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Agenda of:  
**Regular Public Meeting**  
Of the  
**Forestville Water District Board of Directors**

Date: **Tuesday, July 12, 2022**

Time: **5:30 PM**

Location: **Virtual video conference**

*In accordance with AB 361, Governor Newsom's March 4, 2020, State of Emergency due to the COVID-19 pandemic, Sonoma County Public Health Officer's Recommendation for Teleconferenced Meetings, and the Forestville Water District Board of Directors Resolution 413(h), the July 12, 2022, Board of Supervisors Meeting will be facilitated using virtual format with listening and participation available through Zoom.*

*Forestville Water District ("District"), in complying with the Americans with Disabilities Act ("ADA"), requests individuals who require special accommodations to access and/or participate in District Board meetings, to please contact the District office at (707) 887-1551 or [info@forestvillewd.com](mailto:info@forestvillewd.com), at least three (3) business days before the scheduled District Board meeting to ensure that the District may assist you.*

**To join Zoom Meeting:**

Link: <https://zoom.us/join>

Meeting ID: 854 2213 7673

Password: 686700

**To participate in Zoom by telephone:**

Dial: 1-669-900-9128

Meeting ID: 854 2213 7673

Password: 686700

**RECORDING OF MEETING ANNOUNCEMENT:**

***This meeting may be recorded to assist in preparation of minutes. Recordings will only be kept for 30 days following the meeting as mandated by the Ralph M. Brown Act.***

**I. CALL TO ORDER**

**II. ROLL CALL**

**III. APPROVAL OF AGENDA**

**IV. STATEMENT OF ABSTENTION**

**V. PUBLIC COMMENT (Public testimony is limited to three minutes)**

**VI. CONSENT ITEMS**

1. Resolution 413(i)
2. Financial Reports for June 2022
3. Minutes for June 14, 2022, Regular Board Meeting

**VII. PUBLIC HEARING (No public hearing tonight)**

**VIII. ACTION ITEMS**

- A. USDA SEWER LOANS
- B. FWD OPERATOR ONCALL COMPENSATION

- C. REBATE PROGRAM
- D. NOVEMBER 2022 CONSOLIDATED ELECTION
- E. 2018 SEWER IMPROVEMENT PROJECT
- F. TIME SCHEDULE ORDER AND GRANT APPLICATION FOR SEWER TREATMENT PLANT
- G. PRV REPLACEMENT OPTIONS
- H. SEWER FORCE MAIN PROJECT
- I. DIRECTOR'S TRAINING
- J. GROUNDWATER MONITORING AT THE FORESTVILLE YOUTH PARK
- K. DISTRICT GOAL UPDATES
- L. NEW WATER RATE STRUCTURE
- M. WATER CONSERVATION
- N. ACCESSORY DWELLING UNIT POLICY
- O. ESTABLISHING BYLAWS
- P. CORRESPONDENCE
- Q. CLOSED SESSION (Gov't. Code #54957) GM PERFORMANCE EVALUATION

**IX. DISTRICT ENGINEER MONTHLY REPORT**

**X. GENERAL MANAGER MONTHLY REPORT**

**XI. GRATON/FWD SUB-COMMITTEE REPORT**

**XII. DIRECTORS' REPORT AND CALL FOR FUTURE AGENDA ITEMS**

**XIII. ADJOURNMENT**

How to get an item on the agenda

Items for the agenda of the regular meetings of the Forestville Water District must be submitted to the District in writing. Regular meetings are held the 2<sup>nd</sup> Tuesday of each month. Submissions must be received by the District no later than ten (10) calendar days before the meeting. Submit your agenda items to: Forestville Water District, Post Office Box 261, Forestville, CA 95436, or email to: [info@forestvillewd.com](mailto:info@forestvillewd.com). Be sure to include your name, address, and phone number. Anonymous submissions will not be considered for discussion.

**DRAFT**

RESOLUTION NO. 413(i) (SUBSEQUENT)

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE FORESTVILLE WATER DISTRICT PROCLAIMING A LOCAL EMERGENCY PERSISTS, RE-RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY BY GOVERNOR NEWSOM ON MARCH 4, 2020, AND RE-AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE LEGISLATIVE BODIES OF FORESTVILLE WATER DISTRICT FOR THE PERIOD AUGUST 1<sup>ST</sup> THROUGH 31<sup>ST</sup> PURSUANT TO BROWN ACT PROVISIONS.

WHEREAS, the Forestville Water District is committed to preserving and nurturing public access and participation in meetings of the Board of Directors; and

WHEREAS, all meetings of Forestville Water District's legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and watch the District's legislative bodies conduct their business; and

WHEREAS, the Brown Act, Government Code section 54953(e), makes provision for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within the District's boundaries, caused by natural, technological, or human-caused disasters; and

WHEREAS, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, the Board of Directors previously conducted remote teleconference meetings in compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, as a condition of extending the use of the provisions found in section 54953(e), the Board of Directors must reconsider the circumstances of the state of emergency that exists in the District, and the Board of Directors has done so; and

WHEREAS, emergency conditions persist in the District, specifically, the COVID-19 pandemic present an imminent risk to health and safety; and

WHEREAS, the facilities available to the District to hold in-person meetings are potentially insufficient to allow for social distancing; and

WHEREAS, the Board of Directors does hereby find that the ongoing COVID-19 pandemic and need for social distancing has caused, and will continue to cause, conditions of peril to the safety of persons within the District that are likely to be beyond the control of services, personnel, equipment, and facilities of the District, and desires to affirm a local emergency exists and re-ratify the proclamation of state of emergency by the Governor of the State of California; and

WHEREAS, as a consequence of the local emergency persisting, the Board of Directors does hereby find that the legislative bodies of Forestville Water District shall continue to conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and that such legislative bodies shall continue to comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953; and

WHEREAS, the public may access meetings via Zoom or other videoconference service as published in the monthly meeting agenda, and may address the Board of Directors during the public comment portion of the meeting.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF FORESTVILLE WATER DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Affirmation that Local Emergency Persists. The Board of Directors hereby considers the conditions of the state of emergency in the District and proclaims that a local emergency persists throughout the District, and meeting in-person would not provide sufficient space to allow for social distancing.

Section 3. Re-ratification of Governor's Proclamation of a State of Emergency. The Board hereby ratifies the Governor of the State of California's Proclamation of State of Emergency, effective as of its issuance date of March 4, 2020.

Section 4. Remote Teleconference Meetings. The General Manager and legislative bodies of Forestville Water District are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, continuing to conduct open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution shall take effect on August 1, 2022 and shall be effective until the earlier of (i) August 31, 2022 or such time the Board of Directors adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the legislative bodies of Forestville Water District may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

PASSED AND ADOPTED by the Board of Directors of Forestville Water District, this 12<sup>th</sup> day of July 2022, by the following vote:

AYES: \_\_\_\_\_ NOES: \_\_\_\_\_ ABSTAIN: \_\_\_\_\_ ABSENT: \_\_\_\_\_

(Directors: Aldridge, Griffith, McDermott, Monroe and Stuart)

FORESTVILLE WATER DISTRICT: \_\_\_\_\_

By: Chair of the Board

ATTEST:

\_\_\_\_\_  
Board Clerk

**Forestville Water District**  
**Expense and Revenue**  
**Water Operations Checking, Period Ending 06/30/2022**

cc: July 12, 2022  
Board Packet  
Consent Item #2

Type	Date	Num	Name	Memo	Amount	Balance
<b>Beginning Balance</b>						<b>582,679.00</b>
<b>Cleared Transactions</b>						
<b>Checks and Payments - 63 items</b>						
Lab	05/16/2022	15578	Brelje & Race Lab, Inc.	Lab testing services - April '22	-140.00	-140.00
Health/Dental	06/01/2022	ACH	CalPERS Health Insurance	June 2022 Health Insurance	-11,432.79	-11,572.79
Maint/Repair	06/01/2022	15586	Aqua Sierra Controls, Inc.	troubleshoot flowmeter and telemetry	-1,848.25	-13,421.04
Various	06/01/2022	15587	Brelje & Race	Various Water projects	-1,775.00	-15,196.04
Other Admin	06/01/2022	15590	Request IT	Monthly licenses and security	-1,770.00	-16,966.04
Health/Dental	06/01/2022	15588	Humana Insurance Co.	June '22 Coverage	-1,495.51	-18,461.55
Payroll Liability	06/01/2022	15594	CDTFA	May '22 Payroll Deduction	-980.80	-19,442.35
Utilitites	06/01/2022	15585	Airespring	Internet Service (June charges)	-599.73	-20,042.08
Mat/Supplies	06/01/2022	15592	USA Bluebook	supplies	-266.13	-20,308.21
Utilitites	06/01/2022	15591	Streamline	Website hosting and compliance	-200.00	-20,508.21
Office Supply	06/01/2022	15595	US Postal Service	Post Box rental	-166.00	-20,674.21
Various	06/01/2022	15589	Ideal Hardware	May charges	-145.87	-20,820.08
Other Admin	06/01/2022	15593	Wizix Technology Group, Inc.	Contract charge - copies	-44.79	-20,864.87
Utilities	06/02/2022	ACH	PG&E	District Office	-215.49	-21,080.36
Merch Fees	06/02/2022	ACH	TTech	PLAID fees for eCheck pmts	-187.40	-21,267.76
Merch Fees	06/02/2022	ACH	Bankcard	Blufin Merchant Services-CC & eCheck	-81.71	-21,349.47
Lab	06/06/2022	15597	Brelje & Race Lab, Inc.	Lab testing services - May '22	-190.00	-21,539.47
Vison	06/06/2022	15596	ACWA/JPIA Insurance	July '22 Vision	-161.10	-21,700.57
Garbage	06/06/2022	15599	Recology Sonoma Marin	Garbage & Recycled Service - May '22	-132.48	-21,833.05
Mat/Repair	06/06/2022	15598	Canyon Rock Co., Inc.	Mirabel Rd Project	-76.67	-21,909.72
Payroll Liability	06/08/2022	E-pay	Umpqua Bank	Fed payroll taxes	-5,174.92	-27,084.64
Payroll Liability	06/08/2022	ACH	Tony D Lopes	PP #12 (5/22-6/4)	-3,572.49	-30,657.13
CalPERS	06/08/2022	ACH	CalPERS	PP #12 (5/22-6/4) CalPERS Retirement Contri	-2,884.75	-33,541.88
Payroll Liability	06/08/2022	ACH	John H Southard	PP #12 (5/22-6/4)	-2,508.04	-36,049.92
Payroll Liability	06/08/2022	ACH	Rodrick A Wheeler	PP #12 (5/22-6/4)	-2,507.32	-38,557.24
Payroll Liability	06/08/2022	ACH	Cory M. Ipsen	PP #12 (5/22-6/4)	-2,261.02	-40,818.26
CC-Various	06/08/2022	15601	Umpqua Bank	CC statement - 5/31/22	-2,086.35	-42,904.61
Payroll Liability	06/08/2022	ACH	Dawn M. Colen-Leith	PP #12 (5/22-6/4)	-1,749.29	-44,653.90
Payroll Liability	06/08/2022	ACH	Gwen M Taylor	PP #12 (5/22-6/4)	-1,471.19	-46,125.09
Legal	06/08/2022	15600	Perry Law	Legal Services for 4/26/22-5/18/22	-1,250.00	-47,375.09
Payroll Liability	06/08/2022	E-pay	CA EDD	State payroll taxes	-1,123.04	-48,498.13
Payroll Liability	06/08/2022	ACH	CalPERS	Employees 457 Contributions	-1,043.50	-49,541.63
Liability Ins	06/08/2022	15602	ACWA/JPIA Insurance	Excess Crime Program Renewal (7/1/22-6/30/	-900.00	-50,441.63
Payroll Liability	06/08/2022	ACH	CalPERS	CalPERS PEPRA (Employee)	-799.96	-51,241.59
Payroll Liability	06/08/2022	ACH	CalPERS	CalPERS 457 Employee Loan Repayment	-295.00	-51,536.59
Payroll Liability	06/08/2022	ACH	Destiny Harp	PP #12 (5/22-6/4)	-205.31	-51,741.90
Merch Fees	06/08/2022	ACH	Bankcard	Blufin Merchant Services-CC & eCheck	-81.22	-51,823.12
Payroll Liability	06/08/2022	E-pay	EDD	State payroll taxes	-8.33	-51,831.45
Water	06/09/2022	15603	SCWA	May '22-Purchased Water	-33,377.01	-85,208.46
Merch Fees	06/09/2022		Umpqua Bank		-33.90	-85,242.36
7590 Mirabel	06/14/2022	15604	D.W. Enterprises	7590 Mirabel Rd Project	-20,599.00	-105,841.36

# Forestville Water District Expense and Revenue

## Water Operations Checking, Period Ending 06/30/2022

Mat/Supplies	06/14/2022	15606	Pace Supply Corp.	Various Water projects	-8,548.32	-114,389.68
Communication:	06/14/2022	15607	Verizon Wireless	Cell Service charges (5/5/22-6/4/22)	-291.21	-114,680.89
Office Supply	06/14/2022	15605	Graybar Financial Services	Office phones monthly lease	-276.18	-114,957.07
Fuel	06/15/2022	ACH	Robinson Oil	Fuel-Work Trucks	-552.32	-115,509.39
Payroll Liability	06/22/2022	E-pay	Umpqua Bank	Fed payroll taxes	-5,232.90	-120,742.29
Payroll Liability	06/22/2022	ACH	Tony D Lopes	PP #13 (6/5-6/18)	-3,572.49	-124,314.78
CalPERS	06/22/2022	ACH	CalPERS	PP #13 (6/5-6/18) CalPERS Retirement Contri	-2,917.62	-127,232.40
Payroll Liability	06/22/2022	ACH	Cory M. Ipsen	PP #13 (6/5-6/18)	-2,483.36	-129,715.76
Payroll Liability	06/22/2022	ACH	John H Southard	PP #13 (6/5-6/18)	-2,441.61	-132,157.37
Payroll Liability	06/22/2022	ACH	Rodrick A Wheeler	PP #13 (6/5-6/18)	-2,408.18	-134,565.55
Payroll Liability	06/22/2022	ACH	Dawn M. Colen-Leith	PP #13 (6/5-6/18)	-1,749.27	-136,314.82
Payroll Liability	06/22/2022	ACH	Gwen M Taylor	PP #13 (6/5-6/18)	-1,471.19	-137,786.01
Payroll Liability	06/22/2022	E-pay	CA EDD	State payroll taxes	-1,137.59	-138,923.60
Payroll Liability	06/22/2022	ACH	CalPERS	Employees 457 Contributions	-1,043.50	-139,967.10
Payroll Liability	06/22/2022	ACH	CalPERS	CalPERS PEPRA (Employee)	-783.83	-140,750.93
Bank Fee	06/22/2022		Umpqua Bank	Bank Service Charge	-355.29	-141,106.22
Payroll Liability	06/22/2022	ACH	CalPERS	CalPERS 457 Employee Loan Repayment	-295.00	-141,401.22
Payroll Liability	06/22/2022	ACH	Destiny Harp	PP #13 (6/5-6/18)	-68.44	-141,469.66
Payroll Liability	06/22/2022	E-pay	EDD	State payroll taxes	-2.77	-141,472.43
Payroll Liability	06/22/2022	E-pay	Umpqua Bank	Fed payroll taxes	-1.80	-141,474.23
Fuel	06/30/2022	ACH	Robinson Oil	Fuel-Work Trucks	-364.30	-141,838.53
Utilities	06/30/2022	ACH	PG&E	District Office	-230.72	-142,069.25
Total Checks and Payments					-142,069.25	-142,069.25
<b>Deposits and Credits - 15 items</b>						
	05/31/2022		Water A/R		198.68	198.68
	05/31/2022		Water A/R		12,414.35	12,613.03
	06/01/2022		Water A/R		3,229.99	15,843.02
	06/06/2022		Water A/R		101.22	15,944.24
	06/06/2022		Water A/R		172.44	16,116.68
	06/06/2022		Water A/R		177.32	16,294.00
	06/06/2022		Water A/R		560.57	16,854.57
	06/06/2022		Water A/R		1,491.96	18,346.53
	06/10/2022		Water A/R		117.46	18,463.99
	06/10/2022		Water A/R		709.22	19,173.21
	06/13/2022		Water A/R		144.54	19,317.75
	06/16/2022		Water A/R		763.36	20,081.11
	06/21/2022		Water A/R		266.22	20,347.33
	06/28/2022		Water A/R		533.68	20,881.01
	06/28/2022		Water A/R		707.82	21,588.83
Total Deposits and Credits					21,588.83	21,588.83
Total Cleared Transactions					-120,480.42	-120,480.42
Cleared Balance					-120,480.42	462,198.58
<b>Uncleared Transactions</b>						
<b>Checks and Payments - 13 items</b>						
	11/27/2019	14931	Accu-Bore		-50.00	-50.00

# Forestville Water District Expense and Revenue

## Water Operations Checking, Period Ending 06/30/2022

05/05/2022	15570 Engineering News-Record	Membership renewaL	-108.00	-158.00
06/28/2022	15612 Request IT	Monthly licenses and security	-1,770.00	-1,928.00
06/28/2022	15611 Humana Insurance Co.	July '22 Coverage	-1,495.51	-3,423.51
06/28/2022	15618 Brelje & Race		-1,437.50	-4,861.01
06/28/2022	15613 River Ready Mix Co.	7590 Mirabel Rd Project	-1,194.76	-6,055.77
06/28/2022	15617 CDTFA		-980.80	-7,036.57
06/28/2022	15616 Wizix Technology Group, Inc.	Contract charge - copies	-189.18	-7,225.75
06/28/2022	15609 Canyon Rock Co., Inc.	Mirabel Rd Project	-142.08	-7,367.83
06/28/2022	15614 Sonoma County Water Agenc	Annual Fire Hydrant charges	-64.00	-7,431.83
06/28/2022	15608 Becoming Independent	Secured Document Shredding	-40.00	-7,471.83
06/28/2022	15615 Tony Lopes	Uber fee - GM conference, paid by employee	-31.22	-7,503.05
06/28/2022	15610 Continental Utility Solutions, I	6/27/22 Statement	-25.40	-7,528.45
	Total Checks and Payments		-7,528.45	-7,528.45
	<b>Deposits and Credits - 13 items</b>			
05/05/2022	Water A/R		530.43	530.43
05/06/2022	Water A/R		401.22	931.65
05/10/2022	Water A/R		276.29	1,207.94
05/12/2022	Water A/R		500.00	1,707.94
05/16/2022	Water A/R		458.29	2,166.23
05/24/2022	Water A/R		178.22	2,344.45
05/24/2022	Water A/R		751.27	3,095.72
05/25/2022	Water A/R		370.30	3,466.02
05/26/2022	Water A/R		80.42	3,546.44
05/31/2022	Water A/R		489.53	4,035.97
06/01/2022	Water A/R		105.00	4,140.97
06/06/2022	Water A/R		52.00	4,192.97
06/29/2022	Water A/R		58.21	4,251.18
	Total Deposits and Credits		4,251.18	4,251.18
	Total Uncleared Transactions		-3,277.27	-3,277.27
Register Balance as of 06/30/2022			-123,757.69	458,921.31
	<b>New Transactions</b>			
	<b>Checks and Payments - 18 items</b>			
07/05/2022	ACH	CalPERS Health Insurance	-11,432.79	-11,432.79
07/06/2022	E-pay	Umpqua Bank	-5,274.74	-16,707.53
07/06/2022	ACH	Tony D Lopes	-3,891.45	-20,598.98
07/06/2022	15619	ACWA/Joint Powers Insurance Authority	-2,842.71	-23,441.69
07/06/2022	ACH	Rodrick A Wheeler	-2,573.75	-26,015.44
07/06/2022	ACH	Cory M. Ipsen	-2,364.23	-28,379.67
07/06/2022	ACH	John H Southard	-2,342.48	-30,722.15
07/06/2022	15622	Rick's Complete Auto	-1,941.47	-32,663.62
07/06/2022	ACH	Dawn M. Colen-Leith	-1,758.88	-34,422.50
07/06/2022	ACH	Gwen M Taylor	-1,471.19	-35,893.69
07/06/2022	E-pay	CA Employment Development Department	-1,168.25	-37,061.94
07/06/2022	15621	Perry, Johnson, Anderson, Miller	-1,000.00	-38,061.94
07/06/2022	ACH	CalPERS	-791.40	-38,853.34

# Forestville Water District Expense and Revenue

## Water Operations Checking, Period Ending 06/30/2022

07/06/2022	15620 Airespring	-597.48	-39,450.82
07/06/2022	ACH CalPERS	-580.00	-40,030.82
07/06/2022	ACH CalPERS	-295.00	-40,325.82
07/06/2022	15623 Streamline	-200.00	-40,525.82
07/06/2022	15624 ACWA/Joint Powers Insurance Authority	-161.10	-40,686.92
	Total Checks and Payments	-40,686.92	-40,686.92
	<b>Deposits and Credits - 6 items</b>		
07/05/2022	Water A/R	286.61	286.61
07/05/2022	Water A/R	452.44	739.05
07/05/2022	Water A/R	577.37	1,316.42
07/06/2022	Water A/R	80.00	1,396.42
07/06/2022	Water A/R	200.00	1,596.42
07/06/2022	Water A/R	970.46	2,566.88
	Total Deposits and Credits	2,566.88	2,566.88
	Total New Transactions	-38,120.04	-38,120.04
<b>Ending Balance</b>		<b>-161,877.73</b>	<b>420,801.27</b>

**FORESTVILLE WATER DISTRICT**  
**"WATER" OPERATIONS**  
**SCHEDULE OF CASH & INVESTMENTS**  
**JUNE 2022**

BROKERAGE ACCOUNT	DATE	Investments Total
STEWARD PARTNERS	7/6/2022	\$591,381.85

SONOMA COUNTY TREASURY INVESTMENT POOL	DATE	TOTAL
	4/1/2022	\$745,410.04

COMBINED TOTAL OF INVESTMENTS **\$1,336,791.89**

**UMPQUA BANK:**

OPERATIONS CHECKING 6/30/2022 **\$458,921.31**

GRAND TOTAL **\$1,795,713.20**

BOARD CLERK SIGNATURE: x \_\_\_\_\_

DIRECTOR INITIALS:

x \_\_\_\_\_
x \_\_\_\_\_
x \_\_\_\_\_

**Forestville Water District**  
**"Water" Profit & Loss Budget vs. Actual**  
 July 2021 through June 2022

Ordinary Income/Expense	Jul '21 - Jun 22	Budget	\$ Over Budget	% of Budget
<b>Income</b>				
<b>41000 · Water Sales</b>				
<b>RECYCLED WATER ACCOUNTS</b>				
41800 · Recycled Water	37,175.49	36,983.27	192.22	100.52%
<b>Total RECYCLED WATER ACCOUNTS</b>	37,175.49	36,983.27	192.22	100.52%
<b>41000R · Sales Allowance &amp; Adjustment</b>	-12,960.29			
<b>41100 · Residential</b>	942,547.05			
<b>41200 · Business</b>	17,626.78			
<b>41700 · Other</b>	14,885.40			
<b>41700.1 · Outside Sales</b>	66,029.37			
<b>41000 · Water Sales - Other</b>	0.00	1,034,960.35	-1,034,960.35	0.0%
<b>Total 41000 · Water Sales</b>	1,065,303.80	1,071,943.62	-6,639.82	99.38%
<b>42000 · Water Service</b>				
42100 · Fire Protection	2,120.00			
42302 · Meters	-180.00			
<b>Total 42000 · Water Service</b>	1,940.00			
<b>49000 · Non-Operating</b>				
49100 · Re-Connect Fees-Late Pay Chrgs	3,230.00			
49200 · Interest	1,056.77	18,180.00	-17,123.23	5.81%
49300 · Taxes & Assessments	182,731.40	171,700.00	11,031.40	106.43%
49521 · Home Owners Property Tax Relief	992.06			
49650 · Connection Fees	31,112.00			
49700 · Connection Fee Interest	0.00	0.00	0.00	0.0%
<b>Total 49000 · Non-Operating</b>	219,122.23	189,880.00	29,242.23	115.4%
<b>49990 · Miscellaneous Income</b>	0.00	0.00	0.00	0.0%
<b>Total Income</b>	1,286,366.03	1,261,823.62	24,542.41	101.95%
<b>Cost of Goods Sold</b>				
<b>Purchased Water From SCWA</b>				
51300 · Purchased Water	224,051.66	388,674.01	-164,622.35	57.65%
51310 · Aquaduct Fund	102,683.94			
51320 · Cotati Intertie	3,256.00	4,111.88	-855.88	79.19%
<b>Total Purchased Water From SCWA</b>	329,991.60	392,785.89	-62,794.29	84.01%
<b>Total COGS</b>	329,991.60	392,785.89	-62,794.29	84.01%
<b>Gross Profit</b>	956,374.43	869,037.73	87,336.70	110.05%
<b>Expense</b>				
<b>Employee Benefits</b>				
56350 · Unemployment Insurance	1,633.55	2,379.30	-745.75	68.66%
56400 · Health & Dental Insurance	138,582.89	122,625.62	15,957.27	113.01%
56450 · Vision Care Insurance	1,933.20	1,990.99	-57.79	97.1%
56500 · Social Security & Medicare	44,387.54	42,597.71	1,789.83	104.2%
56501 · CalPERS for Classic	124,578.36	78,652.86	45,925.50	158.39%
56505 · CalPERS for PEPRA employees	20,478.42	0.00	20,478.42	100.0%
<b>Total Employee Benefits</b>	331,593.96	248,246.48	83,347.48	133.57%
<b>Operations &amp; Maintenance</b>				
54120 · Labor (RRU)	0.00	0.00	0.00	0.0%

**Forestville Water District**  
**"Water" Profit & Loss Budget vs. Actual**  
 July 2021 through June 2022

	Jul '21 - Jun 22	Budget	\$ Over Budget	% of Budget
54210 · Materials & Supplies	11,349.41	12,989.19	-1,639.78	87.38%
54220 · Machine Hire	82.99	30,600.00	-30,517.01	0.27%
54230 · Maintenance & Repair	45,349.36	20,400.00	24,949.36	222.3%
54235 · Garbage+Recycled Waste Service	1,489.50	1,326.00	163.50	112.33%
55200 · Uncollectible Accounts	0.00	0.00	0.00	0.0%
56210 · Office Supplies	26,097.70	16,892.44	9,205.26	154.49%
56211 · Bank Service Charges	3,176.70	3,121.20	55.50	101.78%
56212 · Uniforms	1,309.69	2,000.00	-690.31	65.49%
56213 · Merchant Fees	2,322.61	2,550.00	-227.39	91.08%
56220 · PG&E	6,066.47	3,585.28	2,481.19	169.21%
56221 · Sewer Direct Charges - Annual	1,564.22	1,050.43	513.79	148.91%
56230 · Phone-Transmit Wtr Tank Monitor	0.00	1,082.43	-1,082.43	0.0%
56231 · Telephone	5,596.21	3,247.30	2,348.91	172.33%
56232 · Translation Services	0.00	2,000.00	-2,000.00	0.0%
56233 · CUSI software annual fee	8,862.00	9,159.00	-297.00	96.76%
56236 · Vehicle Fuel Expense (shared)	10,381.70	0.00	10,381.70	100.0%
56239 · Training	10,757.30	5,000.00	5,757.30	215.15%
56240 · Other Administrative Expenses	4,841.01	8,446.22	-3,605.21	57.32%
56241 · Other Admin Services (shared)	8,904.54	5,000.00	3,904.54	178.09%
56242 · Membership Dues (include LAFCO)	17,560.33	16,785.00	775.33	104.62%
56243 · Election	0.00	4,000.00	-4,000.00	0.0%
56245 · Permit Fees	3,003.66	2,300.00	703.66	130.59%
56246 · Consulting-Office Tech/Support	11,243.48	0.00	11,243.48	100.0%
56300 · Comp & Liability Insurance				
56301 · Liability & Property	24,328.68	24,895.94	-567.26	97.72%
56302 · Workers Comp	15,004.47	12,240.00	2,764.47	122.59%
<b>Total 56300 · Comp &amp; Liability Insurance</b>	<b>39,333.15</b>	<b>37,135.94</b>	<b>2,197.21</b>	<b>105.92%</b>
56700 · Maintenance-General Plant	0.00	10,000.00	-10,000.00	0.0%
56702 · Lab Testing- Water Analysis	2,536.50	2,550.00	-13.50	99.47%
56800 · Audit	4,975.00	4,975.00	0.00	100.0%
56801 · Attorney-specific water issues	2,196.97	6,000.00	-3,803.03	36.62%
56802 · Attorney-Retainer	10,772.18	6,000.00	4,772.18	179.54%
56804 · Truck Expense	11,919.44	10,000.00	1,919.44	119.19%
56806 · Engineer-specific water issues	7,423.75	15,000.00	-7,576.25	49.49%
56807 · Engineer	5,500.00	6,000.00	-500.00	91.67%
56810 · Recycled Water Chrgs to FWD SSZ	0.00	34,900.13	-34,900.13	0.0%
<b>Total Operations &amp; Maintenance</b>	<b>264,615.87</b>	<b>284,095.56</b>	<b>-19,479.69</b>	<b>93.14%</b>
<b>Salaries &amp; Wages</b>				
54100 · Management (Salaries)				
54100.9 · General Manager Salary	135,002.60	0.00	135,002.60	100.0%
54100 · Management (Salaries) - Other	0.00	134,532.32	-134,532.32	0.0%
<b>Total 54100 · Management (Salaries)</b>	<b>135,002.60</b>	<b>134,532.32</b>	<b>470.28</b>	<b>100.35%</b>
54104 · Administration PTO				
54104.1 · Vacation	3,501.96			
54104.2 · Sick Pay	3,543.27			
54104.3 · Comp Time	884.50			
<b>Total 54104 · Administration PTO</b>	<b>7,929.73</b>			

**Forestville Water District**  
**"Water" Profit & Loss Budget vs. Actual**  
 July 2021 through June 2022

	Jul '21 - Jun 22	Budget	\$ Over Budget	% of Budget
<b>54105 · Operations PTO</b>				
54105.1 · Vacation - LPO	3,573.00			
54105.2 · Sick Pay - LPO	3,215.70			
54105.3 · Comp Time - LPO	5,382.64			
54105.4 · Vacation - Operator	5,649.14			
54105.5 · Sick Pay - Operator	3,420.97			
54105.6 · Comp Time - Operator	15,594.43			
<b>Total 54105 · Operations PTO</b>	<b>36,835.88</b>			
<b>54106 · Lead Plant Operator Salary</b>				
54106.1 · Lead Plant Op Overtime Pay	10,433.16	9,803.38	629.78	106.42%
54106.2 · Lead Plant Op Standby Pay	5,590.26	6,091.52	-501.26	91.77%
54106.3 · Holiday Pay Grade III	3,811.20			
54106.4 · LPO- Bi Wk hourly	82,214.22			
54106 · Lead Plant Operator Salary - Other	0.00	98,504.29	-98,504.29	0.0%
<b>Total 54106 · Lead Plant Operator Salary</b>	<b>102,048.84</b>	<b>114,399.19</b>	<b>-12,350.35</b>	<b>89.2%</b>
<b>54107 · Water/Sewer Grade 2 Op Salary</b>				
54107.1 · Water/Sewer Grade 2 Op Overtime	2,792.48	8,418.66	-5,626.18	33.17%
54107.2 · Water/Sewer Grade 2 Op Standby	5,446.92	6,091.52	-644.60	89.42%
54107.3 · Holiday Pay-Grade II Operator	3,546.00			
54107.4 · Grade II Operator- Bi Wk Hourly	68,331.10			
54107 · Water/Sewer Grade 2 Op Salary - Other	-593.60	80,679.14	-81,272.74	-0.74%
<b>Total 54107 · Water/Sewer Grade 2 Op Salary</b>	<b>79,522.90</b>	<b>95,189.32</b>	<b>-15,666.42</b>	<b>83.54%</b>
<b>54108 · Part-Time Field Employees</b>	0.00	0.00	0.00	0.0%
<b>54109 · Water/Sewer Grade 2 Op Salary 2</b>				
54109.1 · Water/Sewer Grade 2 Op OT 2	0.00	8,418.66	-8,418.66	0.0%
54109.2 · Water/Sewer Grade 2 Standby 2	6,354.74	6,091.52	263.22	104.32%
54109.3 · Holiday Pay - Grade II (#2)	2,770.60			
54109.4 · Comp Time Paid Out (#2)	1,860.26			
54109 · Water/Sewer Grade 2 Op Salary 2 - Other	62,688.72	80,287.71	-17,598.99	78.08%
<b>Total 54109 · Water/Sewer Grade 2 Op Salary 2</b>	<b>73,674.32</b>	<b>94,797.89</b>	<b>-21,123.57</b>	<b>77.72%</b>
<b>54110 · Office Admin/Board Clerk Salary</b>				
54110.5 · Temp. Office Assistant-Bi-Wk Ho	2,150.00			
54110.6 · Cust Serv/Admin Asst	115,603.82			
54110.7 · Holiday Pay-Cust Serv/Admin	5,028.60			
54111 · Office Admin Salary	0.00	0.00	0.00	0.0%
54110 · Office Admin/Board Clerk Salary - Other	4,508.17	119,538.89	-115,030.72	3.77%
<b>Total 54110 · Office Admin/Board Clerk Salary</b>	<b>127,290.59</b>	<b>119,538.89</b>	<b>7,751.70</b>	<b>106.49%</b>
<b>54999 · Merit Salary Increase</b>	0.00	4,829.03	-4,829.03	0.0%
<b>Total Salaries &amp; Wages</b>	<b>562,304.86</b>	<b>563,286.64</b>	<b>-981.78</b>	<b>99.83%</b>
<b>54118 · Employee Reimbursement</b>	439.39			
<b>Total Expense</b>	<b>1,158,954.08</b>	<b>1,095,628.68</b>	<b>63,325.40</b>	<b>105.78%</b>
<b>Net Ordinary Income</b>	<b>-202,579.65</b>	<b>-226,590.95</b>	<b>24,011.30</b>	<b>89.4%</b>
<b>Other Income/Expense</b>				
<b>Other Income</b>				
56805 · Reimbursement from Sewer	3,707.94	418,893.52	-415,185.58	0.89%
<b>Total Other Income</b>	<b>3,707.94</b>	<b>418,893.52</b>	<b>-415,185.58</b>	<b>0.89%</b>

**Forestville Water District**  
**"Water" Profit & Loss Budget vs. Actual**  
 July 2021 through June 2022

Net Other Income  
 Net Income

Jul '21 - Jun 22	Budget	\$ Over Budget	% of Budget
3,707.94	418,893.52	-415,185.58	0.89%
<b>-198,871.71</b>	<b>192,302.57</b>	<b>-391,174.28</b>	<b>-103.42%</b>

**Forestville Water District**  
**Balance Sheet**  
As of June 30, 2022

	Jun 30, 22
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
13102 · Umpqua Bank Operation Checking	458,921.31
13400 · Imprest Cash	75.00
<b>Total Checking/Savings</b>	458,996.31
<b>Accounts Receivable</b>	
13710 · A/R - Utility Services	205,981.98
13800 · Allowance for Uncollectibles	-2,071.29
13900 · Property Taxes	-20,833.88
<b>Total Accounts Receivable</b>	183,076.81
<b>Other Current Assets</b>	
13200.4 · So Co Investment Interest	323,429.70
13705 · So Co Investment Pool	417,741.50
13715 · Chase Bank Investments	669,965.00
13999 · Due from Sewer - shared costs	3,707.94
14300 · Inventory of Materials-Supplies	8,243.10
14400 · Prepaid Insurance	5,103.75
<b>Total Other Current Assets</b>	1,428,190.99
<b>Total Current Assets</b>	2,070,264.11
<b>Fixed Assets</b>	
11120 · Utility Plant Land	46,880.00
11164 · 7590 Mirabel Rd Water Project	28,093.52
11165 · Fiber Optic Project - Office	9,525.68
11166 · Kyocera Copier - New 2022	8,674.58
11169 · Hydrant Repair - El Molino	10,662.95
11170 · Utility Plant in Service	1,945,064.58
11171 · A/D - Utility Plant in Service	-1,525,640.26
11172 · Hydrant Replacement Project	20,132.87
11173 · Anderson Water Main Building	59,391.38
11174 · GIS Mapping Platform-Water	8,425.00
11176 · CUSI Billing System	26,984.00
11177 · Hydraulic Modeling/50-90 Valve	7,359.87
11178 · PRV Repair/Replacement	294,791.27
11179 · Wohler Bridge Pipe Abandonment	63,915.00
11180.1 · Office Equipment	41,334.81
11180.2 · Tools & Equipment	43,445.62
11180.3 · Transportation Equipment	86,195.40
11180.4 · Utility Plant Building	107,219.75
11181 · A/D - Office Equipment	-41,335.22
11182 · A/D - Tools & Equipment	-41,462.53
11183 · A/D - Transportation Equipment	-67,028.94
11184 · A/D - Utility Plant Building	-40,381.00
<b>Total Fixed Assets</b>	1,092,248.33
<b>TOTAL ASSETS</b>	<b>3,162,512.44</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
22200 · Accounts Payable	-423.71
<b>Total Accounts Payable</b>	-423.71
<b>Other Current Liabilities</b>	
22600 · Customer Deposits	250.00

	<u>Jun 30, 22</u>
<b>22900 · Payroll Liabilities</b>	
22901 · Social Security	-22.00
22902 · Medicare	-5.18
22903 · FIT	-44.00
22904 · SIT	31.73
22905 · State Unemployment	-7.37
22906 · Employment Training Tax	-0.21
22908 · Disability Insurance - Employee	3.82
22900 · Payroll Liabilities - Other	993.66
	<hr/>
<b>Total 22900 · Payroll Liabilities</b>	950.45
22910 · Accrued Vacation	23,527.00
22912 · Employee Benefits Payable	-75.54
23500 · Due to "Sewer"-shared cost back	32,874.65
	<hr/>
<b>Total Other Current Liabilities</b>	57,526.56
	<hr/>
<b>Total Current Liabilities</b>	57,102.85
<b>Long Term Liabilities</b>	
<b>26000 · GASB 68 Pension Liability</b>	
26001 · Deferred Inflows - GASB 68	7,080.00
26002 · Deferred Outflows - GASB 68	-250,184.00
26000 · GASB 68 Pension Liability - Other	607,745.00
	<hr/>
<b>Total 26000 · GASB 68 Pension Liability</b>	364,641.00
	<hr/>
<b>Total Long Term Liabilities</b>	364,641.00
	<hr/>
<b>Total Liabilities</b>	421,743.85
<b>Equity</b>	
11100 · Retained Earnings	1,710,554.35
30000 · Opening Bal Equity	-212,551.99
30100 · Contributed Capital	180,451.53
31000.1 · R/E - Unreserved	191,750.41
31000.2 · Capital Outlay	503,194.00
31000.3 · For Repair/Replace for Exist	566,242.00
Net Income	-198,871.71
	<hr/>
<b>Total Equity</b>	2,740,768.59
	<hr/>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>3,162,512.44</b>
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**Sewer Service Zone**  
**Expense and Revenue Report**  
Sewer Checking Accounts, Period Ending 06/30/2022

**Sewer "Operations" Checking**

Type	Date	Num	Name	Memo	Amount	Balance
<b>Beginning Balance</b>						<b>1,356,438.83</b>
<b>Cleared Transactions</b>						
<b>Checks and Payments - 11 items</b>						
Lab	05/16/2022	5676	B & R Lab, Inc.	Lab testing services - April 2022	-1,919.00	-1,919.00
Various	06/01/2022	5682	Brelje & Race	Various Sewer Projects	-5,771.25	-7,690.25
Mat/Supplies	06/01/2022	5681	B.W.S. Distributors, Inc.	Sewer supplies	-243.52	-7,933.77
Lab	06/06/2022	5684	B & R Lab, Inc.	Lab testing services - May 2022	-2,086.00	-10,019.77
CC	06/08/2022	5685	Umpqua Bank	Statement ending date 5/31/22	-228.45	-10,248.22
telephone	06/09/2022	5686	AT&T	SZZ monthly telephone serv	-718.22	-10,966.44
Ops/Maint	06/14/2022	ACH	PG&E	Lift station electricity	-10,085.81	-21,052.25
Chemicals	06/14/2022	5689	Univar USA Inc.	chemicals (SOD Hypo 12.5%)	-2,934.38	-23,986.63
Maint/Repair	06/14/2022	5688	Pace Supply	3" Repair - Recycle	-475.24	-24,461.87
Lab	06/14/2022	5690	USA Bluebook	Lab sample testing	-443.99	-24,905.86
Mat/supplies	06/14/2022	5687	Alhambra Drinking Water	Rental & bottled water	-103.42	-25,009.28
Total Checks and Payments					-25,009.28	-25,009.28
<b>Deposits and Credits - 2 items</b>						
	06/06/2022	ACH	Taxes from County	Sewer Direct Charges	53,290.00	53,290.00
	06/16/2022	28616	Deposit	PSL Review	75.00	53,365.00
Total Deposits and Credits					53,365.00	53,365.00
Total Cleared Transactions					28,355.72	28,355.72
Cleared Balance					28,355.72	1,384,794.55
<b>Uncleared Transactions</b>						
<b>Checks and Payments - 4 items</b>						
	06/28/2022	5694	Brelje & Race		-21,328.59	-21,328.59
	06/28/2022	5692	No. So. County Air Pollution C	Annual Permits for generators	-1,922.00	-23,250.59
	06/28/2022	5693	Pace Supply	Maintenance/Repair system	-600.88	-23,851.47
	06/28/2022	5691	AT&T	SSZ monitor monthly telephone charges	-68.96	-23,920.43
Total Checks and Payments					-23,920.43	-23,920.43
<b>Deposits and Credits - 2 items</b>						
	05/06/2022	Cash	Deposit	PSL Review	75.00	75.00
	05/06/2022	Cash	Deposit	PSL Review	80.00	155.00
Total Deposits and Credits					155.00	155.00
Total Uncleared Transactions					-23,765.43	-23,765.43
Register Balance as of 06/30/2022					4,590.29	1,361,029.12
<b>New Transactions</b>						
<b>Checks and Payments - 1 item</b>						
	07/06/2022	5695	Aspect Engineering Group	repair	-690.00	-690.00
Total Checks and Payments					-690.00	-690.00
Total New Transactions					-690.00	-690.00
<b>Ending Balance</b>					<b>3,900.29</b>	<b>1,360,339.12</b>

**Sewer Service Zone**  
**Expense and Revenue Report**  
Sewer Checking Accounts, Period Ending 06/30/2022

**Sewer "Connection" Checking**

Type	Date	Num	Name	Memo	Amount	Balance
Beginning Balance						<b>199,736.13</b>
			Cleared Balance			199,736.13
Register Balance as of 06/30/2022						199,736.13
Ending Balance						<b>199,736.13</b>

**FORESTVILLE WATER DISTRICT**  
**"SEWER SERVICE ZONE"**  
**SCHEDULE OF CASH & INVESTMENTS**  
**JUNE 2022**

<b>BROKERAGE ACCOUNT</b>	<b>DATE</b>	<b>Investments Total</b>
STEWARD PARTNERS	7/6/2022	\$132,465.33

<b>SONOMA COUNTY TREASURY INVESTMENT POOL</b>	<b>DATE</b>	<b>TOTAL</b>
	4/1/2022	\$198,179.13

COMBINED TOTAL OF INVESTMENTS **\$330,644.46**

**UMPQUA BANK:**

OPERATIONS CHECKING	6/30/2022	<b>\$1,361,029.12</b>
CONNECTION FEE CHECKING	6/30/2022	<b><u>\$199,736.13</u></b> (RESTRICTED)

GRAND TOTAL **\$1,891,409.71**

BOARD CLERK SIGNATURE: x \_\_\_\_\_

DIRECTOR INITIALS:

x \_\_\_\_\_
x \_\_\_\_\_
x \_\_\_\_\_

**Sewer Service Zone**  
**Profit & Loss Budget vs. Actual**  
 July 2021 through June 2022

Ordinary Income/Expense	Jul '21 - Jun 22	Budget	\$ Over Budget	% of Budget
<b>Income</b>				
<b>41000 · SEWER INCOME</b>				
41150 · MH Dir Chrgs-new prorated CY	1,181.31			
41200 · Fstvl Dir Chrgs-frm Tax Roll CY	647,942.04	656,505.72	-8,563.68	98.7%
41250 · MH Dir Chrgs-from Tax Roll CY	366,081.48	375,571.69	-9,490.21	97.47%
41300 · El Molino HS Dir Chrgs-CY	53,290.68	40,000.00	13,290.68	133.23%
41350 · Fvl Elem School-Dir Chrgs CY	35,243.72	26,372.04	8,871.68	133.64%
41400 · SoCo Pub Wks-Dir Chrgs CY	1,776.32	1,450.88	325.44	122.43%
41450 · Steelhead Beach Direct Charges	18,544.60	20,197.33	-1,652.73	91.82%
41452 · Fstvl Fire Protect-CY Dir Chgs	7,794.50	5,147.39	2,647.11	151.43%
41453 · FWD Direct Charges/Office Bldg	1,564.22	1,433.32	130.90	109.13%
41460 · Miscellaneous Income	905.00			
41465 · Recycled Water-Irrigation	0.00	16,800.00	-16,800.00	0.0%
41470 · Recycled Water-Ag Users	374.68	10,500.00	-10,125.32	3.57%
<b>Total 41000 · SEWER INCOME</b>	<b>1,134,698.55</b>	<b>1,153,978.37</b>	<b>-19,279.82</b>	<b>98.33%</b>
41461 · Grant Income	10,409.09			
<b>41500 · SEWER CONNECTION FEE INCOME</b>				
41520 · Connection Fees	4,380.00			
<b>Total 41500 · SEWER CONNECTION FEE INCOME</b>	<b>4,380.00</b>			
<b>Total Income</b>	<b>1,149,487.64</b>	<b>1,153,978.37</b>	<b>-4,490.73</b>	<b>99.61%</b>
<b>Gross Profit</b>	<b>1,149,487.64</b>	<b>1,153,978.37</b>	<b>-4,490.73</b>	<b>99.61%</b>
<b>Expense</b>				
<b>Loans</b>				
<b>59100 · Interest paid on loans</b>				
59014 · USDA Loan 92-14-Interest Expens	71,537.50	71,537.50	0.00	100.0%
59016 · USDA Loan 92-16-Interest Expens	28,012.50	28,012.50	0.00	100.0%
59017 · USDA Loan 92-17-Interest Expens	6,908.88	6,908.88	0.00	100.0%
<b>Total 59100 · Interest paid on loans</b>	<b>106,458.88</b>	<b>106,458.88</b>	<b>0.00</b>	<b>100.0%</b>
<b>59101 · Principal for Budgeting Purpose</b>				
59114 · USDA Loan 92-14-Principal	38,300.00	38,300.00	0.00	100.0%
59116 · USDA Loan 92-16-Principal	15,300.00	15,300.00	0.00	100.0%
59117 · USDA Loan 92-17- Principal	4,100.00	4,100.00	0.00	100.0%
<b>Total 59101 · Principal for Budgeting Purpose</b>	<b>57,700.00</b>	<b>57,700.00</b>	<b>0.00</b>	<b>100.0%</b>
<b>Total Loans</b>	<b>164,158.88</b>	<b>164,158.88</b>	<b>0.00</b>	<b>100.0%</b>
<b>Operations &amp; Maintenance</b>				
54120 · Labor (RRU)	0.00	0.00	0.00	0.0%
54121 · Contract Services - WaterTalent	0.00	0.00	0.00	0.0%
54130 · CRWA Contract Services	0.00	0.00	0.00	0.0%
54150 · Plant Operations - SCWA	0.00	1,126.16	-1,126.16	0.0%
54210 · Materials & Supplies	3,221.99	14,071.62	-10,849.63	22.9%
54220 · Machine Hire	2,518.75	22,000.00	-19,481.25	11.45%
54230 · Maint/Repair System	46,975.43	70,000.00	-23,024.57	67.11%
54235 · Garbage+Recycled Waste Services	0.00	0.00	0.00	0.0%
54240 · Collection Systems Maintenance	7,683.40	11,261.62	-3,578.22	68.23%
56210 · Office supplies, postage, etc.	122.60	1,218.99	-1,096.39	10.06%

**Sewer Service Zone**  
**Profit & Loss Budget vs. Actual**  
 July 2021 through June 2022

	Jul '21 - Jun 22	Budget	\$ Over Budget	% of Budget
56211 · Office Supplies (shared)	0.00	4,898.81	-4,898.81	0.0%
56212 · Uniforms	0.00	0.00	0.00	0.0%
56213 · Bank Service Charges (shared)	0.00	0.00	0.00	0.0%
56220 · PG&E Plant Usage	102,776.94	110,408.08	-7,631.14	93.09%
56221 · P.G. & E. - (shared)	0.00	1,039.73	-1,039.73	0.0%
56225 · Utilities-Forestville Water	2,722.22	1,218.99	1,503.23	223.32%
56230 · Telephone- plant useage	8,769.40	3,047.49	5,721.91	287.76%
56231 · Telephone- (shared)	0.00	941.72	-941.72	0.0%
56232 · Translation Services	0.00	0.00	0.00	0.0%
56235 · Memberships & LAFCO charges	1,946.00	4,870.94	-2,924.94	39.95%
56236 · Vehicle Fuel Expense	1,614.40	0.00	1,614.40	100.0%
56239 · Training	930.00	0.00	930.00	100.0%
56240 · Other Admin costs (sewer only)	10,161.98	7,883.14	2,278.84	128.91%
56241 · Other Admin Services (shared)	404.90	2,449.40	-2,044.50	16.53%
56245 · Permit Fees	10,555.00	8,659.46	1,895.54	121.89%
56246 · Consulting-Sewer Tech/Support	0.00	609.50	-609.50	0.0%
56301 · Insurance- Liabil/Prop (shared)	0.00	7,219.82	-7,219.82	0.0%
56302 · Insurance-Workers' Comp(shared)	0.00	3,549.60	-3,549.60	0.0%
56700 · Maintenance=General Sewer Plant	0.00	975.20	-975.20	0.0%
56701 · Chemicals	29,783.65	60,000.00	-30,216.35	49.64%
56702 · Lab/sample testing-Wastewater	30,870.33	50,000.00	-19,129.67	61.74%
56800 · Audit	4,975.00	4,975.00	0.00	100.0%
56801 · Attorney Services	1,450.00	3,000.00	-1,550.00	48.33%
56802 · Attorney Retainer- (shared)	0.00	1,740.00	-1,740.00	0.0%
56804 · Truck Expense - (shared)	0.00	2,900.00	-2,900.00	0.0%
56805 · Reimburse "Water"- shared costs	0.00	418,893.52	-418,893.52	0.0%
56806 · Engineering Services-Sewer only	12,271.25	20,000.00	-7,728.75	61.36%
56807 · Engineering Retainer- (shared)	0.00	1,740.00	-1,740.00	0.0%
56808 · Eng. Services-Biosolids Removal	0.00	0.00	0.00	0.0%
56870 · Miscellaneous Special Projects	0.00	0.00	0.00	0.0%
56875 · Report of Waste Discharge	0.00	0.00	0.00	0.0%
56880 · Current Yr reserved future fund	0.00	0.00	0.00	0.0%
57105 · Reserves for Depreciation	0.00	0.00	0.00	0.0%
57110 · Reserves for Contingencies	0.00	0.00	0.00	0.0%
<b>Total Operations &amp; Maintenance</b>	<b>279,753.24</b>	<b>840,698.79</b>	<b>-560,945.55</b>	<b>33.28%</b>
<b>PAYROLL and BENEFITS</b>				
<b>Employee Benefits</b>				
56350 · Unemployment - (shared)	0.00	689.99	-689.99	0.0%
56400 · Health/Dental - (shared)	0.00	35,561.43	-35,561.43	0.0%
56450 · Vision Care Insurance-(shared)	0.00	577.39	-577.39	0.0%
56500 · Social Security - (shared)	0.00	12,353.34	-12,353.34	0.0%
56501 · CalPERS for Classic	0.00	22,809.33	-22,809.33	0.0%
56504 · General Manager @ 50% Sewer	0.00	0.00	0.00	0.0%
56505 · CalPERS for PEPRA employees	0.00	0.00	0.00	0.0%
56506 · Lead Plant Op @ 100% Sewer	0.00	0.00	0.00	0.0%
<b>Total Employee Benefits</b>	<b>0.00</b>	<b>71,991.48</b>	<b>-71,991.48</b>	<b>0.0%</b>
<b>Salaries &amp; Wages</b>				

**Sewer Service Zone**  
**Profit & Loss Budget vs. Actual**  
 July 2021 through June 2022

	Jul '21 - Jun 22	Budget	\$ Over Budget	% of Budget
54100 · General Manager Salary (shared)	0.00	67,266.16	-67,266.16	0.0%
54106 · Lead Plant Operator Salary				
54106.1 · Lead Plant Operator Overtime	0.00	9,803.38	-9,803.38	0.0%
54106.2 · Lead Plant Operator Standby	0.00	6,091.52	-6,091.52	0.0%
54106 · Lead Plant Operator Salary - Other	0.00	98,504.29	-98,504.29	0.0%
<b>Total 54106 · Lead Plant Operator Salary</b>	<b>0.00</b>	<b>114,399.19</b>	<b>-114,399.19</b>	<b>0.0%</b>
54107 · Water/Sewer Grade 2 Op Salary				
54107.1 · Water/Sewer Grade 2 Overtime	0.00	2,441.41	-2,441.41	0.0%
54107.2 · Water/Sewer Grade 2 Op Standby	0.00	1,766.54	-1,766.54	0.0%
54107 · Water/Sewer Grade 2 Op Salary - Other	296.80	23,396.95	-23,100.15	1.27%
<b>Total 54107 · Water/Sewer Grade 2 Op Salary</b>	<b>296.80</b>	<b>27,604.90</b>	<b>-27,308.10</b>	<b>1.08%</b>
54108 · P-T Field Employees (shared)	0.00	0.00	0.00	0.0%
54109 · Water/Sewer Grade 2 Op 2 Salary				
54109.1 · Water/Sewer Grade 2 Op 2 OT	0.00	2,441.41	-2,441.41	0.0%
54109.2 · Water/Sewer Grade 2 Op 2 Standby	0.00	1,766.54	-1,766.54	0.0%
54109 · Water/Sewer Grade 2 Op 2 Salary - Other	417.06	23,284.44	-22,867.38	1.79%
<b>Total 54109 · Water/Sewer Grade 2 Op 2 Salary</b>	<b>417.06</b>	<b>27,492.39</b>	<b>-27,075.33</b>	<b>1.52%</b>
54110 · Board Clerk Salary - (shared)	0.00	34,666.28	-34,666.28	0.0%
54111 · Office Admin Salary	0.00	0.00	0.00	0.0%
<b>Total Salaries &amp; Wages</b>	<b>713.86</b>	<b>271,428.92</b>	<b>-270,715.06</b>	<b>0.26%</b>
<b>Total PAYROLL and BENEFITS</b>	<b>713.86</b>	<b>343,420.40</b>	<b>-342,706.54</b>	<b>0.21%</b>
<b>Total Expense</b>	<b>444,625.98</b>	<b>1,348,278.07</b>	<b>-903,652.09</b>	<b>32.98%</b>
<b>Net Ordinary Income</b>	<b>704,861.66</b>	<b>-194,299.70</b>	<b>899,161.36</b>	<b>-362.77%</b>
<b>Other Income/Expense</b>				
<b>Other Income</b>				
49200 · Interest Income	354.24	2,000.00	-1,645.76	17.71%
<b>Total Other Income</b>	<b>354.24</b>	<b>2,000.00</b>	<b>-1,645.76</b>	<b>17.71%</b>
<b>Net Other Income</b>	<b>354.24</b>	<b>2,000.00</b>	<b>-1,645.76</b>	<b>17.71%</b>
<b>Net Income</b>	<b>705,215.90</b>	<b>-192,299.70</b>	<b>897,515.60</b>	<b>-366.73%</b>

## Sewer Service Zone

# Balance Sheet

As of June 30, 2022

	Jun 30, 22
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
13101 · Umpqua Sewer Operation Checking	1,361,029.12
13301 · Umpqua Connection Fee Account	199,736.13
<b>Total Checking/Savings</b>	1,560,765.25
<b>Accounts Receivable</b>	
13710 · Accounts Receivable	34,532.66
<b>Total Accounts Receivable</b>	34,532.66
<b>Other Current Assets</b>	
13200 · SoCo Investment Interest	47,363.64
13705 · SoCo Investment Pool	150,000.00
13721 · Chase Bank Investments	144,510.00
16000 · Connection Fee Receivable	-7,074.00
16001 · Allowance- Conn.Fee Receivable	7,074.00
<b>Total Other Current Assets</b>	341,873.64
<b>Total Current Assets</b>	1,937,171.55
<b>Fixed Assets</b>	
11120 · Land	5,900.00
11170 · System Improvements	162,921.42
11171 · FWD Recycled Water Fill Station	15,565.93
11172 · Lift Station VFD Upgrade	5,400.20
11180 · Office Equipment-Capital Outlay	2,135.51
11181 · Plant Equipment	
11183.1 · Hypochlorite Project	23,350.12
11181 · Plant Equipment - Other	2,456.34
<b>Total 11181 · Plant Equipment</b>	25,806.46
11182 · Buildings & Improvements	8,930,068.12
11184 · A/D - Office Equipment	-289,587.00
11185 · A/D- Buildings & Improvements	-5,159,885.60
11186 · RCAC Grant	235,479.77
11187 · ProDSS Handheld Analyzer	7,689.75
11188 · SCADA System	447,789.60
11189 · Groundwater Monitoring WW Plan	39,595.02
11190 · Sewer Force Main - Covey Rd	4,696.25
<b>Total Fixed Assets</b>	4,433,575.43
<b>Other Assets</b>	
13720 · Multiple Unit Note Receivables	
13720.2 · Note Receivable - Coffey	9,805.48
<b>Total 13720 · Multiple Unit Note Receivables</b>	9,805.48
<b>Total Other Assets</b>	9,805.48
<b>TOTAL ASSETS</b>	<b>6,380,552.46</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
22200 · Accounts Payable	-5,950.52
<b>Total Accounts Payable</b>	-5,950.52

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	<u>Jun 30, 22</u>
<b>Other Current Liabilities</b>	
22000 · Due to "Water" for shared costs	3,707.94
23000 · Interest Payable	44,956.02
24000 · Due to other governments	51,900.00
	<hr/>
<b>Total Other Current Liabilities</b>	100,563.96
	<hr/>
<b>Total Current Liabilities</b>	94,613.44
<b>Long Term Liabilities</b>	
25014 · USDA Loan #92-01	1,377,200.00
25016 · USDA Loan #92-03	538,900.00
25017 · USDA Loan #92-04	139,600.00
	<hr/>
<b>Total Long Term Liabilities</b>	2,055,700.00
	<hr/>
<b>Total Liabilities</b>	2,150,313.44
<b>Equity</b>	
30000 · Opening Bal Equity	3,842,914.15
30100 · Contributed Capital	260,129.97
39000 · Retained Earnings	-635,721.00
Net Income	762,915.90
	<hr/>
<b>Total Equity</b>	4,230,239.02
	<hr/>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>6,380,552.46</b>
	<hr/> <hr/>



cc: July 12, 2022  
Board Packet  
Consent Item #3

**Minutes of:  
Regular Public Meeting  
Of the  
Forestville Water District Board of Directors**

Date: **Tuesday, June 14, 2022** Time: **5:30 PM**  
Location: **Videoconference via Zoom**

**I. CALL TO ORDER** at 5:32 p.m. by Chair McDermott

**II. ROLL CALL**

DIRECTORS PRESENT: Directors – Griffith, McDermott, Monroe and Stuart.

OTHERS PRESENT: GM- Tony Lopes, FWD Legal Counsel - Martin Hirsch, and Board Clerk - Dawn Leith.

**III. APPROVAL OF AGENDA**

- **MOTION** made by Director Griffith, seconded by Director Monroe, and passed 3-0-1 to approve the agenda with following changes: move ASR S before ASR B.

**IV. STATEMENT OF ABSTENTION**

- McDermott – ASR L
- Griffith – ASR S

**V. PUBLIC COMMENT** (Public testimony is limited to three minutes)

- Request for the District to install electronic flow monitoring.

**VI. CONSENT ITEMS**

- **MOTION** made by Director Monroe, seconded by Director Griffith, and passed 3-0-1 to approve Resolution # 413(h)
- **MOTION** made by Director Monroe, seconded by Director Griffith, and passed 3-0-1 to approve the Financial Reports for May 2022.
- **MOTION** made by Director Griffith, seconded by Director Monroe, and passed 3-0-1 to approve minutes for the May 10, 2022, Regular Board Meeting as presented.

**VII. PUBLIC HEARING** (No public hearing tonight)

**VIII. ACTION ITEMS**

**A. NEW BOARD MEMBER APPOINTMENT**

- **MOTION** made by Director Monroe, seconded by Director Griffith, and passed 3-0-1 to approve appointment of Brad Stuart.
- Oath performed by GM Lopes

**B. INDEPENDENT FINANCIAL AUDIT PROPOSAL**

- **MOTION** made by Director Monroe, seconded by Director Stuart, and passed 4-0-1 to approve proposal.

**C. CALPERS UNFUNDED LIABILITY**

- **MOTION** made by Director Monroe, seconded by Director Griffith, and passed 4-0-1 to approve paying CalPERS Unfunded Liability in one sum.

**D. NOVEMBER 2022 ELECTION**

- **MOTION** made by Director Monroe, seconded by Director Stuart, and passed 4-0-1 to approve Resolution # 417.
- **MOTION** made by Director Monroe, seconded by Director Stuart, and passed 4-0-1 to approve the Candidate pays for the cost of statement; to be paid in advance to District, and no changes to district boundary.

**E. RESOLUTION NO. 416: APPROPRIATIONS LIMIT FOR 2022-2023 FISCAL YEAR**

- **MOTION** made by Director Griffith, seconded by Director Monroe, and passed 4-0-1 to approve Resolution # 416.

- F. INVESTMENT POLICY
  - **MOTION** made by Director Stuart, seconded by Director Griffith, and passed 4-0-1 to approve the Investment Policy.
- G. 2018 SEWER IMPROVEMENT PROJECT
  - FWD Engineer explained concerns with scope of work and provided recommendations to the Board. No action was taken by the Board.
  - GM provided status of pending disbursement.
- H. TIME SCHEDULE ORDER (TSO) AND GRANT APPLICATION FOR SEWER TREATMENT PLANT
  - GM & Engineer described further documentation requested of FWD, which can't be provided due to the delay in funding of the 2018 Sewer Improvement Project. No action was taken by the Board.
- I. PRV REPLACEMENT OPTIONS
  - GM & Engineer explained their findings from the field survey and provided pictures of the main. No action was taken by the Board.
- J. SEWER FORCE MAIN PROJECT
  - GM & Engineer provided status. No action was taken by the Board.
- K. DIRECTOR'S TRAINING
  - Board Clerk advised Director Stuart he will need to complete his Ethic Training within six (6) months from tonight. No action was taken by the Board.
- L. GROUNDWATER MONITORING AT THE FORESTVILLE YOUTH PARK
  - FWD Engineer reported on the progress of the wells installed and next steps for monitoring. No action was taken by the Board.
- M. DISTRICT GOAL UPDATES
  - Board Clerk provided status on the variety of projects FWD staff is working on. No action was taken by the Board.
- N. NEW WATER RATE STRUCTURE
  - The sub-committee had no new updates to report to the Board. No action was taken by the Board.
- O. WATER CONSERVATION
  - GM Lopes provided current usage, statistics on conservation efforts along with reviewed recent current events on the drought. No action was taken by the Board.
- P. ACCESSORY DWELLING UNIT POLICY
  - The Board provided input and gave instructions to FWD Staff for final draft to be presented in July.
- Q. ESTABLISHING BYLAWS
  - The Board tabled until July to establish a full subcommittee.
- R. CORRESPONDENCE
  - No requests or instructions were given for the five (5) pieces of correspondence provided in the board packet.
- S. CUSTOMER'S REQUEST FOR ADDITIONAL REDUCTION ON LEAK ADJUSTMENT
  - **MOTION** made by Director Stuart, seconded by Director Monroe, and passed 3-0-1-1 to not approve customer's request of additional reduction.
  - District Engineer gave input with regard to customer's request.
- IX. **DISTRICT ENGINEER MONTHLY REPORT**
  - FWD Engineer provided current updates for "Water" and "Wastewater" projects in order as listed on Agenda.
- X. **GENERAL MANAGER MONTHLY REPORT**
  - GM Lopes provided current updates for "Water" and "Wastewater" operations and projects.
- XI. **GRATON/FWD SUB-COMMITTEE REPORT**
  - Director McDermott spoke with Graton's new Board President and they will be scheduling a meeting in the coming weeks. No action was taken by the Board.

**XII. DIRECTORS' REPORT AND CALL FOR FUTURE AGENDA ITEMS**

- Director McDermott requested for a Closed Session to be added to the July agenda.
- Director Griffith requested for Rebate Program for rainwater capture to be added to July agenda.

**XIII. ADJOURNMENT**

- **MOTION** made by Director Stuart, seconded by Director Griffith, and passed 4-0-1 to adjourn at 8:32 p.m.

APPROVED: July 12, 2022

Submitted by: \_\_\_\_\_  
Dawn Leith, Board Clerk

BY FWD BOARD OF DIRECTORS:

X \_\_\_\_\_ X \_\_\_\_\_ X \_\_\_\_\_

Agenda Item:

## REPORT ON REFINANCING USDA SEWER LOANS

Summary:

### July 12, 2022

On October 11, 2001, the District entered into three loans with the USDA for sewer system improvements, (the "USDA Sewer Loans.") The interest rates on two of the loans was 5.0% and 4.75% on the third loan. All three USDA Sewer Loans have a final maturity of August 1, 2041. There is currently a combined amount of \$2,046,700 outstanding on the USDA Sewer Loans after the District makes the August 1, 2022, debt service payment.

The USDA Sewer Loans are only eligible for refinancing on their payment dates, which are August 1<sup>st</sup> and February 1<sup>st</sup>. District staff recognized that interest rates would potentially go up in the coming months due to rate increases from the Federal Reserve. Considering those circumstances, District staff directed the investment banking firm, Brandis Tallman a Division of Oppenheimer ("Oppenheimer") to procure bids from lenders for a refinancing of the USDA Sewer Loans. The statement of qualifications for Oppenheimer has been provided in the agenda packet along with their placement agent agreement.

Oppenheimer was able to obtain 4 bids for the refinancing of the USDA Sewer Loans. The bids are summarized below, and the bid responses have been provided in the agenda packet.

CoBank = 4.55%  
Truist Bank = 3.55%  
Umpqua Bank = 3.45%  
Webster Bank = 3.65%

Based on the results of the procurement process, Umpqua Bank provided the most aggressive financing terms. By proceeding with Umpqua Bank for the refinancing, the District will be able to generate \$249,364 in total savings over the remaining life of the USDA Sewer Loans. The refinancing does not extend the life of the prior USDA Sewer Loans and consolidates the three loans into one loan repayable to Umpqua Bank.

As previously discussed, the USDA Sewer Loans are only eligible for refinancing twice a year on their payment dates. If the refinancing does not close by August 1<sup>st</sup>, then the District would have to wait until February when the interest rate environment may not be as favorable. The next steps for the District would be to approve refinancing loan documents that have been prepared by the bond counsel firm Stradling Yocca Carlson & Rauth at a special board meeting before August 1, 2022.

Prior to that action, District staff would like to obtain the services of a municipal advisor to serve as fiduciary on these matters. District staff has received and reviewed statement of qualifications from Julio Morales of Kosmont Transaction Services and Bill Fawell of W.J. Fawell Co. Julio's statement of qualifications has been provided with the Board's agenda packet.

Copies Oppenheimer's & WJ Fawell Company's proposals are included in the board packet.

Potential Board Actions:

FWD Board may:

1. Select and approve Municipal Advisor to lead the refinancing process
2. Direct Staff to schedule a special board meeting no later than July 19, 2022, to approve refinancing documents
3. Postpone refinancing to February 2023 to allow for further evaluation and discussion

**Staff Recommendation:**

The GM recommends engaging Julio Morales to serve as the municipal advisor for this refinancing, along with proceeding with scheduling a special board meeting to approve refinancing documents for August 1<sup>st</sup> closing

Report created by: Dawn Leith, Board Clerk

Prepared For  
**FORESTVILLE WATER DISTRICT**

July 5, 2021



Photo Credit: Twitter @City\_of\_HP

**Prepared By**  
Kosmont Transactions Services, Inc.  
1601 N. Sepulveda Blvd. #382  
Manhattan Beach, CA 90266  
(424) 297-1070

Kosmont Transactions Services, Inc. (“KTS”) is one of three integrated firms dedicated to the pursuit of Economic Development opportunities for our clients. Each firm provides a unique and comprehensive set of services to public agencies and private entities that conduct business within the nexus of finance, real estate, and economic development.

**KOSMONT SERVICES OVERVIEW**



KTS is incorporated in the State of California, is wholly owned by Larry J. Kosmont, is a certified Minority Business Enterprise (“MBE”) and is an Independent Registered Municipal Advisor (“IRMA”) with the Securities and Exchange Commission (“SEC”) (SEC file number: 867-02452) and the Municipal Securities Rulemaking Board (“MSRB”) (MSRB ID: K1256) that is in good standing with all applicable federal and State regulatory authorities.

**OVERVIEW**

KTS is a full-service, highly integrated, multi-disciplined operation with a Southern-California regional focus that advises on and manages complex and comprehensive projects from the ground up. From analyzing alternative finance structures through drafting security provision to assure the best possible credit rating is obtained, the KTS Team works diligently to maximize benefit and minimize financing costs to our clients.

KTS specializes in and focuses on providing municipal advisory and consulting services related to the issuance of municipals securities and capital planning and forecasting activities that are required to successfully implement public agencies' economic development, sustainability, and social issue strategies. KTS obtained its Municipal Advisory credentials precisely to work with cities like the Forestville Water District (the "District") so that the entire Kosmont Team of companies can deliver a full breadth of services for the District.

KTS has four (4) accredited Municipal Advisor Professionals on staff and is uniquely qualified to provide the District with a wide variety of Municipal Advisory services, and enhance and expand those services to integrate the District's financial goals on a holistic level across departments. We know of no other integrated set of companies that can provide a full complement of Municipal Advisory, Real Estate Brokerage, and Economic Development Services.

- KTS is one of three integrated Kosmont firms (i.e., Kosmont Transactions Services, Inc., Kosmont Realty, and Kosmont Companies) dedicated to the pursuit of Economic Development opportunities and development of sustainable and social issue policies for our clients.
- KTS is an IRMA which enables us to provide advice related to the issuance of municipal securities in addition to a comprehensive and multi-faceted portfolio of financial services.
- Economic Development is a broadly defined term encompassing multiple disciplines related to identifying, obtaining, generating, creating, enhancing, supporting, augmenting, and developing opportunities to increase a District's financial position.
- All three Kosmont firms are dedicated to seeking savings and revenue enhancing opportunities wherever we can
  - ✓ ED Strategies, Economics, EIFD formation – *Kosmont Companies*
  - ✓ Real Estate and P3 opportunities – *Kosmont Realty*
  - ✓ Debt financing, capital planning and forecasting, pension advisory services, and cost-saving opportunities – *Kosmont Transactions Services, Inc.*
- KTS works collaboratively with Kosmont Realty and Kosmont Companies and can assist with the evaluation of the real estate market for both commercial and residential projects, as well as economic and financial data gathering and analysis to develop the City's long-range Economic Development, sustainability, socioeconomic and social issue planning and implementation strategies



**SECTION B.**  
**MUNICIPAL ADVISORY  
SERVICES**

**GENERAL SCOPE OF SERVICES**

The following is an overview of the combined services the Kosmont professionals can bring to work for the City of Huntington Park and the general scope of services that would be provided for transactional Municipal Advisory Services.

**Debt and Issuance Management**

- Design debt structures, analyze capacity, evaluate refunding/restructuring opportunities, recommend lien structure alternatives, identify opportunities to develop and leverage new revenue streams
- Execute complex fixed and variable rate capital market transactions
- Manage the credit rating process: assist in strategy and negotiations, design and create informational material and build presentations to bond insurance companies and rating agencies, and coach speakers
- Capitalize on credit enhancement opportunities
- Advise on market positioning, market timing, and assist with investor development
- Drive issuance process and coordinate work of bankers, attorneys, and other advisors

**Quantitative Services**

- Bond sizing
- Bond structuring
- Cash defeasance analysis
- Cash-flow projections
- Debt service coverage analysis
- Escrow restructuring
- Project fund draw analysis
- Project fund earnings analysis
- Refunding analysis (advance, current and forward)
- Reserve fund analysis
- Synthetic refunding analysis
- Tax capacity analysis
- Yield reduction calculations / analysis

**Strategic Financial and Fiscal Analysis**

- Perform quantitative analyses of alternative financial structures with extensive modeling, sensitivity analysis and written reports
- For Unfunded Accrued Liability (“UAL”) refinancing, assist with analyzing the UAL bases to determine optimal refinancing structure, if less than 100% of the UAL will be refinanced
- Review the capital improvement programs of the City and its agencies in light of the City’s holistic policy goals and objectives

- Develop strategies and suggested courses of action for achieving the City’s economic development, socioeconomic, sustainability, and social issue policy goals
  - Kosmont Companies is a leader in EIFD formation which can be a vehicle to implement numerous economic development, socioeconomic, sustainability, and social issue policy goals and objectives
- Evaluate fiscal revenues (e.g., property tax, sales tax) and fiscal expenditures (e.g., police, fire, community service costs) and the resulting net fiscal impact to the City from project/district implementation over time
- Analyze economic benefits, such as job creation, wage impacts, and total economic output from both temporary construction activity and an on ongoing permanent basis, including direct, indirect, and induced (multiplier) impacts
- Integrate financing plans with operating budget and long-range capital plans
- Review feasibility studies and develop detailed cash flow forecasts, as necessary
- Review/develop debt management policies to comply with state laws and incorporate best industry practices
- Develop and coordinate project timelines and deliverables
- Advise on federal, state and local funding opportunities and considerations
- Prepare financial and operating reports for compliance and reporting requirements
- Develop and make presentations to key stakeholders
- Analyze and interpret legislation for economic or financial opportunities (or impacts) for the City and its agencies
- Analyze and interpret business plans and financial proposals made to the City and provide input or alternate suggestions based on our real estate and economic development expertise
- Analyze one-time and recurring fiscal revenue and expenditure impacts
- Review and evaluate developer proposals
- Identify and pursue possible funding sources, financing structures, and/or other economic development tools, such as Grants (e.g., Greenhouse Gas Reduction Cap-and-Trade funds)
- Assist with the issuance of public or public/private bonds or notes, lease or lease/leaseback financing, site-specific tax revenue pledges, and/or EB-5 immigrant investment
- Structure and negotiate Public-Private Partnership (“P3”) transactions as applicable
- Manage process and provide selection assistance for development, planning, architectural and other professional services
- Prepare and distribute requests for qualifications / proposals
- Perform/provide Broker Opinion of Value (BOV) and other real estate valuation services

**Bond Underwriter Management and Pricing Evaluation**

In evaluating an underwriter’s performance on the pricing of municipal bonds it is important to first ask the right questions during the selection process of an underwriter. Too often a key determinant is the lowest takedowns and underwriter’s discount instead of determining if a firm understands the credit of the underlying security and whether they have experience working with it.

Besides asking if an underwriter understands the underlying credit, we would evaluate if indicative pricing spreads to a benchmark are credible and if post pricing trading performance of comparable transactions underwritten by the firm show unusual price appreciation shortly after a sale. Once an underwriter(s) is selected we will then do the following to create a conducive environment in which the underwriter will attract a large investor base, thereby price the City's bonds with the lowest possible yields:

- Determine that the appropriate yield curve is used (e.g., early, mid or late AAA MMD), which is especially important during a steep yield curve environment when there can be big differences between maturity months
- Require "investor read sheets" prior to pricing and access to frequent, real-time, detailed information on order flow, including names of specific investors, with internet accessible order monitor to assist with the determination if price adjustments are warranted and that their order book fits within a particular investor subscription range

***APPROACH TO DELIVERY OF SCOPE OF SERVICES***

KTS will take a very hands-on approach to serving the District and will provide educational/informational study session(s) to various stakeholders as needed. We will begin with the development of a thorough understanding of the District's financial situation. Once this initial review has been completed, we will be better equipped to successfully assist the District with the implementation of any programs or financings that may be needed, as well as perform any other type of financing analysis that the District may require.

Members of our team will always be available to respond to daily requests for information and analysis. This requires a commitment of qualified personnel and internal communication capabilities such that we are able to respond to most information requests within 24-hours, if not more rapidly, for routine matters. In serving as the District's financial advisor, our engagement will be guided by the following objectives:

- KTS will provide independent professional advice and recommend actions that are consistent with the District's policies and objectives - District officials and staff must be confident that we will always act in the best interest of the District
- KTS will assure the availability of senior personnel to meet with District staff and Council to present our analyses and recommendations
- KTS will effectively represent District in overseeing all financing processes to assure that the results are the most effective and least costly

**Structure the Plan of Finance**

KTS will deliver all the services required to identify, evaluate, and implement project financing plans and publicly offered bond issues for the District through a phased approach as described below. This proposed work plan provides a series of guideposts in the process of developing an optimal plan of finance that will best leverage the multiple revenue generating assets under the District's control, as well as maximize value contained within the District's and its agencies' debt portfolios. Each phase can be expanded to meet the needs of the District or compressed to meet a tighter timeframe if the District's goals and objectives so dictate.

**Phase I: *Client Review and Situation Assessment*** - In developing any financing strategy, our first step is to learn as much as possible about our client's existing programs and its long-term financing goals and objectives.

We will begin our due diligence by reviewing past financial statements, the current budget, the history of revenue collections, rating agency reports, bond documents for prior bonds and future bond issuance expectations associated with existing operations. Our goal here is to rapidly gain an in-depth understanding of the District's historical capital and operating positions, in order to develop financing alternatives that meet the District's goals.

**Phase II: *Develop a Financing Model for Analysis of Assumptions and Financing Alternatives*** - This phase will establish a spectrum of probable scenarios on how, when, and which components of projects and refundings will be financed. First, our financing team will create a model of the District's proposed capital improvement program, economic development projects, and future anticipated bond issues to develop a projected debt portfolio and overall cash flow model. We will analyze the various structuring approaches available and construct a financing model that simulates various financial assumptions that can be used to test alternative financing scenarios. This model will provide the District with an understanding of the dynamics and implications of each funding option.

**Phase III: *Explore Legal/Tax Issues*** - This phase would require coordination with District staff and appropriate legal counsel to analyze the structuring issues arising from the legal framework in which the District operates as well as those issues regarding the federal tax treatment of the proposed financing alternatives.

**Phase IV: *Develop Financing Alternatives/Plan of Finance*** - At this point, detailed financing alternatives will be explored. We will identify and analyze, as appropriate, the full range of financing options, credit enhancements, and security structures, including financing from internally generated funds ("pay-as-you-go" financing), long-term fixed rate financing, variable interest rate financing and senior/junior lien structures. We will also undertake the detailed analysis of the sources of debt repayment, the use of special revenue pledges and State and federal programs. We will look to assist the District in developing a "balanced" debt portfolio that consists of low-cost borrowing structures.

**Phase V: *Credit Analysis*** - KTS has extensive experience and solid relationships with each of the major rating agencies: Moody's Investors Service, Inc., S&P Global, and Fitch Ratings. The general approach we take in managing the rating process consists of the following activities: we assess the credit quality and characteristics of the issuer; we identify the issuer's assets and strengths and develop strategies to remedy the issuer's potential weaknesses; we help the issuer develop and implement a long-term strategy to improve its rating as needed; we assist the issuer in presenting its plan to the rating agencies; and we advise the issuer to continually press for rating improvement.

In addition, we will concurrently analyze the primary credit aspects of various financing alternatives, particularly those that tend to be "hot buttons" for rating agencies/credit enhancers. The analysis of such credit aspects typically tends to focus on the strength of the pledged revenue streams; use of capitalized interest (if a construction funding structure is utilized); the use of reserve funds; debt service coverage; additional bond provisions; and the impact of the financing on the general credit of the District and its operations. This phase will conclude with the preparation of a detailed financing plan that will consider all feasible alternatives for project completion while allowing for flexibility to change due to possible fluctuations in revenue streams and/or market conditions. With this plan, the District can approach the credit enhancement providers, rating agencies, and the investor market with confidence and purpose.

**Phase VI: *Marketing/Sale Evaluation*** - Ultimately, the nature of any financing alternatives selected will determine the manner in which the debt will be offered for sale. Other factors, such as the issuer's credit, security/debt repayment structure, anticipated debt rating, and amount of debt will also be considered. Sale

options are numerous, including selling the debt on a competitive versus negotiated sale basis; issuing the debt through a private placement; or issuing the debt on a fixed rate versus a variable rate basis.

**Phase VII:** Transaction Related Services - Once the plan of finance has been finalized, KTS will continue to work with the District throughout the execution of the financing. This will certainly include but not necessarily be limited to the following conventional bond sale related Municipal Advisory services:

- Assist the District in selecting other service providers necessary to conduct the financing, which may include but are not limited to bond and disclosure counsel; underwriter; printer; trustee/paying agent; fiscal consultant; and such other professionals as requested by the District. In choosing these service providers, KTS would assist the District by:
  - Drafting a comprehensive request for proposals/qualifications
  - Providing the District with a shortlist of qualified service providers
  - Providing an evaluation of each service provider's submitted proposal/qualifications
  - Participating in the interviews and/or the proposal evaluation process
- Prepare and maintain a time schedule, costs of issuance budget and distribution list of participants, and take such actions as desired by the District to efficiently manage the financing to meet the District's objectives
- Advise the District as to the timing of the sale date and the condition of the taxable/tax-exempt market
- Provide bond counsel with the specifications of the issue to assist in the preparation of the required legal documents for official consideration and action
- Assist the appropriate counsel and the District's staff in developing the Official Statement and Continuing Disclosure Agreement
- Work closely with the District's staff in preparing credit presentations for rating agencies and the investor market as appropriate and necessary under current circumstances
- Competitive sale activities would include:
  - Arrange for the advertisement of the sale
  - Recommend a bidding process
  - Distribute the Official Statement and bidding documents to potential bidders
  - Contact potential underwriters to solicit bids
  - Analyze the bids received
  - Make a recommendation as to the action to be taken by the District
  - Prepare the final schedule of principal and interest payment requirements based on the interest rates established through the public sale
- Private placement or negotiated sale activities would include:
  - Assess the soundness of proposed financing structures presented by the underwriter(s)
  - Represent the District in negotiations with the underwriter(s) on key points including
    - Structure,
    - Market timing
    - Marketing strategy
    - Pricing terms
    - Interest rates
    - Appropriate compensation for underwriters, and related matters
  - Verify all significant calculations by producing our own set of numbers independent of the underwriter's

- Evaluate the proposed bond pricing utilizing various resources to ensure that the District receives “fair market” interest rates, including comparable market scales and market demand information for the bonds and any other products proposed for sale
- Compute the bond yield as defined by federal regulations
- Assist the District with the delivery and re-investment of the proceeds of the bonds, payment of issuance costs, and matters related to the closing of the bond issue
- Prepare a post-sale analysis that documents the results of the sale and contains final cash flows, comparisons to comparable deals in the market, a summary of the essential terms of the offering and information on market conditions at the time of sale
- Follow up with District on post-issuance matters and remain as point of contact for follow-up as may be needed or desired



## SECTION C. MEET THE TEAM



The professional team at KTS is comprised of well-rounded, seasoned professionals with an exemplary skillset and the expertise to deliver first class services. Drawn from diverse backgrounds such as public administration, Municipal Advisory, investment banking, and economic and fiscal consulting, KTS professionals are well equipped to provide the necessary knowledge, understanding and capabilities to achieve successful results for our clients.

We have the in-house experience and know-how to properly anticipate and manage the rapidly changing dynamics and demands of today's capital markets. We build credits, structure revenue and security pledges, identify opportunities for economies of scale, understand current investor demands and manage the "transactional" service items to effectuate a successful bond sale and closing.

The following pages contain the resumes and qualifications for KTS's key team members. If needed, additional team members may be utilized to provide additional research and project administrative support.

**Larry J. Kosmont, Executive Oversight**



**Mr. Larry J. Kosmont, CRE®**, President of Kosmont Transactions Services, Inc. Mr. Kosmont’s distinguished career encompasses public/private financial structuring and implementation of real estate and public finance transactions. He has an extensive track record as a public finance advisor and public/private real estate consultant. Mr. Kosmont has assisted hundreds of local government agencies in public finance and real estate matters ranging from large-scale economic development programs to site-specific strategies and projects. Mr. Kosmont has successfully guided numerous projects in the process of obtaining public approvals, structuring deal terms, and securing capital and infrastructure financing supported by a variety of pledged resources and underlying assets, ranging from taxes (lease revenues, special tax, sales tax, tax increment, general obligation) to general fund operations (certificates of participation) to project revenues (public/private-partnerships (P3), nonprofit, utilities, parking operations, and other).

Mr. Kosmont has served in the roles of City Manager, Interim City Administrator, Director of Community Development, and Redevelopment Director in the cities of Montebello, Santa Monica, Seal Beach, Bell Gardens, and Burbank.

**LICENSES/AFFILIATIONS:**

Mr. Kosmont is a Municipal Advisor Representative having passed the MSRB’s Series 50 Municipal Advisor Representative Qualification Examination and is duly registered as a Municipal Advisory Professional with the U.S. Securities and Exchange Commission. Mr. Kosmont is also a licensed real estate broker in California (DRE No. 01182660), a designated Counselor of Real Estate, CRE®, and has served on:

- Los Angeles City Commissioner – Industrial Development Authority
- California Assoc. of Local Economic Development (CALED) – Board Advisor
- City of Hawthorne Redevelopment Oversight Board
- California Redevelopment Association (CRA) Board
- MWD Board (represented City of Los Angeles)
- State Commissioner – California Economic Development Commission
- City of Manhattan Beach Economic Development Advisory Council – Chairman
- USC Executive Education – Board of Directors

**EDUCATION:**

Mr. Kosmont holds a Masters of Public Administration degree from the University of Southern California and a B.A. in Political Science from the State University of New York – Binghamton.

**CONTACT INFO:**

Cell: (213) 507-9000

Email: [lkosmont@KosmontTransactions.com](mailto:lkosmont@KosmontTransactions.com)

**Julio F. Morales, *Day-to-Day Execution and Project Manager***



**Mr. Julio F. Morales**, Senior Managing Director, has nearly 30 years of broad-based corporate and public finance experience. He has worked at the 3 largest financial advisors at the California: PFM, Fieldman Rolapp, and Urban Futures (UFI) prior to joining the Kosmont Companies. He has also served as an investment banker for Bank of America, and derivative/ investment provider for Transamerica.

Mr. Morales has served a wide spectrum of municipal clients across a variety of sectors including cities, counties, special districts, water & wastewater, transportation agencies, and utilities; covering the full spectrum of municipal securities totaling over \$15 billion in municipal securities. He specializes on the evaluation of complex financial transactions: real estate-based financings (CFDs and Ads), public-private partnerships (P3s), structured financings, and municipal contract negotiations, as well as providing investment advice.

Mr. Morales also has executive-level public sector experience with different agencies, having worked for the US Department of the Treasury's Office of Technical Assistance (OTA), providing financial advice to the Treasurer of Paraguay. Prior to working abroad, he served as the City Manager for the City of Huntington Park; having also served at its Finance Director /Treasurer. Mr. Morales also served as the Finance Director for the City of El Monte. Mr. Morales helped both cities to implement a number of changes and improvements to eliminate significant structural deficits. He also managed the debt for the City of Oakland; and served as the Economic Development Coordinator for the Housing Authority of the City of Los Angeles (HACLA).

**EDUCATION:**

Mr. Morales earned his undergraduate degree from the University of Michigan, a Master of Public Policy (MPP) from the Harvard Kennedy School of Government, and an MBA from UCLA as a Dean's Fellowship Recipient.

**LICENSES/AFFILIATIONS:**

He holds a MSRB Municipal Advisor Representative Qualification - Series 50, and previously held a Series 7 and 63 licenses.

**CONTACT INFO:**

[jmorales@KosmontTransactions.com](mailto:jmorales@KosmontTransactions.com)

(626) 298-9583 cell

**Daniel P. Massiello, *Project Management Support***



**Mr. Daniel P. Massiello**, Senior Managing Director, has been head of the Public Finance division of KTS since 2013 and serves as its Chief Compliance Officer. Mr. Massiello manages Municipal Advisory projects on a day-to-day basis as the primary point of contact for various assignments and will be the Project Manager for the City's assignments. Mr. Massiello has 28 years of professional experience as both a Municipal Advisor and an Investment Banker in the public securities industry. Throughout his career, Mr. Massiello has successfully structured and closed over 400 new money and refunding transactions totaling over \$4 billion for

multiple levels of local government, including cities, counties, school and community college districts, redevelopment successor agencies and special districts. Successfully completed transactions include obligations supported by a wide array of pledged resources and underlying assets, ranging from taxes or assessments (tax increment, general obligation, special tax, sales tax) to general fund operations (certificates of participation, lease-leaseback/lease revenue) to project revenues (nonprofit/conduit, public/private-partnerships (P3), utilities, parking operations). As a matter of fact, Mr. Massiello executed his first pension obligation refining as a Municipal Advisor back in the 1990s. In addition, a significant portion of Mr. Massiello's successful financings have provided capital for unrated and challenging credits, producing the experience necessary to engineer well-structured and marketable financing vehicles that consistently result in achieving clients' financing goals and objectives.

Mr. Massiello's Public Finance industry experience as both an investment banker and Municipal Advisor brings a unique insight and enhanced perspective to successfully obtaining financing for the economic development and public infrastructure projects that are the main focus of KTS. Understanding the inner workings of an investment bank, the demands of the investing public for a given financing structure and the regulatory requirements of issuing securities to raise capital enables Mr. Massiello to consistently achieve successful results for our public agency clients while protecting their interests and assuring compliance with constantly evolving regulations.

**LICENSES/AFFILIATIONS:**

Mr. Massiello is a Municipal Advisor Representative having passed the MSRB's Series 50 Municipal Advisor Representative Qualification Examination and is duly registered as a Municipal Advisory Professional with the U.S. Securities and Exchange Commission.

**EDUCATION:**

Mr. Massiello earned his B.S. in Management/Finance from the State University of New York-Binghamton and previously held Series 24, 7, and 63 securities licenses while an investment banker.

**CONTACT INFO:**

Cell: (858) 220-3445

Email: [dmassiello@KosmontTransactions.com](mailto:dmassiello@KosmontTransactions.com)



## SECTION D. RELEVANT PROJECTS & REFERENCES

Mr. Morales is an endorse affiliate of the California Special District Association (CSDA). He provides pension advisory services and financial advisory services to its members.

Mr. Morales has 45 pension advisory clients, which includes managing the issuance of 25 Pension Obligation Bonds totaling over \$2.5 Billion and \$1.0 in non-POB solutions.

Mr. Morales has provided financial advice to a number of water and water clients (both large and small) throughout his career developing capital financing plans, pension advisory services, and assisting with capital financing needs. His current water and wastewater clients include (past 2 years):

- Los Angeles County Sanitation District
- Goleta Sanitary District
- South Orange County Wastewater Authority (SOCWA)
- Calaveras County Water District
- Olivenhain Municipal Water District
- Santa Fe Irrigation District
- Walnut Valley Water District
- Roland Water District
- Camrosa Water District
- Scotts Valley Water District
- Beaumont Cherry Valley Water District
- Placer County Water District

Previous water/wastewater clients include Eastern Municipal Water District, Rancho California Water District, Three Valley MWD, Central Basin MWD, and West Basin MWD.

**W. J. Fawell Co.**  
*Public Finance*

June 28, 2022

Tony Lopes  
General Manager  
Forestville Water District  
6530 Mirabel Road  
Forestville, CA 95436

Re: Proposal for Refunding USDA Wastewater Debt

Dear Tony,

Given today's low interest rate environment, the Forestville Water District (the "District") can achieve outstanding debt service savings by refunding its three United States Department of Agriculture USDA ("USDA") debt obligations using a tax-exempt private placement loan. Although interest rates have risen in recent months, the market for debt issued by California local agencies such as the District is still very strong, with banks offering attractive interest rates.

The District closed three USDA debt obligations on 10/11/2001 that mature on 11/10/41 (40 year term) that funded wastewater treatment plant improvements. Based on current interest rates, total net debt service savings to the District are estimated at \$211,099, with annual debt service savings over \$10,800 per year through maturity on 11/10/41. Estimated savings include the costs of issuance of the private placement funding and keep the original maturity of 11/0/41.

Bill Fawell of W. J. Fawell Co, Public Finance, would serve as municipal advisor to the District on the refunding of the District's USDA debt and would oversee the refunding from start through closing. This firm, and the other proposed financing participants, have similarly saved money for numerous other local agencies across the State with a similar strategy of lower the interest rate of existing debt.

**Background**

In 2001, the District obtained 2 loans from USDA in the outstanding principal amount of \$1,964,200 at a rate of 5.00% and a third loan in the outstanding principal amount of \$143,000 with a rate of 4.75%. Total amount of USDA debt outstanding was estimated at \$2,106,000 as of 11/22/21.

The timing for refunding the USDA debt is excellent. Tax-exempt interest rates remain at low levels and the USDA debt can be refunded on any date with no prepayment premium.

The rate being paid on 93% of the District's outstanding USDA debt is 5.00%. The remaining 7% of District USDA Debt carries and interest rate of 4.75%.

**3235 Avenida La Cima, Suite 100, Carlsbad, CA 92009**  
**Tel: (760) 942-2442 - FAX: (760) 942-3096**

Tony Lopes  
General Manager  
Forestville Water District  
June 28, 2022  
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We are currently estimating a private placement, direct lender refunding rate of 3.70% (preliminary; subject to change), for a substantial reduction in the interest amounts currently being paid by the District.

### **Preliminary Refunding Nos. of District USDA Debt Using Tax-Exempt Private Placement**

Mike Cavanaugh, Managing Director with Hilltop Securities, Inc., a California municipal bond underwriter, at my request, has prepared a preliminary refunding analysis of the District's USDA debt using a direct lender, private placement loan to refund the District's USDA debt.

The industry standard is that a refunding should be considered when estimated net present value savings are at least 3%.

Based on the enclosed preliminary refunding nos., the est. net present value benefit in refunding the District's USDA debt using a tax-exempt private placement loan is \$144,211 or 7.147% of the refunded principal of the refunded principal, which exceeds by a wide margin this industry standard.

Estimated refunding savings are preliminary, subject to change. Final refunding savings will be calculated after the District approves a funding proposal from the recommended lender that would occur going forward. The savings analysis is net of all costs of issuance, which are payable on a contingent basis, meaning the District has no cost obligation if the refunding does not close.

Below is a summary of the preliminary refunding analysis prepared at my request by Hilltop Securities, Inc. The estimated net debt service savings below are preliminary, subject to change.

- Est. Par Amount of Bonds **-\$2,107,000.**
- Gross Net Debt service refunding savings **-\$211,099.**
- Est. Net Annual Refunding Savings Per Year Thru 2041 (maturity) **-\$10,800+ yr.**
- Est. Net Present Value Benefit: **\$144,211 (7.147%)** of refunded principal of USDA debt.

The proposed refunding of the USDA debt using a direct lender, private placement loan will take 30-60 days to complete, after authorization by the District Board to proceed, engagement of financing team members and hiring the refunding lender.

### **Benefits of Private Placement, Direct Lender Loan Financing**

The primary benefits of tax-exempt direct lender, private placement loans are less staff time, lower costs of issuance, no debt service reserve fund requirement, faster closing, and rates can be locked in advance of closing up to a month and longer.

If selected as the District's municipal advisor, I would also evaluate going forward, if refunding savings could be maximized using a "AA" insured public offering. But at this time, refunding savings can be maximized using a direct lender, private placement loan.

Tony Lopes  
General Manager  
Forestville Water District  
June 28, 2022  
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## **Financing Team Members**

### **W. J. Fawell Co., Public Finance-Municipal Advisor**

The refunding of the District's USDA debt would be a joint effort by W. J. Fawell Co., Public Finance as municipal advisor, Hilltop Securities, Inc. as placement agent or bond underwriter and Jones Hall as bond and disclosure counsel.

As municipal advisor to the District, Bill Fawell, would oversee the proposed refunding from start through closing, working directly with District staff, bond counsel / disclosure counsel, the placement agent or bond underwriter and other financing team members.

I will coordinate the efforts of the financing team to a successful closing and will work closely with staff to make sure the District's goals were achieved with respect to the proposed refunding of its USDA debt.

As municipal advisor, I will be staff's primary contact and will work diligently to make sure the amount of time it had to dedicate to the planned refunding was minimized. In that regard, I provide my municipal clients draft staff reports and am happy to assist with District Board presentations. I will organize conference calls and prepare agendas for same, during the financing to make sure all proceeds smoothly to closing. In addition, I will provide and update as needed, the financing schedule to ensure that the planned refunding is completed in a timely and efficient manner.

In my role as municipal advisor to the District, I will review prospective lender rates and terms as well as the sale of publicly offered refunding bonds if used. In addition, I will review the costs of issuance and make sure all costs are reasonable and not excessive.

W. J. Fawell Co. specializes in refunding USDA debt obligations for CA local agencies. Since 2021, I have successfully completed USDA refundings for the Brooktrails Township Community Services District (Willits, CA), Esparto Community Services District and the City of Biggs.

### **Role of Hilltop Securities, Inc.-Placement Agent or Bond Underwriter**

If the USDA debt was refunded with a tax-exempt private placement loan, Mike Cavanaugh of Hilltop Securities would act as placement agent and assist in obtaining proposals / indications of interest from prospective lenders to make sure the best rate and terms were obtained for the District.

Hilltop Securities, Inc. would act as the bond underwriter in a negotiated sale of the proposed refunding bonds if a "AA" insured public offering was used to refund the District's USDA debt. In a public offering, Hilltop would purchase the refunding bonds on a negotiated sale basis.

However, at this time, a direct lender private placement loan will produce more net debt service savings vs. a "AA" insured public offering, along with additional benefits described on page 2.

Tony Lopes  
General Manager  
Forestville Water District  
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Hilltop will be responsible for producing all refunding computations and needed statistical analysis by Mike Cavanaugh based in Cardiff by the Sea, CA in north County San Diego.

Most all of Hilltop's municipal bond underwriting work is done for CA local government agencies.

Hilltop is one of the nation's largest municipal bond underwriting and placement agent firms, headquartered in Dallas, TX.

Please note that Hilltop seeks to serve as bond underwriter or placement agent and not as financial advisor or municipal advisor. The preliminary financing information provided by Hilltop is for disclosure purposes only in anticipation of being engaged to serve as bond underwriter or placement agent and should be considered general market information and not advice or recommendation.

#### **Bond Counsel and Disclosure Counsel-Jones Hall**

I recommend the District use the Bond Counsel firm of Jones Hall, based in San Francisco to prepare refunding documents, ensure proceedings comply with Federal, state law, and render all necessary opinions.

Jones Hall has extensive experience in providing bond and disclosure counsel services for CA local agencies. If the District's USDA debt was refunded with a public offering, Jones Hall in their role as Disclosure Counsel, would be responsible for preparing the Preliminary and Final Official Statements (Prospectus) to ensure that these documents fully comply with legal disclosure requirements of the District.

If a private placement loan was used to refund the District's USDA debt, Jones Hall would serve as bond counsel.

James A. Wawrzyniak, Jr., of Jones Hall, would take the lead in providing Bond or Disclosure counsel services for the District and would be assisted by David T. Fama.

I have attached to this proposal, information on Jones Hall, Mr. Wawrzyniak, Jr., and Mr. Fama, whom I highly recommend, based on financings I have completed with them, where Jones Hall served as Bond and Disclosure Counsel.

Payment of professional fees to financing team members and reimbursement for approved expenses would be **contingent on closing** the proposed refunding of the District's USDA debt and then only out of financing proceeds. This means there is no risk to the District.

As noted above, there is no financial downside to the District, if we did not close the proposed refunding. However, we are confident that we will have a successful and smooth closing. Based on decades of working in the municipal bond industry, it is very rare for a refunding transaction not to close.

Tony Lopes  
General Manager  
Forestville Water District  
June 28, 2022  
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All finance team members will submit for approval by the District, professional service agreements that will specify services to be provided, along with compensation and reimbursable expenses before getting started on the proposed refunding of the District's USDA debt.

In summary, the proposed refunding of the District's USDA debt as described herein, generates a compelling level of net refunding debt service savings.

### Next Steps

If the Board wants to move forward on refunding its USDA debt obligations as described herein the next steps are:

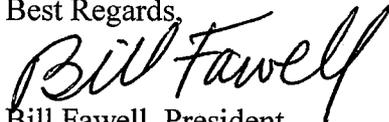
- 1 -Direct bond counsel to prepare refunding documents.
- 2 -Direct Hilltop Securities, Inc. to solicit indicative refunding rates from prospective lenders.
- 3 -Obtain copies of District USDA financing documents for review by bond counsel.
- 4 -Board on 8/9/22 approves resolution authorizing refunding and retaining financing team members, approves form of refunding documents and hires winning lender based on recommendation from municipal advisor regarding lender with best rate, terms, and reputation.
- 5- Closing would occur within 30-60 days from the date the winning lender was approved by the Board estimated to occur on 8/9/22.

I look forward to working with the District's Board and staff to complete the proposed refunding of its USDA debt.

Members of the financing team and myself would be happy to attend virtually District Board meetings as directed by staff.

I look forward to discussing this excellent refunding opportunity of the District USDA debt with the Board and staff on Tuesday, 7/12/22.

Best Regards,



Bill Fawell, President  
W. J. Fawell Co.  
Public Finance

Enc.

**Preliminary Refunding Nos.  
for  
Refunding  
Forestville Water District  
USDA Wastewater Debt  
(Private Placement)**

**Forestville Water District**

USDA Loan

Bank Placement Combined Refundings  
at 3.70% with \$80,000 COI

**Sources & Uses**

Dated 09/01/2022 | Delivered 09/01/2022

**Sources Of Funds**

Par Amount of Bonds	\$2,107,000.00
<b>Total Sources</b>	<b>\$2,107,000.00</b>

**Uses Of Funds**

Costs of Issuance	80,000.00
Deposit to Current Refunding Fund	2,026,960.37
Rounding Amount	39.63
<b>Total Uses</b>	<b>\$2,107,000.00</b>

## Forestville Water District

USDA Loan

Bank Placement Combined Refundings  
at 3.70% with \$80,000 COI

## Escrow Summary Cost

Date	Principal	Coupon	Interest	Total P+I
02/01/2023	43,700.00	3.700%	32,482.92	76,182.92
02/01/2024	76,500.00	3.700%	75,640.95	152,140.95
02/01/2025	79,300.00	3.700%	72,784.55	152,084.55
02/01/2026	82,300.00	3.700%	69,824.55	152,124.55
02/01/2027	85,300.00	3.700%	66,749.85	152,049.85
02/01/2028	88,800.00	3.700%	63,562.30	152,362.30
02/01/2029	91,900.00	3.700%	60,248.95	152,148.95
02/01/2030	95,500.00	3.700%	56,813.50	152,313.50
02/01/2031	98,900.00	3.700%	53,250.40	152,150.40
02/01/2032	102,500.00	3.700%	49,557.80	152,057.80
02/01/2033	106,500.00	3.700%	45,728.30	152,228.30
02/01/2034	110,400.00	3.700%	41,752.65	152,152.65
02/01/2035	114,500.00	3.700%	37,630.85	152,130.85
02/01/2036	118,800.00	3.700%	33,355.50	152,155.50
02/01/2037	123,200.00	3.700%	28,919.20	152,119.20
02/01/2038	127,800.00	3.700%	24,318.25	152,118.25
02/01/2039	132,700.00	3.700%	19,543.40	152,243.40
02/01/2040	137,500.00	3.700%	14,590.95	152,090.95
02/01/2041	142,800.00	3.700%	9,455.35	152,255.35
02/01/2042	148,100.00	3.700%	4,121.80	152,221.80
<b>Total</b>	<b>\$2,107,000.00</b>	<b>-</b>	<b>\$860,332.02</b>	<b>\$2,967,332.02</b>

### Yield Statistics

Bond Year Dollars	\$23,252.22
Average Life	11.036 Years
Average Coupon	3.7000000%
Net Interest Cost (NIC)	3.7000000%
True Interest Cost (TIC)	3.7002701%
Bond Yield for Arbitrage Purposes	3.7002701%
All Inclusive Cost (AIC)	4.1540924%

### IRS Form 8038

Net Interest Cost	3.7000000%
Weighted Average Maturity	11.036 Years

## Forestville Water District

USDA Loan

Bank Placement Combined Refundings  
at 3.70% with \$80,000 COI

## Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
02/01/2023	76,182.92	76,182.92	81,586.00	5,403.08
02/01/2024	152,140.95	152,140.95	163,015.25	10,874.30
02/01/2025	152,084.55	152,084.55	162,946.63	10,862.08
02/01/2026	152,124.55	152,124.55	162,918.50	10,793.95
02/01/2027	152,049.85	152,049.85	162,913.51	10,863.66
02/01/2028	152,362.30	152,362.30	163,129.13	10,766.83
02/01/2029	152,148.95	152,148.95	163,045.50	10,896.55
02/01/2030	152,313.50	152,313.50	163,060.01	10,746.51
02/01/2031	152,150.40	152,150.40	162,970.13	10,819.73
02/01/2032	152,057.80	152,057.80	162,858.50	10,800.70
02/01/2033	152,228.30	152,228.30	163,117.51	10,889.21
02/01/2034	152,152.65	152,152.65	162,925.00	10,772.35
02/01/2035	152,130.85	152,130.85	162,883.13	10,752.28
02/01/2036	152,155.50	152,155.50	162,972.13	10,816.63
02/01/2037	152,119.20	152,119.20	162,974.63	10,855.43
02/01/2038	152,118.25	152,118.25	162,978.13	10,859.88
02/01/2039	152,243.40	152,243.40	163,067.63	10,824.23
02/01/2040	152,090.95	152,090.95	162,928.13	10,837.18
02/01/2041	152,255.35	152,255.35	163,147.25	10,891.90
02/01/2042	152,221.80	152,221.80	162,995.26	10,773.46
<b>Total</b>	<b>\$2,967,332.02</b>	<b>\$2,967,332.02</b>	<b>\$3,178,431.96</b>	<b>\$211,099.94</b>

### PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	144,211.64
Net PV Cashflow Savings @ 4.154%(AIC)	144,211.64
Contingency or Rounding Amount	39.63
Net Present Value Benefit	\$144,251.27
Net PV Benefit / \$2,018,300 Refunded Principal	7.147%
Net PV Benefit / \$2,107,000 Refunding Principal	6.846%

### Refunding Bond Information

Refunding Dated Date	9/01/2022
Refunding Delivery Date	9/01/2022

## Forestville Water District

USDA Loan

Bank Placement Combined Refundings  
at 3.70% with \$80,000 COI

## Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
02/01/2042	Term 1 Coupon	3.700%	3.700%	2,107,000.00	100.000%	2,107,000.00
<b>Total</b>	-	-	-	<b>\$2,107,000.00</b>	-	<b>\$2,107,000.00</b>

### Bid Information

Par Amount of Bonds	\$2,107,000.00
Gross Production	\$2,107,000.00
Bid (100.000%)	2,107,000.00
Total Purchase Price	\$2,107,000.00
Bond Year Dollars	\$23,252.22
Average Life	11.036 Years
Average Coupon	3.7000000%
Net Interest Cost (NIC)	3.7000000%
True Interest Cost (TIC)	3.7002701%

## Forestville Water District

USDA Loan

Bank Placement Combined Refundings  
at 3.70% with \$80,000 COI

## Current Refunding Escrow

Date	Rate	Receipts	Disbursements	Cash Balance
09/01/2022	-	2,026,960.37	-	2,026,960.37
09/02/2022	-	-	2,026,960.37	-
<b>Total</b>	-	<b>\$2,026,960.37</b>	<b>\$2,026,960.37</b>	-

### Investment Parameters

Investment Model [PV, GIC, or Securities]	Securities
Default investment yield target	Unrestricted
Cash Deposit	2,026,960.37
Total Cost of Investments	\$2,026,960.37
Target Cost of Investments at bond yield	\$2,026,753.94
Actual positive or (negative) arbitrage	(206.43)
Yield to Receipt	-
Yield for Arbitrage Purposes	3.7002701%

# Forestville Water District

USDA Loan

Bank Placement Combined Refundings

at 3.70% with \$80,000 COI

## Summary Of Bonds Refunded

Issue	Maturity	Type	of Bond	Coupon	Maturity Value	Call Date	Call Price
<b>Dated 2/01/2021   Delivered 2/01/2021</b>							
No 1 at 5	02/01/2023	Term 1	Coupon	5.000%	20,900	09/02/2022	100.000%
No 1 at 5	08/01/2023	Term 1	Coupon	5.000%	21,400	09/02/2022	100.000%
No 1 at 5	02/01/2024	Term 1	Coupon	5.000%	21,900	09/02/2022	100.000%
No 1 at 5	08/01/2024	Term 1	Coupon	5.000%	22,500	09/02/2022	100.000%
No 1 at 5	02/01/2025	Term 1	Coupon	5.000%	23,000	09/02/2022	100.000%
No 1 at 5	08/01/2025	Term 1	Coupon	5.000%	23,600	09/02/2022	100.000%
No 1 at 5	02/01/2026	Term 1	Coupon	5.000%	24,200	09/02/2022	100.000%
No 1 at 5	08/01/2026	Term 1	Coupon	5.000%	24,800	09/02/2022	100.000%
No 1 at 5	02/01/2027	Term 1	Coupon	5.000%	25,400	09/02/2022	100.000%
No 1 at 5	08/01/2027	Term 1	Coupon	5.000%	26,100	09/02/2022	100.000%
No 1 at 5	02/01/2028	Term 1	Coupon	5.000%	26,700	09/02/2022	100.000%
No 1 at 5	08/01/2028	Term 1	Coupon	5.000%	27,400	09/02/2022	100.000%
No 1 at 5	02/01/2029	Term 1	Coupon	5.000%	28,100	09/02/2022	100.000%
No 1 at 5	08/01/2029	Term 1	Coupon	5.000%	28,800	09/02/2022	100.000%
No 1 at 5	02/01/2030	Term 1	Coupon	5.000%	29,500	09/02/2022	100.000%
No 1 at 5	08/01/2030	Term 1	Coupon	5.000%	30,200	09/02/2022	100.000%
No 1 at 5	02/01/2031	Term 1	Coupon	5.000%	31,000	09/02/2022	100.000%
No 1 at 5	08/01/2031	Term 1	Coupon	5.000%	31,800	09/02/2022	100.000%
No 1 at 5	02/01/2032	Term 1	Coupon	5.000%	32,500	09/02/2022	100.000%
No 1 at 5	08/01/2032	Term 1	Coupon	5.000%	33,400	09/02/2022	100.000%
No 1 at 5	02/01/2033	Term 1	Coupon	5.000%	34,200	09/02/2022	100.000%
No 1 at 5	08/01/2033	Term 1	Coupon	5.000%	35,000	09/02/2022	100.000%
No 1 at 5	02/01/2034	Term 1	Coupon	5.000%	35,900	09/02/2022	100.000%
No 1 at 5	08/01/2034	Term 1	Coupon	5.000%	36,800	09/02/2022	100.000%
No 1 at 5	02/01/2035	Term 1	Coupon	5.000%	37,700	09/02/2022	100.000%
No 1 at 5	08/01/2035	Term 1	Coupon	5.000%	38,700	09/02/2022	100.000%
No 1 at 5	02/01/2036	Term 1	Coupon	5.000%	39,700	09/02/2022	100.000%
No 1 at 5	08/01/2036	Term 1	Coupon	5.000%	40,600	09/02/2022	100.000%
No 1 at 5	02/01/2037	Term 1	Coupon	5.000%	41,700	09/02/2022	100.000%
No 1 at 5	08/01/2037	Term 1	Coupon	5.000%	42,700	09/02/2022	100.000%
No 1 at 5	02/01/2038	Term 1	Coupon	5.000%	43,800	09/02/2022	100.000%
No 1 at 5	08/01/2038	Term 1	Coupon	5.000%	44,900	09/02/2022	100.000%
No 1 at 5	02/01/2039	Term 1	Coupon	5.000%	46,000	09/02/2022	100.000%
No 1 at 5	08/01/2039	Term 1	Coupon	5.000%	47,100	09/02/2022	100.000%
No 1 at 5	02/01/2040	Term 1	Coupon	5.000%	48,300	09/02/2022	100.000%
No 1 at 5	08/01/2040	Term 1	Coupon	5.000%	49,500	09/02/2022	100.000%
No 1 at 5	02/01/2041	Term 1	Coupon	5.000%	50,800	09/02/2022	100.000%
No 1 at 5	08/01/2041	Term 1	Coupon	5.000%	52,000	09/02/2022	100.000%
No 1 at 5	02/01/2042	Term 1	Coupon	5.000%	53,300	09/02/2022	100.000%
<b>Subtotal</b>	-	-	-	-	<b>\$1,351,900</b>	-	-
<b>Dated 2/01/2021   Delivered 2/01/2021</b>							
No 2 at 5	02/01/2023	Term 1	Coupon	5.000%	8,200	09/02/2022	100.000%
No 2 at 5	08/01/2023	Term 1	Coupon	5.000%	8,400	09/02/2022	100.000%
No 2 at 5	02/01/2024	Term 1	Coupon	5.000%	8,600	09/02/2022	100.000%
No 2 at 5	08/01/2024	Term 1	Coupon	5.000%	8,800	09/02/2022	100.000%
No 2 at 5	02/01/2025	Term 1	Coupon	5.000%	9,000	09/02/2022	100.000%
No 2 at 5	08/01/2025	Term 1	Coupon	5.000%	9,200	09/02/2022	100.000%
No 2 at 5	02/01/2026	Term 1	Coupon	5.000%	9,500	09/02/2022	100.000%
No 2 at 5	08/01/2026	Term 1	Coupon	5.000%	9,700	09/02/2022	100.000%
No 2 at 5	02/01/2027	Term 1	Coupon	5.000%	9,900	09/02/2022	100.000%
No 2 at 5	08/01/2027	Term 1	Coupon	5.000%	10,200	09/02/2022	100.000%
No 2 at 5	02/01/2028	Term 1	Coupon	5.000%	10,500	09/02/2022	100.000%



## General Information Exclusion

(a) Hilltop Securities is not recommending an action to you as the municipal entity or obligated person; (b) Hilltop Securities is not acting as an advisor to you and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act to you with respect to the information and material contained in this communication; (c) Hilltop Securities is acting for its own interests; (d) you should discuss any information and material contained in this communication with any and all internal or external advisors and experts that you deem appropriate before acting on this information or material and (e) Hilltop Securities seeks to serve as an underwriter on a future transaction and not as a financial advisor or municipal advisor. The information provided is for discussion purposes only in anticipation of being engaged to serve as underwriter. The primary role of an underwriter is to purchase securities with a view to distribution in an arm's-length commercial transaction with the issuer. The underwriter has financial and other interests that differ from those of the Issuer.

Interest rates used to provide the analysis herein are hypothetical and take into consideration conditions in today's market and other factual information such as the issuer's credit rating, geographic location and market sector. Therefore, these rates should not be viewed as rates that Hilltop Securities expects to achieve for you should we be selected to act as your underwriter or placement agent. Information about interest rates and terms for SLGs is based on current publically available information and treasury or agency rates for open-market escrows are based on current market interest rates for these types of credits and should not be seen as costs or rates that Hilltop Securities expects to achieve for you should we be selected to act as your underwriter or placement agent.

Estimated  
Costs of Issuance  
Pvt. Placement Refunding  
of  
Forestville Water District  
USDA  
Wastewater Debt

(6/23/22)

**\$2,107,000 (Draft v3)**

**Forestville Water District**

**Refunding of 2001 USDA Wastewater Debt Obligations**

**PRELIMINARY COST OF ISSUANCE ESTIMATE\***

<b><u>Description</u></b>	<b><u>Firm</u></b>	<b><u>Est. Fees</u></b>
Bond Counsel	Jones Hall	\$24,000
Bond Counsel Expenses	Jones Hall	\$2,500
Municipal Advisor	W. J. Fawell Co.	\$24,000
Mpl. Advisor Expenses	W. J. Fawell Co.	\$2,500
Placement Agent	Hilltop	\$19,000
Lender Counsel	TBD	\$7,500
CDIAC Fee	CDIAC Fee	\$500 (1)
<b>TOTAL ESTIMATE</b>		<b><u>\$80,000</u></b>

(1) CDAIC Fee-.00025 x Principal Amount.

(2) All costs of issuance paid from refunding proceeds.

\*Preliminary; subject to change.

**Financing Team**

**for**

**2022 Refunding**

**of**

**Forestville Water District**

**USDA Wastewater Debt**

**Financing Team Contact List (v1)**

**Forestville Water District  
Forestville, CA  
2022 Refunding of USDA Wastewater Debt**

**DISTRICT:**

FORESTVILLE WATER DISTRICT (707) 887-1551  
6530 Mirabel Road  
Forestville, CA 95436

Tony Lopes, General Manager  
E-Mail: info@forestvillewd.com

**DISTRICT COUNSEL:**

Martin L. Hirsch (707) 525-8800  
Perry Johnson Anderson Miller & Moskovitz (707) 545-8242  
438 1<sup>st</sup> Street, 4<sup>th</sup> Floor  
Santa Rosa, CA 95401

E-Mail: hirsch@perrylaw.net

**MUNICIPAL ADVISOR:**

W. J. FAWELL CO. (760) 942-2442 (DL)  
Public Finance  
3235 Avenida La Cima (760) 942-3096 (Fax)  
Suite 100  
Carlsbad, CA 92009

Bill Fawell, President  
E-Mail: bill@wjfawellco.com

**PLACEMENT AGENT / BOND UNDERWRITER:**

HILLTOP SECURITIES  
2533 S. Coast Hwy. 101, Suite 250  
Cardiff by the Sea, CA 92007

Mike Cavanaugh, Managing Director (760) 632-6824 (DL)  
Public Finance Banking (619) 200-4747 (Cell)  
E-Mail: Mike.Cavanaugh@hilltopsecurities.com

**BOND AND DISCLOSURE COUNSEL:**

JONES HALL  
Attorneys at Law  
475 Sansome Street, Suite 1700  
San Francisco, CA 94111

(415) 391-5780  
(415) 276-2088 (Fax)

James A. Wawrzyniak, Jr.  
E-Mail: [jwawrzyniak@joneshall.com](mailto:jwawrzyniak@joneshall.com)

David Fama; E-Mail: [dfama@joneshall.com](mailto:dfama@joneshall.com)

**LENDER:**

(Info. to follow)

**LENDER COUNSEL:**

(Info. to follow)

**USDA RURAL DEVELOPMENT:**

Lisa Butler  
Community Facilities Program Director  
USDA Rural Development  
3530 West Orchard Court  
Visalia, CA 93277  
E-Mail: [lisa.butler@ca.usda.gov](mailto:lisa.butler@ca.usda.gov)

(559) 734-3146 (DL)  
(559) 309-6381 (Work Cell)  
  
(844) 206-7019 (Fax)

Loan Payoffs

Jennifer Torres  
E-Mail: [jennifer.torres@ca.usda.gov](mailto:jennifer.torres@ca.usda.gov)

(559) 734-3147 (DL)

**Information**

**on:**

**W. J. FAWELL CO.**

**Public Finance**

**(Municipal Advisor)**

# **W. J. FAWELL CO.**

*Public Finance*

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## **Background and Qualifications**

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**3235 Avenida La Cima, Suite 100  
Carlsbad, CA 92009**

**Tel: (760) 942-2442    Fax: (760) 942-3096**

**E-Mail: [bill@wjfawellco.com](mailto:bill@wjfawellco.com)**

## COMPANY PROFILE

### W. J. FAWELL CO.

#### *Public Finance*

**W. J. FAWELL CO.** is a municipal financial advisory firm, specializing in arranging publicly issued and privately placed tax-exempt and taxable financing for local government agencies. The firm was founded in 1994. Bill Fawell, President of the firm, has over 35 years' experience in municipal finance as a bond underwriter and municipal financial advisor to local government agencies. He has completed over 139 separate tax-exempt and taxable financings totaling over \$1.003 billion dollars for 74 separate local government agencies and non-profit organizations.

**W. J. FAWELL CO.** focuses on the development of cost effective and flexible financing programs. The firm concentrates on public infrastructure finance with a special emphasis in refinancing outstanding debt and saving issuers money.

Services offered by the firm include:

- Advisory services on public offerings and private placements.
- Refinancing and restructuring outstanding debt.
- Infrastructure and public facility financing.
- Equipment and vehicle lease-purchases of any size or description
- Non-profit financing for healthcare and human service providers.
- Consulting services on alternative methods of financing.

**W. J. FAWELL CO.** has extensive experience using all forms of municipal debt issuance to finance the construction of public facilities, acquisition of equipment/vehicles and refinancing and restructuring existing debt. Examples of projects the firm finances include water and wastewater improvements, public buildings, school facilities, storm drain and flood control systems, roads, healthcare facilities and successor agency redevelopment refinancing. The firm has extensive experience in land secured financings, using Mello-Roos community facility districts and special assessment districts bonds and with Successor Agency refinancings. The firm also arranges financing for healthcare providers and human service agencies.

**W. J. FAWELL CO.** is committed to professional excellence and integrity in all its work and encourages you to contact our esteemed clients regarding our capabilities. The firm strongly believes in prompt and focused professional service delivered in the most cost-effective manner possible. In order to guarantee the highest caliber of specialized professional service the firm will, if warranted, put together a team of other professionals to complete a given project.

**W. J. FAWELL CO.** is committed to providing its clients advice they can trust, service they can depend on and compelling ideas to save them money.

**W. J. FAWELL CO.** is a Registered Municipal Advisor and Principal with the Municipal Securities Rulemaking Board (MSRB) and the SEC; headquartered in Carlsbad, California.

# RÉSUMÉ

## BILL FAWELL

Bill Fawell began his career in the public sector working for over nine years in various city management positions for the California Cities of Torrance, Rolling Hills Estates, and Palos Verdes Estates. While employed in the public sector he was responsible for city administration, contract services, community relations, personnel, labor relations, recreation, budget preparation, risk management and community development. This broad background in municipal management has given him keen insight into the governmental processes in which both appointed and elected officials operate.

He has over 35 years of experience in municipal finance, working as both a municipal financial advisor and bond underwriter to local government agencies. During his career in public finance he has completed 139 separate financings totaling over \$1.003 billion dollars for 74 separate local government agencies and non-profit organizations.

Bill began his career in public finance in 1985 with the investment banking firm of Miller & Schroeder Financial, Inc., in Solana Beach, California, where he worked as a bond underwriter and municipal financial advisor to local government agencies. In 1987, he joined the municipal underwriting and financial advisory firm of M. F. Whipple & Co., Inc., in Laguna Niguel, California, that became Whipple, Kinsell & O'Neal. In 1994, Bill founded W. J. Fawell Co. to provide municipal financial advisory services, specializing in arranging publicly issued and privately placed tax exempt and taxable financing for local government agencies and non-profit organizations.

Since entering the field of public finance, he has specialized in public infrastructure financing for new public facilities. The firm specializes in refinancing all forms of municipal debt obligations with the goal of saving clients' money.

He has a broad background in public finance and has utilized all available debt instruments to complete a given financing. He has extensive experience in using tax-exempt and taxable tax allocation refunding bonds issued by successor agencies, tax exempt-leases, certificates of participation, revenue bonds, general obligation bonds, Marx-Roos bonds, special assessment bonds, Mello-Roos community facility district bonds and health care revenue bonds.

Bill is a Registered Municipal Advisor and Principal with the Municipal Securities Rulemaking Board (MSRB) and the SEC. He holds a Master's Degree in Public Administration from California State University, Long Beach and a Bachelor of Arts Degree in Public Administration with a minor in Business Administration from California State University, Chico. He is a veteran and served in the U.S. Army, 4<sup>th</sup> BN, 18<sup>th</sup> Infantry Division, Berlin, Germany (Honorable Discharge). W. J. Fawell Co. is a veteran owned firm.

**LIST OF AGENCIES  
SERVED**

**by**

**William J. Fawell**

1. Alvord Unified School District
2. Anderson Union High School District
3. City of Arvin Successor Agency
4. City of Arcata
5. City of Angels Camp
6. City of Atascadero
7. City of Banning
8. Beaumont Unfd. Sch. District
9. City of Biggs.
10. City of Brea
12. Brooktrails Community Service Dist.
13. Cambria Community Services District
14. Chino Valley Unified School District
15. City of Chino
16. City of Cloverdale / Successor Agency
17. City of Colton
18. City of Commerce
19. Corcoran Hospital District
20. City of Corona
21. Cudahy Redevelopment Agency
22. Desert Sands Unified School District
23. East Valley Water District
24. El Centro Regional Medical Center
25. Esparto Community Services District
26. Etiwanda School District
27. Fallbrook Public Utility District
26. City of Fresno
28. Glenn-Colusa Irrigation District
29. City of Grand Terrace
30. Helix Water District
31. Humboldt Community Services District
32. City of Huron / Successor Agency
33. Indian Valley Community Services Dist.
34. Indian Wells Valley Water District
35. Jurupa Community Services District
36. City of Lathrop
37. City of La Verne
38. Town of Los Altos Hills
39. Moreno Valley Unified School District
40. Moulton Niguel Water District
41. Moreno Valley Unified School District
42. Moulton Niguel Water District
43. Mountain View School District
44. City of Murrieta
45. North County Fire Protection District
46. Padre Dam Municipal Water District
47. Palm Desert Water & Services District
48. Portola Valley, Town of
49. Plumas Unified School District
50. Purissima Hills Water District
51. Ramona Municipal Water District
52. Reclamation District No. 108
53. Rhoda Goldman Plaza (Issuer: CMFA)
54. City of Rialto
55. Riverside Unified School District
56. City of Rohnert Park
57. City of San Bernardino
58. San Gabriel County Water District
59. City of San Marcos
60. Santa Paula School District
61. City of Seal Beach Redev. Agency
62. Schell-Vista Fire Protection District
63. Sierra View Local Health Care District
64. South Bay Union School District
65. Southern California Presbyterian Homes
66. Spalding Community Services District
67. City of Stockton (Dameron Hospital)
68. Upland Unified School District
69. Ventura County
70. Weaverville CSD
71. Walden House, Inc. (CSCDA-Issuer)
72. Western Mpl. Water District
73. City of Willows
74. Woodside, Town of

Information  
on:  
Jones Hall  
Bond  
and  
Disclosure Counsel

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**Statement of Qualifications  
for Bond Counsel and/or Disclosure Counsel  
Services**

**Presented by**

**JONES HALL**

**2021**

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## **Firm Qualifications.**

**Background and Experience.** Jones Hall is one of the most active municipal finance firms in the country. More local California agencies use Jones Hall as bond counsel on their long-term financings than any other law firm, based upon statistics compiled by the California Debt and Investment Advisory Commission. We represent virtually every type of public agency in California, including cities, counties, school districts, successor agencies to redevelopment agencies, special districts and housing authorities, and have served as bond counsel for over 1,100 public entities in the State of California. We believe the depth and breadth of the experience of the firm's attorneys enables us to bring a greater level of knowledge and creativity to the structuring of financing transactions than that of most bond counsel firms.

Jones Hall is consistently ranked as the number one bond counsel firm and number one or number two disclosure counsel firm in the State, ranked by number of deals completed. The Thomson Financial statistics for 2019 and 2018 are shown below.

### **2019 Thomson Financial statistics**

<u>Jones Hall Role</u>	<u>Rank</u>	<u>Number of issues</u>	<u>Approx. Par Amount</u>
Bond Counsel	1	211	\$4.56 billion
Disclosure Counsel	2	145	\$2.85 billion

### **2018 Thomson Financial statistics**

<u>Jones Hall Role</u>	<u>Rank</u>	<u>Number of issues</u>	<u>Approx. Par Amount</u>
Bond Counsel	1	170	\$3.80 billion
Disclosure Counsel	2	149	\$3.51 billion

### Familiarity and Experience with Particular Types of Financings.

Revenue Bonds/Enterprise Financings. Since January 2013, Jones Hall has served as bond/co-bond counsel and/or disclosure counsel on more than 300 revenue bond issues and enterprise financings. The vast majority of these transactions were for water or wastewater systems.

Successor Agency Refunding Bonds. Since 2013, Jones Hall has served as bond counsel and/or disclosure counsel on dozens of tax allocation refunding bond transactions, totaling billions of dollars (including San José alone was more than \$1.5 billion). Dave Fama and James Wawrzyniak were part of a large number of these transactions, including successor agency refundings for the cities of Arvin, Desert Hot Springs, Healdsburg, Huron, Madera, Novato, Oakdale, Petaluma, Pittsburg, Rocklin, Roseville, San Carlos, San Leandro, and San José.

Mello-Roos Bonds. Since 2013, Jones Hall has served as bond/co-bond counsel and/or disclosure counsel on more than 250 Mello-Roos bond issues.

Certificates of Participation/Lease Revenue Bonds. Since 2013, Jones Hall has served as bond/co-bond counsel on over 175 certificate of participation or lease revenue bond financings.

General Obligation Bonds. Since 2013, Jones Hall has served as bond/co-bond counsel and/or disclosure counsel on over 650 general obligation bond issues.

Multifamily Housing Revenue Bonds. Since 2013, Jones Hall has served as bond/co-bond counsel on more than 150 multifamily housing revenue bond issues.

Infrastructure Financing Districts. Jones Hall represented the City and County of San Francisco in the formation of its infrastructure financing district for Rincon Hill, and has worked with the Port of San Francisco and the Treasure Island Development Authority on several projects utilizing new infrastructure financing statutes.

Tax and Revenue Anticipation Notes. Since 2013, Jones Hall has served as bond counsel or disclosure counsel on approximately 43 tax and revenue anticipation note issues.

Commercial Paper. Jones Hall has served as bond counsel on commercial paper note issues for the City and County of San Francisco and for the City of San Jose Financing Authority.

#### ***Staff Qualifications.***

***James A Wawrzyniak, Jr. – Bond Counsel/Disclosure Counsel.*** Mr. Wawrzyniak is a principal attorney in the firm having experience as bond and disclosure counsel in a variety of municipal finance transactions. He represents cities, counties, and other local agencies through the State. He is known as an expert in Successor Agency financings, having represented recent clients such as the Petaluma Successor Agency, Davis Successor Agency, and Novato Successor Agency. He also has extensive experience with enterprise fund financings, particularly with respect to Water Revenue Bonds and Wastewater Revenue Bonds, and has worked on United States Department of Agriculture (USDA) financing and refinancing transactions as well. He received his J.D. from Harvard Law School, *cum laude*, and his undergraduate degree from Georgetown University in Economics, *summa cum laude*.

***David T Fama – Bond Counsel/Disclosure Counsel.*** Mr. Fama has been practicing bond law since 1994 and joined Jones Hall in 2000. He serves as bond counsel, disclosure counsel and underwriter's counsel in financings that include: Mello-Roos special tax bonds, assessment bonds, tax allocation bonds, revenue bonds and certificates of participation, and 501(c)(3) financings. He represents cities, counties, redevelopment successor agencies, school districts and joint powers authorities throughout California. His practice focuses primarily on bond counsel and disclosure counsel work for cities, special districts and school districts, and he also has extensive experience in connection with land-secured financings. Mr. Fama received his B.A. from the University of Santa Clara and his J.D. from Pepperdine University. He is a member of the National Association of Bond Lawyers.

***David Walton – Tax Attorney.*** Mr. Walton joined Jones Hall in 1992 and practices in the tax area exclusively. From 1989 to June of 1990, he was Counsel to the Assistant Chief Counsel (Technical) - Financial Institutions and Products at the Internal Revenue Service; and for two years thereafter served as an Attorney-Advisor in the Office of Tax Policy at the United States Department of Treasury where he specialized in tax-exempt finance. Mr. Walton attended Brigham Young University, where he received a B.S. degree in 1980, and Hastings College of the Law, where he received his J.D. degree in 1983. He was admitted to the Utah Bar in 1983 and the California Bar in 1990. He is chair of the National Association of Bond

Lawyers Committee on Arbitrage and Rebate, a member of the Committee on Tax-Exempt Finance of the American Bar Association, and a member of the Editorial Advisory board of the Public Finance Advisor.

**Closing Coordinators (Non-Attorney).** Our closing coordinators assist our attorneys in all closing activities, alleviating logistical and structural issues associated with closings. The only task of the Closing Department is to create and gather closing documents and provide assistance to assure smooth closings and timely response to closing concerns by assisting the attorneys in all pre-closing, closing and post-closing logistics. Each closer has a minimum of 10 years' experience at the sole responsibility of closing municipal bond financings. As the transaction approaches a closing, we will assign one of the professionals from our Closing Department to take charge of the logistics of completing your financing.

**Contact Information.**

Jones Hall has a single office in San Francisco which will staff any engagement. Our contact information is as follows:

James A. Wawrzyniak, Jr., Shareholder  
Jones Hall, APLC  
475 Sansome Street, Suite 1700  
San Francisco, California 94111  
telephone: 415-391-5780  
email: [jwawrzyniak@joneshall.com](mailto:jwawrzyniak@joneshall.com)

David Fama, Shareholder  
Jones Hall, APLC  
475 Sansome Street, Suite 1700  
San Francisco, California 94111  
telephone: 415-391-5780  
email: [dfama@joneshall.com](mailto:dfama@joneshall.com)

**Information**

**on:**

**Hilltop Securities, Inc.**

**Bond Underwriter**

**or**

**Placement Agent**

**Hilltop Securities Inc.**, formerly known as Southwest Securities, Inc., was founded in 1972 and was one of the first broker-dealers to enter the fully disclosed securities clearing business, becoming the “back office” for a number of other brokerage houses. In addition to developing clearing as a core business, the firm made strategic acquisitions and added complementary lines of business, entering the public finance and municipal underwriting business in 1987. First Southwest Company, LLC (“First Southwest”), founded in 1946, was originally dedicated to serving the financing needs of local municipalities and over the years grew into a national firm with expertise in every sector of public finance. In 2015, Hilltop Securities and First Southwest became common control affiliates under Hilltop Holdings Inc., a Texas-based diversified financial holding company specializing in banking, mortgage origination, financial advisory and insurance through its wholly owned subsidiaries. On January 22, 2016, Hilltop Securities and First Southwest merged to create a new, stronger firm with complementary business lines and a shared history representing more than 112 years of industry experience.

Selected facts about Hilltop Securities at the conclusion of the integration process in January 2016:

- Wholly owned subsidiary of Hilltop Holdings Inc. (NYSE: HTH)
- Created through the combination of Southwest Securities, Inc. and First Southwest Company, LLC
- Operating in California since 1966
- Approximately 955 employees, with 110 employees located in California
- 51 office locations in 20 states, with 10 in California
- \$14.9 billion in retail assets under management with \$4.6 billion in California
- \$41 billion in Clearing Services client assets
- \$20 billion in Municipal Cash Management assets under management

The following table shows our California experience since January 1, 2017 as placement agent or public offering underwriter for water and wastewater transactions. **We have completed 54 California transactions totaling over \$615,000,000, as further described below.** Since 2010, we have been using Private Placement as an alternative to Public Offering and in many cases we were hired on a Public Offering but demonstrated to the Issuer and Municipal Advisor a placement produced lower borrowing costs and closed the deal as such.

Year	Public Offering		Placements		Total	
	#	Par	#	Par	#	Par
2017	2	27,155,000	8	45,969,374	10	73,124,374
2018	8	49,305,000	3	28,000,274	11	77,305,274
2019	7	283,625,000	2	16,233,000	9	299,858,000
2020	2	23,070,000	7	27,141,809	9	50,211,809
2021	6	67,655,000	9	48,022,043	15	115,677,043
<b>Totals</b>	<b>25</b>	<b>450,810,000</b>	<b>29</b>	<b>165,366,500</b>	<b>54</b>	<b>616,176,500</b>

These issuers include the Lindmore Irrigation District, Terra Bella Irrigation District, Pajaro Valley Water Management Agency, Desert Water Agency, Channel Islands Beach Community Services District, Saucelito Irrigation District, South Coast Water District, Rincon Del Diablo Municipal Water District,

Byron Bethany Irrigation District and the Calaveras County Water District. Also included are the Cities of Albany, Atwater, Calistoga, California District, Corcoran, Colton, Firebaugh, Lakeport, Monrovia, Needles, Oakdale, Patterson, Solana Beach, Torrance, Woodland, West Sacramento and Yuba District.



The real value HilltopSecurities will bring to your financing is the ability to find the lowest cost of capital. This could come as a public offering, private placement or a combination of the two. HilltopSecurities constantly monitors what will best serve the interests of our clients, regardless of the impact to our fees. Public offerings pay more to underwriters, yet on numerous occasions, HilltopSecurities has recommended switching from a public offering to a placement because of the positive impact it had on savings for the issuer. HilltopSecurities is ready to accept the challenge and demands of being your Placement Agent or Senior Manager.

#### **Team Members:**

**Mike Cavanaugh, Managing Director,** Lead Banker, started his career in Public Finance in 1991 as a financial analyst and has over twenty years of senior management banking experience. Mike will serve as the day-to-day contact for this engagement and will attend meetings, as necessary. Since 2016, Mike has completed 22 water or wastewater financings totaling over \$435,000,000 including, Albany, California City, Colton, Imperial, Patterson, Solana Beach, Torrance, Woodland, West Sacramento, Yuba District, Pajaro Valley Water Management Agency, Rincon Del Diablo Municipal Water District, Weaverville Community Services District, San Elijo Joint Powers Authority, Lindmore Irrigation District, Terra Bella Irrigation District, Saucelito Irrigation District and Brooktrails Community Services District. He was an invited speaker on private placements at both the 2016 and 2017 Bond Buyer Conference. Mr. Cavanaugh holds a Bachelor of Science Degree in Business Administration from the University of Southern California. He is a Registered Representative with FINRA (Series 7). Mr. Cavanaugh is an active member of the Committee on Assessments, Special Taxes and Other Financing Facilities (CASTOFF) and California Society of Municipal Finance Officers (Statewide and the San Diego Chapter).

<b>HilltopSecurities</b> A Hilltop Holdings Company.		<b>Mike Cavanaugh</b> Managing Director Public Finance Banking
2533 S. Coast Hwy 101, Suite 250 Cardiff by the Sea, California 92007		
☎ 760.632.6824 Office 619.200.4747 Mobile Fax 760.632.8621		
Mike.Cavanaugh@hilltopsecurities.com		

***Mr. Cavanaugh has served as lead banker on 40 financings for over \$555,000,000 of California enterprise revenue bonds, revenue certificates of participation as senior manager since 2017.***

**DISCLOSURE:** (a) Hilltop Securities is not recommending an action to you as the municipal entity or obligated person; (b) Hilltop Securities is not acting as an advisor to you and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act to you with respect to the information and material contained in this communication; (c) Hilltop Securities is acting for its own interests; (d) you should discuss any information and material contained in this communication with any and all internal or external advisors and experts that you deem appropriate before acting on this information or material and (e) Hilltop Securities seeks to serve as an underwriter on a future transaction and not as a financial advisor or municipal advisor. The information provided is for discussion purposes only in anticipation of being engaged to serve as underwriter. The primary role of an underwriter is to purchase securities with a view to distribution in an arm's-length commercial transaction with the issuer. The underwriter has financial and other interests that differ from those of the Issuer.

**Financing Team Contact List (v1)**

**Forestville Water District  
Forestville, CA  
2022 Refunding of USDA Wastewater Debt**

**DISTRICT:**

FORESTVILLE WATER DISTRICT (707) 887-1551  
6530 Mirabel Road  
Forestville, CA 95436

Tony Lopes, General Manager  
E-Mail: info@forestvillewd.com

**DISTRICT COUNSEL:**

Martin L. Hirsch (707) 525-8800  
Perry Johnson Anderson Miller & Moskovitz (707) 545-8242  
438 1<sup>st</sup> Street, 4<sup>th</sup> Floor  
Santa Rosa, CA 95401

E-Mail: hirsch@perrylaw.net

**MUNICIPAL ADVISOR:**

W. J. FAWELL CO. (760) 942-2442 (DL)  
Public Finance  
3235 Avenida La Cima (760) 942-3096 (Fax)  
Suite 100  
Carlsbad, CA 92009

Bill Fawell, President  
E-Mail: bill@wjfawellco.com

**PLACEMENT AGENT / BOND UNDERWRITER:**

HILLTOP SECURITIES  
2533 S. Coast Hwy. 101, Suite 250  
Cardiff by the Sea, CA 92007

Mike Cavanaugh, Managing Director (760) 632-6824 (DL)  
Public Finance Banking (619) 200-4747 (Cell)  
E-Mail: Mike.Cavanaugh@hilltopsecurities.com

**BOND AND DISCLOSURE COUNSEL:**

JONES HALL

Attorneys at Law

475 Sansome Street, Suite 1700

San Francisco, CA 94111

(415) 391-5780

(415) 276-2088 (Fax)

James A. Wawrzyniak, Jr.

E-Mail: [jwawrzyniak@joneshall.com](mailto:jwawrzyniak@joneshall.com)

David Fama; E-Mail: [dfama@joneshall.com](mailto:dfama@joneshall.com)

**LENDER:**

(Info. to follow)

**LENDER COUNSEL:**

(Info. to follow)

**USDA RURAL DEVELOPMENT:**

Lisa Butler

Community Facilities Program Director

USDA Rural Development

3530 West Orchard Court

Visalia, CA 93277

E-Mail: [lisa.butler@ca.usda.gov](mailto:lisa.butler@ca.usda.gov)

(559) 734-3146 (DL)

(559) 309-6381 (Work Cell)

(844) 206-7019 (Fax)

Loan Payoffs

Jennifer Torres

E-Mail: [jennifer.torres@ca.usda.gov](mailto:jennifer.torres@ca.usda.gov)

(559) 734-3147 (DL)

## PLACEMENT AGENT AGREEMENT

August 1, 2022

Forestville Water District  
6530 Mirabel Road,  
Forestville CA, 95436

Attention: Tony Lopes, General Manager

The undersigned, Oppenheimer & Co. Inc. (the “Placement Agent”), offers to enter into the following agreement (this “Agreement”) with the Forestville Water District (the “Issuer”), which, upon acceptance by the Issuer, will be binding upon the Issuer and the Placement Agent.

The Issuer acknowledges and agrees that (i) the placement of the 2022 Refinancing Agreement (the “Obligations”) pursuant to this Placement Agent Agreement is an arm’s-length commercial transaction between the Issuer and the Placement Agent, (ii) in connection therewith and with the discussion, undertakings and procedures leading up to the consummation of such transaction, the Placement Agent is not acting as a fiduciary of or a financial advisor to the Issuer, (iii) the Placement Agent has not assumed an advisory or fiduciary responsibility in favor of the Issuer with respect to (a) the offering of the Obligations or the process leading thereto (whether or not the Placement Agent has advised or is currently advising the Issuer on other matters) or (b) any other obligation to the Issuer except the obligations expressly set forth in this Placement Agent Agreement, and (iv) the Issuer has consulted with its own legal and other professional advisors to the extent it deemed appropriate in connection with the offering of the Obligations.

The Obligations shall be issued under and pursuant to the Refinancing Agreement, dated as of August 1, 2022 (the “Issuing Document”), by and between the Issuer and Umpqua Bank (the “Bank”).

Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Placement Agent and the Issuer hereby agree as follows:

### **1. Appointment of Placement Agent; Placement of Obligations; Closing.**

(a) The Issuer hereby appoints the Placement Agent to act, and the Placement Agent hereby agrees to act, as the exclusive placement agent for the Issuer in connection with the private sale and issuance of its Obligations, and the Placement Agent hereby accepts such appointment. As compensation for its services hereunder, the Placement Agent shall charge a fee not in excess of \$22,500. At the closing of any such sale, the Issuer shall pay or cause to be paid such fee to the Placement Agent by wire transfer or immediately available funds. The above fee does not include any services the Placement Agent may render in the future to the Issuer with respect to any offering or placement of municipal securities other than the Obligations.

(b) The Issuer understands that the Placement Agent will be acting as the agent of the Issuer in the offering and sale of the Obligations and agrees that, in connection therewith, the Placement Agent will use its “best efforts” to place the Obligations. The Placement Agent agrees that, in furtherance of its obligations hereunder, it shall provide substantially accurate and complete information to potential purchasers of the Obligations to the extent that it is able.

(c) The Issuer expressly agrees that nothing in this Agreement evidences or creates any expressed or implied commitment by the Placement Agent to purchase or place any of the Obligations.

(d) On the closing date, the Issuer will cause to be delivered (a) a final approving opinion of Stradling Yocca Carlson & Rauth, as Bond Counsel to the Issuer (“Bond Counsel”), dated the closing date, addressed to or with a reliance letter to the Placement Agent, in a form acceptable to the Placement Agent, to the effect that the Obligations constitute valid and legally binding obligations of the Issuer payable from and secured by an irrevocable pledge of net system revenues as set forth in the Issuing Document and that the interest on the Obligations is exempt from federal and State of California income taxes under existing laws, regulations, rulings and judicial decisions, (b) one or more certificates in form and tenor satisfactory to the Placement Agent evidencing the proper execution and delivery of the Obligations and receipt of payment therefor, including statements of the Issuer, dated as of the date of such delivery, to the effect that there is no litigation pending or, to the knowledge of the signer or signers thereof, threatened relating to the issuance, sale and delivery of the Obligations, (c) a letter or certificate of the Purchaser, addressed to the Placement Agent, in form and content acceptable to the Placement Agent.

**2. Reliance.** The Issuer recognizes that, in providing services under this Agreement, the Placement Agent will rely upon and assume the accuracy and completeness of the financial, accounting, tax and other information discussed with or reviewed by the Placement Agent for such purpose, and the Placement Agent does not assume responsibility for the accuracy and completeness thereof. The Placement Agent will have no obligation to conduct any independent evaluation or appraisal of the assets or the liabilities of the Issuer or any other party or to advise or opine on related solvency issues. Nothing in this Agreement is intended to confer upon any other person (including creditors, employees or other constituencies of the Issuer) any rights or remedies hereunder or by reason hereof.

**3. Termination.** The Placement Agent’s authorization to carry out its duties hereunder may be terminated by the Issuer or the Placement Agent at any time with or without cause, effective upon receipt of written notice to that effect by the other party. Notwithstanding the foregoing, in the event the Issuer terminates this Agreement and within twelve (12) months after the Issuer sells the Obligations to an investor identified by the Placement Agent prior to such termination, the amounts payable under Section 1(a) shall be immediately due and payable to the Placement Agent by the Issuer.

**4. Notices.** Any notice or other communication to be given to any of the parties to this Agreement may be given by delivering the same in writing as follows: to the Issuer at 6530 Mirabel Road, Forestville CA, 95436, Attention: General Manager, and to the Placement Agent at 580 California Street, Suite 2300, San Francisco, California 94104, Attention: Municipal Capital Markets Group.

**5. Survival of Representations, Warranties and Agreements.** This Agreement is made solely for the benefit of the Issuer and the Placement Agent, and no other person shall acquire or have any right hereunder or by virtue hereof. All of the representations, warranties and agreements of the Issuer contained in this Agreement shall remain operative and in full force and effect regardless of delivery of any payment for the Obligations.

**6. Counterparts.** The 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.

7. **Effectiveness.** This Agreement shall become effective upon the execution of the acceptance hereof by duly authorized signatory of the Issuer, which acceptance hereof shall be indicated on the signature page hereof and shall be valid and enforceable as of the time of such acceptance. This Agreement may be executed by facsimile transmission and in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

8. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Very truly yours,

**OPPENHEIMER & CO. INC.**

By: \_\_\_\_\_  
Managing Director

**FORESTVILLE WATER DISTRICT**

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

**FORESTVILLE WATER DISTRICT**

**RESOLUTION NO. 418**

**AUTHORIZING THE EXECUTION AND DELIVERY OF A REFINANCING AGREEMENT IN AN AMOUNT NOT TO EXCEED \$ \_\_\_\_\_ TO REFINANCE A 2001 INSTALLMENT SALE AGREEMENT AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS**

WHEREAS, the Forestville County Sanitation District (the "Former District"), a special district duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "State"), previously entered into an Installment Sale Agreement (the "2001 Installment Sale Agreement"), dated as of October 1, 2001, with the Sonoma County Water and Wastewater Financing Authority, for the purpose of borrowing moneys from the United States Department of Agriculture to finance upgrades to the Former District's wastewater treatment facilities; and

WHEREAS, on \_\_\_\_\_, the Former District was reorganized as the Forestville Water District (the "District"), and the District succeeded to the Former District's obligations under the 2001 Installment Sale Agreement; and

WHEREAS, this Board of Directors (the "Board") has determined that it is in the best interest of the District to execute and deliver a Refinancing Agreement (the "Refinancing Agreement") with Umpqua Bank to refinance the 2001 Installment Sale Agreement and to approve certain documents in connection therewith;

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

1. The foregoing recitals are true and correct.
2. The Refinancing Agreement, in substantially the form presented to this meeting, is hereby approved. Each of the President or Vice President of the Board, the General Manager or the written designee thereof (each an "Authorized Representative") is hereby individually authorized and directed to execute and deliver the Refinancing Agreement with such changes, insertions and omissions as may be recommended by General Counsel or Stradling Yocca Carlson & Rauth, as Bond Counsel ("Bond Counsel"), and approved by the Authorized Representative executing the same, said execution being conclusive evidence of such approval; provided however the Refinancing Agreement shall not exceed a principal amount of \$ \_\_\_\_\_ and the net present value savings realized by such refinancing shall be at least \_\_\_\_\_%, as calculated by the District's Municipal Advisor.
3. Each Authorized Representative and any other proper officer of the District, acting individually, is hereby authorized and directed individually to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper to refinance the 2001 Installment Sale Agreement and to carry out the transactions contemplated by this resolution. Each Authorized Representative is hereby authorized to execute a term sheet with Umpqua Bank so long as the terms therein comply with the limitations set forth in Section 2 hereof.

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

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

6. The Debt Management Policy presented at this meeting is hereby approved and its provisions shall apply to the District going forward.

7. This resolution shall take effect immediately.

**THE FOREGOING RESOLUTION WAS PASSED AND ADOPTED** upon motion of Director \_\_\_\_\_, seconded by Director \_\_\_\_\_, at a regular meeting of the Board of Directors of the Forestville Water District held on this \_\_\_\_ day of \_\_\_\_\_, 2022, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

**ATTEST:**

\_\_\_\_\_  
\_\_\_\_\_, President

**EXHIBIT A**

**GOOD FAITH ESTIMATES**

Set forth below are **good faith estimates** of Kosmont Transactional Services, the municipal advisor, as required under Section 5852.1 of the California Government Code (the “Code”). **The following estimates have no bearing on, and should not be misconstrued as, any not-to-exceed financial parameters authorized by resolution.**

- (a) The true interest cost of the refinancing agreement is estimated at \_\_\_\_\_%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.
- (b) The finance charge of the refinancing agreement, including all fees and charges paid to third parties, is estimated at \$\_\_\_\_\_.
- (c) Proceeds of the refinancing agreement expected to be received by the District for the sale of the refinancing agreement, plus the release of the reserve fund and certain amounts held in prior accounts in the aggregate amount of \$\_\_\_\_\_, less the finance charge described in (b) above and any capitalized interest or reserves paid from proceeds of the refinancing agreement (if any) is equal to \$\_\_\_\_\_.
- (d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at \$\_\_\_\_\_.

The foregoing are estimates and the final costs will depend on market conditions and can be expected to vary from the estimated amounts set forth above.

**CONDITIONAL NOTICE OF PREPAYMENT**

**Installment Sale Agreement  
By and between  
Sonoma County Water and Wastewater Financing Authority  
And  
Forestville County Sanitation District**

NOTICE IS HEREBY GIVEN to the Sonoma County Water and Wastewater Financing Authority, the County of Sonoma and the United States Department of Agriculture that the Forestville Water District (the "District"), as successor to the Forestville County Sanitation District, expects to prepay all remaining amounts owed under the above-referenced Installment Sale Agreement (the "2001 Agreement") on August 1, 2022 (the "Prepayment Date") at a prepayment price equal to the remaining principal amount owed thereunder, together with all interest accruing thereon to the Prepayment Date (collectively, the "Prepayment Price"). This notice is being provided pursuant to Section 3.03(b) of the 2001 Agreement. The payment of the Prepayment Price is conditioned upon the receipt by the District of sufficient moneys necessary to make such payment on or before the Prepayment Date. In the event that the District shall not have received such sufficient moneys by the Prepayment Date, this notice shall be of no force or effect and the remaining amounts owed under the 2001 Agreement shall continue to remain outstanding.

**FORESTVILLE WATER DISTRICT**

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2022.

## **DEBT MANAGEMENT POLICY OF THE FORESTVILLE WATER DISTRICT**

### **Purpose and Scope**

This Debt Management Policy (the “Debt Policy”) establishes the parameters within which debt may be issued and administered by the Forestville Water District and improvement districts or other subordinate entities of the District (collectively, the “District”).

This Debt Policy is intended to comply with Government Code Section 8855(i), effective on January 1, 2017, and shall govern all debt undertaken by the District.

The District hereby recognizes that a fiscally prudent debt policy is required in order to:

- Maintain the District’s sound financial position.
- Ensure the District has the flexibility to respond to changes in future revenue levels, construction, maintenance and operating expenses.
- Protect the District’s credit-worthiness.
- Ensure that all debt is structured in order to protect both current and future property owners and constituents of the District.
- Ensure that the District’s debt is consistent with its planning goals and objectives and capital improvement program or budget, as applicable.

### **Policy**

#### **Purposes for Which Debt May Be Issued**

1. Long-Term Debt. Long-term debt may be issued to finance the construction, acquisition, and long-term maintenance of capital improvements and facilities, equipment and land to be owned and operated by the District.
  - 1.1 Long-term debt financings are appropriate when the following conditions exist:
    - When the project to be financed is necessary to provide basic services.
    - When the project to be financed will provide benefit to constituents over multiple years.
    - When total debt does not constitute an unreasonable burden to the District’s constituents.
    - When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.

- 1.2 Long-term debt financings will not generally be considered appropriate for current operating expenses and annual routine maintenance expenses.
- 1.3 The District may use long-term debt financings subject to the following conditions:
  - The project to be financed must be approved by the Board of Directors.
  - The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%.
  - The District estimates that sufficient revenues will be available to service the debt through its maturity.
  - The District determines that the issuance of the debt will comply with the applicable state and federal laws.
2. Short-term debt. Short-term debt may be issued to provide financing for the District's operational cash flows in order to maintain a steady and even cash flow balance and other purposes as permitted by the Government Code. Short-term debt may also be used to finance short-lived capital projects or to provide interim financing for long lived capital projects.

### **Types of Debt**

The following types of debt are allowable under this Debt Policy:

- Land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982 and assessment bonds issued under applicable assessment statutes
- General obligation bonds (GO Bonds)
- Bond or grant anticipation notes (BANs)
- Lease revenue bonds, certificates of participation (COPs) and lease-purchase transactions
- Other revenue bonds and COPs
- Tax and revenue anticipation notes (TRANS)
- Government-sponsored direct loans with federal or state agencies

The Board of Directors may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.

### **Relationship of Debt to Capital Improvements and Budget**

The District is committed to long-term capital planning. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions for capital improvements and budget.

The District shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear.

The District shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its general fund.

### **Policy Goals Related to Planning Goals and Objectives**

The District is committed to long-term financial planning, maintaining appropriate reserves levels and employing prudent practices in governance, management and budget administration. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the annual operations budget.

It is a policy goal of the District to protect ratepayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings and the lowest practical borrowing costs.

The District will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related assessments, rates and charges.

When refinancing debt, it shall be the policy goal of the District to realize, whenever possible, and subject to any overriding non-financial policy considerations, (i) minimum net present value debt service savings equal to or greater than 3.0% of the refunded principal amount, and (ii) present value debt service savings equal to or greater than 100% of any escrow fund negative arbitrage.

### **Internal Control Procedures**

When issuing debt, in addition to complying with the terms of this Debt Policy, the District shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

Without limiting the foregoing, the District will periodically review the requirements of and will remain in compliance with the following:

- Any federal tax compliance requirements, including, without limitation, arbitrage and rebate compliance.
- Investment policies as they relate to the use and investment of bond proceeds.
- Any continuing disclosure undertakings entered into by the District in accordance with SEC Rule 15c2-12, if applicable.
- Any bond covenants.

Proceeds of debt will be held either (a) by a third-party trustee or fiscal agent, which will disburse such proceeds to or upon the order of the District upon the submission of one or more written requisitions by an authorized representative of the District, or his or her written designee, or (b) by

the District, to be held and accounted for in a separate fund, general account or project account, the expenditure of which will be carefully documented by the District.

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**SOURCES AND USES OF FUNDS****Forestville Water District  
2022 Refunding (USDA Loans 92-01, 92-03, & 92-04)  
Private Placement**

Dated Date	08/01/2022
Delivery Date	08/01/2022

**Sources:**

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Bond Proceeds:	
Par Amount	2,126,700.00
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	2,126,700.00

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**Uses:**

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Refunding Escrow Deposits:	
Cash Deposit	2,046,700.00
Delivery Date Expenses:	
Cost of Issuance	80,000.00
	<hr/>
	2,126,700.00

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## ESCROW COST

**Forestville Water District  
2022 Refunding (USDA Loans 92-01, 92-03, & 92-04)  
Private Placement**

<i>Purchase Date</i>	<i>Cost of Securities</i>	<i>Cash Deposit</i>	<i>Total Escrow Cost</i>
08/01/2022		2,046,700.00	2,046,700.00
	0	2,046,700.00	2,046,700.00

**ESCROW REQUIREMENTS****Forestville Water District  
2022 Refunding (USDA Loans 92-01, 92-03, & 92-04)  
Private Placement**

<i>Period Ending</i>	<i>Principal Redeemed</i>	<i>Total</i>
08/01/2022	2,046,700.00	2,046,700.00
	2,046,700.00	2,046,700.00

## BOND SUMMARY STATISTICS

### Forestville Water District 2022 Refunding (USDA Loans 92-01, 92-03, & 92-04) Private Placement

Dated Date	08/01/2022
Delivery Date	08/01/2022
Last Maturity	08/01/2041
Arbitrage Yield	3.450000%
True Interest Cost (TIC)	3.450000%
Net Interest Cost (NIC)	3.450000%
All-In TIC	3.896187%
Average Coupon	3.450000%
Average Life (years)	10.893
Weighted Average Maturity (years)	10.893
Duration of Issue (years)	8.816
Par Amount	2,126,700.00
Bond Proceeds	2,126,700.00
Total Interest	799,198.11
Net Interest	799,198.11
Total Debt Service	2,925,898.11
Maximum Annual Debt Service	159,000.37
Average Annual Debt Service	153,994.64
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

<i>Bond Component</i>	<i>Par Value</i>	<i>Price</i>	<i>Average Coupon</i>	<i>Average Life</i>
Bond Component	2,126,700.00	100.000	3.450%	10.893
	2,126,700.00			10.893

	TIC	All-In TIC	Arbitrage Yield
Par Value	2,126,700.00	2,126,700.00	2,126,700.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-80,000.00	
- Other Amounts			
Target Value	2,126,700.00	2,046,700.00	2,126,700.00
Target Date	08/01/2022	08/01/2022	08/01/2022
Yield	3.450000%	3.896187%	3.450000%

**COST OF ISSUANCE****Forestville Water District  
2022 Refunding (USDA Loans 92-01, 92-03, & 92-04)  
Private Placement**

<i>Cost of Issuance</i>	<i>\$/1000</i>	<i>Amount</i>
Placement Agent	10.57977	22,500.00
Municipal Advisor	10.57977	22,500.00
Bond Counsel	10.57977	22,500.00
Lender's Legal Counsel	4.70212	10,000.00
CDIAC	0.25000	531.68
Miscellaneous	0.92553	1,968.32
	37.61697	80,000.00

## PRIOR BOND DEBT SERVICE

### Forestville Water District 2022 Refunding (USDA Loans 92-01, 92-03, & 92-04) Private Placement

#### USDA Loan 92-01 (9201)

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Annual Debt Service</i>
02/01/2023			34,280.00	34,280.00	
08/01/2023	42,600	5.000%	34,280.00	76,880.00	111,160
02/01/2024			33,215.00	33,215.00	
08/01/2024	45,000	5.000%	33,215.00	78,215.00	111,430
02/01/2025			32,090.00	32,090.00	
08/01/2025	47,500	5.000%	32,090.00	79,590.00	111,680
02/01/2026			30,902.50	30,902.50	
08/01/2026	50,100	5.000%	30,902.50	81,002.50	111,905
02/01/2027			29,650.00	29,650.00	
08/01/2027	52,900	5.000%	29,650.00	82,550.00	112,200
02/01/2028			28,327.50	28,327.50	
08/01/2028	55,800	5.000%	28,327.50	84,127.50	112,455
02/01/2029			26,932.50	26,932.50	
08/01/2029	58,900	5.000%	26,932.50	85,832.50	112,765
02/01/2030			25,460.00	25,460.00	
08/01/2030	62,100	5.000%	25,460.00	87,560.00	113,020
02/01/2031			23,907.50	23,907.50	
08/01/2031	65,500	5.000%	23,907.50	89,407.50	113,315
02/01/2032			22,270.00	22,270.00	
08/01/2032	69,100	5.000%	22,270.00	91,370.00	113,640
02/01/2033			20,542.50	20,542.50	
08/01/2033	73,000	5.000%	20,542.50	93,542.50	114,085
02/01/2034			18,717.50	18,717.50	
08/01/2034	77,000	5.000%	18,717.50	95,717.50	114,435
02/01/2035			16,792.50	16,792.50	
08/01/2035	81,200	5.000%	16,792.50	97,992.50	114,785
02/01/2036			14,762.50	14,762.50	
08/01/2036	85,700	5.000%	14,762.50	100,462.50	115,225
02/01/2037			12,620.00	12,620.00	
08/01/2037	90,400	5.000%	12,620.00	103,020.00	115,640
02/01/2038			10,360.00	10,360.00	
08/01/2038	95,400	5.000%	10,360.00	105,760.00	116,120
02/01/2039			7,975.00	7,975.00	
08/01/2039	100,700	5.000%	7,975.00	108,675.00	116,650
02/01/2040			5,457.50	5,457.50	
08/01/2040	106,200	5.000%	5,457.50	111,657.50	117,115
02/01/2041			2,802.50	2,802.50	
08/01/2041	112,100	5.000%	2,802.50	114,902.50	117,705
	1,371,200		794,130.00	2,165,330.00	2,165,330

## PRIOR BOND DEBT SERVICE

### Forestville Water District 2022 Refunding (USDA Loans 92-01, 92-03, & 92-04) Private Placement

#### USDA Loan 92-03 (9203)

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Annual Debt Service</i>
02/01/2023			13,412.50	13,412.50	
08/01/2023	16,900	5.000%	13,412.50	30,312.50	43,725
02/01/2024			12,990.00	12,990.00	
08/01/2024	17,800	5.000%	12,990.00	30,790.00	43,780
02/01/2025			12,545.00	12,545.00	
08/01/2025	18,800	5.000%	12,545.00	31,345.00	43,890
02/01/2026			12,075.00	12,075.00	
08/01/2026	19,800	5.000%	12,075.00	31,875.00	43,950
02/01/2027			11,580.00	11,580.00	
08/01/2027	20,900	5.000%	11,580.00	32,480.00	44,060
02/01/2028			11,057.50	11,057.50	
08/01/2028	22,000	5.000%	11,057.50	33,057.50	44,115
02/01/2029			10,507.50	10,507.50	
08/01/2029	23,200	5.000%	10,507.50	33,707.50	44,215
02/01/2030			9,927.50	9,927.50	
08/01/2030	24,400	5.000%	9,927.50	34,327.50	44,255
02/01/2031			9,317.50	9,317.50	
08/01/2031	25,700	5.000%	9,317.50	35,017.50	44,335
02/01/2032			8,675.00	8,675.00	
08/01/2032	27,100	5.000%	8,675.00	35,775.00	44,450
02/01/2033			7,997.50	7,997.50	
08/01/2033	28,600	5.000%	7,997.50	36,597.50	44,595
02/01/2034			7,282.50	7,282.50	
08/01/2034	30,100	5.000%	7,282.50	37,382.50	44,665
02/01/2035			6,530.00	6,530.00	
08/01/2035	31,700	5.000%	6,530.00	38,230.00	44,760
02/01/2036			5,737.50	5,737.50	
08/01/2036	33,400	5.000%	5,737.50	39,137.50	44,875
02/01/2037			4,902.50	4,902.50	
08/01/2037	35,200	5.000%	4,902.50	40,102.50	45,005
02/01/2038			4,022.50	4,022.50	
08/01/2038	37,100	5.000%	4,022.50	41,122.50	45,145
02/01/2039			3,095.00	3,095.00	
08/01/2039	39,100	5.000%	3,095.00	42,195.00	45,290
02/01/2040			2,117.50	2,117.50	
08/01/2040	41,200	5.000%	2,117.50	43,317.50	45,435
02/01/2041			1,087.50	1,087.50	
08/01/2041	43,500	5.000%	1,087.50	44,587.50	45,675
	536,500		309,720.00	846,220.00	846,220

## PRIOR BOND DEBT SERVICE

### Forestville Water District 2022 Refunding (USDA Loans 92-01, 92-03, & 92-04) Private Placement

#### USDA Loan 92-04 (9204)

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Annual Debt Service</i>
02/01/2023			3,301.25	3,301.25	
08/01/2023	4,600	4.750%	3,301.25	7,901.25	11,202.50
02/01/2024			3,192.00	3,192.00	
08/01/2024	4,800	4.750%	3,192.00	7,992.00	11,184.00
02/01/2025			3,078.00	3,078.00	
08/01/2025	5,000	4.750%	3,078.00	8,078.00	11,156.00
02/01/2026			2,959.25	2,959.25	
08/01/2026	5,300	4.750%	2,959.25	8,259.25	11,218.50
02/01/2027			2,833.38	2,833.38	
08/01/2027	5,500	4.750%	2,833.38	8,333.38	11,166.76
02/01/2028			2,702.75	2,702.75	
08/01/2028	5,800	4.750%	2,702.75	8,502.75	11,205.50
02/01/2029			2,565.00	2,565.00	
08/01/2029	6,100	4.750%	2,565.00	8,665.00	11,230.00
02/01/2030			2,420.13	2,420.13	
08/01/2030	6,400	4.750%	2,420.13	8,820.13	11,240.26
02/01/2031			2,268.13	2,268.13	
08/01/2031	6,700	4.750%	2,268.13	8,968.13	11,236.26
02/01/2032			2,109.00	2,109.00	
08/01/2032	7,100	4.750%	2,109.00	9,209.00	11,318.00
02/01/2033			1,940.38	1,940.38	
08/01/2033	7,400	4.750%	1,940.38	9,340.38	11,280.76
02/01/2034			1,764.63	1,764.63	
08/01/2034	7,800	4.750%	1,764.63	9,564.63	11,329.26
02/01/2035			1,579.38	1,579.38	
08/01/2035	8,200	4.750%	1,579.38	9,779.38	11,358.76
02/01/2036			1,384.63	1,384.63	
08/01/2036	8,600	4.750%	1,384.63	9,984.63	11,369.26
02/01/2037			1,180.38	1,180.38	
08/01/2037	9,000	4.750%	1,180.38	10,180.38	11,360.76
02/01/2038			966.63	966.63	
08/01/2038	9,500	4.750%	966.63	10,466.63	11,433.26
02/01/2039			741.00	741.00	
08/01/2039	9,900	4.750%	741.00	10,641.00	11,382.00
02/01/2040			505.88	505.88	
08/01/2040	10,400	4.750%	505.88	10,905.88	11,411.76
02/01/2041			258.88	258.88	
08/01/2041	10,900	4.750%	258.88	11,158.88	11,417.76
	139,000		75,501.36	214,501.36	214,501.36

**BOND DEBT SERVICE**

**Forestville Water District  
2022 Refunding (USDA Loans 92-01, 92-03, & 92-04)  
Private Placement**

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Annual Debt Service</i>
02/01/2023	38,794	3.450%	36,685.58	75,479.58	
08/01/2023	38,794	3.450%	36,016.38	74,810.38	150,289.96
02/01/2024	40,298	3.450%	35,347.18	75,645.18	
08/01/2024	40,299	3.450%	34,652.04	74,951.04	150,596.22
02/01/2025	41,868	3.450%	33,956.88	75,824.88	
08/01/2025	41,869	3.450%	33,234.66	75,103.66	150,928.54
02/01/2026	43,501	3.450%	32,512.42	76,013.42	
08/01/2026	43,501	3.450%	31,762.03	75,263.03	151,276.45
02/01/2027	45,193	3.450%	31,011.64	76,204.64	
08/01/2027	45,193	3.450%	30,232.06	75,425.06	151,629.70
02/01/2028	46,942	3.450%	29,452.48	76,394.48	
08/01/2028	46,941	3.450%	28,642.73	75,583.73	151,978.21
02/01/2029	48,794	3.450%	27,833.00	76,627.00	
08/01/2029	48,794	3.450%	26,991.30	75,785.30	152,412.30
02/01/2030	50,646	3.450%	26,149.60	76,795.60	
08/01/2030	50,646	3.450%	25,275.96	75,921.96	152,717.56
02/01/2031	52,595	3.450%	24,402.32	76,997.32	
08/01/2031	52,596	3.450%	23,495.05	76,091.05	153,088.37
02/01/2032	54,689	3.450%	22,587.77	77,276.77	
08/01/2032	54,689	3.450%	21,644.39	76,333.39	153,610.16
02/01/2033	56,871	3.450%	20,701.00	77,572.00	
08/01/2033	56,871	3.450%	19,719.98	76,590.98	154,162.98
02/01/2034	59,086	3.450%	18,738.95	77,824.95	
08/01/2034	59,087	3.450%	17,719.72	76,806.72	154,631.67
02/01/2035	61,382	3.450%	16,700.47	78,082.47	
08/01/2035	61,382	3.450%	15,641.63	77,023.63	155,106.10
02/01/2036	63,804	3.450%	14,582.79	78,386.79	
08/01/2036	63,803	3.450%	13,482.17	77,285.17	155,671.96
02/01/2037	66,295	3.450%	12,381.57	78,676.57	
08/01/2037	66,294	3.450%	11,237.98	77,531.98	156,208.55
02/01/2038	68,950	3.450%	10,094.41	79,044.41	
08/01/2038	68,951	3.450%	8,905.02	77,856.02	156,900.43
02/01/2039	71,664	3.450%	7,715.61	79,379.61	
08/01/2039	71,665	3.450%	6,479.41	78,144.41	157,524.02
02/01/2040	74,482	3.450%	5,243.19	79,725.19	
08/01/2040	74,481	3.450%	3,958.37	78,439.37	158,164.56
02/01/2041	77,495	3.450%	2,673.58	80,168.58	
08/01/2041	77,495	3.450%	1,336.79	78,831.79	159,000.37
	2,126,700		799,198.11	2,925,898.11	2,925,898.11

## BOND DEBT SERVICE

### Forestville Water District 2022 Refunding (USDA Loans 92-01, 92-03, & 92-04) Private Placement

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>
08/01/2023	77,588	3.450%	72,701.96	150,289.96
08/01/2024	80,597	3.450%	69,999.22	150,596.22
08/01/2025	83,737	3.450%	67,191.54	150,928.54
08/01/2026	87,002	3.450%	64,274.45	151,276.45
08/01/2027	90,386	3.450%	61,243.70	151,629.70
08/01/2028	93,883	3.450%	58,095.21	151,978.21
08/01/2029	97,588	3.450%	54,824.30	152,412.30
08/01/2030	101,292	3.450%	51,425.56	152,717.56
08/01/2031	105,191	3.450%	47,897.37	153,088.37
08/01/2032	109,378	3.450%	44,232.16	153,610.16
08/01/2033	113,742	3.450%	40,420.98	154,162.98
08/01/2034	118,173	3.450%	36,458.67	154,631.67
08/01/2035	122,764	3.450%	32,342.10	155,106.10
08/01/2036	127,607	3.450%	28,064.96	155,671.96
08/01/2037	132,589	3.450%	23,619.55	156,208.55
08/01/2038	137,901	3.450%	18,999.43	156,900.43
08/01/2039	143,329	3.450%	14,195.02	157,524.02
08/01/2040	148,963	3.450%	9,201.56	158,164.56
08/01/2041	154,990	3.450%	4,010.37	159,000.37
	2,126,700		799,198.11	2,925,898.11

## SAVINGS

### Forestville Water District 2022 Refunding (USDA Loans 92-01, 92-03, & 92-04) Private Placement

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 08/01/2022 @ 3.4500002%
02/01/2023	50,993.75	75,479.58	-24,485.83		-24,070.61
08/01/2023	115,093.75	74,810.38	40,283.37	15,797.54	38,928.74
02/01/2024	49,397.00	75,645.18	-26,248.18		-24,935.39
08/01/2024	116,997.00	74,951.04	42,045.96	15,797.78	39,265.71
02/01/2025	47,713.00	75,824.88	-28,111.88		-25,807.82
08/01/2025	119,013.00	75,103.66	43,909.34	15,797.46	39,626.96
02/01/2026	45,936.75	76,013.42	-30,076.67		-26,683.07
08/01/2026	121,136.75	75,263.03	45,873.72	15,797.05	40,007.59
02/01/2027	44,063.38	76,204.64	-32,141.26		-27,555.84
08/01/2027	123,363.38	75,425.06	47,938.32	15,797.06	40,402.28
02/01/2028	42,087.75	76,394.48	-34,306.73		-28,423.31
08/01/2028	125,687.75	75,583.73	50,104.02	15,797.29	40,807.52
02/01/2029	40,005.00	76,627.00	-36,622.00		-29,321.22
08/01/2029	128,205.00	75,785.30	52,419.70	15,797.70	41,257.86
02/01/2030	37,807.63	76,795.60	-38,987.97		-30,165.82
08/01/2030	130,707.63	75,921.96	54,785.67	15,797.70	41,670.03
02/01/2031	35,493.13	76,997.32	-41,504.19		-31,032.81
08/01/2031	133,393.13	76,091.05	57,302.08	15,797.89	42,118.39
02/01/2032	33,054.00	77,276.77	-44,222.77		-31,953.59
08/01/2032	136,354.00	76,333.39	60,020.61	15,797.84	42,633.05
02/01/2033	30,480.38	77,572.00	-47,091.62		-32,882.28
08/01/2033	139,480.38	76,590.98	62,889.40	15,797.78	43,168.61
02/01/2034	27,764.63	77,824.95	-50,060.32		-33,779.76
08/01/2034	142,664.63	76,806.72	65,857.91	15,797.59	43,686.09
02/01/2035	24,901.88	78,082.47	-53,180.59		-34,678.53
08/01/2035	146,001.88	77,023.63	68,978.25	15,797.66	44,217.28
02/01/2036	21,884.63	78,386.79	-56,502.16		-35,605.51
08/01/2036	149,584.63	77,285.17	72,299.46	15,797.30	44,787.77
02/01/2037	18,702.88	78,676.57	-59,973.69		-36,522.25
08/01/2037	153,302.88	77,531.98	75,770.90	15,797.21	45,359.84
02/01/2038	15,349.13	79,044.41	-63,695.28		-37,484.23
08/01/2038	157,349.13	77,856.02	79,493.11	15,797.83	45,987.85
02/01/2039	11,811.00	79,379.61	-67,568.61		-38,426.51
08/01/2039	161,511.00	78,144.41	83,366.59	15,797.98	46,606.91
02/01/2040	8,080.88	79,725.19	-71,644.31		-39,374.25
08/01/2040	165,880.88	78,439.37	87,441.51	15,797.20	47,241.15
02/01/2041	4,148.88	80,168.58	-76,019.70		-40,373.95
08/01/2041	170,648.88	78,831.79	91,817.09	15,797.39	47,937.01
	3,226,051.36	2,925,898.11	300,153.25	300,153.25	206,633.91

### Savings Summary

PV of savings from cash flow	206,633.91
Net PV Savings	206,633.91

---

**SUMMARY OF REFUNDING RESULTS****Forestville Water District  
2022 Refunding (USDA Loans 92-01, 92-03, & 92-04)  
Private Placement**

Dated Date	08/01/2022
Delivery Date	08/01/2022
Arbitrage yield	3.450000%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	2,126,700.00
True Interest Cost	3.450000%
Net Interest Cost	3.450000%
Average Coupon	3.450000%
Average Life	10.893
Par amount of refunded bonds	2,046,700.00
Average coupon of refunded bonds	4.983209%
Average life of refunded bonds	11.563
PV of prior debt to 08/01/2022 @ 3.450000%	2,333,333.91
Net PV Savings	206,633.91
Percentage savings of refunded bonds	10.095955%
Percentage savings of refunding bonds	9.716176%

---

Forestville Water District Bank Bids  
Land, Jeffrey <Jeffrey.Land@opco.com>  
Thu 6/30/2022 8:36 AM  
To:

- Tony Lopes <tlopes@forestvillewd.com>

Cc:

- Dawn Leith <dleith@forestvillewd.com>;
- Tallman, Nicki <Nicki.Tallman@opco.com>;
- Garcia, Michael <Michael.Garcia@opco.com>

📎 1 attachments (224 KB)

Forestville\_Water District\_Updated Term Sheet - 6.29.2022.pdf;  
Good morning Tony

Per your direction, we worked with Umpqua Bank on obtaining special relationship pricing for the District's USDA refinancing based on the District's banking relationship with Umpqua. They responded with the attached term sheet that provides an interest rate of 3.45%. This rate reflects Umpqua Bank's dedication to continuing to serve the District's financial needs.

In addition, as we discussed I obtained bids from three other banks for the refinancing. Those bids are reflected below.

Truist Bank = 3.55%  
Webster Bank = 3.65%  
CoBank = 4.55%

We will send over a staff report tomorrow that provides the email responses from each bank for your records and provides the updated numerical model based on the Umpqua Bank relationship pricing scenario. This can be presented to your Board at their July 12<sup>th</sup> Board meeting. Along with our report we will provide our Statement of Qualifications. Please give me a call if you have any questions or would like to discuss further.

Thanks

**Jeff Land**, Brandis Tallman, a Division of Oppenheimer & Co. Inc.  
Executive Director, Public Finance Investment Banking  
Phone: (310) 446-7145  
**New Email: [Jeffrey.land@opco.com](mailto:Jeffrey.land@opco.com)**

For more information about the acquisition, read the [article](#).

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## Garcia, Michael

---

**From:** Land, Jeffrey  
**Sent:** Friday, July 1, 2022 12:25 PM  
**To:** Garcia, Michael  
**Subject:** FW: Forestville Water District Indicative Pricing

**Jeff Land**, Brandis Tallman, a Division of Oppenheimer & Co. Inc.  
Executive Director, Public Finance Investment Banking  
Phone: (310) 446-7145  
**New Email:** [jeffrey.land@opco.com](mailto:jeffrey.land@opco.com)

For more information about the acquisition, read the [article](#).

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---

**From:** Hodges, Bentley <BHodges@cobank.com>  
**Sent:** Wednesday, June 29, 2022 2:54 PM  
**To:** Land, Jeffrey <Jeffrey.Land@opco.com>  
**Cc:** Ervin, Bryan <ERVINB@cobank.com>  
**Subject:** RE: Forestville Water District Indicative Pricing

Hi Jeff,

I hope all's well with you.

Our rate for this type of district credit is currently 4.55% TE, 4.70% taxable with \$7500 +/- lender legal, depending on bond/borrower's counsel.

On another note, I've recently transitioned into a new role in our food/agribusiness side of the house. Bryan Ervin (cc'd), who's been in and led the water division for years, is taking on our financing efforts throughout CA and happy to assist with any financing opportunities or questions. Bryan's info is below:

**Bryan Ervin**  
Regional Vice President  
CoBank | Water Finance Division  
6340 South Fiddlers Green Circle  
Greenwood Village, CO 80111  
303-740-4377  
[ervinb@cobank.com](mailto:ervinb@cobank.com)

I'm around and always happy to assist with any questions.

Thanks,  
Bentley

## Bentley Hodges

Vice President

CoBank | Food, Beverage & Agribusiness

6340 South Fiddlers Green Circle

Greenwood Village, CO 80111

Office 303.793.2139

Mobile 303.330.4171

Fax 303.221.9893

[bhodges@cobank.com](mailto:bhodges@cobank.com)

[www.cobank.com](http://www.cobank.com)

---

**From:** Land, Jeffrey <[Jeffrey.Land@opco.com](mailto:Jeffrey.Land@opco.com)>  
**Sent:** Wednesday, June 29, 2022 1:57 PM  
**To:** Hodges, Bentley <[BHodges@cobank.com](mailto:BHodges@cobank.com)>  
**Subject:** Forestville Water District Indicative Pricing

EXTERNAL EMAIL

Hi Bentley,

Can you please provide me with indicative pricing for the Forestville Water District refinancing of their USDA Loan sewer loan. The District would be rated in the A rating category. The source of repayment is a net revenue pledge of sewer system rates and charges. Please base indicative pricing on the information provided below.

\$2.1 million par amount  
11.014 year average life  
8/1/2041 final maturity

Thanks

**Jeff Land**, Brandis Tallman, a Division of Oppenheimer & Co. Inc.  
Executive Director, Public Finance Investment Banking  
Phone: (310) 446-7145  
**New Email:** [jeffrey.land@opco.com](mailto:jeffrey.land@opco.com)

For more information about the acquisition, read the [article](#).

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CoBank, 6340 S. Fiddlers Green Circle, Greenwood Village, CO 80111 [www.cobank.com](http://www.cobank.com)

## Garcia, Michael

---

**From:** Land, Jeffrey  
**Sent:** Friday, July 1, 2022 12:25 PM  
**To:** Garcia, Michael  
**Subject:** FW: Forestville Water District Indicative Pricing

**Jeff Land**, Brandis Tallman, a Division of Oppenheimer & Co. Inc.  
Executive Director, Public Finance Investment Banking  
Phone: (310) 446-7145  
**New Email:** [jeffrey.land@opco.com](mailto:jeffrey.land@opco.com)

For more information about the acquisition, read the [article](#).

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---

**From:** DaSilva, William <William.DaSilva@truist.com>  
**Sent:** Wednesday, June 29, 2022 1:06 PM  
**To:** Land, Jeffrey <Jeffrey.Land@opco.com>  
**Subject:** Re: Forestville Water District Indicative Pricing

Hi Jeff, I'm not sure if we'd stretch 19 years for this par amount, but if we did, we'd be in the 3.55-3.65% range today, assuming BQ

William B. DaSilva  
Director, Truist  
803-606-3200

---

**From:** "Land, Jeffrey" <[Jeffrey.Land@opco.com](mailto:Jeffrey.Land@opco.com)>  
**Date:** Wednesday, June 29, 2022 at 3:54:40 PM  
**To:** "DaSilva, William" <[William.DaSilva@truist.com](mailto:William.DaSilva@truist.com)>  
**Subject:** Forestville Water District Indicative Pricing

Hi William,

Can you please provide me with indicative pricing for the Forestville Water District refinancing of their USDA Loan sewer loan. The District would be rated in the A rating category. The source of repayment is a net revenue pledge of sewer system rates and charges. Please base indicative pricing on the information provided below.

\$2.1 million par amount  
11.014 year average life

8/1/2041 final maturity

Thanks

**Jeff Land**, Brandis Tallman, a Division of Oppenheimer & Co. Inc.  
Executive Director, Public Finance Investment Banking  
Phone: (310) 446-7145  
**New Email:** [jeffrey.land@opco.com](mailto:jeffrey.land@opco.com)

For more information about the acquisition, read the [article](#).

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**Forestville Water District  
2022 Refunding USDA Loans (92-01, 92-03, 92-04)  
Term Sheet 6.29.2022**

Umpqua Bank (“Umpqua”) would like to express its interest in underwriting and obtaining credit approval for the following loan (the “Credit Facility”) for Forestville Water District (the “District”) on the terms and conditions outlined below.

**Preface:** Umpqua’s expression of interest in underwriting and obtaining credit approval for the Credit Facility is for discussion purposes only and does not constitute a commitment from Umpqua. Any commitment to lend that we might make is subject to the fulfillment of a number of conditions that include, but are not limited to, our normal credit approval process, an in-depth investigation of the purpose of the purpose of the loan, the District, and collateral the results of which are deemed satisfactory to Umpqua in our sole discretion.

**Confidentiality:** Except as required by law, neither this expression of interest nor its contents will be disclosed publicly or privately except to those individuals who are your officers, employees or advisors who have a need to know as a result of being involved in the proposed financing. The foregoing confidentiality provisions shall not apply to the disclosure of the federal income tax structure or treatment of the proposed financing.

Loan Amount:	approx. \$2,146,700
Structure/Security:	Net Revenue Pledge of the Sewer Fund
Purpose:	Refinance USDA Loan Obligations (92-01, 92-03, 92-04)
Loan Fee:	\$0.00
Repayment Terms:	Semi-annual interest beginning February 1, 2023, and semi-annual principal payments beginning August 1 <sup>st</sup> , 2023.
Term/Maturity:	19-year: August 1, 2041
Indicative Interest Rate:	<b>3.45%</b> Indicative Tax-exempt, Bank-Qualified fixed rate <i>30/360 interest calculation</i>
Relationship Discount:	Relationship discount provided based on existing Umpqua Bank relationship with the ‘District’
Closing Date:	August 1, 2022
Costs of Issuance:	Documents to be reviewed by the Umpqua Bank's counsel Rudy Salo – Nixon Peabody, LLP, provided that any tax opinion and documents shall be prepared by the District’s Bond Counsel. Legal fees and related fees for Nixon Peabody, LLP are \$10,000, at closing.
Reporting:	The District shall make its audited annual financial statements available on the District’s website or sent to the Bank within 270 days after the end of each fiscal year.  The District shall make each of its annual budgets, and all amendments thereto, available on the District’s website or send to the Bank within 30 days after such budget is adopted or amended.

**Vanessa Ryan**  
SVP/ Municipal Banking  
Tel: 916.724-1214  
Email: vanessaryan@umpquabank.com

**Dean Stephens**  
SVP/ Municipal Banking Director  
Tel: 916.774-3923  
Email: deanstephens@umpquabank.com



Prepayment Provision: 3%, 3%, 3%, 2%, 2%, 2% 1%, 1% (8 years)

Rate Covenant: 1.20x

Additional Bonds Test: 1.20x

**Additional Conditions**

Periodic financial and collateral reporting by the District, as well as representations and warranties of the District regarding its status and ability to repay and related matters, taxability gross-up, if allowable, and covenants and conditions that are appropriate for a Credit Facility of the scope and nature proposed herein will be determined as part of Umpqua Bank's normal underwriting and approval process. The proposed facility will be subject to a default rate equal to the proposed interest rate + 3.0, if allowable.

PDFs of all executed and other documents listed on the Closing Index shall be provided to the Bank no later than 24 hours before the time of the requested wire; provided, that if any documents can only be signed after receipt of the wire those documents shall be provided immediately after receipt of the wire.

Sincerely,

Vanessa Ryan  
SVP, Corporate Relationship Manager  
Municipal Banking Division

Please pursue underwriting and approval of a commitment for the described Credit Facility.

**Borrower**

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

**Printed Name:** \_\_\_\_\_

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

## Garcia, Michael

---

**From:** Land, Jeffrey  
**Sent:** Friday, July 1, 2022 12:23 PM  
**To:** Garcia, Michael  
**Subject:** FW: Forestville Water District Indicative Pricing

---

**From:** Riddle, John R. <jriddle@websterbank.com>  
**Sent:** Thursday, June 30, 2022 8:12 AM  
**To:** Land, Jeffrey <Jeffrey.Land@opco.com>  
**Subject:** RE: Forestville Water District Indicative Pricing

Good Morning Jeff,

With regards to Forestville, if we were to get there on credit, a good rate for this would be 3.65% on this today (and for the next 45 days).

Let me know if can provide you with any other information.

Thanks Jeff,

John Riddle, Managing Director West Region

Public Sector Finance

Webster National Bank/Formerly Sterling National Bank  
999 Corporate Drive Suite 100  
Ladera Ranch, CA 92694

949-370-2907 (C)

949-373-0568 (O)



---

**From:** Land, Jeffrey <[Jeffrey.Land@opco.com](mailto:Jeffrey.Land@opco.com)>  
**Sent:** Wednesday, June 29, 2022 12:55 PM  
**To:** 'Riddle, John R.' <[jriddle@websterbank.com](mailto:jriddle@websterbank.com)>  
**Subject:** [EXTERNAL] Forestville Water District Indicative Pricing

### This Message Is From an External Sender

This message came from outside your organization.

Hi John,

Can you please provide me with indicative pricing for the Forestville Water District refinancing of their USDA Loan sewer loan. The District would be rated in the A rating category. The source of repayment is a net revenue pledge of sewer system rates and charges. Please base indicative pricing on the information provided below.

\$2.1 million par amount  
11.014 year average life  
8/1/2041 final maturity

Thanks

**Jeff Land**, Brandis Tallman, a Division of Oppenheimer & Co. Inc.  
Executive Director, Public Finance Investment Banking  
Phone: (310) 446-7145  
**New Email: [jeffrey.land@opco.com](mailto:jeffrey.land@opco.com)**

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Rates and program criteria are subject to change. All loans are subject to credit approval. Other terms and conditions may apply. Consult a Webster representative for more details.

**REFINANCING AGREEMENT**

by and between

**FORESTVILLE WATER DISTRICT**

and

**UMPQUA BANK**

Dated as of August 1, 2022

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## REFINANCING AGREEMENT

This REFINANCING AGREEMENT, is made and entered into as of August 1, 2022 by and between FORESTVILLE WATER DISTRICT, a special district duly organized and existing under and by virtue of the laws of the State of California (the “District”), and UMPQUA BANK, an Oregon state chartered bank (including its successors and assigns, the “Bank”).

### WITNESSETH:

WHEREAS, the Forestville County Sanitation District (the “Former District”) previously obtained a loan (the “USDA Loan”) from the United States Department of Agriculture for the purpose of financing upgrades to the Former District’s wastewater treatment facilities (the “Refinancing Project”);

WHEREAS, the Bank has agreed to assist in refinancing an Installment Sale Agreement, dated as of October 1, 2001 between the Former District and the Sonoma County Water and Wastewater Financing Authority (the “2001 Installment Sale Agreement”), which 2001 Installment Sale Agreement was used to secure the USDA Loan on the terms and conditions set forth in this Agreement;

WHEREAS, on \_\_\_\_\_, the Former District was reorganized as the District, and the liabilities and obligations of the Former District under the 2001 Installment Sale Agreement were assumed by the District;

WHEREAS, the District is authorized by Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, including but not limited to Section 53583 (the “Refunding Statute”), to refinance the 2001 Installment Sale Agreement (including all laws amendatory thereof or supplemental thereto);

WHEREAS, the 2001 Installment Sale Agreement constitutes a “revenue bond” for purpose of the Refunding Statute;

WHEREAS, the District and the Bank have duly authorized the execution of this Agreement;

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

NOW, THEREFORE, IN CONSIDERATION OF THESE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

### ARTICLE I

#### DEFINITIONS

**Section 1.01 Definitions.** Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following

definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein.

Accountant's Report. The term "Accountant's Report" means a report signed by an Independent Certified Public Accountant.

Agreement. The term "Agreement" means this Refinancing Agreement, dated as of August 1, 2022, by and between the District and the Bank, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

"Applicable Environmental Laws" means and shall include, but shall not be limited to, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 USC Sections 9601 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 USC Sections 6901 et seq.; the Federal Water Pollution Control Act, 33 USC Sections 1251 et seq.; the Clean Air Act, 42 USC Sections 7401 et seq.; the California Hazardous Waste Control Law ("HWCL"), California Health & Safety Code Sections 25100 et seq.; the Hazardous Substance Account Act ("HSAA"), California Health & Safety Code Sections 25300 et seq.; the Porter- Cologne Water Quality Control Act (the "Porter-Cologne Act"), California Water Code Sections 1300 et seq.; the Air Resources Act, California Health & Safety Code Sections 3900 et seq.; the Safe Drinking Water & Toxic Enforcement Act, California Health & Safety Code Sections 25249.5 et seq.; and the regulations under each thereof; and any other local, state, and/or federal laws or regulations, whether currently in existence or hereafter enacted, that govern: (a) the existence, cleanup, and/or remedy of contamination on property; (b) the protection of the environment from spilled, deposited, or otherwise emplaced contamination; (c) the control of hazardous wastes; or (d) the use, generation, transport, treatment, removal, or recovery of Hazardous Substances, including building materials.

Bank. The term "Bank" means Umpqua Bank, an Oregon statechartered bank, and its successors and assigns.

Bond Counsel. The term "Bond Counsel" means Stradling Yocca Carlson & Rauth, a Professional Corporation or another firm of nationally recognized attorneys experienced in the issuance of obligations the interest on which is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended.

Bonds. The term "Bonds" means all revenue bonds or notes of the District authorized, executed, issued and delivered by the District, the payments of which are payable from Net Revenues on a parity with the Refinancing Payments and which are secured by a pledge of and lien on the Revenues as described in Section 5.01 hereof. As of the date of execution of this Agreement, no Bonds are outstanding.

Business Day. The term "Business Day" means a day other than: a Saturday or Sunday or a day on which: (i) banks located in San Francisco are not required or authorized to remain closed; and (ii) the New York Stock Exchange is not closed.

Contracts. The term "Contracts" means and is limited to: (1) this Agreement and any amendments and supplements hereto; and (2) all contracts of the District hereto or hereafter authorized the Parity Payments with respect to which are payable from Net Revenues on a parity with the Refinancing Payments and which are secured by a pledge and lien on the Revenues as described in

Section 5.01 hereof. As of the date of execution of this Agreement, there are no Contracts outstanding; but excluding in all cases contracts entered into for operation and maintenance of the Wastewater System.

Date of Operation. The term “Date of Operation” means, with respect to any uncompleted Parity Project, the estimated date by which such Parity Project will have been completed and, in the opinion of an engineer, will be ready for operation by or on behalf of the District.

Debt Service. The term “Debt Service” means, for any period of calculation, the sum of:

(1) the interest accruing during such period on all outstanding Bonds, assuming that all outstanding serial Bonds are retired as scheduled and that all outstanding term Bonds are prepaid or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized or is reasonably anticipated to be reimbursed to the City by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program);

(2) that portion of the principal amount of all outstanding serial Bonds maturing in such period or maturing in the next succeeding period accruing during such period, in each case computed as if such principal amounts were deemed to accrue daily during such period in equal amounts;

(3) that portion of the principal amount of all outstanding term Bonds required to be prepaid or paid in such period or during the next succeeding period in each case computed as if such principal amounts were deemed to accrue daily during such period in equal amounts; and

(4) that portion of the Contracts required to be made during such period or during the next succeeding period, in each case computed as if such payments on such Contracts were deemed to accrue daily during such period in equal amounts (except to the extent that the interest portion of such Contracts is capitalized);

provided that, as to any such Bonds or Contracts bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall be the greater of: (a) the actual interest rate on such Bonds or Contracts on the date of calculation, or if the indebtedness is not yet outstanding, the initial interest rate (if established and binding); (b) if the Bonds or Contracts have been outstanding for at least twelve months, the average rate over the twelve calendar months immediately preceding the date of calculation; and (c) (i) if interest on the indebtedness is excludable from gross income under the applicable provisions of the Code, the most recently published Securities Industry and Financial Markets Association Index for tax-exempt variable rate obligations; or (ii) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities plus 50 basis points; provided, however, that for purposes of any portion of Section 5.03 (Additional Contracts and Bonds) and Section 6.13 (Amount of Rates and Charges), measuring actual debt service coverage during a test period, variable rate indebtedness shall be deemed to bear interest at the actual rate per annum applicable during the test period; and

provided further that, if any series or issue of such Bonds or Contracts have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year, Debt Service shall be determined for the Fiscal Year of determination as if the principal of and interest on such series

or issue of such Bonds or Contracts were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of twenty-five (25) years from the date of calculation; and

provided further that, as to any such Bonds or Contracts or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Bonds or Contracts or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service; and

provided further that, the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Bonds and Contracts for which such debt service reserve fund was established and in each preceding year until such amount is exhausted; and

provided further that, Debt Service shall not include interest which is paid from investment earnings on amounts on deposit in reserve funds and transferred to the Payment Fund.

Default Rate. The term “Default Rate” means the then applicable interest rate on the principal amount of the Refinancing Payments plus 3.0% per annum.

Determination of Taxability. The term “Determination of Taxability” means any determination, decision, or decree made by the Commissioner or any District Director of the Internal Revenue Service, or by any court of competent jurisdiction, that as a result of any actions or omissions of the District the interest component of the Refinancing Payments is includable in the gross income for federal income tax purposes of the Bank, provided, however, that no such Determination of Taxability shall be deemed to have occurred if the District is contesting such determination in good faith and is diligently proceeding to prosecute such contest until the earliest of (a) a final determination from which no appeal may be taken with respect to such determination, or (b) abandonment of such appeal by the District.

District. The term “District” means Forestville Water District, a special district duly organized and existing under and by virtue of the laws of the State of California, as successor to the Forestville County Sanitation District.

Event of Default. The term “Event of Default” means an event described in Section 8.01.

Excluded Principal. The term “Excluded Principal” means each payment of principal of any Bond or Contract for which there is on file with the Bank (i) a certificate of an Independent Municipal Consultant to the effect that such Bond or Contract is commercial paper or otherwise of a short term or revolving nature and has a maturity of less than 42 months and (ii) a certificate of an Authorized Representative to the effect that the District intends to pay such principal from the proceeds of Bonds or Contracts or other bonds, notes or other obligations of the District. No such determination shall affect the security for such Bonds or Contracts or the obligation of the District to pay such Bonds or Contracts from Net Revenues.

Fiscal Year. The term “Fiscal Year” means the period beginning on July 1 of each year and ending on the last day of June, or any other twelve-month period selected and designated as the official Fiscal Year of the District.

Generally Accepted Accounting Principles. The term “Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

“Hazardous Substances” means flammable explosives, polychlorinated biphenyl compounds, heavy metals, chlorinated solvents, cyanide, radon, petroleum products, asbestos (including in a friable form), methane, radioactive materials, pollutants, hazardous materials, hazardous wastes, hazardous, toxic, or regulated substances or related materials, as defined in CERCLA, RCRA, CWA, CAA, AHERA, TSCA and Title III, and the regulations promulgated pursuant thereto, and in all other Environmental Regulations applicable to the District.

Independent Certified Public Accountant. The term “Independent Certified Public Accountant” means any firm of certified public accountants appointed by the District, each of whom is independent of the District and the Bank pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

Independent Municipal Consultant. The term “Independent Municipal Consultant” means a municipal advisor or firm of such municipal advisors appointed by the District, and who, or each of whom: (1) is in fact independent and not under domination of the District; (2) does not have any substantial interest, direct or indirect, with the District; (3) is registered as a “municipal advisor,” as defined in Section 15B of the Securities Exchange Act of 1934, as amended; and (4) is not connected with the District as an officer or employee thereof, but who may be regularly retained to make reports thereto.

Law. The term “Law” means the California Water District Law of the State of California (being Division 13 of the Water Code of the State of California, as amended), and all laws amendatory thereof or supplemental thereto, including but not limited to Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

Manager. The term “Manager” means the General Manager of the District, or any other person designated by the General Manager to act on behalf of the General Manager.

Material Adverse Effect. The term “Material Adverse Effect” means an event or occurrence which adversely affects in a material manner: (i) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the District; (ii) the ability of the District to carry out its business in the manner conducted as of the date of this Agreement or to meet or perform its obligations under this Agreement on a timely basis; (iii) the validity or enforceability of this Agreement; or (iv) the exclusion of interest with respect to the Refinancing Payments from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes.

“Material Litigation” means actions, suits or proceedings threatened against the District or any property of the District in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body, which, in any case: (a) directly or indirectly relates to the Enterprise or the enforceability of this Agreement (b) involve claims equal to or in excess of \$500,000; or (c) may have a Material Adverse Effect.

Net Revenues. The term “Net Revenues” means, for any Fiscal Year, the Revenues for such Fiscal Year less the Operation and Maintenance Costs for such Fiscal Year.

Operation and Maintenance Costs. The term “Operation and Maintenance Costs” means costs spent or incurred for maintenance and operation of the Wastewater System calculated in accordance with Generally Accepted Accounting Principles, including, but not limited to, the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Wastewater System in good repair and working order, and including administrative costs of the District that are charged directly or apportioned to the Wastewater System, including but not limited to salaries and wages of employees, payments to the District’s money purchase pension plan, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys, consultants or engineers and insurance premiums, and including all other reasonable and necessary costs of the District or charges (other than Debt Service) required to be paid by it to comply with the terms of this Agreement or any other Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds; but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles, unrealized losses on investments, write off of the value of any unpaid assets or other bookkeeping entries of a similar nature.

Payment Date; Parity Payment Date. The term “Payment Date” means: (i) each February 1 and August 1, commencing February 1, 2023, or if said date is not a Business Day, then the preceding Business Day; or (ii) any other date upon which Refinancing Payments become due and payable, whether by acceleration, prepayment or otherwise. The term “Parity Payment Date” means each date on which Parity Payments are scheduled to be paid by the District under and pursuant to any Contract or on any Bond.

Permitted Investments. The term “Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(a) for all purposes, including but not limited to discharge of Refinancing Payments in accordance with Section 9.01: (1) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (2) below); or (2) 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; and

(b) for all purposes other than discharge of Refinancing Payments in accordance with Section 9.01: (1) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including the Export - Import Bank; Farmers Home Administration; General Services Administration; U.S. Maritime Administration; Small Business Administration; Government National Mortgage Association (GNMA); U.S. Department of Housing & Urban Development (PHAs); and Federal Housing Administration; (2) bonds, notes or other evidences of indebtedness rated “AAA” and “Aaa” by the applicable rating agency issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years; (3) U.S. dollar denominated deposit accounts, certificates of deposit, federal funds and banker’s acceptances with domestic commercial banks (including the Bank and its affiliates) which are either insured by the Federal Deposit Insurance Corporation or have a rating on their short term certificates of deposit on the date of purchase of “A-1” or “A-1+” by S&P and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank); (4) commercial paper which is rated at the

time of purchase in the single highest classification, “A-1+” by S&P and which matures not more than 270 days after the date of purchase; (5) investments in a money market fund rated “AAAm” or “AAAm G” or better by S&P, including such funds for which the Bank or an affiliate acts as investment advisor or provides other services; (6) 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 which are rated, based on the escrow, in the highest rating category of S&P or any successor thereto; (7) the State of California Local Agency Investment Fund and (8) any other investment approved in writing by the Bank.

Refinancing Payments; Parity Payments. The term “Refinancing Payments” means the Refinancing Payments of interest and principal scheduled to be paid by the District under and pursuant hereto. The term “Parity Payments” means the payments of interest and principal scheduled to be paid by the District under and pursuant to the Contracts or under any Bonds.

Refinancing Project; Parity Project. The term “Refinancing Project” has the meaning ascribed thereto in the first WHEREAS clause herein. The term “Parity Project” means any additions, betterments, extensions or improvements to the District’s Wastewater System designated by the Board of Directors of the District as a Parity Project, the acquisition and construction of which is to be paid for with the proceeds of any Contracts or Bonds.

Revenue Fund. The term “Revenue Fund” means those District accounts designated by the District as such, together with other accounts into which Revenues are currently deposited or any other accounts created in the future and designated by action of the Board of Directors as a part of the Revenue Fund by that name continued pursuant to Section 5.02 hereunder.

Revenues. The term “Revenues” means all income, rents, rates, fees, charges and other moneys derived from the ownership of or operation of the Wastewater System, including, without limiting the generality of the foregoing: (1) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the District from the collection, treatment and disposal of wastewater or other services or facilities provided in the conduct or operation of the business of the Wastewater System; and (2) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, proceeds or other moneys, including District reserves, but excluding in all cases: (x) customers’ deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District; (y) any proceeds of taxes or benefit assessments restricted by law to be used by the District to pay amounts due on bonds or other obligations heretofore or hereafter incurred; and (z) any and all revenues derived from the ownership or operation of or in connection with, and pledged to, Separate Facilities.

Separate Facilities. The term “Separate Facilities” means any facilities acquired or financed by the District on or after the date hereof and which were not financed from the proceeds of Bonds or Contracts of the District having a parity claim on the Revenue Fund or Revenues.

Taxable Rate. The term “Taxable Rate” means \_\_\_\_\_%.

2001 Installment Sale Agreement. The term “2001 Installment Sale Agreement” has the meaning ascribed thereto in the second WHEREAS clause herein.

Wastewater Service. The term “Wastewater Service” means the wastewater collection and treatment service that is made available or provided by the Wastewater System.

Wastewater System. The term “Wastewater System” means the whole and each and every part of the wastewater system (including the recycled water storage and distribution system) of the District, including all real property and buildings whether owned or operated by the District or another party, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such Wastewater System or any part thereof hereafter acquired or constructed, but not including any Separate Facilities.

Written Consent of the Bank or District, Written Order of the Bank or District, Written Request of the Bank or District, Written Requisition of the Bank or District. The terms “Written Consent of the Bank or District,” “Written Order of the Bank or District,” “Written Request of the Bank or District,” and “Written Requisition of the Bank or District” mean, respectively, a written consent, order, request or requisition signed by or on behalf of: (a) the Bank by its Authorized Representative; or (b) the District by the President of its Board of Directors or its Manager or by the Secretary of its Board of Directors or by any two persons (whether or not officers of the Board of Directors of the District) who are specifically authorized by resolution of the District to sign or execute such a document on its behalf.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

**Section 2.01 Representations by the District.** The District makes the following representations:

(a) The District is a special district duly organized and existing under and pursuant to the laws of the State of California.

(b) The District has full legal right, power and authority to enter into this Agreement and carry out its obligations hereunder, to carry out and consummate all other transactions contemplated by this Agreement, and the District has complied with the provisions of the Law in all matters relating to such transactions.

(c) By proper action, the District has duly authorized the execution, delivery and due performance of this Agreement.

(d) The District will not take or, to the extent within its power, permit any action to be taken which results in the interest portion of the Refinancing Payments under the terms of this Agreement being included in the gross income of the Bank for purposes of federal or State of California income taxation.

(e) The District has determined that it is necessary and proper for District uses and purposes within the terms of the Law that the District refinance the 2001 Installment Sale Agreement in the manner provided for in this Agreement, in order to provide essential services and facilities to persons residing in the District.

(f) The District has determined that it is necessary and proper for District uses and purposes within the terms of the Law that the District refinance the 2001 Installment Sale Agreement in the manner provided for in this Agreement.

(g) No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the delivery or sale of the Refinancing Payments or the consummation of the other transactions effected or contemplated herein or hereby. The District gives no representation or warranty with regard to compliance with Blue Sky or similar state or federal securities requirements.

(h) The execution and delivery of this Agreement, the consummation of the transactions therein and herein contemplated and the fulfillment of or compliance with the terms and conditions thereof and hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the District is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Agreement or the financial condition, assets, properties or operations of the District.

(i) There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the District after reasonable investigation, threatened against or affecting the District or the assets, properties or operations of the District which, if determined adversely to the District or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Agreement or upon the financial condition, assets, properties or operations of the District, and the District is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Agreement, or the financial condition, assets, properties or operations of the District.

(j) The District is empowered to set rates and charges for Wastewater Service without review or approval by any state or local government agency.

(k) The District does not enjoy any rights of immunity on the grounds of sovereign immunity in respect of its obligations under this Agreement or otherwise with respect to the Refinancing Payments. To the extent the District has or hereafter may acquire under any applicable law any rights to immunity from legal proceedings on the grounds of sovereignty, the District hereby waives, to the extent permitted by law, such rights to immunity for itself in respect of its obligations arising under or related to this Agreement or otherwise with respect to the Refinancing Payments.

(l) This Agreement and the pledge of Net Revenues is a first lien and pledge on Net Revenues.

(a) The statement of financial position of the Wastewater System as of June 30, 2021, and the related statement of activities and statement of cash flows and changes in financial

position for the year then ended and the auditors' reports with respect thereto, copies of which have heretofore been furnished to the Bank, are complete and correct and fairly present the financial condition, changes in financial position and results of operations of the Wastewater System at such date and for such period, and were prepared in accordance with generally accepted accounting principles. Since the most current date of the information, financial or otherwise, supplied by the District to the Bank:

1. there has been no change in the assets, liabilities, financial position or results of operations of the Wastewater System that might reasonably be anticipated to cause a Material Adverse Effect;
2. the Wastewater System has not incurred any obligations or liabilities which might reasonably be anticipated to cause a Material Adverse Effect; and
3. the Wastewater System has not: (A) incurred any material indebtedness, other than the Refinancing Payments or as previously disclosed to the Bank, and trade accounts payable arising in the ordinary course of the District's business and not past due; or (B) guaranteed the indebtedness of any other person.

(b) All information, reports and other papers and data furnished by the District to the Bank were, at the time that the same were so furnished, complete, and accurate in all material respects and insofar as necessary to give the Bank a true and accurate knowledge of the subject matter and were provided in expectation of the Bank's reliance thereon in entering into the transactions contemplated by this Agreement. No fact is known to the District which has had or, so far as the District can now reasonably foresee, may in the future have a Material Adverse Effect, which has not been set forth in the financial statements previously furnished to the Bank or in other such information, reports, papers and data or otherwise disclosed in writing to the Bank prior to the date hereof. Any financial, budget and other projections furnished to the Bank by the District or its or their agents were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of the conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent the District's best estimate of the Wastewater System's future financial performance. No document furnished nor any representation, warranty or other written statement made to the Bank in connection with the negotiation, preparation or execution of this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state (as of the date made or furnished) any material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were or will be made, not misleading.

(c) The District has structured fees, estimated revenues and/or taken other lawful actions necessary to ensure that the pledge of and lien on Revenues are sufficient to pay all Refinancing Payments when due and payable, and such moneys have been and will continue to be applied in the funds and accounts as required herein and towards payment of all Refinancing Payments when due and payable.

(d) The District is not listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the U.S. Department of the Treasury's Office of Foreign

Assets Control, and any successor thereto, the Secretary of the Treasury, or included in any Executive Orders, that prohibits or limits the Bank from making any advance or extension of credit to the District or from otherwise conducting business with the District.

(e) The District is in compliance with all applicable laws, except for noncompliance that, singly or in the aggregate, has not caused and could not reasonably be expected to cause a Material Adverse Effect or an adverse effect on the District's ability to perform its obligations hereunder.

(f) The District has reviewed the effect of Applicable Environmental Laws on the business, operations and properties of the District, and has identified and evaluated associated liabilities and costs (including, without limitation, any capital or operating expenditures required for cleanup or closure of properties presently or previously owned or operated, any capital or operating expenditures required to achieve or maintain compliance with environmental protection standards imposed by law or as a condition of any license, permit or contract, and related constraints on operating activities, including any periodic or permanent shutdown of any facility or reduction in the level of or change in the nature of operations conducted there at and any actual or potential liabilities to third parties, including employees, and any related costs and expenses). On the basis of this review, the District has reasonably concluded that it has not failed to comply with any Applicable Environmental Laws in a manner which may reasonably be expected to have a Material Adverse Effect.

(g) To the best of its knowledge, the District has never non-appropriated or defaulted under any of its payment or performance obligations or covenants, either under any financing lease of the same general nature as this Agreement, or under any of its bonds, notes, or other debt obligations. In addition, no Event of Default or default hereunder has occurred and is continuing or exists.

(h) The District does not enjoy any rights of immunity on the grounds of sovereign immunity in respect of its obligations under this Agreement. To the extent that the District has or hereafter may acquire under any applicable law any right to immunity from set-off or legal proceedings on the grounds of sovereignty, the District hereby waives, to the fullest extent permitted by law, such rights to immunity for itself in respect of its obligations arising under or related to this Agreement to which it is a party; provided that the Bank shall comply with the California Tort Claims Act (California Government Code Sections 810-996.6).

(i) There are no other debts of the District that are Parity Payments.

**Section 2.02 Representations and Warranties by the Bank.** The Bank makes the following representations and warranties:

(a) The Bank is a state chartered bank duly organized in the State of Oregon and in good standing under the laws of the State of California, has full legal right, power and authority to enter into this Agreement and to carry out and consummate all transactions contemplated by this Agreement and by proper action has duly authorized the execution and delivery and due performance of this Agreement.

(b) The execution and delivery of this Agreement and the consummation of the transactions herein contemplated will not violate any provision of law, any order of any court or other agency of government, or any indenture, material agreement or other instrument to which the Bank is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Bank.

(c) The Bank will not take or permit any action to be taken which results in the interest portion of the Refinancing Payments under the terms of this Agreement being included in the gross income of the Bank for purposes of federal or State of California income taxation.

(d) There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the Bank after reasonable investigation, threatened against or affecting the Bank or the assets, properties or operations of the Bank which, if determined adversely to the Bank or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Agreement or upon the financial condition, assets, properties or operations of the Bank, and the Bank is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Agreement, or the financial condition, assets, properties or operations of the Bank.

**Section 2.03 No Financial Advisory or Fiduciary Relationship.** The District represents, warrants and covenants that: (i) the transaction contemplated herein is an arm's length commercial transaction between the District and the Bank, (ii) in connection with such transaction, the Bank and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), an agent or a fiduciary of the District, (iii) the Bank and its affiliates are relying on the bank exemption in the Municipal Advisor Rules, (iv) the Bank and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Bank, or any affiliate of the Bank, has provided other services or advised, or is currently providing other services or advising the District on other matters), (v) the Bank and its affiliates have financial and other interests that differ from those of the District or the Bank, and (vi) the District have consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

### ARTICLE III

#### REFINANCING PROJECT

**Section 3.01 Refinance of the Refinancing Project.** In consideration for the assistance of the Bank in refinancing the Refinancing Project, the District agrees to make the Refinancing Payments set forth in Exhibit A.

**Section 3.02 Use of Proceeds.** The Bank hereby agrees to advance to the District \$\_\_\_\_\_ to be used solely to refinance the 2001 Installment Sale Agreement in the amount of

\$\_\_\_\_\_ and to pay the costs associated therewith in the amount of \$\_\_\_\_\_. The proceeds shall be applied on August 1, 2022, pursuant to written instructions provided by the District to the Bank.

**Section 3.03 Refinancing Agreement Constitutes a Refunding Bond.** This Refinancing Agreement constitutes a “refunding bond” for purposes of this Refinancing Statute.

## ARTICLE IV

### REFINANCING PAYMENTS

#### **Section 4.01 Refinancing Payments.**

(a) The total Refinancing Payments to be paid by the District hereunder to the Bank is the sum of the principal amount of the District’s obligations hereunder plus the interest to accrue on the unpaid balance of such principal amount from the effective date hereof over the term hereof, subject to prepayment as provided in Article VII.

Upon the occurrence and continuance of an Event of Default, the interest to accrue on the unpaid balance of such principal amount shall accrue at the Default Rate.

Upon the occurrence of a Determination of Taxability, the interest to accrue on the unpaid balance of such principal amount shall accrue at the Taxable Rate.

(b) The principal amount of the payments to be made by the District hereunder is set forth in Exhibit A hereto.

(c) The interest to accrue on the unpaid balance of such principal amount is as specified in Section 4.02 and Exhibit A hereto and shall be paid by the District as and constitute interest paid with respect to the principal amount of the District’s obligations hereunder.

**Section 4.02 Refinancing Payments.** The District shall, subject to any rights of prepayment provided in Article VII, pay the Bank the Refinancing Payments, composed of interest and principal components, in the amounts and on the Payment Dates as set forth in Exhibit A hereto.

Each Refinancing Payment shall be paid to the Bank in lawful money of the United States of America. In the event the District fails to make any of the payments required to be made by it under this section, such payment shall continue as an obligation of the District until such amount shall have been fully paid; and the District agrees to pay the same with interest accruing thereon at the rate or rates of interest then applicable to the remaining unpaid principal balance of the Refinancing Payments if paid in accordance with their terms.

Subject to Section 10.01 hereof, the obligation of the District to make the Refinancing Payments is absolute and unconditional, and until such time as the principal component of the Refinancing Payments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article IX), the District will not discontinue or suspend any Refinancing Payments required to be made by it under this section when due, whether or not the Wastewater System or any part thereof is operating or operable, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset

or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

## ARTICLE V

### SECURITY

**Section 5.01 Pledge of Revenues.** All Revenues and all amounts on deposit in the Revenue Fund are hereby irrevocably pledged to the payment of the Refinancing Payments as provided herein, subject, however, to the pledge thereon securing Bonds or Contracts now in existence; and the Revenues shall not be used for any other purpose while any of the Refinancing Payments remain unpaid; provided that out of the Revenues there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge, together with the pledge created by all other Contracts and Bonds, shall constitute a first lien on Revenues and, subject to application of Revenues and all amounts on deposit in the Revenue Fund as permitted herein, on the Revenue Fund and other funds and accounts created hereunder for the payment of the Refinancing Payments and all other Contracts and Bonds in accordance with the terms hereof.

Pursuant to Section 5451 of the Government Code of the State of California, the pledge of the Revenues by the District for the payment of the Refinancing Payments constitutes a pledge and lien which immediately attaches to such Revenues, and is effective, binding and enforceable against the District, its successors, creditors and all others asserting rights therein, to the extent set forth, and in accordance with, this Agreement, irrespective of whether those parties have notice of the pledge and without the need for physical delivery, recordation, filing or further act.

**Section 5.02 Allocation of Revenues.** In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants that all Revenues shall be received by the District in trust hereunder and shall be deposited when and as received in a special fund designated as the "Revenue Fund," which fund is hereby continued and which fund the District agrees and covenants to maintain and to hold separate and apart from other funds so long as any Contracts or Bonds remain unpaid.

The District shall, from the moneys in the Revenue Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as such Operation and Maintenance Costs become due and payable. Thereafter all remaining moneys in the Revenue Fund shall be applied by the District at the following times for the transfer to the following respective special funds in the following order of priority; and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes set forth in this Section.

(a) Refinancing Payments. Not later than each Payment Date, the District shall, from the moneys in the Revenue Fund, transfer to the Bank the portion of each Refinancing Payment due and payable on that Payment Date, and shall transfer to the applicable trustee for deposit in the respective payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service in accordance with the provisions of any Bond or Contract.

(b) Reserve Funds. On or before each Payment Date the District shall, from the remaining moneys in the Revenue Fund, thereafter, without preference or priority and in the event of any

insufficiency of such moneys ratably without any discrimination or preference, transfer for deposit in reserve funds and/or accounts, if any, as may have been established in connection with Bonds or Contracts other than this Agreement, that sum, if any, necessary to restore such reserve funds to the required amount.

(c) Surplus. On the last day of each month, moneys on deposit in the Revenue Fund not necessary to make any of the payments required above may be expended by the District at any time for any purpose permitted by law, including but not limited to the payment of unpaid amounts due on obligations subordinate hereto.

**Section 5.03 Additional Contracts and Bonds.** The District may at any time execute any Contract or issue any Bonds, as the case may be, in accordance herewith; provided:

(a) The Net Revenues for either: (i) the most recent audited Fiscal Year; or (ii) twelve of the last eighteen months, in each case preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, as evidenced by both a calculation prepared by the District and a special report prepared by an Independent Certified Public Accountant on such calculation on file with the District, shall have produced a sum equal to at least one hundred twenty percent (120%) of Debt Service paid in such Fiscal Year or twelve month period; and

(b) The Net Revenues for either: (i) the most recent audited Fiscal Year; or (ii) twelve of the last eighteen months, in each case preceding the date of the execution of such Contract or the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Bonds, as the case may be, including adjustments to give effect as of the first day of such Fiscal Year or twelve month period, as the case may be, to increases or decreases in rates and charges for the Wastewater Service approved and in effect as of the date of calculation, as evidenced by a calculation prepared by the District, shall have produced a sum equal to at least one hundred twenty percent (120%) of Debt Service paid in such Fiscal Year or twelve month period, as the case may be, plus the Debt Service which would have accrued on any Contracts executed or Bonds issued since the end of such Fiscal Year or twelve month period, as the case may be, assuming such Contracts had been executed or Bonds had been issued at the beginning of such Fiscal Year, plus the Debt Service which would have accrued had such Contract been executed or Bonds been issued at the beginning of such Fiscal Year or twelve month period, as the case may be; and

(c) The estimated Net Revenues for the then-current Fiscal Year and for each Fiscal Year thereafter to and including the first complete Fiscal Year after the latest Date of Operation of any uncompleted Parity Project, as evidenced by a certificate of the District, including (after giving effect to the completion of all such uncompleted Parity Projects) an allowance for estimated Net Revenues for each of such Fiscal Years arising from any increase in the income, rents, fees, rates and charges estimated to be fixed, prescribed or received for the Wastewater Service and which are economically feasible and reasonably considered necessary based on projected operations for such period, as evidenced by a certificate of the District, shall produce a sum equal to at least one hundred twenty percent (120%) of Debt Service payable for each of such Fiscal Years, after giving effect to the execution of all Contracts and the issuance of all Bonds estimated to be required to be executed or issued to pay the costs of completing all uncompleted Parity Projects within such Fiscal Years, assuming that all such Contracts and Bonds have maturities, interest rates and proportionate principal repayment provisions similar to the Contract last executed or then being executed or the Bonds last

issued or then being issued for the purpose of acquiring and constructing any of such uncompleted Parity Projects; and

(d) No event of default hereunder has occurred and is continuing unless such event of default is cured through the execution of such Contract or issuance of such Bonds and the application of the proceeds thereof.

Notwithstanding the foregoing, Bonds or Contracts may be issued or incurred to refund outstanding Bonds or Contracts if, after giving effect to the application of the proceeds thereof, total Debt Service (including Bonds or Contracts outstanding on the date of issuance or incurrence of such refunding Bonds or Contracts, but excluding such Bonds or Contracts being refunded) will not be increased in any Fiscal Year in an amount in excess of 10%.

**Section 5.04 Investments.** All moneys held by the District in the Revenue Fund shall be invested in Permitted Investments and the investment earnings thereon shall remain on deposit in such fund, except as otherwise provided herein.

**Section 5.05 Additional Obligations – Senior and Subordinate.** The District shall not issue or incur any note, bond, contract or other obligation secured by a pledge or payable from the Net Revenues senior to the Refinancing Payments. Nothing herein shall limit the abilities of the District to issue or incur any note, bond, contract or other obligation secured by a pledge of or payable from the Net Revenues on a basis that is subordinate to the Refinancing Payments.

## ARTICLE VI

### COVENANTS OF THE DISTRICT

**Section 6.01 Compliance with Refinancing Agreement and Ancillary Agreements.** The District will punctually pay the Refinancing Payments in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate this Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Wastewater System, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Bank to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Bank or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

It is expressly understood and agreed by and among the parties to this Agreement that, subject to Section 10.6 hereof, each of the agreements, conditions, covenants, and terms contained in this Agreement is an essential and material term of the refinancing of the 2001 Installment Sale Agreement by the District pursuant to, and in accordance with, and as authorized under the Law.

**Section 6.02 Against Encumbrances.** The District will not make any pledge of or place any lien on any other Revenues or the moneys in the Revenue Fund senior to the lien created in

Section 5.01 hereof. The District will not make any pledge of or place any lien on any other Revenues or the moneys in the Revenue Fund on a parity with the lien created in Section 5.01 hereof except as provided in Section 5.03. The District may at any time, or from time to time; (i) incur evidences of indebtedness or incur other obligations for any lawful purpose which are payable from and secured by a pledge of or lien on Revenues or any moneys in the Revenue Fund as may from time to time be deposited therein, provided that such pledge and lien shall be subordinate in all respects to the pledge of and lien thereon provided herein; or (ii) execute Contracts or issue Bonds as permitted herein.

**Section 6.03 Against Sale or Other Disposition of Property.** The District will not enter into any agreement or lease which impairs the operation of the Wastewater System or any part thereof necessary to secure adequate Revenues for the payment of the Refinancing Payments, or which would otherwise impair the rights of the Bank hereunder or the operation of the Wastewater System. Any real or personal property which has become nonoperative or which is not needed for the efficient and proper operation of the Wastewater System, or any material or equipment which has become worn out, may be sold if such sale will not impair the ability of the District to pay the Refinancing Payments and if the proceeds of such sale are deposited in the Revenue Fund.

Nothing herein shall restrict the ability of the District to sell any portion of the Wastewater System if such portion is immediately repurchased by the District and if such arrangement cannot by its terms result in: (i) the purchaser of such portion of the Wastewater System exercising any remedy which would deprive the District of or otherwise interfere with its right to own and operate such portion of the Wastewater System; or (ii) the creation of a payment obligation of the District structurally or contractually senior to the obligation to make Refinancing Payments.

**Section 6.04 Against Competitive Facilities.** To the extent permitted by law, the District covenants that it will not acquire, construct, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the District any wastewater system competitive with the Wastewater System.

**Section 6.05 Tax Covenants.** Notwithstanding any other provision of this Agreement, absent an opinion of Special Counsel that the exclusion from gross income of the interest component of the Refinancing Payments will not be adversely affected for federal income tax purposes, the District and the Bank covenant to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenant, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The District and the Bank will not take or omit to take any action or make any use of any proceeds of this Agreement or of any other moneys or property which would cause the Refinancing Payments to be “private activity bonds” within the meaning of Section 141 of the Code.

(b) Arbitrage. The District and the Bank will make no use of any proceeds of this Agreement or of any other amounts or property, regardless of the source, or take or omit to take any action which would cause the Refinancing Payments to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(c) Federal Guarantee. The District and the Bank will make no use of any proceeds of this Agreement or take or omit to take any action that would cause the Refinancing Payments to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(d) Information Reporting. The District and the Bank will take or cause to be taken all necessary action to comply with the informational reporting requirements of Section 149(e) of the Code.

(e) Hedge Bonds. The District and the Bank will make no use of any proceeds of this Agreement or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Refinancing Payments to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of the interest component of the Refinancing Payments for federal income tax purposes.

(f) Bank Qualified. The District hereby designates this Agreement as “bank-qualified” for purposes of paragraph (3) of Section 265(b) of the Code and represents that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding: (i) private activity bonds, as defined in Section 141 of the Code, except qualified 501(c)(3) bonds as defined in Section 145 of the Code; and (ii) current funding obligations to the extent that the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation), including this Agreement, has been or will be issued by the District, including all subordinate entities of the District, during the calendar year 2022.

(g) Miscellaneous. The District and the Bank will take no action, or omit to take any action, inconsistent with the expectations stated in any tax certificate executed in connection with the Refinancing Payments and will comply with the covenants and requirements stated therein and incorporated by reference herein.

This Section and the covenants set forth herein shall not be applicable to, and nothing contained herein shall be deemed to prevent the District and the Bank from causing to be executed and delivered Contracts or to issue Bonds, the interest with respect to which has been determined by Special Counsel not to be subject to federal income taxation.

**Section 6.06 Maintenance and Operation of the Wastewater System.** The District will maintain and preserve the Wastewater System in good repair and working order at all times and will operate the Wastewater System in an efficient and economical manner and will pay all Operation and Maintenance Costs as they become due and payable.

**Section 6.07 Payment of Claims.** The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Revenues or the funds or accounts created hereunder or on any funds in the hands of the District pledged to pay the Refinancing Payments or to the Owners prior or superior to the lien of the Refinancing Payments or which might impair the security of the Refinancing Payments.

**Section 6.08 Compliance with Contracts.** The District will neither take nor omit to take any action under any contract if the effect of such act or failure to act would in any manner materially adversely impair the ability of the District to pay Refinancing Payments; and the District will comply

with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be performed by it contained in all other contracts affecting or involving the Wastewater System to the extent that the District is a party thereto.

#### **Section 6.09 Insurance.**

(a) The District will procure and maintain or cause to be procured and maintained insurance on the Wastewater System with responsible insurers in such amounts and against such risks (including damage to or destruction of the Wastewater System) as are usually covered in connection with wastewater systems similar to the Wastewater System so long as such insurance is available from reputable insurance companies.

In the event of any damage to or destruction of the Wastewater System caused by the perils covered by such insurance, the net proceeds thereof shall be applied to the reconstruction, repair, or replacement of the damaged or destroyed portion of the Wastewater System. The District shall begin such reconstruction, repair or replacement promptly after such damage or destruction shall occur, and shall continue and properly complete such reconstruction, repair or replacement as expeditiously as possible, and shall pay out of such net proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed and the Wastewater System shall be free and clear of all claims and liens.

If such net proceeds exceed the costs of such reconstruction, repair or replacement, then the excess net proceeds shall be applied by the District in any manner permitted by law, including but not limited to prepay the Refinancing Payments, in the manner provided in Section 7.01 herein.

The District shall procure and maintain or cause to be procured and maintained, with responsible insurers, public liability and worker's compensation insurance covering claims against the District (including its directors, officers and employees) for bodily injury or death, or damage to property occasioned by reason of the District's operations, including any use of the Wastewater System, and such insurance shall afford protection in such amounts as are usually covered in connection with operations similar to the Wastewater System; provided, that such insurance coverage may be satisfied under a self-insurance program which is actuarially sound.

(b) The District will procure and maintain such other insurance as it shall deem advisable or necessary to protect its interests and the interests of the Bank, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with wastewater systems similar to the Wastewater System.

(c) Any insurance required to be maintained by paragraph (a) above and, if the District determines to procure and maintain insurance pursuant to paragraph (b) above, such insurance, may be maintained through the participation by the District of an insurance program administered by a joint exercise of powers authority for public agencies.

All policies of insurance required to be maintained herein shall provide that the Bank shall be given thirty (30) days written notice of any intended cancellation thereof or reduction of coverage provided thereby.

**Section 6.10 Accounting Records; Financial Statements and Other Reports.**

(a) The District will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the District, which records shall be available for inspection by the Bank at reasonable hours and under reasonable conditions.

(b) The District will prepare and file with the Bank annually within two hundred seventy (270) days after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2022) financial statements of the District for the preceding Fiscal Year prepared in accordance with Generally Accepted Accounting Principles, together with an Accountant's Report thereon.

(c) The District shall also provide the Bank with a copy of its budget within thirty (30) days after the adoption thereof.

The District shall further provide the following to the Lender:

(i) IMMEDIATE NOTICE BY TELEPHONE, PROMPTLY CONFIRMED IN WRITING, OF ANY EVENT, ACTION, OR FAILURE TO TAKE ANY ACTION WHICH CONSTITUTES AN EVENT OF DEFAULT OR DEFAULT HEREUNDER.

(ii) PROMPT WRITTEN NOTICE OF ANY MATERIAL LITIGATION.

(iii) PROMPT WRITTEN NOTICE OF ANY EVENT WHICH HAS OR IS REASONABLY ANTICIPATED TO HAVE A MATERIAL ADVERSE EFFECT.

**Section 6.11 Protection of Security and Rights of the Bank.** The District will preserve and protect the security hereof and the rights of the Bank to the Refinancing Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

**Section 6.12 Payment of Taxes and Compliance with Governmental Regulations.** The District will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Wastewater System or any part thereof or upon the Revenues when the same shall become due. The District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Wastewater System or any part thereof, but the District shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

**Section 6.13 Amount of Rates and Charges.**

(a) To the fullest extent permitted by law, the District shall fix and prescribe, at the beginning of each Fiscal Year, rates and charges (including land based charges) for the Wastewater Service provided by the Wastewater System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Revenues equal to one hundred twenty percent (120%) of Debt Service payable during such Fiscal Year.

(b) The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges are reasonably expected to be sufficient to meet the requirements of this section.

(c) For avoidance of doubt, so long as the District has complied with its obligations set forth in Section 6.13(a) above, the failure of Net Revenues to meet the threshold set forth in Section 6.13(a) above at the end of a Fiscal Year shall not constitute a default or an Event of Default so long as the District has complied with Section 6.13(a) at the commencement of the succeeding Fiscal Year.

**Section 6.14 Collection of Rates and Charges.** The District will have in effect at all times by-laws, rules and regulations requiring each customer to pay the rates and charges applicable to the Wastewater Service and providing for the billing thereof and for a due date and a delinquency date for each bill.

**Section 6.15 Further Assurances.** The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Bank of the rights and benefits provided to it herein.

**Section 6.16 Enforcement of Contracts.** The District will not voluntarily consent to or permit any rescission of, nor will it consent to any amendment to or otherwise take any action under or in connection with any contracts previously or hereafter entered into if such rescission or amendment would result in a default by the District in the payment of Refinancing Payments.

**Section 6.17 Budgets.** For each of its annual budgets, the District will take such action as may be necessary to cause such annual budget to include therein the amounts required to be raised by the District in the then ensuing Fiscal Year for the payment of Refinancing Payments due under this Agreement.

**Section 6.18 Observance of Laws and Regulations.** To the extent necessary to assure its performance hereunder, the District will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America, 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 by the District, respectively, including its right to exist and carry on its business, to the end that such contracts, rights and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

**Section 6.19 Compliance with Contracts.** The District shall comply with the terms, covenants and provisions, express or implied, of all contracts for the use of the Wastewater System by the District, and all other contracts and agreements affecting or involving the Wastewater System to the extent that the District is a party thereto.

**Section 6.20 Prosecution and Defense of Suits.** The District shall promptly, upon written request of the Bank, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Wastewater System or any part thereof, whether now existing or hereafter developing, shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Bank harmless from all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

The District shall defend against every suit, action or proceeding at any time brought against the Bank upon any claim arising out of the receipt, application or disbursement of any of the Refinancing Payments or involving the rights of the Bank under this Agreement; provided that the Bank at its election may appear in and defend any such suit, action or proceeding. The District shall indemnify and hold harmless the Bank against any and all liability claimed or asserted by any person, arising out of such receipt, application or disbursement. The District shall promptly reimburse the Bank in the full amount of any attorneys' fees or other expenses which the Bank may incur in litigation or otherwise in order to enforce such party's rights under this Agreement.

## ARTICLE VII

### PREPAYMENT OF REFINANCING PAYMENTS

#### **Section 7.01 Prepayment.**

(a) The District may prepay the principal component of Refinancing Payments, as a whole or in part, on any date, from insurance or condemnation awards with respect to damage, destruction or taking of a significant portion of the Wastewater System, at a prepayment price equal to the amount of the unpaid Refinancing Payments being prepaid plus accrued interest thereon to the date of prepayment, without premium.

(b) The District may prepay the principal component of the Refinancing Payments, in whole or in part, on any date, from any available funds other than insurance or condemnation awards with respect to damage, destruction or taking of a significant portion of the Wastewater System, at the following prepayment prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest thereon to the prepayment date:

<i>Prepayment Date</i>	<i>Prepayment Price</i>
Through and including July 31, 2025	103%
August 1, 2025 to and including July 31, 2028	102
August 1, 2028 to and including July 31, 2030	101
August 1, 2030 and any date thereafter	100

Notwithstanding any such prepayment, the District shall not be relieved of its obligations hereunder, including its obligations under Article IV, until the principal component of the Refinancing Payments shall have been fully paid (or provision for payment thereof shall have been provided to the written satisfaction of the Bank).

**Section 7.02 Method of Prepayment.** Before making any prepayment pursuant to Section 7.01, the District shall give written notice to the Bank specifying the date on which the Refinancing Payments will be paid, which date shall be not less than thirty (30) days from the date such notice is given. Such notice may be conditional in nature.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES OF THE CORPORATION

**Section 8.01 Events of Default and Acceleration of Refinancing Payments.** If one or more of the following Events of Default shall happen:

(a) if default shall be made by the District in the due and punctual payment of any Refinancing Payment or any Contract or Bond when and as the same shall become due and payable;

(b) if default shall be made by the District in the performance of any representation or of the other agreements or covenants required herein or in any Contract or Bond to be performed by it, and such default shall have continued for a period of thirty (30) days after the District shall have been given notice in writing of such default by the Bank, provided, however, that if in the reasonable opinion of the District the default stated in the notice can be corrected, but not within such thirty (30) day period, and corrective action is instituted by the District within such thirty (30) day period and diligently pursued in good faith until the default is corrected, such default shall not be an Event of Default hereunder, provided, however, that such corrective shall be completed within 60 days after the notice received by the District;

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

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

then the Default Rate shall apply and in each and every such case during the continuance of such Event of Default specified above, the Bank may, by notice in writing to the District, declare the entire principal amount of the unpaid Refinancing Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding. This subsection however, is subject to the condition that if at any time after the entire principal amount of the unpaid Refinancing Payments and the accrued interest thereon shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered the District shall deposit with the Bank a sum sufficient to pay the unpaid principal amount of the Refinancing Payments and/or the unpaid payment of any other Contract or Bond referred to in clause (a) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the Refinancing Payments or such Contract or Bond if paid in accordance with their terms, and the reasonable expenses of the Bank, and any and all other defaults known to the Bank (other than in the payment of the entire principal amount of the unpaid Refinancing Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Bank, or provision deemed by the Bank to be adequate shall have been made therefor, then and in every such case the Bank, by written notice to the District, may rescind and annul such declaration and

its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

**Section 8.02 Application of Funds Upon Acceleration.** Upon the date of the declaration of acceleration as provided in Section 8.01, Revenues thereafter received shall be applied in the following order:

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

Second, to the payment of the fees, costs and expenses of the Bank, if any, including reasonable compensation to its accountants and counsel; and

Third, to the payment of the entire principal amount of the unpaid Refinancing Payments and the unpaid principal amount of all Bonds and Contracts and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the Refinancing Payments and such Bonds and Contracts if paid in accordance with their respective terms.

**Section 8.03 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 Law and the agreements and covenants required to be performed by it or him contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Bank; or

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

Notwithstanding anything contained herein, the Bank shall not have a security interest in or mortgage on the Wastewater System or other assets of the District, and no default hereunder shall result in the loss of the Wastewater System or other assets of the District.

**Section 8.04 Non-Waiver.** Nothing in this article or in any other provision hereof shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the Refinancing Payments to the Bank at the respective due dates or upon prepayment from the Net Revenues, the Revenue Fund and the other funds herein pledged for such payment, or shall affect or impair the right of the Bank, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the 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 the Law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Bank.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned, 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.

**Section 8.05 Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Bank is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

If any remedial action is discontinued or abandoned, the Bank shall be restored to its former position.

## ARTICLE IX

### DISCHARGE OF OBLIGATIONS

#### **Section 9.01 Discharge of Obligations.**

(a) When all or any portion of the Refinancing Payments shall have become due and payable in accordance herewith or a written notice of the District to prepay all or any portion of the Refinancing Payments shall have been filed with the Bank; and

(b) there shall have been deposited with the Bank at or prior to the Payment Dates or date (or dates) specified for prepayment, in trust for the benefit of the Bank or its assigns and irrevocably appropriated and set aside to the payment of all or any portion of the Refinancing Payments, sufficient moneys and non-callable Permitted Investments, issued by the United States of America and described in clause (a) of the definition thereof, the principal of and interest on which when due will provide money sufficient, without reinvestment, to pay all principal, prepayment premium, if any, and interest of such Refinancing Payments to their respective Payment Dates or prepayment date or dates as the case may be, as evidenced by a special report prepared by an Independent Certified Public Accountant addressed to the Bank;

then and in that event, the right, title and interest of the Bank herein and the obligations of the District hereunder shall, with respect to all or such portion of the Refinancing Payments as have been so provided for, thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Bank and the obligation of the District to have such moneys and such Permitted Investments applied to the payment of such Refinancing Payments, and the obligation of the District to pay any deficiency in such moneys and Permitted Investments).

Upon payment in full of the principal component of all Refinancing Payments plus interest thereon to the date of payment, the Bank shall pay over to the District as an overpayment of Refinancing Payments, all such moneys or such Permitted Investments held by it pursuant hereto other than such moneys and such Permitted Investments as are required for the payment or prepayment of the Refinancing Payments, which moneys and Permitted Investments shall continue to be held by the Bank in trust for the payment of the Refinancing Payments and shall be applied by the Bank to the payment of the Refinancing Payments of the District.

## ARTICLE X

### MISCELLANEOUS

**Section 10.01 Liability of District Limited.** The obligation of the District to make the Refinancing Payments is a special obligation of the District payable solely from the Net Revenues, and does not constitute a debt of the District or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction. Notwithstanding anything contained herein, but subject to the priority payment with respect to Operation and Maintenance Costs, the District shall not be required to advance any moneys derived from any source of income other than the Revenues and the Revenue Fund for the payment of amounts due hereunder or for the performance of any agreements or covenants required to be performed by it contained herein. The District may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

**Section 10.02 Benefits of Refinancing 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, and any agreement or covenant required herein to be performed by or on behalf of the District or the Bank shall be for the sole and exclusive benefit of the other party.

**Section 10.03 Successor Is Deemed Included in all References to Predecessor.** Whenever either the District or the Bank 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 or the Bank, and all agreements and covenants required hereby to be performed by or on behalf of the District or the Bank shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

**Section 10.04 Waiver of Personal Liability.** No director, officer or employee of the District shall be individually or personally liable for the payment of the Refinancing Payments, but nothing contained herein shall relieve any director, officer or employee of the District from the performance of any official duty provided by any applicable provisions of law or hereby.

**Section 10.05 Article and Section Headings, Gender, and References.** The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction, or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions, or clauses hereof; and the words "hereby", "herein," "hereof," "hereto," "herewith" and other words of similar import refer to this Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

**Section 10.06 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 or the Bank shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The District and the Bank hereby declare that they would have executed this Agreement, and each and every other article, section,

paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

**Section 10.07 Assignment.** This Agreement and any rights hereunder may be assigned by the Bank, as a whole or in part, without the necessity of obtaining the prior consent of the District.

**Section 10.08 Net Contract.** This Agreement shall be deemed and construed to be a net contract, and the District shall pay absolutely net during the term hereof the Refinancing Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

**Section 10.09 California Law.** THIS AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

**Section 10.10 Notices.** All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the District:                    Forestville Water District  
   6530 Mirabel Road  
   Forestville, California 95436  
   Attention: General Manager

If to the Bank:  
   Umpqua Bank  
   2998 Douglas Blvd., Suite 100  
   Roseville, CA 95661  
   Attn: Vanessa Ryan

**Section 10.11 Effective Date.** This Agreement shall become effective upon its execution and delivery and shall terminate when the principal component of the Refinancing Payments shall have been fully paid (or provision for the payment thereof shall have been made to the written satisfaction of the Bank).

**Section 10.12 Execution in Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

**Section 10.13 Amendments Permitted.** This Agreement and the rights and obligations of the Bank and the District may be modified or amended at any time by an amendment hereto which shall become binding upon execution thereof by the Bank and the District.

**Section 10.14 Waiver of Jury Trial; Agreement for Judicial Reference.** To the fullest extent permitted by law, the District hereby waives its right to trial by jury in any action, proceeding and/or hearing on any matter whatsoever arising out of, or in any way connected with, this Agreement or any related documents, or the enforcement of any remedy under any law, statute, or regulation.

To the extent the foregoing waiver of a jury trial is unenforceable under applicable State of California law, the District agrees to refer, for a complete and final adjudication, any and all issues of fact or law involved in any litigation or proceeding (including all discovery and law and motion matters, pretrial motions, trial matter and post-trial motions up to and including final judgment), brought to resolve any dispute (whether based on contract, tort or otherwise) between the parties hereto arising out of, in connection with or otherwise related or incidental to this Agreement to a judicial referee who shall be appointed under a general reference pursuant to California Code of Civil Procedure Section 638, which referee's decision will stand as the decision of the court. Such judgment will be entered on the referee's statement of judgment in the same manner as if the action had been tried by the court. The District and the Bank shall select a single neutral referee, who shall be a retired state or federal judge with at least five years of judicial experience in civil matters; provided that the event the District and the Bank cannot agree upon a referee, the referee will be appointed by the court.

**Section 10.15 Transfer.** This Agreement is not subject to transfer or assignment by the District without the prior written consent of the Bank. The District acknowledges that the Bank may transfer or assign this Agreement in whole and not in part provided that:

(a) the transferring holder thereof shall first have complied with all applicable state and federal securities laws and regulations;

(b) the transferring holder thereof can transfer this Agreement only to a transferee who executes and delivers to the District a letter of the transferee substantially in the form attached as Exhibit B and who qualifies as an:

(i) a qualified institutional buyer pursuant to Rule 144A of the 1933 Securities Act; or

(ii) an "accredited investor" within the meaning of Section 2(15) of the 1933 Securities Act; and

(c) the transferring holder thereof will not prepare or furnish, or cause to be prepared or furnished, any disclosure regarding the District without the prior review and written consent of the District, in the District's sole discretion.

**Section 10.16 Restrictions on Agreement.** The District and the Bank understand that this Agreement shall not be, and the District and the Bank shall not cause this Agreement to be, (a) assigned a rating by any credit rating agency, (b) registered with The Depository Trust Company or any other securities depository, (c) offered pursuant to any type of offering document or official statement, (d) assigned a DTC-registered CUSIP number by Standard & Poor's CUSIP Service or (e) listed on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website.

**Section 10.17 Expenses.** The District shall pay (or cause to be paid), and the Bank shall be under no obligation to pay, the costs of the execution and delivery of the Agreement, including but not limited to the following (i) the cost of the preparation and reproduction of the Resolution; (ii) the fees and disbursements of the following: Bond Counsel, Counsel to the Bank, the District's General Counsel, any placement agent to the District or any Independent Municipal Consultant; (iii) the California Debt and Investment Advisory Commission fees; and (iv) all other fees and expenses incident to the execution and delivery of the Agreement. The Bank shall not have any responsibility

for any expenses associated with the Agreement, including, but not limited to, the expenses identified above as the obligation of the District or the Bank.

*[SIGNATURES ON FOLLOWING PAGE.]*

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

**FORESTVILLE WATER DISTRICT**

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General Manager

**UMPQUA BANK**

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Authorized Officer

**EXHIBIT A**

**REFINANCING PAYMENTS**

1. The principal amount of Refinancing Payments to be made by the Forestville Water District hereunder is \$\_\_\_\_\_.

2. The Refinancing Payments of principal and interest are payable in the amounts and on the Payment Dates as follows:

<i>Refinancing Payment Date</i>	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest<sup>1</sup></i>	<i>Total</i>
February 1, 2023	\$	\$	\$
August 1, 2023			
February 1, 2024			
August 1, 2024			
February 1, 2025			
August 1, 2025			
February 1, 2026			
August 1, 2026			
February 1, 2027			
August 1, 2027			
February 1, 2028			
August 1, 2028			
February 1, 2029			
August 1, 2029			
February 1, 2030			
August 1, 2030			
February 1, 2031			
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February 1, 2032			
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August 1, 2035			
February 1, 2036			
August 1, 2036			
February 1, 2037			
August 1, 2037			
February 1, 2038			
August 1, 2038			
February 1, 2039			
August 1, 2039			
February 1, 2040			
August 1, 2040			
February 1, 2041			
August 1, 2041			
<b>Total</b>	\$ _____	\$ _____	\$ _____

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<sup>1</sup> Interest amounts calculated at a rate of \_\_\_\_\_% per annum on the basis of a 360-day year comprised of twelve 30-day months and assume no Default Rate or Taxable Rate is applicable

## EXHIBIT B

### FORM OF LENDER LETTER

Forestville Water District  
6530 Mirabel Road  
Forestville, CA 95436

Re: \$ \_\_\_\_\_ *Forestville Water District Refinancing Agreement*

Ladies and Gentlemen:

The undersigned, an authorized representative of \_\_\_\_\_, a \_\_\_\_\_ (the “Purchaser”), hereby represents and warrants to you as follows:

1. The Lender is the [original purchaser/assignee] of the above-referenced agreement (the “Agreement”) approved pursuant to that certain Resolution adopted by the Board of Directors of the Forestville Water District (the “District”) on \_\_\_\_\_, 2022 (the “Resolution”).

2. The Purchaser has sufficient knowledge and experience in business and financial matters in general, and the lending to public agencies, to enable the Purchaser to evaluate the Agreement, the credit of the District, the collateral and the Agreement terms and that the Purchaser will make or has made its own independent credit analysis and decision to enter into the Agreement based on an independent examination and evaluation of the transaction and the information deemed appropriate, without reliance on the District or its affiliates, its directors, officers, employees, attorneys or agents.

3. The Purchaser acknowledges that no official statement has been prepared in connection with the Agreement, that the execution and delivery of the Agreement is exempt from Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, pursuant to Section (d) of said Rule, and that the District will not be entering into a continuing disclosure agreement to provide ongoing disclosure respecting the Agreement or the security therefor. The Purchaser has been offered copies of or full access to all documents relating to the Agreement and all records, reports, financial statements and other information concerning the District and pertinent to the source of payments due under the Agreement as deemed material by the Purchaser, which the Purchaser has requested and to which the Purchaser would attach significance in making a transaction decision.

4. The Purchaser confirms that its execution and delivery of the Agreement is suitable for and consistent with its loan portfolio and that the Purchaser is able to bear the economic risk of the execution and delivery of the Agreement, including a complete loss under the Agreement.

5. The Purchaser is executing and delivering the Agreement for not more than one account, solely for its own loan account, and not with a present view to, or in connection with, any distribution, resale, pledging, fractionalization, subdivision, or other disposition thereof (subject to the understanding that disposition of Purchaser’s property will remain at all times within its control). Because the Purchaser intends to treat the execution and delivery of the Agreement as a loan and hold the Agreement in its loan portfolio, the Purchaser has not directed or requested a CUSIP number for this transaction or applied for eligibility with The Depository Trust Company (DTC).

6. The Purchaser understands that: (i) the Agreement: (a) has not been registered under the Securities Act of 1933 (the “Securities Act”); (b) has not been registered or qualified under any state securities or “Blue Sky” laws; (c) will not be listed on any stock or other securities exchange; (d) will carry no rating from any rating service specific to the Agreement at the request of the District (although similar securities of the District may carry ratings); and (e) due to a lack of a rating and lack of registration with a securities depository may not be readily marketable and the Purchaser will be required to bear the risk of the Agreement for a certain period of time; and (ii) this Agreement has not been qualified under the Trust Indenture Act of 1939, as amended.

7. The Purchaser has been furnished with and has examined the Agreement, the Resolution and other documents, certificates and the legal opinions delivered in connection with the execution and delivery of the Agreement.

8. The Purchaser is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it was incorporated or formed. The person executing this letter on behalf of the Purchaser is duly authorized to do so on the Purchaser’s behalf.

9. The Purchaser is a “qualified institutional buyer” (a “Qualified Institutional Buyer”) within the meaning of Rule 144A promulgated under the Securities Act, or an institutional “accredited investor” (an “Institutional Accredited Investor”) as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act.

10. The Purchaser understands and agrees that interest in the Agreement may be transferred: (i) only to a Person that the Purchaser reasonably believes is either: (A) a Qualified Institutional Buyer that is receiving an interest in the Agreement for not more than one account, for their own account and not with a view to distributing such interest; or (B) an Institutional Accredited Investor that is receiving an interest in the Agreement for not more than one account and not with a view to distributing such interest; and (ii) only if such Qualified Institutional Buyer or Institutional Accredited Investor delivers to the District a completed and duly executed Investor Letter substantially in the form hereof. The Purchaser retains the right to participate its interests in the Agreement but only to Qualified Institutional Buyers or Institutional Accredited Investors.

11. Inasmuch as the Agreement represents a negotiated transaction, the Purchaser is not acting as a fiduciary of the District, but rather is acting solely in its capacity as the Purchaser, for its own loan account.

12. The Purchaser understands that the Agreement shall not be, and the Purchaser shall not cause the Agreement to 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, (iv) assigned a DTC-registered CUSIP number by Standard & Poor’s CUSIP Service or (v) listed on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access website.

13. The Purchaser understands that the District will rely upon the accuracy and truthfulness of the representations and warranties contained herein and hereby consents to such reliance.

14. No person has made any direct or indirect representation or warranty of any kind to the Purchaser with respect to the economic return which may accrue to the Purchaser. The Purchaser has

consulted with its own tax counsel and other advisors with respect to the loan represented by the Agreement.

IN WITNESS WHEREOF, the Purchaser has executed this Letter as of the date set forth below.

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

Very truly yours,

**UMPQUA BANK**

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

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

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

Agenda Item:

**ONCALL COMPENSATION**

Summary:

**July 12, 2022:**

GM Lopes received a request from the FWD Operations Staff to confirm that the On-Call compensation, as described in the employee handbook, was compliant with all applicable federal and state laws. FWD Legal Counsel responded with the memorandum explaining the findings.

GM Lopes and Operations Staff performed an On-Call Compensation comparison survey with local agencies to see if the District's current compensation plan was comparable and competitive.

Copies of the survey and the requested compensation are included in the board packet.

Potential Board Actions:

FWD Board may:

- 1) Approve the On-Call Compensation Plan as presented.
- 2) Approve with changes.
- 3) Not approve and provide FWD Staff with further instructions.

Staff Recommendation:

GM Lopes agrees with the findings of the memorandum and recommends approval of the On-Call Compensation request and deem it comparable and competitive.

Report created by: Dawn Leith, Board Clerk

## MEMORANDUM

**TO:** Tony Lopes, General Manager, Forestville Water District

**FROM:** Martin L. Hirsch, esq., Perry Johnson Anderson Miller & Moskowitz LLP

**DATE:** July 5, 2022

**RE:** FWD Compensation of On-Call Employees

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Forestville Water District (“FWD”) requires some employees to work after working hours. Employees spend some time after working hours in an “on-call” status, wherein FWD policy requires the on-call employees to remain available for any urgent matters that may arise. You asked to confirm whether FWD correctly follows federal and state employment laws in compensating FWD employees for time spent on-call but not actively working overtime.

### I. Short Answer

FWD appears to compensate on-call employees in compliance with all applicable laws. Federal and state law require full overtime compensation when employers place heavy restrictions on the after-hours activities of employees. However, FWD does not place significant restrictions on the activities of on-call employees.

### II. On-Call Time and the Law

For on-call time, which requires employees to remain available to be called into work on short notice, the hours spent on call must be compensated as hours worked when an on-call employee’s time is so restricted that the employee cannot use that time effectively for personal purposes.

To correctly compensate on-call employees, an employer must determine the severity of the employer’s restriction on an on-call employee’s personal activities. The determination of the extent of an employer’s restriction on an employee’s time is fact-specific and governed by a multi-factor analysis, but generally requires full overtime compensation when the employee’s time is spent primarily for the employer’s benefit.<sup>1</sup>

For example, an employee who is required to remain on the employer’s premises, or so close by that the employee cannot use that time effectively for personal matters, is working while on call. Conversely, an employee who does not remain on the employee’s premises, but who must leave information regarding where the

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<sup>1</sup> *Armour & Co. v. Wantock*, 323 U.S. 126 (1944).

employee may be reached, generally is not working while on call.<sup>2</sup> However, many employer-employee relationships require more in-depth analysis based on the factors discussed below.

For employers in California, the two predominant factors to determine whether an employee's time on call is compensable are: (i) the existence of an agreement between the parties; and (ii) the employees' ability to engage in personal activities while on call (*Owens* factors).<sup>3</sup> An agreement between the parties which does not violate the overtime standards of the FLSA is normally enforceable. Such enforceable agreements may be collective bargaining agreements, constructive agreements evidenced by employees operating under a noticed employer policy, or express agreements with specific employees who accept terms of an overtime compensation policy. Absent an agreement, the employees' ability to engage in personal activities must be analyzed through sub-factors enumerated in *Berry v. County of Sonoma* (the "*Berry* factors").

### III. The *Berry* Factors

Although an employer may hold an engagement agreement with employees wherein the on-call compensation policy is fixed, employers must compensate employees at full overtime rates for on-call hours which are so restricted that the employee is effectively engaged to wait.<sup>4</sup> To determine whether an on-call employee is so restricted that the employee is effectively engaged to wait, an employer must weigh the *Berry* factors:

- a) whether on-call duties are similar to and as demanding as regular duties;
- b) required response time of on-call employees;
- c) use of a pager to ease restrictions on employee activities;
- d) ability to trade on-call shifts with fellow employees;
- e) excessive geographical limitations on employee movements while on call;
- f) whether employees actually engage in personal activities during on-call hours; and
- g) frequency of calls.<sup>5</sup>

No single factor is dispositive. The factors must be balanced to determine whether an on-call employee is effectively engaged to wait.

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<sup>2</sup> *Armour & Co; Handler v. Thrasher*, 191 F.2d 120 (10th Cir. 1951).

<sup>3</sup> *Owens v. Local No. 169, Ass'n of W. Pulp and Paper Workers*, 971 F.2d 347, 350 (9th Cir. 1992).

<sup>4</sup> *Berry v. County of Sonoma*, 30 F.3d 1174, 1182 (9th Cir. 1994) (citing *Owens* at 354).

<sup>5</sup> *Berry* at 1183; Rutter Group Prac. Guide, Federal Employment Litigation, Ch. 6-F., Payment of Overtime Compensation.

#### IV. FWD's On-Call Policy

FWD's on-call practices follow the policies outlined in the Forestville Water District Employee Handbook (the "Handbook"). So long as employees have effective notice of the on-call policies in the Handbook and continue to work in compliance with those policies, employees likely have a constructive agreement with FWD, which satisfies the first factor under *Owens*.<sup>6</sup> The sufficiency of FWD's on-call compensation policy therefore depends upon the second factor under *Owens*: the severity of an employer's restrictions on an employee's personal activities during on-call hours.

There are express rules in the Handbook addressing on-call practices and compensation.<sup>7</sup> First, on-call hours are required on a weekly basis and are always compensated. FWD assigns regular on-call hours to its employees, but those employees may trade hours among themselves with manager approval so long as on-call duties remain held by sufficiently qualified employees and costs to FWD do not increase as a result of the trade.<sup>8</sup>

When an FWD employee receives a call during on-call hours, FWD pays full overtime compensation, with a one-hour minimum, for all time actually worked as a result of the call.<sup>9</sup> Often, the employee may complete the overtime work electronically from a remote location. When overtime work arising from an on-call shift requires that the on-call employee return to the FWD work premises, FWD compensates the employee for a minimum of two hours at overtime rates.<sup>10</sup> However, to minimize response times, employees who work on-call must remain within one hour of travel time from District Facilities.

To allow for some employee discretion in compensation, employees may trade any accrued overtime, including overtime resulting from on-call work, for compensatory time off ("CTO") at a rate of one- and one-half hours of CTO for every hour of overtime worked until the employee reaches 80 total hours of CTO.<sup>11</sup> In the event that the employee's CTO exceeds 80 hours, the employee will instead be paid at the normal overtime rate. Employees may also choose to be paid for any accrued CTO in lieu of taking time off from work.<sup>12</sup>

Analysis of the *Owens* factors and the sub-factors in *Berry* as applied to FWD's policies addressing employees working on call will determine whether FWD employees are fairly compensated for on-call hours.

#### IV. The *Berry* Factors as Applied to FWD On-Call Policy

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<sup>6</sup> *Owens* at 350.

<sup>7</sup> *Ibid.*

<sup>8</sup> *Id.* at 2.06.1(2).

<sup>9</sup> *Id.* at 2.06.1(3).

<sup>10</sup> *Id.* at 2.06.1(4).

<sup>11</sup> *Id.* at 2.06.1(5).

<sup>12</sup> *Id.* at 2.06.1(7).

FWD's constructive agreement with employees for on-call compensation is sufficient if FWD's restrictions on employee activities during on-call hours do not effectively engage on-call employees to wait.

Analysis of FWD's on-call policies as outlined in Section 2.06.1 of the Handbook shows that FWD sufficiently compensates employees for overtime hours, including those hours worked as a result of on-call duty, but to ensure compliance with binding law, FWD must consider the *Berry* factors.

#### **a. On-Call Duties vs. Regular Duties**

A similarity of on-call duties to regular work duties would tend to show employer restrictions on an employee's ability to pursue personal activities.<sup>13</sup> This element is most relevant when the duties that employees routinely fulfill during non-productive periods of an on-call shift are similar to those during regular working hours, such as an operating room, where regular duties are comprised of time spent monitoring or standing by for actionable events to arise. Where there is little to no similarity between on-call duties and regular work activities, the on-call duties tend to show that an employer does not effectively restrict an employee's ability to pursue personal activities.

FWD's employees likely spend regular work hours standing by for actionable events. However, a thorough review of employee activities during regular work hours would likely reveal that employees at FWD spend regular working hours performing duties in a manner very different from the way the employees spend non-productive periods of on-call shifts. Because there is likely a remarkable difference in the way employees spend non-productive on-call hours, the nature of on-call duties at FWD probably likely show little restriction on employees' personal activities.

#### **b. Required Response Time**

An employer must compensate an employee's on-call hours when the employer requires on-call employees to respond to calls within an unduly restrictive amount of time.<sup>14</sup> A required response time is unduly restrictive and therefore compensable when the employee is required to return to the work premises within twenty minutes of a call. However, an employer might not unduly restrict an employee by requiring the employee to respond remotely within fifteen minutes.

FWD does not mention response times in the Handbook, but does require on-call employees to live within 45 minutes of the work premises.<sup>15</sup> This restriction might imply a maximum response time of 45 minutes, but does not explicitly state such a limitation. Alternatively, the restriction may imply that FWD imposes no such response time by choosing to address where an on-call employee "lives," and not where the employee actually spends on-call hours. *Berry* does not address such a situation in certain terms. On-call FWD employees are compensated fairly when

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<sup>13</sup> *Berry* at 1183.

<sup>14</sup> *Berry* at 1184 (citing *Owens* at 351).

<sup>15</sup> *Handbook* at 2.06.1(4).

responding to calls and may often respond remotely. Because these employees also have no required response time such as those deemed unduly restrictive in *Berry*, this factor does not significantly show an obligation by FWD to compensate on-call employees.

### **c. Use of Pager to Ease Restrictions**

The *Berry* Court decided the case before the proliferation of cell phone use. The court found that the use of pagers by employers can favorably ease employer restrictions on the personal activities of on-call employees.<sup>16</sup> FWD employees are often able to respond to calls remotely. In the past 6 months, only 16 out of 33 calls could not be resolved remotely. The ability to perform work remotely likely reflects more favorably on employers than use of cell phone notifications or pagers, and therefore this factor under *Berry* tends to show that FWD does not unduly restrict the personal activities of on-call employees.

### **d. Ability to Trade On-Call Shifts**

Where employer policy explicitly allows for employees to trade on-call shifts, and where there is no evidence to suggest that such trading is particularly difficult, such a policy tends to show that the employer does not unduly restrict an employee's activities during on-call time.<sup>17</sup> The Handbook details FWD's policy allowing employees to trade shifts where the trades do not burden FWD operations.<sup>18</sup> As long as there is no significant evidence that such trades are difficult for on-call employees to make, FWD's policy regarding trades of on-call shifts demonstrates low restriction on the personal activities of on-call employees.

### **e. Excessive Geographical Limitations**

Geographical limitations on the activities of on-call employees are only restrictive when the limitations are excessive.<sup>19</sup> *Berry* cites multiple prior cases in which a required response time was deemed to be a geographical limitation with respect to travel time to arrive at work premises.<sup>20</sup> But if there is neither a requirement to return to the work premises nor a required response time, then the response time does not impose an excessive geographical limitation.

The Handbook does not state any geographical limit to an employee's activities during on-call hours, but does restrict the travel time from work premises to within one hour from District Facilities.<sup>21</sup> *Berry* does not explicitly address such a geographical living requirement outside of its relevance to required response times. However, the Handbook's 45-minute restriction is more than double the acceptable response time for uncompensated on-call hours. FWD's geographical restriction on an on-call employee's residence is therefore unlikely to be unduly restrictive,

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<sup>16</sup> *Berry* at 1184.

<sup>17</sup> *Berry* at 1184-85.

<sup>18</sup> *Handbook* at 2.06.1(2).

<sup>19</sup> *Berry* at 1185 (citing *Owens* at 351).

<sup>20</sup> *Berry* at 1185.

<sup>21</sup> *Handbook* at 2.06.1(4).

particularly where on-call hours receive compensation and do not explicitly restrict an employee's activities outside the residence.

#### **f. Actual Activities of Employees While On Call**

For an employer to avoid the classification of an on-call employee as being “engaged to wait” (unduly restricted) during on-call hours, the employee need not have the same flexibility or freedom as the employee would have if not on call. Rather, the employee must be able to actually engage in personal activities.<sup>22</sup> Employees are not engaged to wait when they are able to engage in personal activities while on call, including socializing with friends and family, dining out, shopping, reading, watching television, and enjoying hobbies. Even if the employee avoids activities such as yard work or consumption of alcohol in order to maintain a professional appearance in case of a call, the employee is not engaged to wait if other personal activities are available to the employee while on call.

Given that much of the work can be done remotely, FWD has likely provided employees with sufficient flexibility that the FLSA and the *Berry* factors do not require FWD to compensate employees for stand-by time.

#### **g. Frequency of Calls**

An important factor in determining compensability of on-call employees is the frequency of calls received by employees during on-call hours.<sup>23</sup> Where the frequency of calls is so significant that it requires employees to lie in wait for events to arise during on-call hours, the on-call hours likely must be compensated at full overtime rates.<sup>24</sup> However, on-call hours with less frequent calls allow employees to more freely engage in personal activities.

There have been a total of 33 calls in the past 6 months, 17 of which were resolved remotely. The relatively low frequency of calls and high percentage of remote work when such calls do occur shows that FWD employees are not required to lie in wait during their on-call hours.

### **V. Conclusion**

FWD Employee Handbook is very likely sufficient to constitute a constructive agreement with its employees such that the terms of the Handbook are binding. As such, it is a constructive agreement that shows the employees are not unduly restricted by FWD's on-call policies. Further, analysis of the *Berry* factors, shows that FWD employees are not required to lie in wait during their on-call hours. As such, FWD's current compensation policy is appropriate.

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<sup>22</sup> *Berry* at 1185.

<sup>23</sup> *Berry* at 1186 (citing *Renfro v. City of Emporia, Kan.*, 948 F.2d 1529, 1532 (10th Cir.1991)).

<sup>24</sup> *Berry* at 1186.

Forestville Water District 7/6/2022

Stand By On Call Compensation Comparison Survey

Current Compensation

Stand By On Call Compensation

Weekly Compensation

Minimum Hours / Call Out

Response Time

Services Required

Contact for this info

Forestville Water District

\$ 2.93 an hour \$ 47.78 a day

\$ 334.46 weekly/ 114 hours

2 hours call out 1 hour remote

45 minutes

Water & Sewer Operations

Tony Lopes

Graton Services District

2 hours regular pay/ day

\$ 588.00 weekly

2 hours/ 1 hour

1 hour

Sewer Only

John Gibson

City Of Petaluma

Stand By On Call Compensation

Weekly Compensation

Minimum Hours / Call Out

Response Time

Services Required

Contact for this info

18% of regular wage / hour

\$ 861.84 weekly

1 Hour

1 Hour Grade 3/ LPO

Sewer Only

Petaluma MOU

Sonoma County Water

\$ 4.75 an hr pay

\$ 541.50 weekly

2 hr/ 1 hr

1 hour

Water and Sewer Operations

MOU 7.24-26

City Of Santa Rosa

Stand By On Call Compensation

Weekly Compensation

Minimum Hours / Call Out

Response Time

Services Required

Contact for this info

\$ 95 a day

\$ 665.00 weekly

1 hour

Reasonable response

Departmental

Santa Rosa MOU unit 16

City Of Windsor

2 hours reg pay 4 hrs weekend

\$ 756.00 weekly

2 hours for first, 1 hour remote

30 minutes

Water and Sewer Operations

Windsor MOU 17

7/6/22 Forestville Water District

Comparable District Average Weekly Compensation

\$ 682.46 Weekly

\$ 5.98 per hour

Stand By On Call Compensation Comparison Survey

Forestville Water District Compensation Request

\$ 570.00 Weekly

\$ 5.00 per hour

Coverage for 114 hours

Weekdays 14 hours a day

Weekends 22 Hours a day

Stand By On Call History

10/1/2018 \$ 0.83 per hour

11/23/2018 \$ 2.93 per hour

2019 \$ 2.93 per hour

2020 \$ 2.93 per hour

2021 \$ 2.93 per hour

7/12/2022 \$ 5.00 per hour proposed

Agenda Item:

**REBATE PROGRAM**

Summary:

**July 12, 2022:**

Director Griffith will brief the board on a rebate program for rainwater capture.

Potential Board Actions:

The Board may review, discuss and/or give further instructions to the FWD Staff.

Staff Recommendation:

None

Report created by: Dawn Leith, Board Clerk

Agenda Item:

**NOVEMBER 2022 CONSOLIDATED ELECTIONS**

Summary:

**July 12, 2022:**

Reminder:

All incumbents are to file with County of Sonoma Registrar of Voters between July 18 through August 12, 2022. There will be a five (5) days extension for non-incumbent; through 5:00 p.m. on August 17, 2022, **if** an incumbent fails to file during formal open nomination period).

There are three (3) FWD Board positions up for re-election for the November 8, 2022, election.

- (1.) Director Aldridge: current term ending 12/12/2022 (Not running for another term)
- (2.) Director McDermott: current term ending 12/12/2022
- (3.) Brad Stuart: current term ending 12/12/2022

**Historical:**

**June 14, 2022:**

Nominations are open from July 18 through August 12, 2022 (with a five (5) days extension for non-incumbent; through 5:00 p.m. on August 17, 2022, **if** an incumbent fails to file during formal open nomination period).

There are three (3) FWD Board positions up for re-election for the November 8, 2022, election.

- (4.) Director Aldridge: for a new 4-year term – current term ending 12/12/2022
- (5.) Director McDermott: for a new 4-year term – current term ending 12/12/2022
- (6.) Vacant – TBD: for a new 4-year term – current term ending 12/12/2022

Sonoma County Registrar of Voters is requiring for FWD to complete and submit the following documents:

- Resolution #417 – Request Consolidation Election on Nov. 8, 2022
- Memorandum – Notice of Offices to be filled and statement of Responsibility for Statements of Qualifications
- Memorandum – Notice of District Boundaries/Statements in Lieu of Map

Copies of Resolution #417, Memorandums, Election Timeline and Filing Schedule for Nov. 8, 2022, election is included in the board packet.

Potential Board Actions:

No FWD Board action needed tonight. For informational purposes only.

Staff Recommendation: None

Report created by: Dawn Leith, Board Clerk

Agenda Item:

**2018 SEWER IMPROVEMENT PROJECT**

Summary:

**July 12, 2022:**

Director Monroe, GM Lopes and BRCE met with the property owners adjacent to the First Street alley to discuss Right of Way (ROW) encroachment. BRCE commenced surveying the areas for Phase 2 of the project

GM Lopes will also provide an up regarding the disbursement.

**HISTORICAL:**

**June 14, 2022:**

DFA has provided an e-mail address to which the disbursement requests can be sent. There are currently three requests prepared.

**May 10, 2022:**

FWD Engineer provided status on progress of work and of disbursement. No action taken by the Board.

**April 12, 2022:**

FWD Engineer provided status on progress of work, delay of disbursement, and announced loan requirement changed to 100% grant funding. No action taken by the Board.

**February 15, 2022:**

FWD Engineer updates:

- a. Design is progressing including preparation of the Caltrans application for the crossing of 116 (Main Street) with a pipe bursting method.
- b. A site visit with property owners in the alleys off of 1<sup>st</sup> and 2<sup>nd</sup> Streets will be scheduled for the last week of February or the first week of March.
- c. PG&E has indicated that neither of the two gas mains in Forestville Alley (east of 1st Street) can be abandoned. Therefore, B&R has adjusted the design to move the new sewer alignment approximately 1 foot north to minimize potential conflict with the 4-inch gas main.

**January 11, 2022:**

Director Monroe to speak to customers on behalf of the District.

**December 14, 2021:**

FWD Engineer described areas of concern & actions needed before starting the project.

**November 9, 2021:**

Brelje & Race (BRCE) prepared and transmitted to the District the Quarterly Status report and Disbursement Request documents for District signature and submittal to State DFA. Also, preparing application to Caltrans for the crossing of Route 116 (Main Street) involved with the project and consulting with PG&E concerning the gas mains on Forestville Lane that are affecting alignment.

**October 12, 2021:**

BRCE completed the Quarterly Report and Disbursement Request (for the previous almost 4 years) the week of Monday, October 11<sup>th</sup> for the District to submit.

**September 14, 2021:**

FWD Staff received the Construction Installment Sale Agreement from the State Water Resources Board fully executed.

Dyanna/B&R has started the process of compiling B&R expenses from Dec. 17, 2018, to date.

A copy of the agreement is included in the board packet.

Potential Board Actions:

No FWD Board action is needed; for informational purposes only.

Staff Recommendation:

None

Report created by: Dawn Leith, Board Clerk

Agenda Item:

**TIME SCHEDULE ORDER (TSO) AND GRANT APPLICATION FOR SEWER TREATMENT PLANT**

Summary:

**July 12, 2022:**

FWD Engineer will brief the Board of any new updates.

**HISTORICAL:**

**June 14, 2022:**

On May 31, 2022, FWD’s State Board Representative, Matthew Herman, requested an update for the TSO RI 2018-0037 Ammonia and Nitrate Assessment Report. DFA is estimating an executed contract may not be completed until the end of the calendar year.

**May 10, 2022:**

No new updates to report. No action taken by the Board.

**April 12, 2022:**

FWD Engineer reported status of grant application approval to the Board.

**February 15, 2022:**

BRCE anticipates that DFA will produce a draft agreement within the next 30 days.

**January 11, 2022**

The process is still on schedule and for an agreement to be presented to the District by February 2022.

**December 14, 2021:**

No new updates to report.

**November 9, 2021:**

As of November 5, 2021, Project Mgr. Gabriel has no new updates on the status of the application.

**October 12, 2021:**

BRCE has been in communication with the State DFA on the funding schedule. They are anticipating an executed planning agreement completed by May 2022.

**September 14, 2021:**

With the completion of the 2018 Sewer Improvement grant application process, this application should start moving forward.

**August 10, 2021:**

Application process still pending the completion of the 2018 Sewer Improvement grant application process.

**July 13, 2021:**

Once the grant application process for the 2018 Sewer Improvement Project is completed then this grant will be processed. Estimating about end of 2021.

**June 8, 2021:**

The State DFA has indicated that the planning grant application will be processed once the Sewer Improvement Project funding agreement is executed.

**May 11, 2021:**

State DFA has recently shifted Planning Grant funding priority from CWSRF to DWSRF, so FWD Grant Application processing is delayed until June/July time frame.

**April 13, 2021:**

Application still in holding status with no new updates.

**March 9, 2021**

Due to State Financial Audit the approval of the application has been delayed. FWD application will be reviewed for approval most likely in June 2021.

**February 9, 2021 - October 13, 2020:**

FWD Engineer to update the Board.

**September 8, 2020:**

FWD Engineer to review the revised Plan of Study for the planning grant application.

A revised Plan of Study will be provided via email on 9/8/20.

**August 11, 2020 - November 5, 2019:**

FWD Engineer to update the Board.

\*\*\* SEE ASR FROM OCTOBER 8, 2019, BOARD MEETING FOR PRIOR HISTORICAL DATA RELATED TO THIS AGENDA ITEM \*\*\*

Potential Board Actions:

No FWD Board action is needed; for informational purposes only.

Staff Recommendation:

None

Report created by: Dawn Leith, Board Clerk

Agenda Item:

**PRV REPLACEMENT OPTIONS**

Summary:

**July 12, 2022:**

Piazza Constructions is to still provide a proposed change order amount for the Giusti/Mirabel Road PRV replacement along with scheduled date for beginning the PRV removal on Trenton Road.

**HISTORICAL:**

**June 14, 2022:**

BRCE is waiting for confirmation of a start date from Piazza Construction to continue this project.

The contractor is preparing a change order request for the Giusti PRV improvement and is scheduling the work for the Trenton Road PRV removal and valve extension.

**May 10, 2022:**

Engineer, Dyanna/BRCE prepared Change Order #2 for the PRV #3 replacement and sent to Piazza.

Copies of Change Orders #1 & #2 included.

**April 12, 2022:**

Piazza was onsite, Mar. 28, 2022, to eliminate the PRV on Trenton Road and North Covey Road. All the valves were closed and found that the East side valve into the PRV would not close enough to do the project. Dyanna/BRCE sent a change order to Piazza to have Tap Masters install a insertion valve and just abandon the failing valve.

**February 15, 2022:**

BRCE believes it will be most efficient and cost effective to implement the replacement of PRV 2 (Mirabel & Giusti) completed as a change order to the PRV 3 (Anderson & Covey) project. BRCE has prepared an exhibit with the details and specifications necessary for replacement of PRV 2. If the District agrees with the approach, BRCE will transmit the exhibit to Piazza so that they can prepare the change order request.

Copies of exhibit with details included.

**January 11, 2022**

FWD Engineer briefed the Board on the Change Order Request received from Piazza for the leaking valves.

**December 14, 2021:**

Dyanna/BRCE has finalized plans and drawings with Piazza Construction for the Anderson/Covey line stop and the remaining project on Trenton Road. A fire hydrant repair will also be made on Trenton Road, since all the equipment will be on-site.

**November 9, 2021:**

Piping and PRV equipment have been installed in the Anderson Road Valve Building. The PRVs that were installed require replacement of pilot valve springs for the correct valve pressure operation. Submitted traffic control plan has been approved allowing the contractor to perform work in Covey Road. The contractor still needs to prepare a submittal for the "line-stop" equipment and the construction sequence plan to continue work.

\*\*\* SEE ASR FROM OCTOBER 12, 2021, BOARD MEETING FOR PRIOR HISTORICAL DATA RELATED TO THIS AGENDA ITEM \*\*\*

Potential Board Actions:

No FWD Board action is needed; for informational purposes only.

Staff Recommendation:

None

Report created by: Dawn Leith, Board Clerk

Agenda Item:

**SEWER FORCE MAIN PROJECT**

Summary:

**July 12, 2022:**

BRCE met with District staff to review current pumping operations in conjunction with preparing for force main analysis.

GM Lopes and FWD Operations Staff worked on confirming which equipment is satisfactory for the intermediate lift station and will update the Board with their findings.

**Historical:**

**June 14, 2022:**

FWD Engineer Coleman met with Tony and Cory in the field on May 18th and determined that the Covey Road force main blowoff will not be operated in its current condition. A blowoff replacement is being designed. A field survey was conducted on May 25th. Hydraulic analysis on the pump and force main system is also being conducted.

Pictures of the main included in the board packet.

**May 10, 2022:**

Engineer David Coleman/BRCE will open a discussion regarding the sewer force main that runs from Intermediate Lift Station on Trenton Road to the treatment facility. Coleman will also discuss the exploration process necessary and a budget amount to commence.

Potential Board Actions: None – Information purpose only

Staff Recommendation: None

Report created by: Dawn Leith, Board Clerk

Agenda Item:

**DIRECTOR'S TRAINING**

Summary:

**July 12, 2022:**

**Upcoming Mandatory Training for Directors:**

- Ethics Training (Required every two years)
  - Director Stuart to complete by December 14, 2022
  - All other Board Members are current until October 2022
- ACWA/JPIA (mandatory for Liability Coverage)
  - ✓ = Completed
  - Brown Act Refresher & Updates\*
    - ✓ Directors Aldridge
    - ✓ Director Griffith
    - Director McDermott
    - Director Monroe
    - GM Lopes
    - ✓ Board Clerk, Dawn Leith
  - Public Records Act Training\*
    - ✓ Director Aldridge
    - ✓ Griffith completed
    - Director McDermott
    - Director Monroe
    - GM Lopes
    - ✓ Board Clerk, Dawn Leith

*\*Each Director is registered to complete the above pieces of training through the CSDA's on-demand webinars. CSDA sent out emails to everyone with the links and instructions of how-to login.*

**Upcoming Director Training/Conference Opportunities:**

- CSDA
  - No new upcoming events
- ACWA/JPIA
  - No new upcoming events

If any member of the Board wishes to attend a training that involves a cost, FWD will cover the cost & register the Board member at the same time.

Potential Board Actions:

To successfully complete mandatory/required training on or before the date listed to the right of each Director's name. Attend non-mandatory training/conference as they choose.

Staff Recommendation:

Directors stay in compliance with State regulations and mandatory training.

Report created by: Dawn Leith, Board Clerk

Agenda Item:

**GROUNDWATER MONITORING AT THE FORESTVILLE YOUTH PARK (FYP)**

Summary:

**July 12, 2022:**

The monitoring of the groundwater will commence during the month of July. BRCE will coordinate with District Staff for on-site operations.

**Historical:**

**June 14, 2022:**

The three monitoring wells were installed on May 3rd and 4th. Preparations are underway to commence the quarterly monitoring, sampling and analysis required by the permit.

**May 10, 2022:**

FWD Engineer reported on the progress of the work on drilling the wells and sampling. No action taken by the Board.

**April 12, 2022:**

FWD Engineer reported on the progress of approval from both the State Resources Control Board and Sonoma County Permit Department and provided the work schedule plan. No action taken by the Board.

**February 15, 2022:**

A site visit was conducted at selected properties surrounding the youth park to locate any existing wells or septic fields within 100 feet of the three proposed groundwater monitoring wells. Only one feature was found – an abandoned well 75 feet from the GW Monitoring well No. 3. This should not present a problem. The FYP GW monitoring well drilling, and development is now scheduled for March 17 and 18.

**January 11, 2022**

FWD Engineer briefed the Board on the requirements set by Sonoma County Permit Department.

**December 14, 2021:**

FWD Engineer briefed the Board on the current progress on the scope of work.

**November 9, 2021:**

Piazza Construction has scheduled the potholing to start the week of November 8.

\*\*\* SEE ASR FROM OCTOBER 12, 2021 BOARD MEETING FOR PRIOR HISTORICAL DATA RELATED TO THIS AGENDA ITEM \*\*\*

Potential Board Actions:

No FWD Board action is needed; for informational purposes only.

Staff Recommendation: None

Report created by: Dawn Leith, Board Clerk

Agenda Item:

**DISTRICT GOALS UPDATES**

Summary:

**July 12, 2022:**

**Administration**

- Employee Job Descriptions: 20%
- Employee Handbook: 51%
- Audit SOP creation: 55%

**Operations**

- Water Distribution updated spreadsheets: 83%

**Office**

- Document Retention (archive): 15%
- IT needs: 97%
- Ord. 61 – record “Notice”: 70%
- Update website to include FAQ: 75%, Backflow Testing: 25%, ADU: 0%
- Transfer Dropbox to OneDrive: 95%
- UMS update all service addresses with APN #'s: 20%
- Obtain property owner’s info from Sonoma County Assessor’s: 50%
- Create Public Record Act form & procedures: 0%
- Input Backflow inventory into UMS for annual testing: 95%
- New Customer’s Service Agreement: 85%

**Board**

- Compilation of “Orientation” manual for new Director: 25%
- Rules Code of Conduct for Board Meetings: 5%
- Draft Minutes & ASR policy: 0%
- Legal Claims Policy: 0%

Potential Board Actions:

FWD Board may choose to select any item above and request it be placed on a future Agenda if it is deemed that action is needed by FWD Board.

Staff Recommendation: None

Report created by: Dawn Leith, Board Clerk

Agenda Item:

**NEW WATER RATE STRUCTURE**

Summary:

**July 12, 2022:**

The Sub-committee will brief the Board of any new updates.

**Historical:**

**May 10, 2022:**

The sub-committee met on Apr. 19, 2022 but had nothing new to report to the Board. No action taken by the Board.

**April 12, 2022:**

The sub-committee will meet Apr. 19, 2022 @ 10 am.

**February 15, 2022:**

The Subcommittee met on January 25, 2022 to review requested adjustments and findings.

**January 11, 2022**

Sub-Committee will meet Jan. 25, 2022, at 10:00 am.

**December 14, 2021:**

FWD Engineer will make the requested adjustments and provide findings to the Sub-Committee to report at January's meeting.

**November 9, 2021:**

The sub-committee met on November 8, 2021 and will email some adjustments for BRCE to make on the module.

**October 12, 2021:**

The Water Rate Structure Subcommittee will meet on Oct. 14, 2021, at 3:30 p.m. via Zoom.

**September 14, 2021:**

The Sub-committee will discuss the next scheduled meeting date.

**August 10, 2021:**

Tabled to next month for more data to be collected with the drought and obtain more information with the recycled water and Graton.

**July 13, 2021:**

Subcommittee met on 6/22/21 to discuss the topic further. Subcommittee may meet again in late August or September to gather more data from drought response.

**June 8, 2021:**

Water Rate Structure Sub-Committee met on 5/25/21, and discussed options. Brelje and Race developed an excel spreadsheet model to simulate and evaluate alternate water rate plans for the District to be considered. The model was presented to, and shared with, the Water Rate Structure Subcommittee.

**May 11, 2021:**

FWD Engineer is preparing a first draft of a new rate structure to test using 2020 metered water use. FWD Engineer will inform Board about progress.

**April 13, 2021:**

GM Lopes met with FWD Engineers, David Long & David Coleman to discuss a new water rate structure on Apr. 5, 2021.

The Board approved B&R to initiate research for a new fee structure not to exceed \$5k.

Potential Board Actions:

No FWD Board action is needed; for informational purposes only.

Staff Recommendation: None

Report created by: Dawn Leith, Board Clerk

Agenda Item:

**WATER CONSERVATION**

Summary:

**July 12, 2022:**

GM Lopes will illustrate the comparative results from the past two (2) years and brief the Board on Sonoma Water’s allocations for July 1 through October 31, 2022.

**Historical:**

**June 14, 2022:**

GM will update the Board.  
Copies (eight (8) pieces) of articles and alerts on the drought and conservation efforts included.

**May 10, 2022:**

GM Lopes attended the Water Advisory Committee meeting on 5/2/22 to listen in on the water drought updates. Sonoma Water using a new slogan, “Drought is still here...”



Statistics & graphs from the Water Advisory Committee meeting included.

**April 12, 2022:**

GM Lopes provided current usage and shared ACWA Advisory on the expansion of the Governor’s Conservation Executive Order. No action taken by the Board.

Potential Board Actions: None – Information purpose only

Staff Recommendation: None

Report created by: Dawn Leith, Board Clerk



June 29, 2022

VIA EMAIL ONLY

**RE: Notice of Water Shortage Allocations for Russian River Diversion Reductions**

Dear Sonoma Water Customer,

This letter is to notify you of Russian River water supply allocations from Sonoma Water for Summer 2022. On May 25, 2022, Sonoma Water filed a Temporary Urgency Change Petition (TUCP) with the State Water Resources Control Board (Water Board) due to severe drought conditions, historically low water supply levels in Lake Mendocino and Lake Sonoma, and a flawed hydrologic index that establishes minimum instream flow requirements that do not align with the current watershed conditions. The requested changes were needed in part to maintain river operations under critical minimum instream flow requirements to help preserve storage at Lake Sonoma. The TUCP included a proposed action for Sonoma Water and its water contractors to commit to a 20 percent reduction in Russian River diversions from July 1, 2022 through October 31, 2022 compared to the same period in 2020.

On June 17, 2022, the Water Board issued an Order approving Sonoma Water's TUCP. Term 12 of that Order states that Sonoma Water and its contractors shall ensure a 20 percent reduction, as compared to the same period of 2020, in total diversions authorized under Sonoma Water's water rights from July 1, 2022 through October 31, 2022, or until natural flows at the Hacienda gage are greater than 125 cubic feet per second.

Consistent with the terms of the 2006 Restructured Agreement for Water Supply during shortages in the Russian River, Sonoma Water utilized its water shortage allocation model to develop allocations for its contractors and other agency customers (attached). Sonoma Water retail customers are provided specific monthly targets and a four-month total allocation. For governmental customers of Sonoma Water (non-retailers), the allocation in the table represents an aggregate amount for the group. Governmental customers' individual allocations, which can be provided upon request, are based on achieving a 20 percent reduction as compared to 2020-invoiced use. Given the severity of the drought and the possibility of another dry year ahead, customers that can achieve greater savings are requested to do so.

I very much appreciate your efforts to achieve the water reductions last year, and know you will be successful implementing measures and working with your customers to meet the diversion reductions again this summer.

A copy of the Water Board Order can be found online at <https://www.sonomawater.org/tucp>.

For information about saving water, visit the Sonoma-Marin Saving Water Partnership at <https://www.savingwaterpartnership.org/>.

If you have any questions or need additional information or support, please contact Paul Piazza, Water Use Efficiency Manager at [paul.piazza@scwa.ca.gov](mailto:paul.piazza@scwa.ca.gov).

Sincerely,



Grant Davis  
General Manager  
Sonoma Water

### Russian River Summer 2022 Water Contractor Allocation

	July, mgd Target	August, mgd Target	September, mgd Target	October, mgd Target	Total 4-month allocation, ac-ft
Contractors					
Santa Rosa	19.32	18.91	17.53	17.27	6,894
North Marin Water District	5.96	5.81	5.29	5.24	2,105
Petaluma	7.48	7.36	6.88	6.84	2,696
Rohnert Park	2.85	2.74	2.31	2.31	965
Valley of the Moon WD	2.67	2.48	2.27	2.23	911
Sonoma	1.56	1.51	1.34	1.33	542
Cotati	0.75	0.74	0.69	0.61	263
Windsor	3.58	3.52	3.31	3.27	1,291
Marin Muncipal Water District	3.45	3.29	2.75	3.90	1,265
Other Agency Customers					
Forestville	0.41	0.41	0.38	0.38	149
Cal Am Larkfield	0.11	0.11	0.09	0.09	37
Kenwood	0.002	0.002	0.002	0.002	1
Lawndale	0.06	0.05	0.05	0.05	20
Penngrove	0.19	0.18	0.17	0.17	67
Other govt customers	0.13	0.13	0.13	0.12	49
Russian River Customers	0.73	0.74	0.71	0.05	210
Transmission System Losses (3%)	1.40	1.37	1.25	1.27	498
<b>Total</b>	<b>50.65</b>	<b>49.35</b>	<b>45.16</b>	<b>45.11</b>	<b>17,963</b>

Agenda Item:

**Accessory Dwelling Unit**

Summary:

**July 12, 2022:**

FWD Staff has drafted Resolution #421, amending Resolution #151 to include ADU/JADU for both water and sewer Connection Fees, Water rates and Sewer Direct Charges.

Draft of Resolution #421 is included with the board packet.

**HISTORICAL:**

**June 14, 2022:**

The first draft of amending Resolution #151 of proposed amendments and exhibits to be included along with a sample of a flow chart for employee's has been submitted to FWD Legal Counsel for further edits.

Included is the draft, exhibits and flow chart.

**May 10, 2022:**

Staff is in the process of researching other Districts' policies to assist with the drafting of Forestville Water District's Accessory Dwelling Unit policy.

**April 12, 2022:**

Legal advised the Board on the laws for connection fees and bi-monthly charges.

Board instructed FWD Staff draft the policy including a flowchart.

**March 8, 2022:**

A minimum of 5 accounts are in the process of adding Accessory Dwelling Unit (ADUs) onto their properties so the Board will need to open the discussion for any new policies & what the District can & cannot legally charge for.

Included Sonoma County ADU Code, Government Code 65850, and Senate Bill 1069.

Potential Board Actions:

FWD Board may:

1. Approve Resolution #421 as presented.
2. Approve with changes.
3. Not approve and provide FWD Staff with further instructions.

Staff Recommendation: None

Report created by: Dawn Leith, Board Clerk

**RESOLUTION NO. 421**

**RESOLUTION OF THE FORESTVILLE WATER DISTRICT AMENDING RESOLUTION 151  
AND ESTABLISHING SEWER POLICY FOR CONNECTIONS ON PROPERTY UNDER ONE OWNERSHIP  
WHERE SERVICE TO MORE THAN ONE RESIDENTIAL STRUCTURE IS REQUESTED**

WHEREAS, Sections 34 and 151 of Ordinance No. 2 and Section 3.09 of Ordinance No. 32 provide that not more than one parcel of real property under one ownership shall be serviced from each service connection, except for apartments, office buildings, or structures of a like nature, and

WHEREAS, the Board of Directors believe it is necessary to set forth a policy which will assist its staff in interpreting and administering said provisions of the ordinance.

WHEREAS the Forestville Water/Sanitation District ("FWD") imposes capacity charges on all new residential developments that use sewer capacity (Exhibit A); and,

WHEREAS, the Governor of California signed Assembly Bill No. 2299 (AB 2299) into law on September 27, 2016, amending Section 65852.2 of the California Government Code limiting the authority of cities and counties to regulate accessory dwelling units ("ADUs"); and,

WHEREAS, AB 2299 prohibits cities and counties from imposing capacity charges on ADUs that are contained within the existing space of a single family residence or an accessory structure and have an independent exterior access from the existing residence (Attached ADU); and

WHEREAS, AB 2299 authorizes cities and counties to impose capacity charges on ADUs that are constructed either to expand the footprint of the existing single-family residence or accessory structure, or to be a new accessory structure on the parcel (Detached ADU) provided that the capacity charge is proportionate to the burden on the sewer system created by the proposed ADU, based on either its size or the number of its plumbing fixtures; and

WHEREAS, the FWD Board of Directors anticipates that the rules governing the imposition of capacity charges by cities and counties for ADUs under AB 2299 and other legislation will be made applicable to special districts by the state legislature; and,

WHEREAS, the FWD Board finds that, for Detached ADUs, capacity charges should be calculated based on their estimated proportional burden on the system, and that calculating the charge based on the square footage of the Detached ADU is the best available data for sewer capacity usage.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Forestville Water District as follows:

- A. Where an application is received by the District to serve more than one residential structure located on a single parcel of real property under one ownership, and the application does not fall within one of the expressed exceptions provided in Sections 34 and 151 of Ordinance No. 2, as determined by the District, the application shall be denied unless the applicant satisfies the following conditions:

1. The applicant provides the District with a written permit or statement from the County of Sonoma Planning Department or other appropriate County Department that the added residential unit(s) are permitted without a duly approved lot split.
2. That the applicant and owner of the property execute a written statement, on a form provided by the District and subject to recording in the Official Records of Sonoma County, acknowledging that if the property is divided at a later date the District may require an additional service lateral and service meter and required payment of the added charges for the new connection(s). In such event, credit for the connection charges previously paid shall be given.
3. The meter size shall be adjusted as may be required to handle the additional residential unit and the applicant shall pay the additional connection fees and increase in the costs of the meter used arising out of the increase in the size of the meter.
4. For each residential structure served, a monthly charge will be paid to the District, and the customer shall receive the appropriate amounts of water allowed in accordance with the monthly charges.
5. The property owner shall be responsible for the payment of the water bill.
6. That the applicant acknowledges that the policy established by the resolution and the charges of the District are at all times subject to review and changes by the Board of Directors of the District.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE FORESTVILLE WATER DISTRICT:

ARTICLE 2 of ORDINANCE No. 2 and ORDINANCE 32, titled "Definitions," is amended to include the follow definitions:

**Accessory Dwelling Unit (ADU)** – AKA "granny units, in-law units, second units, and backyard cottages". An ADU is a small dwelling unit (maximum of 1,200 square feet) that may be established in addition to single-family or multi-family dwellings in residential, mixed-use, or agricultural zones. An ADU may be detached, attached to primary dwelling or other accessory structure, or located within a main dwelling and may involve new construction or conversion of an existing structure (such as a detached garage or other accessory structure, or a portion of a dwelling).

**Attached Accessory Dwelling Unit** – shall mean an Accessory Dwelling Unit that is constructed and contained within the existing space of the single-family residence or accessory structure and has an independent exterior access from the existing residence.

**Detached Accessory Dwelling Unit** – shall mean an Accessory Dwelling Unit that is constructed either to expand the footprint of the existing single-family residence or accessory structure, or to be a new accessory structure on the parcel.

**Junior Accessory Dwelling Unit (JADU)** – is a specific type of ADU (maximum of 500 square feet) that is built within an existing residence, utilizes an existing bedroom, and has a small efficiency kitchen.

SECTION 2.03 of Ordinance 32, titled “Abbreviations” is hereby amended to include the following Acronyms:

ADU     Accessory Dwelling Unit

JADU    Junior Accessory Dwelling Unit

EXHIBIT A and B, attached hereto and incorporated by this reference.

PASSED AND ENACTED at a regular meeting of the Board of Directors of Forestville Water District duly held on the \_\_\_ day of \_\_\_\_\_, 2022, by the following vote:

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

NOES: \_\_\_\_\_

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

ABSTAIN: \_\_\_\_\_

\_\_\_\_\_  
Matt McDermott, Chair

ATTEST:

\_\_\_\_\_  
Dawn Leith, Board Clerk

# EXHIBIT A

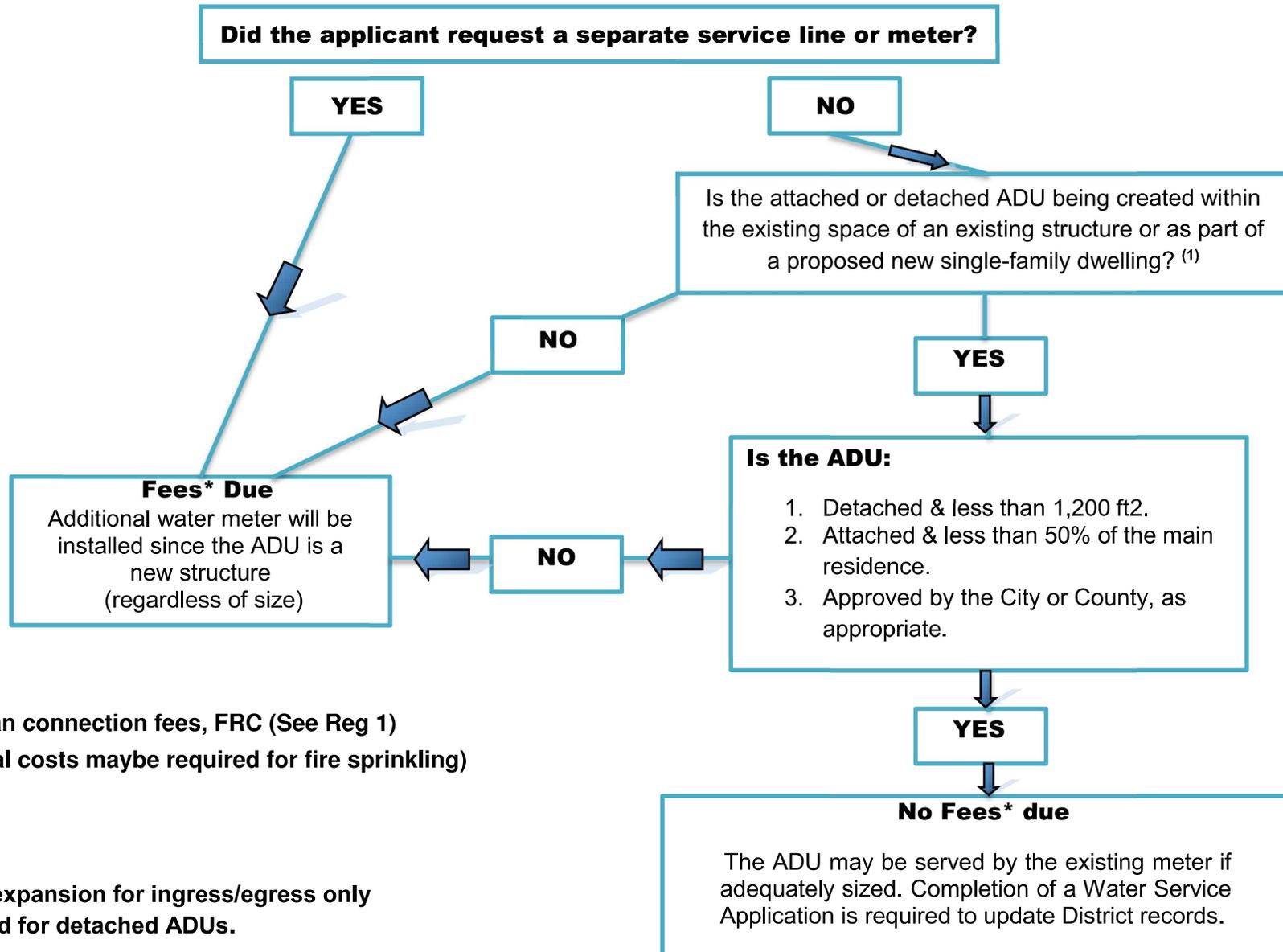
## EQUIVALENT SINGLE FAMILY DWELLING BILLING UNIT FOR FORESTVILLE WATER DISTRICT

Use Category	Billing Basis				
	Flow	BOD	TSS	Use of	ESD
	Gallons/day	Mg/l	Mg/l	Measurement	Calculation
<b>Residential</b>					
Single Family	140	324	324	Connection	1.00
Condominium	140	324	324	Dwelling units	1.00
Multiple Family	112	324	324	Dwelling units	0.80
Mobile Home Park	112	324	324	Spaces	0.80
Mobile Home (Individual)	112	324	324	Units	0.80
Granny Unit/ADU ( > 750 sq. ft.)	112	324	324	Unit	0.80
ADU ( < 750 sq/ ft/)				Unit	0.40
<b>Commercial</b>					
Appliance Repair	190	200	200	1,000 sq. ft.	1.01
Art Gallery	190	200	200	1,000 sq. ft.	1.01
Auto Detailer					
With Service Facilities	190	180	280	Connection	1.10
	38	180	280	Add per service bay	.22
Without Service Facilities	190	200	200	Connection	1.01
Bakery	190	1000	600	1,000 sq. ft	2.67
Butcher				See note 1 below	
Banks & Financial Institutions	190	130	80	1,000 sq. ft.	0.75
Barber Shop	19	130	80	Chair	0.08
Beauty Shop	38	130	80	Chair	0.15
Bars & Taverns	20	200	200	Seat	0.11
Car Washes & Self Service	190	20	150	Stall	0.70
Campground or RV Park					
With hook-ups	125	200	200	Site	0.67
Without hook-ups	75	200	200	Site	0.40
Church, Hall & Lodge	2	200	200	Seat	0.01
Coffee Shop	6	1000	600	Seats	0.08
Dry Cleaner	285	150	110	1,000 sq. ft	1.23
Fire Station	190	200	200	1,000 sq. ft	1.01
Garage	95	180	280	Service bays	0.55
Hospital					
Convalescent	125	250	100	Beds	0.62
General	175	250	100	Beds	0.87
Veterinarian	6	250	100	Cages	0.03
Hotel/Motel	100	310	120	Sleeping rooms	0.56
Laundromat	500	150	110	Washing machines	2.16
Library	190	200	200	1,000 sq. ft.	1.01
Machine Shop	152	180	280	1,000 sq. ft.	0.88
Market	38	800	800	1,000 sq. ft.	0.53
Office(s)					
Business	76	130	80	1,000 sq. ft.	0.30
Dental	190	130	80	Exam room	0.75
Medical	190	130	80	Exam room	0.75
Post Office	190	130	80	1,000 sq. ft.	0.75
Resort				Calculate per ESD	
Restaurant					
Dine-in					
With DW & Garbage Disposal	6	1000	600	Seat	0.08
With DW or Garbage Disposal	6	619	371	Seat	0.06
Without DW & Garbage Disposal	6	238	143	Seat	0.03
Take-out	475	238	143	1,000 sq. ft.	2.47
Rest home	125	250	100	Beds	0.62
Retail Store	38	150	150	1,000 sq. ft.	0.18
Schools					
Elementary	9	130	100	Per student/day	0.04
High School	14	130	100	Per student/day	0.06
Service Station	380	180	280	Set of gas pumps	2.19
	38	180	280	Add per service bay	0.22
Shoe Repair	190	200	200	1,000 sq. ft.	1.01
Theater	2	200	200	Seat	0.01
Warehouse				See note 1 below	
Other Uses Not Listed				See note 1 below	
Industrial				See note 1 below	
ALL COMMERCIAL ESDs TO BE DETERMINED BY THE FOLLOWING FORMULA: $ESD = (TSS \times FLOW \times 0.33) / (SFD \ TSS \times SFD \ FLOW) + (BOD \times FLOW \times 0.33) / (SFD \ BOD \times SFD \ FLOW) + (FLOW \times 0.34) / SFD \ FLOW$					
Note 1: Use to be calculated on a case by case basis using the above formula					
Definitions:					
Flow = Gallons Per Day					
BOD = Biological Oxygen Demand					
TSS = Total Suspended Solids					
ESD = Equivalent Single-Family Dwelling					



## Accessory Dwelling Unit (ADU) Requirements

### Attached or Detached from Main Residence



\*Fees mean connection fees, FRC (See Reg 1)  
(Additional costs maybe required for fire sprinkling)

<sup>(1)</sup> 150 ft<sup>2</sup> expansion for ingress/egress only allowed for detached ADUs.

Agenda Item:

**ESTABLISHING BYLAWS**

Summary:

**July 12, 2022:**

The Board Clerk has compiled all examples of other District bylaws in Dropbox in the "Subcommittee Projects" file. The Board Clerk will start working on the bylaws in August. Should the Board still see fit, a subcommittee is still needed; the Board Clerk requests a subcommittee to be established at this meeting to help expedite the process.

**Historical:**

**June 14, 2022:**

The Board Clerk has provided a few bylaw examples in the board packet for review. These and additional bylaw examples are available for review in Dropbox in the "Subcommittee Projects" file.

**May 10, 2022:**

The Board tabled to next month's meeting and instructed the Board Clerk to provide examples in the June board packet.

Potential Board Actions:

The Board may:

1. Select two Directors for the Subcommittee members and date(s) for meeting(s).
2. The Board may review, discuss and/or give further instructions to the FWD Staff.

Staff Recommendation: None

Report created by: Dawn Leith, Board Clerk

Agenda Item:

**CORRESPONDENCE**

Summary:

**July 12, 2022:**

The following pieces of correspondence are included in the FWD Board Package:

1. Sonoma County Planning Commission – Notice of Public Hearing (Board Clerk emailed to the Board 6/21/22)
2. AWWA Advisory – Water Affordability Advocacy Toolkit
3. City Connections (Santa Rosa) – Ultraviolet Disinfection Improvement Project
4. State Water Board – Webinar re: proposed revisions to the State’s Capacity Development Strategy (Board Clerk emailed to the Board 6/30/22)

Potential Board Actions:

FWD Board may choose to select any item above and request it be placed on a future Agenda if it is deemed that action is needed by FWD Board.

Staff Recommendation: None

Report created by: Dawn Leith, Interim Board Clerk

**NOTICE OF A SONOMA COUNTY PLANNING COMMISSION VIRTUAL PUBLIC HEARING CONTINUED FROM JULY 26, 2021 TO CONSIDER AND RECOMMEND AN UPDATE OF THE LOCAL COASTAL PLAN TO THE SONOMA COUNTY BOARD OF SUPERVISORS**

cc: July 12, 2022  
Board Packet ASR  
"P" - Corr. #1

**WHO:** Project Applicant, County of Sonoma, **Permit Sonoma File No. PLP13-0014**

**WHAT:** Sonoma County Local Coastal Plan Update **All parcels within the Coastal Zone, Supervisorial District: Fifth.**

**On June 29, 2022 at 1:05 pm, The Sonoma County Planning Commission** will resume the virtual public hearing opened on July 26 2021 to receive public comment and consider recommendations on the Public Review Draft of the Local Coastal Plan to the Board of Supervisors in which all interested persons are invited to attend and provide comments. The Planning Commission will complete final review of revisions recommended during this extended hearing and recommend a revised version of the Local Coastal Plan to the Board of Supervisors.

**Members of the Public May Not Attend this Meeting in Person.**

**NEXT STEPS:** The Planning Commission is anticipated to complete review of revisions to the Draft Local Coastal Plan and provide a recommendation to the Board of Supervisors at the **June 29, 2022**, reopened public hearing. The Planning Commission Recommended Draft of the Local Coastal Plan will then be considered for adoption by the Board of Supervisors at a future date to be determined.

**ENVIRONMENTAL REVIEW:**

The project is statutorily exempt from the California Environmental Quality Act (CEQA) as per Section 15265, Adoption of Coastal Plans and Programs. CEQA does not apply to activities and approvals pursuant to the California Coastal Act by any local government, necessary for the preparation and adoption of a local coastal program.

**WHERE & WHEN:**

**June 29, 2022 at 1:05 pm. In accordance with AB 361, Governor Newsom's March 4, 2020 State of Emergency due to the COVID-19 pandemic, Sonoma County Public Health Officer's Recommendation for Teleconferenced Meetings, and the Sonoma County Board of Supervisors Resolution 21-0399, this meeting will be conducted via videoconference only without a physical location from which members of the public may observe and offer public comment. Members of the public may watch, listen, and participate in the hearing through Zoom or by phone, and may submit written comment prior to the hearing as described below.**

**ADDITIONAL MATERIALS:**

Project materials and associated documents are available at Permit Sonoma, 2550 Ventura Avenue, Santa Rosa, CA 95403 and digitally through the project planner and at [https://share.sonoma-county.org/link/Jj-1\\_cgjxEY/](https://share.sonoma-county.org/link/Jj-1_cgjxEY/) For more information about this proposal, to submit comments, or to request an accommodation for review of the file, please contact the project planner, Gary Helfrich at [PRMD-LCP-Update@sonoma-county.org](mailto:PRMD-LCP-Update@sonoma-county.org) or (707) 565-2404.

**GETTING INVOLVED:**

If you have questions or concerns regarding the proposed project please contact the Project Planner noted above. Public comment prior to the meeting may be submitted to the Project Planner listed above. Comments may be submitted any time prior to the hearing.

**Public comment during the meeting:** Members of the public who join the Zoom meeting, either through the Zoom app or by telephone, will have an opportunity to provide live comments

during the hearing. Please refer to the meeting agenda for instructions on how to join the meeting via the Zoom app or by telephone. The agenda will be posted 1 week prior to the hearing date located: <https://permitsonoma.org/planningcommissionmeetingjune292022>

If you challenge the decision on the project in court you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to Permit Sonoma at or prior to the public hearing.

**NOTICE**

**ALSO**

**PUBLISHED:** Press Democrat

**DATE:** June 23, 2022

AWWA Public Affairs Advisory - Water Affordability Advocacy Toolkit  
AWWA Public Affairs <publicaffairs@awwa.org>  
Thu 6/30/2022 11:31 AM  
To:

cc: July 12, 2022  
Board Packet ASR  
"P" - Corr. #2

- Forestville Water District <info@forestvillewd.com>

[View in Browser](#)



A BENEFIT OF YOUR AWWA UTILITY MEMBERSHIP 

## Public Affairs Advisory

**Who: Natural Resources Defense Council**  
**What: Water Affordability Advocacy Toolkit**  
**When: Published this Month**

Water utilities should be aware that the Natural Resources Defense Council, a large, U.S.-based environmental organization, recently published a report called "[Water Affordability Advocacy Toolkit](#)" that encourages community activism on the issue of water affordability.

[NRDC](#) describes the kit as having two aims:

1. To explain "many of the most critical challenges related to household-level water affordability that arise throughout the country. The topics concern not only the affordability of water and sewer service but also the consequences to people and communities when bills are unaffordable."
2. "For each topic, it offers a menu of potential state level and local-level policy solutions and strategies that advocates can consider using—or adapting—to help ensure affordable access to essential water services in their communities, regardless of a household's ability to pay."

The toolkit is designed to inspire policy reform, so local water utilities may be contacted by media or community organizations advocating for changes to water rates and water shut-off policies. They may also see conversations on these topics bubble up in social media platforms.

AWWA's [Thinking Outside the Bill: A Utility Manager's Guide to Assisting Low-Income Water Customers](#) is a helpful resource for utilities as they navigate affordability questions. (Member only; login required to access). Updated earlier this year, the document shares case studies and resources to help water utilities enhance affordability programs. It follows the premise that to serve the needs of its most vulnerable customers, a utility needs to understand its community's demographic, social, economic and environmental make-up.

AWWA has several other resources available pertaining to affordability, including:

- AWWA's [Affordability resource page](#)
- "[Improving the Evaluation of Household-Level Affordability in SDWA Rulemaking: New Approaches](#)" – An expert panel led report, facilitated by AWWA, discussing the ways the U.S. Environmental Protection Agency could perform analysis of household-level affordability when making regulatory decisions
- [AWWA's Policy Statement on Discontinuance of Water Service for Nonpayment](#)

AWWA's [Trending in an Instant: A Risk Communication Guide](#) helps utilities strengthen public trust and respond to challenging social media events. The 2019 [Water Utility Manager's Guide to Community Stewardship](#) provides utilities with strategies and tools to effectively engage underserved communities and apply a social equity lens to water service delivery.

Questions can be directed to [Greg Kail](#), AWWA director of communications.



American Water Works Association  
6666 W. Quincy Ave. | Denver, Colorado 80235  
Telephone: 1-800-926-7337

[Email Our Team](#)

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OR reply to this message with the word Remove in the subject line.

This email was sent to [info@forestvillewd.com](mailto:info@forestvillewd.com), 03619952

# City Connections



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## Transportation & Public Works - News

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Posted on: June 30, 2022

### Laguna Treatment Plant Ultraviolet Disinfection Improvements Project



A new \$68 million ultraviolet (UV) light disinfection system will be installed at Santa Rosa Water's Laguna Treatment Plant located on Llano Road in Santa Rosa. The new UV system will replace the existing system originally installed in 1997. UV disinfection is the final step in producing Title 22 recycled water at the plant that by exposing the tertiary treated water to multiple banks of UV lights. At full capacity, the new system will be one of the largest UV disinfection systems in the United States.

The existing UV system is being replaced because it has exceeded its life expectancy, which has led to a reduced treatment capacity that no longer meets the operational needs of the plant. Complete replacement is necessary due to the age of the system and the difficulty of procuring replacement parts, many of which have had their manufacturing discontinued. Construction of the new system is expected to be complete in early 2025. The existing system will remain operational until construction is complete.

The new system is critical to meet the needs of the approximately 236,100 residents and businesses the plant serves in Santa Rosa, Rohnert Park, Cotati, Sebastopol, and unincorporated portions of Sonoma County. The new UV system will have the capacity to treat 70 million gallons of water per day (MGD), enough water to fill roughly 106 Olympic sized swimming pools.

The UV disinfection process is superior to other methods of disinfection, such as chlorine disinfection, UV does not require the storage, transport, or potential exposure to harmful chemicals, nor does it create harmful disinfection by-products that remain in the recycled water after the disinfection process is complete.

In addition to the new UV disinfection system, and Effluent Diversion Pumping Station will be constructed with a pumping capacity of 35 MGD. This pump station will allow staff to divert water that does not meet permit limitations to the beginning of the plant for retreatment, thereby alleviating the risk of contaminating the City's Recycled Water storage ponds.

***How the UV Disinfection System Works***

The UV disinfection system at the plant is the final step in recycling water for beneficial reuse. The upstream treatment processes remove inorganic and organic material by screening, clarifying, biological oxidation, and filtration systems. Although the upstream processes are effective at greatly reducing contaminants within the water, these processes have limited ability to inactivate pathogenic organisms. Treated effluent will flow through multiple banks of UV lamps where pathogenic organisms within the effluent are exposed to UV light. The UV light damages the DNA of the organisms to the point of non-repair, effectively killing them and thereby disinfecting the recycled water. Disinfection is a necessary final component of the treatment process to produce recycled water that is safe for reuse in urban and agricultural irrigation, as well as recharging the steamfields for Calpine's geothermal power plant.

Capacity Development Strategy Workshop Webinar  
lyris@swrcb18.waterboards.ca.gov <lyris@swrcb18.waterboards.ca.gov>  
Thu 6/30/2022 2:31 PM  
To:

cc: July 12, 2022  
Board Packet ASR  
"P" - Corr. #4

- Forestville Water District <info@forestvillewd.com>



**This is a message from the State Water Resources Control Board.**

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The State Water Board is hosting a public webinar workshop next week to provide an opportunity for stakeholders to review and discuss the proposed revisions to the state's Capacity Development Strategy for public drinking water systems. This effort is being undertaken pursuant to Federal initiatives and incentives developed by the United States Environmental Protection Agency. The Capacity Development Strategy will be developed systematically with input from stakeholders and the public. The results of this effort will be documented in the 2022 Capacity Development Strategy finalized by December 2022.

- Public Webinar Workshop July 7, 2022, 11:00 am to Noon:  
[https://www.waterboards.ca.gov/board\\_info/calendar/docs/2022/notice\\_capdevstrategy070722.pdf](https://www.waterboards.ca.gov/board_info/calendar/docs/2022/notice_capdevstrategy070722.pdf)
  - Register Here:  
[https://waterboards.zoom.us/webinar/register/WN\\_XIG3sIPiR\\_ScntpVlIAYmw](https://waterboards.zoom.us/webinar/register/WN_XIG3sIPiR_ScntpVlIAYmw)
- 

You are currently listed to drinkingwater\_public\_water\_systems as: [info@forestvillewd.com](mailto:info@forestvillewd.com).

Division of Drinking Water Website: [http://www.waterboards.ca.gov/drinking\\_water/](http://www.waterboards.ca.gov/drinking_water/)

This email is being sent to you because you were identified by your agency as the Administrative, Carbon Copy, or Financial Contact for your water system. If you are not the Administrative, Carbon Copy, or Financial Contact for your water system, please contact the local Division of Drinking Water (DDW) District Office or your regulating agency.

For a map of the district offices, please go to  
[http://www.waterboards.ca.gov/drinking\\_water/programs/documents/ddwem/DDWdistrictofficesmap.pdf](http://www.waterboards.ca.gov/drinking_water/programs/documents/ddwem/DDWdistrictofficesmap.pdf).

Agenda Item:

**CLOSED SESSION (under Gov't Code #54957):  
EMPLOYEE PERFORMANCE EVALUATION**

Summary:

**July 12, 2022:**

FWD Board may enter Closed Session under Gov't Code #54957 to discuss General Manager's Performance Evaluation.

**Historical:**

**May 10, 2022:**

FWD Board may enter into Closed Session under Gov't Code #54957 to discuss General Manager's Performance Evaluation.

The GM's list of goals, policies, and procedures for the upcoming year was emailed separately from the board packet to the board.

Potential Board Actions:

FWD Board to announce any decisions made or action taken during Closed Session and give further instructions to FWD Staff if needed.

Staff Recommendation:

None

Report created by: Dawn Leith, Interim Board Clerk

Agenda Item:

**General Manager Lopes Water and Sewer Operations Report for June 2022**

Summary:

**July 12, 2022:**

## Water Operations:

USA Checks 19

Water Work Orders: 20

Staff continued water distribution duties for 2022.

The 2 new water connections were completed by contractor and are in service along with new backflow preventors.

Will be receiving 2 new connection fees for 1" meters shortly. I demanded design plan changes with contractor to confirm our meters will be placed near the road with individual connections and not on an extended private driveway.

Water meter reads were completed 6/27-6/29 and billing was all finalized.

Changed out 2 malfunctioning meters but had very few leaks during this billing period.

Sonoma Water will be replacing an aqueduct main that runs under Mark West creek through a vineyard easement that contains our water main north of River Road. We had them pothole to confirm location of our line to avoid any issues while moving heavy equipment. They placed traffic plates over the concerned areas.

FWD received a letter from a potable water surplus vineyard user that had to be discontinued due to the drought. I responded that potable surplus water can only be purchased for drinking water needs and they understood the situation.

## Sewer Operations:

Met with a Sonoma County representative regarding the Hazard Materials Business Plan in order to have our new permit issued.

We had Miksis come out on 6/23 to pump down all the debris in lift stations in order to assess the force main project.

We then had Pump Man come out on 6/29 to swap out a 23 HP pump with a new pump from our shelf to continue the assessment of our equipment and to confirm proper and efficient pumping up the Covey Road hill.

On the Monday July 4 holiday, one of the pumps shorted out at 12:36 am knocking out 2 fuse and relay controls which included the level transducer. The loss of the level sensor took away our ability to operate the pumps in auto even after the fuses and relay were replaced. We had the Pump man electrician replace the sensor from our shelf supply, and all is back to operating properly.

Our SWRCB permit representative contacted me after the tour with board executives to state that FWD and GCSD could share the intertie recycle water pipeline to serve irrigation users if we created a contract agreement between the districts.

## Recycled Water:

Our district engineer has started the permit addendum process for the recycled water truck fill station to be approved by SWRCB and DDW. The addendum must be certified by the district engineer to coordinate with the Title 22 recycled water engineering report.

I met with the new GCSD GM at the GM summit to update him on the need to create an official partnership between the districts for recycled water use.

## District Staff:

Staff continued our monthly safety meetings.

I attended the GM Summit and received great information to decide to commence on the USDA sewer loan refinancing.

Potential Board Actions:

No FWD Board action needed: for informational purposes only.

Staff Recommendation:

None

Report created by: Tony Lopes, General Manager

Agenda Item:

**STANDING SUB-COMMITTEE  
GRATON CSD & FORESTVILLE WATER DISTRICT**

Summary:

**July 12, 2022:**

The Sub-committee met on July 6, 2022, to discuss the continued Mutual Aid Agreement between the two districts. The sub-committee and both district GMs discussed the proposed plan of action to use the recycled water intertie pipeline in hopes of eliminating the need for the districts to discharge to Jones Creek in the winter.

**HISTORICAL:**

**May 10, 2022:**

Director McDermott will be meeting with Graton's new Board President in the coming weeks. No action taken by the Board.

**March 8, 2022:**

The Subcommittee will update the Board.

**January 11, 2022**

The Subcommittee will need to select future meeting date.

**December 14, 2021:**

December 2's GCSD/FWD Sub-committee meeting was cancelled and has not yet been rescheduled to a future date.

**November 9, 2021:**

Next scheduled meeting will be December 2, 2021, at 5:30 p.m. via Zoom.

\*\*\* SEE ASR FROM OCTOBER 12, 2021 BOARD MEETING FOR PRIOR HISTORICAL DATA RELATED TO THIS AGENDA ITEM \*\*\*

Potential Board Actions: For informational purposes only

Staff Recommendation: None

Report created by: Dawn Leith, Interim Board Clerk