

**AGENDA  
COMMISSION MEETING OF THE  
CHINO BASIN REGIONAL FINANCING AUTHORITY**

**WEDNESDAY, MARCH 16, 2022  
9:45 A.M.**

**VIEW THE MEETING LIVE ONLINE AT IEUA.ORG  
TELEPHONE ACCESS: (415) 856-9169 / Conf Code: 885 499 122#**

PURSUANT TO AB361 AND RESOLUTION NO. 2021-1-1, ADOPTED BY THE CBRFA COMMISSIONERS ON JANUARY 5, 2022, CBRFA MEETINGS WILL CONTINUE TO BE CONDUCTED THROUGH TELECONFERENCE IN AN EFFORT TO PROTECT PUBLIC HEALTH AND PREVENT THE SPREAD OF COVID-19. THERE WILL BE NO PUBLIC LOCATION AVAILABLE FOR ATTENDING THE MEETING IN PERSON.

The public may participate and provide public comment during the meeting by dialing the number provided above. Comments may also be submitted by email to the Board Secretary/Office Manager Denise Garzaro at [dgarzaro@ieua.org](mailto:dgarzaro@ieua.org) prior to the completion of the Public Comment section of the meeting. Comments will be distributed to the Commissioners.

**CALL TO ORDER OF THE CHINO BASIN REGIONAL FINANCING AUTHORITY**

**FLAG SALUTE**

**PUBLIC COMMENT**

Members of the public may address the Commission on any item that is within the jurisdiction of the Commission; 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 Commission on any matter, whether or not it appears on the agenda, are requested to email the Board Secretary/Office Manager prior to the public comment section or request to address the Commission 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. **ACTION ITEMS**

A. **ADOPTION OF RESOLUTION NO. 2022-3-2, MAKING CERTAIN FINDINGS AND DETERMINATIONS REGARDING SPECIAL RULES FOR CONDUCTING MEETINGS THROUGH TELECONFERENCE**

It is recommended that the Commissioners adopt Resolution No. 2022-3-2, making certain findings and determinations regarding special rules for conducting meetings through teleconference for a period of 30 days.

B. **MINUTES**

Approve minutes of January 5, 2022 Chino Basin Regional Financing Authority Commission meeting.

C. **AUTHORIZATION AND APPROVAL OF WATER INFRASTRUCTURE FINANCE AND INNOVATION ACT LOAN AGREEMENT**

It is recommended that the Commissioners:

1. Adopt Resolution No. 2022-3-1, authorizing the WIFIA Loan Agreement between the Inland Empire Utilities Agency (Agency), the Chino Basin Regional Financing Authority (Authority) and the US Environmental Protection Agency to finance a portion of the Project for a not-to-exceed amount of \$120,000,000, excluding interest and other related costs, effective March 23, 2022, and a final maturity of November 1, 2060;
2. Approve the WIFIA Installment Purchase Agreement between the Authority and the Agency for the acquisition of the WIFIA portion of the Project, and other related substantially final drafts of the financing documents that have been prepared; and
3. Authorize the General Manager to execute such documents, subject to non-substantive changes.

**ADJOURN**

**Declaration of Posting**

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I, Denise Garzaro, CMC, Board Secretary/Office Manager of the Inland Empire Utilities Agency\*, a Municipal Water District, hereby certify that, per Government Code Section 54954.2, a copy of this agenda has been posted at the Agency's main office, 6075 Kimball Avenue, Building A, Chino, CA and on the Agency's website at [www.ieua.org](http://www.ieua.org) at least seventy-two (72) hours prior to the meeting date and time above.

**In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Board Secretary at (909) 993-1736 or [dgarzaro@ieua.org](mailto:dgarzaro@ieua.org), 48 hours prior to the scheduled meeting so that IEUA can make reasonable arrangements to ensure accessibility.**

ACTION ITEM  
1A

## **CHINO BASIN REGIONAL FINANCING AUTHORITY**

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Date: March 16, 2022

To: The Honorable Commissioners

From: Shivaji Deshmukh  
General Manager *SD*

Subject: Adoption of Resolution No. 2022-3-2, Making Certain Findings and Determinations Regarding Special Rules for Conducting Meetings through Teleconference

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### **RECOMMENDATION**

It is recommended that the Board of Commissioners Adopt Resolution No. 2022-3-2, Making Certain Findings and Determinations Regarding Special Rules for Conducting Meetings through Teleconference.

### **BACKGROUND**

On March 4, 2020, Governor Newsom declared a state of emergency pursuant to Government Code 8625 due to the COVID-19 pandemic and recommended, together with local officials, measures for social distancing to assist in abating the spread of COVID-19; and on March 17, 2020, the Governor issued Executive Order N-29-20 which, among other things, suspended certain Brown Act rules governing the use of teleconferencing of local agency board meetings. Executive Order N-29-20 expired on September 30, 2021, while the state of emergency is still in place.

In response to the ongoing COVID-19 pandemic, the California legislature has enacted, and the Governor signed into law, AB 361 amending portions of Government Code 54953, allowing for the continued use of teleconferencing for local agency board meetings while suspending the conditions and restrictions of Government Code 54953(b)(3) if the legislative body of the local agency makes certain findings. The legislative body must make these findings every 30 days to continue the use of teleconferencing.

### **PRIOR COMMISSION ACTION**

The Commission adopted Resolution No. 2022-1-1, Making Certain Findings and Determinations Regarding Special Rules for Conducting Meetings through Teleconference. On December 8, 2021, the Commission approved Resolution No. 2021-12-1, Making Certain Findings and Determinations Regarding Special Rules for Conducting Meetings through Teleconference.

### **IMPACT ON BUDGET**

None

**RESOLUTION NO. 2022-3-2**

**A RESOLUTION OF THE CHINO BASIN REGIONAL FINANCING AUTHORITY, MAKING CERTAIN FINDINGS AND DETERMINATIONS REGARDING SPECIAL RULES FOR CONDUCTING MEETINGS THROUGH TELECONFERENCE**

**WHEREAS**, the Chino Basin Regional Financing Authority (the “Authority”), a joint exercise of powers authority duly organized and existing under and pursuant to the Constitution and laws of the State of California; and

**WHEREAS**, all meetings of the Commission of the Authority (the “Commission”) are conducted in open and public settings in compliance with the Ralph M. Brown Act (Brown Act) so that any member of the public may attend, participate and watch the Authority’s Commission conduct their business; and

**WHEREAS**, on March 4, 2020, the Governor declared a state of emergency pursuant to Government Code 8625 due to the COVID-19 pandemic and has recommended, together with local officials, measures for social distancing to assist in abating the spread of COVID-19; and

**WHEREAS**, on March 17, 2020, the Governor issued Executive Order N-29-20 which, among other things, suspended certain Brown Act rules governing the use of teleconferencing of local agency board meetings; and

**WHEREAS**, Executive Order N-29-20 expired on September 30, 2021; and

**WHEREAS**, the California legislature has enacted, and the Governor has signed into law, AB 361 amending portions of Government Code 54953, allowing for the continued use of teleconferencing for local agency board meetings while suspending the conditions and restrictions of Government Code 54953(b)(3) if the legislative body of the local agency makes certain findings;

**WHEREAS**, On December 8, 2021 the Commissioners of Chino Basin Regional Financing Authority approved Resolution 2021-11-1 making certain factual findings, and authorizing the continued use of teleconferencing for CBRFA Commission meetings for an effective period of 30 days; and

**WHEREAS**, On January 5, 2022 the Commissioners of Chino Basin Regional Financing Authority approved Resolution 2022-1 making certain factual findings, and authorizing the continued use of teleconferencing for CBRFA Commission meetings for an effective period of 30 days; and

**NOW, THEREFORE, BE IT RESOLVED** that the Commission of the Chino Basin Regional Financing Authority hereby make the following findings and determinations:

**SECTION 1.** The Governor has proclaimed a state of emergency on March 4, 2020 which continues.

**SECTION 2.** The Governor and local officials have promoted the use of social distancing as a method to abate the spread of COVID-19 within the community. The Commission finds that conducting in person meetings of the Commission of the Chino Basin Regional Financing Authority would be inimical to social distancing and would present imminent risks to the health or safety of the attendees and conducting meetings by teleconference would diminish that risk.

**SECTION 3.** The Commission will continue to conduct Commission meetings by teleconference in compliance with Government Code 54953(e) until such time as the Governor has terminated the state of emergency and the risk to health and safety of meeting attendees is sufficiently diminished or as otherwise required by law. Notice of meetings and posted agendas will contain information which allows members of the public to access the meeting and address the Commission and offer public comment including an opportunity for all persons to attend via a call-in option or an internet-based service option.

**SECTION 4.** This Resolution shall take effect immediately upon its adoption and shall be effective for 30 days or until such time as the Commission adopts a subsequent resolution in accordance with Government Code 54953(e)(3) to extend the time during which meetings of the Commission may be conducted by teleconference without compliance with Government Code 54953(3)(b).

**ADOPTED** this 16<sup>th</sup> day of March, 2022.

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Steven J. Elie  
President of the Chino Basin Regional  
Financing Authority and the  
Board of Commissioners thereof

ATTEST:

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Marco Tule  
Secretary of the Chino Basin Regional  
Financing Authority and the  
Board of Commissioners thereof

STATE OF CALIFORNIA            )  
                                                          )  
COUNTY OF SAN BERNARDINO )

I, Marco Tule, Secretary of the Chino Basin Regional Financing Authority, DO  
HEREBY CERTIFY that the foregoing Resolution being No. 2022-3-2, was adopted at a  
regular Commission meeting on March 16, 2022, of said Authority by the following vote:

AYES:

NOYES:

ABSENT:

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Marco Tule  
Secretary/Treasurer of the Chino Basin  
Regional Financing Authority and of the  
Board of Directors thereof

(SEAL)



ACTION ITEM  
1B

**MINUTES OF THE  
COMMISSION MEETING OF  
THE CHINO BASIN REGIONAL FINANCING AUTHORITY  
JANUARY 5, 2022**

**COMMISSIONER PRESENT:**

Steven J. Elie, Commissioner  
Michael Camacho, Vice President

**COMMISSIONERS PRESENT via Video/Teleconference:**

Jasmin A. Hall, President  
Paul Hofer, Commissioner  
Marco Tule, Commissioner

**STAFF PRESENT:**

Shivaji Deshmukh, P.E., General Manager  
Denise Garzaro, Board Secretary/Office Manager  
Daniel Solorzano, Network Administrator

**STAFF PRESENT via Video/Teleconference:**

Christiana Daisy, P.E., Deputy General Manager  
Kathy Besser, Executive Manager of External & Government Affairs/AGM  
Javier Chagoyen-Lazaro, Acting Executive Manager of Finance & Administration/AGM  
Randy Lee, Executive Manager of Operations/AGM  
Deborah Berry, Manager of Finance & Accounting  
Jerry Burke, Manager of Engineering  
Robert Delgado, Manager of Operations & Maintenance  
Jennifer Hy-Luk, Acting Executive Assistant  
Kenneth Monfore, Manager of Asset Management  
Ryan Love, Deputy Manager of Operations  
Cathleen Pieroni, Manager of Inter-Agency Relations  
Jesse Pompa, Manager of Grants  
Sushmitha Reddy, Manager of Laboratories  
Jeanina Romero, Executive Assistant  
Wilson To, Technology Specialist II  
Teresa Velarde, Manager of Internal Audit

**OTHERS PRESENT:**

Jeff Mosher, SAWPA  
Mark R. Norton, P.E. LEED AP, ENV SP, SAWPA

**OTHERS PRESENT via Video/Teleconference:**

Jean Cihigoyenette, JC Law Firm  
June Hayes, San Bernardino Valley Municipal Water District  
Ramesh Gautam, Ph.D., P.E., Department of Water Resources

A Commission meeting of the Chino Basin Regional Financing Authority (CBRFA) was held at the Inland Empire Utilities Agency Headquarters, 6075 Kimball Avenue, Bldg. A, Chino, California and via video/teleconference on the above date.

**CALL TO ORDER**

Commissioner Elie called the meeting to order at 9:55 a.m. Deputy Manager of Maintenance Joshua Oelrich led the Pledge of Allegiance. Board Secretary/Office Manager Denise Garzaro took roll call and established that a quorum was present.

Commissioner Elie provided directions on how the public may address the Commission. There were no public comments received. There were no additions or deletions to the agenda.

**1. ACTION ITEMS**

**A. ADOPTION OF RESOLUTION NO. 2022-1-1, MAKING CERTAIN FINDING AND DETERMINATIONS REGARDING SPECIAL RULES FOR CONDUCTING MEETINGS THROUGH TELECONFERENCE**

MOVED BY COMMISSIONER CAMACHO, SECONDED BY COMMISSIONER HOFER, THE COMMISSION ADOPTED RESOLUTION NO. 2022-1-1, MAKING CERTAIN FINDINGS AND DETERMINATIONS REGARDING SPECIAL RULES FOR CONDUCTING MEETINGS THROUGH TELECONFERENCE, BY THE FOLLOWING VOTE:

Ayes: Camacho, Elie, Hall, Hofer, Tule  
Noes: None  
Absent: None

**B. MINUTES**

MOVED BY COMMISSIONER CAMACHO, SECONDED BY COMMISSIONER HOFER, THE COMMISSION APPROVED THE MINUTES OF THE DECEMBER 8, 2021 CHINO BASIN REGIONAL FINANCING AUTHORITY COMMISSION MEETING, BY THE FOLLOWING VOTE:

Ayes: Camacho, Elie, Hall, Hofer, Tule  
Noes: None  
Absent: None

**C. ELECTION OF OFFICERS**

General Counsel Jean Cihigoyenette stated that the Commissioners elect officers for the Chino Basin Regional Financing Authority Commission at its first meeting of each calendar year and opened the floor for nominations for the Commission's officers.

COMMISSIONER CAMACHO NOMINATED THE FOLLOWING SLATE OF OFFICERS: COMMISSIONER ELIE AS PRESIDENT, COMMISSIONER CAMACHO AS VICE PRESIDENT, AND COMMISSIONER TULE AS SECRETARY. THE COMMISSION APPROVED THE NOMINATIONS, ELECTING THE SLATE OF OFFICERS FOR THE CHINO BASIN REGIONAL FINANCING AUTHORITY FOR A ONE-YEAR TERM, BY THE FOLLOWING VOTE:

Ayes: Camacho, Elie, Hall, Hofer, Tule  
Noes: None  
Absent: None

**D. APPOINTMENT OF THE CHINO BASIN REGIONAL FINANCING AUTHORITY  
TREASURER, ALTERNATE TREASURER AND GENERAL MANAGER**

General Counsel Cihigoyenetché explained that the Commission must appoint a Treasurer, alternate Treasurer and General Manager annually.

MOVED BY COMMISSIONER HOFER, SECONDED BY COMMISSIONER CAMACHO, THE COMMISSION APPROVED THE APPOINTMENT OF IEUA ACTING EXECUTIVE MANAGER OF FINANCE AND ADMINISTRATION/AGM JAVIER CHAGOYEN-LAZARO AS TREASURER, THE APPOINTMENT OF IEUA MANAGER OF FINANCE AND ACCOUNTING DEBORAH BERRY AS THE ALTERNATE TREASURER, AND THE APPOINTMENT IEUA GENERAL MANAGER SHIVAJI DESHMUKH AS CBRFA GENERAL MANAGER FOR 2022, BY THE FOLLOWING VOTE:

Ayes:	Camacho, Elie, Hall, Hofer, Tule
Noes:	None
Absent:	None

**ADJOURNMENT**

With no further business, Commissioner Elie adjourned the meeting at 10:02 a.m.

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Commissioner Tule, CBRFA Secretary

**APPROVED: March 16, 2022**

ACTION ITEM  
1C

## **CHINO BASIN REGIONAL FINANCING AUTHORITY**

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Date: March 16, 2022

To: The Honorable Commissioners

From: Jesse Pompa, P.E., BCEE  
Manager of Grants *ADD*

Subject: Authorization and Approval of Water Infrastructure Finance and Innovation Act Loan Agreement

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### **RECOMMENDATION**

It is recommended that the Board of Commissioners:

1. Adopt Resolution No. 2022-3-1, authorizing the WIFIA Loan Agreement between the Inland Empire Utilities Agency (Agency), the Chino Basin Regional Financing Authority (Authority) and the US Environmental Protection Agency to finance a portion of the Project for a not-to-exceed amount of \$120,000,000, excluding interest and other related costs, effective March 23, 2022, and a final maturity of November 1, 2060;
2. Approve the WIFIA Installment Purchase Agreement between the Authority and the Agency for the acquisition of the WIFIA portion of the Project, and other related substantially final drafts of the financing documents that have been prepared; and
3. Authorize the General Manager to execute such documents, subject to non-substantive changes.

### **BACKGROUND**

On March 17, 2021, the Board approved the submittal of a U.S. Environmental Protection Agency (EPA) Water Infrastructure Finance and Innovation Act (WIFIA) loan application for the Regional Wastewater Improvements Program (the Program) for a maximum of 49 percent of eligible project costs. This Program will implement infrastructure upgrades across IEUA's service area, including the RP-5 Expansion, RP-1 Solids Thickening, CCWRF Asset Management and Improvement, and Philadelphia Force Main Improvements Projects.

Total project costs are estimated to be \$245,253,472, resulting in a WIFIA Loan amount of \$120,000,000 (49 percent). The loan agreement carries a 35-year term, with annual payments to begin following substantial completion of the project, but no later than November 1, 2026. The interest rate for this loan agreement will be determined on the date of agreement execution but is currently estimated to be 2.1 percent by PFM, the Agency's financial consultant.

**PRIOR BOARD ACTION**

On May 20, 2020, the Board of Commissioners approved Resolution 2020-5-2, authorizing the execution of the Agency's first WIFIA loan for a not-to-exceed amount of \$225,000,000.

**IMPACT ON BUDGET**

None.

**Attachments:**

Attachment 1 – WIFIA Loan Agreement

<https://www.dropbox.com/s/t7498jxazbkxywy/IEUA%202020-%20WIFIA%20Loan%20Agreement%282022769209.8.docx%29.docx?dl=0>

Attachment 2 – WIFIA Term Sheet

Attachment 3 – WIFIA Installment Purchase Agreement

Attachment 4 – Resolution 2022-3-1

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

[●], 2022

Chino Basin Regional Financing Authority  
6075 Kimball Avenue  
Chino, California 91708

Inland Empire Utilities Agency  
6075 Kimball Avenue  
Chino, California 91708

RE: WIFIA Loan Term Sheet for the Regional Wastewater System Improvements Program with the Chino Basin Regional Financing Authority and the Inland Empire Utilities Agency (WIFIA Project No. 20111CA)

Ladies and Gentlemen:

This WIFIA Loan Term Sheet (this “**Term Sheet**”) constitutes (a) the approval of the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (hereinafter, the “**USEPA**”), of the application for credit assistance of the Borrower (as defined below) dated September 9, 2021 (the “**Application**”) and (b) the agreement of USEPA to provide financing for the above-referenced project (as further described below, the “**Project**”) in the form of a secured loan (the “**WIFIA Loan**”), pursuant to the Water Infrastructure Finance and Innovation Act (“**WIFIA**”), § 5021 *et seq.* of Public Law 113-121 (as amended by Public Law 114-94, Public Law 114-322, Public Law 115-270 and Public Law 117-58) (the “**Act**”), codified as 33 U.S.C. §§ 3901-3914, subject in all respects to (i) the terms and conditions contained herein and (ii) the execution and delivery of the WIFIA loan agreement to be entered into on or after the date hereof (the “**WIFIA Loan Agreement**”) on terms and conditions acceptable to USEPA contained therein. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the WIFIA Loan Agreement.

USEPA’s agreement to provide WIFIA credit assistance to the Project is based upon the Application and the supplemental information and documents, including the base case financial model, provided to USEPA. This Term Sheet is an agreement of USEPA only to the terms specified herein, which may be modified or supplemented by USEPA in its discretion at any time and from time to time during the course of its due diligence and credit approval process.

By executing this Term Sheet, the Agency confirms its agreement to reimburse USEPA for any and all fees and expenses that USEPA incurs for legal counsel, financial advice, and other consultants in connection with the evaluation of the Project and the negotiation and preparation of the WIFIA Loan Agreement and related documents, whether or not such agreement is ultimately executed.

This Term Sheet shall be governed by the federal laws of the United States of America if and to the extent such federal laws are applicable, and the internal laws of the State of California, if and to the extent such federal laws are not applicable.



INDICATIVE TERMS OF THE WIFIA LOAN

WIFIA LENDER	United States Environmental Protection Agency, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency (the “ <b>WIFIA Lender</b> ”).
BORROWER	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 “ <b>Borrower</b> ”).
AGENCY	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 “ <b>Agency</b> ”).
PROJECT	The “ <b>Project</b> ” is the Regional Wastewater System Improvements Program, located in Chino and Ontario, CA, and which consists of the following components: (a) Regional Plant No. 5 (RP-5) Expansion Sub-Project, which includes expansion of the liquids treatment system capacity, construction of a new RP-5 solids treatment facility and construction of offsite pump stations and force mains to convey sewer flows to RP-5; (b) Regional Plant No.1 (RP-1) Solids Thickening Sub-Project, which includes increasing the liquids stream capacity at the plant and converting the secondary treatment system to a membrane bioreactor process; (c) the Philadelphia Lift Station and Force Main Improvements Sub-Project, which replaces two existing pipelines with larger diameter pipelines; and (d) the Carbon Canyon Water Recycling Facility Sub-Project, a process improvements project which includes replacement of the existing headworks, odor control system and aeration blowers to maintain wastewater treatment capacity at the Agency’s wastewater treatment plant.
WIFIA LOAN AMOUNT	A maximum principal amount (sum of disbursements) not to exceed \$120,000,000; <u>provided</u> that (a) the maximum principal amount of the WIFIA Loan, together with the amount of any other credit assistance provided under the Act, shall not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs, (b) the total federal assistance for the Project, including but not limited to the maximum principal amount of the WIFIA Loan and all federal grants, shall not exceed eighty percent (80%) of Total Project Costs, and (c) such maximum principal amount does not include any interest that may be capitalized in accordance with the WIFIA Loan Agreement and added to the principal amount of the WIFIA Loan.
INTEREST RATE	The WIFIA Loan shall bear interest at a fixed rate, calculated by adding one basis point (0.01%) to the rate of securities of a similar maturity (based on the weighted-average life of the WIFIA Loan)

	<p>as published, on the execution date of the WIFIA Loan Agreement, in the United States Treasury Bureau of Public Debt’s daily rate table for State and Local Government Series (SLGS) securities, currently located on the Internet at <a href="https://www.treasurydirect.gov/GA-SL/SLGS/selectSLGSDate.htm">https://www.treasurydirect.gov/GA-SL/SLGS/selectSLGSDate.htm</a>.</p> <p>Interest shall accrue on the Outstanding WIFIA Loan Balance and any past due interest and be computed on the basis of a 360-day year of twelve (12) thirty (30) day months.</p> <p>The WIFIA Loan shall also bear default interest at a rate of two hundred (200) basis points above the otherwise applicable interest rate, at such times and upon such terms as provided in the WIFIA Loan Agreement.</p>
PAYMENT DATES	<p>Pursuant to the WIFIA Loan Documents, not later than the fifth (5<sup>th</sup>) day prior to each interest payment date occurring on or after the debt service payment commencement date (each such date, an “<b>Installment Payment Date</b>”), the Agency shall make installment payments of interest and principal scheduled to be paid by the Agency to the Borrower (“<b>WIFIA Installment Payments</b>”), which shall be assigned by the Borrower to the WIFIA Lender.</p> <p>Principal of the WIFIA Loan shall be repaid in annual installments on November 1 of each year, beginning on November 1, 2035.</p> <p>Interest on the WIFIA Loan shall be paid in arrears on May 1 and November 1 of each year, beginning on November 1, 2026.</p> <p>The debt service payment commencement date shall in no event be later than five (5) years after the Substantial Completion Date of the Project.</p> <p>Subject to the terms and conditions of the WIFIA Loan Agreement, no principal or interest shall be paid during the capitalized interest period.</p>
FINAL MATURITY DATE	The earlier of (a) November 1, 2060 and (b) the Payment Date immediately preceding the date that is thirty-five (35) years following the Substantial Completion Date.
PROJECTED SUBSTANTIAL COMPLETION DATE	December 31, 2026.
DEDICATED SOURCE OF REPAYMENT	The dedicated source of repayment for the WIFIA Installment Payments shall be all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Agency System (the “ <b>Revenues</b> ”), including, without limiting the generality of the foregoing:

	<p>(a) 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 one percent (1%) ad valorem property tax (to the extent allocated to the Revenue Fund), determined in accordance with GAAP; <u>plus</u></p> <p>(b) the earnings on and income derived from the investment of the amounts described in clause (a) hereof, including the Agency’s share of the County of San Bernardino’s one percent (1%) ad valorem property tax (to the extent allocated to the Revenue Fund), and the general unrestricted funds of the Agency;</p> <p><u>but</u> 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.</p>
<p>SECURITY OF WIFIA LOAN</p>	<p>The WIFIA Loan shall be secured by a pledge and assignment by the Borrower for the benefit of the WIFIA Lender of all of the Borrower’s (a) right, title and interest to the amounts received by the Borrower pursuant to or with respect to the WIFIA IPA and all interest or gain derived from the investment of amounts in any of the funds or accounts established under the WIFIA Loan Agreement or the WIFIA IPA, (b) rights with respect to the WIFIA Debt Service Account and (c) rights and remedies to enforce the WIFIA IPA upon an event of default thereunder. The debt obligation of the Borrower under the WIFIA Loan shall be evidenced through the issuance by the Borrower of the WIFIA Note.</p>
<p>SECURITY AND LIEN PRIORITY OF WIFIA INSTALLMENT PAYMENTS</p>	<p>The WIFIA Installment Payments shall be secured by a pledge by the Agency of the Revenues and the WIFIA Debt Service Account for the benefit of the Borrower. The obligation of the Agency to make the WIFIA Installment Payments constitutes Parity Obligations, subordinate only to certain prior closed liens on such Revenues granted to holders of certain outstanding bonds prior to the Effective Date and permitted refundings of such existing bonds as described in “Additional Obligations” below.</p> <p>The Revenues shall be deposited into the Revenue Fund and applied in the order of priority described in Section 5.2 (<i>Application of Revenues</i>) of the WIFIA IPA (the “<b>Flow of Funds</b>”).</p>

The Flow of Funds provides that 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 below.

(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 (as defined in the WIFIA IPA).

(b) Senior Reserve Accounts. On or prior to each Installment Payment Date, the Agency shall, 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 the Senior Contracts that sum, if any, necessary to restore such reserve funds and/or accounts to an amount equal to the required balance.

(c) Installment Payments. On or prior to each Installment Payment Date, the Agency shall, from the remaining moneys in the Revenue Fund, thereafter, deposit into the WIFIA Debt Service Account the Installment Payment due and payable on such Installment Payment Date. The Agency shall also, from the moneys in the Revenue Fund and concurrently with the transfers described in the immediately prior sentence, 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 Parity Installment Payments (as defined in the WIFIA IPA) due with respect to other Debt Service in accordance with the provisions of any other Bond or Contract (each as defined in the WIFIA IPA). On each Payment Date occurring on or after the Level Payment Commencement Date,

	<p>the Agency, as agent of the Authority, shall transfer on the Authority’s behalf WIFIA Debt Service by transferring funds from the WIFIA Debt Service Account to the WIFIA Lender in accordance with the terms of the WIFIA Loan Agreement.</p> <p>(d) <u>Reserve Accounts</u>. On or prior to each Installment Payment Date, the Agency shall, 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.</p> <p>(e) <u>Surplus</u>. 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.</p>
<p>PREPAYMENT OF WIFIA INSTALLMENT PAYMENTS BY AGENCY</p>	<p>If at any time the Agency incurs or permits to exist any Senior Project Obligations, the Agency shall prepay WIFIA Installment Payments in immediately available funds in an amount, without prepayment premium, equal to (a) one hundred percent (100%) of the Outstanding WIFIA Loan Balance plus (b) all accrued and unpaid interest on the amount to be prepaid to the date of prepayment plus (c) all other obligations due under the WIFIA Loan Agreement or under the WIFIA IPA, including fees and expenses, then due and payable (the sum of clauses (a) through (c), the “<b>Senior Project Obligations Prepayment Amount</b>”). Such prepayment shall be made prior to or concurrently with the incurrence or existence of such Senior Project Obligations. The Borrower shall direct the Agency to transfer the Senior Project Obligations Prepayment Amount directly to the WIFIA Lender on the Borrower’s behalf.</p>
<p>PREPAYMENT OF WIFIA LOAN BY BORROWER</p>	<p>The WIFIA Loan shall be subject to mandatory prepayment, without prepayment premium, from and in the amount of any prepayments of the WIFIA Installment Payments received from the Agency pursuant to the WIFIA IPA and Section 17(f)(iii) (<i>Affirmative Covenants of the Agency – Insurance; Net Proceeds</i>) or Section 17(t)(ii) (<i>Affirmative Covenants of the Agency – Eminent Domain Proceeds</i>) of the WIFIA Loan Agreement.</p> <p>The Borrower may prepay the WIFIA Loan in whole or in part, without penalty or premium; <u>provided</u> that any such prepayment shall be in a minimum principal amount of \$1,000,000 or any</p>

	integral multiple of \$1.00 in excess thereof, and otherwise in accordance with the WIFIA Loan Agreement.
<p>RATE COVENANT OF THE AGENCY</p>	<p>To the fullest extent permitted by law, the Agency shall fix and prescribe, at the commencement of each Agency Fiscal Year, rates and charges with respect to the Agency System which are reasonably expected to be at least sufficient to yield during each Agency 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 Agency 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 paragraph.</p> <p>For the avoidance of doubt, so long as the Agency has complied with its obligations set forth in the previous paragraph, the failure of Revenues to meet the threshold set forth in the previous paragraph at the end of an Agency Fiscal Year shall not constitute a Default or an Event of Default so long as the Agency has complied with the previous paragraph at the commencement of the succeeding Agency Fiscal Year.</p>
<p>ADDITIONAL OBLIGATIONS OF THE AGENCY</p>	<p>The Agency shall not create, incur or suffer to exist (x) any obligations which are senior or prior in right of payment or right of security with respect to the Revenues to the Parity Obligations (other than (I) Outstanding Existing Senior Obligations and (II) Additional Senior Obligations incurred solely for the purpose of refunding Outstanding Existing Senior Obligations so long as (A) after giving effect to the application of the proceeds of such Additional Senior Obligations, Senior Debt Service will not be increased in any Agency Fiscal Year in which the WIFIA Loan is Outstanding, and (B) the Additional Senior Obligations have a maturity date no later than the maturity date of the Existing Senior Obligations being refunded); (y) any obligations, all or a portion of the proceeds of which are or will be applied at any time to fund all or any portion of Total Project Costs, that are secured by a Lien on any assets or property of the Agency other than the Revenues; or (z) any Senior Project Obligations.</p> <p>The Agency may at any time incur any Parity Obligations in accordance with the WIFIA Loan Agreement; <u>provided that</u>:</p> <p>(a) the Net Revenues for the most recent audited Agency Fiscal Year preceding the date of adoption by the Board of Directors of the Agency of the resolution authorizing the incurrence of such Parity Obligations (or if no such resolution exists, the date of</p>

	<p>incurrence of such Parity Obligations), 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 Agency Fiscal Year; and</p> <p>(b) the Net Revenues for the most recent audited Agency Fiscal Year preceding the date of adoption by the Board of Directors of the Agency of the resolution authorizing the incurrence of such Parity Obligations (or if no such resolution exists, the date of incurrence of such Parity Obligations), including adjustments to give effect as of the first day of such Agency 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 (x) the Debt Service for such Agency Fiscal Year plus (y) the Debt Service which would have accrued on any Parity Obligations incurred since the end of such Agency Fiscal Year assuming such Parity Obligations had been incurred at the beginning of such Agency Fiscal Year plus (z) the Debt Service which would have accrued had such Parity Obligations been incurred at the beginning of such Agency Fiscal Year; and</p> <p>(c) the estimated Net Revenues for the then current Agency Fiscal Year and for each Agency Fiscal Year thereafter to and including the first complete Agency 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 Agency 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 Agency Fiscal Years, after giving effect to the incurrence of all Parity Obligations estimated to be required to be executed or issued to pay the costs of completing all uncompleted Parity Projects within such Agency Fiscal Years, assuming that all such Parity Obligations have maturities, interest rates and proportionate principal repayment provisions similar to the Parity</p>
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	<p>Obligation last incurred or then being incurred for the purpose of acquiring and constructing any of such uncompleted Parity Projects.</p> <p>(d) Notwithstanding subsections (a) – (c) above, Parity Obligations may be incurred to refund outstanding Parity Obligations if, after giving effect to the application of the proceeds thereof, total Debt Service will not be increased in any Agency Fiscal Year in which Parity Obligations (outstanding on the date of incurrence of such refunding Parity Obligations, but excluding such refunding Parity Obligations) not being refunded are Outstanding.</p> <p>(e) The Agency shall not incur any Additional Obligations or other obligations in each case that bear interest at a Variable Interest Rate if such incurrence would (i) cause the principal amount of all Outstanding Variable Interest Rate Obligations to exceed thirty percent (30%) of the principal amount of all Outstanding Obligations and other obligations of the Agency at such time or (ii) violate any term set forth in the Debt Management Policy.</p> <p>(f) Nothing in the WIFIA Loan Agreement shall preclude the Agency from incurring Additional Subordinate Obligations.</p> <p>(g) Upon the incurrence of any Additional Obligations, the Agency shall provide to the WIFIA Lender a certificate signed by the Agency’s Authorized Representative (x) specifying the closing date with respect to such Additional Obligations and (y) confirming that such Additional Obligations are authorized pursuant to, and satisfy the applicable requirements under the WIFIA Loan Agreement.</p>
<p><b>RESTRICTED PAYMENTS AND TRANSFERS</b></p>	<p>The Agency shall not permit Revenues or any funds in any other fund or account held by or on behalf of the Agency with respect to the Agency System, to be paid or transferred or otherwise applied for purposes other than ownership, operation or maintenance of the Agency System.</p>
<p><b>WIFIA LOAN DOCUMENTATION</b></p>	<p>The WIFIA Loan shall be subject to the preparation, execution and delivery of the WIFIA Loan Agreement, the WIFIA IPA, the WIFIA Note and any other loan documentation required by the WIFIA Lender in connection therewith, in each case acceptable to the WIFIA Lender, the Borrower and the Agency (as applicable), which will contain certain conditions precedent, representations and warranties, affirmative and negative covenants, events of default, in each case, with respect to the Borrower and the Agency, and other provisions as agreed among the WIFIA Lender, the Borrower and the Agency (as applicable).</p>



GOVERNING LAW	Federal laws of the United States of America, if and to the extent such federal laws are applicable, and the internal laws of the State of California, if and to the extent such federal laws are not applicable.
COUNTERPARTS	This Term Sheet, and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. Electronic delivery of an executed counterpart of a signature page shall be effective as delivery of an original executed counterpart.

*[Signature pages follow]*

If the foregoing terms are acceptable, please countersign this letter in the space indicated below.

Sincerely,

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

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

ACKNOWLEDGED AND AGREED:

**CHINO BASIN REGIONAL FINANCING AUTHORITY,**  
by its authorized representative

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

ACKNOWLEDGED AND AGREED:

**INLAND EMPIRE UTILITIES AGENCY,**  
by its authorized representative

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

**INSTALLMENT PURCHASE AGREEMENT**

by and between

INLAND EMPIRE UTILITIES AGENCY\*

and

CHINO BASIN REGIONAL FINANCING AUTHORITY

Dated as of March \_\_, 2022

relating to the

\$120,000,000

CHINO BASIN REGIONAL FINANCING AUTHORITY  
2022 WIFIA LOAN AGREEMENT

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\* *A Municipal Water District.*

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## INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT is made and entered into and dated as of March \_\_, 2022 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 acquire certain improvements to the Agency’s wastewater system;

WHEREAS, the Authority has agreed to assist the Agency in the acquisition of the Project;

WHEREAS, the Authority, the Agency and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (the “Authority Lender”), have entered into a WIFIA Loan Agreement dated March \_\_, 2022 (the “2022 WIFIA Loan Agreement”), secured, *inter alia*, by the payments to be made by the Agency to the Authority under this Installment Purchase Agreement, to finance the WIFIA Portion of the Project; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of the Installment Purchase 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 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 2022 WIFIA Loan Agreement.

Agency. The term “Agency” has the meaning provided in the preamble hereto.



Agreement. The term “Agreement” means this Installment Purchase Agreement, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

Authority. The term “Authority” has the meaning provided in the preamble hereto.

Authority Lender. The term “Authority Lender” has the meaning provided in the third WHEREAS clause herein.

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.

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 with respect to which are secured by a pledge and lien on the Revenues as described in Section 5.1 hereof on a parity with the Installment Payments, but subordinate to the Senior Contracts, but excluding contracts entered into for operation and maintenance of the Agency System.

Event of Default. The term “Event of Default” means an event described in Section 8.1.

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 as set forth in Exhibit A hereto. The term “Parity Installment Payments” means the payments of interest and principal or other scheduled payments 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 District Law of 1911 (being Division 20 of the Water Code of the State of California, as amended) and all laws amendatory thereof or supplemental thereto.

Project. The term “Project” means the Regional Wastewater System Improvements Program, located in Chino and Ontario, CA, and which consists of the following components: (a) Regional Plant No. 5 (RP-5) Expansion Sub-Project, which includes expansion of the liquids treatment system capacity, construction of a new RP-5 solids treatment facility and construction of offsite pump stations and force mains to convey sewer flows to RP-5; (b) Regional Plant No.1 (RP-1) Solids Thickening Sub-Project, which includes increasing the liquids stream capacity at the plant and converting the secondary treatment system to a membrane bioreactor process; (c) the Philadelphia Lift Station and Force Main Improvements Sub-Project, which replaces two existing pipelines with larger diameter pipelines; and (d) the Carbon Canyon Water Recycling Facility Sub-Project, a process improvements project which includes replacement of the existing headworks, odor control system and aeration blowers to maintain wastewater treatment capacity at the Agency’s wastewater

treatment plant; and as such Project may be modified in accordance with any modifications to the definition of “Project” in the 2022 WIFIA Loan Agreement.

Purchase Price. The term “Purchase Price” means the aggregate 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.

Senior Contracts. The term “Senior Contracts” means the 2017A Installment Purchase Agreement and similar installment payment agreements, if any, entered into in connection with permitted refundings of such Senior Contracts in accordance with the terms of the 2022 WIFIA Loan Agreement.

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.

2022 WIFIA Loan Agreement. The term “2022 WIFIA Loan Agreement” has the meaning provided in the third WHEREAS clause herein.

WIFIA Amount. The term “WIFIA Amount” means the amount equal to the total disbursements of the WIFIA Loan under the 2022 WIFIA Loan Agreement.

WIFIA Debt Service Account. The term “WIFIA Debt Service Account” means the account by that name created and maintained by the Agency in accordance with Section 5.4 hereof and the 2022 WIFIA Loan Agreement.

WIFIA Portion of the Project. The term “WIFIA Portion of the Project” means the portion of the Project financed by the Authority from the proceeds of the WIFIA Loan, which portion shall be not more than 49% of the Project.

Project Acquisition Fund. The term “Project Acquisition Fund” means the account by that name created and maintained by the Agency in accordance with Section 3.4 hereof.

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 the Borrower’s 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

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 and other applicable laws 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 has determined that it is necessary and proper for Agency uses and purposes within the terms of the Law that the Agency acquire the WIFIA Portion 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.

## ARTICLE III

### SALE AND PURCHASE OF THE WIFIA PORTION OF THE PROJECT

Section 3.1. Purchase and Sale of the WIFIA Portion 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 WIFIA Portion of 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. Acquisition and Construction 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 and under the other Related Documents. 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 and the 2022 WIFIA Loan Agreement. 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 WIFIA Amount (or relevant portion thereof) (other than any funds to be applied to prepayment or redemption of Interim Financing) into the Project Acquisition Fund, upon satisfactory completion of design work and compliance with the California Environmental Quality Act and approval by the Board of Directors of the Agency, and that it will use its best efforts to cause the construction, acquisition and installation of the Project to be substantially completed by April 30, 2026 unforeseeable delays beyond the reasonable control of the Agency only excepted. 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 each component of the WIFIA Portion of the Project shall vest in the Agency immediately upon 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 which are required to assure such vesting.

Section 3.4. Project Acquisition Fund. The Agency shall establish, maintain and hold in trust a separate fund designated as the "Project Acquisition Fund." The moneys in the Project Acquisition Fund shall be held by the Agency in trust and applied by the Director of Finance of the Agency to the payment of the costs of acquisition and construction of the WIFIA Portion of the Project and of expenses incidental thereto.

Before any payment is made from the Project Acquisition Fund by the Director of Finance, the General Manager of the Agency, acting as agent of the Authority, shall cause to be filed with the Director of Finance a certificate of the Agency in the form set forth in Exhibit B to this Agreement.

Upon receipt of each such certificate, the Director of Finance will pay the amount that is set forth in such certificate as directed by the terms thereof or disburse funds to the Agency for such payment as directed by the Agency in such certificate. The Director of Finance need not make any such payment if it has received notice of any lien, right to lien, attachment upon or claim affecting the right to receive payment of any of the moneys to be so paid, which has not been released or will not be released simultaneously with such payment.

When the WIFIA Portion of the Project shall have been constructed and acquired in accordance with this 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 Project Acquisition Fund is to be maintained in the full amount of such claims until such dispute is resolved), shall be delivered to the Director of Finance, the Authority and the Authority Lender by the General Manager of the Agency. Upon the receipt of such statement, the Director of Finance shall transfer

any remaining balance in the Project Acquisition Fund (but less the amount of any such retention, which amount shall be certified to the Director of Finance by the General Manager of the Agency) to the WIFIA Debt Service Account.

## 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 Purchase Price payments to be made by the Agency hereunder and the applicable Installment Payment Dates 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 WIFIA Loan as provided in the 2022 WIFIA Loan Agreement, and shall be paid by the Agency as and constitute interest paid on the principal amount of the Agency's obligations hereunder, as set forth in Exhibit A hereto.

(d) The Authority and the Agency acknowledge and agree that the Installment Payments set forth in Exhibit A hereto are initially equal to the payments of principal and interest set forth on the Loan Amortization Schedule in Exhibit F (*WIFIA Debt Service*) to the 2022 WIFIA Loan Agreement in all respects, other than with respect to the relevant payment dates. The Authority and the Agency agree that (i) upon any modification to Exhibit F (*WIFIA Debt Service*) to the 2022 WIFIA Loan Agreement, Exhibit A hereto shall be deemed modified *mutatis mutandis*, (ii) the Agency will provide to the Authority a revised Exhibit A which the Authority and the Agency agree will replace the then current Exhibit A (such replacement being a ministerial act and not an amendment or supplement to this Agreement), (iii) no modification to Exhibit A hereto shall otherwise be made without the consent of the Authority Lender and (iv) the Agency's failure to provide or delay in providing the Authority with such revised Exhibit A shall not affect the modifications deemed to be made thereto or the obligation of the Agency to make the Installment Payments as so modified.

Section 4.2. Installment Payments. The Agency shall, subject to any prepayment made pursuant to the terms of Article VII, pay the Authority the Installment Payments required to be paid pursuant to Section 4.1.

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, in such case, the Agency agrees to pay interest on the outstanding amount of the Purchase Price at the Default Rate from (and including) the applicable Installment Payment Date to (but excluding) the date of actual payment of such Installment Payment.

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, 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, the Revenue Fund (including all amounts on deposit therein), the Project Acquisition Fund (including all amounts on deposit therein) and the WIFIA Debt Service Account (including all amounts on deposit therein) are hereby irrevocably pledged to the payment of the Installment Payments as provided herein, and the Revenues and such other amounts 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 shall constitute a lien on the Revenues and, subject to application of amounts on deposit therein as permitted herein, the Revenue Fund for the payment of the Installment Payments in accordance with the terms hereof, which lien shall be (a) *pari passu* with the liens created under the other Contracts and Bonds in accordance with the terms thereof and (b) 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 5.2.

(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) Senior Reserve Accounts. On or prior to each Installment Payment Date, the Agency shall, 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 the Senior Contracts that sum, if any, necessary to restore such reserve funds and/or accounts to an amount equal to the required balance.

(c) Installment Payments. On or prior to each Installment Payment Date, the Agency shall, from the remaining moneys in the Revenue Fund, thereafter, deposit into the WIFIA Debt Service Account the Installment Payment due and payable on such Installment Payment Date. 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 Parity Installment Payments due with respect to other Debt Service in accordance with the provisions of any other Bond or Contract.

(d) 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.

(e) 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.

Section 5.3. Investments. All moneys held by the Agency in the Revenue Fund, the Project Acquisition Fund and the WIFIA Debt Service Account shall be invested in Permitted Investments and the investment earnings thereon shall remain on deposit in such funds, except as otherwise provided herein.

Section 5.4. WIFIA Debt Service Account. The Agency, as agent of the Authority, shall establish, maintain and hold in trust a separate general ledger account within the Agency's debt service group, which account shall be designated as the "WIFIA Debt Service Account" and as of the Effective Date is numbered 10996 261070. Such account number may change as the Agency designates from time to time provided that the Agency must promptly notify the Authority Lender in writing of any such change. Moneys in the WIFIA Debt Service Account shall be held by the Agency in trust and applied to the payment of Installment Payments hereunder in accordance with Section 8(a)(i) and Section 17(i) of the 2022 WIFIA Loan Agreement. Any investment earnings thereon shall be transferred by the Agency to the Revenue Fund no later than the last day of the Agency's Fiscal Year.

## ARTICLE VI

### COVENANTS OF THE AGENCY

Section 6.1. Compliance with Installment Purchase Agreement, the 2022 WIFIA Loan 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 reason 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 9.6 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 WIFIA Portion of the Project by the Agency pursuant to, and in accordance with, and as authorized under the Law and other applicable laws.

The Agency will faithfully observe and perform all the agreements, conditions, covenants and terms required to be observed and performed by it pursuant to the 2022 WIFIA Loan Agreement; provided that nothing herein shall obligate the Agency to pay the principal of or interest with respect to the WIFIA Loan or the WIFIA Note, which obligation is solely the responsibility of the Authority as borrower under the 2022 WIFIA Loan Agreement.

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 and subject to the restrictions agreed to by the Agency in the 2022 WIFIA Loan Agreement. The Agency may at any time, or from time to time, (i) issue Senior Contracts, Contracts and Bonds as permitted herein and in the 2022 WIFIA Loan Agreement, or (ii) issue or incur evidences of indebtedness or incur other obligations secured by or payable from the Revenues, provided that any such pledge and lien shall be subordinate in all respects to the pledge of and lien thereon provided herein. The Agency will not make any pledge of or place any lien on the Project Acquisition Fund (including the moneys on deposit therein) or the WIFIA Debt Service Account (including the moneys on deposit therein), except as set forth in the 2022 WIFIA Loan Agreement.

Section 6.3. 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 (including the Authority Lender), at reasonable hours and under reasonable conditions.

Section 6.4. 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 Authority Lender to the



Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 6.5. 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 or amounts on deposit in the Revenue Fund, the Project Acquisition Fund or the WIFIA Debt Service Account 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 6.6. 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 Authority Lender the rights and benefits provided to the Authority and the Authority Lender herein.

Section 6.7. 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 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 Revenues to meet the requirements of this Agreement.

## ARTICLE VII

### PREPAYMENT OF INSTALLMENT PAYMENTS

#### Section 7.1. Prepayment.

(a) The Agency shall prepay from the Net Proceeds, to the extent required pursuant to this Agreement or the 2022 WIFIA Loan Agreement, all or any part 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; provided that if Net Proceeds are applied to the prepayment of any Bonds or Contracts, such Net Proceeds will be applied by the Agency to prepay all Bonds and Contracts on a pro-rata basis based on the outstanding principal amount of the Bonds and Contracts to be prepaid. Any such prepayment shall occur substantially concurrently with the prepayment of the WIFIA Loan by the Authority pursuant to the terms of Section 9(a) of the 2022 WIFIA Loan Agreement.

(b) If at any time the Agency incurs or permits to exist any Senior Project Obligations, the Agency shall prepay the entire principal amount of the unpaid Purchase Price plus accrued interest thereon to the date of prepayment and all other obligations of the Agency due hereunder or all other obligations of the Agency due under the 2022 WIFIA Loan Agreement, including fees and expenses, then due and payable. Any such prepayment shall occur substantially

concurrently with the prepayment of the WIFIA Loan by the Authority pursuant to the terms of Section 9(a) of the 2022 WIFIA Loan Agreement.

(c) The Agency shall prepay the Installment Payments on the same dates as the Authority makes optional prepayments of the WIFIA Loan in accordance with the 2022 WIFIA Loan Agreement and shall not optionally prepay the Installment Payments at any other time.

Notwithstanding any such prepayment made pursuant to clauses (a), (b) or (c), 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.

Section 7.2. Method of Prepayment. Before making any prepayment pursuant to Section 7.1(a), the Agency shall, within five (5) days following the event creating such obligation to prepay, give written notice to the Authority and the Authority Lender describing such event and specifying the date on which the prepayment of the Purchase Price will be paid, which date shall be not less than ten (10) days and not more than thirty (30) days from the date such notice is given. Before making any prepayment pursuant to Section 7.1(b), the Agency shall, not less than thirty (30) days or more than sixty (60) days prior to the date on which the Agency expects to incur or permit to exist any Senior Project Obligations, give written notice to the Authority and the Authority Lender of the contemplated incurrence or existence of Senior Project Obligations and the anticipated date of the proposed mandatory prepayment.

## 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 occur, 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 payment under any other Contract, Senior 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 other Contract, Senior 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;

(d) if payment of the principal of any Contract, Senior Contract or Bond is accelerated in accordance with its terms; or

(e) if an “Event of Default” under and as defined in the 2022 WIFIA Loan Agreement shall have occurred;

then the Authority shall immediately notify the Authority Lender of such Event of Default and shall follow any written directions of the Authority Lender, which may include a direction to declare the entire principal amount of the unpaid Purchase Price 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; provided that the unpaid Purchase Price shall automatically become due and payable without the action of the Authority or any other person if the unpaid principal amount of the WIFIA Loan shall have become immediately due and payable. Notwithstanding anything to the contrary set forth herein, the Authority shall not have the right to (i) declare the unpaid Purchase Price immediately due and payable or (ii) exercise any other rights or remedies hereunder following the occurrence of an Event of Default in each case without the prior written direction of the Authority Lender.

Section 8.2. Application of Funds Upon Acceleration. Upon the date of the declaration of (or automatic, as applicable) 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, the Authority Lender and any agents and assignees of each of the foregoing, if any, including reasonable compensation to their accountants and counsel;

Second, to the payment of the Operation and Maintenance Costs;

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 without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, of the entire principal amount of the unpaid Installment Payments and the unpaid principal amount of all Bonds and the unpaid principal amount 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. Upon the occurrence of an Event of Default, the Authority shall have the right (but only following the prior written direction of the Authority Lender):

(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;

- (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; or
- (d) to apply the Default Rate to the unpaid balance of the Purchase Price.

Notwithstanding anything contained herein, other than as expressly provided 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 such other assets of the Agency.

Section 8.4. Remedies of the Authority Lender. Upon the occurrence of an Event of Default, the Authority Lender, as assignee of the Authority pursuant to the 2022 WIFIA Loan Agreement, shall be entitled and empowered to institute any actions or proceedings at law or in equity against the Agency for the collection of any sums due to the Authority from the Agency and unpaid hereunder, and may prosecute any such judgment or final decree against the Agency and collect in the manner provided by law the moneys adjudged or decreed to be payable, may take such other actions at law or in equity as may appear necessary or desirable to collect all amounts payable by the Agency to the Authority under this Agreement then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Agency under this Agreement.

Section 8.5. 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 or the Authority Lender, 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 or the Authority Lender 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 or the Authority Lender 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 or the Authority Lender 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 or the Authority Lender, as applicable.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Authority or the Authority Lender, the Agency, the Authority and the Authority Lender shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 8.6. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Authority or the Authority Lender 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.

## ARTICLE IX

### MISCELLANEOUS

Section 9.1. 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 amounts on deposit in the Revenue Fund, 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 9.2. Benefits of Installment Purchase Agreement. Nothing contained herein, expressed or implied, is intended to give to any person other than the Agency, the Authority and the Authority Lender any right, remedy or claim under or pursuant hereto. Each of the Agency and the Authority agree that the Authority Lender shall be a third-party beneficiary of this Agreement.

Section 9.3. Successor Is Deemed Included in all References to Predecessor. Whenever either the Agency, the Authority or the Authority Lender 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, the Authority or the Authority Lender, 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 9.4. 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 9.5. 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 9.6. 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 9.7. Assignment. This Agreement and any rights hereunder may be assigned by the Authority, as a whole or in part, to the Authority Lender without the necessity of obtaining the prior consent of the Agency. On each Payment Date occurring on or after the Level Payment Commencement Date, the Agency, as agent of the Authority, shall transfer to the Authority Lender on the Authority's behalf the Installment Payments hereunder from the WIFIA Debt Service Account in accordance with the terms of the 2022 WIFIA Loan Agreement.

Section 9.8. 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 9.9. California Law. THE INSTALLMENT PURCHASE AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 9.10. Notices. All written notices to be given hereunder shall be given (x) in the case of the Authority Lender, by email to its email address set forth below and (y) in the case of the Agency and the Authority, by mail to the party entitled thereto at its address set forth below, or in each case 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
If to the Authority Lender:	Environmental Protection Agency WJC-E 7334A 1200 Pennsylvania Avenue NW Washington, D.C. 20460 Attention: WIFIA Director Email: WIFIA_Portfolio@epa.gov

Section 9.11. Effective Date. This Agreement shall become effective upon its execution and delivery, and shall terminate only when (a) the Purchase Price shall have been fully paid and (b) the 2022 WIFIA Loan Agreement shall have terminated in accordance with its terms.

Section 9.12. 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 9.13. Indemnification of Authority. The Agency hereby agrees to indemnify and hold harmless the Authority and the Authority Lender 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 their duties hereunder or, to the extent provided in the 2022 WIFIA Loan Agreement, under the 2022 WIFIA Loan Agreement.

Section 9.14. Amendments Permitted. This Agreement and the rights and obligations of the Authority and the Agency, may be modified or amended at any time by an amendment hereto which shall become binding only (a) following the execution and delivery of such amendment by the Authority and the Agency and (b) with the prior written consent of the Authority Lender.

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

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: \_\_\_\_\_  
General Manager



**EXHIBIT A**  
**PURCHASE PRICE**

1. The principal amount of payments to be made by the Agency hereunder is \$120,000,000.

2. The Installment Payments are payable in the amounts and on the Installment Payment Dates as follows:

<i>Installment Payment Date</i>	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest</i>	<i>Total</i>
	\$	\$	\$

*Installment  
Payment Date*

*Amount Attributable to  
Principal*

*Amount Attributable to  
Interest*

*Total*

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<b>Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
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**SCHEDULE A**  
**PROJECT ACQUISITION FUND DISBURSEMENTS**

<i>Item Number</i>	<i>Payee Name and Address</i>	<i>Purpose of Obligation</i>	<i>Amount</i>
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**RESOLUTION NO. 2022-3-1**

**RESOLUTION OF THE CHINO BASIN REGIONAL FINANCING AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF A WIFIA LOAN AGREEMENT, A WIFIA NOTE, AN INSTALLMENT PURCHASE AGREEMENT, AND CERTAIN DOCUMENTS AND OTHER MATTERS IN CONNECTION THEREWITH**

WHEREAS, the Chino Basin Regional Financing Authority (the “Authority”), a joint exercise of powers authority duly organized and existing under and pursuant to the Constitution and laws of the State of California, has been requested to assist Inland Empire Utilities Agency (the “Agency”) to undertake the acquisition of certain improvements to the Agency’s wastewater system described in the WIFIA Loan Agreement referenced below (the “Project”); and

WHEREAS, in order to provide for the financing and/or refinancing for the Project, the Agency has submitted an Application for Financial Assistance to the United States Environmental Protection Agency (“EPA”) for a loan under the authority of the Water Infrastructure Finance and Innovation Act (the “WIFIA Loan”) to be made to the Authority by the EPA, acting by and through the Administrator of the Environmental Protection Agency (the “WIFIA Lender”); and

WHEREAS, the Authority and the WIFIA Lender have negotiated the terms of the proposed WIFIA Loan which are set forth in a term sheet (the “WIFIA Term Sheet”) and a WIFIA loan agreement (the “WIFIA Loan Agreement”), and such documents have been approved by the Agency; and

WHEREAS, the Authority’s obligation to repay the WIFIA Loan will be evidenced by the issuance and delivery by the Authority to the WIFIA Lender of a promissory note (the “WIFIA Note”); and

WHEREAS, the Authority is authorized under the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Bond Law”) and Section 5.02 of the Joint Powers Agreement dated as of May 1, 1993, between the Agency and the Cucamonga Valley Water District, formerly known as the Cucamonga County Water District, to enter into the WIFIA Loan Agreement and execute and deliver the WIFIA Note and to pledge payments received by the Authority from the Agency to secure the WIFIA Loan Agreement and the WIFIA Note; and

WHEREAS, the WIFIA Loan will be payable from revenues of the Authority consisting primarily of payments made to the Authority by the Agency under an installment purchase agreement between the Authority and the Agency (the “Installment Purchase Agreement”); and

WHEREAS, the Commission of the Authority (the “Commission”) wishes to take its action at this time authorizing the execution and delivery of the WIFIA Term Sheet, the WIFIA Note, the Installment Purchase Agreement and the WIFIA Loan Agreement and approving related financing documents and official actions; and

WHEREAS, pursuant to Government Code Section 5852.1, certain information relating to the WIFIA Loan is set forth in Exhibit A attached to this Resolution and such information is hereby disclosed and made public.

NOW, THEREFORE, the Commission of the Chino Basin Regional Financing Authority hereby finds, determines, declares and resolves as follows:

1. The Commission hereby authorizes the incurrence of the WIFIA Loan in accordance with the terms of the WIFIA Term Sheet, the WIFIA Note and the WIFIA Loan Agreement, which documents are authorized to be finalized and executed in accordance with Section 3 below; provided, however, that the WIFIA Term Sheet, the WIFIA Note and the WIFIA Loan Agreement shall only be executed if the total principal amount authorized to be drawn thereunder does not exceed \$[120,000,000] (excluding capitalized interest, which is authorized up to the amount of \$6,000,000).

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

3. The WIFIA Term Sheet, the WIFIA Note and the WIFIA Loan Agreement in substantially the form on file with the Authority are hereby approved. The President, Vice President, Treasurer, or General Manager, or the designee thereof are each hereby individually authorized and directed to execute and deliver the WIFIA Term Sheet, the WIFIA Note and the WIFIA Loan Agreement with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel and approved by the officers executing the same, said execution being conclusive evidence of such approval.

4. The Commission acknowledges that the good faith estimates required by Section 5852.1 of the California Government Code are disclosed in Exhibit A hereto and are available to the public at the meeting at which this Resolution is approved.

5. The President, Vice-President, Treasurer, General Manager, or Secretary or the designee thereof and any other proper officer of the Authority, acting singly, be and each of them hereby 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 WIFIA Loan Agreement, the WIFIA Term Sheet, the WIFIA Note, the Installment Purchase Agreement, and this Resolution.

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

7. This Resolution shall take effect immediately.

ADOPTED this 16<sup>th</sup> day of March, 2022.

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Steven J. Elie  
President of the Chino Basin Regional  
Financing Authority and the  
Board of Commissioners thereof

ATTEST:

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Marco Tule  
Secretary of the Chino Basin Regional  
Financing Authority and the  
Board of Commissioners thereof





## EXHIBIT A

### GOOD FAITH ESTIMATES PURSUANT TO GOVERNMENT CODE SECTION 5852.1

The good faith estimates set forth herein are provided with respect to the WIFIA Loan in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the Inland Empire Utilities 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 WIFIA Loan to be sold is \$120,000,000.

*True Interest Cost of the WIFIA Loan.* 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 WIFIA Loan, 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 WIFIA Loan, is 2.15%.

*Finance Charge of the WIFIA Loan.* The Municipal Advisor has informed the Agency that, assuming that the WIFIA Loan is executed, their good faith estimate of the finance charge for the WIFIA Loan, which means the sum of all fees and charges paid to third parties (or costs associated with the WIFIA Loan), is \$541,472.

*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 WIFIA Loan, less the finance charge of the WIFIA Loan, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the WIFIA Loan, is \$120,000,000.

*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 WIFIA Loan, plus the finance charge for the WIFIA Loan, as described above, not paid with the proceeds of the WIFIA Loan, calculated to the final maturity of the WIFIA Loan, is \$188,014,955, which excludes any reserves funded with proceeds of the WIFIA Loan (which may offset such total payment amount).

The foregoing estimates constitute good faith estimates only as of February 17, 2022, and are based on information provided in the draft WIFIA Loan agreement at the time of preparation of such estimates. The actual principal amount of the WIFIA Loan issued and sold, 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 WIFIA Loan being different than the date assumed for purposes of such estimates, (b) the actual principal amount of WIFIA Loan sold being different from the Principal Amount, (c) the actual amortization of the WIFIA Loan being different than the amortization assumed for purposes of such estimates, (d) the actual interest rates at the time of sale of the WIFIA Loan 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 WIFIA Loan and the actual principal amount of the WIFIA Loan sold will be determined by the Agency based on the timing of the need for proceeds of the WIFIA Loan and other factors. Factors such as the final loan repayment schedule, any changes to the interest rate on the WIFIA Loan and timing of the execution of the WIFIA loan may be affected by factors beyond the control of the Agency, or the Municipal Advisor.