

## LIST OF RESOLUTIONS FOR 20-21

1.	July 16, 2020	Board Policy Manual - Revisions
2.	August 24, 2020	Temporary Water Shortage Emergency
3.	September 17, 2020	Policy for Disposal of Surplus Real Property/Designating Manana Well as "Exempt Surplus"
4.	Oct. 1, 2020	One Time Bill Adjustment
5.	Oct. 29, 2020	Appoint Dist. Contact/Signatory for CalOES Program
6.	Nov. 10, 2020	Multiple User Variance
7.	Nov. 5, 2020	Discrimination, Harassment, and Retaliation Prevention Policy
8.	Dec. 3, 2020	BCRPD Radio Tower
9.	Dec. 7, 2020	Setting Regular Dates and Times for Board Meetings
10.	Dec. 16, 2020	Long Service Line - Markey
11.	"	Long Service Line – Western States Rd.
12.	"	Appreciation – Swan
13.	"	" - Farris
14.	"	" - Moran
15.	"	Special Counsel Loan Financing
16.	March 4, 2021	Approving Installment Purchase Agreement
17.	April 15, 2021	Board Policy Manual
18.	May 6, 2021	Stage 2 Drought Re-Affirmation
19.	"	Eandi Connection Fee Waiver
20.	"	CalFire Signatory
21.	"	Procurement Policy
22.	"	Sole Source SCADA
23.	June 17, 2021	Fire Resilience Acceptance of Grant
24.	"	Personnel Compensation Schedule Revised
25.	"	Revised Interim Utility Billing
26.	"	Investment Policy
27.	"	Reserve Fund Policy
28.	June 30, 2021	Adoption of the Urban Water Management Plan
29.	"	Adoption of the Water Shortage Contingency Plan
30.	"	Adoption of the Biennial Budget for Fiscal Years 2021-2023

SAN LORENZO VALLEY WATER DISTRICT  
RESOLUTION NO. 1 (20-21)  
BOARD POLICY MANUAL

WHEREAS, on February 6, 2020, the Board of Directors ("Board") of the San Lorenzo Valley Water District ("District") reviewed the Board of Directors Policy Manual ("Policy Manual") and adopted it for 2020 pursuant to Resolution No. 17 (19-20); and

WHEREAS, the proper functioning of the Board and Board meetings is critical to proper functioning of the District; and

WHEREAS, an adopted set of policies assist in the proper functioning of the Board; and

WHEREAS, the Board as a whole agrees with the Policy Manual and agrees to follow said Policy Manual;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Lorenzo Valley Water District that the Board hereby adopts and approves revisions to the 2020 Board of Directors Policy Manual, a copy of which revised Policy Manual is attached hereto as Exhibit 1.

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PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 16th day of July 2020, by the following vote of the members thereof:

AYES: L. Farris, B. Fultz, L. Henry, R. Moran, S. Swan  
NOES:  
ABSTAIN:  
ABSENT:



Holly B. Hossack  
District Secretary



**SAN LORENZO VALLEY WATER DISTRICT  
RESOLUTION NO. 2 (20-21)**

**TEMPORARY WATER SHORTAGE EMERGENCY  
CZU AUGUST LIGHTNING COMPLEX FIRES**

WHEREAS, since on or about August 19, 2020, CZU August Lightning Complex Fires have threatened territory within the boundaries of the San Lorenzo Valley Water District ("District"), and damage has been reported to structures and water facilities within the District; and

WHEREAS, District staff are working tirelessly to support emergency response efforts within the evacuation area, and continue to operate the water system, and in doing so staff has observed District water being lost or wasted, whether due to fire impacts or water left running prior to evacuation; and

WHEREAS, Water Code Section 31026 empowers the District to:

"restrict the use of district water during any emergency caused by drought, or other threatened or existing water shortage, and to prohibit the wastage of district water or the use of district water during such periods, for any purpose other than household uses or such other restricted uses as may be determined to be necessary by the district and may prohibit use of such water during such periods for specific uses which the district may from time to time find to be nonessential";

WHEREAS, the District's Board of Directors declared a State 2 Water Shortage Emergency condition under Water Code Section 350 et seq. and District Ordinance No. 106 on May 17, 2018, and the Stage 2 condition continues in effect with attendant enforcement powers under Ordinance No. 106;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors ("Board") of the San Lorenzo Valley Water District that that the CZU August Lightning Complex Fires have caused a temporary emergency condition within the District and a threatened or existing water shortage;

FURTHER RESOLVED by the Board that until the CZU August Lightning Complex Fires no longer pose a threat to the community served by the District, the use of District water for other than firefighting or basic household needs is deemed non-essential and must be minimized;

FURTHER RESOLVED by the Board, that the District Manager and operational staff supporting the emergency response are hereby authorized and directed to take the following actions to stop non-essential uses of District water:

- (1) Communicate with the public and individual water customers about the importance of conserving water, both during and after the wildfire; and

(2) Temporarily shutoff water connections to structures within the wildfire evacuation zone where staff observes fire damage, water leaks or water running off the property, and take reasonable steps to notify the affected customers as soon as possible; and

(3) Restore any water connections that may be shutoff pursuant to (2), upon a determination by the District Manager, or his delegee, that it is safe to do so, the evacuation order for the area has been lifted, and restoration of the water connection will not cause further wastage of District water needed for firefighting or basic household needs.

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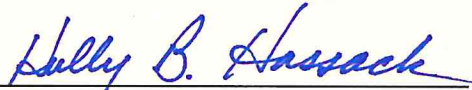
PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 24th day of August 2020, by the following vote of the members thereof:

AYES: Fultz, Henry, Moran, Swan

NOES:

ABSTAIN:

ABSENT: Farris



Holly B. Hossack  
District Secretary

## SAN LORENZO VALLEY WATER DISTRICT

### RESOLUTION NO. 3 (20-21)

#### ADOPTING A POLICY FOR DISPOSAL OF SURPLUS REAL PROPERTY AND DESIGNATING THE MANANA WOODS WELL SITE AS "EXEMPT SURPLUS"

WHEREAS, it is in the public interest for the San Lorenzo Valley Water District ("District") to periodically sell or dispose of certain real property, which has been determined by the Board of Directors ("Board") to be surplus and not needed for the District's use; and

WHEREAS, the Board wishes to establish a uniform policy that complies with the California Surplus Land Act, Government Code sections 54220, et seq. and other applicable law, in order to provide for the disposition of unneeded real property in an open, transparent, and cost-effective manner; and

WHEREAS, previously by Resolution No. 19 (19-20) adopted on March 5, 2020, the Board properly designated the Manana Wood Well Site (0 Kings Village, Road, Scotts Valley, APN 022-601-05) as "surplus" land; and

WHEREAS, concurrently and consistently with the adoption of a new policy for disposal of surplus real property, the Board now finds that the Manana Woods Well Site may be re-designated as "exempt surplus," because it can be sold to another public agency for the agency's use, and an appraisal has been ordered for the purpose of assessing the fair market value.

NOW, THEREFORE, BE IT RESOLVED by the Board the San Lorenzo Valley Water District that the attached "Policy for Disposal of Surplus Real Property," dated September 17, 2020 (Exhibit 1 hereto), is hereby adopted and approved, and the District Manager and staff are authorized and directed to implement the Policy;

FURTHER RESOLVED by the Board that the Manana Woods Well Site is hereby designated as "exempt surplus" for purposes of its disposition under the Policy, and consistent with California law.

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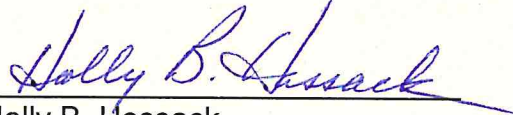
PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 17th day of September 2020, by the following vote of the members thereof:

AYES: L. Farris, B. Fultz, L. Henry, R. Moran, S. Swan

NOES:

ABSTAIN:

ABSENT:



Holly B. Hossack  
District Secretary

## EXHIBIT 1

### SAN LORENZO VALLEY WATER DISTRICT POLICY FOR DISPOSAL OF SURPLUS REAL PROPERTY September 17, 2020

This policy is intended to provide specific procedures for the disposal of surplus real property and has been reviewed and approved by the San Lorenzo Valley Water District ("SLVWD") Board of Directors ("Board"). Generally, real property disposal covered by this policy will be valued at fair market value as a minimum. The procedures are as follows:

#### 1. Request for Disposal

The District Manager will consult with staff to determine whether there is still a need for the real property. The District Manager will determine if the real property is surplus, or if additional information is needed to make the determination. The District Manager will prepare a request and recommendation for Board review.

#### 2. Determination by the Board

- a. The Board is required to take formal action by resolution, at a regular board meeting, supported by written findings, that the real property is either "exempt surplus land" as defined by Government Code Section 54221(f) or "surplus land" as defined by Government Code Section 54221(b).

- i. For SLVWD's purposes, "exempt surplus land" may include the following:

(A) Land that is (i) less than 5,000 square feet in area, (ii) less than the minimum legal residential building lot size for the jurisdiction in which the parcel is located, or 5,000 square feet in area, whichever is less, or (iii) has no record access and is less than 10,000 square feet in area; and is not contiguous to land owned by a state or local agency that is used for open space or low- and moderate-income housing purposes. *If the land is not sold to an owner of contiguous land, it is not considered exempt surplus land.*

(B) Land that SLVWD is exchanging for another property necessary for SLVWD's use.

(C) Land that SLVWD is transferring to another local, state, or federal agency for that agency's use.

(D) Land that is a former street, right of way, or easement, and is conveyed to an owner of an adjacent property.

(E) Land that is subject to valid legal restrictions that are not imposed by SLVWD and that would make housing prohibited.

(F) Land that was acquired by SLVWD by purpose or exchange for trust purposes, and for which disposal of the land is subject to conditions established by statute.

- b. The resolution should include a finding, if applicable, that the proposed disposal of surplus real property qualifies for an exemption from the California Environmental Quality Act ("CEQA"). Staff will be responsible for adequately documenting compliance with CEQA.

### 3. Sale Procedures

- a. For "surplus land," the District will comply with all the applicable requirements under Government Code sections 54221 et seq. If an applicable entity responds timely and properly to a legally required notice, the District Manager will order an appraisal before recommending to the Board whether or not to sell the land to such an entity. If no entity responds, the District Manager may dispose of the land by public auction with no further action by the Board. *Note: The California Department of Housing and Community Development is required to adopt additional requirements to become effective after January 1, 2021.*
- b. For "exempt surplus land," the District Manager will recommend to the Board whether to:
  - i. Dispose of the land by public auction with no further action by the Board.
  - ii. Offer to sell the land to a contiguous owner and retain the services of a real estate agent/broker for this purpose. The District Manager will order an appraisal before recommending Board approval of a sale to a contiguous owner.
  - iii. Offer to sell or donate the land to another public agency. The District Manager will order an appraisal before recommending Board approval of a sale to another public agency.
  - iv. Offer to exchange the land for another property necessary for SLVWD's use. The District Manager may, in his discretion, retain the services of a real estate agent/broker for this purpose. The District Manager will order an appraisal before recommending Board approval of an exchange with another public agency.
- c. Upon closing each surplus real property transaction, staff will obtain and file a copy of each recorded deed and any other transaction records, and update the land inventory and surplus list.
- d. SLVWD's approved Conflicts of Interest Code applies to dispositions of all surplus real property. Additionally, in an abundance of caution and in keeping with the highest standards of governmental ethics, SLVWD staff, board and committee members and their immediate family members including household members are prohibited from participating as a buyer in a public auction or other

sale or disposition of surplus real property by SLVWD. Any questions or concerns should promptly be brought to the attention of District Counsel.

- e. The District Manager may recommend that the Board approve a deviation from these sale procedures. However, any deviation from these procedures, whether or not approved by the Board, shall not be grounds to challenge, invalidate, set aside or otherwise attack or unwind any sale or disposition of surplus real property.



## **SAN LORENZO VALLEY WATER DISTRICT**

### **RESOLUTION NO. 4 (20-21)**

#### **ADOPTING A ONE-TIME WATER BILL ADJUSTMENT POLICY IN CONNECTION WITH THE CZU COMPLEX LIGHTNING WILDFIRE STATE OF EMERGENCY**

WHEREAS, on August 16, 2020, a major wildfire event known as the "CZU August Lightning Complex Fires" or "CZU Wildfire" broke out at various locations in the mountains of Santa Cruz and San Mateo Counties;

WHEREAS, the CZU Wildfire quickly spread into areas served by the San Lorenzo Valley Water District ("District") under extremely dangerous conditions, including a large amount of dry vegetation and strained firefighting resources due to multiple lightning-caused fires ignited almost simultaneously at additional locations across Northern California;

WHEREAS, mandatory evacuations were required for the entire territory served by the District;

WHEREAS, on August 18, 2020, Governor Newsome signed a proclamation of a statewide State of Emergency due to the effects of the August lightning complex fires, which have destroyed hundreds homes and businesses in Santa Cruz County; caused the evacuation of residents; threatened, damaged, and destroyed critical infrastructure; and caused a serious threat of mud and debris flows during the upcoming rainy season;

WHEREAS, at a series of emergency and/or special meetings conducted by the District's Board of Directors ("Board") during the CZU Wildfire on August 19, 21, 24 and 28, the Board took several emergency actions including but not limited to authorizing and directing District staff to support firefighting efforts, and declaring the existence of an emergency water shortage emergency condition necessitating securing water connections where leaks, runoff or other water wastage was observed at evacuated properties;

WHEREAS, despite efforts by District staff during the CZU Wildfire to secure water connections where water wastage was observed or reported, that was not possible in all cases; and in some cases water may have been used for firefighting efforts, although the location and amount of any such usage is unknown;

WHEREAS, in recognition of the impossibility of determining the cause of water losses for each and every water connection served by the District that experienced abnormally high water usage during the CZU Wildfire, the Board wishes to establish a uniform policy that facilitates disaster recovery and that treats customers as fairly and equitably as possible under these unique emergency circumstances;

WHEREAS, for the same reasons set forth in this Resolution, at a regular meeting of the Board conducted on September 17, 2020, the Board passed a motion to allow for adjustment of all District customers' August 2020 water bills to reflect the amount of the customer's July 2020 bill, unless the August bill is lower.

NOW, THEREFORE, BE IT RESOLVED by the Board of the San Lorenzo Valley Water District that the Board of Directors hereby affirms and formalizes its prior approval by motion of a policy allowing for a one-time adjustment of all customers' August 2020 water bills to reflect the amount of the customer's July 2020 bill, unless the customer's August bill is lower than the amount of the July bill in which case there will be no such adjustment (the "CZU Wildfire Water Bill Adjustment Policy");

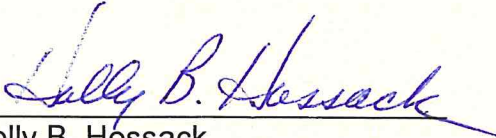
FURTHER RESOLVED by the Board that, as previously discussed by the Board at its September 17 meeting, this CZU Wildfire Water Bill Adjustment Policy is not intended to apply to customers who experienced a structure loss to which the District's catastrophic loss policy applies; and

FURTHER RESOLVED by the Board that the District Manager and District staff are hereby authorized and directed to implement this CZU Wildfire Water Bill Adjustment Policy.

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PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 1st day of October 2020, by the following vote of the members thereof:

AYES: Farris, Fultz, Henry, Moran, Swan  
NOES:  
ABSTAIN:  
ABSENT:

  
Holly B. Hossack  
District Secretary



**SAN LORENZO VALLEY WATER DISTRICT  
RESOLUTION NO. 5 (20-21)**

**Appointing a District Point of Contact and Signatory for Cal  
OES's Community Power Resiliency Allocation to Special  
Districts Program**

**WHEREAS**, the San Lorenzo Valley Water District (District) is seeking funding and assistance from the California Governor's Office of Emergency Services (Cal OES) under the terms of the Community Power Resiliency Allocation to Special Districts Program; and

**WHEREAS**, Community Power Resiliency Allocation to Special Districts Program purpose is to support California special districts with additional preparedness measures in response to power outage events; and

**WHEREAS**, in order to apply for Community Power Resiliency Allocation to Special Districts Program requires documentation showing that the District has appointed a representative to serve as the point of contact and signatory for applications and agreements; and

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the San Lorenzo Valley Water District that the Board hereby authorizes and directs the District Manager, Rick Rogers, to serve as the District's point of contact and signatory for Community Power Resiliency Allocation to Special Districts Program applications, agreements, and any related documents.

\* \* \* \* \*

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 29th day of October 2020, by the following vote of the members thereof:

AYES: S. Swan, L. Henry, R. Moran, B. Fultz, L. Farris

NOES:

ABSTAIN:

ABSENT:



Holly Hossack, District Secretary  
San Lorenzo Valley Water District

**RESOLUTION NO. 6 (20-21)**

**SUBJECT:        MULTIPLE USER VARIANCE RENEWALS FOR 2020/2021**

WHEREAS, the Customer Service Department has completed its annual review of the accounts that have been given a variance from multiple user status as provided in the Utility Billing Policy; and

WHEREAS, those accounts who qualify for the exemption are charged the 5/8" meter monthly basic fee as a single family dwelling, while those who are multiple users are charged a 1" meter monthly basic service fee; and

WHEREAS, the Board of Directors has reviewed the multiple users variance list and desires to grant approval of a one-year variance from multiple user status;

NOW THEREFORE BE IT RESOLVED by the Board of Directors of the San Lorenzo Valley Water District that the accounts listed on the attached multiple user variance list be granted approval of a one-year variance from multiple user status.

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PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of CA, on the 10th day of November, 2020 by the following vote of the members thereof:

AYES:            Henry, Farris, Fultz, Moran

NOES:

ABSTAIN:

ABSENT:

  
Holly Hossack, District Secretary  
San Lorenzo Valley Water District

**SAN LORENZO VALLEY WATER DISTRICT  
RESOLUTION NO. 7 (20-21)**

SUBJECT: SAN LORENZO VALLEY WATER DISTRICT DISCRIMINATION,  
HARASSMENT, AND RETALIATION PREVENTION POLICY 2020-2021

WHEREAS, state and federal laws prohibit certain types of harassment, including sexual harassment, as well as discrimination and retaliation; and

WHEREAS, San Lorenzo Valley Water District is committed to ensuring and providing a work place free of discrimination, harassment and retaliation; and

WHEREAS, the Board of Directors of the San Lorenzo Valley Water District have reviewed the proposed new Discrimination, Harassment and Retaliation Prevention Policy (Exhibit A) and the existing Sexual Harassment Policy for 2020 (Exhibit B).

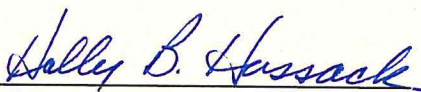
NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Lorenzo Valley Water District that Exhibit A the San Lorenzo Valley Water District Discrimination, Harassment and Retaliation Policy (Policy) is hereby adopted; the Policy shall take effect immediately superseding and replacing Exhibit B, and the Policy shall remain in effect for 2021.

FURTHER BE IT RESOLVED that the Policy shall be submitted annually to the District Counsel for review and to the Board of Directors for review and adoption for subsequent years.

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PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 5th day of November 2020, by the following vote of the members thereof:

AYES: Swan, Henry, Farris, Moran, Fultz  
NOES:  
ABSENT:  
ABSTAIN:

  
\_\_\_\_\_  
Holly B. Hossack,  
District Secretary

**Exhibit A**

**San Lorenzo Valley Water District Discrimination, Harassment and Retaliation Policy**

[See Following Pages]



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**SAN LORENZO VALLEY WATER DISTRICT**  
**DISCRIMINATION, HARASSMENT, AND RETALIATION**  
**PREVENTION POLICY**

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**ADOPTED**

**November 5, 2020**

**RESOLUTION NO. 7 (20-21)**



## POLICY REVISION HISTORY

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COMPLAINT FORM

CONFIRMATION OF RECEIPT

## **Policy: Discrimination, Harassment, and Retaliation Prevention Policy**

### **POLICY**

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San Lorenzo Valley Water District is an equal opportunity employer. San Lorenzo Valley Water District is committed to providing a professional work environment free from discrimination, harassment, and retaliation and disrespectful or other unprofessional conduct based on a protected category covered by this policy:

- Race
- Color
- Sex/gender (including pregnancy, childbirth, breastfeeding or related medical conditions), sex stereotype, gender identity/gender expression/transgender (including whether or not you are transitioning or have transitioned) and sexual orientation
- Religion or religious creed (including religious dress and grooming practices)
- National origin
- Ancestry
- Physical or mental disability
- Medical condition (including cancer)
- Genetic information/characteristics
- Marital status/registered domestic partner status
- Age (40 years and over)
- Veteran and/or military status
- Political affiliation
- Any other status protected by state or federal law.

San Lorenzo Valley Water District prohibits discrimination, harassment, disrespectful or unprofessional conduct whether based on those protected categories/characteristics, or based on a perception that anyone has any of those characteristics or is associated with a person who has or is perceived as having any of those characteristics.

In addition, San Lorenzo Valley Water District prohibits retaliation against a person who raises complaints of discrimination or harassment or who participate in workplace investigations.

**All such conduct violates District Policy.**

## **Scope of Protection**

This policy applies to all persons involved in the operation of the San Lorenzo Valley Water District including any and all employees, supervisors, managers, co-workers, officers and Board or Committee Members of the District. The Policy also applies to vendors, customers, independent contractors, volunteers, job applicants and other persons with whom you come into contact while working. In addition, this policy extends to conduct with a connection to an employee's work, even when the conduct takes place away from San Lorenzo Valley Water District's premises, such as field work, work on a customer's property, business-related meetings and business-related social functions.

All employees are expected to assume responsibility for maintaining a work environment that is free from discrimination, harassment and retaliation. Employees are encouraged to promptly report conduct that they believe violates this policy so that the District has an opportunity to address and resolve any concerns. Managers and supervisors are required to promptly report conduct that they believe violates this policy. The District is committed to responding to alleged violations of this policy in a timely and fair manner and to taking appropriate action aimed at ending the prohibited conduct.

## **Anti-Discrimination**

The District is committed to compliance with all applicable laws providing equal employment opportunities. This commitment applies to all persons involved in District operations. The District prohibits unlawful discrimination against any job applicant, employee, unpaid intern or volunteer by any Board member or employee of the District, including managers, supervisors and coworkers.

Discrimination may include, but is not necessarily limited to: hostile or demeaning behavior toward persons because of their protected category/characteristic; allowing the protected category to be a factor in hiring, promotion, compensation or other employment related decisions unless otherwise permitted by applicable law,<sup>1</sup> and providing unwarranted assistance or withholding work-related assistance, cooperation, and/or information because of their protected category/characteristic.

Pay discrimination between employees of the opposite sex or between employees of another race or ethnicity performing substantially similar work, as defined by the California Fair Pay Act and federal law, is prohibited. Pay differentials may be valid in certain situations defined by law. Employees will not be retaliated against for inquiring about or discussing wages. However, the District is not obligated to disclose the wages of other employees.

San Lorenzo Valley Water District may implement appropriate corrective action(s), up to and including formal discipline, in response to misconduct--including violations of this policy--even if the violation does not rise to the level of unlawful conduct.

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<sup>1</sup> For example veterans preference is permitted under Government Code 18973.1.



## **Harassment Prevention**

Harassment is a form of discrimination that is prohibited by law including Title VII of the Civil Rights Act of 1964 and California Government Code Section 12940 et seq. Harassment is a costly form of discrimination that can result in expensive litigation that may result in back pay or punitive damage awards, withdrawal of federal support funds and/or other adverse actions. District employees have a grave responsibility for maintaining high standards of honesty, integrity, impartiality and conduct to assure proper performance of the District's business and the maintenance of confidence of the people it serves. It is the policy of the San Lorenzo Valley Water District that harassment is unacceptable and will not be condoned or tolerated.

Prohibited harassment, disrespectful or unprofessional conduct, includes but is not limited to the following behavior:

- Verbal conduct such as slurs, derogatory jokes or comments, insults, epithets, gestures, teasing, or unwanted sexual advances, invitations, comments, posts, or messages;
- Visual displays such as gestures, posting or distribution of derogatory, offensive and/or sexually oriented posters, symbols, cartoons, drawings, computer displays, emails, or messages or pictures via social media platforms;
- Physical conduct including assault, unwanted touching, physically threatening another person, intentionally blocking someone's normal movement or interfering with work because of sex, race or any other protected basis;
- Threats and demands to submit to sexual requests or sexual advances as a condition of continued employment, or to avoid some other loss and offers of employment benefits in return for sexual favors;
- Retaliation for reporting or threatening to report harassment; and
- Communication via electronic media of any type that includes any conduct that is prohibited by state and/or federal law or by District policy.

Prohibited harassment is not just sexual harassment, but also harassment based on any protected category/characteristic.

## **Sexual Harassment**

Sexual harassment is a type of unlawful harassment. Sexual harassment is generally categorized into two types:

### **1. Quid Pro Quo ("this for that")**

- Submission to sexual conduct is made explicitly or implicitly a term or condition of an individual's employment.
- Submission to or rejection of the conduct by an employee is used as the basis for employment decisions affecting the employee.

## **2. Hostile Work Environment**

- Conduct of a sexual nature or on the basis of sex by any person in the workplace that unreasonably interferes with an employee's work performance and/or creates an intimidating, hostile or otherwise offensive working environment. Examples may include but are not limited to:
  - Unwelcome sexual advances, flirtation, teasing, sexually suggestive or obscene letters, invitations, notes, emails, voicemails or gifts.
  - Sex, gender or sexual orientation-related comments, slurs, jokes, remarks or epithets.
  - Leering, obscene or vulgar gestures or making sexual gestures.
  - Displaying or distributing sexually suggestive or derogatory objects, pictures, cartoons, or posters or any such items.
  - Impeding or blocking movement, unwelcome touching or assaulting others.
  - Any sexual advances that are unwelcome as well as reprisals or threats after a negative response to sexual advances.
  - Conduct or comments consistently targeted at one gender, even if the content is not sexual.

Sexual harassment does not need to be motivated by sexual desire to be unlawful or to violate this policy. For example, hostile acts toward an employee because of his/her gender can amount to sexual harassment, regardless of whether the motivation is sexual desire.

### **Anti-Retaliation**

The District will not retaliate against you for filing a complaint or participating in any workplace investigation or complaint process and will not tolerate or permit retaliation by management, supervisors, employees or co-workers.

As used in this policy retaliation is defined as any adverse employment action taken against an employee because the employee engaged in activity protected under this policy. Adverse employment action is conduct or an action that materially affects the terms and conditions of the employee's employment status or is reasonably likely to deter the employee from engaging in protected activity. Even actions that do not result in a direct loss of compensation may be regarded as an adverse employment action when considered in the totality of the circumstances.

Examples of retaliation may include but are not limited to: demotion; suspension; reduction in pay; denial of a merit salary increase; failure to hire or consider for hire; refusing to promote or consider for promotion because of reporting a violation of this policy; harassing another employee for filing a complaint; denying employment opportunities because of making a complaint or for cooperating in an investigation; changing someone's work assignments for identifying harassment or other forms of discrimination in the workplace; treating people differently such as denying an accommodation or not talking to an employee when otherwise required by job duties, or otherwise excluding the employee from job-related activities because of engagement in activities protected under this policy.



### **Reasonable Accommodation**

Discrimination can also include failing to reasonably accommodate religious practices or qualified individuals with disabilities where the accommodation does not pose an undue hardship. To comply with applicable laws ensuring equal employment opportunities to qualified individuals with a disability, the District will make reasonable accommodations for the known physical or mental limitations of an otherwise qualified individual with a disability who is an applicant or an employee unless undue hardship would result.

Any job applicant or employee who requires an accommodation in order to perform the essential functions of the job should contact a District representative with day-to-day personnel responsibilities and discuss the need for an accommodation. The District will engage in an interactive process with the employee to identify possible accommodations, if any, that will help the applicant or employee perform the job. An applicant, employee or unpaid intern who requires an accommodation of a religious belief or practice (including religious dress and grooming practices, such as religious clothing or hairstyles) should also contact a District representative with day-to-day personnel responsibilities and discuss the need for an accommodation. If the accommodation is reasonable and will not impose an undue hardship, the District will make the accommodation.

The District will not retaliate against you for requesting a reasonable accommodation and will not knowingly tolerate or permit retaliation by management, employees or co-workers.



## **TRAINING REQUIREMENTS**

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Every two years, all employees must attend discrimination, harassment and retaliation prevention training and education as required by law. Non-managerial employees must attend 1 hour of training, and supervisory or managerial employees must attend 2 hours training. The District Manager shall designate supervisory and managerial employees for the purpose of this policy.

The training and education shall be aimed at increasing employees' understanding of and preventing workplace sexual harassment (including harassment on the basis of sexual orientation, gender identity, and gender expression) and their role in creating an underlying culture of mutual respect in our workplace. Specific components of the training will include how to promptly and effectively respond to sexual harassment when it occurs, the effects of abusive conduct in the workplace, and ways to appropriately intervene if one is witness to behavior that is not in keeping with this policy. The training and education will include practical examples aimed at instructing supervisors in the prevention of harassment, discrimination, and retaliation, and shall be presented by trainers or educators with knowledge and expertise in the prevention of harassment, discrimination, and retaliation.

### **Publicizing:**

This policy and reporting process shall be readily available to all officers, employees, applicants and members of the general public utilizing the District's facilities and services.

All new District officers and employees shall be given a copy of this Discrimination, Harassment, and Retaliation Prevention Policy at the time of appointment or hiring. All employees shall be required to sign an acknowledgment of this Discrimination, Harassment, and Retaliation Prevention Policy stating that he or she has read the policy and understands and agrees that it is the employee's responsibility familiarize himself/herself with its contents, including reporting procedures.

At least annually, on or about January 15th of each calendar year, or whenever the Board of Directors adopts revisions to this Discrimination, Harassment, and Retaliation Prevention Policy, the District Manager shall promptly distribute a copy of the revised policy to all officers and employees of the District via the District's website or another lawful method.

## **ADDRESSING AND REPORTING VIOLATIONS OF THIS POLICY**

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Any person who experiences or is witness to behavior that they believe violates this policy is encouraged to immediately tell the offending individual that the behavior is inappropriate and, if they feel comfortable doing so, to tell the offending individual to stop the behavior.

A complaint may be brought forward verbally or in writing. Supervisors must immediately refer all complaints involving harassment, discrimination, retaliation or other prohibited conduct to Human Resources and the District Manager so the District can try to resolve the complaint. If the alleged offender is the District Manager, the alleged violation should be reported to any other supervisor or manager.

When the District receives allegations of misconduct, it will immediately undertake a fair, timely, thorough and objective investigation of the allegations in accordance with all legal requirements. The District may assign the investigation of a report of alleged violation to an outside party. The District will reach reasonable conclusions based on the evidence collected.

Complaints will be:

- Responded to in a timely manner;
- Kept confidential to the extent possible;
- Investigated impartially by qualified personnel in a timely manner;
- Documented and tracked for reasonable progress;
- Given appropriate options for remedial action and resolution; and
- Closed in a timely manner.

Even in the absence of a formal complaint, an investigation may be initiated where there is reason to believe that conduct that violates this policy has occurred. Anonymous complaints will also be investigated. Moreover, even where a complainant conveys a request to withdraw their initial formal complaint, the District may continue the investigation to ensure that the workplace is free from discrimination, harassment and retaliation.

The District will maintain confidentiality to the extent possible. However, the District cannot promise complete confidentiality. The employer's duty to investigate and take corrective action may require the disclosure of information to individuals with a need to know.

All employees are required to cooperate fully with any investigation. This includes, but is not limited to, maintaining an appropriate level of discretion regarding the investigation and disclosing any and all information that may be pertinent to the investigation.

If the District determines that harassment, discrimination, retaliation or other prohibited conduct has occurred, appropriate and effective corrective and remedial action will be taken in accordance with the circumstances involved. The District also will take appropriate action to deter future misconduct.



Any employee determined by the District to be responsible for harassment, discrimination, retaliation or other prohibited conduct will be subject to appropriate disciplinary action, up to, and including termination. An employee who knowingly makes a false report will be subject to appropriate disciplinary actions, up to, and including termination.

If employees engage in unlawful harassment, they may be held personally liable for the misconduct.

**Contact information for the District Manager, Rick Rogers is:**

**Email: [rrogers@slvwd.com](mailto:rrogers@slvwd.com) or Phone: 831 430-4624**

## **FILING OF COMPLAINTS OUTSIDE THE DISTRICT**

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An individual may file a formal complaint of discrimination, harassment, or retaliation with the agencies listed below. Individuals who wish to pursue filing with these agencies should contact them directly to obtain further information about their processes and time limits.

### **California Department of Fair Employment and Housing**

2218 Kausen Drive, Suite 100 Elk

Grove, CA 95758

800-884-1684 (voice), 800-700-2320 (TTY) or California's Relay Service at 711

[contact.center@dfeh.ca.gov](mailto:contact.center@dfeh.ca.gov)

<https://www.dfeh.ca.gov>

### **U.S. Equal Employment Opportunity Commission**

450 Golden Gate Avenue

5 West, P.O Box 36025

San Francisco, CA 94102-3661

1-800-669-4000 or 1-844-234-5122 (Deaf/hard-of-hearing callers only)

<http://www.eeoc.gov/employees>

### **CALIFORNIA STATE AGENCIES ONLY:**

#### **State Personnel Board Appeals Division**

801 Capitol Mall Sacramento, CA

95814

(916) 653-0799 or TDD Line (916) 653-1498

[appeals@spb.ca.gov](mailto:appeals@spb.ca.gov)

[www.spb.ca.gov](http://www.spb.ca.gov)

**C O N F I D E N T I A L**  
**SENSITIVE PERSONNEL INFORMATION**

**SAN LORENZO VALLEY WATER DISTRICT**  
**DISCRIMINATION, HARASSMENT, AND RETALIATION PREVENTION POLICY**  
**COMPLAINT FORM**

**COMPLAINANT INFORMATION**

---

NAME:

WORK PHONE:

IMMEDIATE SUPERVISOR:

Please describe the conduct that you believe violates the Discrimination, Harassment or Retaliation Prevention Policy. In your narrative, describe: (1) What happened to you; (2) Why you believe you are being discriminated, harassed, or retaliated against, including the reason or evidence you have to support your belief, and; (3) When the acts of discrimination, harassment, or retaliation occur (attach additional pages if needed). If you require assistance with completing this form as a reasonable accommodation, please contact Human Resources.

CONFIDENTIAL

**C O N F I D E N T I A L**  
**SENSITIVE PERSONNEL INFORMATION**

**PERSON(S) ALLEGED TO HAVE VIOLATED THE POLICY**

---

**Person #1 - Name:**                      **Position:**                      **Work Location:**

**Person #2 - Name:**                      **Position:**                      **Work Location:**

**Person #3 - Name:**                      **Position:**                      **Work Location:**

**PERSON(S) WITH INFORMATION/KNOWLEDGE OF THE ALLEGED INCIDENTS**

---

**Witness Name:**                      **Position:**                      **Work Location:**

**Witness Name:**                      **Position:**                      **Work Location:**

**Witness Name:**                      **Position:**                      **Work Location:**

**HAVE YOU COMPLAINED TO ANYONE AT SAN LORENZO VALLEY WATER DISTRICT ABOUT THIS MATTER?**

---

If yes, explain the situation. When did you complain, to whom, and what was the result?

Please submit to the District Manager and/or Human Resources, or as otherwise specified in the Policy.

**SAN LORENZO VALLEY WATER DISTRICT  
DISCRIMINATION, HARASSMENT, AND RETALIATION PREVENTION POLICY**

**CONFIRMATION OF RECEIPT**

---

I have received my copy of the District's Harassment, Discrimination and Retaliation Prevention Policy. I understand and agree that it is my responsibility to read and familiarize myself with this policy.

I understand that the District is committed to providing a work environment that is free from harassment, discrimination and retaliation. My signature certifies that I understand that I must conform to and abide by the rules and requirements described in this policy.

Employee's Signature: \_\_\_\_\_

Employee's Printed Name: \_\_\_\_\_

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



**SAN LORENZO VALLEY WATER DISTRICT  
RESOLUTION NO. 8 (20-21)**

**Boulder Creek Recreation and Park District  
KBCZ Radio Lease Agreement**

**WHEREAS**, the District maintains a two-way radio facility at its Nina Tank facility located at 1080 Rebecca Drive in Boulder Creek; and

**WHEREAS**, the District has also entered into lease agreements with the County of Santa Cruz Emergency Services and the San Lorenzo Valley Unified School District for school bus and maintenance communications; and

**WHEREAS**, over the past few years, the District has been working with the Boulder Creek Recreation and Park District (KBCZ Radio) to put together an agreement to place a transmitter on a District parcel to improve the radio station's coverage to the entire San Lorenzo Valley, specifically the Felton area; and

**WHEREAS**, the proposed lease agreement provides for a three (3) year term for the use of the District Building, antenna tower, electricity (minimal), and property; and

**WHEREAS**, the lease agreement provides for rent of \$300.00 per year to cover the cost associated with the use of district facilities; and

**WHEREAS**, KBCZ has shown to be an asset during emergencies and staff sees great potential in working with KBCZ in the future.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the San Lorenzo Valley Water District that the Board hereby authorizes and directs the District Manager, Rick Rogers, to serve as the District's point of contact and signatory for Community Power Resiliency Allocation to Special Districts Program applications, agreements, and any related documents.

\* \* \* \* \*


PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 3rd day of December 2020, by the following vote of the members thereof:

AYES: Henry, Moran, Fultz, Farris

NOES:

ABSTAIN:

ABSENT:



Holly Hossack, District Secretary  
San Lorenzo Valley Water District

# SAN LORENZO VALLEY WATER DISTRICT

## RESOLUTION NO. 9 (20-21)

SUBJECT: SETTING REGULAR BOARD OF DIRECTORS MEETING DAYS  
FOR 2021 AS THE FIRST AND THIRD THURSDAY OF EVERY  
MONTH

WHEREAS, California Government Code, Section 54954, establishes that the Board of Directors shall provide the time and place for holding regular meetings; and

WHEREAS, in the past the Board of Directors has determined regular meeting days based upon the availability of Board members; and

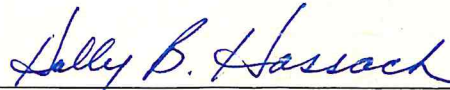
WHEREAS, the Board desires to continue the regular meeting days as the first and third Thursday of each month, unless holidays or other unforeseen events cause a change; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Lorenzo Valley Water District that effective January 1, 2021 the time and day for regular Board of Directors meetings is set for 5:30 p.m. on the first and third Thursday of every month.

\*\*\*\*\*

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of, California, on the 3rd day of December, 2020, by the following vote of the members thereof:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:



Holly B. Hossack, District Secretary  
San Lorenzo Valley Water District



SAN LORENZO VALLEY WATER DISTRICT

RESOLUTION NO. 10 (20-21)

SUBJECT: APPROVAL OF AGREEMENT REGARDING WATER SERVICE FOR  
KIMBERLY AND STEVE MARKEY, APN 089-431-28, BOULDER CREEK

WHEREAS, the Applicant desires to receive water service as a customer of the District; and

WHEREAS, the Applicant's property, APN 089-431-28, generally located at 243 Shadow Mountain Road, Boulder Creek, California, is situated within the boundaries of the District; and

WHEREAS, the parcel is within the District's service area; and

WHEREAS, water service will be by a private long service line extending from the water meter location below the Ralston Tank to 243 Shadow Mountain Road via Timberwood Drive; with easements obtained by the Applicant; and

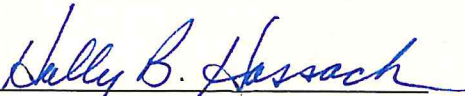
WHEREAS, the District is interested in providing service to this parcel and this agreement provides the covenants necessary to resolve the current situation.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Lorenzo Valley Water District that the District Manager is authorized and directed to execute the agreement regarding water service to the Applicant, APN 089-431-28, on behalf of the District.

\*\*\*\*\*

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 16th day of December, 2020, by the following vote of the members thereof:

AYES: Mahood, Henry, Fultz, Smolley, To  
NOES:  
ABSENT:  
ABSTAIN:

  
Holly B. Hossack, District Secretary  
San Lorenzo Valley Water District

SAN LORENZO VALLEY WATER DISTRICT

RESOLUTION NO. 11 (20-21)

SUBJECT: APPROVAL OF AGREEMENT REGARDING WATER SERVICE FOR Ron & Elisabet Hiatt (250 Western States Road, 074-123-30), Steve Hunt (345 Western States Road, 074-201-09), and Craig Leibelt & Jill McClure (390 Western States Road, 074-201-02).

WHEREAS, the Applicant currently receive water services as a customer of the District; and

WHEREAS, the Applicants' properties, APN's 074-123-30, 074-201-09, and 074-201-02, are generally located at 250, 345, and 390 Western States Road Felton, California; and

WHEREAS, water services will be by a private long service line extending from the proposed meter bank on Western States Drive near Waner Way, over the existing bridge crossing Zayante Creek; and


WHEREAS, the District is interested in providing safer and more reliable service to these parcels and this agreement provides the covenants necessary to resolve the current situation.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Lorenzo Valley Water District that the District Manager is authorized and directed to execute the agreement regarding water service to the Applicants, APN's 074-123-30, 074-201-09, and 074-201-02, on behalf of the District.

\*\*\*\*\*

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 16th day of December, 2020, by the following vote of the members thereof:

AYES: Mahood, Henry, Fultz, Smolley, To  
NOES:  
ABSENT:  
ABSTAIN:

  
Holly B. Hossack, District Secretary  
San Lorenzo Valley Water District

**SAN LORENZO VALLEY WATER DISTRICT  
RESOLUTION NO. 12 (20-21)**

**SUBJECT: RESOLUTION OF APPRECIATION FOR DIRECTOR SWAN**

WHEREAS, on December 13, 2018 Steven Swan was sworn in after being elected to the Board of Directors of the San Lorenzo Valley Water District; and

WHEREAS, Director Swan faithfully and continuously served in his capacity as a Board Member for a period of 2 years; and

WHEREAS, Director Swan distinguished himself as an exemplary Board President in 2020 and led the District through the CZU Wildfire; and


WHEREAS, Director Swan was dedicated to the proper management and fiscal viability of the District as well as the protection of the District's Watershed Property and the environmental health of the entire San Lorenzo River Watershed.

NOW, THEREFORE BE IT RESOLVED, by the Board of Directors of the San Lorenzo Valley Water District that Steven Swan be commended and thanked for his years of dedicated service, that he has the respect of all who have worked with him and that his efforts and dedication will be sorely missed.

\*\*

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 16<sup>th</sup> day of December, 2020 by the following vote of the members thereof:

AYES: Mahood, Henry, Fultz, Smolley, To  
NOES:  
ABSTAIN:  
ABSENT:

  
Holly B. Hossack, District Secretary  
San Lorenzo Valley Water District



**SAN LORENZO VALLEY WATER DISTRICT  
RESOLUTION NO. 13 (20-21)**

**SUBJECT: RESOLUTION OF APPRECIATION FOR DIRECTOR FARRIS**

WHEREAS, on May 2, 2019 Lewis Farris was sworn in after being appointed to the Board of Directors of the San Lorenzo Valley Water District; and

WHEREAS, Director Farris faithfully and continuously served in his capacity as a Member of the Board for a period of 1 year, 7 months; and

WHEREAS, Director Farris began working with the District as a member of the Community Outreach Citizen's Advisory Committee where he was instrumental in the District earning a Transparency Certificate of Excellence and improving outreach to the public; and

WHEREAS, Director Farris was involved in the District's Engineering Committee both as a public member and as a Board member; and

WHEREAS, Director Farris was dedicated to the proper management and protection of the District's Watershed Property and the environmental health of the entire San Lorenzo River Watershed; and

WHEREAS, Director Farris was involved in the Santa Margarita Groundwater Management Agency and served as one of the District's representatives;


WHEREAS, Director Farris was instrumental in moving forward with the District's Fire Management Plan;

NOW, THEREFORE BE IT RESOLVED, by the Board of Directors of the San Lorenzo Valley Water District that Lewis Farris be commended and thanked for his years of dedicated service, that he has the respect of all who have worked with him and that his efforts and dedication will be sorely missed.

\*\*

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 16<sup>th</sup> day of December, 2020 by the following vote of the members thereof:

AYES: Mahood, Henry, Fultz, Smolley, To  
NOES:  
ABSTAIN:  
ABSENT:

  
Holly B. Hossack, District Secretary  
San Lorenzo Valley Water District

**SAN LORENZO VALLEY WATER DISTRICT  
RESOLUTION NO. 14 (20-21)**

**SUBJECT: RESOLUTION OF APPRECIATION FOR DIRECTOR MORAN**

WHEREAS, on August 28, 2019 Richard Moran was sworn in as an appointed member of the Board of Directors of the San Lorenzo Valley Water District; and

WHEREAS, Director Moran continuously served in his capacity on the Board of Directors for a period of 1 year and 4 months; and

WHEREAS, Director Moran was dedicated to the proper management and protection of the District's Watershed Property and the environmental health of the entire San Lorenzo River Watershed; and

WHEREAS, Director Moran was involved in the District's Environmental Committee both as a public member and as a Board member and Chair, often imparting his knowledge for the good of the District; and

WHEREAS, Director Moran was instrumental in banning the use of Glyphosate, a probable human carcinogen, from use on District properties; and

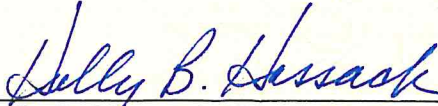
WHEREAS, Director Moran was responsible for moving forward the adoption of the District's first Integrated Pest Management Plan, reducing the use of pesticides to the maximum degree possible.

NOW, THEREFORE BE IT RESOLVED, by the Board of Directors of the San Lorenzo Valley Water District that Richard Moran be commended and thanked for his years of dedicated service, that he has the respect of all who have worked with him and that his efforts and dedication will be missed.

\*\*

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 16th day of December, 2020 by the following vote of the members thereof:

AYES: Mahood, Henry, Fultz, Smolley, To  
NOES:  
ABSTAIN:  
ABSENT:

  
\_\_\_\_\_  
Holly B. Hossack, District Secretary  
San Lorenzo Valley Water District



**SAN LORENZO VALLEY WATER DISTRICT  
RESOLUTION NO. 15 (20-21)**

**SUBJECT: THE BOARD OF DIRECTORS OF THE SAN LORENZO VALLEY WATER DISTRICT, SANTA CRUZ COUNTY, CALIFORNIA, ESTABLISHING ITS INTENTION TO BE REIMBURSED FOR EXPENDITURES RELATED TO CERTAIN WATER IMPROVEMENTS**

**WHEREAS**, the San Lorenzo Valley Water District (the "District") desires to finance the costs of repairs and improvements to its water system resulting from the CZU August Lightning Complex Wildfires (the "Project"); and

**WHEREAS**, the District currently intends and reasonably expects to participate in a tax-exempt borrowing (the "Obligations") within eighteen (18) months of the date of such capital expenditures or the placing in service of the Project (the "Expenditures"), whichever is later (but in no event more than three (3) years after the date of the original expenditure of such moneys), the proceeds of such borrowing to be used to finance such capital expenditures, including an aggregate amount not to exceed Two Million Dollars (\$2,000,000) for reimbursing the District for the portion of such capital expenditures incurred or to be incurred subsequent to the date which is sixty (60) days prior to the date hereof but before such borrowing; and

**WHEREAS**, the Board of Directors hereby desires to declare its official intent, pursuant to 26 C.F.R. Section 1.150-2, to reimburse the District for such capital expenditures with the proceeds of the District's future tax-exempt borrowing.

**NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE SAN LORENZO VALLEY WATER DISTRICT AS FOLLOWS:**

SECTION 1. The District hereby states its intention and reasonably expects to reimburse Expenditures paid prior to the issuance of the Obligations.

SECTION 2. The reasonably expected maximum principal amount of the Project Funds is not to exceed Five Million Dollars (\$5,000,000).

SECTION 3. This Resolution is being adopted no later than sixty (60) days after the date on which the District will expend the moneys for the construction portion of the Project costs to be reimbursed with Project Funds.

SECTION 4. Each of the Expenditures will be a type of properly chargeable to a capital account under general federal income tax principles.

SECTION 5. To the best of our knowledge, the District is not aware of the previous adoption of official intents by the District that have been made as a matter of course for the purpose of reimbursing the Expenditures and for which tax-exempt obligations have not been issued.



SECTION 6. This Resolution is adopted as an official intent of the District in order to comply with Treasury Regulation § 1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Project costs.

SECTION 7. All the recitals in this Resolution are true and correct and the District so finds, determines and represents.

\*\*\*\*\*

**PASSED, APPROVED AND ADOPTED** by the Board of Directors of the District, County of Santa Cruz, State of California, on this 16th day of December, 2020, by the following vote:

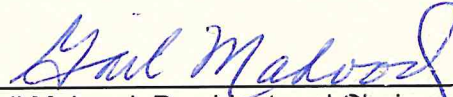
**AYES:** Mahood, Henry, Fultz, Smolley, To

**NOES:**

**ABSENT:**

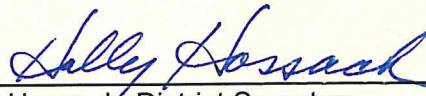
**ABSTAIN:**

**SAN LORENZO VALLEY WATER DISTRICT**



Gail Mahood, President and Chairperson,  
Board of Directors of the San Lorenzo Valley Water  
District

ATTESTED:



Holly Hossack, District Secretary

RESOLUTION NO. 16 (20-21)

A RESOLUTION OF THE SAN LORENZO VALLEY WATER DISTRICT APPROVING AN INSTALLMENT PURCHASE AGREEMENT, WITH RESPECT TO FINANCING IMPROVEMENTS TO THE WATER SYSTEM IN AN AMOUNT NOT TO EXCEED \$15,000,000 AND OTHER MATTERS PERTAINING THERETO

WHEREAS, the San Lorenzo Valley Water District (the "District") is authorized by the laws of the State of California to acquire, design, and construct improvements to the District's water system (the "Water System"); and

WHEREAS, the District has heretofore undertaken the acquisition, design and construction of improvements to the Water System (the "Project"); and

WHEREAS, the CoBank, ACB (the "Bank") will assist the District with financing the acquisition, design and construction of the Project for the District;

WHEREAS, the District and the Bank have determined that it would be in their best interests to provide for the financing (the "Financing") of the Project by entering into the Installment Purchase Agreement dated March 1, 2021 by and between the District and the Bank (the "Agreement"); and

WHEREAS, the District has determined that the Financing should be offered for private placement and have received a term sheet from the Bank and that such Financing will bear interest at a fixed rate; and

WHEREAS, Section 5852.1 of the Government Code of the State of California ("Section 5852.1") provides that the District obtain from an underwriter, municipal advisor or private lender and disclose, in a meeting open to the public, prior to authorization of the Financing, good faith estimates of: (a) the true interest cost of the installment payments made pursuant to the Agreement (the "Installment Payments"), (b) the finance charge of the Agreement, meaning the sum of all fees and charges paid to third parties, (c) the amount of proceeds of the Agreement received less the finance charge described above and any reserves or capitalized interest paid or funded with proceeds of the Agreement and (d) the sum total of all Installment Payments calculated to the final Installment Payment Date (as defined in the Agreement) plus the fees and charges paid to third parties not paid with the proceeds of the Agreement; and

WHEREAS, in accordance with Section 5852.1, the District has obtained such good faith estimates from the Bank and such estimates are attached hereto as Exhibit A; and

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



NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE SAN LORENZO VALLEY WATER DISTRICT AS FOLLOWS:

SECTION 1. Approval of Installment Purchase Agreement. The Agreement, which provides generally for (i) the resale of the Project by the Bank to the District, (ii) the purchase by the District from the Bank of the Project, and (ii) the payment by the District to the Bank of the Installment Payments in amounts which will be sufficient to pay the principal of and interest owing to the Bank, is hereby approved and any of the District Manager and Director of Finance and Business Services of the District (together, the "Authorized Officers") are each individually authorized to execute, acknowledge and deliver said agreement on behalf of the District in substantially the form hereby approved with such changes therein as the officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 2. Financing Terms. The financing terms presented to the District by the Bank are approved as follows: maximum principal amount of financing is \$15,000,000; maximum interest rate with respect to the financing is 2.40%, except in the event of default, or if interest payable on the Agreement is determined to be taxable, such rate may increase as agreed upon in the Agreement, and maximum term for the financing is 20 years.

SECTION 3. Requisitions. The Authorized Officers, or any one of them, are hereby authorized and directed to execute one or more requisitions authorizing the payment of costs of preparing and delivering the Financing from the proceeds of payment by the Bank.

SECTION 4. Appointment of Professionals. The District hereby authorizes and approves the following professionals to provide services in connection with the Financing: Municipal Capital Markets Group, Inc., as municipal advisor and the Authorized Officers are hereby authorized to enter into agreement with said firm in connection with their providing services with respect to the Financing.

SECTION 5. Other Acts. The Authorized Officers are hereby authorized and directed, jointly and severally, to do any and all things, to execute and deliver any and all documents, which in consultation with the staff and the District's legal counsel they may deem necessary or advisable in order to consummate the Financing, or otherwise to effectuate the purposes of this Resolution, and any such actions previously taken by such officers are hereby ratified and confirmed.

SECTION 6. Effective Date. This resolution shall take effect upon adoption.

PASSED, APPROVED AND ADOPTED this 4th day of March, 2021, by the following vote:

AYES: G. Mahood, L. Henry, B. Fultz, M. Smolley, T. To

NOES:

ABSENT:

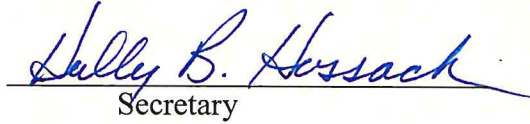
ABSTAIN:



SAN LORENZO VALLEY WATER DISTRICT

  
\_\_\_\_\_  
President

ATTESTED:

  
\_\_\_\_\_  
Secretary

CERTIFICATION

I hereby certify that the above Resolution No. 16 (20-21) was duly introduced, read and adopted by the District at a regular meeting held on March 4, 2021.

  
\_\_\_\_\_  
Secretary

## EXHIBIT A

### **SB 450 SUMMARY**

Set forth below are good faith estimates of CoBank, ACB, the private lender, as required under Section

of the California Government Code (the "Code") for the Installment Purchase Agreement to finance the acquisition, design and construction of certain improvements to San Lorenzo Valley Water District's water system.

- a) The true interest cost of the installment payments is at 2.40%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.
- b) The finance charge of the Installment Purchase Agreement, including all fees and charges, paid to third parties, is estimated at \$49,000.
- c) Proceeds of the Installment Purchase Agreement received by the District of \$15,000,000 less the finance charges set forth in (b) above, is equal to \$14,951,000.
- d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at \$18,986,026.

The foregoing are estimates and the final costs can vary from the estimated amounts set forth above.

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## INSTALLMENT PURCHASE AGREEMENT

Dated as of March 1, 2021

by and between

COBANK, ACB

and

SAN LORENZO VALLEY WATER DISTRICT

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## INSTALLMENT PURCHASE AGREEMENT

THIS INSTALLMENT PURCHASE AGREEMENT (this "Installment Purchase Agreement"), dated for convenience as of March 1, 2021, is by and between CoBank, ACB, a federally chartered instrumentality of the United States (the "Bank"), and the San Lorenzo Valley Water District (the "District"), a water district duly organized and existing under the laws of the State of California;

### WITNESSETH:

WHEREAS, the District desires to enter into this Installment Purchase Agreement for the purpose of financing the acquisition, design and construction of certain improvements to the District's water system (the "System") as identified in Exhibit A attached hereto and incorporated herein by reference (the "Project"); and

WHEREAS, in order to finance the Project, the Bank has agreed to sell the Project to the District as provided herein for \$15,000,000 and the District will acquire the Project from the Bank and obligate itself to make installment payments in the amounts and on the dates set forth in Exhibit B attached hereto (the "Installment Payments"); and

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

### ARTICLE 1

#### DEFINITIONS AND EXHIBITS

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

"2008 Assigned Felton Financing Contract" means that Financing Contract, No. E51065, dated April 6, 1995 as amended by Amendment A-1 dated May 25, 1995, Amendment A-2 dated October 24, 1995, Amendment A-3 dated April 25, 1997, and Amendment A-4 dated January 31, 2002, by and between the State of California Department of Water Resources and the California-American Water Company and issued under the California Safe Drinking Water Bond Law of 1988, as such Financing contract was assigned to the District pursuant to an Agreement for Assignment of Financing dated as of September 19, 2008, by and between the California-American Water Company and the District, all as such Financing Contract was originally executed and as it may from time to time be amended or supplemented.

"2012 Water Revenue Refunding Bonds" means the District's 2012 Water Revenue Refunding Bonds (Bank Qualified) issued pursuant to that Refunding Bond Agreement dated as of March 1, 2012, by and between the District and the Bank of Nevada, as such agreement was originally executed and as it may from time to time be amended or supplemented.

"2014 Olympia Assessment SRF Financing" means the Funding Agreement Under the Safe Drinking Water State Revolving Fund Law of 1997 for Project Number: 4400581-001C dated as of May 20, 2014, by and between the District and the California State Department of Public Health, as such contract was originally executed and as it may from time to time be amended or supplemented.

"2016 Solar Government Obligation Contract" means the Government Obligation Contract dated as of November 15, 2016, by and between the District and NBH Bank, as such contract was originally executed and as it may from time to time be amended or supplemented.

"2018 Installment Purchase Contract" means the Installment Purchase Contract dated as of December 1, 2018, by and between the District and Capital One Public Funding, LLC, as such agreement was originally executed and as it may from time to time be amended or supplemented.

"2019 Certificates of Participation" means the \$14,025,000 Revenue Certificates of Participation, Series 2019 Evidencing Proportionate Undivided Interests in Installment Payments to be Made by the San Lorenzo Valley Water District.

"Acquisition Amount" means \$15,000,000.

"Annual Debt Service" means, for any Fiscal Year, the sum of (1) the interest accruing on the Installment Payments and any other Parity Obligations during such Fiscal Year, assuming that all principal payments required to be made hereunder and under such other Parity Obligations are made as scheduled, plus (2) the principal component of the Installment Payments and principal amount due under any other Parity Obligations in such Fiscal Year, calculated as if such principal amounts were deemed to accrue daily during such Fiscal Year in equal amounts from, in each case, each date principal is to be paid under this Installment Purchase Agreement and under such other Parity Obligations to the next succeeding date that a principal payment is due hereunder and under such other Parity Obligations; provided, that the amount on deposit in a debt service reserve fund for any Parity Obligations on any date of calculation of Annual Debt Service shall be deducted from the amount of principal due at the final maturity of such Parity Obligations and in each preceding year until such amount is exhausted.

"Authorized Investments" means any of the following, but only to the extent that the same are acquired at fair market value, which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

(a) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America;

(b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including: (i) Export-Import Bank; (ii) Farm Credit System Financial Assistance Corporation, (iii) Farmers Home Administration; (iv) General Services Administration; (v) U.S. Maritime Administration; (vi) Small Business Administration; (vii) Government National Mortgage Association (GNMA); (viii) U.S. Department of Housing & Urban Development (PHA's); (ix) Federal Housing Administration and (x) Federal Financing Bank;



(c) senior debt obligations rated “Aaa” by Moody’s and “AAA” by S&P issued by the Federal National Mortgage Association or the Federal Home Financing Mortgage Corporation, senior debt obligations of other government-sponsored agencies, obligations of the Resolution Funding Corporation (REFCORP) and senior debt obligations of other government sponsored agencies;

(d) U.S. dollar denominated deposit accounts, federal funds and banker’s acceptances with domestic commercial banks (including the Bank and its affiliates) which have a rating on their short term certificates of deposit on the date of purchase of “P-1” by Moody’s and “A-1” or “A-1+” by S&P and maturing no more than 360 days after the date of purchase, provided that ratings on holding companies are not considered as the rating of the bank;

(e) commercial paper which is rated at the time of purchase in the single highest classification, “P-1” by Moody’s and “A-1+” by S&P, and which matures not more than 270 days after the date of purchase;

(f) pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (i) which are rated, based upon an irrevocable escrow account or fund (the “escrow”), in the highest rating category of Moody’s and S&P or any successors thereto; or (ii)(A) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (a) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (B) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate;

(g) the Local Agency Investment Fund maintained by the State of California;  
and

(h) Santa Cruz County Investment Pool.

“Business Day” means any day other than a Saturday or Sunday or a day on which (i) banks located in Denver, Colorado or Los Angeles, California are not required or authorized to remain closed, and (ii) the New York Stock Exchange is not closed; and (iii) the Bank and Federal Reserve Banks are not closed.

“Closing Date” means March 9, 2021.

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



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

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

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

“Default” means any event or circumstance which, following the applicable cure period or notice or both, results in an Event of Default.

“Default Rate” means a rate of interest equal to the Interest Rate set forth herein, plus 2%.

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

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

“Federal Securities” means any direct general non-callable obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations the timely payment of principal of and interest on which are directly guaranteed by the United States of America.

“Financing Documents” means this Installment Purchase Agreement and any and all other documents from time to time evidencing, securing, or delivered to the Bank in connection with, this Installment Purchase Agreement.

“Fiscal Year” means each twelve-month period during the Term of this Installment Purchase Agreement, commencing on July 1 in any calendar year and ending on June 30 in the next succeeding calendar year, or any other twelve-month period selected by the District as its fiscal year period.

“Generally Accepted Accounting Principles” means United States generally accepted accounting principles, or those required of the regulatory agency having jurisdiction over the District, including but not limited to the system of accounts established by the United States Department of Agriculture acting through Rural Development or the Rural Utilities Service or their predecessors, if applicable, or such other commission or body as may be agreeable to the Bank.

“Governmental Authority” means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising

executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other person with authority to bind a party at law.

“Independent Certified Public Accountant” means a certified public accountant or any firm of certified public accountants appointed by the District that is independent according to the Statement of Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Installment Payment Date” means each date upon which Installment Payments are due and payable as set forth on Exhibit B hereto.

“Installment Payments” means all payments required to be paid by the District on any date under this Installment Purchase Agreement and pursuant to Section 3.2 and 3.5, including any prepayment thereof pursuant to Section 6.1 or 6.2.

“Installment Purchase Agreement” means this Installment Purchase Agreement, dated as of March 1, 2021, between the Bank and the District.

“Interest Rate” means 2.40%.

“Maintenance and Operation Costs” means the reasonable and necessary costs paid or incurred by the District for maintaining and operating the System, determined in accordance with Generally Accepted Accounting Principles, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the System in good repair and working order, and including all administrative costs of the District that are charged directly or apportioned to the operation of the System, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums (including payments required to be paid into any self-insurance funds), and including all other reasonable and necessary costs of the District or charges required to be paid by it to comply with the terms of this Installment Purchase Agreement or of any resolution authorizing the execution of any Parity Obligation or of such Parity Obligation, and fees and expenses of Independent Certified Public Accountants; but excluding in all cases (1) the principal of and interest on Installment Payments and Contract Payments, and payment of Subordinate Obligations, (ii) costs of capital additions, replacements, betterments, extensions or improvements which under Generally Accepted Accounting Principles are chargeable to a capital account, and (iii) depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles.

“Material Adverse Change” means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the District or the System, (b) the ability of the District to carry out its business in the manner conducted as of the date of this Installment Purchase Agreement or Parity Obligations or to meet or perform its obligations under this Installment Purchase Agreement or Parity Obligations on a timely basis, (c) the validity or enforceability of this Installment Purchase Agreement or Parity Obligations, or (d) the exclusion of the interest component of the Installment Payments or Parity Obligations, as applicable, from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes.



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

"Net Revenues" means for any period Revenues less Maintenance and Operation Costs for such period.

"Parity Obligations" means all other bonds, notes, Financings, installment sale agreements, leases, or other obligations of the District payable from and secured by a pledge of and lien upon any of the Net Revenues incurred on a parity with the Installment Payments, issued in accordance with Section 4.14 hereof, including, but not limited to the 2008 Assigned Felton Financing Contract, the 2012 Water Revenue Refunding Bonds, the 2014 Olympia Assessment SRF Financing, the 2016 Solar Government Obligation Contract, the 2018 Installment Purchase Contract and the 2019 Certificates of Participation.

"Project" means the acquisition, design and construction of certain improvements to the System, as more particularly described on Exhibit A attached hereto.

"Project Fund" means the Project Fund held by the District and established under Section 3.10 hereof.

"Revenue Fund" means the fund established under Section 3.9 and held by the District for the receipt and deposit of Revenues.

"Revenues" means all gross income and revenue received or receivable by the District from the ownership and operation of the System, calculated in accordance with Generally Accepted Accounting Principles, including all rates, fees and charges received by the District for water service (including fees for connecting to the System and any water stand-by or water availability charges or assessments) and including the District's share of property taxes remitted to the District by the Santa Cruz County Treasurer's Office, all as and when received by the District for the System and all other income and revenue howsoever derived by the District from the System or arising from the System; provided, however, that none of (i) any specific charges or assessments levied for the express purpose of reimbursing others for all or a portion of the cost of the acquisition or construction of specific facilities, (ii) customers' deposits or any other deposits subject to refund until such deposits have become the property of the District, (iii) grants which are designated by the grantor for a specific purpose and are therefore not available, or (iv) net proceeds of eminent domain proceedings and casualty insurance maintained by the District with respect to the System to the extent such proceeds are not promptly applied by the District either to the repair or replacement of the System or to the prepayment of the Installment Payments are Revenues and none are subject to the lien of this Installment Purchase Agreement.

"Subordinate Obligations" means all obligations of the District that are subordinate in priority and payment to the Installment Payments and payments required under Parity Obligations.

"System" means all properties and assets, real and personal, tangible and intangible of the District, now or hereafter existing used or pertaining to the production, transmission, distribution and sale of water and all additions, extensions, expansions, improvements and betterments thereto, and equipment thereof; provided, however, that to the extent the District is not the sole owner of



an asset or property, only the District's ownership interest in such asset or property shall be considered to be part of the System.

"Tax Code" means the Internal Revenue Code of 1986, as amended. Any reference herein to a provision of the Tax Code shall include all applicable temporary and permanent regulations promulgated under the Tax Code.

"Term of this Installment Purchase Agreement" or "Term" means the time during which this Installment Purchase Agreement is in effect, as provided in Section 3.4.

**SECTION 1.2. Liability of District Limited to Net Revenues.** Notwithstanding anything to the contrary contained in this Installment Purchase Agreement, the District shall not be required to advance any money derived from any source of income other than the Net Revenues, for the payment of the principal of or interest or prepayment premiums, if any, on the Installment Payments or for the performance of any covenants herein contained, nor for the maintenance and operation of the System from any source of income other than the Revenues. The District may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose without incurring any indebtedness. The Installment Payments and any prepayment premiums upon the prepayment thereof shall be payable exclusively from the Net Revenues only as provided in this Installment Purchase Agreement. The credit of the District is not otherwise pledged for the payment of the Installment Payments or interest thereon. The principal of and interest on the Installment Payments and any prepayment premiums upon the prepayment thereof shall not be payable from or secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the District or any of its income, receipts, or revenues, except the Net Revenues pledged to the payment thereof as provided in this Installment Purchase Agreement.

**SECTION 1.3. Benefits of Installment Purchase Agreement Limited to Parties.** Nothing contained herein, expressed or implied, is intended to give to any person other than the District and the Bank any right, remedy or claim under or pursuant hereto. Any agreement or covenant required herein to be performed by or on behalf of the District shall be for the sole and exclusive benefit of the Bank.

**SECTION 1.4. Successor Is Deemed Included in all References to Predecessor.** Whenever the District is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the District, and all agreements and covenants required hereby to be performed by or on behalf of the District shall be assumed fully by and will bind and inure to the benefit of the successors thereof whether so expressed or not.

**SECTION 1.5. Waiver of Personal Liability.** No member of the District's Board of Directors and no officer, agent, or employee of the District, or of any department or agency thereof, shall be individually or personally liable for the payment of the principal of or interest on this Installment Purchase Agreement, but nothing contained herein shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or hereby.

**SECTION 1.6. Article and Section Headings, Gender and References.** The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. Words of any gender shall be deemed and construed to include all genders. All references herein to "articles," "sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith" and other words of similar import refer to this Installment Purchase Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

**SECTION 1.7. Partial Invalidity.** If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the District shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof; but the Bank shall retain all the rights and benefits accorded to it under any applicable provisions of law.

**SECTION 1.8. Exhibits.** The following Exhibits are attached to, and by reference made a part of this Installment Purchase Agreement:

Exhibit A: Description of the Project.

Exhibit B: Schedule of Installment Payments.

Exhibit C: Form of Investor Letter to be executed by the Bank.

## **ARTICLE 2**

### **REPRESENTATIONS, COVENANTS AND WARRANTIES**

**SECTION 2.1. Representations, Covenants and Warranties of the District.** The District represents, covenants and warrants to the Bank as follows:

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

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

(c) Authorization. The laws of the State of California authorize the District to enter into this Installment Purchase Agreement and to enter into the transactions contemplated hereby, and to carry out its obligations under this Installment Purchase Agreement and the Board of Directors of the District has duly authorized the execution and delivery of this Installment Purchase Agreement.



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

(e) Consents and Approvals. All consents, approvals, authorizations, orders, licenses or permits of any Governmental Authority, legislative body, board, agency or commission having jurisdiction of the matter, that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the making or accepting of this Installment Purchase Agreement and the execution, delivery of and performance of any Financing Document by the District have been duly obtained (except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of this Installment Purchase Agreement, as to which no representation is made).

(f) Budgets; Full Disclosure. All budgets, projections, feasibility studies, and other documentation submitted by the District to the Bank in connection with, or to induce the Bank to enter into, this Installment Purchase Agreement are based upon assumptions that are true and correct, and as of the Closing Date, no fact has come to light, and no event has occurred, that would cause any assumption made therein to be misleading or untrue. Neither this Installment Purchase Agreement nor other certificate, statement, agreement, or document furnished to the Bank in connection with this Installment Purchase Agreement (a) contains any untrue statement of a material fact, or (b) fails to state a material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were made, not misleading. The District is not aware of any Material Adverse Change that has not been disclosed in writing to the Bank.

(g) Accurate Financial Information. Each submission of financial information or documents relating to the District will constitute a representation and warranty by the District that such information and documents (a) are true and accurate in all material respects, and (b) do not fail to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(h) System Condition. The System reasonably meets present demand in all material respects, is constructed in a good and professional manner, is in good working order and condition, and complies in all material respects with all applicable law.

(i) Rate Matters. The District's rates for the provision of water have been approved, if applicable, by any and all necessary governmental regulatory authorities, including, without limitation, each public service commission or public utilities commission that may have jurisdiction over the operations and rates of the District. Further, to the District's actual knowledge there is no pending or threatened proceeding before any Governmental Authority, the objective or result of which is or could be to materially reduce or otherwise materially adversely change any of the District's rates for the provision of water services, or otherwise have a material



adverse effect on the condition, financial or otherwise, operations, properties, or business of the System.

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

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

(l) Pledge and Other Liens. The pledge in Section 3.9(b) of this Installment Purchase Agreement constitutes a lien on and a pledge of all Net Revenues and there are no other liens on the Net Revenues as of the Closing Date.

(m) Due Execution. The District has duly authorized and executed this Installment Purchase Agreement and the other Financing Documents in accordance with the laws of the State.

(n) No Default Event of Non-Appropriation. The District is not in default and has not failed to appropriate funds required under the terms, conditions or provisions of any agreement or instrument to which the District has issued debt in the past ten years.

(o) Outstanding Parity Obligations. As of the date of this Agreement, the 2008 Assigned Felton Financing Contract, the 2012 Water Revenue Refunding Bonds, the 2014 Olympia Assessment SRF Financing, the 2016 Solar Government Obligation Contract, the 2018 Installment Purchase Contract and the 2019 Certificates of Participation, constitute the only outstanding Parity Obligations.

**SECTION 2.2. Representations, Covenants and Warranties of the Bank.** The Bank represents, covenants and warrants to the District as follows:



(a) Due Organization and Existence. The Bank is a federally chartered instrumentality of the United States.

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

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

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

(e) Investor Letter. The Bank will deliver to the District a certificate or letter substantially in the form set forth in Exhibit C attached hereto, and will abide by all transfer restrictions herein and therein.

## ARTICLE 3

### TERMS OF AGREEMENT

**SECTION 3.1. Purchase of Project and District.** The Bank agrees to provide funds, in a single advance on the Closing Date, in the Acquisition Amount to the District via wire transfer, as set forth in written instructions provided by the District, for the District to acquire property and easements which are necessary for the acquisition, construction and/or installation of the Project and for the acquisition, construction and/or installation of the Project. The Bank hereby appoints the District as its agent to carry out all phases of the acquisition, design construction, installation and/or equipping of the Project and the District, as agent of the Bank, assumes all rights, duties, responsibilities and liabilities of the Bank regarding the acquisition, design, construction, installation and/or equipping of the Project. Title to the Project, and each and every portion thereof shall vest in the District upon the acquisition, design and construction thereof; provided, however, the District shall be subject to the payment of Installment Payments as described under this Installment Purchase Agreement and any other amounts due hereunder, to the remedies of the Bank in the Event of Default as provided in Article 5 hereof. The District, as agent of the Bank, may enter into any purchase order, construction management agreement, architecture or engineering contract or construction contract required for the design, acquisition, construction, installation and completion of the Project. The Bank hereby assigns to the District all rights and powers to enforce such purchase orders or contracts as are required for design, acquisition, construction, installation, purchase and completion of the Project, which enforcement may be by auction at law or in equity; provided that the assignment made by the Bank herein shall not prevent

the Bank, or its assignee, from asserting any rights or remedies legally available to it. Any appointment of the District as agent of the Bank is limited solely to the extent required under applicable law to render enforceable this Installment Purchase Agreement and to enable the District to acquire, construct, own and operate the Project, but shall not operate to bind or obligate the Bank for any purpose whatsoever. The District shall not represent to any person that it is acting as agent for the Bank.

**SECTION 3.2. Repayment of the Project by the District.** The District hereby agrees to purchase from the Bank the Project at a purchase price equal to the Acquisition Amount together with interest on the unpaid principal balance of the Acquisition Amount, payable in Installment Payments, payable on each Installment Payment Date as set forth in Exhibit B.

**SECTION 3.3. Substitution of the Project.** The District may substitute other property or components of the Project, but only if the District first obtains the consent of the Bank and files with the Bank a statement of the District which:

- (a) identifies the property, facilities or combination thereof, to be substituted and the components of the Project that they will replace; and
- (b) states that the estimated costs of the substituted property, facilities or combination thereof is not less than the cost of the components of the Project being replaced; and
- (c) states that such substitution will not adversely affect Net Revenues or otherwise result in a Material Adverse Change.

**SECTION 3.4. Term.** The Term of this Installment Purchase Agreement shall commence on the Closing Date, and shall end on the earlier of March 20, 2041 or the date upon which all Installment Payments and all other sums due to the Bank hereunder shall be paid in full or provision for such payment shall be made as provided in Section 6.1.

**SECTION 3.5. Payments Generally.** The Bank will maintain a record of all proceeds issued pursuant to this Installment Purchase Agreement, the interest accrued thereon, and all Installment Payments made with respect thereto, and such record will, absent proof of manifest error, be conclusive evidence of the outstanding principal of and interest on this Installment Purchase Agreement. Installment Payments will be made by wire transfer of immediately available funds, by check, or by automated clearing house (ACH) or other similar cash handling processes as specified by separate agreement between the District and the Bank. Notwithstanding the foregoing, Installment Payments will be made by automated clearing house (ACH), unless otherwise agreed in writing by the Bank. Wire transfers will be made to ABA No. 307088754 for advice to and credit of "CoBANK" (or to such other account as the Bank may direct by notice). The District will give the Bank telephonic notice no later than 12:00 p.m. Denver, Colorado time on the day the District intends to pay by wire of such intent, and funds received after 3:00 p.m. Denver, Colorado time will be credited on the next Business Day. Checks will be mailed to CoBANK, Department 167, Denver, Colorado 80291-0167 (or to such other place as the Bank may direct by notice). Credit for payment by check will not be given until the later of the next Business Day after receipt of the check or the day on which the Bank receives immediately



available funds. If any Installment Payment is due on a date that is not a Business Day, then such Installment Payment will be due and payable on the next Business Day.

**SECTION 3.6. Taxes.** Any payment by the District to the Bank will be made net of any taxes (other than income and similar taxes imposed on or measured by the Bank's overall net income). The District shall be responsible for the payment of all such taxes.

**SECTION 3.7. Conditions Precedent.**

The Bank's obligation to extend financing under this Installment Purchase Agreement is subject to the condition precedent that the Bank receive, in form and substance satisfactory to the Bank, each of the following:

(a) Installment Purchase Agreement. A duly executed copy of this Installment Purchase Agreement and all instruments and documents contemplated hereby and thereby.

(b) Banking Service Agreements. A duly completed and executed copy of any banking service agreement, including any agreement relating to the provision by the Bank of cash management services, required by the Bank from time to time, the Bank will be entitled to rely on (and will incur no liability to the District in acting on) any request or direction furnished in accordance with the terms thereof.

(c) Evidence of Authority. Such certified board resolutions, certificates of incumbency, and other evidence that the Bank may require that this Installment Purchase Agreement, all instruments and documents executed in connection herewith have been duly authorized and executed.

(d) Insurance. Such evidence as the Bank may require that the District is in compliance with Section 4.5 below.

(e) Consents and Approvals. Evidence as the Bank may require that all regulatory and other consents and approvals referred to in Section 2.1 have been obtained and are in full force and effect.

(f) Opinions of Counsel. The District shall provide (i) an opinion of special counsel regarding the tax-exempt status of interest on the interest component of Installment Payments under federal tax laws (and, to the extent applicable, State laws); and

(ii) an opinion of general counsel to the District to the effect that (A) the District is duly organized, validly existing, and in good standing under the laws of the State, (B) the District has duly received all requisite approvals and has the legal power to enter into and perform under the Financing Documents, (C) all proceedings of the District necessary to be taken in connection with the authorization, execution, delivery and performance of the Financing Documents have been duly taken and all such authorizations are presently in effect, (D) the Financing Documents have been duly executed and delivered by the District and constitutes the valid and binding obligation of the District enforceable against the District in accordance with its terms, except as enforceability may be limited: by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting



the rights of creditors generally and by general equitable principles which may limit the right to obtain the remedy of specific performance of obligation other than the obligation to pay money, and (E) the execution, delivery, and performance by the District of the Financing Documents does not and will not: (i) violate any provision of any law, rule or regulation, any judgment, order or ruling of any court or governmental agency, articles of organization, articles of incorporation, other charter documents, bylaws or operating agreement, as applicable, of the District, or any agreement, indenture, mortgage, or other instrument to which the District is a party or by which the District or any of its properties is bound; or (ii) be in conflict with, result in a breach of, or constitute with the giving of notice or passage of time, or both, a default under any such agreement, indenture, mortgage, or other instrument; and (f) no consent, permission, authorization, order or license of any governmental authority is necessary in connection with the execution, delivery, performance, or enforcement of the Financing Documents, except such as have been obtained and are in full force and effect; and (G) to the best of such counsel's knowledge, there are no actions, suits, or proceedings affecting the District or any of its assets pending or threatened before any governmental entity which: (i) if adversely decided could have a material adverse effect on the District's condition, financial or otherwise, operations, properties or business, or on its ability to perform its obligations under the Financing Documents; or (ii) seeks to rescind, terminate, modify, or suspend any consent, permission, authorization, order or license of any governmental authority referred to above.

### **SECTION 3.8. Nature of District's Obligations.**

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

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

- (i) will not suspend or discontinue payment of any Installment Payments;
- (ii) will perform and observe all other agreements contained in this Installment Purchase Agreement; and
- (iii) will not terminate this Installment Purchase Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the System, sale of the System, the taking by eminent



domain of title to or temporary use of any component of the System, commercial frustration of purpose, any change in the tax or other laws of the United States of America or the State of California or any political subdivision of either thereof or any failure of the Bank to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Installment Purchase Agreement.

(c) Protection of Rights. If the Bank fails to perform any such agreements on its part, the District may institute such action against the Bank as the District deems necessary to compel performance so long as such action does not abrogate the obligations of the District contained in the preceding subsection (b). The District may, however, at the District's own cost and expense and in the District's own name or in the name of the Bank prosecute or defend any action or proceeding or take any other action involving third persons which the District deems reasonably necessary in order to secure or protect the District's rights hereunder, and in such event the Bank will (upon reasonable notice, and at the sole expense of the District) cooperate fully with the District to the extent reasonably necessary and take such action reasonably necessary to effect the substitution of the District for the Bank in such action or proceeding if the District shall so request.

### **SECTION 3.9. Revenue Fund; Pledge of Net Revenues.**

(a) Revenue Fund; Receipt and Deposit of Net Revenues. There has heretofore been established a special fund known as the "San Lorenzo Valley Water District Revenue Fund," which fund shall continue to be held and maintained by the District so long as this Installment Purchase Agreement and any Parity Obligations are outstanding. The District shall deposit all Revenues as and when received by it in the Revenue Fund and the District agrees and covenants that all Revenues deposited by it in the Revenue Fund will be accounted for through and held in trust in the Revenue Fund for the benefit of the Bank and for the benefit of the owners of any Parity Obligations. The District shall withdraw from such Revenue Fund and transfer to the Bank an amount of Net Revenues equal to the aggregate amount of the Installment Payment when and as the same becomes due and payable.

(b) Pledge of Net Revenues. All the Net Revenues are irrevocably pledged by the District to the punctual payment of the interest on and principal of and redemption premiums, if any, on the Installment Payments and the payment of any Contract Payments, subject to the provisions permitting the application thereof for the purposes and on the conditions and terms set forth in this Installment Purchase Agreement. This pledge shall constitute a first lien on the Net Revenues and such other money for the payment of the Installment Payments and the payment of any Contract Payments, in accordance with the terms of this Installment Purchase Agreement and any Parity Obligations. The principal of and interest on the Installment Payments and any prepayment premiums upon the prepayment thereof shall not be payable from or secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the District or any of its income, receipts, or revenues, except the Net Revenues pledged to the payment thereof as provided in this Installment Purchase Agreement.

(c) Other Uses Permitted. The District shall manage, conserve and apply the Net Revenues in such a manner that all deposits required to be made under the preceding paragraph will be made at the times and in the amounts so required. Subject to the foregoing sentence, so long as no Default has occurred and is continuing hereunder or would result therefrom, the District



may at any time and from time to time use and apply Net Revenues for (i) the acquisition and construction of improvements to the System; (ii) the prepayment of this Installment Purchase Agreement or Parity Obligations; or (iii) any other lawful purpose of the District.

**SECTION 3.10. Project Fund.** The District shall establish and maintain a special fund to be designated as the "Project Fund," shall keep such fund separate and apart from all other funds and moneys held by it and shall administer such fund as provided herein.

The District shall disburse moneys in the Project Fund from time to time for the payment of the costs of the Project and the Costs of Issuance. The District shall maintain a record of all disbursements from the Project Fund including the following: (1) for each disbursement to be made: (A) the disbursement number, (B) the name and address of the person, firm or entity to whom payment is due, (C) the amount to be disbursed, and (D) that each obligation mentioned therein has been properly incurred, and is a proper charge against the Project Fund; (2) reasonable detail as to the nature of the obligation; (3) a copy of a bill or statement of account for each obligation; and (4) that there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the persons named in the requisition which has not been released or will not be released simultaneously with the payment of such obligation, other than materialman's or mechanic's liens accruing by operation of law; and (5) a written confirmation by the Director of Finance & Business Services of the District certifying that no Event of Default has occurred and is continuing under this Installment Purchase Agreement.

The District shall be responsible for the safekeeping and investment of the moneys held in the Project Fund and the payments therefrom in accordance with this Section. Moneys deposited in the Project Fund shall be invested in Authorized Investments or investments permitted by Section 53601 of the California Government Code which mature not later than such times as shall be necessary to provide moneys when needed to pay costs of the Project.

Upon the earlier of December 31, 2026 or the filing with the Bank of a certificate of the Director of Finance & Business Services of the District that all costs associated with the Project have been paid or are provided for, then the District shall retain in the Project Fund the amount, if any, specified in a written certificate of the Director of Finance & Business Services of the District needed or required to pay future costs of the Project, as set forth above, and the District shall withdraw and credit the balance of moneys in the Project Fund to pay interest on the principal amount of the Installment Payments, as specified in such certificate.

## **ARTICLE 4**

### **COVENANTS OF THE DISTRICT**

#### **SECTION 4.1. Reports and Notices.**

(a) Annual Financial Statements. No later than 270 days after the end of each Fiscal Year commencing with Fiscal Year 2020/21 the District shall deliver to the Bank audited financial statements of the District prepared in accordance with the accounting standards set forth by the Government Accounting Standard Board. Such financial statements will: (1) be audited by

independent certified public accountants selected by the District; and (2) be accompanied by a report of such accountants containing an opinion. Notwithstanding the foregoing, if audited financial statements are not available within such 270 day period, the District shall provide to the Bank a statement to that effect together with unaudited financial statements reasonably acceptable to the Bank, and shall thereafter provide to the Bank its audited financial statements within 30 days of approval of such audited financial statements by the District's Board of Directors.

(b) Interim Financial Statements. As soon as available, but in no event more than 60 days after the end of each fiscal quarter of the District (other than the last quarter in each Fiscal Year of the District), the District shall deliver to the Bank a balance sheet of the District as of the end of such fiscal quarter, a statement of income for the District for such period and for the period year to date, and such other interim statements as Bank may specifically request, all prepared in reasonable detail and in comparative form in accordance with Generally Accepted Accounting Principles.

(c) Notice of Default. Promptly after becoming aware thereof, the District shall provide to the Bank notice of the occurrence of an Event of Default, including, without limitation, any error in the District's financial information previously provided to the Bank and the occurrence of any breach, default, event of default or event that, with the giving of notice and/or the passage of time and/or the occurrence of any other condition, would become a breach, default or event of default under this Installment Purchase Agreement.

(d) Notice of Certain Events. The District shall provide to the Bank (1) notice at least 30 days prior thereto, of any change in the principal place of business of the District or the office where its records concerning its accounts are kept; and (2) all other notices required to be provided hereunder.

**SECTION 4.2. Existence as Water District.** The District shall continue to exist as a county water district under the laws of the State of California during the term of this Installment Purchase Agreement.

**SECTION 4.3. Change in Business.** The District shall not, without the prior notice of the Bank, engage in any business activities or operations substantially different from or unrelated to the District's present business activities or operations.

**SECTION 4.4. Liens against the System.** With respect to the System, the District shall not, without the prior consent of the Bank, create, incur, assume, or allow to exist any mortgage, deed of trust, pledge, lien (including the lien of an attachment, judgment, or execution), security interest, or other encumbrance of any kind upon any of the System's property, real or personal (collectively, "Liens"). The foregoing restrictions will not apply to:

- (a) Liens in favor of the Bank;
- (b) Liens in favor of the United States Department of Agriculture's Rural Development or Rural Utilities Services to secure indebtedness permitted hereunder;
- (c) Liens in favor of the State Water Resource Control Board to secure indebtedness permitted hereunder;



- (d) Liens for taxes, assessments, or governmental charges that are not past due;
- (e) pledges and deposits under workers' compensation, unemployment insurance, and social security laws;
- (f) pledges and deposits to secure the performance of bids, tenders, contracts (other than contracts for payment of money), and like obligations arising in the ordinary course of business as conducted on the date hereof;
- (g) Liens imposed by the law in favor of mechanics, material suppliers, warehouses, and like persons that secure obligations that are not past due;
- (h) easements, rights-of-way, restrictions, and other similar encumbrances that, in the aggregate, do not materially interfere with the occupation, use, and enjoyment of the property or assets encumbered thereby in the normal course of business or materially impair the value of the property subject thereto;
- (i) purchase money Liens to secure indebtedness permitted hereunder; and/or
- (j) liens relating to Parity Obligations issued in compliance with the provisions of Section 4.14 hereof; and/or
- (k) existing liens as of the Closing Date and disclosed to the Bank in writing prior to the Closing Date.

**SECTION 4.5. Insurance.** The District shall maintain insurance with reputable and financially sound insurance companies or associations, including self-insurance to the extent customary, acceptable to the Bank in such amounts and covering such risks as are usually carried by companies engaged in the same or similar business and similarly situated, and make such increases in the type or amount of coverage as the Bank may reasonably request. All such policies insuring any collateral for the District's obligations to the Bank will have additional insured, mortgagee and lender's loss payee clauses or endorsements, as applicable, in form and substance satisfactory to the Bank. At the Bank's request, the District agrees to deliver to the Bank such proof of compliance with this section as the Bank may require.

**SECTION 4.6. System Maintenance.** The District shall maintain in good repair, working order and condition (ordinary wear and tear excepted) in accordance with the general practice of other businesses of similar character and size, the System, and make all alterations, replacements, and improvements thereto as may from time to time be necessary in order to ensure that its properties remain in good working order and condition. The District agrees that at the Bank's request, which request may not be made more than once a year, the District will furnish to the Bank a report on the condition of the District's property prepared by a professional engineer satisfactory to the Bank.

**SECTION 4.7. Against Sale or Other Disposition of the System.** The District will not sell or otherwise dispose of the System or any part thereof essential to the proper operation of the System or that would have a Material Adverse Change on the Net Revenues received or receivable by the District, unless the Installment Payments and the Parity Obligations have been



fully paid or provision has been made therefor. The District will not enter into any lease or agreement which impairs the operation of the System or any part thereof necessary to secure adequate Net Revenues for the payment of the interest on and principal of and redemption premiums, if any, on the Installment Payments and the Parity Obligations, or which would otherwise impair the rights of the Bank or the owners of the Parity Obligations with respect to the Net Revenues or the operation of the System or the tax-exempt status of the interest component of Installment Payments.

**SECTION 4.8. Eminent Domain Proceeds.** If all or any part of the System shall be taken by eminent domain proceedings, the net proceeds shall be used as follows:

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

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied in part to the prepayment of the outstanding Installment Payments and the Parity Obligations on a pro rata basis.

**SECTION 4.9. Amounts of Rates, Fees and Charges; Financial Covenants.**

(a) The District will, at all times while any of the Installment Payments remain outstanding, fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year so as to yield Revenues at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts during such Fiscal Year:

- (i) All current Maintenance and Operation Costs;
- (ii) The interest on and principal of the Installment Payments and the payments for the Parity Obligations;
- (iii) All payments required for compliance with the terms of this Installment Purchase Agreement or any other Parity Obligation, including without limitation, any obligation to maintain a reserve fund at a certain level;



(iv) All payments to meet any other obligations of the District which are charges, liens or encumbrances upon, or payable from, the Net Revenues; and

(v) Payments with respect to the Subordinate Obligations as they become due and payable.

(b) **Debt Service Coverage Ratio.** The District will have at the end of each Fiscal Year of the District, commencing with the Fiscal Year ending June 30, 2021, a Debt Service Coverage Ratio (as defined below) for such year of not less than 1.25 to 1.00. For purposes hereof, the term "Debt Service Coverage Ratio" means the ratio of: (a) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus depreciation expense, amortization expense, and interest expense, minus non-cash patronage, and non-cash income from subsidiaries and/or joint ventures, and grant income; to (b) all principal payments due within the period on all Long-Term Debt (as defined below) plus interest expense (all as calculated on a consolidated basis for the applicable period in accordance with the Generally Accepted Accounting Principles). For purposes hereof, "Long-Term Debt" means, for the District, on a consolidated basis, the sum of (1) all indebtedness for borrowed money, (2) obligations that are evidenced by notes, bonds, debentures or similar instruments, and (3) that portion of obligations with respect to capital leases or other capitalized agreements that are properly classified as a liability on the balance sheet in conformity with Generally Accepted Accounting Principles or that are treated as operating leases under regulations applicable to them but that otherwise would be required to be capitalized under Generally Accepted Accounting Principles, in each case having a maturity of more than one year from the date of its creation or having a maturity within one year from such date but that is renewable or extendible, at the District's option, to a date more than one year from such date or that arises under a revolving credit or similar agreement that obligates the lender(s) to extend credit during a period of more than one year from such date, including all current maturities in respect of such indebtedness whether or not required to be paid within one year from the date of its creation.

**SECTION 4.10. Enforcement of and Performance Under Parity Obligations.** The District shall enforce all material provisions of any contracts to which it is a party, an assignee, successor in interest to a party, or third-party beneficiary, in any case where such contracts provide for water to be produced, transmitted and distributed by the System or provide for payments or services to be rendered to the District. Further, the District will comply with, keep, observe and perform all material agreements, conditions, covenants and terms, express or implied, required to be performed by it, contained in all contracts affecting or involving the System, to the extent that the District is a party thereto.

**SECTION 4.11. Collection of Charges, Fees and Rates.** The District will have in effect at all times rules and regulations requiring each customer to pay the applicable charges, fees and rates and providing for the billing thereof. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the District will take necessary actions to enforce the collection procedures contained in the rules and regulations.

**SECTION 4.12. Against Encumbrances.** The District will not mortgage or otherwise encumber, pledge or place any charge or lien upon the System or any of the Net Revenues except as provided in this Installment Purchase Agreement and will not issue any obligations secured by



Net Revenues on a parity with, or senior to, the Installment Payments and Parity Obligations; provided, that the District may at any time issue any Subordinate Obligations with the prior written consent of the Bank, not to be unreasonably withheld.

**SECTION 4.13. Execution of Parity Obligations.** The District may at any time execute any Parity Obligations the Contract Payments under which are payable on a parity with the Installment Payments; provided, that such Parity Obligations meet the conditions and requirements for the issuance of Parity Obligations under Section 4.14 below.

**SECTION 4.14. Conditions for Entering into Parity Obligations.** The District may at any time enter into a Parity Obligation payable from the Net Revenues and secured by a lien and charge upon the Net Revenues equal to and on a parity with the lien and charge securing this Installment Purchase Agreement, but only subject to specific conditions precedent, which are summarized below:

(a) The District shall be in compliance with all agreements, conditions, covenants and terms contained in this Installment Purchase Agreement (including, without limitation, the provisions of Sections 4.9 and 4.11) and in any other Parity Obligations required to be observed or performed by it, and a certificate signed by the Director of Finance & Business Services of the District to that effect shall have been filed with the Bank (this condition shall not apply where the purpose of a Parity Obligation proposed to be issued is to cure such non-compliance, provided that the certification shall identify such noncompliance and state that the issuance of such Parity Obligations and application of the proceeds thereof will cure such noncompliance).

(b) The execution of the Parity Obligation shall have been duly authorized pursuant to all applicable laws.

(c) The Net Revenues for the most recent Fiscal Year for which audited financial statements are available shall have produced Net Revenues equal to at least one hundred twenty-five percent (125%) of the Maximum Annual Debt Service as calculated after the date of such Parity Obligation and a certificate signed by the Director of Finance & Business Services of the District to that effect shall have been filed with the Bank; provided, that in the event that all or a portion of such Parity Obligation being entered into is for the purpose of refunding and retiring any outstanding Parity Obligation, interest and principal payments on the Parity Obligation to be so refunded and retired from the proceeds of such Parity Obligation being issued shall be excluded from the foregoing computation of Maximum Annual Debt Service.

**SECTION 4.15. Tax Covenants.**

The District hereby covenants that, notwithstanding any other provision of this Installment Purchase Agreement, it will make no use of the proceeds of this Installment Purchase Agreement or of any other amounts, regardless of the source, or of any property or take any action, or refrain from taking any action, that would cause this Installment Purchase Agreement to be "arbitrage bonds" within the meaning of Section 148 of the Tax Code.

The District will not use or permit the use of either System or any portion thereof by any person other than a governmental unit as such term is used in Section 141 of the Tax Code, in such manner or to such extent as would result in the loss of exclusion from gross income for federal



income tax purposes of the interest payable pursuant to this Installment Purchase Agreement under Section 103 of the Tax Code.

The District will not make any use of the proceeds from this Installment Purchase Agreement or any other funds of the District, or take or omit to take any other action, that would cause the obligation provided herein to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code or "private activity bonds" within the meaning of Section 141 of the Tax Code. To that end, so long as the Installment Payments are unpaid, the District, with respect to such proceeds and such other funds, will comply with all requirements of such Sections and all regulations of the United States Department of the Treasury issued thereunder and under the Tax Code to the extent such requirements are, at the time, applicable and in effect.

The District shall promptly file or cause to be filed an information report for the Installment Payments in compliance with Section 149 (e) of the Tax Code.

The District has complied with the Tax Code, with respect to this Installment Purchase Agreement, and the District shall not knowingly take or omit to take any action that, under existing law which may adversely affect the exclusion from gross income for federal income tax purposes, or the exemption from any applicable State tax of the interest on Installment Purchase Agreement.

**SECTION 4.16. Reconstruction of System; Application of Insurance Proceeds.** If any useful portion of the System shall be damaged or destroyed, the District shall, as expeditiously as possible, continuously and diligently pursue or cause to be pursued the reconstruction or replacement thereof, unless the District shall file with the Bank a written certificate of an engineer qualified to render such certificate to the effect that such reconstruction or replacement is not in the best interests of the District and the Bank. The proceeds of any insurance paid on account of such damage or destruction, other than business interruption loss insurance or public liability insurance, shall be deposited by the District in a special account, held in trust by the District, and made available for, and to the extent necessary applied to, the cost of such reconstruction or replacement, if any. Pending such application, such proceeds may be invested by the District in investments permitted by Section 53601 of the California Government Code which mature not later than such times as shall be necessary to provide moneys when needed to pay such cost of reconstruction or replacement. Any balance of such proceeds of insurance not required by the District for the purposes aforesaid shall be deemed Revenues.

**SECTION 4.17. Records and Accounts.** The District covenants and agrees that it shall keep proper books of record and accounts of the System, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the System, the Revenues and the Net Revenues. Said books shall at all reasonable times be subject to the inspection of the Bank.

**SECTION 4.18. Collection of Charges.** The District covenants and agrees that, except to the extent that the District is required under agreements and/or contracts existing on the effective date of this Installment Purchase Agreement, no water service from the System may be furnished or rendered to the United States of America, the State, or any private corporation or person free of charge, or for consideration lower than that charged other persons for similar service in accordance with the District's regulations. The District covenants that it shall maintain and enforce valid



regulations for the payment of bills for water service and wastewater treatment and disposal service.

**SECTION 4.19. Against Competing Utility.** The District will not acquire, construct, operate or maintain, and will not, within the scope of its lawful powers, permit any other private or public corporation, political subdivision, district or agency, or any person whomsoever to acquire, construct, operate or maintain any water system, sewer system or sewer utility in an area presently served by the System.

**SECTION 4.20. Compliance with this Installment Purchase Agreement.** The District will faithfully observe and perform or cause to be faithfully observed and performed all the covenants, conditions and requirements of this Installment Purchase Agreement, and will not suffer or permit any default to occur hereunder. The District will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would constitute an Event of Default hereunder. Upon request by the Bank, the District shall provide a written certificate of the District to the effect that it is in compliance with all covenants, conditions and requirements of this Installment Purchase Agreement, other than those expressly waived by Bank.

**SECTION 4.21. Observance of Laws and Regulations.** The District will well and truly keep, observe and perform or cause to be kept, observed and performed all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired and enjoyed by the District, including the District's right to exist and carry on business as a water district, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired. The Bank shall, subject to 12 U.S.C. 2205, comply with the provisions of Government Code Section 53531.

**SECTION 4.22. Budget.** The District hereby covenants to take such action as may be necessary to include all Installment Payments and all other amounts due hereunder in its annual budget and to make the necessary annual appropriations for all such Installment Payments and all other amounts due hereunder. The covenants on the part of the District herein contained shall be deemed to be and shall be construed to be ministerial duties imposed by law and it shall be the ministerial duty of each and every public official of the District to take such action and do such things as are required by law in the performance of such official duty of such officials to enable the District to carry out and perform the covenants and agreements on the part of the District contained in this Installment Purchase Agreement.

**SECTION 4.23. Inspection.** Permit the Bank or its agents, upon reasonable notice and during normal business hours or at such other times as the parties may agree, to inspect and visit any of its properties, examine and make excerpts from its books and records, and to discuss its business affairs, finances and accounts with its officers, directors, employees, and independent certified public accountants and to conduct reviews of any collateral.



**SECTION 4.24. Further Assurances and Other Information.** From time to time and at its expense, execute and deliver such documents and do such other acts and things as the Bank in its sole discretion may deem necessary or advisable from time to time in order to more fully carry out the provisions and purpose of this Installment Purchase Agreement, including delivery of such other information regarding the condition or operations, financial or otherwise, of the District as the Bank may from time to time reasonably request, including, but not limited to, copies of all pleadings, notices and communications referred to in Section 4.1 herein.

**SECTION 4.25. Delivery of Original Documents.** The District shall deliver to the Bank the original executed versions of this Installment Purchase Agreement, the Financing Documents and the certificates, instruments and documents required to be executed hereunder.

**SECTION 4.26. No Public Registration.** During any period that the Bank is a party to this Installment Purchase Agreement, this Installment Purchase Agreement shall not be (i) assigned a rating by any credit rating agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) offered pursuant to any type of offering document or official statement or (iv) assigned a CUSIP number by Standard & Poor's CUSIP Service.

**SECTION 4.27. Indemnity for Taxes.** At all times the District shall indemnify and hold and save the Bank harmless from and against any and all actions or causes of action, claims, demands, liabilities, loss, damage or expense of whatsoever kind and nature incurred by the Bank as a result of the non-payment of any documentary stamp tax, intangible tax, interest or penalties associated therewith or any other local, state or federal assessment required to be paid, but not paid in conjunction with the indebtedness evidenced by this Installment Purchase Agreement. The District agrees to pay to the Bank, its successors and assigns, all sums of money requested by the Bank hereunder within ten days of such request, which the Bank will or may advance, pay or cause to be paid, or become liable to pay, on account of or in connection with failure to pay as required by the regulations of the Governmental Authority so imposing said payment. The Bank will be entitled to charge for any and all disbursements made by it in good faith, under the reasonable belief that it or the District is or was liable for the amount so assessed. Any default by the District in making any payments required under this covenant will constitute a payment Event of Default under this Installment Purchase Agreement and the Bank may, at its option, declare the entire amount of principal plus accrued interest thereon due and payable without notice or demand.

**SECTION 4.28. ERISA.** The District and its subsidiaries, for so long as this Installment Purchase Agreement remains outstanding, will remain in compliance in all material respects with the applicable provisions of ERISA, the failure to comply with which has or may have a material adverse effect on the District.

## **ARTICLE 5**

### **EVENTS OF DEFAULT AND REMEDIES**

**SECTION 5.1. Events of Default and Acceleration of Installment Purchase Agreement.** Any of the following events shall constitute an event of default:

- (a) Events of Default.

(i) If default shall be made in the due and punctual payment of the interest component of Installment Payments payable pursuant to this Installment Purchase Agreement or with respect to any Parity Obligation when and as the same shall become due and payable; or

(ii) If default shall be made in the due and punctual payment of the principal component of Installment Payments of or redemption premium, if any, on or of any sinking fund installment pursuant to this Installment Purchase Agreement or with respect to any Parity Obligation when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(iii) If default shall be made by the District in the observance or performance of any of the other agreements, conditions, covenants or terms on its part contained in this Installment Purchase Agreement, and such default shall have continued for a period of thirty (30) days after the District shall have been given notice in writing of such default by the Bank, which may give notice in its discretion; provided, that such default shall not constitute an Event of Default if the District shall commence to cure such default within such thirty (30)-day period and thereafter diligently and in good faith shall proceed to cure such default within a reasonable period of time but not later than an additional thirty (30) days; or

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

(v) Any representation or warranty made or deemed to be made by or on behalf of the District in this Installment Purchase Agreement or in any certificate, financial or other statement furnished by or on behalf of the District to the Bank pursuant hereto or thereto shall prove to have been inaccurate, misleading or incomplete in any material respect when made; or

(vi) Any material provision of this Installment Purchase Agreement shall at any time for any reason cease to be the legal, valid and binding obligation of the District or shall cease to be in full force and effect, or shall be declared to be unenforceable, invalid or void, or the validity or enforceability thereof shall be contested by the District, or the District shall renounce the same or deny that it has any further liability hereunder or thereunder; or

(vii) Dissolution, termination of existence, insolvency or business failure of the District; or



(viii) Any court of competent jurisdiction with jurisdiction to rule on the validity of any provision of this Installment Purchase Agreement shall find or rule that this Installment Purchase Agreement is not valid or not binding on the District; or

(ix) The District should, after any applicable grace period, breach or be in default under the terms of this Installment Purchase Agreement or any other agreement between the District and the Bank or any affiliate of the Bank (including as applicable Farm Credit Leasing Services Corporation); or

(x) A judgment, decree, or order for the payment of money will have been rendered against the System which has a material adverse effect on the District and either: (1) enforcement proceedings will have been commenced; (2) a lien prohibited by this Installment Purchase Agreement will have been obtained; or (3) such judgment, decree, or order will continue unsatisfied and in effect for a period of 30 consecutive days without being vacated, discharged, satisfied, bonded, or stayed pending appeal; or

(xi) This Installment Purchase Agreement or any Schedule ceases to be legal, valid, binding and enforceable against the District or is in any way terminated (except in accordance with its terms) or becomes or is declared ineffective or inoperative; or

(xii) The District has a Material Adverse Change.

(b) Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Bank shall have the right, at its option upon notice to the District, to declare the unpaid aggregate principal components of the Installment Payments as identified on Exhibit B hereto, and the interest accrued thereon, to be immediately due and payable, whereupon the same shall immediately become due and payable.

The Bank shall also have the right, at its option upon notice to the District, to (i) apply to and obtain from any court of competent jurisdiction such decree or order as may be necessary to require officials of the District to charge and collect rates for services provided by the District and the System sufficient to meet all requirements of this Installment Purchase Agreement, and (ii) take whatever action at law or in equity as may appear necessary or desirable to collect the Installment Payments then due or thereafter to become due during the Term of this Installment Purchase Agreement, or enforce performance and observance of any obligation, agreement or covenant of the District under this Installment Purchase Agreement, subject to the following paragraph.

Notwithstanding any provision of this Installment Purchase Agreement, the District's liability to pay the Installment Payments and other amounts hereunder shall be limited solely to Net Revenues as provided in Article 3 hereof. In the event that Net Revenues shall be insufficient at any time to pay the principal and interest on the Installment Payments in full, the District shall not be liable to pay or prepay such delinquent Installment Payments other than from Net Revenues.

In addition to the rights and remedies set forth above, upon the occurrence and during the continuance of an Event of Default, at the Bank's option in each instance, the entire indebtedness outstanding hereunder will bear interest from the date of such Event of Default until such Event of Default will have been waived or cured in a manner satisfactory to the Bank at the Default Rate.



All interest provided for herein will be payable on demand and will be calculated on the basis of a year consisting of 360 days consisting of twelve 30-day months.

**SECTION 5.2. Other Remedies of the Bank.** The Bank shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the District or any director, officer or employee thereof, and to compel the District or any such director, officer or employee to perform and carry out its or his duties under 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 that are unlawful or violate the rights of the Bank; or

(c) by suit in equity upon the happening of an Event of Default to require the District and its Board of Directors, officers and employees to account as the trustee of an express trust.

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

**SECTION 5.4. Agreement to Pay Attorneys' Fees and Expenses.** In the event either party to this Installment Purchase Agreement should default under any of the provisions hereof and the non-defaulting party should employ attorneys (including in-house counsel) or incur other expenses for the collection of moneys or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the non-defaulting party the reasonable fees of such attorneys (including the allocable cost of in-house counsel) and such other expenses so incurred by the non-defaulting party.

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

A waiver of any default or breach of duty or contract by the Bank 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 Bank 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 Bank by law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Bank. If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned



or determined adversely to the Bank, the District and the Bank shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

## ARTICLE 6

### PREPAYMENT OF AGREEMENT

**SECTION 6.1. Defeasance.** Notwithstanding any other provision of this Installment Purchase Agreement, the District may on any date secure the payment of Installment Payments, in whole, by irrevocably depositing with Bank an amount of cash which is either (a) sufficient to pay all such Installment Payments and any applicable prepayment premium and all other sums due hereunder, including the principal and interest components thereof, when due, or (b) invested in whole or in part in Federal Securities in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient and irrevocably pledged to the Bank to pay all such Installment Payments and any applicable Prepayment Premium and all other sums due hereunder when due or when due on any optional prepayment date pursuant to Section 6.2 as the District shall instruct at the time of said deposit. In the event of a deposit pursuant to this Section for the payment of all remaining Installment Payments, all obligations of the District under this Installment Purchase Agreement, and the pledge of Net Revenues and all other security provided by this Installment Purchase Agreement for said obligations, shall cease and terminate, excepting only the obligation of the District to make, or cause to be made, all of Installment Payments from such deposit. Said deposit shall be deemed to be and shall constitute a special fund irrevocably pledged for the payment of such Installment Payments in accordance with the provisions of this Installment Purchase Agreement.

**SECTION 6.2. Optional Prepayment.** The Installment Payments may be prepaid, in whole or in part, on any date by paying to the Bank the principal portion of the Installment Payments to be prepaid, together with the Prepayment Premium identified in Section 6.2 hereof. Unless otherwise agreed by Bank, all prepayments will be applied to principal installments in the inverse order of their maturity and to such balances, fixed or variable, as Bank will specify.

**SECTION 6.3. Prepayment Premium.** Notwithstanding any provision of this Agreement giving the District the right to repay any Installment Payment prior to the date it would otherwise be due and payable, the District agrees to provide three Business Days' prior written notice for any prepayment of any Installment Payment and to pay to the Bank a broken funding surcharge in the amount set forth below in the event the District repays any Installment Payment prior to the date the same falls due under this Agreement (whether such payment is made voluntarily, as a result of an acceleration, or otherwise). The broken funding surcharge will be in an amount equal to the greater of: (1) an amount (calculated in accordance with methodology established by the Bank) equal to the present value of the sum of: (a) all losses and expenses incurred by the Bank in retiring, liquidating, or reallocating any debt, obligation, or cost incurred or allocated by the Bank to fund or hedge the Interest Rate; plus (b) one half of one percent (0.5%) of the Acquisition Amount for the period such amount was scheduled to have been outstanding at the Interest Rate, or (2) \$300.00. Any surcharge will be determined and calculated in accordance with methodology established by the Bank, a copy of which will be made available upon request. Notwithstanding the foregoing, in the event of a conflict between the provisions of this section and



of the broken funding charge section of a forward fix agreement between the Bank and the District, the provisions of the forward fix agreement will control.

**SECTION 6.4. Effect of Prepayment.** In the event that the District prepays the Installment Payments and all other sums due to the Bank hereunder in full pursuant to Article 6, the District's obligations under this Installment Purchase Agreement shall thereupon cease and terminate, including but not limited to the District's obligation to pay Installment Payments under this Installment Purchase Agreement; subject however, to the provisions of Section 6.1 in the case of prepayment by application of a defeasance deposit.

## ARTICLE 7

### MISCELLANEOUS

**SECTION 7.1. Notices.** All written notices to be given under this Installment Purchase Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by telecopier or other form of telecommunication or electronic mail, at its number set forth below. Notice shall be effective either (a) upon transmission by telecopier or other form of telecommunication, (b) 48 hours after deposit in the United States of America first class mail, postage prepaid, or (c) in the case of personal delivery to any person or electronic mail, upon actual receipt. The Bank and the District may, by written notice to the other party, from time to time modify the address or number to which communications are to be given hereunder.

If to the Bank, as follows:

For general correspondence purposes:  
P.O. Box 5110  
Denver, Colorado 80217-5110

For direct delivery purposes, when desired:  
6340 South Fiddlers Green Circle  
Greenwood Village, Colorado 80111-1914

Attention: Credit Information Services  
Fax No.: (303) 224-6101

If to the District, as follows:

San Lorenzo Valley Water District  
13060 Highway 9  
Boulder Creek, CA 95006  
Attention: District Manager  
Email: rrogers@slvwd.com

**SECTION 7.2. Assignment by the Bank.** The Bank's rights under this Installment Purchase Agreement, including the right to receive and enforce payment of the Installment Payments to be made by the District under this Installment Purchase Agreement may be assigned by the Bank to a Qualified Institutional Buyer upon delivery to the District of an Investor Letter in substantially familiar form as, that set forth in Exhibit C. Upon any assignment the Bank shall provide the District a written notice of such assignment naming the assignee.

The Bank or any assignee has the right to make additional assignments of its rights and obligations under this Installment Purchase Agreement, but the District shall not be required to pay more than a single payee, regardless of the number of assignees, and no such assignment will be effective as against the District unless and until the District consents to such assignment. The



District shall pay all Installment Payments hereunder under the written direction of the Bank or the assignee named in the most recent assignment or notice of assignment filed with the District. During the Term of this Installment Purchase Agreement, the District shall keep a complete and accurate record of all such notices of assignment.

**SECTION 7.3. Assignment by the District.** This Installment Purchase Agreement may not be assigned by the District, other than to a public agency which shall succeed to the interests of the District in and to the System and which (by operation of law, by contract or otherwise) becomes legally bound to all of the terms and provisions hereof. The prior written consent of the Bank shall be required in the case of any such assignment. In connection with any such assignment by the District, the District shall provide the Bank with an opinion of bond counsel that the assignee is legally obligated to pay all Installment Payments and other sums hereunder and to satisfy all of the obligations of the District under this Installment Purchase Agreement and the other Financing Documents, and that such assignment shall not adversely affect the exclusion of interest payable pursuant to this Installment Purchase Agreement from gross income for federal income tax purposes and the exemption of such interest for State of California income tax purposes.

**SECTION 7.4. Amendment of this Installment Purchase Agreement.** This Installment Purchase Agreement may be amended only in writing by the District and the Bank.

**SECTION 7.5. Binding Effect.** This Installment Purchase Agreement shall inure to the benefit of and shall be binding upon the Bank and the District and their respective successors and assigns.

**SECTION 7.6. Severability.** In the event any provision of this Installment Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**SECTION 7.7. Net-Net-Net Parity Obligation.** This Installment Purchase Agreement shall be deemed and construed to be a "net-net-net" contract, and the District hereby agrees that the Installment Payments shall be an absolute net return to the Bank, free and clear of any expenses, charges or set-offs whatsoever.

**SECTION 7.8. Further Assurances and Corrective Instruments.** The Bank and the District agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Installment Purchase Agreement.

**SECTION 7.9. Execution in Counterparts.** This Installment Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**SECTION 7.10. Applicable Law and Venue.** This Installment Purchase Agreement shall be governed by and construed in accordance with the laws of the State of California and venue shall be in the County of Santa Cruz.



**SECTION 7.11. Captions.** The captions or headings in this Installment Purchase Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Installment Purchase Agreement.

**SECTION 7.12. USA Patriot Act Notice.** The Bank hereby notifies the District that pursuant to the requirements of the USA Patriot Act, it is required to obtain, verify, and record information that identifies the District in accordance with the USA Patriot Act. The District covenants and agrees it will not, and agrees to cause each of its subsidiaries not to, at any time, directly or indirectly be (a) a person with whom the Bank is restricted from doing business under any Anti-Terrorism Law, (b) engaged in any business involved in making or receiving any contribution of funds, goods or services to or for the benefit of such a person or in any transaction that evades or avoids, or has the purpose of evading or avoiding, the prohibitions set forth in any Anti-Terrorism Law, or (c) otherwise in violation of any Anti-Terrorism Law (the District will and will cause each of its subsidiaries to provide to the Bank any certifications or information that the Bank requests to confirm compliance by the District and its subsidiaries with any Anti-Terrorism Law). "Anti-Terrorism Law" means any law relating to terrorism or money laundering, including Executive Order No. 13224, the USA Patriot Act, the laws comprising or implementing the Bank Secrecy Act, and the Laws administered by the United States Treasury Department's Office of Foreign Asset Control, as any of the foregoing laws may from time to time be amended, renewed, extended, or replaced.

**SECTION 7.13. Costs and Expenses.** To the extent allowed by law, the District agrees to pay all reasonable out-of-pocket costs and expenses (including the fees and expenses of counsel retained or employed by the Bank) incurred by the Bank and any participants of the Bank in connection with the origination, administration, collection and enforcement of this Installment Purchase Agreement, including, without limitation, all costs and expenses incurred in obtaining, perfecting, maintaining, determining the priority of, and releasing any security for the District's obligations to the Bank, and any stamp, intangible, transfer or like tax incurred in connection with this Installment Purchase Agreement or the recording hereof or thereof.

**SECTION 7.14. Indemnification.** To the extent allowed by law, the District indemnifies the Bank, its affiliates and its and their respective officers, directors, employees, agents and advisors (each an "Indemnatee") against, and holds each Indemnatee harmless from, any and all losses, claims, damages, liabilities and related expenses (including fees and expenses of employed or retained counsel) incurred by any Indemnatee or asserted against any Indemnatee by any third party arising out of or as a result of (a) the execution or delivery of any Financing Document, (b) the acquisition, construction, ownership, operation and all other matters relating to, the acquisition, construction, ownership, operation and all other matters relating to the Project and the System or the grant of agency made by the Bank under Section 3.1 hereunder, the performance or nonperformance by the District of its obligations under any Financing Document or the consummation of the transactions contemplated thereby, including the use of the proceeds therefrom, (c) breach of representations, warranties or covenants of the District under this Installment Purchase Agreement, or (d) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, including any such items or losses relating to or arising under environmental Laws or pertaining to environmental matters, regardless whether any Indemnatee is a party thereto; provided that such indemnity will not, as to an Indemnatee, be available to the extent that such losses, claims, damages, liabilities or related expenses are



determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the active negligence or willful misconduct of such Indemnitee.

**SECTION 7.15. Waiver of Jury Trial.** To the extent allowed by law, the District and the Bank each hereby irrevocably waives any right it may have to a trial by jury in connection with any action directly or indirectly arising out of or relating to this Installment Purchase Agreement. Each party hereto (1) certifies that no representative, administrative agent or attorney of any other person has represented, expressly or otherwise, that such other person would not, in the event of litigation, seek to enforce the foregoing waiver and (2) acknowledges that it and the other parties hereto have been induced to enter into this Installment Purchase Agreement by, among other things, the mutual waivers and certifications in this section.

*(Signature page follows)*

IN WITNESS WHEREOF, the Bank has caused this Installment Purchase Agreement to be executed in its corporate name by its duly authorized officer, and the District has caused this Installment Purchase Agreement to be executed in its name by its duly authorized officer, as of the date first above written.

COBANK, ACB

By: \_\_\_\_\_  
Authorized Officer

SAN LORENZO VALLEY WATER DISTRICT

By: \_\_\_\_\_  
Rick Rogers, District Manager

ATTEST ON BEHALF OF  
SAN LORENZO VALLEY WATER DISTRICT:

By: \_\_\_\_\_  
Holly B. Hossack, Board Secretary

*-Signature Page-  
Installment Purchase Agreement*



## EXHIBIT A

### DESCRIPTION OF THE PROJECT

<b>CZU FIRE PROJECTS</b>	<b>TOTAL</b>	<b>PROJECT DESCRIPTION</b>
Peavine Supply	\$1,725,000	Replace 8,000 LF of 8" HDPE above ground raw water pipeline and support structures, intake and flow/metering monitoring equipment.
Big Steel Tank Piping	1,250,000	Replace 8" HDPE water main in accordance with AWWA/District Standards and relocate to public right of way.
Big Steel Zone Piping	1,345,000	Replace 10", and 12" piping and fittings to AWWA/District Standards.
Little Lyon Tank	670,000	Replace piping, SCADA controls and other apparatuses. Full recoating of interior tank.
Bennett Spring Supply /Transmission Main	400,000	Replace 1,500 LF underground piping in accordance with AWWA/District Standards.
Five Mile Box & Turbidity Station	395,000	Replace Turbidity station building and settling chamber, replace turbidity, SCADA equipment and automatic valves.
Eckley Pumping Station	145,000	Replace pumping station, power drop, SCADA control and communications wire.
Harmon Street 2" Main	130,000	Replace 1,000 LF piping in accordance AWWA/District Standards.
Sweetwater Supply Line	1,700,000	Replace intake structure and 1.5 MI of 8" HDPE pipeline, metering and monitoring equipment, and replace supply line.
Alta Via Distribution System Piping	835,000	Replace 5,000 LF with permanent piping to AWWA/District standards in roadway, including 38 water meter service sets and 6 fire hydrants.
South Zone Distribution System Piping	650,000	Replace 4,000 LF water distribution piping, 26 water services and meters and install underground to AWWA/District standards along Forest and Western Ave.
Orman Road Water Main Replacement	1,165,000	Replace 2,000 LF with new 8" water main and apparatuses. The project will replace the existing 2-inch and 1 ½-inch water main along Orman Road. Undersized water mains are the source of intermittent low water pressure, interruption of water service, and inadequate fire flow.

Hermosa Oak Fernwood Water Main Replacement	1,685,000	Replace 3,000 LF of 8" main, due to current leaking water main. Project will include new water service runs and fire hydrants, including isolation valving.
Juanita Woods Water Main Replacement	1,685,000	Replace 3,000 LF with new 8" water main and apparatuses for proper fire flow. The project will replace existing 2-inch water mains.
Zayante Drive Water Main Replacement	845,000	Replace 1,500 LF with new 8" DIP. This improvement will remove a piping restriction to the Lompico Booster increasing fire flow into the Lompico Canyon.
Blue Ridge Tank Replacement	975,000	Construction of a new 64,000 gallon bolted steel tank in the Blue Ridge Zone. This project will replace the existing redwood storage tank which has reached its service life. Project includes, but not limited to site improvements, tank construction, SCADA control, and appurtenances.
TOTAL	\$15,600,000	

The Project may, subject to Section 3.3 of the Agreement, include the design, acquisition and construction of any other capital improvements to the System to be owned and operated by the District.



**EXHIBIT B****SCHEDULE OF INSTALLMENT PAYMENTS**

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Total Interest</u>	<u>Total Principal and Interest</u>	<u>Remaining Balance</u>
9/20/2021	\$294,375.66	2.40%	\$191,000.00	\$485,375.66	\$14,705,624.34
3/20/2022	297,908.17	2.40	176,467.49	474,375.66	14,407,716.17
9/20/2022	301,483.07	2.40	172,892.59	474,375.66	14,106,233.10
3/20/2023	305,100.86	2.40	169,274.80	474,375.66	13,801,132.24
9/20/2023	308,762.07	2.40	165,613.59	474,375.66	13,492,370.17
3/20/2024	312,467.22	2.40	161,908.44	474,375.66	13,179,902.95
9/20/2024	316,216.82	2.40	158,158.84	474,375.66	12,863,686.13
3/20/2025	320,011.43	2.40	154,364.23	474,375.66	12,543,674.70
9/20/2025	323,851.56	2.40	150,524.10	474,375.66	12,219,823.14
3/20/2026	327,737.78	2.40	146,637.88	474,375.66	11,892,085.36
9/20/2026	331,670.64	2.40	142,705.02	474,375.66	11,560,414.72
3/20/2027	335,650.68	2.40	138,724.98	474,375.66	11,224,764.04
9/20/2027	339,678.49	2.40	134,697.17	474,375.66	10,885,085.55
3/20/2028	343,754.63	2.40	130,621.03	474,375.66	10,541,330.92
9/20/2028	347,879.69	2.40	126,495.97	474,375.66	10,193,451.23
3/20/2029	352,054.24	2.40	122,321.41	474,375.65	9,841,396.99
9/20/2029	356,278.89	2.40	118,096.76	474,375.65	9,485,118.10
3/20/2030	360,554.24	2.40	113,821.42	474,375.66	9,124,563.86
9/20/2030	364,880.89	2.40	109,494.77	474,375.66	8,759,682.97
3/20/2031	369,259.46	2.40	105,116.20	474,375.66	8,390,423.51
9/20/2031	373,690.58	2.40	100,685.08	474,375.66	8,016,732.93
3/20/2032	378,174.86	2.40	96,200.80	474,375.66	7,638,558.07
9/20/2032	382,712.96	2.40	91,662.70	474,375.66	7,255,845.11
3/20/2033	387,305.52	2.40	87,070.14	474,375.66	6,868,539.59
9/20/2033	391,953.18	2.40	82,422.48	474,375.66	6,476,586.41
3/20/2034	396,656.62	2.40	77,719.04	474,375.66	6,079,929.79
9/20/2034	401,416.50	2.40	72,959.16	474,375.66	5,678,513.29
3/20/2035	406,233.50	2.40	68,142.16	474,375.66	5,272,279.79
9/20/2035	411,108.30	2.40	63,267.36	474,375.66	4,861,171.49
3/20/2036	416,041.60	2.40	58,334.06	474,375.66	4,445,129.89
9/20/2036	421,034.10	2.40	53,341.56	474,375.66	4,024,095.79
3/20/2037	426,086.51	2.40	48,289.15	474,375.66	3,598,009.28
9/20/2037	431,199.55	2.40	43,176.11	474,375.66	3,166,809.73
3/20/2038	436,373.94	2.40	38,001.72	474,375.66	2,730,435.79
9/20/2038	441,610.43	2.40	32,765.23	474,375.66	2,288,825.36
3/20/2039	446,909.76	2.40	27,465.90	474,375.66	1,841,915.60
9/20/2039	452,272.67	2.40	22,102.99	474,375.66	1,389,642.93
3/20/2040	457,699.94	2.40	16,675.72	474,375.66	931,942.99
9/20/2040	463,192.34	2.40	11,183.32	474,375.66	468,750.65
3/20/2041	468,750.65	2.40	5,625.01	474,375.66	-

## **EXHIBIT C**

### **FORM OF INVESTOR LETTER**

#### **LENDER'S CERTIFICATE**

#### **SAN LORENZO VALLEY WATER DISTRICT INSTALLMENT PURCHASE AGREEMENT (the "Obligation")**

In connection with that certain Installment Purchase Agreement dated March 1, 2021 (the "Obligation") entered into by the San Lorenzo Valley Water District (the "Issuer") and CoBank, ACB (the "Lender"), the Lender hereby states:

1. The Lender has knowledge and experience in financial and business matters relating to the Obligation and is capable of evaluating the merits and risks of the Obligation and is able to bear the economic risks thereof.

2. The Lender has made such investigation of the financial information provided by the Issuer as the Lender, in the exercise of its business judgment, considers appropriate under the circumstances. In making its decision to acquire the Obligation, the Lender has relied on the accuracy and completeness of information provided by the Issuer. The Lender has not required the Issuer to deliver any offering document in connection with the issuance of the Obligation.

3. The Lender is aware that investment in the Obligation involves various risks, that the Obligation is not a general obligation of the Issuer, and that payment of the Obligation is secured only from the sources described in the resolution or ordinance of the Issuer authorizing the Obligation (the "Authorizing Measure") and the Installment Purchase Agreement and related Financing documents identified therein.

4. Neither the Lender nor any of its affiliates is acting as a fiduciary for the Issuer or in the capacity of broker, dealer, underwriter, or municipal advisor with respect to the Obligation. Neither the Lender nor any of its affiliates has provided or will provide any financial, legal, tax, accounting or other advice to the Issuer with respect to the Obligation; it being understood that the Issuer has sought and obtained and will obtain such advice (including as it relates to structure, timing, terms, and similar matters) with respect to the Obligation from its own advisors (and not the Lender or any of its affiliates) to the extent that the Issuer desired or desires to obtain such advice.

5. The Lender acknowledges that the Authorizing Measure is not being qualified under the Trust Indenture Act of 1939, as amended, and the Obligation is not being registered in reliance upon the exemption from registration under Section 3(a)(2) of the Securities Act of 1933, as amended, and that neither the Issuer nor bond counsel shall have any obligation to effect any such registration or qualification.

6. The Lender is not acting as a broker or other intermediary and is making the Financing and acquiring the Obligation as an investment for its own account and not with a present



view to a resale or other distribution to the public. The Lender understands that the Obligation may not be transferred except in compliance with applicable federal and state laws.

7. The Lender is an “accredited investor” within the meaning of the Securities Act of 1933, as amended, and Regulation D thereunder.

DATED as of March 9, 2021.

**COBANK, ACB**

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

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

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

**SAN LORENZO VALLEY WATER DISTRICT  
RESOLUTION NO. 17 (20-21)**

**SUBJECT:   SAN LORENZO VALLEY WATER DISTRICT BOARD OF DIRECTORS  
POLICY MANUAL FOR 2021**

WHEREAS, on July 16, 2020, the Board of Directors ("Board") of the San Lorenzo Valley Water District ("District") reviewed the Board of Directors Policy Manual ("Policy Manual") and adopted revisions to it pursuant to Resolution No. 1 (20-21); and

WHEREAS, the proper functioning of the Board and Board meetings is critical to the functioning of the District; and


WHEREAS, an adopted set of policies assists in the proper functioning of the Board and the District; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Lorenzo Valley Water District that the Board hereby approves and adopts the 2021 Policy Manual attached hereto as Exhibit 1; the Policy Manual shall take effect immediately and shall supersede and replace all prior versions of the Policy Manual.

.....

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 15th day of April 2021, by the following vote of the members thereof:

AYES:           G. Mahood, L. Henry, B. Fultz, M. Smolley  
NOES:  
ABSENT:  
ABSTAIN:

  
\_\_\_\_\_  
Holly B. Hossack,  
District Secretary



**SAN LORENZO VALLEY WATER DISTRICT  
RESOLUTION NO. 18 (20-21)**

**REAFFIRMATION OF THE STAGE 2 WATER  
SHORTAGE EMERGENCY**

**WHEREAS**, On April 3, 2014. The Board of Directors of the San Lorenzo Valley Water District adopted Ordinance No. 105, to establish regulations and requirements responding to the Water Shortage Emergency declared by the Board.

**WHEREAS**, Article 10, Section 2 of the California Constitution declares that waters of the State are to be put to beneficial use, that waste, unreasonable use, or unreasonable method of use of water be prevented, and that water be conserved for public welfare; and

**WHEREAS**, conservation of current water supplies and minimization of the effects of water supply shortages that are the result of drought are essential to the public health, safety and welfare; and

**WHEREAS**, San Lorenzo Valley Water District's system draws exclusively on local sources of supply, whose yield varies from year to year depending on the amount of rainfall received; and

**WHEREAS**, the District's water system is susceptible to water shortages in dry years or in periods of prolonged regional drought when water conditions characterized by low surface flows in stream sources and low levels in local aquifers', reduce the available supply to a level that cannot support seasonal water demand; and

**WHEREAS**, California Water Code Sections 350 et seq. authorize water suppliers, after holding a properly noticed public hearing, and after making certain findings, to declare a water shortage (emergency) and to adopt such regulations and restrictions to conserve the water supply for the greatest public benefit with particular regard for domestic use, sanitation, and fire protection; and

**WHEREAS**, the water conservation measures and progressive restrictions on water use and method of use set forth herein provide an effective and immediately available means to conserve water which is essential during periods of water shortage to ensure a reliable and sustainable minimum supply of water for public health, safety, and welfare; to preserve valuable limited water storage capacity; to avoid depleting water storage to an unacceptably low level; and to lessen the possibility of experiencing more critical shortages if dry conditions continue or worsen; and

**WHEREAS**, the usage regulations and restrictions hereinafter established will equitably spread the burden of restricted and prohibited usage over all San Lorenzo Valley Water District customers and other consumers; and

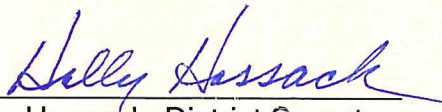
**WHEREAS**, the purpose of this Resolution is to conserve the water supply of the San Lorenzo Valley Water District for the greatest public benefit, to mitigate the effects of a water supply shortage on public health, safety, economic activity, and to budget water use so that a reliable and sustainable minimum supply of water will be available for the most essential purposes for the entire duration of the water shortage;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the San Lorenzo Valley Water District that they reaffirm the District's 2015 Declaration of a Stage 2 Water Shortage Emergency.

\*\*\*\*\*

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 6th day of May 2021, by the following vote of the members thereof:

AYES: G. Mahood, L. Henry, J. Ackemann, B. Fultz, M. Smolley  
NOES:  
ABSTAIN:  
ABSENT:

  
Holly Hossack, District Secretary  
San Lorenzo Valley Water District



**SAN LORENZO VALLEY WATER DISTRICT  
RESOLUTION NO. 19 (20-21)**

SUBJECT: WAIVER OF WATER CONNECTION FEE, APN 081-051-05

WHEREAS, the San Lorenzo Valley Water District ("District") recently discovered that the District has been providing water service to real property located at 13910 Big Basin Way, also known as Assessor Parcel Number ("APN") 081-051-05, for an unknown length of time; and

WHEREAS, District staff has been unable to verify the history of the existing water pipeline and connection serving the property; and

WHEREAS, the current owner of the property has produced a copy of what appears to be a letter from Santa Cruz Land Title Company addressed to James Eandi, dated November 26, 1957, which describes a deeded easement to the Boulder Creek Water Works dated July 22, 1887, and which suggests that the pipeline serving the property may have been constructed in the late 19th century by the Boulder Creek Water Works; and

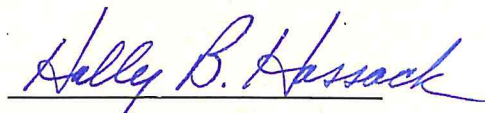
WHEREAS, in light of uncertainty surrounding the history of the water pipeline and connection serving the property, District staff is recommending that the District waive its connection fee for new water service upon the opening of a water service account for the property by its current owner, which would allow the District to continue providing water service to the property pursuant to the District's rules, regulations, policies and procedures (including but not limited to ongoing fees for water service) now in effect, and as modified or amended hereafter.

NOW, THEREFORE, BE IT RESOLVED by the District's Board of Directors that any connection fee applicable to the existing water connection serving real property located at 13910 Big Basin Way, APN 081-051-05, shall be waived by the District upon the opening of a District water service account for the property by its current owner.

\*\*\*\*\*

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 6th day of May 2021, by the following vote of the members thereof:

AYES: G. Mahood, L. Henry, J. Ackemann, B. Fultz, M. Smolley  
NOES:  
ABSENT:  
ABSTAIN:



Holly B. Hossack,  
District Secretary

**SAN LORENZO VALLEY WATER DISTRICT  
RESOLUTION NO. 20 (20-21)**

**Appointing a District Point of Contact and Signatory for  
CALFIRE California Forest Health Grant Representative**

**WHEREAS**, the San Lorenzo Valley Water District (District) is seeking funding and assistance from the CALFIRE California Forest Health Grant; and

**WHEREAS**, California Forest Health Grant as part of the Resources Conservation District of Santa Cruz County's application packet funds active restoration and reforestation activities; and

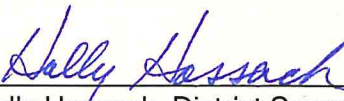
**WHEREAS**, CALFIRE requires documentation, in the form of a resolution or letter, from the District showing that the District has appointed a representative to serve as the point of contact and signatory for applications and agreements; and

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the San Lorenzo Valley Water District that the Board hereby authorizes and directs the District Manager, Rick Rogers, to serve as the District's point of contact and signatory for CALFIRE California Forest Health Grant applications, agreements, and any related documents.

\* \* \* \* \*

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 6th day of May 2021, by the following vote of the members thereof:

AYES:           G. Mahood, L. Henry, J. Ackemann, B. Fultz, M. Smolley  
NOES:  
ABSTAIN:

  
\_\_\_\_\_  
Holly Hossack, District Secretary  
San Lorenzo Valley Water District



**SAN LORENZO VALLEY WATER DISTRICT  
RESOLUTION NO. 21 (20-21)**

SUBJECT: PROCUREMENT POLICIES AND PROCEDURES OF THE  
SAN LORENZO VALLEY WATER DISTRICT

WHEREAS, the Board of Directors ("Board") of the San Lorenzo Valley Water District ("District") seeks to ensure that all procurement transactions of the District comply with the highest standards of governmental ethics and that the value of public funds is maximized by efficiently and economically obtaining supplies, equipment, construction, and services in compliance with all applicable state and federal laws; and

WHEREAS, the attached Procurement Policies and Procedures of the District are intended to be comprehensive and shall supersede and replace any and all previously adopted procurement policies and/or procedures; including without limitation Article XIV (Contracts and Purchasing) of the Rules and Regulations of the District and Article IV (Contracts and Purchasing) of the Policies and Procedures of the District; and

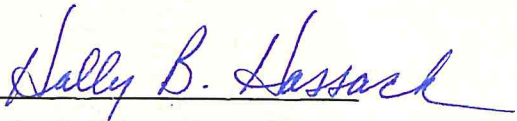
WHEREAS, the attached Procurement Policies and Procedures of the District set forth a Code of Conduct to govern individuals engaged in District procurement activities that is consistent with, and does not abrogate or supersede the District's approved Conflict of Interest Code; and

NOW, THEREFORE, BE IT RESOLVED by the Board of the District that the attached Procurement Policies and Procedures is hereby adopted and approved, and it shall take effect immediately and shall supersede and replace any and all previously adopted procurement policies and/or procedures.

\*\*\*\*\*

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 6th day of May 2021, by the following vote of the members thereof:

AYES: G. Mahood, L. Henry, J. Ackemann, B. Fultz, M. Smolley  
NOES:  
ABSENT:  
ABSTAIN:

  
Holly B. Hossack,  
District Secretary

SAN LORENZO VALLEY WATER DISTRICT

RESOLUTION NO. 22 (20-21)

SUBJECT: QUAIL TANK AND UNIVERSITY TANK & BOOSTER SCADA SOLE  
SOURCE PROCUREMENT

WHEREAS, the District's 2020-21 budget provides for the replacement of the legacy SCADA equipment for the Quail Tank and University Tank & Booster; and

WHEREAS, the new equipment will communicate via Cellular transmissions and will be solar powered; and

WHEREAS, Emerson Process Management Power & Water Solutions, Inc. is the District's main SCADA provider and is proprietary software; and

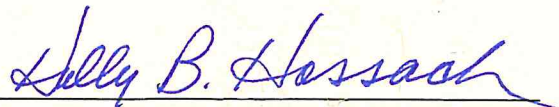
WHEREAS, District Rules and Regulations, Article XIV, Section 14.07 (a) Waiver of Provisions, states "Notwithstanding any other provision of these rules, the Board by four-fifths (4/5) vote may waive as to individual purchases, the competitive bidding requirements"

NOW THEREFORE, BE IT RESOLVED the Board of Directors waives competitive bidding and authorizes the District Manager to execute an agreement with Emerson Process Management Power & Water Solutions, for Quail Tank and University Tank & Booster SCADA equipment in the amount of \$81,000.00.

\*\*\*\*\*

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 6th day of May 2021, by the following vote of the members thereof:

AYES: G. Mahood, L. Henry, J. Ackemann, B. Fultz, M. Smolley  
NOES:  
ABSTAIN:  
ABSENT:



Holly B. Hossack, Board Secretary  
San Lorenzo Valley Water District



**SAN LORENZO VALLEY WATER DISTRICT  
RESOLUTION NO. 23 (20-21)**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
SAN LORENZO VALLEY WATER DISTRICT TO ENTER  
INTO A GRANT AGREEMENT WITH THE STATE  
COASTAL CONSERVANCY AND DESIGNATE A  
DISTRICT POINT OF CONTACT AND SIGNATORY, FOR  
THE WILDFIRE RESILIENCE PROGRAM**

WHEREAS, the San Lorenzo Valley Water District (District) is seeking funding and assistance from the California State Coastal Conservancy under the terms of the Wildfire Resilience Program; and

WHEREAS, the Board of Directors (Board) of the District recognizes the critical needs for fuel reduction and hardening around infrastructure; and

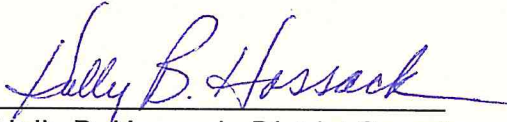
WHEREAS, in order to accept the \$200,000 awarded by the District the California State Coastal Conservancy Wildfire Resilience Program, documentation showing that the District has appointed a representative to serve as the point of contact and signatory for applications and agreements is required.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Lorenzo Valley Water District that the Board hereby authorizes and directs the District Manager, Rick Rogers, to serve as the District's point of contact and signatory for the Fire Resilience Program applications, agreements, and any related documents.

\*\*\*\*\*

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 17th day of June 2021, by the following vote of the members thereof:

AYES: G. Mahood, J. Ackemann, B. Fultz, M. Smolley, L. Henry  
NOES:  
ABSTAIN:  
ABSENT:

  
\_\_\_\_\_  
Holly B. Hossack, District Secretary  
San Lorenzo Valley Water District

SAN LORENZO VALLEY WATER DISTRICT

RESOLUTION NO. 24 (20-21)

SUBJECT: ADOPTION OF REVISED COMPENSATION SCHEDULE FOR THE  
MANAGEMENT, SUPERVISORY AND CONFIDENTIAL  
EMPLOYEES UNIT OF THE SAN LORENZO VALLEY WATER  
DISTRICT

WHEREAS, in conformance with the Personnel System Rules and Regulations of the San Lorenzo Valley Water District's ("District"), the District Manager has proposed revisions to the District's position classification plan including the creation of new positions to meet the needs of the District, as follows: Project Manager, Water Quality & Treatment Manager, and Accountant/Office Supervisor; and

WHEREAS, Section 2.2 of the Personnel System Rules and Regulations gives the District Manager authority to amend the classification plan, from time to time, after advising all recognized employee organizations affected by the proposed amendment; and

WHEREAS, position classifications and salary schedules have been negotiated and are attached as appendixes to the District's Memoranda of Understanding ("MOUs") with the applicable employee bargaining units; and

WHEREAS, consistent with the Personnel System Rules and Regulations and the MOUs, the District has provided in writing the proposed new position classifications and corresponding salary schedules to the employee representatives of the affected employee bargaining units and asked if they wish to meet and confer, and no such meet and confer request has been received by the District; and

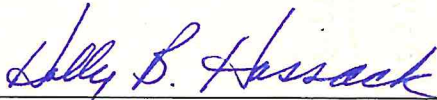
WHEREAS, Section 8.2 of the Personnel System Rules and Regulations provides that the compensation schedule may be amended or revised from time to time by resolution of the Board of Directors.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Lorenzo Valley Water District that the attached revision to the salary compensation schedule for management, confidential, and supervisory employees is hereby adopted.

\*\*\*\*\*

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of, California, on the 17th day of June, 2021, by the following vote of the members thereof:

AYES: G. Mahood, J. Ackemann, M. Smolley  
NOES: B. Fultz  
ABSENT: L. Henry

  
\_\_\_\_\_  
Holly B. Hossack, District Secretary  
San Lorenzo Valley Water District



**SAN LORENZO VALLEY WATER DISTRICT  
RESOLUTION NO. 25 (20-21)**

SUBJECT: ADOPTION OF REVISED INTERIM UTILITY BILLING POLICY

WHEREAS, the San Lorenzo Valley Water District ("District") has prepared the attached proposed revision to the interim utility billing policy, to reflect no longer doing turn off of water service for non-payment, updates to the methods of collection of past-due charges utilized by the District, and to only allow owner accounts only and end the use of tenant accounts; and

WHEREAS, the District intends to update its Rules and Regulations to conform with these new policies, as soon as practicable.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Lorenzo Valley Water District that the Interim Utility Billing Policy attached hereto as Exhibit 1, is hereby approved and adopted.

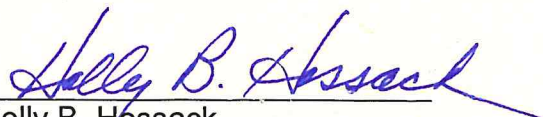
BE IT FURTHER RESOLVED that, notwithstanding any existing provision of the District's Rules and Regulations or Policies to the contrary, the District is hereby authorized and directed to implement this Interim Utility Billing Policy to the maximum extent permitted by law, until and unless it is revised or superseded by another action of the Board of Directors.

BE IT FURTHER RESOLVED that District staff is hereby authorized and directed to take any and all actions necessary to fully implement this Interim Utility Billing Policy, to the maximum extent permitted by law, and shall work diligently to prepare formal revisions to the District's Rules and Regulations and Policy documents consistent with this Board action and the Interim Utility Billing Policy.

\*\*\*\*\*

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 17th day of June 2021, by the following vote of the members thereof:

AYES: G. Mahood, J. Ackemann, B. Fultz, M. Smolley  
NOES:  
ABSTAIN:  
ABSENT: L. Henry

  
\_\_\_\_\_  
Holly B. Hossack,  
District Secretary

**San Lorenzo Valley Water District**  
**Interim Utility Billing Policy**  
*Adopted by Resolution No. 25 (20-21)*

**1. Purpose**

- a. These sections are to provide guidance on application for utility billing accounts, billing procedures, past due procedures, and other utility billing policies.

**2. Application for Established Water Service**

- a. Utility billing accounts may only be held in the owner's name.
  - i. In any instance in which the owner of the premises does not occupy the premises as a use or is not the primary user, the owner of the premises shall, nevertheless, be primarily responsible for service to the property.
- b. Owners will be required to submit a service application form provided by the District. Applications will include the following:
  - i. Date of application
  - ii. Address of property to be served
  - iii. Date to begin service
    - 1. Escrow closing date
      - a. If one is not provided, the County record date will be used.
  - iv. Applicants full name
  - v. Billing address, if different than service address
  - vi. Contact information: phone number and e-mail address
  - vii. Physical signature, or electronic signature, acknowledging application request and adherence to District rules and regulations.
- c. A non-refundable account establishment fee will be charged to any water service application. Based on current rates and charges established by the Board.
- d. Surplus Water accounts allow for bulk water fill-up at the District's designated sites. Based on current rates and charges established by the Board.
  - i. Security deposits remain on the account, until the account is closed. There are two types of surplus accounts:
    - 1. Private surplus water applicants must identify the use is for their personal property only and cannot exceed 10 units per month.
      - a. Upon two consecutive months of 10 or more units will require increased deposit to the Commercial rate.
    - 2. Commercial surplus applicants are for any use in excess of 10 units per month, commercial, or construction use.
- e. Completed application for service will constitute customer's willingness and intention to comply with District rules, regulations, policies, and ordinances.

**3. Transfer to New Account**

- a. In any instance an owner closes an account with a remaining balance owed to the District and attempts to establish another water service account, the remaining balance owed will transfer to the new account.

**4. Billing Procedures**



- a. Billing period is monthly. There are two billing cycles, sent out on the 5<sup>th</sup> or 20<sup>th</sup> of each month, or following business day if a weekend, based on location within the District.
  - i. Billing and due dates are not able to be modified.
- b. Bills are due upon receipt and are deemed past due 21 days after the bill date.
- c. Bills are made up of a Basic Fee and Consumption Fee. Based on current rates and charges established by the Board.
  - i. Basic Fee
    - 1. Water Service: Based on a calendar month and upon the billing water meter size.
      - a. All customers pay the Basic Fee whether the property is vacant or occupied or water is used or not.
    - 2. Sewer Service: Based on a calendar month.
      - a. All customers pay the Basic Fee whether the property is vacant or occupied.
  - ii. Consumption Fee: Meters are read as near as possible to a 30 day cycle. Consumption charge is based upon the amount of water that has passed through the meter. *This typically does not coincide with the actual calendar month.*
- d. Opening and Closing Bills
  - i. Opening and closing bills for less than the normal billing period will be pro-rated for both the basic and consumption charges.

#### **5. Delinquent Account – Late Fees and Payment Plans**

- a. Delinquent accounts are hereinafter identified as any account that remains unpaid, and without having an active alternative payment arrangement, by close of business 21 days after the bill date.
- b. Small Balance Accounts
  - i. Any balance on a bill of \$20 or less may be carried over, and added to, the next billing period without being assessed a late fee or incurring further collection action.
- c. Late Fee
  - i. If payment for a bill is not received by the close of business 21 days after the bill date, the District will make a reasonable, good faith effort to notify the customer of an impending late fee. If payment is not received prior to the following bills processing, a late fee will be assessed. The late fee is based on current rates and charges established by the Board.
    - 1. The means of notification will be based upon the notification preference provided by the customer (text, phone or email). Customers who have not selected a means of notification will be notified by the e-mail on file. The District assumes no responsibility for phone or email contact information that has not been kept up-to-date by the customer.
  - ii. At the request of the customer, the District will waive the late fee if there are extenuating circumstances and the customer has not been assessed a late fee for delinquent payment in the preceding twelve (12) months.
- d. Alternative Payment Arrangements (payment plans)

- i. Any customer who is unable to pay for water service within the normal payment period may request an alternative payment arrangement to avoid late fees. The District will consider all circumstances surrounding the request and make a determination as to whether the payment arrangement is warranted.
  - ii. Payment arrangements that extend into the next billing period are considered an amortization plan, which must be in writing and signed by the customer. An amortization plan will amortize the unpaid balance over a period defined by the customer, not to exceed 12 months from the original date of the bill. The amortized payments will be combined with, and subject to the due date of, the customer's regular bill(s). The customer must comply with the terms of the amortization plan and remain current as charges accrue in each subsequent billing period. The customer may not request further amortization of any subsequent unpaid charges while paying delinquent charges pursuant to an amortization plan. Failure to comply with the terms of an amortization plan will result in further collections processes.
- e. Customers may request this policy to be translated by writing to the District:
  - i. By mail: Attention Customer Service, 13060 Hwy 9, Boulder Creek CA 95006
  - ii. By e-mail: CustomerService@slvwd.com

**6. Security Deposits**

- a. Security deposits are billed for surplus water accounts.
- b. The District may apply, without notice, the amount of any deposit toward the payment of any water bill or other indebtedness owed to the District.
- c. Deposits are held on the account until the account is closed.
- d. Security deposits bear no interest.

**7. Returned Check or Other Failed Payments**

- a. Upon receipt of a returned payment method taken as payment of water service or other charges, the District will consider the account not paid. The District will make a reasonable, good faith effort to notify the customer by phone or email of the returned payment. The means of notification will be based upon the notification preference (text, phone, or email) selected by the customer. Customers who have not selected a means of notification will be notified by the e-mail on file.
- b. It is the customers responsibility to make payment or contact the District for further payment plans to avoid additional late fees.

**8. Complaints and Disputed Bills – Appeals Process**

- a. If a customer has a complaint regarding water service or disputes the water bill, they may exercise their right to appeal to the District Manager. The following procedures will be followed:
  - i. Customer's written request disputing any fees or charges must be received within five (5) days of the fee becoming due.
  - ii. The District Manager will review all written requests of the disputed amounts and either deny the request or grant the request, or a portion thereof, within fourteen (14) days.



- iii. Any customer of the District who disputes the District Manager's final decisions, may appeal by filing a "Notice to Appeal" to the Board of Directors within fifteen (15) days of the District Managers determination.
- iv. The District will place the appeal on the next available Board of Directors agenda, and notify the appellant no later than fourteen (14) days prior to the hearing.
- v. The Board of Directors' decision will be final, and any outstanding balances will be due immediately, unless otherwise extended by the Board.

## 9. Collection Process

- a. The District utilizes multiple forms of collection based on the account situation. Lawful methods of collection include but are not limited to referring the past due balance to the County for collection through the County tax rolls, establishing a non-tax lien on real property, and/or sending balances to a collection agency.
- b. Any amounts that remain outstanding ninety (90) days after the past due bill date may be subject to one or more of these collection processes.
- c. County Tax Rolls:
  - i. The primary collection method shall be referring past due balances for collection through the County tax rolls.
  - ii. Water Code Sections 31701 et seq. allow the District to collect delinquent and unpaid charges for water and other services by referring them for collection through the County tax rolls and thereby establishing a lien on real property, as set forth herein.
  - iii. The charges must have been requested in writing by the owner of the real property. Such a request may be made, without limitation, by opening a water or sewer service account with the District, or by authorizing a tenant or another person to open such an account for the property.
  - iv. The District shall notify the holder of title to land whenever delinquent and unpaid charges for water or other services which could become a lien on such property remain delinquent and unpaid for (60) sixty days.
  - v. The District shall prepare a written statement of those charges that remain delinquent and unpaid for (60) sixty days or more as of July 1st of each year, and shall present the statement to the Board of Directors. The statement shall include, at a minimum:
    - 1. The amount of such charges.
    - 2. The name and address of the person liable therefor.
  - vi. The Board of Directors shall review the statement and determine which charges to include, and shall direct District staff to furnish the approved statement to the County on or before August 1 each year, or such other date as may be established by the County.
  - vii. Water Code Section 31701.5 provides that the amount of the charges included in said statement shall be added to and become part of the annual taxes next levied upon the property served and upon any other property subject to charges for other District services, and shall constitute a lien on that property as of the

same time and in the same manner as does the tax lien securing such annual taxes.

d. Establishing a Non-Tax Lien on Real Property:

- i. A secondary collection method shall be establishing a non-tax lien on real property. This collection method may be used, in the District's discretion, if collection through the County tax rolls is not viable.
- ii. Water Code Section 31701.7 allows the District to collect delinquent and unpaid charges for water and other services by filing a certificate with the County recording office that establishes a lien on real property, as set forth herein.
- iii. The District shall prepare a certificate specifying the amount of such charges and the name and address of the person liable therefore and shall file the certificate with the County recording office.
- iv. Water Code Section 31701.7 and Health and Safety Code Section 5473.11 provide that from the time of recording the certificate, the amount required to be paid together with interest and penalty constitutes a lien upon all real property in the County owned by the person or acquired before the lien expires. The lien has the force, priority, and effect of a judgment lien and continues in effect for 10 years unless sooner released or otherwise discharged.
- v. Charges for Sewer or Sanitation Services and Facilities:
  1. As an alternative to Water Code Section 31701.7, Health and Safety Code Section 5473.11 allows the District to collect delinquent and unpaid charges for sewer or sanitation services and facilities.
  2. This alternative procedure is not necessary for any sewer-related services billed on the same bill as water rates.
  3. If following this procedure, the only difference is that the District shall notify the assessee shown on the last equalized assessment roll whenever delinquent and unpaid charges which could become a lien on such property remain delinquent and unpaid for (60) sixty days.

e. Collection Agency:

- i. Another collection method involves referring the account to a collections agency. This collection method may be used, in the District's discretion, if collection through the County tax rolls is not viable. The District shall send the customer a final past due notice before referring the account to a collection agency.

**10. Deducting Delinquencies and Other Debts from Disbursements**

- a. Whenever a person has incurred any delinquency, debt, or other financial obligation to the District for any District services rendered or materials or equipment supplied, the amount of such obligation due the District may be deducted from any deposits, credits, refunds or other disbursement from the District to such person, at the discretion of the District Manager.

**11. Request for Relief – Leak Adjustment**

- a. Any customer of the District may submit for a leak adjustment in accordance with the District's current Leak Adjustment policy.

**12. Request for Relief – Waiver of Basic Monthly Charge Due to Natural Disasters**



- a. A property owner may file a statement with the District stating that their structure cannot be occupied due to damage resulting from storm events or other natural disasters. Said statement must be filed within 120 days of the cause of occurrence.
- b. Upon making findings and determinations that the customer's structure cannot be occupied as a result of a natural disaster, the Finance & Business Services Department may determine that the customer is exempt from the basic monthly charge. Exemption will be allowed for a period of up to 3 years from the date of determination or until the customer requests continuance of service, whichever occurs first.
- c. No customer shall at any time, in any manner, obtain water from the service connection while exempt from the liability of the basic monthly charge.
- d. The District may lock or remove the meter to protect the District against fraud or abuse. Should the customer not repair or replace the damaged structure or request continuance of service within the time allowed, the service will be considered vacated.

#### **13. Request for Relief – Multiple User Variance**

- a. The owner of a parcel which is improved with two or more residential dwelling units may appeal the water meter size requirements on the grounds that: The additional unit or units is/are used or occupied fewer than forty days per year; and such use is limited to personal guests of the occupants of the main unit; and that such additional units are not let, leased or rented. An application for a variance must be filed pursuant to the appeal procedure set forth in this section. The Board of directors may grant such a variance, with conditions, including time limitations, and may also revoke such variance for good cause. The Board of Directors will set an annual review date of the first meeting in November of each year to consider expirations, new applications and applications for renewal of such meter size variances. This review date is not exclusive, and the Board may schedule additional hearings on variations as appropriate.

#### **14. Available in Multiple Languages:**

- a. Spanish
  - i. La política del Distrito relativa a la discontinuación del servicio de agua para las cuentas morosas puede facilitarse en español, bajo solicitud por escrito a [customerservice@slvwd.com](mailto:customerservice@slvwd.com).
- b. Chinese
  - i. 在给[customerservice@slvwd.com](mailto:customerservice@slvwd.com)发出书面要求后，可用中文提供本区关于拖欠账户住户将被停止供水服务的政策。
- c. Vietnamese
  - i. Bản điều lệ của District về việc ngưng cấp nước vì các tài khoản bị trễ hạn sẽ có sẵn bằng tiếng Việt, khi quý gửi email đến [customerservice@slvwd.com](mailto:customerservice@slvwd.com) để yêu cầu.
- d. Korean
  - i. 연체 계정에 대한 수도 서비스 중단에 관한 수도 지구청의 정책은 [customerservice@slvwd.com](mailto:customerservice@slvwd.com)으로 서면 요청 시 한국어로 입수할 수 있습니다.
- e. Tagalog

- i. Ang patakaran ng District tungkol sa pagputol ng water service para sa mga delinkwenteng account ay maaaring makuha sa Tagalog; magpadala lamang ng nakasulat na request sa [customerservice@slvwd.com](mailto:customerservice@slvwd.com).



**SAN LORENZO VALLEY WATER DISTRICT  
RESOLUTION NO. 26 (20-21)**

**SUBJECT: INVESTMENT POLICY OF THE SAN LORENZO VALLEY  
WATER DISTRICT**

WHEREAS, authority to manage the investment program of the San Lorenzo Valley Water District ("District") is derived from the California Government Code Section 53600, et seq., which authorizes the Board of Directors ("Board") of the District to invest or reinvest public funds of the District in accordance with the prudent investor standard and other applicable law; and

WHEREAS, Government Code Section 53607 allows the Board to delegate its authority to invest or reinvest funds of the District to the District's Treasurer for a one-year period; and

WHEREAS, Government Code Section 53608 allows the Board to delegate its authority to make deposits to the District's Treasurer; and

WHEREAS, the attached investment policy sets forth the applicable standard of care that applies to those individuals authorized to make investment decisions on behalf of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Lorenzo Valley Water District that the attached investment policy is hereby adopted and approved. This investment policy shall take effect immediately and shall supersede and replace any and all previously adopted investment policies, and it shall remain in effect until it is revoked or superseded.

BE IT FURTHER RESOLVED by the Board of Directors of the San Lorenzo Valley Water District that the authority to invest or reinvest funds of the District and to make deposits on behalf of the District is hereby delegated to the District's Treasurer pursuant to Government Code Sections 53607 and 53608. This delegation is effective as of July 1, 2021 and is intended to be effective for a one-year period and revisited annually; however, this delegation will remain in effect until it is revoked or is superseded by a subsequent delegation.

BE IT FURTHER RESOLVED by the Board of Directors of the San Lorenzo Valley Water District that the District's senior financial director and/or manager, currently the Director of Finance and Business Services, is appointed as the District's Treasurer pursuant to Water Code Section 30540(a) to carry out the duties required by Water Code Section 30582 and to perform any and all other lawful duties that may be required of the District's Treasurer, and shall continue to serve in that capacity until and unless the delegation is revoked or is superseded by a subsequent delegation.

\*\*\*\*\*

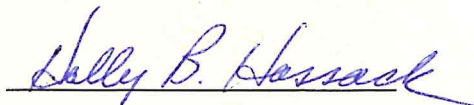
PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 17th day of June 2021, by the following vote of the members thereof:

AYES: G. Mahood, J. Ackemann, B. Fultz, M. Smolley

NOES:

ABSENT: L. Henry

ABSTAIN:



Holly B. Hossack,  
District Secretary



# **SLVWD INVESTMENT POLICY**

*Effective July 1, 2021 to June 30, 2022*

## **1. PURPOSE OF INVESTMENT POLICY**

It is the policy of the San Lorenzo Valley Water District to invest funds under the prudent investor standard, in accordance with California Government Code Section 53600, et seq. Funds should be invested to ensure maximum security, while getting maximum investment return and meet the daily cash flow needs of the District.

## **2. DELEGATION OF AUTHORITY**

Authority to manage the investment program is derived from the California Government Code Section 53600, et seq. The authority to invest public funds is expressly delegated to the Board of Directors for the subsequent re-delegation to the Treasurer. The District Manager will establish written procedures for the operation of the investment program consistent with this investment policy. The District Manager and Treasurer are encouraged to consult with the Budget & Finance Committee in between quarterly reports as needed. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the District Manager.

## **3. PRUDENCE**

As an investment standard, any investment shall be made with "judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence would exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."<sup>1</sup> All transactions shall be undertaken in the best interest of the District, and not in the interest of broker-dealers.

## **4. OBJECTIVES**

The objectives of the District's investment activities in priority order are as follows:

- a. **SAFETY** – Safety of principal is the foremost objective of the investment program. The District's investment portfolio shall be designed and undertaken in a manner that seeks to ensure the preservation of the principal invested.
- b. **LIQUIDITY** – The District's investment portfolio shall be designed to remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated. The liquid needs of the District shall be commensurate with the constraints of anticipated cash flow requirements.
- c. **RETURN ON INVESTMENTS** – The District's investment portfolio shall be designed with the objective of attaining the maximum possible rate of return

commensurate with the District's investment risk constraints and the cash flow characteristics of the portfolio. Funds in excess of the cash flow needs should be invested to meet the District's performance standards.

## **5. AUTHORIZED AND ACCEPTABLE INVESTMENTS**

- a. LAIF – The Local Agency Investment Fund (LAIF) is an investment pool established and controlled by the State of California to afford smaller agencies the benefits of a large investment portfolio, including higher interest rates and greater diversification. Funds are completely liquid except for a limitation of 10 transactions per month.
- b. COUNTY OF SANTA CRUZ INVESTMENT POOL – This is an investment pool established and controlled by the County of Santa Cruz to afford smaller agencies the benefits of a larger investment portfolio, including higher interest rates and greater diversification. Authority for the County of Santa Cruz Investment Pool is delegated to the County of Santa Cruz Treasurer.
- c. CERTIFICATES OF DEPOSIT – These are receipts for funds deposited in a bank, or savings and loan, or broker deposits for a specific term and rate of interest. The principal and accrued interest shall be insured by the Federal Deposit Insurance Corporation (FDIC). The principal and accrued interest in any one insured depository institution shall not exceed the limit amount insured by FDIC.
- d. PASSBOOK SAVINGS ACCOUNTS – This is a regular liquid savings account. The principal and accrued interest shall be insured by the Federal Deposit Insurance Corporation (FDIC). The principal and accrued interest in any one insured depository institution shall not exceed the limit amount insured by FDIC.
- e. U.S. TREASURY OBLIGATIONS – These are negotiable debt obligations of the U.S. Government which guarantee that all interest and principal payments will be paid on time. Among these are Treasury Bills, Notes and Bonds.
- f. With Board approval, repurchase bonds issued by the District or accelerate payback of loans incurred by the District, including bonds payable solely from a revenue producing property owned, controlled or operated by the District.
- g. Registered warrants, treasury notes or bonds of the State of California, including bonds payable solely from a revenue producing property owned, controlled or operated by the State of California, or by a department, board, agency or authority of same.

## **6. DIVERSIFICATION**

The purpose of diversification is to reduce overall portfolio risks while attaining market yields. The District will diversify its investments by security type and institution, especially when there is no decrease in yield. Pursuant to California Government Code



Section 53601(i) certificates of deposit invested outside of an authorized pool shall not exceed thirty percent (30%) of the District's total investment portfolio.

## **7. MATURITY OF INVESTMENTS**

In order to minimize the impact of market risk, to the maximum extent possible, all investments will be held until maturity. Projected cash flow requirements are the primary factor to be used in determining investment maturity terms. After cash flow needs, have been met, yield considerations will be the next factor in determining maturity terms, with the expectations that longer maturity periods will generally yield greater returns on investments. Investments may be sold before maturity if required for cash flow or appreciation purposes.

The maximum maturity term of any investment will not exceed five (5) years, unless prior expressed authority has been granted by the Board of Directors. The District will diversify its investments by maturity date in order to avoid over concentration in any one specific maturity sector. Investments will be made so that the maturity date is compatible with cash flow needs.

## **8. PERFORMANCE STANDARDS**

The District's investment strategy is passive. Given this strategy, the basis used by the District Manager to determine whether market yields are being achieved will be the 6-month U.S. Treasury Bill and the Federal Funds rate. These indices are considered benchmarks for low risk investment transactions and therefore comprise a minimum standard for the portfolio's rate of return.

## **9. REPORTING**

The District's Board of Directors will receive investment reports at least quarterly. The District Manager will provide to the Board of Directors investment reports which provide a clear picture of the status of the current investment portfolio, including but not limited to, compliance of the portfolio in accordance to the policy.

## **10. ETHICS AND CONFLICTS OF INTEREST**

Officers and employees involved in the District's investment process shall not conduct personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions.

## **11. INVESTMENT POLICY ADOPTION**

The District's Investment Policy shall be adopted by Board of Directors by resolution. The policy shall be reviewed annually by the Board of Directors ideally with the budget review process, but no later than the second Board Meeting each July of the year to

which it applies and any modifications made thereto must be approved by the Board.



**SAN LORENZO VALLEY WATER DISTRICT  
RESOLUTION NO. 27 (20-21)**

**SUBJECT: RESERVE FUND POLICY OF THE SAN LORENZO VALLEY WATER DISTRICT**

WHEREAS, it is appropriate and necessary for the San Lorenzo Valley Water District (the "District") to set goals for its reserve balances for long range financial and strategic planning; and

WHEREAS, the District has reviewed its reserve requirements and determined that it is necessary to establish certain reserve funds and cash balances; and

WHEREAS, the Board of Directors of the District has reviewed the proposed Reserve Fund Policy attached hereto as Exhibit A.

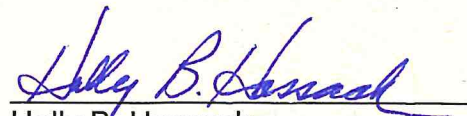
NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Lorenzo Valley Water District that the attached Reserve Fund Policy is hereby adopted and approved. This Reserve Fund Policy shall take effect immediately and shall supersede and replace any and all previously adopted reserve fund policies, and it shall remain in effect until it is revoked or superseded.

FURTHER BE IT RESOLVED that Appendix A (Annual Updated Reserve Fund and Levels) and Appendix B (Debt Current and Future) to the Reserve Fund Policy shall be submitted to the Board of Directors for review and approval as part of the budget adoption process for subsequent years.

\*\*\*\*\*

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 17th day of June 2021, by the following vote of the members thereof:

AYES: G. Mahood, L. Henry, J. Ackemann, B. Fultz, M. Smolley  
NOES:  
ABSENT:  
ABSTAIN:

  
Holly B. Hossack,  
District Secretary

**Exhibit A**

**San Lorenzo Valley Water District Reserve Fund Policy**

[See Following Pages]



# **SLVWD RESERVE FUND POLICY**

*Adopted by Resolution No. 27 (20-21)*

## **1. PURPOSE OF RESERVE FUND POLICY**

Establishing reserve funds are important to a successful and stable, financial operation of the San Lorenzo Valley Water District (the "District").

Adequate reserves ensure that customers experience both stable rates for service and the security that the District can respond to emergencies, especially regarding water and wastewater quality issues. Adequate reserves ensure that the District will at all times have sufficient funding available to meet its operating, capital and debt service cost obligations, together with future debt or capital obligations, as well as any unfunded mandates, including costly regulatory requirements.

The District manages its working capital in a manner that allows the District to fund costs consistent with its annually updated capital improvement program and budgeted financial plan, and that avoids significant rate fluctuations due to changes in cash flow requirements. The ability of the District to maintain reserve funds is a critical factor in providing reliable service, mitigating rate increases, and ensuring overall financial strength.

During the budget adoption process, the District Board shall review, and approve any changes for reserve funds based upon the needs of the District. Appendix A and B will be updated with each year based on the target levels identified below and management's estimates of the balances from the budget process.

This Reserve Fund Policy (the "Policy") was developed to clearly identify specific designated reserves and reserve funds. It is the intent of this Policy to clearly identify both reserve fund categories and purposes, and set target levels for reserves that are consistent with the District's mission statement, the uniqueness of the District, and the philosophy of the District's Board.

## **2. FUND BALANCE CLASSIFICATIONS**

The Governmental Accounting Standards Board (GASB) issued GASB Statement Number 54 (Statement 54), Fund Balance Reporting and Governmental Fund Type Definitions in February 2009. Statement 54 abandons the reserved and unreserved classifications of fund balance and replaces them with five new classifications: nonspendable, restricted, committed, assigned and unassigned.

## FUND BALANCE CLASSIFICATIONS

NONSPENDABLE	RESTRICTED	COMMITTED	ASSIGNED	UNASSIGNED
Inherently nonspendable, such as inventory, prepaid expenses, long-term receivables.	Subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, or laws and regulations of other governments.	Subject to a purpose constraint imposed by a formal action of the Board, and that require the same level of formal action to remove the constraint. Typically before the end of the fiscal year.	This portion is earmarked for an intended use. Intent is established at Board level or by the District Manager.	This comprises all fund balances that are left after considering the other four categories. Use is least constrained in this category of fund balance.



### 3. DESIGNATED RESERVE FUNDS:

#### a. OPERATING RESERVE – ASSIGNED

**PURPOSE** – The Operating Reserve is established to cover unexpected cash flow shortages, expense or losses. These might be caused by delayed payments, unexpected repairs, or economic conditions.

**TARGET LEVEL** - The target balance of the Operating Reserve will equal 4.5 months of operating expenses of the current year budget.

**USE OF FUNDS** - This fund may be routinely utilized by staff to cover temporary cash flow deficiencies caused by timing differences between revenue and expenses or decreases in revenues and unexpected increases in expenses.

#### b. CAPITAL IMPROVEMENT RESERVE – ASSIGNED

**PURPOSE** - The Capital Improvement Reserve will fund the development



of new district-wide capital facilities, replacement, or refurbishment. It will also fund any emergency situations declared by the District Manager.

**TARGET LEVEL** - The target balance of the Capital Improvement Reserve will equal 2.5% of anticipated full capital replacement cost <sup>(1)</sup>. This reserve may be supplemented by any capacity related fees

**USE OF FUNDS** - This fund may be routinely utilized by staff to cover temporary cash flow deficiencies caused by timing differences between revenue and expenses or decreases in revenues and unexpected increases in expenses. It may also be used as matching funds for any grant opportunities.

*(1) For the purposes of Fiscal Years 2021-2023, an estimated replacement cost of \$150 million was used. The District is in the process of a system wide master plan that will better establish a full capital replacement cost, plus inflation, to be used going forward.*

#### **c. COMPENSATED ABSENCES RESERVE – ASSIGNED**

**PURPOSE** - This fund is established to cover unexpected high employee paid time off (PTO) balances. This is usually an event when multiple employees leave the District that had significant PTO balances accrued for.

**TARGET LEVEL** - The target balance of the Compensated Absences Reserve will equal one third (1/3) of the balance stated on the last audited financials.

**USE OF FUNDS** – Upon Board authorization, this fund may be utilized by staff to cover large, unbudgeted PTO cash out payments.

#### **d. DEBT SERVICE RESERVE - RESTRICTED**

**PURPOSE** - The District will fund Debt Service Reserves, which are held in trust with a third party trustee, as provided for in debt covenants.

**TARGET LEVEL** - Increases and decreases to these reserves will be consistent with debt covenants.

**USE OF FUNDS** - Restricted to the respective debt covenants.

#### **e. ASSESSMENT DISTRICT RESERVE - RESTRICTED**

**PURPOSE** – From time to time the District may have assessment districts (AD) of which revenue is received for a specific purpose.

**TARGET LEVEL** - Increases and decreases to these reserves will be consistent with any respective AD's.

**USE OF FUNDS** - Restricted to the respective AD defined uses.

**f. FIRE RECOVERY SURCHARGE - RESTRICTED**

**PURPOSE** – To cover the anticipated \$5M out of pocket costs to the District from the 2020 CZU wildfires.

**TARGET LEVEL** – Collect \$5M over a 5 year period, or less if the reconciled expenses are less than the \$5M. Fund level will fluctuate from revenues collected against reconciled expenditures. This is a temporary fund that will be removed once completed.

**USE OF FUNDS** - The District will track CZU Wildfire costs against the revenues generated by the Surcharge. These expenses may be operating, capital or debt related expenditures.

**4. Annual Review**

The District Manager shall perform a review and analysis of each designated reserve fund for presentation to the Board at a public meeting upon the occurrence of the following:

Upon consideration by the Board of the annual budget.

Upon any significant change to and/or expenditure(s) from a designated reserve fund.

Upon determination that a fund balance is less than the established target level, without a near term replenishment plan.

As part of the annual review, a summary of the funds and fund level(s) shall be listed out, as well as the anticipated levels for that fiscal year.



## APPENDIX A - ANNUAL UPDATED RESERVE FUNDS AND LEVELS

*(Updated as part of the FY2021-2023 biennial budget process)*

RESERVE FUNDS	CLASSIFICATION	TARGET LEVEL <i>(calculations)</i>	BASIS	FY21-22 ESTIMATE	FY22-23 ESTIMATE
OPERATING	ASSIGNED	4.5 Months of Operating Expense	BUDGET	\$3.432M	\$3.551M
CAPITAL IMPROVEMENTS	ASSIGNED	\$3.750M  <i>(\$150M x 2.5%)</i>	EST. \$150M	\$0.976M	\$3.750M
COMPENSATED ABSENCES	ASSIGNED	FY21-22: \$565K/3  FY22-23: \$575K/3	EST. AUDIT AMOUNT	\$0.188M	\$0.192M
DEBT	RESTRICTED	\$0.180M	BUDGET	\$0.180M	\$0.180M
OLYMPIA ASSESSMENT DISTRICT	RESTRICTED	\$0.110M	BUDGET	\$0.110M	\$0.110M
FIRE SURCHARGE	RESTRICTED	Maximum \$5M, fluctuates	ACTUALS	\$0.917M	\$1.917M
SURPLUS RESERVES	UNASSIGNED	Remainder Above Target Level		\$0	\$0.139K
TOTAL				\$5.802M	\$9.838M

## APPENDIX B - DEBT CURRENT AND FUTURE

*(Updated as part of the FY2021-2023 biennial budget process)*

### CURRENT DEBT

Below is a table showing the District's current debt service payments and projected ending balances.

#### Non-Operating Expenses

Interest Expense	FY21/22	FY22/23
2021 \$15M Loan	\$ 367,467	\$ 342,167
2019 \$14.5M COP	507,975	495,350
Probation Tank Loan	77,146	74,009
Refunding Bond	1,345	-
Felton Loan	26,039	22,129
Olympia SRF Loan	34,515	32,712
Solar Lease	6,477	5,263
Vehicle Lease	-	-
<b>Total Interest Expense</b>	<b>\$1,020,965</b>	<b>\$ 971,630</b>

Debt Principal Payments	FY21/22	FY22/23	Additional Debt Information			
			FY21/22 Balance	FY22/23 Balance	Term. Date	Interest Rate
2021 \$15M Loan	\$ 592,284	\$ 606,584	\$ 14,407,716	\$ 14,106,233	Ends 03/41	2.40%
2019 \$14.5M COP	245,000	260,000	13,550,000	13,290,000	Ends 08/49	2.99%
Probation Tank Loan	74,831	77,969	1,802,633	1,724,663	Ends 09/38	3.88%
Refunding Bond	103,454	-	-	-	Ends 09/21	2.60%
Felton Loan	160,758	164,668	882,176	717,507	Ends 07/27	2.42%
Olympia SRF Loan	69,717	71,521	1,258,529	1,187,008	Ends 01/37	2.57%
Solar Lease	32,518	33,731	158,725	124,994	Ends 11/26	3.67%
Vehicle Lease	22,732	-	-	-	Ends 05/22	3.29%
<b>Total Debt Payments</b>	<b>\$1,301,295</b>	<b>\$ 1,214,473</b>	<b>\$32,059,778</b>	<b>\$31,150,406</b>		

### FUTURE DEBT

There are no known debt financings being pursued.



**SAN LORENZO VALLEY WATER DISTRICT**

**RESOLUTION NO. 28 (20-21)**

**SUBJECT: ADOPTING THE 2020 URBAN WATER MANAGEMENT PLAN**

WHEREAS, the California Urban Water Management Planning Act ("Act"), Water Code section 10610 et seq. requires every urban water supplier to prepare an Urban Water Management Plan ("UWMP") and electronically submit their 2020 UWMP to the California Department of Water Resources by July 1, 2021; and

WHEREAS, the Act requires periodic review and update of the UWMP every five years; and

WHEREAS, San Lorenzo Valley Water District ("District") meets the Act's definition of an urban retail water supplier required to submit an UWMP; and

WHEREAS, the District decided to develop its 2020 UWMP jointly with the Scotts Valley Water District; and

WHEREAS, the District's Board of Directors has reviewed the 2020 UWMP, determined that the 2020 UWMP is consistent with the Act and the California Department of Water Resources 2020 UWMP Guidebook, and is an accurate representation of the water system, current and projected water uses, sources of water, water supply reliability, water shortage contingency planning and demand management measures; and

WHEREAS, on May 27, 2021 the District issued a notice of public hearing and availability of the Draft 2020 UWMP for review and comment; and

WHEREAS, on June 28, 2021 the District's Board of Directors conducted a public hearing pursuant to California water Code sections 10642 and 10608.26 to consider and receive input on the Draft 2020 UWMP.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Lorenzo Valley Water District that the 2020 Urban Water Management Plan for the San Lorenzo Valley Water District and the Scotts Valley Water District is hereby adopted, and it is authorized to be filed with the California Department of Water Resources on behalf of the San Lorenzo Valley Water District.

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PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 28th day of June 2021, by the following vote of the members thereof:

AYES: L. Henry, J. Ackemann, B. Fultz, M. Smolley

NOES: G. Mahood

ABSENT:

ABSTAIN:



Holly B. Hossack,  
District Secretary



**SAN LORENZO VALLEY WATER DISTRICT**

**RESOLUTION NO. 29 (20-21)**

**SUBJECT: ADOPTING THE WATER SHORTAGE CONTINGENCY PLAN**

WHEREAS, the California Urban Water Management Planning Act ("Act"), Water Code section 10610 et seq. requires every urban water supplier to prepare an Urban Water Management Plan ("UWMP"), and as part of the UWMP, Water Code section 10632 requires urban water suppliers to prepare and adopt a Water Shortage Contingency Plan ("WSCP"); and

WHEREAS, San Lorenzo Valley Water District ("District") meets the Act's definition of an urban retail water supplier required to submit an UWMP and WSCP; and

WHEREAS, a WSCP is a standalone document that is created separately from the UWMP and included as part of the UWMP; and

WHEREAS, the District developed its 2020 UWMP and WSCP jointly with the Scotts Valley Water District; and

WHEREAS, on May 27, 2021 the District issued a notice of public hearing and availability of the Draft 2020 UWMP and WSCP for review and comment; and

WHEREAS, on June 28, 2021 the District's Board of Directors conducted a public hearing pursuant to California water Code sections 10642 and 10608.26 to consider and receive input on the Draft 2020 UWMP and WSCP.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Lorenzo Valley Water District, that the Water Shortage Contingency Plan for the San Lorenzo Valley Water District and the Scotts Valley Water District is hereby adopted, and it is authorized to be filed with the California Department of Water Resources, as part of the 2020 UWMP, on behalf of the San Lorenzo Valley Water District.

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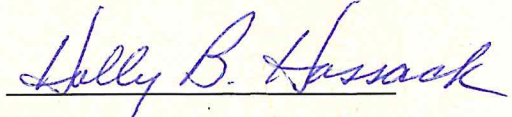
PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 28th day of June 2021, by the following vote of the members thereof:

AYES: L. Henry, J. Ackemann, B. Fultz, M. Smolley

NOES: G. Mahood

ABSENT:

ABSTAIN:



Holly B. Hossack,  
District Secretary



# **SAN LORENZO VALLEY WATER DISTRICT**

## **RESOLUTION NO. 30 (20-21)**

**SUBJECT: ADOPTION OF BIENNIAL BUDGET FOR FISCAL YEARS 2021-2023**

WHEREAS, a proposed Biennial Budget for Fiscal Years 2021-2023 has been prepared by the San Lorenzo Valley Water District ("District"); and

WHEREAS, the District's Finance Committee and Board of Directors have considered and reviewed the proposed budget during the budget process; and

WHEREAS, the Board of Directors has reviewed and considered the status of all designated Reserve Funds; and

WHEREAS, the Board of Directors has designated up to \$25,000 in non-rate revenues to fund the Rate Assistance Program for each respective Fiscal Year, 2021-2020 and 2022-2023; and

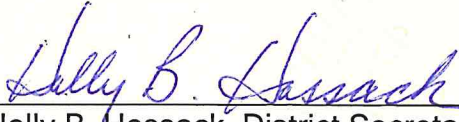
WHEREAS, the proposed budget includes estimated revenues from a CZU Wildfire Recovery Surcharge ("Surcharge") that has been proposed but has not yet been approved or adopted but the Board of Directors ("Board"). Board approval of this budget does not constitute approval of the proposed Surcharge. The Surcharge is subject to a noticed hearing and majority protest process under Proposition 218, and the Surcharge cannot be adopted by the Board until and unless the Proposition 218 process is completed with no majority protest. If the Surcharge is not ultimately approved, District staff will prepare a corresponding budget amendment for Board review and approval.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the San Lorenzo Valley Water District that the Biennial Budget for Fiscal Year 2021-2022 and Fiscal Year 2022-2023 is adopted, the District Manager is hereby authorized and directed to implement said budget in the amount of \$34.1 million dollars and \$28.8 million dollars in total expenditures, respectively, for Fiscal Year 2021-2022 and Fiscal Year 2022-2023.

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PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California on the 28th of June, 2021 by the following vote of the members thereof:

AYES: G. Mahood, L. Henry, J. Ackemann, M. Smolley  
NOES: B. Fultz  
ABSTAIN:  
ABSENT:

  
\_\_\_\_\_  
Holly B. Hossack, District Secretary  
San Lorenzo Valley Water District