It is also possible that the market value of the Notes might be affected as a result of such an audit of the Notes (or by an audit of similar securities).

SUBSEQUENT TO THE ISSUANCE OF THE NOTES THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR

INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE NOTES INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES ON BENEFICIAL OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE NOTES. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE NOTES. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE NOTES STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE NOTES, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE NOTES.

Although Note Counsel will render an opinion that the interest due on the Notes is excluded from gross income for federal income tax purposes provided that the Authority and the Agency continue to comply with certain requirements of the Code, the ownership of the Notes and the accrual or receipt of interest with respect to the Notes may otherwise affect the tax liability of certain persons. Note Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Notes, all potential purchasers should consult their tax advisors with respect to collateral tax consequences with respect to the Notes.

A complete copy of the proposed opinion of Note Counsel is set forth in Appendix C—"FORM OF NOTE COUNSEL OPINION."

## RATINGS

S&P Global Ratings ("S&P") has assigned the Notes the rating of "\_\_\_" and Moody's Investors Service ("Moody's") has assigned the Notes the rating of "\_\_\_." Such ratings reflect only the views of S&P and Moody's, respectively, and an explanation of the significance of such ratings may be obtained from S&P and Moody's. The Authority makes no representation as to the appropriateness of the ratings. Further, there is no assurance that the rating will continue for any given period of time or that they will not be revised downward or withdrawn entirely, if, in the sole judgment of such S&P or Moody's, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on trading value and the market price of the Notes. The Authority undertakes no responsibility either to bring to the attention of the owners of the Notes any downward revisions or withdrawal of any ratings obtained or to oppose any such revision or withdrawal.

The Agency has covenanted in a Continuing Disclosure Certificate to file on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA"), notices of any rating changes on the Notes. See the caption "CONTINUING DISCLOSURE" above and Appendix D—"FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Notwithstanding such covenant, information relating to rating changes on the Notes may be publicly available from the rating agencies prior to such information being provided to the Agency and prior to the date the Agency is obligated to file a notice of rating change on EMMA. Purchasers of the Notes are directed to the ratings agencies and their respective websites and official media outlets for the most current ratings changes with respect to the Notes after the initial issuance of the Notes.

In providing a rating on the Notes, certain rating agencies may have performed independent calculations of coverage ratios using their own internal formulas and methodology which may not reflect the provisions of the Indenture. The Agency makes no representations as to any such calculations, and such calculations should not be construed as a representation by the Agency as to past or future compliance with any financial covenants, the availability of particular revenues for the payment of Debt Service or for any other purpose.



## **MUNICIPAL ADVISOR**

The Agency has retained PFM Financial Advisors LLC, Los Angeles, California, as municipal advisor (the “Municipal Advisor”) in connection with the issuance of the Notes. The Municipal Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The fees being paid to the Municipal Advisor are contingent upon the issuance of the Notes.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

## **UNDERWRITING**

The Notes will be purchased by J.P. Morgan Securities LLC, on behalf of itself and Citigroup Global Markets Inc. and Sumitomo Mitsui Banking Corp. (together, the “Underwriters”), under a Purchase Agreement, dated June \_\_, 2020, pursuant to which the Underwriters have agreed to purchase all of the Notes for an aggregate purchase price of \$ \_\_\_\_\_ which represents the par amount of the Notes plus net original issue premium of \$ \_\_\_\_\_ less an Underwriters’ discount of \$ \_\_\_\_\_. The Purchase Agreement provides that the Underwriters will purchase all of the Notes if any are purchased, the obligation to make such a purchase being subject to certain terms and conditions set forth in the Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the Notes, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Notes from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Notes that such firm sells.

Citigroup Global Markets Inc., an underwriter of the Notes, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, “Fidelity”). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Agency for which they received or will receive customary fees and expenses. In addition, certain affiliates of the Underwriters are lenders, and in some cases agents or managers for the lenders, under credit and liquidity facilities.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Agency.

In connection with the offering of the Notes, the Underwriters may overallocate or effect transactions which stabilize or maintain the market price of such Notes at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer

and sell the Notes to certain dealers (including dealers depositing Notes into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

### **FORWARD LOOKING STATEMENTS**

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the captions “SECURITY FOR THE NOTES,” and “THE AGENCY.”

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE AUTHORITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

### **MISCELLANEOUS**

Insofar as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of such statements made will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the Owners of the Notes.

The execution and delivery of this Official Statement have been duly authorized by the Authority.

CHINO BASIN REGIONAL FINANCING AUTHORITY

By: \_\_\_\_\_  
General Manager

**APPENDIX A**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE AGENCY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
AND AUDITOR'S REPORT RE INTERNAL CONTROLS**

## **APPENDIX B**

### **SUMMARY OF PRINCIPAL LEGAL DOCUMENTS**

*The following is a summary of certain provisions of the Installment Purchase Agreement and the Indenture which are not described elsewhere in the Official Statement. This summary does not purport to be comprehensive and reference should be made to the Installment Purchase Agreement and the Indenture for a full and complete statement of their provisions. All capitalized terms not defined in the body of the Official Statement have the meanings set forth in the Installment Purchase Agreement and the Indenture.*

[TO COME]

**APPENDIX C**  
**FORM OF NOTE COUNSEL OPINION**

Upon issuance of Notes, Stradling Yocca Carlson & Rauth, a Professional Corporation, Note Counsel, proposes to render its final approving opinions with respect to the Notes in substantially the following forms:

[DATE OF CLOSING]

Chino Basin Regional Financing Authority  
6075 Kimball Avenue, Building A  
Chino, California 91708

Re:     \$\_\_\_\_\_ *Chino Basin Regional Financing Authority*  
          *Revenue Notes (Inland Empire Utilities Agency Interim Financing), Series 2020B*

Ladies and Gentlemen:

We have acted as Note Counsel in connection with the issuance by the Chino Basin Regional Financing Authority (the “Authority”), a public entity of the State of California, of \$\_\_\_\_\_ aggregate principal amount of Chino Basin Regional Financing Authority Revenue Notes (Inland Empire Utilities Agency Interim Financing), Series 2020B (the “Notes”) under and pursuant to the provisions relating to the joint exercise of powers found in Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended (the “Act”), and under and pursuant to an Indenture of Trust (the “Indenture”), dated as of July 1, 2020, by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”).

Our services as Note Counsel were limited to a review of the legal proceedings required for the authorization and issuance of the Notes. We have reviewed originals or copies identified to our satisfaction as being true copies of (i) the Indenture; and (ii) certain other records of the Authority. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of Authority officers furnished to us without undertaking to verify the same by independent investigations.

Based upon the foregoing and after the examination described above and after examination of such questions of law as we have deemed relevant in the circumstances, but subject to the limitations set forth above, we are of the opinion that:

1.       The Authority has lawful authority under the Act to enter into the Indenture and the Authority has duly authorized, executed and delivered the Indenture and, assuming due authorization, execution and delivery by the respective other parties thereto, the Indenture is a legal, valid and binding obligation of the Authority enforceable in accordance with its terms. The Indenture creates a valid pledge of the Revenues (as defined in the Indenture), subject to the provisions thereof permitting the application thereof for the purposes and on the terms and conditions set forth therein.

2.       The Authority has lawful authority to issue the Notes and the Notes have been duly and validly authorized and issued by the Authority in accordance with the Constitution and statutes of the State of California, including the Act and the Indenture. The Notes constitute legal, valid and binding special obligations of the Authority enforceable in accordance with their terms. The Notes are special obligations of the Authority payable solely from Revenues and amounts on deposit in certain funds and accounts held under the Indenture. The Notes are not an obligation of the State of California, any public agency thereof (other than the Authority) or any member of the Authority; and neither the faith and credit nor the taxing powers of the State of California or any public agency thereof or any member of the Authority is pledged for the payment of the Notes.

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

5. Interest on the Notes is exempt from State of California personal income tax.

6. The excess of the stated redemption price at maturity over the issue price of a Note constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Note owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Note owner will increase the Note owner's basis in the applicable Note. Original issue discount that accrues to the Note owner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

7. The amount by which a Note owner's original basis for determining gain or loss on sale or exchange of the applicable Note (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Note premium, which must be amortized under Section 171 of the Code; such amortizable Note premium reduces the Note owner's basis in the applicable Note (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Note premium may result in a Note owner realizing a taxable gain when a Note is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Note to the owner.

The opinions expressed herein as to the exclusion from gross income for federal income tax purposes of interest on the Notes is subject to the condition that the Authority and the Inland Empire Utilities Agency (the "Agency") comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Notes to assure that such interest will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. The Authority and the Agency each have covenanted to comply with all such requirements.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume to responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or occur. The Indenture and the Tax Certificate permit certain actions to be taken or to be omitted if a favorable opinion of Note Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest on the Notes for federal income tax purposes with respect to any Note if any such action is taken or omitted based upon the opinion or advice of counsel other than ourselves. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the Notes. Our engagement as Note Counsel terminates upon the issuance of the Notes.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Indenture and the Notes are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California.



By delivering this opinion, we are not expressing any opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the Notes, the Indenture or the Installment Purchase Agreement, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Indenture or the Installment Purchase Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on any assets thereunder.

Respectfully submitted,

## **APPENDIX D**

### **FORM OF CONTINUING DISCLOSURE CERTIFICATE**

*Upon the issuance of the Notes, the Agency proposes to enter into a Continuing Disclosure Certificate in substantially the following form:*

[TO COME.]

## APPENDIX E

### INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY

*The information in this section concerning the DTC and DTC's book-entry only system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Notes, payment of principal, premium, if any, accreted value and interest on the Notes to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Notes and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.*

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each series and each maturity of the Notes, each in the aggregate principal amount of such series and maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Notes ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such

other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Notes documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Authority or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Notes certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Notes certificates will be printed and delivered to DTC.

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.*

**INSTALLMENT PURCHASE AGREEMENT**

by and between

INLAND EMPIRE UTILITIES AGENCY\*

and

CHINO BASIN REGIONAL FINANCING AUTHORITY

Dated as of July 1, 2020

relating to

\$ \_\_\_\_\_  
CHINO BASIN REGIONAL FINANCING AUTHORITY  
REVENUE NOTES  
(INLAND EMPIRE UTILITIES AGENCY INTERIM FINANCING), SERIES 2020[B]

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\* *A Municipal Water District.*

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## INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT (this “Agreement”), made and entered into and dated as of July 1, 2020 by and between INLAND EMPIRE UTILITIES AGENCY, a municipal water district duly organized and existing under and by virtue of the laws of the State of California (the “Agency”), and CHINO BASIN REGIONAL FINANCING AUTHORITY, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California (the “Authority”).

### W I T N E S S E T H:

WHEREAS, the Agency desires to finance, on an interim basis, a portion of the cost of certain Project[s] (as defined in Exhibit D); and

WHEREAS, the Authority will issue and cause U.S. Bank National Association, as trustee (the “Trustee”), to authenticate and deliver notes (“2020[B] Notes”), secured by the payments to be made by the Agency to the Authority under this Installment Purchase Agreement, pursuant to an Indenture of Trust, dated as of July 1, 2020 by and between the Authority and the Trustee; and

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

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

## ARTICLE I

### DEFINITIONS

**Section 1.1. Definitions.** Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. Unless the context otherwise requires, all capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Indenture.

Accountant’s Report. The term “Accountant’s Report” means a report signed by an Independent Certified Public Accountant.

Acquisition Fund. The term “Acquisition Fund” means the Acquisition Fund - 2020[B] established pursuant to Section 3.4 hereof.

Agency. The term “Agency” means Inland Empire Utilities Agency, a municipal water district duly organized and existing under and by virtue of the laws of the State of California.

Agency System. The term “Agency System” means all facilities of the Agency other than the Water System and the Separate Facilities.

Agreement. The term “Agreement” means this Installment Purchase Agreement, by and between the Agency and the Authority, dated as of July 1, 2020, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

Authority. The term “Authority” means the Chino Basin Regional Financing Authority, a joint powers authority duly organized and existing under the Joint Exercise of Powers Agreement and the laws of the State of California.

Bonds. The term “Bonds” means all revenue bonds or notes of the Agency authorized, executed, issued and delivered by the Agency, the payments of which are on a parity with the Installment Payments and which are secured by a pledge of and lien on the Revenues as described in Section 5.1 hereof.

Business Day. The term “Business Day” means a day other than: a Saturday or Sunday or a day on which (i) banks located in the city in which the principal corporate trust office of the Trustee is located are not required or authorized to remain closed, and (ii) on which The New York Stock Exchange is not closed.

Contracts. The term “Contracts” means this Agreement and any amendments and supplements hereto, and all contracts of the Agency previously or hereafter authorized and executed by the Agency, the Parity Installment Payments under which are on a parity with the Installment Payments and which are secured by a pledge and lien on the Revenues as described in Section 5.1 hereof, including certain Clean Water State Revolving Fund Financing Agreements from the SWRCB listed on Exhibit B attached hereto, which are secured pursuant to that certain Master Amendment No. 1 entered into as of September 18, 2017 between the Agency and the SWRCB, the 2020A Installment Purchase Agreement, and the WIFIA Installment Purchase Agreement, but excluding contracts entered into for operation and maintenance of the Agency System.

Continuing Disclosure Certificate. The term “Continuing Disclosure Certificate” means the Continuing Disclosure Certificate of the Agency dated \_\_\_\_\_, 2020, as it may be amended or supplemented in accordance with the provisions thereof.

Date of Operation. The term “Date of Operation” means, with respect to any uncompleted Parity Project, the estimated date by which such uncompleted Parity Project will have been completed and, in the opinion of an engineer, will be ready for operation by or on behalf of the Agency.

Debt Service. The term “Debt Service” means, for any Fiscal Year, the sum of:

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

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

(3) those portions of the principal amount of all outstanding term Bonds required to be prepaid or paid in such Fiscal Year (but excluding Excluded Principal); and

(4) those portions of the Parity Installment Payments required to be made during such Fiscal Year (except to the extent the interest evidenced and represented thereby is capitalized or is reasonably anticipated to be reimbursed to the Agency by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111 5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program) (but excluding Excluded Principal);

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

provided that, as to any such Bonds or Parity Installment Payments bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall, for all purposes, be assumed to bear interest at a fixed rate equal to the higher of

- (i) the actual rate on the date of calculation, or if such Contract or Bond is not yet outstanding, the initial rate (if established and binding), and
- (ii) the highest average variable rate borne over a six month period during the preceding 24 months by outstanding variable rate debt issued by the Agency or, if no such variable rate debt is at the time outstanding, by variable rate debt of which the interest rate is computed by reference to an index comparable to that to be utilized in determining the interest rate for the debt then proposed to be issued;

and provided further that if any series or issue of such Bonds or Parity Installment Payments have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year (and such principal is not Excluded Principal), Debt Service shall be determined for the Fiscal Year of determination as if the principal of and interest on such series or issue of such Bonds or Parity Installment Payments were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of forty (40) years from the date of calculation;

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

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

provided further that for Contracts which are interest rate swap agreements which do not constitute Paired Obligations but for which an Independent Municipal Advisor certifies that such Contracts has a fixed spread component payable to the Agency, Debt Service shall be credited by an amount equal

to the lesser of (i) the average of the actual payment received by the Agency over the last three Fiscal Years (or if outstanding less than three years, over the period outstanding) and (ii) the fixed spread component.

Event of Default. The term “Event of Default” means an event described in Section 8.1.

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

Fiscal Year. The term “Fiscal Year” means the period beginning on July 1 of each year and ending on the last day of June of the next succeeding year, or any other twelve-month period selected and designated as the official Fiscal Year of the Agency.

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

Indenture. The term “Indenture” means the Indenture of Trust executed and entered into as of July 1, 2020, by and between the Authority and U.S. Bank National Association, relating to the 2020[B] Notes, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

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

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

Installment Payment Date; Parity Installment Payment Date. The term “Installment Payment Date” means the fifth day prior to each Interest Payment Date, or if said date is not a Business Day, then the preceding Business Day. The term “Parity Installment Payment Date” means each date on which Parity Installment Payments are scheduled to be paid by the Agency under and pursuant to any Contract.

Installment Payments; Parity Installment Payments. The term “Installment Payments” means the Installment Payments of interest and principal scheduled to be paid by the Agency under and

pursuant hereto. The term “Parity Installment Payments” means the payments of interest and principal or other scheduled payments scheduled to be paid by the Agency under and pursuant to the Contracts.

Joint Exercise of Powers Agreement. The term “Joint Exercise of Powers Agreement” means the Joint Exercise of Powers Agreement, dated as of May 1, 1993, by and between the Chino Basin Municipal Water District and the Cucamonga County Water District, as amended and supplemented from time to time in accordance therewith.

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

Manager. The Term “Manager” means the General Manager of the Agency, or any other person designated by the General Manager to act on behalf of the General Manager.

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

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

Operation and Maintenance Costs. The term “Operation and Maintenance Costs” means (1) costs spent or incurred for maintenance and operation of the Agency System calculated in accordance with Generally Accepted Accounting Principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Agency System in good repair and working order, and including administrative costs of the Agency that are charged directly or apportioned to the Agency System, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys, consultants or engineers and insurance premiums, and including all other reasonable and necessary costs of the Agency or charges required to be paid by it to comply with the terms of this Agreement or any other Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds and (2) all payments under Operation and Maintenance Obligations, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles, including amortization of water rights, unrealized losses on investments, write offs of the value of any impaired assets or other bookkeeping entries of a similar nature.

Operation and Maintenance Obligation. The term “Operation and Maintenance Obligation” means any contractual obligation with respect to any facilities, properties, structures, works, services, water or rights to receive water, or any loan of credit to or guaranty of debts, claims or liabilities of any other person (including a joint powers agency of which the Agency is a member) with respect to any facilities, properties, structures, works, services, water or rights to receive water, so long as in each case the payments thereunder are designated as Operation and Maintenance Costs by the Board of Directors of the Agency; provided however Bonds and Contracts shall not constitute Operation and Maintenance Obligations.



Paired Obligations. The term “Paired Obligations” means any Bond or Contract (or portion thereof) designated as Paired Obligations in the resolution, indenture or other document authorizing the issuance or execution and delivery thereof, which are simultaneously issued or executed and delivered (i) the principal of which is of equal amount maturing and to be redeemed or prepaid (or cancelled after acquisition thereof) on the same dates and in the same amounts, and (ii) the interest rates which, taken together, are reasonably expected to result in a fixed interest rate obligation of the Agency for the term of such Bond or Contract, as certified by an Independent Municipal Advisor in writing.

Participating Underwriter. The term “Participating Underwriter” shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

Project; Parity Project. The term “Project” has the meaning ascribed thereto in Exhibit D. The term “Parity Project” means any additions, betterments, extensions or improvements to the Agency System designated by the Board of Directors of the Agency as a Parity Project, the acquisition and construction of which is to be paid for with the proceeds of any Contracts or Bonds.

Purchase Price. The term “Purchase Price” means the principal amount plus interest thereon owed by the Agency to the Authority under the terms hereof as provided in Section 4.1.

Regional Contract. The term “Regional Contract” means the Chino Basin Regional Sewage Service Contract, made and entered into on August 14, 1972, as amended and supplemented from time to time.

Revenue Fund. The term “Revenue Fund” means (i) all revenue accounts maintained by the Agency as of the date of this Agreement other than the Water Resources Fund and (ii) any revenue account created after the date of this Agreement and designated by the Chief Financial Officer of the Agency as a part of the Revenue Fund.

Revenues. The term “Revenues” means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Agency System, including, without limiting the generality of the foregoing,

(1) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the Agency from the sale, furnishing and supplying of sewer services, composting services or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Agency System, including the Agency’s share of the County of San Bernardino’s 1% ad valorem property tax (to the extent allocated to the Revenue Fund), determined in accordance with Generally Accepted Accounting Principles, plus

(2) the earnings on and income derived from the investment of the amounts described in clauses (1) hereof, including the Agency’s share of the County of San Bernardino’s 1% ad valorem property tax (to the extent allocated to the Revenue Fund), and the general unrestricted funds of the Agency,

but excluding in all cases revenues derived from ownership or operation of the Water System and the Separate Facilities, customer deposits or any other deposits or advances subject to refund until such



deposits or advances have become the property of the Agency, and excluding any proceeds of taxes restricted by law to be used by the Agency to pay bonds, notes or other obligations hereafter issued.

Senior Contracts. The term “Senior Contracts” means contracts of the Agency previously authorized and executed by the Agency, or authorized and executed by the Agency following the execution and delivery of this Agreement in accordance with Section 5.3 hereof, the payments under which are secured by Revenues on a senior basis to the Installment Payments, including the 2010A Installment Purchase Agreement and the 2017A Installment Purchase Agreement.

Senior Debt Service. The term “Senior Debt Service” means, for any Agency Fiscal Year, the sum of:

- (a) the interest payable during such Agency Fiscal Year on all outstanding Senior Contracts, assuming that all outstanding serial Senior Contracts are retired as scheduled and that all outstanding term Senior Contracts are prepaid or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized or is reasonably anticipated to be reimbursed to the Agency by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111 5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program);
- (b) those portions of the principal amount of all outstanding serial Senior Contracts maturing in such Agency Fiscal Year (but excluding Excluded Principal);
- (c) those portions of the principal amount of all outstanding term Senior Contracts required to be prepaid or paid in such Agency Fiscal Year (but excluding Excluded Principal); and
- (d) any other portions of the Senior Contracts required to be made during such Fiscal Year (except to the extent the interest evidenced and represented thereby is capitalized or is reasonably anticipated to be reimbursed to the Agency by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111 5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program) (but excluding Excluded Principal).

Separate Facilities. The term “Separate Facilities” means any facilities of the Agency constructed or acquired on or after the date hereof from the proceeds of bonds, notes or other obligations of the Agency which do not have a parity claim on the Revenues.

SWRCB. The term “SWRCB” means the California State Water Resources Control Board.

SWRCB Installment Sale Agreement. The term “SWRCB Installment Sale Agreement” means the Installment Sale Agreement between the Agency and SWRCB dated as of \_\_\_\_\_ 1, 2020, as it may be amended or supplemented in accordance with the provisions thereof.

Trustee. The term “Trustee” means U.S. Bank National Association, acting in its capacity as Trustee under and pursuant to the Indenture, and its successors and assigns.

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

WIFIA Installment Purchase Agreement. The term “WIFIA Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of May 27, 2020, by and between the Agency and the Authority.

WIFIA Loan. The term “WIFIA Loan” means the loan to be made to the Authority by the United States Environmental Protection Agency, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency, pursuant to the WIFIA Loan Agreement.

WIFIA Loan Agreement. The term “WIFIA Loan Agreement” has the meaning ascribed thereto in the first WHEREAS clause herein.

Written Consent of the Authority or Agency, Written Order of the Authority or Agency, Written Request of the Authority or Agency, Written Requisition of the Authority or Agency. The terms “Written Consent of the Authority or Agency,” “Written Order of the Authority or Agency,” “Written Request of the Authority or Agency,” and “Written Requisition of the Authority or Agency” mean, respectively, a written consent, order, request or requisition signed by or on behalf of (i) the Authority by its Authorized Representative or (ii) the Agency by the President of its Board of Directors or its General Manager or by the Secretary of its Board of Directors or by any two persons (whether or not officers of the Board of Directors of the Agency) who are specifically authorized by resolution of the Agency to sign or execute such a document on its behalf.

2010A Installment Purchase Agreement. The term “2010A Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of May 1, 2010, by and between the Agency and the Authority.

2017A Installment Purchase Agreement. The term “2017A Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of January 1, 2017, by and between the Agency and the Authority.

2020A Installment Purchase Agreement. The term “2020A Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of July 1, 2020, by and between the Agency and the Authority.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES: OPINIONS OF COUNSEL

**Section 2.1. Representations by the Agency.** The Agency makes the following representations:

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

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

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

(d) The Agency will not take or, to the extent within its power, permit any action to be taken which results in the interest paid for the installment purchase of the Project under the terms of this Agreement being included in the gross income of the owners of the 2020[B] Notes, or its assigns for purposes of federal or State of California income taxation.

(e) The Agency has determined that it is necessary and proper for Agency uses and purposes within the terms of the Law that the Agency refinance the acquisition and construction of the Project in the manner provided for in this Agreement.

**Section 2.2. Representations and Warranties by the Authority.** The Authority makes the following representations and warranties:

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

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

(c) The Authority will not take or permit any action to be taken which results in interest paid for the installment purchase of the Project under the terms of this Agreement being included in the gross income of the owners of the 2020[B] Notes for purposes of federal or State of California income taxation.

## **ARTICLE III**

### **SALE AND PURCHASE OF THE PROJECT**

**Section 3.1. Purchase and Sale of the Project.** In consideration for the Installment Payments as set forth in Section 4.2, the Authority agrees to sell, and hereby sells, to the Agency, and the Agency agrees to purchase, and hereby purchases, from the Authority, the Project at the Purchase Price specified in Section 4.1 hereof and otherwise in the manner and in accordance with the provisions of this Agreement.

**Section 3.2. Construction, Acquisition and Installation of the Project.** The Authority hereby agrees to cause the Project and any additions or modifications thereto to be constructed, acquired and installed by the Agency as its agent, and hereby appoints the Agency to act on its behalf as its agent hereunder. The Agency hereby accepts such appointment. The Agency shall enter into contracts and provide for, as agent for the Authority, the complete design, construction, acquisition

and installation of the Project in accordance with all applicable laws. The Agency hereby agrees that it will cause the construction, acquisition and installation of the Project to be diligently performed. The Agency agrees to deposit the net proceeds of the 2020[B] Notes into the Acquisition Fund received from the Authority, and that it will use its best efforts to cause the construction, acquisition and installation of the Project. It is hereby expressly understood and agreed that the Authority shall be under no liability of any kind or character whatsoever for the payment of any cost of the Project and that all such costs and expenses shall be paid by the Agency.

**Section 3.3. Title.** All right, title and interest in the Project shall vest in the Agency immediately upon the acquisition or construction thereof. Such vesting shall occur without further action by the Authority or the Agency and the Authority shall, if requested by the Agency or if necessary to assure such automatic vesting deliver any and all documents required to assure such vesting.

**Section 3.4. Acquisition Fund.** The Agency shall establish, maintain and hold in trust a separate fund designated as the “Acquisition Fund – 2020[B].” The moneys in the Acquisition Fund shall be applied to the payment of the costs of acquisition of the Project and of expenses incidental thereto. Before any payment is made from the Acquisition Fund, the General Manager of the Agency shall cause to be filed with the Trustee a Written Requisition in the form set forth in Exhibit C hereto. Upon receipt of such Written Requisition, the Trustee will pay the amount set forth therein. The Trustee need not make any such payment if he or she has received notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys so to be paid, which has not been released and will not be released simultaneously with such payment.

When the Project shall have been constructed and acquired in accordance with the Agreement, a Statement of the Agency stating the fact and date of such acquisition, construction and acceptance and stating that all of such costs of acquisition and incidental expenses have been determined and paid (or that all of such costs and expenses have been paid less specified claims which are subject to dispute and for which a retention in the Acquisition Fund is to be maintained in the full amount of such claims until such dispute is resolved), shall be delivered to the Trustee by the General Manager of the Agency. Upon the receipt of such statement, the Trustee shall transfer any remaining balance in the Acquisition Fund not needed for Acquisition Fund purposes (but less the amount of any such retention which shall be certified to the Trustee by the General Manager of the Agency) to the Revenue Fund.

## **ARTICLE IV**

### **INSTALLMENT PAYMENTS**

#### **Section 4.1. Purchase Price.**

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

(b) The principal and interest payments to be made by the Agency hereunder are set forth in Exhibit A hereto.

(c) The interest to accrue on the unpaid balance of the Purchase Price shall be equal to the interest payable with respect to the 2020[B] Notes as provided in Section 2.03 of the Indenture, and shall be paid by the Agency as and constitute interest paid on the principal amount of the Agency's obligations hereunder.

**Section 4.2. Installment Payments.** The Agency shall, subject to any rights of prepayment provided in Article VII, pay the Authority the Installment Payments set forth in Section 4.1.

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

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

## **ARTICLE V**

### **SECURITY**

**Section 5.1. Pledge of Revenues.** All Revenues and all amounts on deposit in the Revenue Fund are hereby irrevocably pledged to the payment of the Installment Payments as provided herein and the Revenues shall not be used for any other purpose while any of the Installment Payments remain unpaid; provided that out of the Revenues there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge, together with the pledge created by all other Contracts and Bonds, shall constitute a second lien on Revenues and, subject to application of amounts on deposit therein as permitted herein, the Revenue Fund and other funds and accounts created hereunder for the payment of the Installment Payments and all other Contracts and Bonds in accordance with the terms hereof and the Indenture, which lien shall be subordinate only to the liens created under the Senior Contracts in accordance with the terms thereof.

**Section 5.2. Allocation of Revenues.** In order to carry out and effectuate the pledge and lien contained herein, the Agency agrees and covenants that all Revenues shall be received by the Agency in trust hereunder and shall be deposited when and as received in a special fund designated as the "Revenue Fund," which fund includes the accounts described in the definition thereof and which fund the Agency agrees and covenants to maintain and to hold separate and apart from other funds so long as any Contracts or Bonds remain unpaid. Moneys in the Revenue Fund shall be used and applied by the Agency as provided in this Agreement.

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

(a) Senior Installment Payments. On or prior to each Installment Payment Date, the Agency shall, from the moneys in the Revenue Fund, transfer to the applicable (i) trustee for deposit in the respective payment fund, or (ii) payee, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any installment payments due with respect to Senior Debt Service in accordance with the provisions of the applicable Senior Contract.

(b) Installment Payments. Not later than each Installment Payment Date, the Agency shall, from the moneys in the Revenue Fund, transfer to the Trustee the Installment Payment due and payable on that Installment Payment Date for deposit in the Bond Payment Fund. The Agency shall also, from the moneys in the Revenue Fund, transfer to the applicable (i) trustee for deposit in the respective payment fund, or (ii) payee, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service in accordance with the provisions of any Bond or Contract.

(c) Reserve Accounts. On or before each Installment Payment Date the Agency will, from the remaining moneys in the Revenue Fund, thereafter, without preference or priority and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the applicable trustee for reserve funds and/or accounts, if any, as may have been established in connection with Bonds or Contracts, that sum, if any, necessary to restore such reserve funds and/or accounts to an amount equal to the required balance.

(d) Surplus. Moneys on deposit in the Revenue Fund on any date when the Agency reasonably expects such moneys will not be necessary to make any of the payments required above may be expended by the Agency at any time for any purpose permitted by law, subject to compliance with Sections 6.1 and 6.13 hereof.

**Section 5.3. Additional Senior Contracts.** The Agency may incur additional Senior Contracts solely for the purpose of refunding outstanding Senior Contracts so long as (A) after giving effect to the application of the proceeds of such additional Senior Contracts, Senior Debt Service will not be increased in any Fiscal Year in which the Agreement is outstanding, and (B) the additional Senior Contracts have a maturity date no later than the maturity date of the Senior Contracts being refunded).

**Section 5.4. Additional Contracts and Bonds.** The Agency may at any time execute any Contract or issue any Bonds, as the case may be, in accordance herewith; provided:

(a) The Net Revenues for the most recent audited Fiscal Year preceding the date of adoption by the Board of Directors of the Agency of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, as evidenced by both a calculation prepared by the Agency and a special report prepared by an Independent Certified Public



Accountant or an Independent Municipal Advisor on such calculation on file with the Agency, shall have produced a sum equal to at least one hundred twenty-five percent (125%) of the Debt Service for such Fiscal Year; and

(b) The Net Revenues for the most recent audited Fiscal Year preceding the date of the execution of such Contract or the date of adoption by the Board of Directors of the Agency of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, including adjustments to give effect as of the first day of such Fiscal Year to increases or decreases in rates and charges with respect to the Agency System approved and in effect as of the date of calculation, as evidenced by a calculation prepared by the Agency, shall have produced a sum equal to at least one hundred twenty-five percent (125%) of the Debt Service for such Fiscal Year plus the Debt Service which would have accrued on any Contracts executed or Bonds issued since the end of such Fiscal Year assuming such Contracts had been executed or Bonds had been issued at the beginning of such Fiscal Year plus the Debt Service which would have accrued had such Contract been executed or Bonds been issued at the beginning of such Fiscal Year; and

(c) The estimated Net Revenues for the then current Fiscal Year and for each Fiscal Year thereafter to and including the first complete Fiscal Year after the latest Date of Operation of any uncompleted Parity Project, as evidenced by a certificate of the General Manager of the Agency on file with the Agency, including (after giving effect to the completion of all such uncompleted Parity Projects) an allowance for estimated Net Revenues for each of such Fiscal Years arising from any increase in the income, rents, fees, rates and charges estimated to be fixed, prescribed or received with respect to the Agency System and which are economically feasible and reasonably considered necessary based on projected operations for such period, as evidenced by a certificate of the Manager on file with the Agency, shall produce a sum equal to at least one hundred twenty-five percent (125%) of the estimated Debt Service for each of such Fiscal Years, after giving effect to the execution of all Contracts and the issuance of all Bonds estimated to be required to be executed or issued to pay the costs of completing all uncompleted Parity Projects within such Fiscal Years, assuming that all such Contracts and Bonds have maturities, interest rates and proportionate principal repayment provisions similar to the Contract last executed or then being executed or the Bonds last issued or then being issued for the purpose of acquiring and constructing any of such uncompleted Parity Projects.

(d) This Section 5.4 (a), (b) and (c) notwithstanding, Bonds or Contracts may be issued or incurred to refund outstanding Bonds or Contracts if, after giving effect to the application of the proceeds thereof, total Debt Service will not be increased in any Fiscal Year in which Bonds or Contracts (outstanding on the date of issuance or incurrence of such refunding Bonds or Contracts, but excluding such refunding Bonds or Contracts) not being refunded are outstanding.

(e) Nothing herein shall preclude the Agency from issuing any bonds, notes or executing contracts under which the payments from Net Revenue are subordinate to any Bonds or Contracts of the Agency.

**Section 5.5. Investments.** All moneys held by the Agency in the Revenue Fund and the Acquisition Fund shall be invested in Permitted Investments and the investment earnings thereon shall remain on deposit in such fund, except as otherwise provided herein.



## ARTICLE VI

### COVENANTS OF THE AGENCY

**Section 6.1. Compliance with Installment Purchase Agreement and Ancillary Agreements.** The Agency will punctually pay the Installment Payments in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate this Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Authority to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Authority or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

It is expressly understood and agreed by and among the parties to this Agreement that, subject to Section 10.6 hereof, each of the agreements, conditions, covenants and terms contained in this Agreement is an essential and material term of the purchase of and payment for the Project by the Agency pursuant to, and in accordance with, and as authorized under the Law.

The Agency will faithfully observe and perform all the agreements, conditions, covenants and terms required to be observed and performed by it pursuant to all outstanding Contracts and Bonds as such may from time to time be executed or issued, as the case may be.

**Section 6.2. Against Encumbrances.** The Agency will not make any pledge of or place any lien on Revenues or the moneys in the Revenue Fund or the Acquisition Fund except as permitted hereby. The Agency may at any time, or from time to time, (i) incur additional Senior Contracts as permitted pursuant to Section 5.3 hereof; (ii) incur or issue Contracts and Bonds as permitted herein, or (iii) issue or incur evidences of indebtedness or incur other obligations, provided that such pledge and lien shall be subordinate in all respects to the pledge of and lien thereon provided herein.

**Section 6.3. Against Sale or Other Disposition of Property.** The Agency will not enter into any agreement or lease which impairs the operation of the Agency System or any part thereof necessary to secure adequate Net Revenues to meet the requirements of this Agreement, or which would otherwise impair the rights of the Authority hereunder or the operation of the Agency System. Any real or personal property which has become nonoperative or which is not needed for the efficient and proper operation of the Agency System, or any material or equipment which has become worn out, may be sold if such sale will not impair the ability of the Agency to pay the Installment Payments and if the proceeds of such sale are deposited in the Revenue Fund.

Nothing herein shall restrict the ability of the Agency to sell any portion of the Agency System if such portion is immediately repurchased by the Agency and if such arrangement cannot by its terms result in the purchaser of such portion of the Agency System exercising any remedy which would deprive the Agency of or otherwise interfere with its right to own and operate such portion of the Agency System.

**Section 6.4. Against Competitive Facilities.** To the extent that it can so legally obligate itself, the Agency covenants that it will not acquire, construct, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the Agency any system competitive with the Agency System.

**Section 6.5. Tax Covenants.** Notwithstanding any other provision of this Agreement, absent an opinion of Special Counsel that the exclusion from gross income of interest with respect to the 2020[B] Notes, will not be adversely affected for federal income tax purposes, the Agency and the Authority covenant to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The Agency and the Authority will not take or omit to take any action or make any use of the proceeds of the 2020[B] Notes or of any other moneys or property which would cause the 2020[B] Notes to be “private activity bonds” within the meaning of Section 141 of the Code.

(b) Arbitrage. The Agency and the Authority will make no use of the proceeds of the 2020[B] Notes, or of any other amounts or property, regardless of the source, or take or omit to take any action which would cause the 2020[B] Notes to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(c) Federal Guarantee. The Agency and the Authority will make no use of the proceeds of the 2020[B] Notes, or take or omit to take any action that would cause the applicable 2020[B] Notes to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(d) Information Reporting. The Agency and the Authority will take or cause to be taken all necessary action to comply with the informational reporting requirements of Section 149(e) of the Code.

(e) Miscellaneous. The Agency and the Authority will take no action inconsistent with the expectations stated in any Tax Certificate executed with respect to the 2020[B] Notes and will comply with the covenants and requirements stated therein and incorporated by reference herein.

**Section 6.6. Maintenance and Operation of the Agency System.** The Agency will maintain and preserve the Agency System in good repair and working order at all times and will operate the Agency System in an efficient and economical manner and will pay all Operation and Maintenance Costs as they become due and payable.

**Section 6.7. Payment of Claims.** The Agency will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Revenues or the funds or accounts created hereunder or on any funds in the hands of the Agency pledged to pay the Installment Payments or to the Owners prior or superior to the lien of the Installment Payments or which might impair the security of the Installment Payments.

**Section 6.8. Compliance with Contracts.** The Agency will neither take nor omit to take any action under any contract if the effect of such act or failure to act would in any manner impair or adversely affect the ability of the Agency to secure adequate Net Revenues to meet the requirements

of this Agreement; and the Agency will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be performed by it contained in all other contracts affecting or involving the Agency System, to the extent that the Agency is a party thereto.

#### **Section 6.9. Insurance.**

(a) The Agency will procure and maintain or cause to be procured and maintained insurance on the Agency System with responsible insurers in such amounts and against such risks (including damage to or destruction of the Agency System) as are usually covered in connection with facilities similar to the Agency System so long as such insurance is available from reputable insurance companies.

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

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

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

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

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

**Section 6.10. Accounting Records; Financial Statements and Other Reports.** The Agency will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Agency System, which records shall be available for inspection by the Authority, including agents and assignees of and lenders to the Authority and the Trustee at reasonable hours and under reasonable conditions.

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

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

**Section 6.13. Amount of Rates and Charges.** (a) To the fullest extent permitted by law, the Agency shall fix and prescribe, at the commencement of each Fiscal Year, rates and charges with respect to the Agency System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Revenues (net of Operation and Maintenance Costs) equal to one hundred fifteen percent (115%) of the sum of (A) Debt Service and (B) Senior Debt Service for such Fiscal Year. The Agency may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Revenues from such reduced rates and charges are reasonably expected to be sufficient to meet the requirements of this section.

(b) For avoidance of doubt, so long as the Agency has complied with its obligations set forth in Section 6.13(a) above, the failure of Revenues to meet the threshold set forth in Section 6.13(a) above at the end of a Fiscal Year shall not constitute a default or an Event of Default so long as the Agency has complied with Section 6.13(a) at the commencement of the succeeding Fiscal Year.

**Section 6.14. Collection of Rates and Charges.** The Agency will have in effect at all times by-laws, rules and regulations requiring each customer to pay the rates and charges applicable to the Agency System and providing for the billing thereof and for a due date and a delinquency date for each bill.

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

(a) If (1) the Agency files with the Authority and the Trustee a certificate showing (i) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the Agency by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments,

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

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

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

**Section 6.17. Enforcement of Contracts.** The Agency will not voluntarily consent to or permit any rescission of, nor will it consent to any amendment to or otherwise take any action under or in connection with any contracts previously or hereafter entered into if such rescission or amendment would in any manner materially impair or materially adversely affect the ability of the Agency to secure adequate Net Revenues to meet the requirements of this Agreement. For avoidance of doubt, the expiration of the Regional Contract shall not constitute a material impairment or constitute a material adverse effect on the Agency's ability to secure adequate Net Revenues to meet the requirements of this Agreement.

**Section 6.18. Continuing Disclosure.** The Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Agreement, failure of the Agency to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Owner of 2020[B] Notes or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Section. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2020[B] Notes (including persons holding 2020[B] Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2020[B] Notes for federal income tax purposes.

**Section 6.19. Principal Payments; Draw on the Loan or SWRCB Installment Sale Agreement.** (a) The Agency covenants that, if the Agency has not provided funds to pay the principal amount of the Installment Payments attributable to the 2020[B] Notes when due at maturity of the 2020[B] Notes, the Agency will draw on the WIFIA Loan to pay such principal amount of the



Installment Payments when due (to the extent such principal amount of the Installment Payments was used to pay for any portion of the purchase price of the WIFIA Portion of the Project, as defined in the WIFIA Loan Agreement).

(b) The Agency covenants that, if the Agency has not provided funds to pay the principal amount of the Installment Payments attributable to the 2020[B] Notes when due at maturity of the 2020[B] Notes, the Agency will draw on the SWRCB Installment Sale Agreement to pay such principal amount of the Installment Payments when due (to the extent such principal amount of the Installment Payments was used to pay for any portion of the purchase price of the Project, as defined in the SWRCB Installment Sale Agreement).

## **ARTICLE VII**

### **PREPAYMENT OF INSTALLMENT PAYMENTS**

#### **Section 7.1. Prepayment.**

(a) The Agency may or shall, as the case may be, prepay from the Net Proceeds as provided herein on any date, all or any part on any Installment Payment Date, of the principal amount of the unpaid Installment Payments at a prepayment price equal to the sum of the principal amount prepaid plus accrued interest thereon to the date of prepayment.

(b) The Agency may optionally prepay the Installment Payments in accordance with Section 4.01 of the Indenture with respect to the 2020[B] Notes.

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

**Section 7.2. Method of Prepayment.** Before making any prepayment pursuant to Section 7.1(a), the Agency may, within five (5) days following the event permitting the exercise of such right to prepay or creating such obligation to prepay, give written notice to the Authority and the Trustee describing such event and specifying the date on which the prepayment of the 2020[B] Notes will be paid, which date shall be not less than sixty (60) days from the date such notice is given, unless such prepayment must occur on an Interest Payment Date, in which case such date shall be the next Interest Payment Date with respect to which notice of prepayment may be timely given pursuant to the Indenture.

## **ARTICLE VIII**

### **EVENTS OF DEFAULT AND REMEDIES OF THE AUTHORITY**

**Section 8.1. Events of Default and Acceleration of Maturities.** If one or more of the following Events of Default shall happen, that is to say --

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

(b) if default shall be made by the Agency in the performance of any of the other agreements or covenants required herein or in any Contract or Bond to be performed by it, and such default shall have continued for a period of sixty (60) days after the Agency shall have been given notice in writing of such default by the Authority;

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

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

then and in each and every such case during the continuance of such Event of Default specified in clauses (c) and (d) above, the Authority shall and for any other such Event of Default the Authority may declare the entire principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding. This subsection however, is subject to the condition that if at any time after the entire principal amount of the unpaid Installment Payments and the accrued interest thereon shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered the Agency shall deposit with the Authority a sum sufficient to pay the unpaid principal amount of the Installment Payments and/or the unpaid payment of any other Contract or Bond referred to in clause (a) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the Installment Payments or such Contract or Bond if paid in accordance with their terms and the reasonable expenses of the Authority, and any and all other defaults known to the Authority (other than in the payment of the entire principal amount of the unpaid Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Authority or provision deemed by the Authority to be adequate shall have been made therefor, then and in every such case the Authority, by written notice to the Agency, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

**Section 8.2. Application of Funds Upon Acceleration.** Upon the date of the declaration of acceleration as provided in Section 8.1, all Revenues thereafter received shall be applied in the following order -

First, to the payment, without preference or priority, and in the event of any insufficiency of such Revenues ratably without any discrimination or preference, of the fees, costs and expenses of the Authority and Trustee, if any, including reasonable compensation to its accountants and counsel;

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



Third, to the payment without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, of the entire unpaid installment payments with respect to all Senior Contracts and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to such Senior Contracts if paid in accordance with their respective terms; and

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

**Section 8.3. Other Remedies of the Authority.** The Authority shall have the right:

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

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

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

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

**Section 8.4. Non-Waiver.** Nothing in this article or in any other provision hereof shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay the Installment Payments to the Authority at the respective due dates or upon prepayment from the Net Revenues, the Revenue Fund and the other funds herein pledged for such payment, or shall affect or impair the right of the Authority, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

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

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

**Section 8.5. Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

If any remedial action is discontinued or abandoned, the Trustee and 2020B Bond Owners shall be restored to their former positions.

## **ARTICLE IX**

### **DISCHARGE OF OBLIGATIONS**

#### **Section 9.1. Discharge of Obligations.**

(a) When all or any portion of the Installment Payments become due and payable in accordance herewith or a written notice of the Agency to prepay all or any portion of the Installment Payments is filed with the Trustee; and

(b) there has been deposited with the Trustee at or prior to the Installment Payment Dates or date (or dates) specified for prepayment, in trust for the benefit of the Authority or its assigns and irrevocably appropriated and set aside to the payment of all or any portion of the Installment Payments, sufficient moneys and non-callable Permitted Investments, issued by the United States of America and described in clause (a) and (b) of the definition thereof, the principal of and interest on which when due will provide money sufficient to pay all principal, prepayment premium, if any, and interest of such Installment Payments to their respective Installment Payment Dates or prepayment date or dates as the case may be; and

(c) provision shall have been made for paying all fees and expenses of the Trustee,

then and in that event, if an opinion of Note Counsel acceptable to the Trustee is filed with the Trustee to the effect that the actions authorized by and taken as described under this heading will not adversely affect the exclusion from gross income for federal income tax purposes of the interest portion of the Installment Payments, the right, title and interest of the Authority herein and the obligations of the Agency hereunder shall, with respect to all or such portion of the Installment Payments as have been so provided for, thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Trustee and the obligation of the Agency to have such moneys and such Permitted Investments applied to the payment of such Installment Payments).

In such event, upon request of the Agency the Trustee will cause an accounting for such period or periods as may be requested by the Agency to be prepared and filed with the Agency and will execute and deliver to the Agency all such instruments as may be necessary or desirable to evidence such total or partial discharge and satisfaction, as the case may be, and, in the event of a total discharge and satisfaction, the Trustee will pay over to the Agency, after payment of all amounts due the Trustee pursuant to the Indenture as an overpayment of Installment Payments, all such moneys or such Permitted Investments held by it pursuant to the Agreement other than such moneys and such Permitted Investments as are required for the payment or prepayment of the Installment Payments, which moneys and Permitted Investments will continue to be held by the Trustee in trust for the payment of the

Installment Payments and will be applied by the Trustee to the payment of the Installment Payments of the Agency.

## ARTICLE X

### MISCELLANEOUS

**Section 10.1. Liability of Agency Limited to Net Revenues.** The obligation of the Agency to make the Installment Payments is a special obligation of the Agency payable solely from the Net Revenues, and does not constitute a debt of the Agency or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction. Notwithstanding anything contained in the Agreement, the Agency shall not be required to advance any moneys derived from any source of income other than the Net Revenues and the other funds provided in the Agreement for the payment of Installment Payments due hereunder or for the performance of any agreements or covenants required to be performed by it contained herein except as expressly provided herein. The Agency may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the Agency for such purpose.

**Section 10.2. Benefits of Installment Purchase Agreement Limited to Parties.** Nothing contained herein, expressed or implied, is intended to give to any person other than the Agency or the Authority any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the Agency or the Authority shall be for the sole and exclusive benefit of the other party.

**Section 10.3. Successor Is Deemed Included in all References to Predecessor.** Whenever either the Agency or the Authority is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Agency or the Authority, and all agreements and covenants required hereby to be performed by or on behalf of the Agency or the Authority shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

**Section 10.4. Waiver of Personal Liability.** No director, officer or employee of the Agency shall be individually or personally liable for the payment of the Installment Payments, but nothing contained herein shall relieve any director, officer or employee of the Agency from the performance of any official duty provided by any applicable provisions of law or hereby.

**Section 10.5. Article and Section Headings, Gender and References.** The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith" and other words of similar import refer to this Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

**Section 10.6. Partial Invalidity.** If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Agency or the Authority shall be contrary to law, then such agreement or agreements, such covenant or covenants or such

portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The Agency and the Authority hereby declare that they would have executed this Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

**Section 10.7. Assignment.** This Agreement and any rights hereunder may be assigned by the Authority, as a whole or in part, without the necessity of obtaining the prior consent of the Agency.

**Section 10.8. Net Contract.** This Agreement shall be deemed and construed to be a net contract, and the Agency shall pay absolutely net during the term hereof the Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

**Section 10.9. California Law.** THE INSTALLMENT PURCHASE AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

**Section 10.10. Notices.** All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the Agency:           Inland Empire Utilities Agency  
6075 Kimball Avenue  
Chino, California 91708  
Attention: General Manager

If to the Authority:       Chino Basin Regional Financing Authority  
6075 Kimball Avenue  
Chino, California 91708  
Attention: Treasurer

**Section 10.11. Effective Date.** This Agreement shall become effective upon its execution and delivery, and shall terminate when the Purchase Price shall have been fully paid (or provision for the payment thereof shall have been made to the written satisfaction of the Authority).

**Section 10.12. Execution in Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

**Section 10.13. Indemnification of Authority.** The Agency hereby agrees to indemnify and hold harmless the Authority if and to the extent permitted by law, from and against all claims, advances, damages and losses, including legal fees and expenses, arising out of or in connection with the acceptance or the performance of its duties hereunder and under the Indenture; provided that no indemnification will be made for willful misconduct, negligence or breach of an obligation hereunder or under the Indenture by the Authority.

**Section 10.14. Amendments Permitted.** This Agreement and the rights and obligations of the Authority, the Agency, the Owners of the 2020[B] Notes and of the Trustee may be modified or amended at any time by an amendment hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the 2020[B] Notes then Outstanding, exclusive of the 2020[B] Notes disqualified as provided in the Indenture. No such modification or amendment shall (1) extend the stated maturities of the 2020[B] Notes, or reduce the rate of interest represented thereby, or change the method of computing the rate of interest with respect thereto, or extend the time of payment of interest, or reduce the amount of principal represented thereby, or reduce any premium payable on the prepayment thereof, without the consent of the Owner of any 2020B Bond so affected, or (2) reduce the aforesaid percentage of Owners of the 2020[B] Notes whose consent is required for the execution of any amendment or modification of this Agreement without the consent of the Owners of all 2020[B] Notes then Outstanding, or (3) modify any of the rights or obligations of the Trustee or the Authority without its respective written consent thereto.

This Agreement and the rights and obligations of the Authority, the Agency and of the Owners of the 2020[B] Notes may also be modified or amended at any time by an amendment hereto which shall become binding upon adoption, without the consent of the Owners of any 2020[B] Notes but only to the extent permitted by law and only for any one or more of the following purposes.

(a) to add to the covenants and agreements of the Authority or the Agency contained in this Agreement other covenants and agreements thereafter to be observed or to surrender any right or power herein reserved to or conferred upon the Authority or the Agency, and which shall not adversely affect the interests of the Owners of the 2020[B] Notes;

(b) to cure, correct or supplement any ambiguous or defective provision contained in this Agreement or in regard to questions arising under this Agreement, as the Authority or the Agency may deem necessary or desirable and which shall not adversely affect the interests of the Owners of the 2020[B] Notes; and

(c) to make such other amendments or modifications as may be in the best interests of the Owners of the 2020[B] Notes.

No amendment without consent of the Owners may modify any of the rights or obligations of the Trustee without its written consent thereto.

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

INLAND EMPIRE UTILITIES AGENCY

By: \_\_\_\_\_  
General Manager

CHINO BASIN REGIONAL FINANCING  
AUTHORITY

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

EXHIBIT A

PURCHASE PRICE

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

<i>Installment Payment Date (5 Days Prior To)</i>	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest</i>	<i>Total</i>
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<b>Total</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
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## EXHIBIT B

### SCHEDULE OF SWRCB LOANS

1. Loan Number C-06-4846-110/Agreement Number 02-807-550-0
2. Loan Number C-06-4846-120/Agreement Number 02-808-550-0
3. Loan Number C-06-4846-130/Agreement Number 02-809-550-0
4. Loan Number C-06-4846-140/Agreement Number 03-808-550-0
5. Loan Number C-06-4846-150/Agreement Number 03-809-550-0
6. Loan Number C-06-4846-160/Agreement Number 03-803-550-0
7. Loan Number C-06-4899-110/Agreement Number 06-810-550
8. Loan Number C-06-4900-110/Agreement Number 07-821-550
9. Loan Number C-06-4900-120/Agreement Number 07-822-550
10. Loan Number C-06-4900-130/Agreement Number 07-823-550
11. Loan Number C-06-5176-110/Agreement Number 08-835-550
12. Loan Number C-06-5176-120/Agreement Number 08-849-550
13. Loan Number C-06-5176-130/Agreement Number 08-850-550
14. Loan Number C-06-5176-140/Agreement Number 08-851-550
15. Loan Number C-06-5319-110/Agreement Number 11-813-550
16. Loan Number C-06-5327-110/Agreement Number 08-837-550
17. Loan Number C-06-5332-110/Agreement Number 08-823-550
18. Loan Number C-06-5318-110/Agreement Number 13-835-550
19. Loan Number C-06-7885-110/Agreement Number 13-815-550
20. Loan Number C-06-8105-110/Agreement Number D17-01014
21. Loan Number C-06-8105-120/Agreement Number D17-01015

EXHIBIT C

CHINO BASIN REGIONAL FINANCING AUTHORITY  
REVENUE NOTES  
(INLAND EMPIRE UTILITIES AGENCY INTERIM FINANCING), SERIES 2020[B]

REQUISITION NO. \_\_ FOR DISBURSEMENT FROM ACQUISITION FUND

The undersigned hereby states and certifies:

(i) that he is the duly appointed, qualified and acting General Manager of the Inland Empire Utilities Agency, a municipal water district (the "Agency"), and as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that, pursuant to Section 3.4 of that certain Installment Purchase Agreement, dated as of July 1, 2020 (the "Installment Purchase Agreement"), by and between the Inland Empire Utilities Agency and the Authority, the undersigned hereby requests the Trustee to disburse from the Acquisition Fund established under the Indenture, to the payees designated on the attached Schedule A the amounts set forth on Schedule A, and the Trustee shall make all disbursements by check or wire transfer in accordance with the payment instructions set forth on Schedule A and the Trustee shall have no duty to verify or authenticate such payment instructions or the authority under which they are provided;

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

(iv) that each obligation mentioned herein has been incurred by the Agency in connection with the construction or acquisition of the Project (defined in the Installment Purchase Agreement) [and is eligible to be reimbursed from proceeds of the WIFIA Loan (defined in the WIFIA Loan Agreement) as contemplated by the WIFIA Loan Agreement] [and is eligible to be reimbursed from Project Funds (defined in the SWRCB Installment Sale Agreement) as contemplated by the SWRCB Installment Sale Agreement];

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

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

(v) capitalized terms used herein and not defined herein shall have the meanings described thereto in the Installment Purchase Agreement.

Dated: \_\_\_\_\_, 20\_\_

INLAND EMPIRE UTILITIES AGENCY

By:

\_\_\_\_\_  
General Manager

SCHEDULE A  
ACQUISITION FUND DISBURSEMENTS

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

## EXHIBIT D

### DESCRIPTION OF THE PROJECT

The “Project” includes:

- [1. Regional Plant No. 5 (RP-5) Expansion Project, which will include the following:  
(a) expansion of the RP-5 Liquids Treatment System from 15 millions of gallons per day (MGD) to 22.5 MGD capacity (22.5 MGD for mechanical systems and 30 MGD for structures);  
(b) relocation of the RP-2 Solids Treatment to a new RP-5 Solids Treatment Facility with the capacity to treat solids from RP-5 and CCWRF; and (c) construction of offsite pump stations and force mains to convey sewer flows to RP-5; and/or]
- [2. Other Facilities?]

**CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Inland Empire Utilities Agency\* (the “Agency”) in connection with the execution and delivery of the Chino Basin Regional Financing Authority Revenue Notes (Inland Empire Utilities Agency Interim Financing), Series 2020[B], in the amount of \$\_\_\_\_\_ (the “Notes”). The Notes are being issued and delivered pursuant to an Indenture of Trust, dated as of July 1, 2020 (the “Indenture”), by and between the Chino Basin Regional Financing Authority (the “Authority”) and U.S. Bank National Association, as trustee (the “Trustee”). The Agency covenants and agrees as follows:

1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the Owners and Beneficial Owners of the Notes and in order to assist the Participating Underwriter in complying with the Rule.

2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

“EMMA” shall mean the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>.

“Fiscal Year” shall mean the one-year period ending on the last day of June of each year.

“Listed Events” shall mean any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

“Official Statement” shall mean the Official Statement of the Authority dated \_\_\_\_\_, 2020 related to the Notes

“Owner” means a registered owner of the Notes.

“Participating Underwriter” shall mean any of the original Underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

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\* A municipal water district.

“State” shall mean the State of California.

3. Provision of Annual Reports.

(a) The Agency shall provide not later than 270 days following the end of its Fiscal Year (commencing with the Fiscal Year 2020) to EMMA an Annual Report relating to the immediately preceding Fiscal Year which is consistent with the requirements of Section 4 of this Disclosure Certificate, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Agency is unable to provide to EMMA an Annual Report by the date required in subsection (a), the Agency shall send to EMMA a notice in the manner prescribed by the Municipal Securities Rulemaking Board.

4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the Agency for the prior Fiscal Year, which may be included in the Agency’s Comprehensive Annual Financial Report, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Agency’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financing statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Principal amount of the Notes outstanding.

(c) An update, for the most recently-completed Fiscal Year only, of the information in the tables under the following captions in the Official Statement:

1. “THE AGENCY — Regional Wastewater System – Wastewater System Rates and Charges – Sewer Charges”;
2. “THE AGENCY — Regional Wastewater System – Wastewater Facility Usage”;
3. “THE AGENCY — Regional Wastewater System – Wastewater System Revenues”;
4. “THE AGENCY — Non-Reclaimable Wastewater System – Non-Reclaimable Wastewater System Rates and Charges”;
5. “THE AGENCY — Non-Reclaimable Wastewater System – NRW System Revenues”; and
6. “THE AGENCY — Recycled Water System – Recycled Water System Revenues.”



If the information in section 4(c) above can be derived from the audited financial statements required to be filed in 4(a) above, failure to file separate tables under section 4(c) above shall not constitute a default hereunder. Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission; provided, that if any document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board; and provided further, that the Agency shall clearly identify each such document so included by reference.

## 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB);
6. tender offers;
7. defeasances;
8. ratings changes;
9. bankruptcy, insolvency, receivership or similar proceedings; and
10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes, if material:

1. unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Notes or other events affecting the tax status of the Notes;
2. modifications to the rights of Note holders;
3. optional, unscheduled or contingent Note redemptions;
4. release, substitution or sale of property securing repayment of the Notes;
5. non-payment related defaults;
6. the consummation of a merger, consolidation, or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
7. appointment of a successor or additional trustee or the change of the name of a trustee; and
8. incurrence of a financial obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect Note holders.

(c) If the Agency determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Agency shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

(d) For purposes of the events identified in subparagraphs (a)(10) and (b)(8) under this Section 5, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

6. Termination of Obligation. The Agency’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, or another nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. The Agency will provide notice of such amendment to the Municipal Securities Rulemaking Board.

8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set

forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Agency chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Agency shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

9. Default. In the event of a failure of the Agency to file an annual report under Section 4 hereof or to file a report of a significant event under Section 5 hereof, any Owners or Beneficial Owners of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to make such filing. Notwithstanding the foregoing, no action may be undertaken by Owners or Beneficial Owners of the Notes with respect to the accuracy of the information contained in any such filing or otherwise without the approval in writing of Owner or Beneficial Owner of at least 50% of the aggregate principal amount of the Notes. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Agency to comply with this Disclosure Certificate shall be an action to compel performance.

No Owners or Beneficial Owners may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Agency satisfactory written evidence of their status as Owners or Beneficial Owners and a written notice of and request to cure such failure, and the Agency shall have refused to comply therewith within a reasonable time.

10. Dissemination Agent. The Agency may from time to time appoint or engage a dissemination agent to assist the Agency in carrying out its obligations under this Disclosure Certificate and may discharge any such dissemination agent with or without appointing a successor dissemination agent.

11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Agency, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Dated: \_\_\_\_\_, 2020

INLAND EMPIRE UTILITIES AGENCY

By: \_\_\_\_\_  
Its: General Manager

**ACTION  
ITEM  
2B**

**Date:** June 17, 2020

**To:** The Honorable Board of Directors

**From:** Shivaji Deshmukh, General Manager *SD*

**Committee:** Engineering, Operations & Water Resources

06/10/20

Finance & Administration

06/10/20

**Executive Contact:** Christiana Daisy, Executive Manager of Engineering/AGM

**Subject:** RP-1 Flare Improvements Construction Contract Award

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### Executive Summary:

Regional Water Recycling Plant No.1 (RP-1) uses the method of conventional activated sludge to treat wastewater, liquids, and solids to produce digester gas for power and heat generation. Excess digester gas is flared through the existing candlestick flare, which is more than forty years old with limited permitting capacity. In September 2019, Inland Empire Utilities Agency (IEUA) pre-selected Aereon to supply the flare system. The project design was completed in early March 2020.

On May 14, 2020, IEUA received five construction bids from five pre-qualified contractors. W.M. Lyles Co. was the lowest responsive, responsible bidder, with a bid price of \$5,540,000; engineer's estimate was \$6,000,000. The construction contract award was unanimously recommended for IEUA Board approval by the Regional Technical and Policy Committees. For continuity, staff recommends the existing design contract with Lee & Ro, Inc. be amended by \$182,550 to provide the engineering services during construction, increasing the contract from \$493,684 to \$676,234 (37% increase).

Due to material price increase and extended schedule, IEUA staff is requesting an augmentation of the original total project budget from \$5,682,000 to \$7,650,000 (35% increase) in the Regional Capital (RC) Fund.

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### Staff's Recommendation:

1. Award a construction contract for the RP-1 Flare System Improvements, Project No. EN18006, to W.M. Lyles Co., in the amount of \$5,540,000;
2. Approve a contract amendment to Lee & Ro, Inc., for engineering services during construction for a not-to-exceed amount of \$182,550;
3. Approve a total project budget amendment in the amount of \$1,968,000 in the Regional Capital (RC) Fund; and
4. Authorize the General Manager to execute the contract, contract amendment, and budget augmentation, subject to non-substantive changes.

---

**Budget Impact** Budgeted (Y/N): Y Amendment (Y/N): Y Amount for Requested Approval: \$ 1,968,000

Account/Project Name:

EN18006/RP-1 Flare Improvements

*Fiscal Impact (explain if not budgeted):*

If approved, the total project budget for the RP-1 Flare System Improvements, Project No. EN18006, will increase from \$5,682,000 to \$7,650,000 (35% increase) in the Regional Capital (RC) Fund.

**Prior Board Action:**

On September 18, 2019, the Board of Directors awarded a contract amendment to Lee & Ro, Inc., for additional consulting engineering services for a not-to-exceed amount of \$76,524.

On January 18, 2017, the Board of Directors awarded a contract to Lee & Ro, Inc., for the consulting engineering services for a not-to-exceed amount of \$378,030.

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**Environmental Determination:**

Categorical Exemption

CEQA identifies certain categories of projects as exempt from more detailed environmental review because these categories have been deemed to have no potential for significant impact on the environment. This project qualifies for a Categorical Exemption Class 1 and Class 2 as defined in Section 15301 of the State CEQA Guidelines.

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**Business Goal:**

The RP-1 Flare Improvements Project is consistent with IEUA's Business Goal of Wastewater Management, specifically the Asset Management and Water Quality objectives that IEUA will ensure that systems are well maintained, upgraded to meet evolving requirements, sustainably managed, and can accommodate changes in regional water use to protect public health, the environment, and meet anticipated regulatory requirements.

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**Attachments:**

Attachment 1 - PowerPoint

Attachment 2 - Construction Contract

Attachment 3 - Consultant Amendment

# **Attachment 1**



# RP-1 Flare Improvements

## Construction Contract Award

Project No. EN18006



# Regional Water Recycling Plant No. 1 Project Location



# Project Background

- Flare operates as a large safety valve
- Combusts excess digester gas not used at the facility
- Controls digester gas system pressure to prevent venting to atmosphere
- Existing system cannot maintain continuous compliance with SCAQMD requirements or with future, more stringent emission limits



RP-1 Existing Flare System



# Project Scope

- Replace existing non-compliant flare
- Design and install pre-selected Aereon three-flare system
- Install low pressure gas-holding tank
- Provide reliable control system with integration to RP-1 SCADA system
- Engineering services during construction by Lee & Ro (Consultant)
- System commissioning, testing and startup



Similar Aereon Flares (Riverside)

# Contractor Selection

Five bids were received on May 14, 2020, from pre-qualified contractors:

Bidder's Name	Final Bid Amount
W.M. Lyles Co.	\$5,540,000
J.R. Filanc Construction	\$5,760,547
PCL Construction	\$6,081,485
W.A. Rasic Construction Co., Inc.	\$6,418,000
Kiewit Infrastructure	\$6,722,000
Engineer's Estimate	\$6,000,000

# Project Budget and Schedule

Description	Estimated Cost	Project Milestone	Date
<b>Design Services</b>	<b>\$962,000</b>	<b>Construction</b>	
Design Consultant Contract (actual)	\$493,684	Construction Contract Award	June 2020
IEUA Design Services (actuals)	\$443,316	Construction Completion	October 2021
Aereon Engineering Services	\$25,000		
<b>Construction Services</b>	<b>\$570,350</b>		
Engineering Services During Construction (this action)	\$182,550		
IEUA Construction Services	\$387,800		
<b>Construction</b>	<b>\$6,094,000</b>		
Construction Contract (this action)	\$5,540,000		
Contingency (~10%)	\$554,000		
<b>Total Project Cost:</b>	<b>\$7,626,350</b>		
<b>Total Project Budget:</b>	<b>\$5,682,000*</b>		
<b>Augmented Project Budget:</b>	<b>\$1,968,000**</b>		
<b>Total Revised Budget:</b>	<b>\$7,650,000**</b>		

\* Approved total project budget for Fiscal Year 2020/21

\*\* Budget amendment request

# Recommendation

- Award a construction contract for the RP-1 Flare System Improvements, Project No. EN18006, to W.M. Lyles Co., in the amount of \$5,540,000;
- Approve a contract amendment to Lee & Ro, Inc., for engineering services during construction for the not-to-exceed amount of \$182,550;
- Approve a total project budget amendment in the amount of \$1,968,000 in the Regional Capital (RC) Fund; and
- Authorize the General Manager to execute the contract, contract amendment, and budget augmentation, subject to non-substantive changes.

The RP-1 Flare Improvements Project is consistent with **IEUA's Business Goal of Wastewater Management**, specifically the Asset Management and Water Quality objectives that IEUA will ensure that systems are well maintained, upgraded to meet evolving requirements, sustainably managed, and can accommodate changes in regional water use to protect public health, the environment, and meet anticipated regulatory requirements.



# **Attachment 2**

## SECTION D - CONTRACT AND RELEVANT DOCUMENTS

### 1.0 CONTRACT

THIS CONTRACT, made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between W.M. Lyles Co., hereinafter referred to as "CONTRACTOR," and The Inland Empire Utilities Agency, a Municipal Water District, located in San Bernardino County, California, hereinafter referred to as "IEUA".

#### WITNESSETH:

That for and in consideration of the promises and agreements hereinafter made and exchanged, IEUA and the CONTRACTOR agree as follows:

- A. CONTRACTOR agrees to perform and complete in a workmanlike manner, all Work required under these Bid Documents FOR RP-1 Flare Improvements Project No. EN18006, in accordance with the Bid Documents, and to furnish at their own expense, all labor, materials, equipment, tools, and services necessary, except such materials, equipment, and services as may be stipulated in said Bid Documents to be furnished by IEUA, and to do everything required by this Contract and the said Bid Documents.
- B. For furnishing all said labor, materials, equipment, tools, and services, furnishing and removing all plant, temporary structures, tools and equipment, and doing everything required by this Contract and said Bid Documents; also 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 during the prosecution of the Work until its acceptance by IEUA, and for all risks of every description connected with the Work; also for all expenses resulting from the suspension or discontinuance of Work, except as in the said Bid Documents are expressly stipulated to be borne by IEUA; and for completing the Work in accordance with the requirements of said Bid Documents, IEUA will pay and said CONTRACTOR shall receive, in full compensation therefore, the price(s) set forth in this Contract.
- C. That IEUA will pay the CONTRACTOR progress payments and the final payment, in accordance with the provisions of the Contract Documents, with warrants drawn on the appropriate fund or funds as required, at the prices bid in the Bidding and Contract Requirements, Section C - Bid Forms and accepted by IEUA, and set forth in this below.

Total Bid Price \$ Five Million, Five Hundred Forty Thousand Dollars.

and Zero Cents.



- D. IEUA hereby employs the CONTRACTOR to perform the Work according to the terms of this Contract for the above-mentioned price(s), and agrees to pay the same at the time, in the manner, and upon the conditions stipulated in the said Bid Documents; and the said parties for themselves, their heirs, executors, administrators, successors, and assigns, do hereby agree to the full performance of the covenants herein contained.
- E. The Notice Inviting Bids, Instructions to Bidders, Bid Forms, Information Required of Bidder, Performance Bond, Payment Bond, Contractor's License Declaration, Specifications, Drawings, all General Conditions, Special Conditions and all Project Requirements, and all Addenda issued by IEUA with respect to the foregoing prior to the opening of bids, are hereby incorporated in and made part of this Contract, as if fully set forth.
- F. The CONTRACTOR agrees to commence Work under this Contract on or before the date to be specified in a written "Notice To Proceed" and to complete said Work to the satisfaction of IEUA Three Hundred Sixty-Five (365) calendar days after award of the Contract. All Work shall be completed before final payment is made.
- G. Time is of the essence on this Contract.
- H. CONTRACTOR agrees that in case the Work is not completed before or upon the expiration of the Contract Time, damage will be sustained by IEUA, and that it is and will be impracticable to determine the actual damage which IEUA will sustain in the event and by reason of such delay, and it is therefore agreed that the CONTRACTOR shall pay to IEUA the amounts as set forth in General Conditions, Section C – Changes to the Contract for each day of delay, which shall be the period between the expiration of the Contract Time and the date of final acceptance by IEUA, as liquidated damages and not as a penalty. It is further agreed that the amount stipulated for liquidated damages per day of delay is a reasonable estimate of the damages that would be sustained by IEUA, and the CONTRACTOR agrees to pay such liquidated damages as herein provided. In case the liquidated damages are not paid, the CONTRACTOR agrees that IEUA may deduct the amount thereof from any money due or that may become due to the CONTRACTOR by progress payments or otherwise under the Contract, or if said amount is not sufficient, recover the total amount.
- I. In addition to the liquidated damages, which may be imposed if the CONTRACTOR fails to complete the Work within the time agreed upon, IEUA may also deduct from any sums due or to become due to the CONTRACTOR, penalties and fines for violations of applicable local, state, and federal law.
- J. That the CONTRACTOR shall carry Workers' Compensation Insurance and require all subcontractors to carry Workers' Compensation Insurance as required by the California Labor Code.

- K. That the CONTRACTOR shall have furnished, prior to execution of the Contract, two bonds approved by IEUA, one in the amount of one hundred (100) percent of the Contract Price, to guarantee the faithful performance of the Work, and one in the amount of one hundred (100) percent of the Contract Price to guarantee payment of all claims for labor and materials furnished.
- L. The CONTRACTOR hereby agrees to protect, defend, indemnify and hold IEUA and its employees, agents, officers, directors, servants and volunteers free and harmless from any and all liability, claims, judgments, costs and demands, including demands arising from injuries or death of persons (including employees of IEUA and the CONTRACTOR) and damage to property, arising directly or indirectly out of the obligation herein undertaken or out of the operations conducted by the CONTRACTOR, its employees agents, representatives or subcontractors under or in connection with this Contract to the extent permitted by law.

The CONTRACTOR further agrees to investigate, handle, respond to, provide defense for and defend any such claims, demands or suit at the sole expense of the CONTRACTOR

IN WITNESS WHEREOF, The CONTRACTOR and the General Manager of Inland Empire Utilities Agency\*, thereunto duly authorized, have caused the names of said parties to be affixed hereto, each in duplicate, the day and year first above written.

- M. The CONTRACTOR, by signing the contract does swear under penalty of perjury that no more than one final unappeasable finding of contempt of court by a Federal court has been issued against the CONTRACTOR within the immediately preceding two year period because of the CONTRACTOR's failure to comply with an order of a Federal court which orders the CONTRACTOR to comply with an order of the National Labor Relations Board (Public Contract Code 10296).

Inland Empire Utilities Agency\*,  
San Bernardino County, California.

By \_\_\_\_\_  
General Manager

CONTRACTOR

W. M. Lyles Co.

By  \_\_\_\_\_

Robert P. Saleen, Sr. Vice President

Title

\* A Municipal Water District

# **Attachment 3**





**CONTRACT AMENDMENT NUMBER: 4600002261-003**

**FOR**

**CONSULTING ENGINEERING SERVICES**

**FOR THE**

**RP-1 FLARE IMPROVEMENTS PROJECT,**

**PROJECT NO. EN18006**

THIS CONTRACT AMENDMENT THREE is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2020, by and between the Inland Empire Utilities Agency, a Municipal Water District, organized and existing in the County of San Bernardino under and by virtue of the laws of the State of California (hereinafter referred to interchangeably as "IEUA" and "Agency") and LEE & RO, Inc. with offices located in City of Industry, California (hereinafter referred to as "Consultant"), to provide professional consulting engineering services in support of Project EN18006 ("the Project") and shall revise the Contract as herein amended:

**SECTION FOUR, SCOPE OF WORK AND SERVICES, IS REVISED TO ADD:** Additional Consultant services and responsibilities shall include, and be in accordance with tasks identified in Consultant's Proposal dated April 2, 2020, attached hereto, referenced herein, and made a part hereof as **Exhibit 1-B**.

**SECTION SIX, COMPENSATION, IS REVISED TO ADD THE FOLLOWING PARAGRAPH:**

In compensation for the additional Work represented by this Contract Amendment, Agency shall pay Consultant a **NOT-TO-EXCEED maximum total of \$676,234.00** for all services provided, which includes an **additional \$182,550.00** as outlined in Consultant's Proposal, attached hereto, made a part hereof, and referenced herein as **Exhibit 1-B**.

**All Other Provisions Of This Contract Remain Unchanged, In Full Force, And Effect.**

[ Signature Page Immediately Follows ]

Witnesseth, that the parties hereto have mutually covenanted and agreed as per the above Amendment items, and in doing so have caused this document to become incorporated into the Contract documents.

**INLAND EMPIRE UTILITIES AGENCY:**  
**(A Municipal Water District)**

\_\_\_\_\_  
Shivaji Deshmukh (Date)  
General Manager

**LEE & RO, INC.:**

\_\_\_\_\_  
Charles Ro, P.E. 5/26/20 (Date)  
President

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# **Exhibit 1-B**



April 2, 2020

Mr. Jamal Zughbi, PE  
Inland Empire Utilities Agency (IEUA)  
6075 Kimball Ave.  
Chino Hills, California 91708

Subject: Fee Proposal for Engineering Services During Construction for RP-1 Flare Improvements Project, Project No. EN18006

Dear Mr. Zughbi:

LEE & RO submits the following proposal for Engineering Services During Construction (ESDC) in support of IEUA EN18006, *RP-1 Flare Improvements Project*. We have based our proposal on the assumption that the construction duration will be 12 months.

The scope of work includes:

- Pre-Construction Conference Support
- Issuance of Conformed Plans and Specifications
- Attendance of weekly construction meetings
- Submittal Review
- RFI Review
- Develop O&M Manual
- Permitting Assistance
- Coordination / Assistance for controls and systems integration with TSI, Aereon, and GC
- Assistance with Start-up and Commissioning, including Start-Up witness testing
- As built drawings
- Two (2) 8-hr training workshops

Based on this scope of work, our proposed fee is **\$182,550**. Please see our attached *Exhibit 1, Fee Proposal – Engineering Services During Construction* for an itemized breakdown. We look forward to completing this project with IEUA. Please feel free to contact us if you have any questions or comments.

Very truly yours,

LEE & RO, Inc.

A blue ink signature of Dhiru Patel, written in a cursive style.

Dhiru Patel, P.E.  
President

Attachments – **Exhibit 1: Fee Proposal**

**Exhibit 1: Fee Proposal - Engineering Services During Construction**  
**Inland Empire Utilities Agency RP-1 Flare Improvements Project, Project No. EN18006**

Task ID	Labor Category Used for Fee Estimate: E8 Managing Engineer, E7 Supervising Engineer, E5 Senior Engineer, E3 Associate Engineer, T4 Designer, T3 Associate Designer, and A3 Word Processor	Hours per Labor Category							Total Hour s	Labor Cost	Other Direct Costs (ODCs)	Sub-consultant s*	TOTAL FEES
		E8	E7	E5	E3	T4	T3	A2					
		LABOR CLASSIFICATION AND BILLING RATE (\$/hr)											
Task ID	Task Description	\$250	\$225	\$185	\$155	\$138	\$118	\$118					
Task 1	Engineering Services During Construction												
1.1	Attend Pre-Construction Conference			2					2	\$370	\$50		\$420
1.2	Prepare One Conformed Set of Bid Plans			8	12		24	8	52	\$7,116	\$200		\$7,316
1.3	Attend Weekly Construction Meetings		60					12	72	\$14,916	\$1,500		\$16,416
1.4	Review Contractor's RFIs		40	40	40				120	\$22,600	\$300		\$22,900
1.5	Review Contractor's Shop Drawing Submittals	10	40	40	92			10	192	\$34,340	\$300		\$34,640
1.6	Prepare O&M Manual		8	16	24		8	8	64	\$10,368	\$150		\$10,518
1.7	Permitting Assistance		16	16				4	36	\$7,032	\$100	\$2,500	\$9,632
1.8	Assist with Controls Coordination and Systems Integration	24	40	40	40	20			164	\$31,360	\$250	\$5,000	\$36,610
1.9	Assist with Start-up & Commissioning	8	36	16	36			12	108	\$20,056	\$250	\$5,000	\$25,306
1.10	Prepare As-Built Record Drawings		8	8	12	12	36	4	80	\$11,516	\$100		\$11,616
1.11	Provide Two 8-hr Training Sessions		12	16				12	40	\$7,076	\$100		\$7,176
	Subtotal Task 8 - Engineering Services and Support During Construction	42	260	202	256	32	68	70	930	\$166,750	\$3,300	\$12,500	\$182,550

\* Includes 10% markup

**ACTION  
ITEM  
2C**

**Date:** June 17, 2020

**To:** The Honorable Board of Directors

**From:** Shivaji Deshmukh, General Manager *SD*

**Committee:** Engineering, Operations & Water Resources

06/10/20

Finance & Administration

06/10/20

**Executive Contact:** Christiana Daisy, Executive Manager of Engineering/AGM

**Subject:** Force Main Improvements Construction Contract Award

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### Executive Summary:

The Regional Force Main Improvements Project consists of constructing fifteen clean-out vaults along the force main discharging flow from the San Bernardino Avenue Lift Station to the Regional Water Recycling Plant No.4 (RP-4). Currently, the continuous buildup of material within the pipeline causes the upstream pumps to exert more power in order to deliver flow to their respective locations in addition to reduced capacity within the pipelines. The clean-out vaults will be utilized as access points to aid in cleaning the pressurized pipeline. During construction, a condition assessment of the force main will be conducted.

On May 14, 2020, Inland Empire Utilities Agency (IEUA) received four construction bids from pre-qualified contractors. Ferreira Construction Company, Inc., was the lowest responsive, responsible bidder with a bid price of \$3,786,070; engineer's estimate was \$3,586,000. The construction contract award was unanimously recommended for IEUA Board approval by the Regional Technical and Policy Committees. For continuity, staff recommends the existing design contract with GHD Inc., be amended by \$125,428 to include engineering services during construction, increasing the contract from \$1,136,574 to \$1,262,002 (11% increase). Due to material price increase and extended schedule, IEUA staff is requesting an amendment of the original total project budget from \$4,173,000 to \$4,800,000 (15% increase).

---

### Staff's Recommendation:

1. Award a construction contract for the Regional Force Main Improvements, Project No. EN19025, to Ferreira Construction Company, Inc., in the amount of \$3,786,070;
2. Approve a contract amendment to GHD for engineering services during construction for a not-to-exceed amount of \$125,428;
3. Approve a total project budget amendment in the amount of \$627,000 in the Regional Capital (RC) fund; and
4. Authorize the General Manager to execute the contract, contract amendment, and budget augmentation, subject to non-substantive changes.

---

**Budget Impact** Budgeted (Y/N): Y Amendment (Y/N): Y Amount for Requested Approval: \$ 627,000

Account/Project Name:

EN19025/Regional Force Main Improvements

*Fiscal Impact (explain if not budgeted):*

If approved, the total project budget for the Regional Force Main Improvements, Project No. EN19025, will increase from \$4,173,000 to \$4,800,000 (15% increase) in the Regional Capital (RC) Fund.

---

**Prior Board Action:**

On February 19, 2020, the Board of Directors amended the consultant contract for GHD, Inc., for the additional engineering services in the amount of \$248,334, increasing the contract from \$888,240 to \$1,136,574.

On July 18, 2018, the Board of Directors awarded a consultant contract to GHD Inc., for the total amount of \$873,696.

---

**Environmental Determination:****Categorical Exemption**

CEQA identifies certain categories of projects as exempt from more detailed environmental review because these categories have been deemed to have no potential for significant impact on the environment. This project qualifies for a Categorical Exemption Class 1 as defined in Section 15301 of the State CEQA Guidelines.

---

**Business Goal:**

The Regional Force Main Improvements Project is consistent with IEUA's Business Goal of Wastewater Management specifically the Asset Management objective that IEUA will ensure the treatment facilities are well maintained, upgraded to meet evolving requirements, sustainably managed, and can accommodate changes in regional water use.

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**Attachments:**

Attachment 1 - PowerPoint

Attachment 2 - Construction Contract

Attachment 3 - Consultant Amendment

# **Attachment 1**

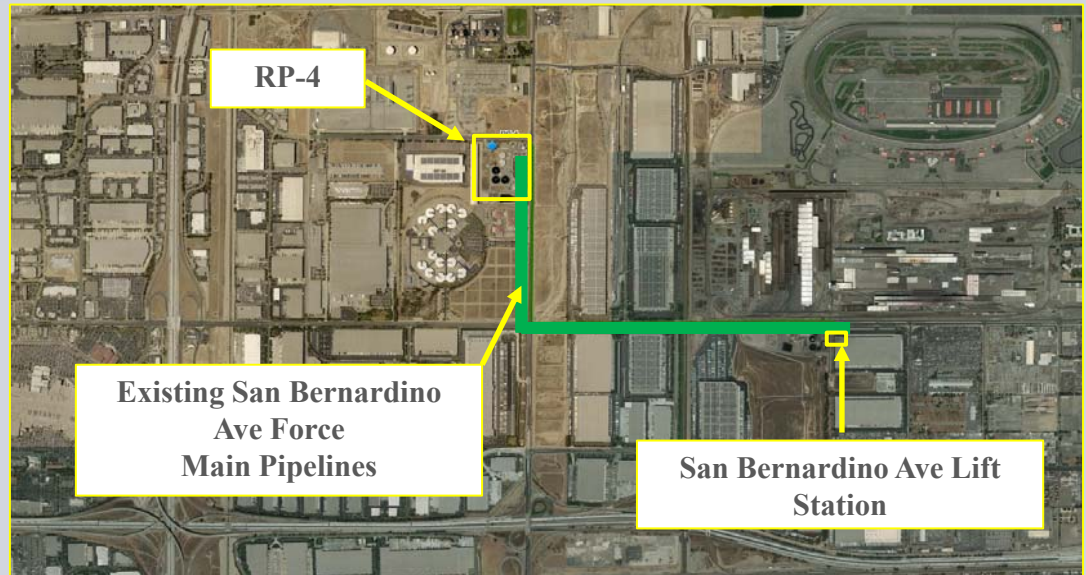
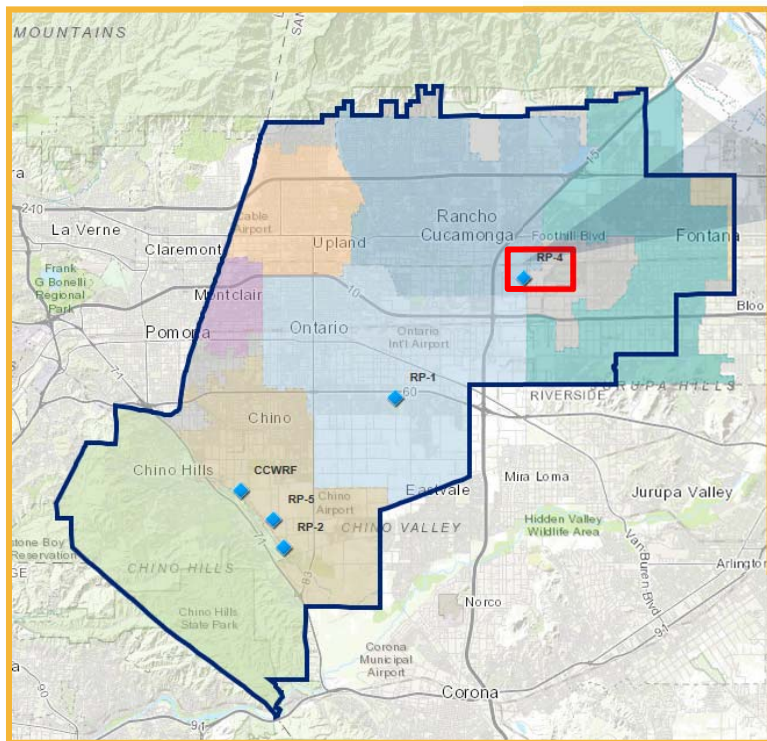


# Regional Force Main Improvements Construction Contract Award

Project No. EN19025



# Project Location – Regional Force Main Improvements



**San Bernardino Ave  
Lift Station Force Main**

# The Project

- Regional Force Main Improvements
  - Condition assessment of pipelines
  - Installation of 15 maintenance vaults on existing force mains



San Bernardino Lift Station



Existing Dual Force Main

# Contractor Selection

Four bids were received on May 14, 2020, from six pre-qualified contractors:

Bidder's Name	Final Bid Amount
Ferreira Construction Company, Inc	\$3,786,070
Steve P. Rados, Inc.	\$4,246,000
Norstar Plumbing	\$4,327,000
W.A. Rasic Construction Company, Inc	\$6,285,000
Engineer's Estimate	\$3,586,000

# Project Budget and Schedule

Description	Estimated Cost
<b>Design Services</b>	<b>\$373,939</b>
Consultant Design Contract	\$324,317
IEUA Design Services (actuals)	\$49,622
<b>Construction Services</b>	<b>\$250,428</b>
Engineering Services During Construction	\$125,428
IEUA Construction Services (10%)	\$125,000
<b>Construction</b>	<b>\$4,164,670</b>
Construction Contract (This Action)	\$3,786,070
Contingency (10%)	\$378,600
<b>Total Project Cost:</b>	<b>\$4,789,037</b>
<b>Total Project Budget (current):</b>	<b>\$4,173,000</b>
<b>Augmented Project Budget Request:</b>	<b>\$627,000*</b>
<b>Total Revised Budget:</b>	<b>\$4,800,000*</b>

\* Budget amendment request

Project Milestone	Date
<b>Design</b>	
Consultant Design Contract Award	July 2018
Design Completion	December 2019
<b>Construction</b>	
Construction Contract Award	June 2020
Construction Completion	March 2021



# Recommendation

- Award a construction contract for the Regional Force Main Improvements, Project No. EN19025, to Ferreira Construction Company, Inc., in the amount of \$3,786,070;
- Approve a contract amendment to GHD for engineering services during construction for a not-to-exceed amount of \$125,428;
- Approve a total project budget amendment in the amount of \$627,000 in the Regional Capital (RC) fund; and
- Authorize the General Manager to execute the contract, contract amendment, and budget augmentation, subject to non-substantive changes.

The Regional Force Main Improvements Project is consistent with **IEUA's Business Goal of Wastewater Management**, specifically the Asset Management objective that IEUA will ensure the treatment facilities are well maintained, upgraded to meet evolving requirements, sustainability managed, and can accommodate changes in regional water use.

# Attachment 2



## SECTION D - CONTRACT AND RELEVANT DOCUMENTS

### **1.0 CONTRACT**

THIS CONTRACT, made and entered into this 17th day of June, 2020, by and between Ferreira Construction Company, Inc, hereinafter referred to as "Contractor," and The Inland Empire Utilities Agency, a Municipal Water District, located in San Bernardino County, California, hereinafter referred to as "Agency".

#### **WITNESSETH:**

That for and in consideration of the promises and agreements hereinafter made and exchanged, the Agency and the Contractor agree as follows:

1. Contractor agrees to perform and complete in a workmanlike manner, all work required under the bidding schedule of said Agency's specifications entitled SPECIFICATIONS FOR THE CONSTRUCTION OF THE REGIONAL FORCE MAIN IMPROVEMENTS PROJECT NO. EN19025, in accordance with the specifications and drawings, and to furnish at their own expense, all labor, materials, equipment, tools, and services necessary, except such materials, equipment, and services as may be stipulated in said specifications to be furnished by said Agency, and to do everything required by this Contract and the said specifications and drawings.
2. For furnishing all said labor, materials, equipment, tools, and services, furnishing and removing all plant, temporary structures, tools and equipment, and doing everything required by this Contract and said specifications and drawings; also 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 during the prosecution of the work until its acceptance by said Agency, and for all risks of every description connected with the work; also for all expenses resulting from the suspension or discontinuance of work, except as in the said specifications are expressly stipulated to be borne by said Agency; and for completing the work in accordance with the requirements of said specifications and drawings, said Agency will pay and said Contractor shall receive, in full compensation therefore, the price(s) set forth in this Contract.
3. That the Agency will pay the Contractor progress payments and the final payment, in accordance with the provisions of the contract documents, with warrants drawn on the appropriate fund or funds as required, at the prices bid in the Bidding and Contract Requirements, Section C - Bid Forms and accepted by the Agency, and set forth in this below.

Total Bid Price \$Three Million Seven-hundred Eighty-Six thousand, Seventy Dollars and Zero Cents. Numerically written: \$3,786,070

If this is not a lump sum bid and the contract price is dependent upon the quantities constructed, the Agency will pay and said Contractor shall receive, in full compensation

for the work the prices named in the Bidding and Contract Requirements, Section C - Bid Forms.

4. The Agency hereby employs the Contractor to perform the work according to the terms of this Contract for the above-mentioned price(s), and agrees to pay the same at the time, in the manner, and upon the conditions stipulated in the said specifications; and the said parties for themselves, their heirs, executors, administrators, successors, and assigns, do hereby agree to the full performance of the covenants herein contained.
5. The Notice Inviting Bids, Instructions to Bidders, Bid Forms, Information Required of Bidder, Performance Bond, Payment Bond, Contractors License Declaration, Specifications, Drawings, all General Conditions and all Special Conditions, and all addenda issued by the Agency with respect to the foregoing prior to the opening of bids, are hereby incorporated in and made part of this Contract, as if fully set forth.
6. The Contractor agrees to commence work under this Contract on or before the date to be specified in a written "Notice To Proceed" and to complete said work to the satisfaction of the Agency two hundred and sixty (260) calendar days after award of the Contract. All work shall be completed before final payment is made.
7. Time is of the essence on this Contract.
8. Contractor agrees that in case the work is not completed before or upon the expiration of the contract time, damage will be sustained by the Agency, and that it is and will be impracticable to determine the actual damage which the Agency will sustain in the event and by reason of such delay, and it is therefore agreed that the Contractor shall pay to the Agency the amount of four thousand (\$4,000) dollars for each day of delay, which shall be the period between the expiration of the contract time and the date of final acceptance by the Agency, as liquidated damages and not as a penalty. It is further agreed that the amount stipulated for liquidated damages per day of delay is a reasonable estimate of the damages that would be sustained by the Agency, and the Contractor agrees to pay such liquidated damages as herein provided. In case the liquidated damages are not paid, the Contractor agrees that the Agency may deduct the amount thereof from any money due or that may become due to the Contractor by progress payments or otherwise under the Contract, or if said amount is not sufficient, recover the total amount.

In addition to the liquidated damages, which may be imposed if the Contractor fails to complete the work within the time agreed upon, the Agency may also deduct from any sums due or to become due the Contractor, liquidated damages in accordance with the Bidding and Contract Requirements, Section B - Instruction to Bidders, Part 5.0 "Liquidated Damages", for any violation of the General Conditions, Section D - Contractor's Responsibilities, Part 8, "Law and Regulations"; Bidding and Contract Requirements Contract Section D -Contract and Relevant Documents, Part 1.0, Paragraphs 9 through 11; General Conditions , Section D – Contractor's Responsibilities, Part 4.0, "Labor, Materials and Equipment"; General Conditions Section D – Contractor's Responsibilities, Part 12.0, "Safety and Protection" or General Conditions Section H – Legal Responsibilities, Part 8.0, "Disturbance of the Peace".

9. That the Contractor will pay, and will require subcontractors to pay, employees on the work a salary or wage at least equal to the prevailing salary or wage established for such work as set forth in the wage determinations and wage standards applicable to this work, contained in or referenced in the contract documents.
10. That, in accordance with Section 1775 of the California Labor Code, Contractor shall forfeit to the Agency, as a penalty, not more than Fifty (\$50.00) Dollars for each day, or portion thereof, for each worker paid, either by the Contractor or any subcontractor, less than the prevailing rates as determined by the Director of the California Department of Industrial Relations for the work.
11. That, except as provided in Section 1815 of the California Labor Code, in the performance of the work not more than eight (8) hours shall constitute a day's work, and not more than forty (40) hours shall constitute a week's work; that the Contractor shall not require more than eight (8) hours of labor in a day nor more than forty hours of labor in a week from any person employed by the Contractor or any subcontractor; that the Contractor shall conform to Division 2, Part 7, Chapter 1, Article 3 (Section 1810, et seq.) of the California Labor Code; and that the Contractor shall forfeit to the Agency, as a penalty, the sum of Twenty-Five (\$25.00) Dollars for each worker employed in the execution of the work by Contractor or any subcontractor for each day during which any worker is required or permitted to labor more than eight (8) hours in violation of said Article 3.
12. That the Contractor shall carry Workers' Compensation Insurance and require all subcontractors to carry Workers' Compensation Insurance as required by the California Labor Code.
13. That the Contractor shall have furnished, prior to execution of the Contract, two bonds approved by the Agency, one in the amount of one hundred (100) percent of the contract price, to guarantee the faithful performance of the work, and one in the amount of one hundred (100) percent of the contract price to guarantee payment of all claims for labor and materials furnished.
14. The Contractor hereby agrees to protect, defend, indemnify and hold the Agency and its employees, agents, officers, directors, servants and volunteers free and harmless from any and all liability, claims, judgments, costs and demands, including demands arising from injuries or death of persons (including employees of the Agency and the Contractor) and damage to property, arising directly or indirectly out of the obligation herein undertaken or out of the operations conducted by the Contractor, its employees agents, representatives or subcontractors under or in connection with this Contract.

The Contractor further agrees to investigate, handle, respond to, provide defense for and defend any such claims, demands or suit at the sole expense of the Contractor.

IN WITNESS WHEREOF, The Contractor and the General Manager of Inland Empire Utilities Agency\*, thereunto duly authorized, have caused the names of said parties to be affixed hereto, each in duplicate, the day and year first above written.

Inland Empire Utilities Agency,\*  
San Bernardino County, California.

By \_\_\_\_\_  
General Manager

Contractor Ferreira Construction Co. Inc. dba  
Ferreira Coastal Construction Co.

By  \_\_\_\_\_  
Title Brandon Pensick - Vice President

\*Municipal Water District

# **Attachment 3**



**CONTRACT AMENDMENT NUMBER: 4600002572-003**

**FOR**

**DESIGN CONSULTING SERVICES**

**FOR**

**PHILADELPHIA FORCE MAIN IMPROVEMENTS, PROJECT NO. EN23002,**

**AND**

**THE REGIONAL FORCE MAIN IMPROVEMENTS, PROJECT NO. EN19025**

THIS CONTRACT AMENDMENT THREE is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2020, by and between the Inland Empire Utilities Agency, a Municipal Water District, organized and existing in the County of San Bernardino under and by virtue of the laws of the State of California (hereinafter interchangeably referred to as "IEUA" and "Agency") and GHD Inc. with offices located in Irvine, California (hereinafter referred to as "Consultant"), for professional design services in support of Projects EN23002 and EN19025, and shall revise the Contract as herein amended:

**SECTION FOUR, SCOPE OF WORK AND SERVICES, IS REVISED TO ADD THE FOLLOWING PARAGRAPH:** Consultant's additional services and responsibilities shall be in accordance with **Exhibit 4**, attached hereto, referenced herein and made a part hereof.

**SECTION SIX, COMPENSATION, ADDS THE FOLLOWING PARAGRAPH:** In compensation for the additional Work represented by this Contract Amendment, Agency shall pay Consultant a **NOT-TO-EXCEED maximum total of \$1,262,002.00** for all services provided. This includes an additional \$ 125,428.00 in accordance with **Exhibit 4** and as per SAP Purchase Requisition 10053625.

Balance of contract remains unchanged. Signature page immediately follows.

Witnesseth, that the Parties hereto have mutually covenanted and agreed as per the above Amendment items, and in doing so have caused this document to become incorporated into the contract documents.

INLAND EMPIRE UTILITIES AGENCY:  
(A Municipal Water District)

GHD INC.:

\_\_\_\_\_  
Shivaji Deshmukh  
General Manager

\_\_\_\_\_  
(Date)

 5-19-2020  
\_\_\_\_\_  
Greg Watanabe, PE, PACP, MACP (Date)  
Principal-in-Charge

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# Exhibit 4



2020 May 18

GHD Project No. 11180699

Mr. Adham Almasri, PE  
Project Manager  
**Inland Empire Utilities Agency**  
6075 Kimball Avenue  
Chino, CA 91708

Dear Mr. Almasri:

**Re: Regional Force Main Improvements (Project No. EN19025) / Amendment No. 3 –  
Potholing and Construction Phase Services**

## Background

The San Bernardino Avenue Lift Station discharges wastewater flows to the Regional Plant No. 4 Wastewater Treatment Plant via two (2) forcemains: 24-inch and 30-inch ductile iron pipe. These forcemains are approximately 8,800 linear feet and were constructed with two (2) 5-inch fiber optic conduits along the entire alignment. During the bid phase, Inland Empire Utilities Agency requested potholing services be added to the project to determine the exact horizontal separation between the 24-inch ductile iron force main and the fiber optic conduits so that the sizing of the access vaults can be determined. This will be achieved via potholing methods at each of the fifteen (15) vault locations. Additionally, eight (8) manholes for the gravity sewer pipelines adjacent to the proposed vault locations will be dipped to determine the vertical location of the pipelines. This scope of services has been added to Phase 3 – Bid and Award Administration Assistance.

IEUA will be receiving public bids for the construction of the Regional Sewer Force Main Improvements on May 14, 2020 and IEUA staff will recommend an approval of a construction contract award to the lowest responsible responsive bidder on June 17, 2020. IEUA has requested GHD to prepare a proposal to provide construction support services. This scope of services are shown below as Phase 5 – Construction Support Services.

## Amended Scope of Services

### Phase 2 – Final Design

For the scope of work that was removed for the construction of directional clean out vaults along the Montclair Lift Station force main, GHD is providing a credit of \$28,251, which is the current budget remaining in Phase 2.

### **Phase 3 – Bid and Award Administration Assistance**

To determine the exact locations of the force mains and the fiber optic conduits, potholing at each of the fifteen (15) vault locations was performed. Additionally, eight (8) manholes for the gravity sewer pipelines adjacent to the proposed vault locations were dipped to determine the vertical location of the pipelines. Specifically, this work included the following:

- Slot trench potholing at fifteen (15) locations to identify the exact locations of the force mains and fiber optic conduits;
- Permitting and traffic control setup to perform the potholing;
- Determination of existing asphalt thickness on San Bernardino Avenue and Etiwanda Avenue, and;
- Dip eight (8) manholes of adjacent gravity sewer pipelines to determine invert elevation at proposed access vault locations.

### **Phase 4 – Condition Assessment During Construction**

For the scope of work that was removed for the condition assessment of the Montclair Lift Station force main during construction, GHD is providing a credit of \$18,154, which is roughly 20% of the Phase 4 budget and prorated based on the length of the Montclair Lift Station force main.

### **Phase 5 – Construction Support Services**

GHD will support IEUA during construction with the following tasks:

- Attend a Pre-Construction Meeting – The GHD team will attend a single pre-construction meeting at IEUA or other IEUA-designated location including an on-site visit with the Contractor to answer technical or project related questions.
- Attend Weekly Construction Progress Meetings – GHD will attend weekly construction progress meetings with IEUA and the Contractor, with the assumption that approximately 80% will be held virtually.
- Review Shop Drawings Submittals – GHD will review submittals and shop drawings submitted by the Contractor per the specifications. Revise comments will be submitted to IEUA's construction manager in a mutually-agreeable format to return to the Contractor. At this time, the budget for this task is based on a total of forty (40) shop drawing submittals.
- Respond to Contractor RFIs – GHD will provide timely response to Requests for Information (RFIs) initiated by the Contractor and forwarded by IEUA. At this time, the budget for this task is based on a total of forty (40) RFIs.
- Assist IEUA with Deviation Evaluations – GHD will assist IEUA staff with the evaluation of all deviations from the conformed contract documents. GHD will provide a review of any proposed deviations or field changes to the original design and prepare and issue design plan revisions as necessary for construction.
- Prepare As-Built Drawings – GHD will prepare as-built drawings based on a single consolidated set of redlines from the Contractor.


## Amended Fee

Our original proposal (June 2018) was in the amount of \$873,696. The approved Amendment No. 1 was for \$14,544 and the approved Amendment No. 2 was for \$248,334 to cover additional scope on Project No. EN23002 for the Philadelphia Force Main Improvements. The attached additional work request is for **\$125,428**, which brings the total to \$1,262,002 this time.

Feel free to contact me if you have any questions or comments regarding this request.

Sincerely,

GHD

A handwritten signature in black ink, appearing to read "C. Raines", with a long horizontal flourish extending to the right.

Casey Raines, P.E.

**FEE PROPOSAL**

Inland Empire Utilities Agency  
Regional Force Main Improvements (Project No. EN19025)  
Amendment No. 3  
May 18, 2020



Task Description	QA/QC Manager	Principal-in-Charge	Project Manager	Senior Project Engineer	Project Engineer	Staff Engineer	CAD Designer	Project Assistant	GHD Hours	GHD Labor Costs	Subconsultants Including Markup	Other Direct Costs	Total
Hourly Rates	\$210	\$265	\$240	\$205	\$185	\$145	\$125	\$85					
<b>PHASE 2 – FINAL DESIGN</b>													
Prepare PS&E for Montclair Lift Station Force Main Clean Outs	-	-	-	-	-	-	-	-	-	\$ (28,251)	\$ -	\$ -	\$ (28,251)
<b>Subtotal – PHASE 2 – FINAL DESIGN</b>	-	-	-	-	-	-	-	-	-	\$ (28,251)	\$ -	\$ -	\$ (28,251)
<b>PHASE 3 – BID AWARD AND ADMINISTRATION ASSISTANCE</b>													
Potholing for the San Bernardino Lift Station Force Mains	-	1	2	-	4	-	-	2	9	\$ 1,655	\$ 65,506	\$ 54	\$ 67,215
<b>Subtotal – PHASE 3 – BID AWARD AND ADMINISTRATION ASSISTANCE</b>	-	1	2	-	4	-	-	2	9	\$ 1,655	\$ 65,506	\$ 54	\$ 67,215
<b>PHASE 4 – CONDITION ASSESSMENT DURING CONSTRUCTION</b>													
Perform Condition Assessment of Montclair Lift Station Force Main	-	-	-	-	-	-	-	-	-	\$ (18,154)	\$ -	\$ -	\$ (18,154)
<b>Subtotal – PHASE 4 – CONDITION ASSESSMENT DURING CONSTRUCTION</b>	-	-	-	-	-	-	-	-	-	\$ (18,154)	\$ -	\$ -	\$ (18,154)
<b>PHASE 5 – CONSTRUCTION PHASE SERVICES</b>													
Attend a Pre-Construction Meeting	-	4	4	4	4	-	-	-	16	\$ 3,580	\$ -	\$ 96	\$ 3,676
Attend Weekly Construction Progress Meetings	-	8	60	-	60	-	-	-	128	\$ 27,620	\$ -	\$ 768	\$ 28,388
Review Shop Drawing Submittals	-	-	40	8	80	-	-	8	136	\$ 26,720	\$ -	\$ 816	\$ 27,536
Respond to Contractor RFIs	-	4	40	12	80	-	-	8	144	\$ 28,600	\$ -	\$ 864	\$ 29,464
Assist IEUA with Deviation Evaluations	-	2	12	4	24	-	16	4	62	\$ 11,010	\$ -	\$ 372	\$ 11,382
Prepare As-Built Drawings	1	-	2	2	4	-	16	2	27	\$ 4,010	\$ -	\$ 162	\$ 4,172
<b>Subtotal – PHASE 5 – CONSTRUCTION PHASE SERVICES</b>	1	18	158	30	252	-	32	22	513	\$ 101,540	\$ -	\$ 3,078	\$ 104,618
<b>TOTAL - AMENDMENT NO. 3</b>	1	19	160	30	256	-	32	24	522	\$ 56,790	\$ 65,506	\$ 3,132	\$ 125,428

**INFORMATION  
ITEM  
3A**

# RP-5 Expansion Bid Update

## Project Nos. EN19001 and EN19006





# The Bid Phase

- **November 2018:** Initial General Contractor Outreach
- **October 31, 2019:** Bid Documents Released
- **December 2, 2019 & February 3, 2020:** Two Half-Day Workshops
- **February 20, 2020:** Questions Due (~1,300 questions on ~30,000 pages of bid documents)
- **March 17, 2020:** CAEATFA approved RP-5 Expansion Sales Tax Exemption
- **March 26, 2020:** Bid delayed due to Coronavirus to allow IEUA and General Contractors to adjust to electronic bid submission
- **May 21, 2020:** Bids Received
- **Maintained open communication with all 4 pre-qualified contractors throughout bid phase**



# Contractor Bids

- Four bids received on May 21, 2020 from the Prequalified Contractors:

Bids Received	Bid Amount
W.M. Lyles	\$329,982,900
J.F. Shea	\$339,726,750
Kiewit	\$375,707,000
PCL	\$425,939,779
<b>Engineer's Estimate:</b>	<b>\$309,000,000</b>

- Apparent low bidder is W.M. Lyles:
  - Review of low bid has not been completed.
  - Parsons and Arcadis are reviewing bid amount to verify it is justified and reasonable:
    - Additional scope added through addendum, changed site conditions, and COVID19 impacts

# The Apparent Construction Team



## Prequalified Electrical Subs

- Helix
- Mass
- Morrow Meadows
- Southern

## Prequalified System Integrators

- Prime Controls
- Rovisys
- TSI
- Wunderlich-Malec

## Preselected Manufacturers

- Centrisys (Centrifuges)
- Duperon (Coarse Screens)
- EnviroCare (Fine Screens)
- FKC (RDT's)
- Neuros (Aeration Blowers)
- SSI (Aeration Diffusers)
- Suez (MBR)

# Project Budget with Low Apparent Bid

## EN19001 and EN19006

Description	Estimated Cost
<b>Design Phase Services</b>	<b>\$26,406,753</b>
<b>Construction Services</b>	<b>\$43,361,716</b>
Construction Management	\$22,625,523
Engineering Services During Construction	\$11,346,349
Other Construction Services	\$7,325,000
Contingency (5%)	\$2,064,844
<b>Construction</b>	<b>\$376,181,190</b>
RP-5 Expansion Bid (Low Bid)	\$329,982,900
Offsite Facilities Bid (estimate)	\$12,000,000
Contingency (~10%)	\$34,198,290
<b>Total Project Cost:</b>	<b>\$445,949,659</b>
<b>Total Requested Project Budget:</b>	<b>\$450,000,000</b>

Project Milestone	Date
<b>Award Phase</b>	
✓ Contractor Bids Due	May 21, 2020
IEUA Board Bid Update (This Item)	June 17, 2020
IEUA Tech Committee Approval	June 25, 2020
IEUA Policy Committee Approval	July 2, 2020
<b>Construction</b>	
IEUA Board Construction Contract Award	July 15, 2020
Solids Facility Completion	January 2024
Liquids Construction Completion	January 2025

# The Finances



- WIFIA Loan Closed on May 27, 2020 in an amount of \$196M.
- SRF Loan is scheduled to close in October 2020 in an amount of \$101M
- Staff is reviewing impacts of additional project cost and will incorporate in future forecasts and budgets.

**INFORMATION  
ITEM  
3B**

**Date:** June 17, 2020

**To:** The Honorable Board of Directors

**From:** Shivaji Deshmukh, General Manager

*SSD*

**Committee:** Finance & Administration

06/10/20

**Executive Contact:** Christina Valencia, Executive Manager of Finance & Administration/AGM

**Subject:** Fiscal Year 2019/20 Third Quarter Budget Variance, Performance Goal Updates, and Budget Transfers

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**Executive Summary:**

The budget variance report presents the Agency's financial performance through the third quarter ended March 31, 2020, and various related analyses are provided in the attachments.

The Agency's total revenues and other funding sources were \$190 million, or 88 percent of the fiscal year to date budget of \$215 million. The slight unfavorable variance can be attributed to timing of grant and loan receipts which are primarily reimbursable in nature as a result of lower capital and non-capital project expenditures.

The Agency's total expenses and other uses of funds were \$170 million, or 76 percent of the fiscal year to date budget of \$224 million. The timing of capital and non-capital project execution account for the favorable variance.

The net change of the unaudited total revenues and other funding sources over the total expenses and other uses of funds for this quarter is an increase of \$20 million.

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**Staff's Recommendation:**

The Fiscal Year (FY) 2019/20 third quarter budget variance, performance goal updates, and budget transfers is an informational item for the Board of Directors to receive and file.

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**Budget Impact** *Budgeted (Y/N):* N *Amendment (Y/N):* N *Amount for Requested Approval:*

*Account/Project Name:*

*Fiscal Impact (explain if not budgeted):*

The net change of the total revenues and other funding sources over total expenses and other uses of funds is an increase of \$20 million for the quarter ended March 31, 2020.



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**Prior Board Action:**

None.

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**Environmental Determination:**

Not Applicable

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**Business Goal:**

The quarterly budget variance report is consistent with the Agency's business goal of fiscal responsibility to demonstrate the Agency has appropriately funded operational, maintenance, and capital costs.

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**Attachments:**

Attachment 1 - Background

- Exhibit A - Q3 Budget Variance Summary and Detail Report

- Exhibit B - Business Goals and Objectives Report by Initiatives

- Exhibit C-1 - Summary of Annual Budget Transfers in the Third Quarter

- Exhibit C-2 - Summary of the GM Contingency Account Activity

- Exhibit D - Project Budget Transfers for Capital and Non-Capital Projects

Attachment 2 - PowerPoint

## Background

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Subject: Fiscal Year 2019/20 Third Quarter Budget Variance, Performance Goal Updates, and Budget Transfers

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The Budget Variance report presents the Agency's financial performance through the third quarter ending March 31, 2020 and includes the following highlights.

### TOTAL REVENUES AND OTHER FUNDING SOURCES

Overall, the Agency's total revenue and other funding sources were \$190.0 million, or 88.4 percent of the year to date budget of \$214.9 million for the quarter ended March 31, 2020 (Exhibit A). The following section highlights key variances:

- **Grants & Loans** – Grant and loan receipts were \$9.6 million, or 39.6 percent of the fiscal year to date budget. \$5.5 million in State Revolving Fund (SRF) loans proceeds were received for the Napa Lateral project. The majority of remaining receipts were for Santa Ana River Conservation and Conjunctive Use, water use efficiency programs, and for the San Sevaine Basin Improvement project. Grants and loan receipts are primarily reimbursable in nature and as such are dependent upon related capital project expenditures. Grant receipts consist of reimbursements from federal, state, and local programs and may contain pass-through funding for other agencies.
- **Property Taxes** – General ad-valorem property tax receipts from the San Bernardino County Tax Assessor were \$32.4 million. Payment of \$9.6 million of former redevelopment agencies (RDA) pass-through was received in December. Property tax receipts are budgeted based on assessed valuation projections by the County taking into account home sales, and anticipated adjustments in property tax distribution to taxing entities due to the dissolution of the redevelopment agencies in 2012.
- **Recycled Water Sales** – Recycled water direct sales were \$6.2 million for 13,269 acre feet (AF) and groundwater recharge sales were \$4.7 million for 8,830 acre feet (AF), for a combined total of \$10.9 million or 22,099 AF. Total deliveries of 35,800 AF (22,000 AF Direct and 13,800 AF Recharge) are budgeted for the fiscal year. Demand for direct use and groundwater recharge varies depending on weather patterns, water use conservation efforts, reuse supply, and recharge basin availability. A wet third quarter reduced demand for recycled water and groundwater recharge.
- **Connection Fees** – Total connection fee receipts of \$28.0 million or 104.3 percent of the year to date budget. Receipts include \$21.2 million for new regional wastewater system connections and \$6.7 million for new One Water connections. The number of new wastewater connections reported through the third quarter were 3,051 equivalent dwellings unit (EDU) compared to the annual budget of 4,000 and the member agency projection of 6,294. The total number of new water connections were 3,936 meter equivalent dwelling units (MEU) compared to the budgeted 4,700.

## TOTAL EXPENSES AND USES OF FUNDS

The Agency's total third quarter expenses and uses of funds were \$169.8 million, or 75.7 percent of the \$224.2 million year to date amended budget. Key expense variances for the third quarter ending March 31, 2020 include:

### Administrative and Operating Expenses

- ***O&M (Non-Capital) and Reimbursable Projects*** – The combined O&M and reimbursable project costs were \$11.9 million or 60.5 percent of the combined year to date budget. The favorable balance is mainly due to delays in project spending with invoices anticipated in the fourth quarter. \$1.8 million of variance is due to low spending on various fund planning documents. \$1.3 million of variance is due to the Agency-wide Roofing Replacement project, a portion of which may be capitalized. \$0.8 million of variance is due to drought related project delays.
- ***Professional Fees & Services*** – Total expenses were \$6.1 million, or 56.0 percent of the year to date budget. The positive variance can be attributed to the timing of contract services scheduled in the following quarter such as: cleaning and restoration of the Ely, Jurupa, and Declez groundwater recharge basins; repairs and calibration of critical compliance equipment and treatment process; and other contractor and consultant support for project management and administrative services.
- ***Utilities*** – Total utilities expenses were \$5.6 million or 77.0 percent of the year to date budget. This category includes the purchase of electricity from Southern California Edison (SCE) or the grid, natural gas, and cost of renewable energy generated on site from solar and wind. The favorable variance is mainly attributed to a slightly lower utility rates. Through the third quarter, the average rate for imported electricity ranged between \$0.11/kWh - \$0.12/kWh compared to the budgeted rate of \$0.12/kWh.

### Non-Operating Expenses

- ***Capital Projects*** – Total capital project expenditures year to date were \$38.3 million or 51.7 percent of the year to date budget. The favorable variance can be attributed to contractor delays, design recommendation reviews, and extended request for proposals and related contract award delays. Capital project costs related to the Regional Wastewater program through the third quarter were \$16.7 million, or 34 percent of the \$48.9 million of the annual program budget. Recycled Water program capital projects accounted for \$16.6 million, or 69.7 percent of the \$23.8 million annual program budget.

A detailed explanation of significant revenues and expenses are included in the attached Exhibit A.

## FUND BALANCES AND RESERVES

The net change of the total revenues and other funding sources over the total expenses and other uses of funds for the third quarter is an increase of \$20.2 million compared to the year-to-date budget of \$224.2 million.

Table 1 provides an overview of the fiscal year to date budget variance for revenues, expenses, and fund balance.

**Table 1: Fiscal Year and Year to Date (YTD) Revenues, Expenses, and Fund Balance (\$ Millions) Quarter Ending March 31, 2020**

Operating	FY 2019/20 Amended Budget	Budget YTD	Actual YTD	% Budget Used YTD
Operating Revenue	\$161.5	\$121.1	\$117.6	97.1%
Operating Expense	(\$175.8)	(\$131.9)	(\$113.5)	86.0%
<b>Net Operating Increase/(Decrease)</b>	<b>(\$14.3)</b>	<b>(\$10.8)</b>	<b>\$4.1</b>	
<b>Non- Operating</b>				
Non-Operating Revenue	\$125.1	\$93.8	\$72.4	77.2%
Non-Operating Expense	(\$123.1)	(\$92.3)	(\$56.3)	61.0%
<b>Net Non-Operating Incr./(Decrease)</b>	<b>\$2.0</b>	<b>\$1.5</b>	<b>\$16.1</b>	
Total Sources of Funds	\$286.6	\$214.9	\$190.0	88.4%
Total Uses of Funds	(\$298.9)	(\$224.2)	(\$169.8)	75.7%
<b>Total Net Increase/(Decrease)</b>	<b>(\$12.3)</b>	<b>(\$9.3)</b>	<b>\$20.2</b>	

## GOALS AND OBJECTIVES

Exhibit B provides information on division and related department goals and objectives and the status of each through the end of the third quarter. The goals and objective indicators are used to track the volume and complexity of work by type and to track the effort invested to accomplish that work. Staff use the performance indicators to track productivity and to justify current resource allocations, re-allocation, and requests for additional staff.

## BUDGET TRANSFERS AND AMENDMENTS

*Intra-fund O&M* budget transfers for the third quarter accounted for \$0.7 million as detailed in Exhibit C-1.

The *General Manager (GM) Contingency Account* adopted budget of \$300,000 in the Administrative Services Fund and \$100,000 was utilized as detailed in Exhibit C-2.

*Intra-fund Capital and O&M project* annual and total budget transfers accounted for \$1.9 million as listed in Exhibit D.

The budget variance analysis report is consistent with the Agency's business goal of fiscal responsibility: to demonstrate the Agency appropriately funded operational, maintenance, and capital costs.

## **IMPACT ON BUDGET**

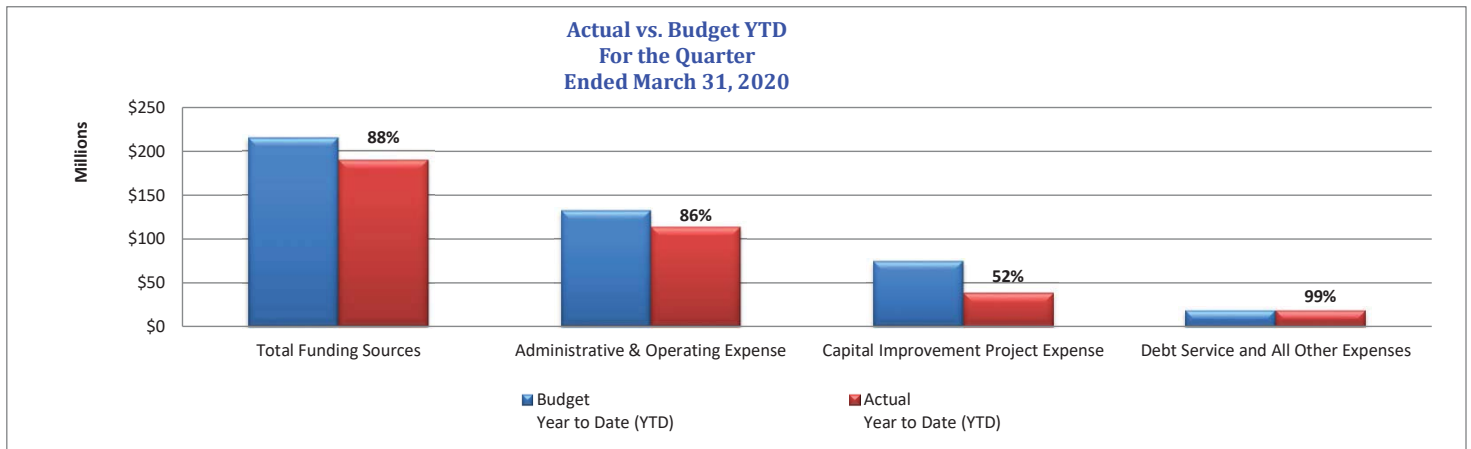
The net change of the total revenues and other funding sources over the total and other uses of funds for this quarter is an increase of \$20.2 million.



I. Actual vs. Budget Summary:

Quarter Ended March 31, 2020

	Amended Budget	Budget Year to Date (YTD)	Actual Year to Date (YTD)	Budget YTD vs. Actual	% of Budget Used YTD
Operating Revenues	\$161,505,455	\$121,129,091	\$117,557,689	(\$3,571,402)	97.1%
Non-Operating (Other Sources of Fund)	125,064,900	93,798,675	72,441,049	(21,357,626)	77.2%
<b>TOTAL FUNDING SOURCES</b>	<b>286,570,355</b>	<b>214,927,766</b>	<b>189,998,738</b>	<b>(24,929,028)</b>	<b>88.4%</b>
Administrative & Operating Expense	(175,866,653)	(131,899,991)	(113,473,729)	18,426,262	86.0%
Capital Improvement Project Expense	(98,888,091)	(74,166,068)	(38,312,058)	35,854,010	51.7%
Debt Service and All Other Expenses	(24,175,105)	(18,131,330)	(18,004,864)	126,466	99.3%
<b>TOTAL USES OF FUNDS</b>	<b>(298,929,849)</b>	<b>(224,197,389)</b>	<b>(169,790,651)</b>	<b>54,406,738</b>	<b>75.7%</b>
Surplus/(Deficit)	(\$12,359,494)	(\$9,269,623)	\$20,208,087	\$29,477,710	



## 2. Actual Revenue vs. Budget:

Quarter Ended March 31, 2020

	Amended Budget	Budget Year to Date (YTD)	Actual Year to Date (YTD)	Budget YTD vs. Actual	% of Budget Used YTD
<b>Operating Revenues:</b>					
User Charges	\$87,284,597	\$65,463,448	\$65,884,760	\$421,312	100.6%
Recycled Water Sales	18,120,000	13,590,000	10,897,790	(\$2,692,210)	80.2%
MWD Water Sales	44,724,000	33,543,000	32,567,365	(\$975,635)	97.1%
Cost Reimbursement	6,683,675	5,012,756	5,193,507	\$180,751	103.6%
Interest	4,693,183	3,519,887	3,014,267	(\$505,620)	85.6%
<b>OPERATING REVENUES</b>	<b>161,505,455</b>	<b>121,129,091</b>	<b>117,557,689</b>	<b>(3,571,402)</b>	<b>97.1%</b>
<b>Non-Operating Revenues:</b>					
Property Tax - Debt, Capital, Reserves	\$52,364,000	\$39,273,000	\$32,403,619	(\$6,869,381)	82.5%
Connection Fees	35,734,799	26,801,100	27,954,473	\$1,153,373	104.3%
Grants & Loans	32,346,086	24,259,565	9,606,022	(\$14,653,543)	39.6%
Other Revenue	4,620,015	3,465,010	2,476,935	(\$988,075)	71.5%
<b>NON-OPERATING REVENUES</b>	<b>125,064,900</b>	<b>93,798,675</b>	<b>72,441,049</b>	<b>(21,357,626)</b>	<b>77.2%</b>
<b>Total Revenues</b>	<b>\$286,570,355</b>	<b>\$214,927,766</b>	<b>\$189,998,738</b>	<b>(\$24,929,028)</b>	<b>88.4%</b>

User Charges, 100.6%	User charges were \$65.9 million, or 100.6 percent of the year to date budget. The category includes \$52.0 million monthly sewer charges based on equivalent dwelling units (EDU), \$7.8 million non-reclaimable wastewater fees paid by industrial and commercial users connected to the brine line system, and \$5.8 million of monthly meter equivalent unit charges (MEU) imposed on all potable water connections and Readiness-to-Serve Ten Year Rolling Average (RTS TYRA) charges to meet our Readiness-to-Serve obligation to Metropolitan Water District (MWD).
Property Tax/ AdValorem, 82.5%	General ad-valorem property tax receipts from the San Bernardino County Tax Assessor were \$32.4 million. Payment of \$9.6 million of former redevelopment agencies (RDA) pass-through was received in December. Property tax receipts are budgeted based on assessed valuation projections by the County taking into account home sales, and anticipated adjustments in property tax distribution to taxing entities due to the dissolution of the redevelopment agencies in 2012.
Recycled Water Sales, 80.2%	Recycled water direct sales were \$6.2 million for 13,269 acre feet (AF) and groundwater recharge sales were \$4.7 million for 8,830 acre feet (AF), for a combined total of \$10.9 million or 22,099 AF. Total deliveries of 35,800 AF (22,000 AF Direct and 13,800 AF Recharge) are budgeted for the fiscal year. Demand for direct use and groundwater recharge varies depending on weather patterns, water use conservation efforts, reuse supply, and basin availability.
Interest Income, 85.6%	Interest Income is \$2.2 million or 85.6 percent of the year to date budget. The Agency earns interest income by investing funds not immediately required for daily operations. The Agency's average portfolio yield for March 2020 was 2.19%. The budgeted interest rate assumption for FY 2019/20 is 2.5%.
MWD Water Sales, 97.1%	Total Metropolitan Water District of Southern California (MWD) pass-through imported water revenue was \$32.6 million or 97.1 percent of the year to date budget. Imported water deliveries were 47,822 AF compared to the annual budgeted quantity of 60,000 AF. High demand occurred in the first and second quarters, attributed to increased usage due to warm weather.
Connection Fees, 104.3%	Total connection fee receipts of \$28.0 million or 104.3 percent of the year to date budget. Receipts include \$21.2 million for new regional wastewater system connections and \$6.7 million for new water connections. The number of new wastewater connections reported through the third quarter were 3,051 equivalent dwellings unit (EDU) compared to the annual budget of 4,000 and the member agency projection of 6,294. The total number of new water connections were 3,936 meter equivalent dwelling units (MEU) compared to the budgeted 4,700.
Grants and Loans, 39.6%	Grant and loan receipts were \$9.6 million, or 39.6 percent of the fiscal year to date budget. \$5.5 million in State Revolving Fund (SRF) loans proceeds were received for the Napa Lateral project. The majority of remaining receipts were for Santa Ana River Conservation and Conjunctive Use, water use efficiency programs, and for the San Seavine Basin Improvement project. Grants and loan receipts are primarily reimbursable in nature and as such are dependent upon related capital project expenditures. Grant receipts consist of reimbursements from federal, state, and local programs and may contain pass-through funding for other agencies. The annual grants budget of \$13.1 million includes \$7.0 million for various recycled water optimization and lateral projects in the Recycled Water fund, \$4.8 million for Recharge Master Plan Update (RMPU) projects in the Recharge Water fund, and \$1.3 million for groundwater supply wells and the Chino Creek park in the Regional Wastewater Operations fund. The SRF loan proceeds annual budget of \$19.2 million include \$9.8 million for the RP-5 Solids Treatment and Liquid Expansion projects in the Regional Wastewater Capital fund, \$8.1 million for various recycled water optimization and lateral projects in the Recycled Water Fund, and \$1.3 million for Recharge Master Plan Update projects in the Recharge Water Fund.
Cost Reimbursements JPA, 103.6%	Total cost reimbursements were \$5.2 million or 104 percent of the year to date budget. Actuals include reimbursements of \$3.1 million from the Inland Empire Regional Composting Authority (IERCA) and \$1.1 million from Chino Basin Desalter Authority (CDA) for the Agency's operation & maintenance of the IERCA Composter and CDA Desalter facilities respectively. Also included is \$1.0 million for operations & maintenance costs related to the groundwater recharge basins, net of the Agency's pro-rata share for the recycled water recharge costs. Annual total cost reimbursement budget of \$6.7 million includes: \$4.1 million from IERCA, \$1.4 million from CDA, and \$1.2 million from Chino Basin Water Master (CBWM).
Other Revenues, 71.5%	Total other revenues and project reimbursements were \$3.5 million, or 71.5 percent of the year to date budget. Actual receipts include \$0.8 million from Chino Basin Waster Master (CBWM) for their share of the 2008B Rate Variable bond debt service and fixed project costs and \$1.2 million of miscellaneous revenues which includes the \$0.6 million easement sale to Chino Preserve development and \$0.5 million LIBOR settlement from Citibank.



### 3. Actual Operating and Capital Expense vs. Budget:

#### Quarter Ended March 31, 2020

	Amended Budget	Budget Year to Date (YTD)	Actual Year to Date (YTD)	Budget YTD vs. Actual	% of Budget Used YTD
<b>Operating Expenses:</b>					
Employment	\$51,365,894	\$38,524,422	\$36,873,629	\$1,650,793	95.7%
Admin & Operating	79,776,759	59,832,570	44,032,734	\$15,799,836	73.6%
MWD Water Purchases	44,724,000	33,543,000	32,567,365	\$975,635	97.1%
<b>OPERATING EXPENSES</b>	<b>\$175,866,653</b>	<b>\$131,899,992</b>	<b>\$113,473,728</b>	<b>\$18,426,264</b>	<b>86.0%</b>

#### Non-Operating Expenses:

Capital	98,888,091	74,166,068	38,312,058	\$35,854,009	51.7%
Debt Service and All Other Expenses	24,175,105	18,131,329	18,004,864	\$126,465	99.3%
<b>NON-OPERATING EXPENSES</b>	<b>\$123,063,196</b>	<b>\$92,297,397</b>	<b>\$56,316,923</b>	<b>\$35,980,474</b>	<b>61.0%</b>
<b>Total Expenses</b>	<b>\$298,929,849</b>	<b>\$224,197,389</b>	<b>\$169,790,651</b>	<b>\$54,406,738</b>	<b>75.7%</b>

Employment Expenses  
net of allocation to  
projects

**Employment, 95.7%**  
Employment expenses were \$36.9 million or 95.7 percent of the year to date budget. At the end of the third quarter, 262 regular positions (FTEs) were filled compared to the 286 budgeted (290 authorized) and 15 limited term positions were filled compared to the 18 budgeted positions. Recruitment of key positions as part of the Agency's succession planning effort is expected to lower the vacancy factor going forward.

Administrative &  
Operating Expenses

**Office and Administrative, 58.4%**  
Total expenses through the third quarter were \$1.1 million or 58.4 percent. The favorable variance was in part due to the inclusion of \$200 thousand for the GM contingency budget which represents eight percent of the overall category budget. The GM contingency supports unexpected costs that may arise during the fiscal year. Also contributing to the positive variance are lower advertising, office supply costs, and department training expenses.

**Professional Fees & Services, 56%**  
Total expenses were \$6.1 million, or 56.0 percent of the year to date budget. The positive variance can be attributed to the timing of contract services scheduled in the following quarter such as: cleaning and restoration of the Ely, Jurupa, and Declez basins; repairs and calibration of critical compliance equipment and treatment process; and other contractor and consultant support for project management and administrative services.

**Materials & Supplies/Leases/Contribution, 95.4%**  
Expenses through the end of third quarter were \$2.6 million or 95.4 percent of year to date budget. The majority of the category budget and actuals includes costs for operations and maintenance supplies, equipment leases, and small tools and equipment.

**Biosolids Recycling, 101.5%**  
Biosolids expenses through the end of third quarter were \$3.4 million or 101.5 percent of the year to date budget. The biosolids budget includes costs for hauling and disposal of biosolids and non-biological materials. Year to date tonnage of the Agency's biosolids generated from all its water recycling facilities shipped to IERCA was 52,160 tons with a hauling rate of \$56.00 per ton.

**Chemicals, 93.7%**  
Chemical expenses were \$3.8 million, or 93.7 percent of the year to date budget. Chemicals are essential in meeting regulatory requirements, treatment process performance goals, and sustainment of high quality recycled water. Spending on Sodium Hypochlorite was at 73% of budget and Polymer consumption was approximately 80% at the end of the third quarter. Year end consumption of these chemicals are anticipated to be within the FY budget.

**MWD Water Purchases, 97.1%**  
Total Metropolitan Water District of Southern California (MWD) pass-through imported water purchases were \$32.6 million or 97.1 percent of the year to date budget. Imported water deliveries were 47,822 AF compared to the annual budgeted quantity of 60,000 AF. High demand occurred in the first and second quarters, attributed to increased usage due to warm weather.

**Operating Fees, 97.2%**  
Total expenses were \$8.9 million or 97.2 percent of the year to date budget. The majority of the expense is non-reclaimable wastewater system (NRWS) "pass-through" fees from Sanitation District of Los Angeles County (SDLAC) and Santa Ana Watershed Project Authority (SAWPA). The category also includes \$2.3 million of MWD readiness-to-serve (RTS) obligation pass-through fees, budgeted at \$3.1 million.

**Utilities, 77%**  
Total utilities expenses were \$5.6 million or 77.0 percent of the year to date budget. This category includes the purchase of electricity from Southern California Edison (SCE) or the grid, natural gas, and purchase of renewable energy generated on site from solar and wind. The favorable variance is mainly attributed to a slightly lower utility rates. Through the third quarter, the average rate for imported electricity ranged between \$0.11/kWh - \$0.12/kWh compared to the budgeted rate of \$0.12/kWh.

**O&M and Reimbursable Projects, 62.3% and 26.2%**  
The combined O&M and reimbursable project costs were \$11.9 million or 60.5 percent of the combined year to date budget. The favorable balance is mainly due to delays in project spending with invoices anticipated in the fourth quarter. \$1.8 million of variance is due to low spending on various fund planning documents. \$1.3 million of variance is due to the Agency-wide Roofing Replacement project, a portion of which may be capitalized. \$0.8 million of variance is due to drought related project delays.

Financial Expenses	<b>Financial Expense, 98.8%</b> Total financial expenses were \$17.7 million or 98.8 percent through the end of the third quarter. Actual costs included \$13.4 million paid towards principal for the 2010A and 2017A Revenue Bonds, and State Revolving Fund (SRF) notes. Total interest and financial administration fees were \$4.3 million.
Other Expenses	<b>Other Expenses, 133%</b> Total other expenses were \$0.3 million or 133 percent of the year to date budget. The category expense includes the annual contribution-in-aid to the Santa Ana Watershed Project Authority.
Capital Expenses	<b>Capital Costs, 51.7%</b> Total capital project expenditures year to date were \$38.3 million or 51.7 percent of the year to date budget. The favorable variance can be attributed to contractor delays, design recommendation reviews, and extended request for proposals and related contract award delays. Capital project costs related to the Regional Wastewater program through the third quarter were \$16.7 million, or 34 percent of the \$48.9 million of the annual program budget. Recycled Water program capital projects accounted for \$16.6 million, or 69.7 percent of the \$23.8 million annual program budget.

**Summary of major capital and non-capital project expenses and status as of December 31, 2019**

Capital Projects		Annual Budget	Actual YTD	% of Budget Used YTD
EN17049	<b>Baseline Recycled Water Pipeline Extension</b> The project is to construct 8,200 linear feet of recycled water pipeline. Recycled water will be available for landscape irrigation by CVWD in the Village of Heritage and allow for future expansion of the City of Fontana's recycled water system to the northern area of the city. Project is currently in the construction phase.	6,030,000	5,089,906	84.4%
EN17082	<b>RP-1 Mechanical Restoration</b> The RP-1 Mechanical Restoration and Improvements Project is procuring equipment with longer delivery leadtimes than the budget process anticipated. The project will be completed in March 2021. 15% of construction has been completed for the project to date.	8,855,000	945,622	10.7%
EN19001	<b>RP-5 Liquids Treatment Expansion</b> The project will expand RP-5 liquid treatment from 15 mgd to 30 mgd. The RP-5 Expansion is under budget for the fiscal year due to the delay in bidding and construction due to COVID 19. The construction bid opening is scheduled for May with award in July 2020.	3,000,000	3,803,460	126.8%
EN19006	<b>RP-5 Solids Handling Facility</b> The construction of the RP-5 Expansion Project is scheduled to begin in Q4 of this year carrying most of the fiscal year budget. The RP-5 Expansion is under budget for the fiscal year due to the delay in bidding and construction due to COVID 19. The construction bid opening is scheduled for May with award in July 2020.	8,000,000	2,767,038	34.6%
WR15021	<b>Napa Lateral</b> Project is the design and construction of approximately 10,000 linear feet of recycled water pipeline to convey water from the existing pipeline near RP-4 to California Steel Industries and Auto Club Speedway. Project funding is a combination of grants, state loans and reimbursements. The project is currently in the acceptance and close-out phase.	5,070,496	4,878,308	96.2%
O&M & Reimbursable Projects		Annual Budget	Actual YTD	% of Budget Used YTD
FM20002	<b>Agency-Wide Roofing</b> Project is to ensure that Regional Plants and Headquarters buildings roofs are maintained in good condition or replaced if needed. An assessment for Regional Plants are currently be evaluated for repair and replacement needs. This project has been tranfered over to Engineering and will be extended into the next fiscal year.	1,481,064	129,032	8.7%
WR18005	<b>Turf Removal Rebate</b> This project supports the rebate program of \$2 per square foot for customers, residential and commercial, applying for a turf removal rebate supported by Metropolitan Water District (MWD). Invoices are expected in the fourth quarter.	915,744	215,018	23.5%
WR18028	<b>Water Bank</b> The project will conduct an evaluation to understand institutional agreements and models to be developed in order to implement and coordinate storage recovery programs within the Chino Groundwater Basin for local, regional, and statewide benefits. The region's supplemental water providers and members of the regions groundwater recharge, surface water treatment, and groundwater production facilities will work together to accomplish project goals. The project is funded equally between the Agency, Monte Vista Water District, City of Ontario, and Cucamonga Valley Water District. Project was still ongoing through the third quarter and invoices are being proccessed as they are received. Going forward, the project is on hold, so invoices beyond March will be substantially reduced.	795,342	149,302	18.8%

**INLAND EMPIRE UTILITIES AGENCY**  
**Fiscal Year 2019/20**  
**CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT**  
**Quarter Ended March 31, 2020**

	Amended Budget	Budget YTD	Actual YTD	Variance YTD	% Budget YTD Used	% Annual Budget Used
<b><u>OPERATING REVENUES</u></b>						
User Charges	\$87,284,597	\$65,463,448	\$65,884,760	\$421,312	100.6%	75.5%
Recycled Water	18,120,000	13,590,000	10,897,790	(2,692,210)	80.2%	60.1%
MWD Water Sales	44,724,000	33,543,000	32,567,365	(975,635)	97.1%	72.8%
Cost Reimbursement from JPA	6,683,675	5,012,756	5,193,507	180,750	103.6%	77.7%
Interest Revenue	4,693,183	3,519,887	3,014,267	(505,620)	85.6%	64.2%
<b>TOTAL OPERATING REVENUES</b>	<b>\$161,505,455</b>	<b>\$121,129,091</b>	<b>\$117,557,689</b>	<b>(\$3,571,403)</b>	<b>97.1%</b>	<b>72.8%</b>
<b><u>NON-OPERATING REVENUES</u></b>						
Property Tax	\$52,364,000	\$39,273,000	\$32,403,619	(\$6,869,381)	82.5%	61.9%
Connection Fees	35,734,799	26,801,100	27,954,473	1,153,373	104.3%	78.2%
Grants	13,137,244	9,852,933	2,846,283	(7,006,650)	28.9%	21.7%
SRF Loan Proceeds	19,208,842	14,406,632	6,759,739	(7,646,893)	46.9%	35.2%
Project Reimbursements	3,421,915	2,566,436	778,781	(1,787,656)	30.3%	22.8%
Other Revenue	1,198,100	898,575	1,698,154	799,579	189.0%	141.7%
<b>TOTAL NON OPERATING REVENUES</b>	<b>\$125,064,900</b>	<b>\$93,798,675</b>	<b>\$72,441,049</b>	<b>(\$21,357,628)</b>	<b>77.2%</b>	<b>57.9%</b>
<b>TOTAL REVENUES</b>	<b>\$286,570,355</b>	<b>\$214,927,766</b>	<b>\$189,998,738</b>	<b>(\$24,929,031)</b>	<b>88.4%</b>	<b>66.3%</b>
<b><u>ADMINISTRATIVE and OPERATING EXPENSES</u></b>						
<b>EMPLOYMENT EXPENSES</b>						
Wages	\$28,124,131	\$21,093,099	\$21,889,750	(\$796,652)	103.8%	77.8%
Benefits	23,241,763	17,431,322	14,983,879	2,447,444	86.0%	64.5%
<b>TOTAL EMPLOYMENT EXPENSES</b>	<b>\$51,365,894</b>	<b>\$38,524,422</b>	<b>\$36,873,629</b>	<b>\$1,650,792</b>	<b>95.7%</b>	<b>71.8%</b>
<b>ADMINISTRATIVE EXPENSES</b>						
Office & Administrative	\$2,525,941	\$1,894,456	\$1,106,770	\$787,687	58.4%	43.8%
Insurance Expenses	1,019,801	764,850	595,668	169,182	77.9%	58.4%
Professional Fees & Services	14,596,689	10,947,517	6,126,972	4,820,545	56.0%	42.0%
O&M Projects	24,969,286	18,726,965	11,660,222	7,066,742	62.3%	46.7%
Reimbursable Projects	1,254,905	941,179	246,233	694,946	26.2%	19.6%
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>\$44,366,623</b>	<b>\$33,274,967</b>	<b>\$19,735,866</b>	<b>\$13,539,102</b>	<b>59.3%</b>	<b>44.5%</b>

**INLAND EMPIRE UTILITIES AGENCY**  
**Fiscal Year 2019/20**  
**CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT**  
**Quarter Ended March 31, 2020**

	Amended Budget	Budget YTD	Actual YTD	Variance YTD	% Budget YTD Used	% Annual Budget Used
<b>OPERATING EXPENSES</b>						
Material & Supplies/Leases	\$3,687,911	\$2,765,933	\$2,638,059	\$127,875	95.4%	71.5%
Biosolids Recycling	4,423,537	3,317,653	3,368,654	(51,001)	101.5%	76.2%
Chemicals	5,401,133	4,050,849	3,795,859	254,991	93.7%	70.3%
MWD Water Purchases	44,724,000	33,543,000	32,567,365	975,635	97.1%	72.8%
Operating Fees/RTS Fees/Exp. Alloc.	12,223,533	9,167,650	8,908,661	258,989	97.2%	72.9%
Utilities	9,674,023	7,255,517	5,585,637	1,669,880	77.0%	57.7%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$80,134,136</b>	<b>\$60,100,603</b>	<b>\$56,864,233</b>	<b>\$3,236,369</b>	<b>94.6%</b>	<b>71.0%</b>
<b>TOTAL ADMINISTRATIVE and OPERATING EXPENSES</b>	<b>\$175,866,653</b>	<b>\$131,899,991</b>	<b>\$113,473,729</b>	<b>\$18,426,263</b>	<b>86.0%</b>	<b>64.5%</b>
<b><u>NON-OPERATING EXPENSES</u></b>						
<b>CAPITAL OUTLAY</b>	<b>\$98,888,091</b>	<b>\$74,166,068</b>	<b>\$38,312,058</b>	<b>\$35,854,010</b>	<b>51.7%</b>	<b>38.7%</b>
<b>FINANCIAL EXPENSES</b>						
Principal, Interest and Financial Expenditures	23,835,185	17,876,389	17,665,909	210,479	98.8%	74.1%
<b>OTHER NON-OPERATING EXPENSES</b>	<b>339,920</b>	<b>254,940</b>	<b>338,955</b>	<b>(84,015)</b>	<b>133.0%</b>	<b>99.7%</b>
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$123,063,196</b>	<b>\$92,297,398</b>	<b>\$56,316,922</b>	<b>\$35,980,474</b>	<b>61.0%</b>	<b>45.8%</b>
<b>TOTAL EXPENSES</b>	<b>\$298,929,849</b>	<b>\$224,197,389</b>	<b>\$169,790,651</b>	<b>\$54,406,737</b>	<b>75.7%</b>	<b>56.8%</b>
<b>REVENUES IN EXCESS/ (UNDER) EXPENSES</b>	<b>(\$12,359,494)</b>	<b>(\$9,269,621)</b>	<b>\$20,208,086</b>	<b>\$29,477,709</b>		

Totals may not add up due to rounding

## Business Goals Status Updates – FY 2019/20 3rd Quarter

Exhibit B

INITIATIVES DIVISION	ASSET MANAGEMENT – CMMS	CAPITAL PROJECTS	CAREER DEVELOPMENT	AGENCY SECURITY	SAP TRAINING AND ENHANCEMENTS
<b>AGENCY MANAGEMENT</b>			Staff continues to complete courses offered by Skill Soft, attend virtual seminars and cross training within the dept.		

## Business Goals Status Updates – FY 2019/20 3rd Quarter

Exhibit B

INITIATIVES	ASSET MANAGEMENT – CMMS	CAPITAL PROJECTS	CAREER DEVELOPMENT	AGENCY SECURITY	SAP TRAINING AND ENHANCEMENTS
DIVISION					
<b>EXTERNAL AFFAIRS AND POLICY DEVELOPMENT</b>		The Grants Department continues to provide support for the RP-5 Expansion (\$400M) Project by leading negotiations of federal and state loan agreements.	The Records Management (RM) Supervisor continues classes from Feith University, Liebert Cassidy Whitmore and SkillPath. Records Specialist attended the Laserfiche conference in February and continues to pursue Laserfiche System Administration III Certification. RM Specialist is also participating in the Agency's Career Management Program. RM staff continues to train new IEUA employees on RM procedures as well as training staff on how to use the Laserfiche software. Division staff continue to attend webinars, cross train within their areas, and use Skillsoft for additional courses.	The Grants Department began coordinating efforts to compile information on costs incurred due to the Agency's response to the COVID-19 pandemic, including the costs for facilities disinfection and personal protective equipment. The supporting documentation will be used to claim reimbursement from the Federal Emergency Management Agency (FEMA).	

## Business Goals Status Updates – FY 2019/20 3rd Quarter

Exhibit B

INITIATIVES DIVISION	ASSET MANAGEMENT – CMMS	CAPITAL PROJECTS	CAREER DEVELOPMENT	AGENCY SECURITY	SAP TRAINING AND ENHANCEMENTS
<b>ENGINEERING, PLANNING &amp; SCIENCE</b>	Under the asset management initiative, Engineering and Operations continue to provide ongoing support to coordinate and schedule needed condition assessment of critical processes for the purpose of planning repairs, replacement or rehabilitation. One major effort is the project to perform a comprehensive condition assessment of the Agency's sewer system and prepare an optimize maintenance and capital plan to support the ongoing life cycle of the sewer lines. Currently, proposals from an RFP are under review to select the best qualified firm to support this project. In parallel to this, a comprehensive strategic planning of the Agency's asset management program is nearing completion and will be finalized and presented by the newly created position,	As part of the Engineering and Construction Management Department's goal of providing high quality project management for the completion of Capital Improvement Projects the Department's KPIs are as follows:  3 <sup>rd</sup> Quarter Capital Spending was 64% (the amount we project as a department to spend this FY against our FY Budget. Actual vs Budget).  3 <sup>rd</sup> Quarter Actual Expenditures as a percentage of our forecasted expenditures was 71% (How accurate the department is with our capital call projections each quarter).  3 <sup>rd</sup> Quarter Design Scope Amendment ratio was 18.39%.  3 <sup>rd</sup> Quarter Change Order ratio was 6.33%	The Engineering and Construction Management Department had one monthly mentoring session during the 3rd quarter. In January, the management staff requested the interns think about various career goals and define measurable criteria necessary to achieve them. They were instructed to select two and share at the next scheduled mentoring session. Afterwards the staff conducted a roundtable discussion about what the interns learned during this period. Learning experiences included working with the ArcGIS software, writing stop notices, preparing a project summary for the Tesla battery project at RP-4 and the chance to attend an actual pre-bid job walk at RP-1.		



## Business Goals Status Updates – FY 2019/20 3rd Quarter

Exhibit B

INITIATIVES DIVISION	ASSET MANAGEMENT – CMMS	CAPITAL PROJECTS	CAREER DEVELOPMENT	AGENCY SECURITY	SAP TRAINING AND ENHANCEMENTS
	<p>the Manager of Asset Management. The study will identify needs and gaps within the Agency's program and recommend strategies to effectively implement asset management practices. Recently, two recommended tasks from the draft strategic plan have been completed: developing an AM Policy document to guide the Agency's efforts in AM and establishing a governance structure by having key leadership to support the asset management program.</p>	<p>3<sup>rd</sup> Quarter Project Costs within 110% of Total Project Budget Established in the Project Charter was 58.33%. Seven out of twelve projects that had a Notice of Completion met the goal.</p> <p><b>RP-5 Expansion Project:</b> The RP-5 Expansion Design was completed, and the project was released for bid on November 1, 2019. Staff has held workshops with the pre-qualified general contractors on December 2, 2019 and February 3, 2020 to answer questions pertaining to the project. The bid opening was delayed to May 21<sup>st</sup> due to the Coronavirus pandemic. The construction award is scheduled for July 2020</p>	<p>The Engineering and Construction Management staff conducted 1 Lesson Learned during the 3<sup>rd</sup> quarter. In April, a member of EC&amp;M staff attended CMAA: COVID-19 Webinar - A Panel Discussion on Construction, Labor, and Cal/OSHA. The staff member shared a recap of the presentation and discussed the implications of COVID-19 and how contractual obligations will be affected. The staff member also discussed safety requirements for outside contractors.</p>		

## Business Goals Status Updates – FY 2019/20 3rd Quarter

Exhibit B

INITIATIVES	ASSET MANAGEMENT – CMMS	CAPITAL PROJECTS	CAREER DEVELOPMENT	AGENCY SECURITY	SAP TRAINING AND ENHANCEMENTS
DIVISION					
<b>FINANCE &amp; ADMINISTRATION</b>					<p>Deployment of the electronic signature tool called DocuSign, which proved to be invaluable during the COVID-19 pandemic. Former paper-based approval processes have been transformed into electronic ones, improving the ease of use (i.e., ability to approve via mobile phones), visibility (i.e., see where the approval status at all time) and reduction of turnaround time of the overall approval.</p> <p>Deployment of the online W-2 forms for the previous 3 years, accessible from the Employee Self-Service website. Employees no longer need to contact HR or payroll staff and wait to obtain such document. Employees can download a copy of this document at any time.</p>

## Business Goals Status Updates – FY 2019/20 3rd Quarter

Exhibit B

INITIATIVES  DIVISION	ASSET MANAGEMENT – CMMS	CAPITAL PROJECTS	CAREER DEVELOPMENT	AGENCY SECURITY	SAP TRAINING AND ENHANCEMENTS
					<p>Collaborating with the Records Management and Operations teams, BIS deployed the online safety tailgate signup sheets using a tablet. The completed signup sheet is then stored and managed directly in the Agency’s enterprise records management system – Laserfiche.</p> <p>Collaborating with the ISS team, SAP servers are now more secured with the latest encryption protocol (TLS 1.2), elimination of unnecessary backend services (TomCat web server and BSI Client), streamlined system and payroll tax update processes, and deployment of the latest SAP desktop software (SAP GUI 760) to minimize cybersecurity exposure.</p>

## Business Goals Status Updates – FY 2019/20 3rd Quarter

Exhibit B

INITIATIVES DIVISION	ASSET MANAGEMENT – CMMS	CAPITAL PROJECTS	CAREER DEVELOPMENT	AGENCY SECURITY	SAP TRAINING AND ENHANCEMENTS
					Completed the new dashboard for IERCF, providing quick and easy access for data on energy consumption, productions and operating costs by calendar year.

## Business Goals Status Updates – FY 2019/20 3rd Quarter

Exhibit B

INITIATIVES	ASSET MANAGEMENT – CMMS	CAPITAL PROJECTS	CAREER DEVELOPMENT	AGENCY SECURITY	SAP TRAINING AND ENHANCEMENTS
DIVISION					
<b>OPERATIONS</b>	(ISS) Most servers scheduled for retirement have been completed. Some which were delayed due to supply chain issues will be finished by end of Q4. Due to COVID-19, retired laptops had to be placed back into service. Replacement with new equipment has been delayed due to supply chain issues but will be completed by the end of Q4.	(ISS) Most capital projects have been completed. Projects that remain are in the final stages of completion and will be done by end of Q4	<p>(ISS) staff have completed training on PI Enterprise Historian, Microwave communications and Cybersecurity.</p> <p>(O/M) Career Development Program continues with members from the Operations Division</p> <p>(O/M) CWEA III E/I certification test passed by James McShane</p>	(ISS) ISS has implemented intrusion prevention sensors at key points, updated firewall software, improved antivirus coverage, implemented security information and event monitoring, and cybersecurity training.	(ISS) ISS, working with BIS has updated patching and encryption on SAP servers and developed offsite disaster recovery procedures.

**Inland Empire Utilities Agency**  
**Inter-Departmental / Division Transfers FY 2019/20**  
**Budget Transfer**

Fund	Fund Name	Date	O&M Transfer From	Category	Amt Transfer Out	O&M Transfer To	Category	Amount Transfer In	Description	QTR
10200	Administrative Services	1/6/2020	511110	Office & Administration	\$665	511110	Office & Administration	\$665	The Career Management Program Graduation Lunch was expensed under the Agency Management cost center when it should have been expensed under Human Resources' cost center 122100.	3
		2/3/2020	545370	Utilities	\$8,500	519310	Operating Fees	\$8,500	Funds were budgeted incorrectly in Utilities instead of Operating Fees. These funds are for permits requirements for five cities at approximately \$500 each.	3
		2/19/2020	521010	Professional Fees & Services	\$8,500	511140	Office & Administration	\$8,500	Requesting funds for transfer to Office & Administration account to cover the new certificate requests and the scheduled renewals for Wastewater, Water, and CWEA for the current fiscal year.	3
					\$10,000	512010		\$10,000		3
		3/24/2020	512350	Office & Administration	\$7,000	512160	Materials & Supplies	\$7,000	This budget transfer is required to purchase general laboratory consumables.	3
	3/31/2020	509930	Benefits	\$75,000	520980	Professional Fees & Services	\$75,000	Details: HR requires immediate support from legal professional assistance in order to navigate the complex Emergency Sick Leave and Expanded Family and Medical Leave Act provisions of the new law, we require guidance and support from LCW.	3	
10500	Non-Reclaimable Wastewater	3/12/2020	521010	Professional Fees & Services	\$22,500	512170	Materials & Supplies	\$22,500	Increased O&M materials upgrades, costs, and replacements have exhausted the O&M budget within this fiscal year and more funds are necessary to maintain the level of service the Collections team provides throughout the year.	3
10600	Recycled Water	2/6/2020	545110	Utilities	\$25,000	512710	Materials & Supplies	\$25,000	New water flow cells and monitoring equipment needed to be purchased due to failure of existing equipment.	3
		2/7/2020	545110	Utilities	\$20,000	521080	Professional Fees & Services	\$20,000	The extensive review of recycled and groundwater rates has consumed the original budget assigned to this section of the rate study and additional budget is needed for additional review of the recycled and groundwater rates.	3
		3/24/2020	520980	Professional Fees & Services	\$15,000	512160	Materials & Supplies	\$15,000	The budget transfer is required for general lab recycled water consumables.	3
10800	Regional Wastewater Operations & Maintenance	1/23/2020	530016	Chemicals	\$174,000	530016	Chemicals	\$125,000	Transfer from North Operations to South Operations because South Ops used an outdated projected chemical use formula that does not take into account the current water quality and operational issues.	3
			530020		\$19,000	530020		\$13,000		3
			530025		\$19,000	530020		\$18,000		3
			530028		\$13,000	530024		\$45,000		3
			530024		\$34,000	530028		\$58,000		3
		2/6/2020	521050	Professional Fees & Services	\$10,000	512660	Materials & Supplies	\$20,000	Transfer to cover replacement of multiple tools were stolen from these vehicles at RP-1 and RP-4 totaling approximately \$18,000.	3
			521010		\$10,000					3
		2/6/2020	512110	Materials & Supplies	\$4,000	530039	Chemicals	\$18,000	An additional Iron Sponge change out will need to be completed this FY, but was not budgeted for.	3
			521080	Professional Fees & Services	\$14,000					3
		2/6/2020	545110	Utilities	\$250,000	520980	Professional Fees & Services	\$250,000	Transfer needed to cover the contract for Redwood split between RP-4 at 25% and IERCF at 75%. IEUA to bill IERCA after payment of bill.	3
				Total O&M Transfers Out	\$739,165		Total O&M Transfers In	\$739,165		

**Inland Empire Utilities Agency  
FY 2019/20 General Manager Contingency Account Activity  
Budget Transfer**

Date	From Expense Account	Amount Transfer Out	Receiver Fund Name	Receiver Fund Center Name	Receiver Project / Expense Account	Receiver Project / Expense Account Name	Amount Transfer In	Balance	Justification
Beginning Balance, July 1, 2019								\$300,000	
No Activity									
Balance, September 30, 2019							\$0	\$300,000	
No Activity									
Balance, December 31, 2019							\$0	\$300,000	
2/13/2020	GM Contingency	\$100,000	Groundwater Recharge	Agency Management	520230	Legal - Litigation	\$100,000		
Balance, March 31, 2020							\$100,000	\$200,000	

GM Contingency Transfers Summary by Fund	
Administrative Services program	-
Recharge Water program	\$100,000
Non-Reclaimable Wastewater program	-
Recycled Water program	-
Regional Wastewater O&M program	-
Regional Wastewater Capital program	-
Water Resources program	-
<b>Total GM Contingency Transfers</b>	<b>100,000</b>



**Inland Empire Utilities Agency**  
**Changes in Total Project Budget: Inter-Departmental/Division Capital & O&M Transfers FY 2019/20**

**Exhibit D**

Fund	Transfer Date	Project Number	Project Title	Adopted Total Project (TP) Budget	Prior TP Changes in Current FY	Amt. of Transfer In / (Out)	New TP Budget	Annual Project Budget	Annual Proj. Budget Change	New Annual Project Budget	Project Transferred To/(From)	Justification	
Capital Projects													
10200	1/8/2020	EN20021	Agency SCADA Integration with SAP	\$250,000	\$200,000	(\$4,000)	\$446,000	\$87,000	(\$4,000)	\$83,000	LB20003	An additional amount of \$4,000 is required for LB2003 for taxes, freight, and training for the Titrator Instrument.	
		LB20003	Titration	\$50,000	\$0	\$4,000	\$54,000	\$50,000	\$4,000	\$54,000	(EN20021)		
	1/27/2020	EN20021	Agency SCADA Integration with SAP	\$250,000	\$196,000	(\$82,000)	\$364,000	\$83,000	(\$82,000)	\$1,000	EN16012	Transfer is required for the capital cost associated with development and implementation of CIPO V3.0.	
		EN16012	CIPO Enhancements	\$128,000	(\$20,000)	\$82,000	\$190,000	\$0	\$82,000	\$82,000	(EN20021)		
	3/2/2020	EN20040	HQ Driveway Improvements	\$400,000	\$0	\$0	\$400,000	\$400,000	(\$110,000)	\$290,000	EN16012	CIPO V3.0 contract was awarded in November 2019, with a portion of the contract award to the Capital Project EN16012 for the initial website configuration. CIPO V3.0 EN16012 has enough Total Project Budget, however, the project needs FY Budget to finish the project configuration (design, bid and award, and close-out/asset management modules).	
		EN16012	CIPO Enhancements	\$128,000	\$62,000	\$0	\$190,000	\$82,000	\$110,000	\$192,000	(EN20040)		
Subtotal Administration (GG):				\$1,206,000			\$1,644,000	\$702,000		\$702,000			
10500	1/27/2020	EN23002	Philadelphia Lift Station Force Main Improvements	\$6,000,000	\$348,000	(\$500,000)	\$5,848,000	\$5,000,000	(\$500,000)	\$4,500,000	EN20064	Transfer to create new project, EN20064, to design and install a complete 21-inch VCP sewer bypass to the double siphon at the Cucamonga channel and 8th Street to alleviate self-cleaning of the North System North Trunk sewer.	
		EN20064	NSNT Odor Complaints Mitigation	\$0	\$0	\$500,000	\$500,000	\$0	\$500,000	\$500,000	(EN23002)		
Subtotal Non-Reclaimable Wastewater (NC):				\$6,000,000			\$6,348,000	\$5,000,000		\$5,000,000			
10600	1/27/2020	WR15021	Napa Lateral	\$6,967,717	(\$200,000)	(\$100,000)	\$6,667,717	\$5,205,496	(\$100,000)	\$5,105,496	EN20063	Transfer to create new project EN20063 to remove and replace one 30" triple offset valve for the RW 930 zone along the San Antonio channel with a double offset valve. The existing valve is not functional and must be replaced under a warranty claim.	
		EN20063	930 Zone Valve Replacement	\$0	\$0	\$100,000	\$100,000	\$0	\$100,000	\$100,000	(WR15021)		
	2/3/2020	EN22004	1158 East Reservoir Re-coating/painting	\$1,000,000	\$1,180,000	(\$430,000)	\$1,750,000	\$980,000	\$0	\$980,000	EN21004	Transfer Total Project Budget from EN22004 to EN21004. The projects were bid and awarded under one contract.This transfer will align these two project budgets per the construction contract award cost.	
		EN21004	1158 West Reservoir Re-coating/painting	\$1,000,000	\$381,000	\$430,000	\$1,811,000	\$1,380,000	\$0	\$1,380,000	(EN22004)		
	2/26/2020	WR15021	Napa Lateral	\$6,967,717	(\$300,000)	(\$35,000)	\$6,632,717	\$5,105,496	(\$35,000)	\$5,070,496	EN19029	The RP-4 Outfall Project requires a budget transfer to cover the cost of project close-out. Additional funds are needed due to a combination of a change order for unanticipated retaining walls and changes in pipe alignments, and the additional costs incurred for overnight shutdowns requested by the cities.	
		EN19029	RP-4 Outfall Pipeline Air Relief/Blow-Off	\$945,000	\$0	\$35,000	\$980,000	\$605,000	\$35,000	\$640,000	(WR15021)		
Subtotal Recycled Water (WC):				\$16,880,434			\$17,941,434	\$13,275,992		\$13,275,992			
10900	2/25/2020	EN17006	CCWRF Assets Management and Improvements	\$27,268,299	\$0	(\$465,000)	\$26,803,299	\$4,000,000	(\$465,000)	\$3,535,000	EN14019	The RP-1 Headworks Primary and Secondary Upgrades Project needs additional requested funds for internal labor to review as-builts, close out the project, and troubleshoot some faulty equipment that was installed during the project. The delay in spending was due to additional bypass pumping needed during construction to mitigate leaking gates at the Headworks.	
		EN14019	RP-1 Headworks Primary and Secondary Upgrades	\$9,750,000	\$0	\$465,000	\$10,215,000	\$15,000	\$465,000	\$480,000	(EN17006)		
Subtotal Regional Capital (RC):				\$37,018,299			\$37,018,299	\$4,015,000		\$4,015,000			
				Capital Total Project Budget				Total Annual Capital Budget					
				Adopted				Adopted					
				\$61,104,733				\$22,992,992					

**Inland Empire Utilities Agency**

**Exhibit D**

**Changes in Total Project Budget: Inter-Departmental/Division Capital & O&M Transfers FY 2019/20**

Fund	Transfer Date	Project Number	Project Title	Adopted Total Project (TP) Budget	Prior TP Changes in Current FY	Amt. of Transfer In / (Out)	New TP Budget	Annual Project Budget	Annual Proj. Budget Change	New Annual Project Budget	Project Transferred To/(From)	Justification
O&M Projects												
10600	3/24/2020	EN20036	WC On-Call/Small Projects FY 19/20	\$150,000	\$0	\$50,000	\$200,000	\$30,000	\$50,000	\$80,000	(O&M: 520980)	Transfer \$50,000 from the Engineering and Construction Management Professional Fees and Services Account to fund the installation of the new manways on the carpenter recycled water line. These manways are needed for a CCTV crew to come in and inspect the line.
Subtotal Recycled Water (WC):				\$150,000			\$200,000	\$30,000		\$80,000		
10700	2/4/2020	WR20027	Urban Water Management Plan 2020	\$750,000	\$0	(\$100,000)	\$650,000	\$750,000	(\$100,000)	\$650,000	PL20002	A budget transfer for a total of \$200,000 is required to fund the new project PL20002 - Land Use Demand Model 2020.
		PL20002	Land Use Demand Model 2020	\$0	\$0	\$100,000	\$100,000	\$0	\$100,000	\$100,000	(WR20027)	
	2/4/2020	WR16025	WW Planning Documents	\$2,145,387	\$1,550,874	(\$100,000)	\$3,596,261	\$862,044	(\$100,000)	\$762,044	PL20002	A budget transfer for a total of \$200,000 is required to fund the new project PL20002 - Land Use Demand Model 2020.
		PL20002	Land Use Demand Model 2020	\$0	\$0	\$100,000	\$100,000	\$100,000	\$100,000	\$200,000	(WR16025)	
Subtotal Water Resources (WW):				\$2,895,387			\$4,446,261	\$1,712,044		\$1,712,044		
10800	3/3/2020	EP17005	Agency-Wide Condition Assessment	\$329,000	\$0	\$0	\$329,000	\$251,250	(\$100,000)	\$151,250	EN19023	Transfer FY Budget only from EP17005 to EN19023. The budget transfer is required due to recent incidents with loose manhole covers on Haven Avenue has resulted in scheduling earlier condition assessment efforts than planned in order to investigate causes and maintain public safety.
		EN19023	Asset Managment Planning Document	\$7,500,000	\$0	\$0	\$7,500,000	\$150,000	\$100,000	\$250,000	(EP17005)	
	3/3/2020	EP17005	Agency-Wide Condition Assessment	\$329,000	\$0	\$0	\$329,000	\$151,250	(\$100,000)	\$51,250	EN19024	Transfer FY Budget only from EP17005 to EN19024. The budget transfer is required due to recent incidents with loose manhole covers on Haven Avenue has resulted in scheduling earlier condition assessment efforts than planned in order to investigate causes and maintain public safety.
		EN19024	Collection System Asset Management	\$1,250,000	\$0	\$0	\$1,250,000	\$250,000	\$100,000	\$350,000	(EP17005)	
Subtotal Regional Operations (RO):				\$9,408,000			\$9,408,000	\$802,500		\$802,500		
				O&M Total Project Budget			Total Annual O&M Project Budget					
				Adopted			Amended	Adopted		Amended		
				\$12,453,387			\$14,054,261	\$2,544,544		\$2,594,544		

<b>Total TP Capital and O&amp;M Project Transfers:</b>	<b>\$1,866,000</b>
<b>Total Project Budget Change - Capital:</b>	<b>\$1,847,000</b>
<b>Total Project Budget Change - O&amp;M Proj:</b>	<b>\$1,600,874</b>
<b>Total Project Budget - Net Change:</b>	<b>\$3,447,874</b>

# FY 2019/20 Budget Variance Report

## 3<sup>rd</sup> Quarter Ended March 31, 2020



# FY 2019/20 3<sup>rd</sup> Quarter Ending March 31, 2020

(\$ Millions)

	Amended Budget	Budget YTD*	Actual YTD*	% Budget Used YTD
Total Sources of Funds	\$286.6	\$214.9	\$190.0	88.4%
Total Uses of Funds	298.9	224.2	169.8	75.7%
<b>Net Increase/(Decrease)</b>	<b>(\$12.3)</b>	<b>(\$9.3)</b>	<b>\$20.2</b>	

\*YTD – Year to Date

## Highlights

- Total Sources of Funds were below the year to date budget by ~12%
- Total Uses of Funds were below YTD budget by ~24%
- Estimated net increase of \$20.2 million to fund balance, higher than the budgeted decrease of \$9.3 million year to date

# FY 2019/20 3<sup>rd</sup> Quarter Ending March 31, 2020

(\$ Millions)

Sources of Funds	Amended Budget	Budget YTD*	Actual YTD*	% Budget Used YTD
<b>Operating Revenue</b>				
User Charges	\$87.3	\$65.5	\$65.9	100.6%
Recycled Water Sales	18.1	13.6	10.9	80.2%
MWD Imported Water Sales	44.7	33.5	32.6	97.1%
Other Operating Revenues*	11.4	8.5	8.2	96.2%
<b>Total Operating Revenues</b>	<b>\$161.5</b>	<b>\$121.1</b>	<b>\$117.6</b>	<b>97.1%</b>

Note: Totals may vary from values due to rounding.

\* Other Operating Revenue includes contract cost reimbursements and interest revenue

## Highlights

- A wet third quarter reduced demand for recycled water and groundwater recharge.
- Metropolitan Water District (MWD) imported water sales high during first and second quarters due to warm weather and dipped in third quarter due to wet winter.

# FY 2019/20 3<sup>rd</sup> Quarter Ending March 31, 2020

(\$ Millions)

Sources of Funds	Amended Budget	Budget YTD*	Actual YTD*	% Budget Used YTD
<b>Non-Operating Revenue</b>				
Property Tax	\$52.4	\$39.3	\$32.4	82.5%
Connection Fees	35.7	26.8	28.0	104.3%
Grants & Loans	32.3	24.3	9.6	39.6%
Other Non-Operating Revenues*	4.6	3.5	2.5	71.5%
<b>Total Non-Operating Revenues</b>	<b>\$125.1</b>	<b>\$93.8</b>	<b>\$72.4</b>	<b>77.2%</b>
<b>Total Operating Revenues</b>	<b>161.5</b>	<b>121.1</b>	<b>117.6</b>	<b>97.1%</b>
<b>Total Sources of Funds</b>	<b>\$286.6</b>	<b>\$214.9</b>	<b>\$190.0</b>	<b>88.4%</b>

Note: Totals may vary from values due to rounding.

\* Other Non-Operating revenues includes project reimbursements, lease revenue, and miscellaneous sales

## Highlights

- Property tax receipts began in November 2019. In FY 2018/19, 42 percent of receipts occurred in the fourth quarter.
- New connections reported YTD:
  - 3,051 Equivalent Dwelling Units (EDU) – budgeted at 4,000 (projected 6,294)
  - 3,936 Meter Equivalent Units (MEU) – budgeted at 4,700
- Grant and loan receipts are primarily reimbursable and dependent upon related capital project expenditures.



# FY 2019/20 3<sup>rd</sup> Quarter Ending March 31, 2020

(\$ Millions)

Uses of Funds	Amended Budget	Budget YTD*	Actual YTD*	% Budget Used YTD
<b>Operating Expense</b>				
Employment Expense (net of allocation to projects)	\$51.4	\$38.5	\$36.9	95.7%
Professional Fees & Services	14.6	10.9	6.1	56.0%
Utilities	9.7	7.3	5.6	77.0%
MWD Water Purchases	44.7	33.5	32.6	97.1%
O&M and Reimb. Project Exp.	26.2	19.7	11.9	60.5%
Other Operating Expenses*	29.3	22.0	16.6	75.5%
<b>Total Operating Expense</b>	<b>\$175.8</b>	<b>\$131.9</b>	<b>\$113.5</b>	<b>86.0%</b>

## Highlights

- Professional fees & services below YTD Budget due to timing of scheduled contract services
- O&M and Reimbursement Projects below budget due to lower spending for conservation, planning, and emergency projects.

Note: Totals may vary from values due to rounding.

\* Other operating expense includes operating fees, chemicals, biosolids recycling, materials & supplies and office & administrative expenses



# FY 2019/20 3<sup>rd</sup> Quarter Ending March 31, 2020

(\$ Millions)

Uses of Funds	Amended Budget	Budget YTD*	Actual YTD*	% Budget Used YTD
<b>Non-Operating Expense</b>				
Capital Projects	\$98.9	\$74.2	\$38.3	51.7%
Financial Expense	23.8	17.9	17.7	98.8%
Other Non-Operating Expense*	0.3	0.3	0.3	133.0%
<b>Total Non-Operating Expense</b>	<b>\$123.1</b>	<b>\$92.3</b>	<b>\$56.3</b>	<b>61.0%</b>
<b>Total Operating Expense</b>	<b>175.8</b>	<b>131.9</b>	<b>113.5</b>	<b>86.0%</b>
<b>Total Uses of Funds</b>	<b>\$298.9</b>	<b>\$224.2</b>	<b>\$169.8</b>	<b>75.7%</b>

Note: Totals may vary from values due to rounding.

\* Other Non-Operating Expense includes Santa Ana Watershed Project Authority (SAWPA) member contributions and other miscellaneous expense

## Highlights

- Total capital project expenditures below budget due to scope changes and bidding, permitting, and contractor delays
- Financial expense includes payment of principal and interest payments for the 2010A and 2017A Revenue Bond and various State Revolving Fund loans

# Questions



The Budget Variance Analysis report is consistent with the Agency's business goal of fiscal responsibility to ensure actual revenues and expenditures are consistent with those approved by the Board of Directors.

**INFORMATION  
ITEM  
3C**

**Date:** June 17, 2020

**To:** The Honorable Board of Directors

**From:** Shivaji Deshmukh, General Manager *SSD*

**Committee:** Finance & Administration

06/10/20

**Executive Contact:** Christina Valencia, Executive Manager of Finance & Administration/AGM

**Subject:** Treasurers Report of Financial Affairs

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**Executive Summary:**

The Treasurer's Report of Financial Affairs for the month ended April 30, 2020 is submitted in a format consistent with the State requirement.

For the month of April 2020, total cash, investments, and restricted deposits of \$287,926,465 reflects an increase of \$17,857,270 compared to the total of \$270,069,195 reported for March 2020. The increase was primarily due to property tax receipts of \$13.6 million and increases in restricted deposits balance. As a result, the average days cash on hand for the month ended April 2020 increased from 233 days to 256 days.

The unrestricted Agency investment portfolio yield in April 2020 was 2.031 percent, a decrease of 0.155 percent compared to the March 2020 yield of 2.186 percent. The slight decrease in overall yield is mainly attributed to a decrease in the yield of the Local Agency Investment Fund (LAIF) and California Asset Management Program (CAMP) accounts as a result of the current economic climate and overall declining interest rate environment.

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**Staff's Recommendation:**

The Treasurer's Report of Financial Affairs for the month ended April 30, 2020 is an information item for the Board of Director's review.

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**Budget Impact** *Budgeted (Y/N):* N *Amendment (Y/N):* N *Amount for Requested Approval:*

*Account/Project Name:*

*Fiscal Impact (explain if not budgeted):*

**Prior Board Action:**

On May 20, 2020, the Board of Directors approved the Treasurer's Report of Financial Affairs for the month ended March 31, 2020.

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**Environmental Determination:**

Not Applicable

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**Business Goal:**

The Treasurer's Report of Financial Affairs is consistent with the Agency's Business Goal of Fiscal Responsibility in providing financial reporting that accounts for cash and investment activities to fund operating requirements and to optimize investment earnings.

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**Attachments:**

Attachment 1 - Background

Attachment 2 - PowerPoint

Attachment 3 - Treasurer's Report of Financial Affairs

## Background

Subject: Treasurer's Report of Financial Affairs

The Treasurer's Report of Financial Affairs for the month ended April 30, 2020 is submitted in a format consistent with State requirements. The monthly report denotes investment transactions that have been executed in accordance with the criteria stated in the Agency's Investment Policy (Resolution No. 2020-4-3).

Agency total cash, investments, and restricted deposits for the month of April 2020 was \$287.9 million, an increase of \$17.8 million from the \$270.1 million reported for the month ended March 2020. The increase was primarily due to property tax receipts and an increase in restricted deposits, mainly the capital capacity reimbursement account and debt service funds held by fiscal agents.

During April, interest rates continue to remain relatively low. Due to the uncertainties associated with economic recovery, PFM maintained neutral portfolio durations, while increasing investments in federal agencies which provide less credit risk and better liquidity than other sectors.

Table 1 represents the unrestricted Agency investment portfolio, by authorized investment and duration, with a total portfolio amount of \$149.7 million. The Agency portfolio excludes cash and restricted deposits in the amount of \$138.2 million held by member agencies and with fiscal agents.

**Table 1: Agency Portfolio**

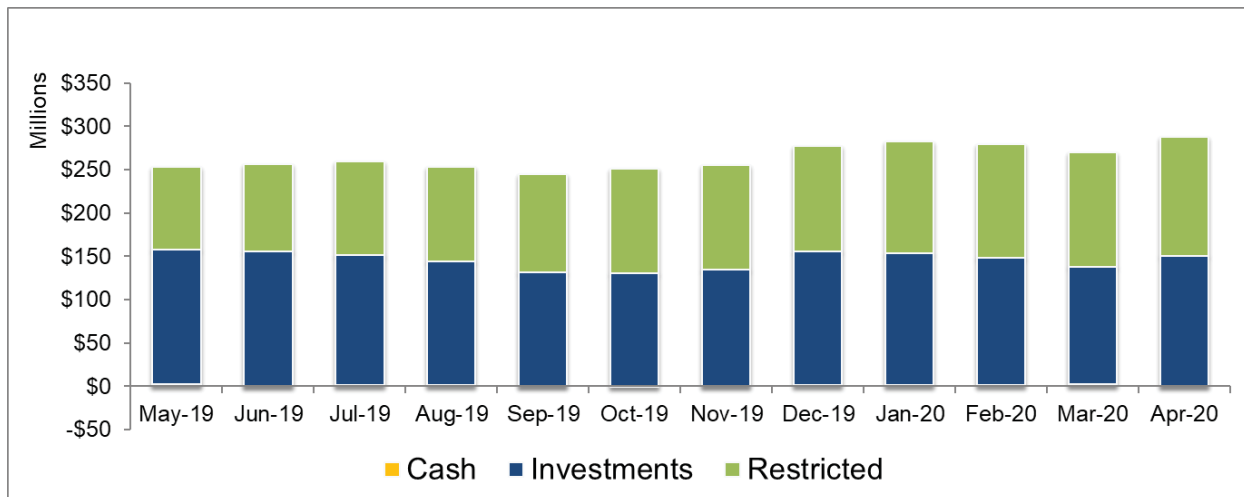
Authorized Investments	Allowable Threshold (\$ million or %)	Investment Value as of April 30, 2020 (\$ million)				Average Yield %	Portfolio% (Unrestricted)
		Under 1 Year	1-3 Years	Over 3 Years	Total		
LAIF*- Unrestricted	\$75	\$37.0	\$0	\$0	\$37.0	1.648%	24.74%
CAMP** – Unrestricted	n/a	12.5			12.5	0.980%	8.37%
Citizens Business Bank – Sweep	40%	6.0			6.0	0.500%	3.97%
<b>Sub-Total Agency Managed</b>		<b>\$55.5</b>	<b>\$0</b>	<b>\$0</b>	<b>\$55.5</b>	<b>1.37%</b>	<b>37.09%</b>
Brokered Certificates of Deposit	30%	\$3.0	\$2.5	\$0	\$5.5	2.747%	3.68%
Medium Term Notes	30%	0.2	12.1	4.5	16.8	2.836%	11.21%
US Treasury Notes	n/a		23.8	20.2	44.0	2.388%	29.37%
US Gov't Securities	n/a	7.5	8.0	12.4	27.9	2.153%	18.66%
<b>Sub-Total PFM Managed</b>		<b>\$10.7</b>	<b>46.4</b>	<b>37.1</b>	<b>94.2</b>	<b>2.42%</b>	<b>62.91%</b>
<b>Total</b>		<b>\$66.2</b>	<b>\$46.4</b>	<b>\$37.1</b>	<b>\$149.7</b>	<b>2.031%</b>	<b>100.0%</b>

\*LAIF – Local Agency Investment Fund

\*\*CAMP – California Asset Management Program

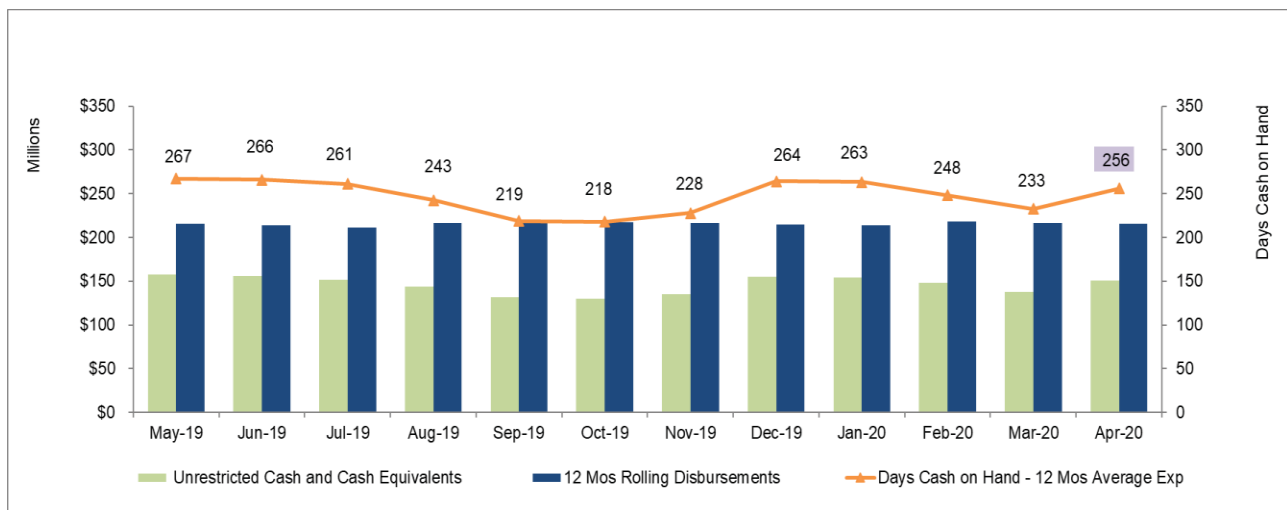
+/- due to rounding

**Figure 1: Cash, Investments, and Restricted Deposits**



Average days cash on hand is calculated using the monthly ending balance of unrestricted cash and cash equivalents divided by disbursements associated with operating expenses, debt service, and capital expenditures as recorded in the Agency's cash flow. The average days cash on hand for the month ended April 2020 increased from 233 days to 256 days as shown in Figure 2.

**Figure 2: Days Cash on Hand – 12 Month Rolling Average**



Monthly cash and investment summaries are available on the Agency's website at:  
<https://www.ieua.org/fy-2019-20-cash-and-investment-summary/>



# Treasurer's Report of Financial Affairs for Month Ended April 30, 2020



# Agency Liquidity

- Increase in agency total investment primarily due to property tax receipts of \$13.6 million and increases in the Capital Capacity Reimbursement Account (CCRA) account balance.
- Slight decrease in overall yield continues due to the current economic climate. Decreases in Local Agency Investment Fund and California Asset Management Program yields account for the Agency's declining interest rate.

Description	April (\$ million)	March (\$ million)	Increase/ (Decrease) (\$ million)
Investment Portfolio	\$149.7	\$135.4	\$14.3
Cash and Restricted Deposits	\$138.2	\$134.7	\$3.5
<b>Total Investments, Cash, and Restricted Deposits</b>	<b>\$287.9</b>	<b>\$270.1</b>	<b>\$17.8</b>
Investment Portfolio Yield	2.031%	2.168%	(0.155%)
Weighted Average Duration (Years)	1.09	1.15	(0.6)
Average Cash on Hand (Days)	256	233	23

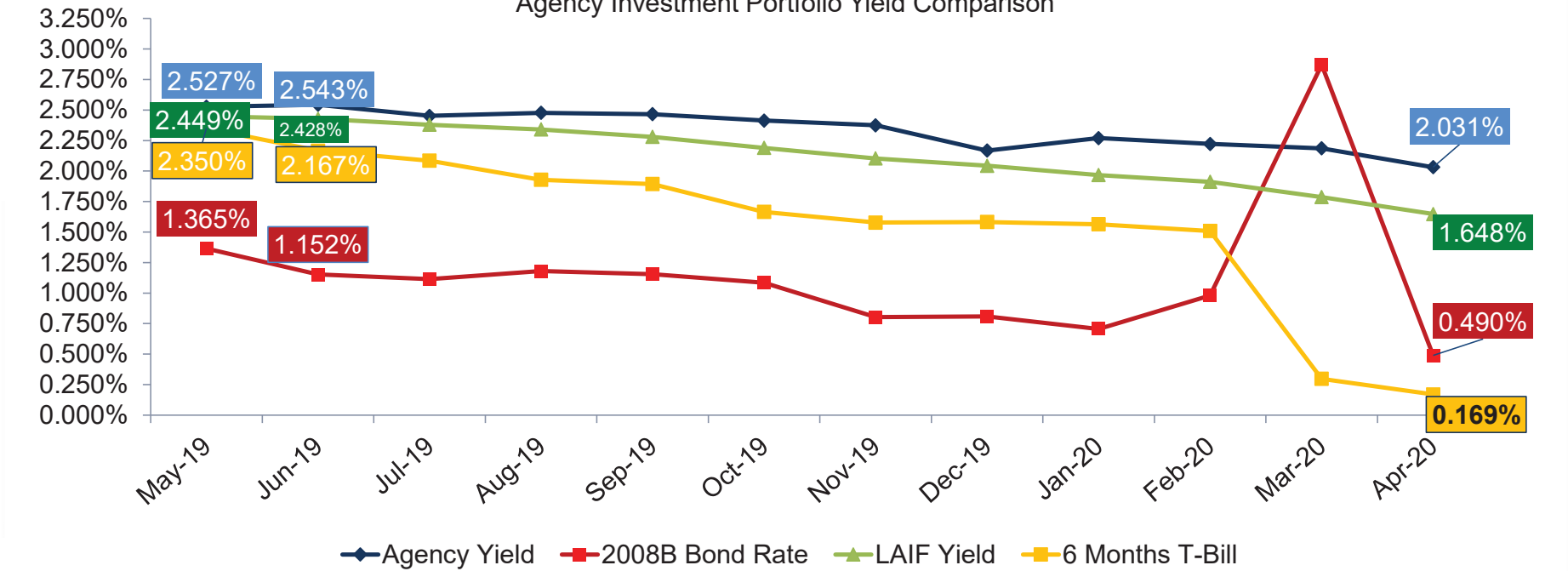
Monthly cash and investment summaries available at <https://www.ieua.org/read-our-reports/cash-and-investment/>

# Agency Investment Position

Authorized Investments	Allowable Threshold (\$ million or %)	Under 1 Year	1 – 3 Years	Over 3 Years	Total	Average Yield %	Portfolio % (Unrestricted)
Local Agency Investment Fund	\$75	\$37.0	\$0	\$0	\$37.0	1.65%	24.7%
California Asset Management Program	n/a	12.5	-	-	12.5	0.98	8.4
Citizens Business Bank – Sweep	40%	6.0	-	-	6.0	0.50	4.0
<b>Sub-Total Agency Managed</b>		<b>\$55.5</b>	<b>\$0</b>	<b>\$0</b>	<b>\$55.5</b>	<b>1.37%</b>	<b>37.1%</b>
Brokered Certificates of Deposit (CD)	30%	\$3.0	\$2.5	\$0	\$5.5	2.75%	3.7%
Medium Term Notes	30%	0.2	12.1	4.5	16.8	2.84	11.2
US Treasury Notes	n/a	-	23.8	20.2	44.0	2.39	29.4
US Government Securities	n/a	7.5	8.0	12.4	27.9	2.15	18.7
<b>Sub-Total PFM Managed</b>		<b>\$10.7</b>	<b>\$46.4</b>	<b>\$37.1</b>	<b>\$94.2</b>	<b>2.42%</b>	<b>62.9%</b>
<b>Total</b>		<b>\$66.2</b>	<b>\$46.4</b>	<b>\$37.1</b>	<b>\$149.7</b>	<b>2.03%</b>	<b>100.0%</b>

# Portfolio Yield Comparison

Inland Empire Utilities Agency  
Treasurer's Report of Financial Affairs  
Month Ended April 30, 2020  
Agency Investment Portfolio Yield Comparison



# Questions



The Treasurer's Report of Financial Affairs is consistent with the Agency's business goal of fiscal responsibility.

## TREASURER'S REPORT OF FINANCIAL AFFAIRS

For the Month Ended April 30, 2020



All investment transactions have been executed in accordance with the criteria stated in the Agency's Investment Policy (Resolution No. 2020-4-3) adopted by the Inland Empire Utilities Agency's Board of Directors during its regular meeting held on April 15, 2020.

The funds anticipated to be available during the next six-month period are expected to be sufficient to meet all foreseen expenditures during the period.

\* A Municipal Water District

**INLAND EMPIRE UTILITIES AGENCY**  
**Cash and Investment Summary**

Month Ended  
April 30, 2020

	April	March	Variance
<b><u>Cash, Bank Deposits, and Bank Investment Accounts</u></b>	\$826,958	\$2,312,540	(\$1,485,582)
<b><u>Investments</u></b>			
<b>Agency Managed</b>			
Citizens Business Bank (CBB) Repurchase (Sweep)	\$5,949,646	\$5,829,339	\$120,307
Local Agency Investment Fund (LAIF)	37,030,616	23,898,080	\$13,132,536
California Asset Management Program (CAMP)	12,533,207	12,523,140	\$10,067
<b>Total Agency Managed Investments</b>	55,513,469	42,250,559	\$13,262,910
<b>PFM Managed</b>			
Certificates of Deposit	\$5,514,922	\$5,514,951	(\$29)
Medium Term Notes	16,776,567	16,771,889	\$4,678
U.S. Treasury Notes	43,961,206	46,100,540	(\$2,139,334)
U.S. Government Sponsored Entities	27,925,165	24,734,772	\$3,190,393
<b>Total PFM Managed Investments</b>	94,177,860	93,122,152	\$1,055,708
<b>Total Investments</b>	\$149,691,329	\$135,372,711	\$14,318,618
<b>Total Cash and Investments Available to the Agency</b>	\$150,518,287	\$137,685,251	\$12,833,036
<b><u>Restricted Deposits</u></b>			
CAMP Water Connection Reserve	\$21,629,380	\$21,038,338	\$591,042
LAIF Self Insurance Reserve	6,561,244	6,525,056	\$36,188
Debt Service Accounts	4,075,392	2,633,042	\$1,442,350
Capital Capacity Reimbursement Account (CCRA) Deposits Held by Member Agencies**	87,688,117	85,720,511	\$1,967,606
California Employers' Retirement Benefit Trust Account - CERBT (Other Post Employment Benefits - OPEB)	17,249,831	16,278,198	\$971,633
Escrow Deposits	204,214	188,799	\$15,415
<b>Total Restricted Deposits</b>	\$137,408,178	\$132,383,944	\$5,024,234
<b>Total Cash, Investments, and Restricted Deposits</b>	<b>\$287,926,465</b>	<b>\$270,069,195</b>	<b>\$17,857,270</b>

\*\*Total reported as of March 2020



**INLAND EMPIRE UTILITIES AGENCY**  
**Cash and Investment Summary**

Month Ended  
April 30, 2020

**Cash, Bank Deposits, and Bank Investment Accounts**

CBB Demand Account (Negative balance offset by CBB Sweep Balance)	\$208,063
CBB Payroll Account	-
CBB Workers' Compensation Account	113,397
Subtotal Demand Deposits	<u>\$321,460</u>

**Other Cash and Bank Accounts**

Petty Cash	\$2,250
Subtotal Other Cash	<u>\$2,250</u>

**US Bank Pre-Investment Money Market Account**

\$503,248

***Total Cash and Bank Accounts***

**\$826,958**

**Unrestricted Investments**

**CBB Repurchase (Sweep) Investments**

Freddie Mac	\$5,133,415
Fannie Mae	816,231
Subtotal CBB Repurchase (Sweep)	<u>\$5,949,646</u>

**Local Agency Investment Fund (LAIF)**

LAIF Fund	\$37,030,616
Subtotal Local Agency Investment Fund	<u>\$37,030,616</u>

**California Asset Management Program (CAMP)**

Short Term	\$12,533,207
Subtotal CAMP	<u>\$12,533,207</u>

**Subtotal Agency Managed Investment Accounts**

**\$55,513,469**

**INLAND EMPIRE UTILITIES AGENCY**  
**Cash and Investment Summary**

Month Ended  
April 30, 2020

**Unrestricted Investments Continued**

**Brokered Certificates of Deposit**

Brokered Certificates of Deposit	\$5,514,922
Subtotal Brokered Certificates of Deposit	<u>\$5,514,922</u>

**Medium Term Notes**

Hershey Company	334,920
American Honda Finance	787,795
UnitedHealth Group Inc	750,635
Toyota Motor	1,190,254
Bank of NY Mellon	2,770,379
American Express	793,118
Walt Disney Company	807,261
Paccar Financial Corp	929,661
Visa Inc	809,074
Bank of America	783,148
Oracle Corporation	1,402,066
Amazon Inc	928,437
Burlington North Santa Fe Corp	794,620
Pfizer Inc	1,272,827
Walmart Inc	1,485,706
Walt Disney Company	<u>936,666</u>
Subtotal Medium Term Notes	<u>\$16,776,567</u>

**INLAND EMPIRE UTILITIES AGENCY**  
**Cash and Investment Summary**

Month Ended  
April 30, 2020

**Unrestricted Investments Continued**

**U.S. Treasury Notes**

Treasury Note	\$43,961,206
Subtotal U.S. Treasury Notes	<u>\$43,961,206</u>

**U.S. Government Sponsored Entities**

Fannie Mae Bank	14,077,590
Freddie Mac Bank	8,671,470
Federal Home Loan Bank	<u>5,176,105</u>
Subtotal U.S. Government Sponsored Entities	\$27,925,165

<b>Subtotal PFM Managed Investment Accounts</b>	<b><u>\$94,177,860</u></b>
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<b><i>Total Investments</i></b>	<b><u>\$149,691,329</u></b>
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**Restricted Deposits**

**Investment Pool Accounts**

CAMP -Water Connection Reserves	\$21,629,380
LAIF - Self Insurance Fund Reserves	<u>6,561,244</u>
Subtotal Investment Pool Accounts	\$28,190,624

**Debt Service**

2008B Debt Service Accounts	\$2,633,737
2010A Debt Service Accounts	3
2017A Debt Service Accounts	<u>1,441,652</u>
Subtotal Debt Service	\$4,075,392

**INLAND EMPIRE UTILITIES AGENCY**  
**Cash and Investment Summary**

Month Ended  
April 30, 2020

**Restricted Deposits Continued**

**CCRA Deposits Held by Member Agencies**

City of Chino	\$13,817,004
Cucamonga Valley Water District	12,750,634
City of Fontana	13,337,907
City of Montclair	3,844,930
City of Ontario	30,461,065
City of Chino Hills	6,692,350
City of Upland	6,784,227
Subtotal CCRA Deposits Held by Member Agencies**	<u>\$87,688,117</u>

\*\*Total reported as of March 2020

**CalPERS**

CERBT Account (OPEB)	<u>\$17,249,831</u>
Subtotal CalPERS Accounts	\$17,249,831

**Escrow Deposits**

Stanek Construction	<u>\$204,214</u>
Subtotal Escrow Deposits	\$204,214

<b><i>Total Restricted Deposits</i></b>	<u><u>\$137,408,178</u></u>
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<b><i>Total Cash, Investments, and Restricted Deposits as of April 30, 2020</i></b>	<u><u>\$287,926,465</u></u>
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Total Cash, Investments, and Restricted Deposits as of 4/30/2020	\$287,926,465
Less: Total Cash, Investments, and Restricted Deposits as of 3/31/20	<u>270,069,195</u>

<b><i>Total Monthly Increase (Decrease)</i></b>	<u><u>\$17,857,270</u></u>
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**INLAND EMPIRE UTILITIES AGENCY****Cash and Investment Summary**Month Ended  
April 30, 2020

	Par	Cost Basis	Term	April	% Coupon	% Yield to Maturity	Maturity	Market
	Amount	Amount	(Days)	Value		Date	Value	
<b><u>Cash, Bank Deposits, and Bank Investment Accounts</u></b>								
<b>Citizens Business Bank (CBB)</b>								
Demand Account	\$208,063	\$208,063	N/A	\$208,063		N/A	N/A	\$208,063
Payroll Checking	0	0	N/A	0		N/A	N/A	0
Workers' Compensation Account	113,397	113,397	N/A	113,397		N/A	N/A	113,397
Subtotal CBB Accounts	\$321,460	\$321,460		\$321,460				\$321,460
<b>US Bank (USB)</b>								
Custodial Money Market <i>(Investment Mgmt.)</i>	\$96,669	\$96,669	N/A	\$96,669		0.01%	N/A	\$96,669
Custodial Money Market <i>(Debt Service)</i>	406,579	406,579	N/A	406,579		0.01%	N/A	406,579
Subtotal USB Account	\$503,248	\$503,248		\$503,248		0.01%		\$503,248
Petty Cash	\$2,250	\$2,250	N/A	\$2,250		N/A	N/A	\$2,250
<b>Total Cash, Bank Deposits and Bank Investment Accounts</b>	<b>\$826,958</b>	<b>\$826,958</b>		<b>\$826,958</b>				<b>\$826,958</b>
<b><u>Investments</u></b>								
<b>CBB Daily Repurchase (Sweep) Accounts</b>								
Freddie Mac	\$5,133,415	\$5,133,415	N/A	\$5,133,415		0.50%	N/A	\$5,133,415
Fannie Mae	816,231	816,231	N/A	816,231		0.50%	N/A	816,231
Subtotal CBB Repurchase Accounts	\$5,949,646	\$5,949,646		\$5,949,646		0.50%		\$5,949,646
<b>LAIF Accounts</b>								
Non-Restricted Funds	\$37,030,616	\$37,030,616	N/A	\$37,030,616		1.648%	N/A	\$37,030,616
Subtotal LAIF Accounts	\$37,030,616	\$37,030,616		\$37,030,616		1.648%		\$37,030,616
<b>CAMP Accounts</b>								
Non-Restricted Funds	\$12,533,207	\$12,533,207	N/A	\$12,533,207		0.98%	N/A	\$12,533,207
Subtotal CAMP Accounts	\$12,533,207	\$12,533,207		\$12,533,207		0.98%		\$12,533,207
<b>Subtotal Agency Managed Investment Accounts</b>	<b>\$55,513,469</b>	<b>\$55,513,469</b>		<b>\$55,513,469</b>		<b>1.37%</b>		<b>\$55,513,469</b>
<b>Brokered Certificates of Deposit (CDs)</b>								
Bank of Nova Scotia Houston	\$1,410,000	\$1,409,464	729	\$1,409,922	3.08%	3.10%	06/05/20	\$1,413,181
Bank of Montreal Chicago	1,400,000	1,400,000	731	1,400,000	3.19%	3.19%	08/03/20	1,409,768
Synchrony Bank	240,000	240,000	1827	240,000	2.25%	2.25%	10/02/20	241,633
Royal Bank of Canada NY	815,000	815,000	1095	815,000	3.24%	3.24%	06/07/21	835,073
Societe Generale NY	935,000	935,000	726	935,000	1.80%	1.80%	02/14/22	930,493
DNB Bank ASA NY	715,000	715,000	1092	715,000	2.04%	2.03%	12/02/22	730,646
Subtotal Brokered CDs	\$5,515,000	\$5,514,464		\$5,514,922		2.75%		\$5,560,794

**INLAND EMPIRE UTILITIES AGENCY****Cash and Investment Summary**Month Ended  
April 30, 2020

	Par	Cost Basis	Term	April	% Coupon	% Yield to Maturity	Maturity	Market
	Amount	Amount	(Days)	Value			Date	Value
<u>Investments (continued)</u>								
US Treasury Note								
US Treasury Note	1,541,000	1,529,984	838	1,535,413	2.125%	2.45%	06/30/21	1,575,673
US Treasury Note	2,615,000	2,588,543	1201	2,604,955	2.250%	2.57%	07/31/21	2,682,009
US Treasury Note	580,000	567,426	1202	574,267	2.000%	2.69%	10/31/21	595,588
US Treasury Note	2,555,000	2,480,346	1323	2,522,385	1.750%	2.60%	11/30/21	2,617,278
US Treasury Note	1,575,000	1,523,813	1436	1,550,084	1.875%	2.75%	03/31/22	1,624,957
US Treasury Note	3,070,000	2,969,266	1336	3,017,295	1.875%	2.82%	03/31/22	3,167,377
US Treasury Note	3,790,000	3,678,225	1302	3,729,992	1.875%	2.75%	03/31/22	3,910,214
US Treasury Note	1,605,000	1,558,480	1474	1,581,993	1.875%	2.64%	04/30/22	1,657,664
US Treasury Note	1,300,000	1,252,570	1456	1,274,265	1.750%	2.72%	06/30/22	1,343,062
US Treasury Note	2,065,000	1,980,706	1577	2,017,855	1.750%	2.76%	09/30/22	2,140,502
US Treasury Note	894,000	864,177	1641	877,407	2.000%	2.80%	10/31/22	933,112
US Treasury Note	1,040,000	990,356	1580	1,008,423	1.750%	2.93%	01/31/23	1,082,738
US Treasury Note	310,000	293,289	1699	299,840	1.500%	2.74%	02/28/23	320,947
US Treasury Note	1,235,000	1,189,508	1508	1,202,902	1.500%	2.44%	03/31/23	1,280,155
US Treasury Note	2,000,000	1,899,453	1618	1,928,225	1.38%	2.58%	06/30/23	2,069,375
US Treasury Note	1,260,000	1,196,951	1630	1,214,125	1.25%	2.44%	07/31/23	1,299,769
US Treasury Note	650,000	667,088	1611	663,227	2.88%	2.25%	09/30/23	707,078
US Treasury Note	3,450,000	3,484,904	1713	3,476,346	2.75%	2.52%	11/15/23	3,747,024
US Treasury Note	2,525,000	2,479,826	1786	2,491,916	2.13%	2.52%	11/30/23	2,689,125
US Treasury Note	120,000	120,356	1795	120,266	2.63%	2.56%	12/31/23	130,125
US Treasury Note	2,345,000	2,355,534	1792	2,353,583	2.00%	1.90%	04/30/24	2,500,723
US Treasury Note	575,000	580,930	1824	579,945	2.00%	1.78%	06/30/24	614,531
US Treasury Note	1,000,000	1,016,172	1818	1,013,806	2.13%	1.78%	07/31/24	1,075,000
US Treasury Note	1,310,000	1,349,146	1824	1,344,618	2.13%	1.50%	09/30/24	1,411,934
US Treasury Note	1,100,000	1,135,965	1822	1,132,451	2.25%	1.57%	10/31/24	1,192,984
US Treasury Note	100,000	102,055	1789	101,887	2.13%	1.69%	11/30/24	108,031
US Treasury Note	1,710,000	1,749,611	1789	1,747,064	2.13%	1.63%	11/30/24	1,847,334
US Treasury Note	1,895,000	2,000,039	1900	1,996,671	0.85%	0.85%	02/15/25	2,041,270
Subtotal US Treasuries	44,215,000	43,604,719		43,961,206		2.39%		\$46,365,579

**INLAND EMPIRE UTILITIES AGENCY****Cash and Investment Summary**Month Ended  
April 30, 2020

	Par	Cost Basis	Term	April	% Coupon	% Yield to Maturity	Maturity	Market
	Amount	Amount	(Days)	Value			Date	Value
<b><u>Investments (continued)</u></b>								
<b><u>U.S. Government Sponsored Entities</u></b>								
Freddie Mac Bond	2,500,000	2,485,350	1,036	2,495,885	2.38%	2.59%	02/16/21	2,542,695
Freddie Mac Bond	2,550,000	2,527,994	1,028	2,543,771	2.38%	2.70%	02/16/21	2,593,549
Fannie Mae Bond	2,510,000	2,502,671	1,092	2,507,671	2.50%	2.60%	04/13/21	2,564,409
Federal Home Loan Bank	1,865,000	1,882,718	992	1,874,448	3.00%	2.63%	10/12/21	1,938,060
Fannie Mae Bond	795,000	794,428	1,096	794,676	2.63%	2.65%	01/11/22	826,138
Fannie Mae Bond	890,000	886,903	1,096	887,575	1.38%	1.49%	09/06/22	911,187
Fannie Mae Bond	1,655,000	1,603,678	1,632	1,627,106	2.00%	2.74%	10/05/22	1,721,801
Federal Home Loan Bank	1,280,000	1,277,645	1,092	1,277,796	1.38%	1.44%	02/17/23	1,315,750
Fannie Mae Bond	1,520,000	1,520,152	1,091	1,520,096	1.70%	1.70%	02/21/23	1,525,983
Freddie Mac Bond	1,450,000	1,444,461	1,810	1,446,499	2.75%	2.83%	06/19/23	1,555,551
Fannie Mae Bond	855,000	853,273	1,741	853,781	2.88%	2.92%	09/12/23	924,757
Fannie Mae Bond	1,820,000	1,803,274	1,772	1,808,400	2.88%	3.08%	09/12/23	1,968,488
Federal Home Loan Bank	870,000	895,642	1,772	889,044	3.38%	2.72%	12/08/23	960,530
Fannie Mae Bond	680,000	677,470	1,823	678,092	2.50%	2.58%	02/05/24	731,681
Federal Home Loan Bank	190,000	189,327	1,824	189,490	2.50%	2.58%	02/13/24	204,525
Fannie Mae Bond	2,055,000	2,130,234	1,789	2,127,809	1.63%	0.85%	01/07/25	2,155,124
Freddie Mac Bond	1,215,000	1,214,064	1,825	1,214,104	1.50%	1.52%	02/12/25	1,267,085
Federal Home Loan Bank	950,000	945,288	1,824	945,327	0.50%	0.60%	04/14/25	944,484
Fannie Mae Bond	1,275,000	1,272,374	1,824	1,272,384	0.63%	0.67%	04/22/25	1,275,361
Freddie Mac Bond	970,000	971,212	1,826	971,211	1.10%	1.07%	04/28/25	971,764
Subtotal U.S. Gov't Sponsored Entities	27,895,000	27,878,158		27,925,165		2.15%		\$28,898,922
<b><u>Medium Term Notes</u></b>								
Toyota Motor	200,000	199,880	731	199,959	3.05%	3.08%	01/08/21	201,556
Hershey Company	335,000	334,769	1101	334,920	3.10%	3.12%	05/15/21	342,573
American Honda Finance	800,000	767,016	1181	787,795	1.65%	3.00%	07/12/21	795,104
Toyota Motor	1,000,000	978,790	1355	990,295	2.60%	3.21%	01/11/22	1,019,901
Bank of NY Mellon	1,400,000	1,371,048	1391	1,386,534	2.60%	3.18%	02/07/22	1,437,624
American Express	800,000	785,488	1415	793,118	2.70%	3.20%	03/03/22	816,461
Walt Disney Company	815,000	798,692	1416	807,261	2.45%	3.00%	03/04/22	835,299
Paccar Financial Corp	930,000	929,498	1096	929,661	2.65%	2.67%	05/10/22	949,931
Visa Inc	825,000	795,407	1611	809,074	2.15%	3.03%	09/15/22	850,984
Bank of America	800,000	769,264	1647	783,148	2.50%	3.43%	10/21/22	815,791
Oracle Corp	1,420,000	1,389,001	1763	1,402,066	2.63%	3.11%	02/15/23	1,485,302
Amazon Inc	935,000	925,996	1409	928,437	2.40%	2.66%	02/22/23	981,977
Burlington North Santa Fe Corp	800,000	790,800	1792	794,620	3.00%	3.26%	03/15/23	840,415
Bank of NY Mellon	1,375,000	1,387,595	1555	1,383,845	3.50%	3.27%	04/28/23	1,468,715
UnitedHealth Group Inc	720,000	755,741	1330	750,635	3.50%	2.08%	06/15/23	774,163
Pfizer Inc	1,260,000	1,276,392	1807	1,272,827	2.95%	2.67%	03/15/24	1,352,765
Walmart Inc	1,425,000	1,495,196	1768	1,485,706	2.85%	1.78%	07/08/24	1,535,389
Walt Disney Company	940,000	936,165	1820	936,666	1.75%	1.83%	08/30/24	954,705
Subtotal Medium Term Notes	\$16,780,000	\$16,686,738		\$16,776,567		2.84%		\$17,458,655



**INLAND EMPIRE UTILITIES AGENCY**  
**Cash and Investment Summary**

Month Ended  
April 30, 2020

	Par	Cost Basis	Term	April	% Coupon	% Yield to Maturity	Maturity	Market
	Amount	Amount	(Days)	Value			Date	Value
<b>Subtotal PFM Managed Investment Accounts</b>	<b>\$94,405,000</b>	<b>\$93,684,078</b>		<b>\$94,177,860</b>		<b>2.42%</b>		<b>\$98,283,950</b>
<b>Total Investments</b>	<b>\$149,918,469</b>	<b>\$149,197,547</b>		<b>\$149,691,329</b>				<b>\$153,797,419</b>
<i>(Source of Investment Amortized Cost: PFM)</i>								
<b>Restricted Deposits</b>								
<b>Investment Pool Accounts</b>								
CAMP - Water Connection Reserves	\$21,629,380	\$21,629,380	N/A	\$21,629,380		0.98%	N/A	\$21,629,380
LAIF - Self Insurance Reserves	6,561,244	6,561,244	N/A	6,561,244		1.65%	N/A	6,561,244
<b>Total Investment Pool Accounts</b>	<b>28,190,624</b>	<b>28,190,624</b>		<b>28,190,624</b>		<b>1.14%</b>		<b>28,190,624</b>
<b>Debt Service and Arbitrage Accounts</b>								
2008B Debt Service Accounts	\$2,633,737	\$2,633,737	N/A	\$2,633,737		0.01%		\$2,633,737
2010A Debt Service Accounts	3	3	N/A	3		0.00%		3
2017A Debt Service Accounts	1,441,652	1,441,652	N/A	1,441,652		0.01%		1,441,652
<b>Total Debt Service Accounts</b>	<b>\$4,075,392</b>	<b>\$4,075,392</b>		<b>\$4,075,392</b>		<b>0.01%</b>		<b>\$4,075,392</b>
<b>CCRA Deposits Held by Member Agencies</b>								
City of Chino	\$13,817,004	\$13,817,004	N/A	\$13,817,004		N/A	N/A	\$13,817,004
City of Chino Hills	6,692,350	6,692,350	N/A	6,692,350		N/A	N/A	6,692,350
Cucamonga Valley Water District	12,750,634	12,750,634	N/A	12,750,634		N/A	N/A	12,750,634
City of Fontana	13,337,907	13,337,907	N/A	13,337,907		N/A	N/A	13,337,907
City of Montclair	3,844,930	3,844,930	N/A	3,844,930		N/A	N/A	3,844,930
City of Ontario	30,461,065	30,461,065	N/A	30,461,065		N/A	N/A	30,461,065
City of Upland	6,784,227	6,784,227	N/A	6,784,227		N/A	N/A	6,784,227
<b>Subtotal CCRA Deposits Held by Member Agencies**</b>	<b>\$87,688,117</b>	<b>\$87,688,117</b>		<b>\$87,688,117</b>				<b>\$87,688,117</b>
<i>**Total reported as of March 2020</i>								
<b>CalPERS Deposits</b>								
CERBT Account (OPEB)	\$15,000,000	\$15,000,000	N/A	\$17,249,831		N/A	N/A	\$17,249,831
<b>Subtotal CalPERS Deposits</b>	<b>\$15,000,000</b>	<b>\$15,000,000</b>		<b>\$17,249,831</b>				<b>\$17,249,831</b>
<i>CERBT Strategy 2 Performance as of March 2020 based on 1 Year Net Return was -2.00%.</i>								
<b>Escrow Deposits</b>								
Stanek Contractors Escrow #1537 & #1661	\$204,214	\$204,214	N/A	\$204,214		N/A	N/A	\$204,214
<b>Subtotal Escrow Deposits</b>	<b>\$204,214</b>	<b>\$204,214</b>		<b>\$204,214</b>				<b>\$204,214</b>
<b>Total Restricted Deposits</b>	<b>\$135,158,347</b>	<b>\$135,158,347</b>		<b>\$137,408,178</b>				<b>\$137,408,178</b>
<b>Total Cash, Investments, and Restricted Deposits as of April 30, 2020</b>	<b>\$285,903,774</b>	<b>\$285,182,852</b>		<b>\$287,926,465</b>				<b>\$292,032,556</b>

**INLAND EMPIRE UTILITIES AGENCY**  
**Cash and Investment Summary**

Month Ended  
April 30, 2020

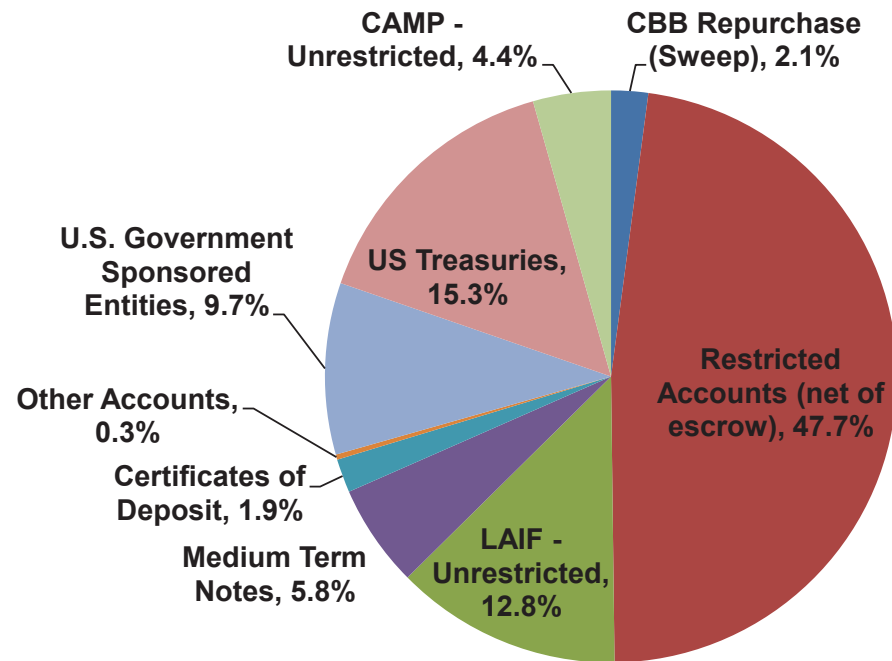
**April Purchases**

No.	Date	Transaction	Investment Security	Type	Par Amount Purchased	Investment Yield to Maturity
1	04/16/20	Purchase	Federal Home Loan Bank Note	Federal Agency Bond	\$950,000	0.62%
2	04/24/20	Purchase	Fannie Mae Note	Federal Agency Bond	1,275,000	0.62%
3	04/28/20	Purchase	Freddie Mac Note	Federal Agency Bond	970,000	1.06%
4						
5						
					<b>\$ 3,195,000</b>	

**April Investment Maturities, Calls & Sales**

No.	Date	Transaction	Investment Security	Type	Par Amount Matured/Sold	Investment Yield to Maturity
1	04/16/20	Sell	US Treasury Note	Treasury Bond	880,000	0.36%
2	04/24/20	Sell	US Treasury Note	Treasury Bond	1,240,000	0.16%
3						
4						
5						
6						
<b>Total Maturities, Calls &amp; Sales</b>					<b>\$ 2,120,000</b>	

***Inland Empire Utilities Agency***  
**Treasurer's Report of Financial Affairs**  
Month Ended April 30 2020  
Agency Investment Portfolio (Net of Escrow Accounts)  
**\$287,722,251**



# INLAND EMPIRE UTILITIES AGENCY

## Cash and Investment Summary

Month Ended  
April 30, 2020

### Directed Investment Category

CBB Repurchase (Sweep)  
LAIF - Unrestricted  
CAMP - Unrestricted  
Brokered Certificates of Deposit  
Medium Term Notes  
US Treasury Notes  
U.S. Government Sponsored Entities

### ***Total Investment Portfolio***

***Investment Portfolio Rate of Return***

<b>Amount Invested</b>	<b>Yield</b>
\$5,949,646	0.500%
\$37,030,616	1.648%
\$12,533,207	0.980%
\$5,514,922	2.747%
\$16,776,567	2.836%
\$43,961,206	2.388%
\$27,925,165	2.153%
<b><i>\$149,691,329</i></b>	

***2.031%***

### Restricted/Transitory/Other Accounts

CCRA Deposits Held by Member Agencies  
CalPERS OPEB (CERBT) Account  
CAMP Restricted Water Connection Reserve  
LAIF Restricted Insurance Reserve  
US Bank - 2008B Debt Service Accounts  
US Bank - 2017A Debt Service Accounts  
US Bank - Pre-Investment Money Market Account  
Citizens Business Bank - Demand Account  
Citizens Business Bank - Workers' Compensation Account  
Other Accounts\*  
Escrow Account

### ***Total Restricted/Transitory/Other Accounts***

***Average Yield of Other Accounts***

<b>Amount Invested</b>	<b>Yield</b>
\$87,688,117	N/A
17,249,831	N/A
21,629,380	0.980%
6,561,244	1.648%
2,633,737	0.010%
1,441,652	0.010%
503,248	0.010%
208,063	N/A
113,397	N/A
2,250	N/A
204,214	N/A
<b><i>\$138,235,136</i></b>	

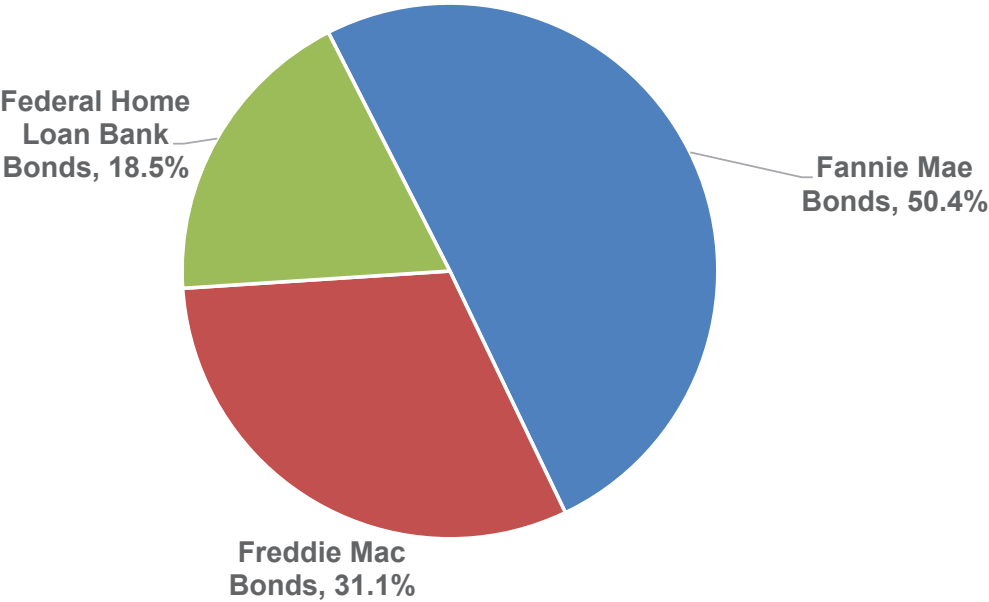
***1.023%***

### **Total Agency Directed Deposits**

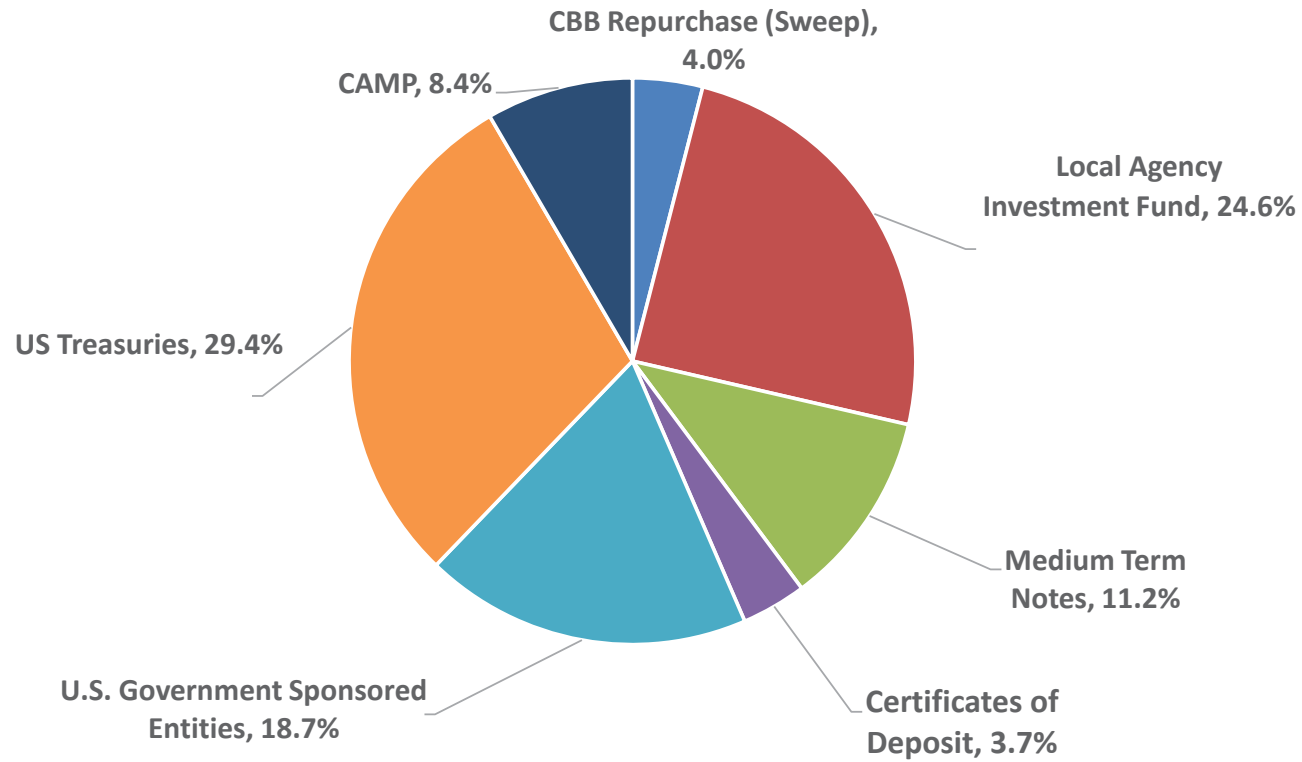
***\$287,926,465***

*\*Petty Cash*

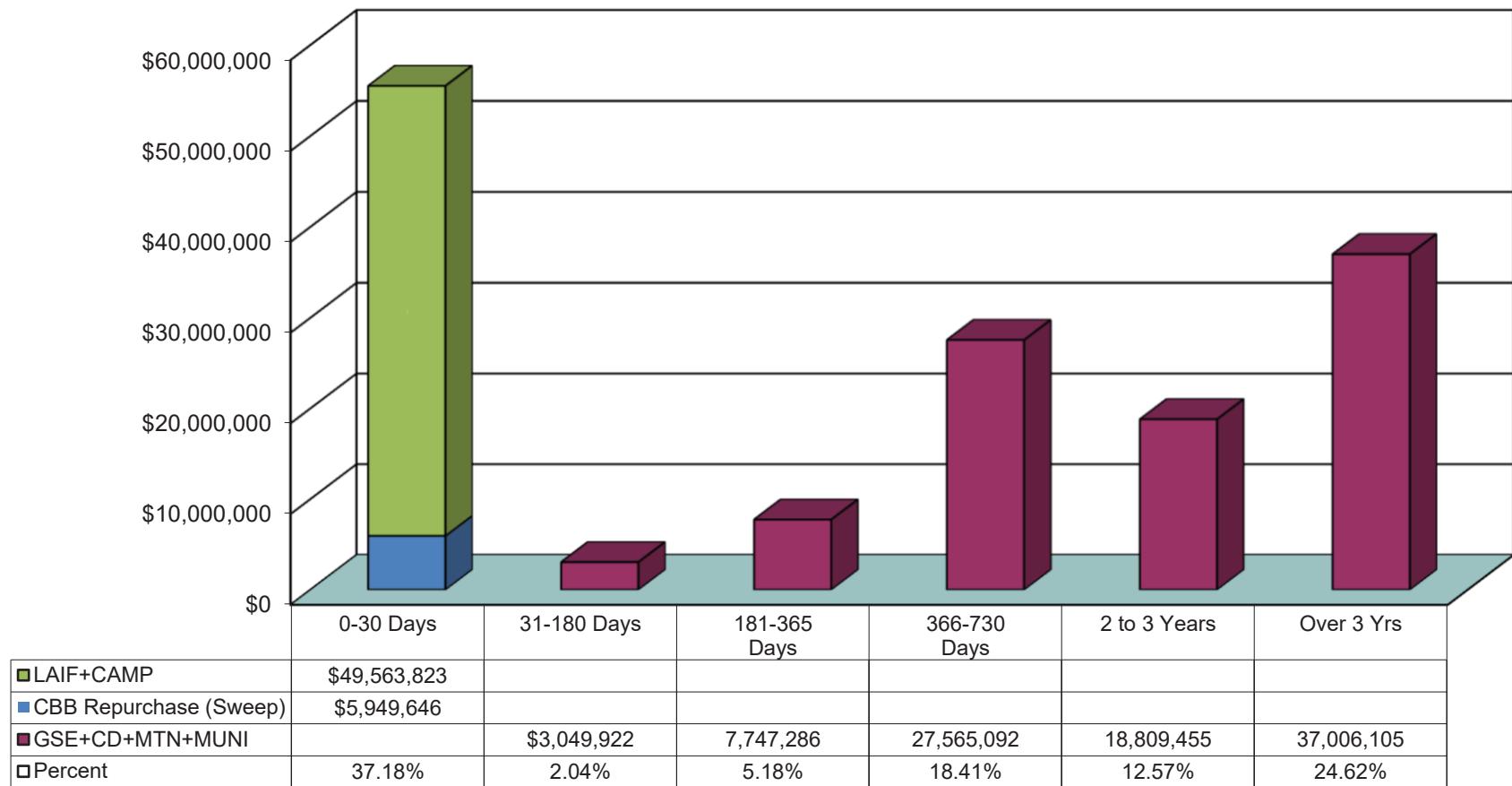
***Inland Empire Utilities Agency***  
**Treasurer's Report of Financial Affairs**  
Month Ended April 30 2020  
U.S. Government Sponsored Entities Portfolio  
**\$27,925,165**



***Inland Empire Utilities Agency***  
**Treasurer's Report of Financial Affairs**  
Month Ended April 30 2020  
Unrestricted Agency Investment Portfolio  
**\$149,691,329**



***Inland Empire Utilities Agency***  
**Treasurer's Report of Financial Affairs**  
 Month Ended April 30, 2020  
***Agency Investment Portfolio Maturity Distribution (Unrestricted)***  
***\$149,691,329***





***Inland Empire Utilities Agency***  
**Treasurer's Report of Financial Affairs**  
Month Ended April 30, 2020  
Agency Investment Portfolio Yield Comparison

