

REGULAR MEETING OF THE BOARD OF DIRECTORS AGENDA

TUESDAY, April 26, 2022, 7:00 PM
Notice of HYBRID Meeting

President- James Leap Vice President- Vicki Morris Director- Marcus Dutra Director- Richard Smith Director- Wayne Holman General Manager- Robert Johnson Board Secretary- Louise Coombes
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The Aromas Water District Board of Directors meeting will be conducted in a hybrid setting. Directors, staff and public may attend the meeting remotely or in person. Public participation is encouraged – participation instructions are on the following page.

- I. **CALL TO ORDER**
- II. **ROLL CALL OF DIRECTORS:** President Jim Leap, Vice President Vicki Morris, Directors Marcus Dutra, Richard Smith and Wayne Holman.
- III. **PLEDGE OF ALLEGIANCE**
- IV. **STATEMENTS OF DISQUALIFICATION**
- V. **ADDITIONS AND DELETIONS**
- VI. **MINUTES:** Review the Minutes of the March 22, 2022, Regular Board Meeting for Board approval. p.3-5
- VII. **REPORT OUT FROM CLOSED SESSION, March 22, 2022**
- VIII. **ORAL COMMUNICATION:** *Anyone wishing to address the Board on informational items, staff reports or matters not listed on the agenda may do so. Please limit your comment to three (3) minutes. The public may comment on listed Action and Public Hearing items at the time they are considered by the Board.*
- IX. **PRESENTATIONS & REPORTS**
 - A. DIRECTORS' REPORTS
 - B. ATTORNEY'S REPORT
 - C. MANAGER'S REPORT p.6-9
 - D. CORRESPONDENCE p.10
- X. **CONSENT CALENDAR:**
 - A. Consider adopting Resolution #2022-06, extending the need for hybrid meetings, as presented in AB 361. p.11-12
 - B. Consider adopting Resolution #2022-07, declaring May 2022 as Water Awareness Month. p.13-14
- XI. **ACTION ITEMS:**
 - A. Consider adopting Resolution #2022-08, ordering an Election for three seats on the Aromas Water District Board of Directors, on November 8, 2022, and providing direction to staff. p.15-18
Staff will present a resolution calling for an election in November to fill the three seats on the Board of Directors for discussion and Board action.
 - B. Consider adopting Resolution #2022-09, establishing a District Debt Management Policy p.19-24
Staff will present a District Debt Management Policy for discussion and Board action
 - C. Consider adopting Resolution #2022-10, authorizing the borrowing of funds in a principal amount not to exceed \$5,759,500 to finance the Marshall Well Project and approving related documents and actions, and providing direction to staff p.25-50
Staff will present Resolution #2022-10 and a loan agreement for the Marshall Well Project and related appurtenances for discussion and Board action.
 - D. Financial Reports for the Month of March 2022 p.51-56
Including both Assessment Districts, the financial reports show a Total revenue of \$103,519.80; Total expenditures were \$122,504.94 between March 16, 2022, and April 19, 2022. These financials and monthly expenditures will be presented for discussion and approval.
- XII. **FUTURE MEETINGS & AGENDA ITEMS** – Next meeting – May 24, 2022
- XIII. **ADJOURNMENT**

Next Res. # 2022-11

All public records relating to an agenda item on this agenda are available for public inspection at the time the record is distributed to all, or a majority of the board. Such records shall be available at the District office located at 388 Blohm Avenue, Aromas, CA.
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Hybrid Meeting Attendance Instructions

The public may participate in the District's Board meeting either in person, or by teleconference / web conference via the instructions provided below. In person attendees will be subject to current mask and distancing protocols.

The meeting materials will be available for download from the District's website at:

www.aromaswaterdistrict.org

For those who choose to attend this meeting via Zoom will be muted by default. To join the meeting from a computer, tablet, or smartphone via the Zoom app (free at <http://www.zoom.us>), click the link on the meeting date and time: <https://us02web.zoom.us/j/84478592455>

If you do not have speakers or a microphone on your computer, you can dial in for audio.

Call **(669) 900.9128** and enter the Webinar ID: 84478592455

If you would like to speak during the public comment portion of the meeting, you have the following options:

1. **Online** – raise your hand or use the Q&A panel to submit written comments.
2. **Phone** – press *9 to raise your hand, *6 to send a request to be unmuted to submit verbal comments.

The meeting officially will start at 7:00pm, though remote access will be open 15 minutes before the start of the meeting.

Public engagement is important to the District, and hybrid meeting protocols are an evolving process. We appreciate everyone's understanding as we work through this together

**Minutes of the Regular Meeting of
the Aromas Water District Board of Directors
March 22, 2022**

- I. CALL TO ORDER.** The regular meeting of the Aromas Water District Board of Directors was called to order by President Leap on Tuesday, March 22, 2022, at 7:00 p.m. in a hybrid setting; attendees were both present in the Board Room and online via Zoom.
- II. ROLL CALL.** President Leap, Vice President Morris and Directors Dutra, Holman and Smith were present. Also present was General Manager Johnson; Board Secretary Coombes and Counsel Bosso attended via Zoom.
- III. PLEDGE OF ALLEGIANCE.** President Leap led the pledge of allegiance.
- IV. STATEMENTS OF DISQUALIFICATION.** There were no disqualification statements.
- V. ADDITIONS AND DELETIONS.** There were no additions to, or deletions from, the Agenda.
- VI. MINUTES.** The minutes of the February 22, 2022, Board Meeting were presented for review and approval. Vice President Morris moved for approval of the minutes as presented; Director Holman seconded. Minutes were unanimously approved with all Directors present.
- VII. REPORT OUT FROM CLOSED SESSION, February 22, 2022.** The General Manager was not directed to take any action.
- VIII. ORAL COMMUNICATION.** There were no public comments.
- IX. REPORTS/PRESENTATIONS**

- A. Director's Report(s).** There were no Director's reports.
- B. Attorney's Report.** Counsel Bosso remarked that after three years, the State Water Rights Board are proposing a maximum contaminant level of 10ppm (parts per million) for Chromium VI (aka Hexavalent Chromium).

President Leap requested a synopsis of the Chromium VI levels from Counsel Bosso who explained that California originally followed the Federal standard which is set at 50ppb (parts per billion). Problematically, the maximum level that is likely to result in one death per million people is so low, it is virtually undetectable. The maximum contaminant level is currently 10ppm as set by the SWRCB (State Water Resources Control Board).

Counsel Bosso also mentioned the possibility that a recent amendment to Proposition 218 is being proposed. This could increase the District's obligations to go out to a vote for the majority of fees that are charged to customers; currently this only applies to annual rate changes. The definition of fees as opposed to taxes is currently unclear in this statute. Counsel Bosso will inform the District of the progress of this legislature.

C. Manager's Report

OPERATIONS & MAINTENANCE

Production & Well Levels

GM Johnson reported total production in February 2022 was 5,996,110 gallons, with a daily average of 214,147 gallons. February's production was 15% higher than January's. Again, both Carpentaria Well and San Juan Well ran the entire month; however, Pleasant Acres was not used at all.

Counsel Bosso interjected that Senate Bills passed in 2018 require Districts with more than 3,000 customers to reduce domestic consumption (excluding landscaping) to 50 gallons per person, per day. By 2035 this should be further reduced to 40 gallons per person, per day.

The total number of connected meters is 970. All water testing continues to be both filed on time and represent satisfactory results. There is likely to be two additional connections in the near future.

Reporting on well levels; Carpentaria Well is down two feet, San Juan Well is down three feet. Observational wells; Marshall Well is down two feet and Aimee Meadows is down one foot.

INCIDENTS

CO DeAlba found an entity stealing water from a fire hydrant in early March, however, the individuals involved paid for the water that had been taken.

Also in early March, a fire hydrant was damaged by a vehicle; this was a hit and run incident, therefore no insurance information was available to make a claim. The water loss was between 30-40,000 gallons. This hydrant was repaired with the addition of a protective barrier.

ADMINISTRATIVE

Staff & Board Recognition

WUSp Girõn and Operator Smith have begun work on a Valve Marking and Exercising Program. This program will establish the location and functionality of our water main and lateral valves as well as provide confirmation of mapping data.

ASO Coombes and WUSp Girõn are working on the application to LAFCo for the Cole and Rocks Road annexation.

CO DeAlba is working on outstanding items within the system in preparation for the summer months.

Operator Smith & GM Johnson continue to work with Agee Electric and XiO to control the backwash at the filter plant as well as include the Ballantree part of the system electronically.

GM Johnson and Vice President Morris met with NHA, the Municipal Advisors, to discuss financing options for the new water source project. More information is available in the Action items update report in this meeting.

GM Johnson worked with Quinn in Salinas and has purchased a mobile (towable) generator to run the booster sites. Work continues with Allterra Solar to prepare for the solar power and battery backup system installation at the District office. A permit has been applied for but can take some weeks to obtain.

Conservation & Rainfall

Since the start of the rainfall year on October 1, 2021, at total of 14.84 inches of precipitation have been recorded by the rain gauge at Chittenden pass, with a further 0.36 inches falling to the date of this meeting in March 2022. This is a 65% increase from the previous rain year total of just 9.48 inches.

PROJECTS

Orchard Hill Road proposed annexation progress

The Orchard Hill group raised questions which MNS are currently working on. The Orchard Hill group have also recruited some additional interest from residents along Merrill Road.

Cole Road & Rocks Road Annexation Project

The application for LAFCo is underway including the survey work.

New Water Source – Marshall Well Project

GM Johnson will present an update in Action Item XI.A later in this meeting.

Correspondence: GM Johnson called the Board's attention to the correspondence from a resident of Via Del Sol. Five neighbors, who are annexed, are requesting water, however, the main line stops short of their section of the road. GM Johnson suggested to them that they purchase an engineering report from MNS to establish the cost and feasibility of a line extension.

The last email on the list is regarding another connection likely to take place either at the end of this month, or at the beginning of April, on Pine Tree Ave.

GM Johnson mentioned the letter he recently wrote to the billing software company Softline regarding their customer service to the District. Many days have been lost resolving software issues recently.

L. Austin recently emailed the District to ask whether we had been involved in a recent San Benito Multi-Jurisdictional Hazard Mitigation Plan. The District would have liked to have been involved but were not invited at the initiation of the report committee.

X. CONSENT CALENDAR

A. Consider adopting Resolution 2022-04 authorizing the continuation of hybrid/remote teleconferencing meetings pursuant to AB 361

Counsel Bosso pointed out that the Hybrid Meeting Resolutions are no longer required provided all Board members attend in person.

B. Consider adopting Resolution 2022-05 regarding the Identity Theft Prevention Program

Director Smith moved to adopt both Resolution 2022-04 and 2022-05 as presented; seconded by Vice President Morris. With all Directors present, both Resolutions were unanimously adopted by roll call vote.

XI ACTION ITEMS

A. Consider receiving a progress report on the Marshall Well project

MNS and District staff are meeting on a bi-weekly basis to keep the project on track, including the Hydrogeologist who is working on the well permit. We are on the drilling company’s schedule, so once the permit is ready the test well drilling can begin.

GM Johnson and VP Morris met with NHA who are developing a financial model. They provided a refined understanding of our Rate Study as well as developing a range of options for the financing. The possibilities include a \$6.5 million dollar private placement loan at a 2.75% interest rate over a 22 year period with likely a biannual payment plan.

Director Smith commented that this project is what the District needs and Vice President Morris agreed and went on to express satisfaction with the financial group. The report was received by consensus.

B. Financial Reports for the Month of February 2022

Total Assets / Liabilities & Equity are \$10,903,431.38, of which Total Current Assets are \$4,935,252.08, and Total Fixed Assets are \$5,819,059.30. In Liabilities, the Total Current Liabilities are \$230,796.71 and Total Liabilities are \$4,392,395.39.

In the P&L Report, Water Revenue for February was \$95,451.55. Total Expenditures were \$159,301.24 between February 17 to March 15, 2022.

On the graphical representation of the Financials, when compared to the current budget there is a +0.3% above budget and -2.6% difference from YTD Expenditures despite some unexpected expenditures, it seems that since the beginning of the year, inflation has made an impact.

Vice President Morris moved to adopt the Financial Reports as presented; seconded by Director Holman. The financial reports were unanimously adopted with all Directors present.

XII. FUTURE MEETINGS & AGENDA ITEMS. The next meeting date will be on Tuesday, April 26, 2022 and will be the same hybrid format as this meeting. Topics should include the Expense Budget.

XIII. ADJOURN TO CLOSED SESSION at 8:10pm.

Discussion of Personnel matters – General Manager Performance Evaluation.

XIV. RETURN TO OPEN SESSION at 9:22pm.

XV. REPORT OUT FROM CLOSED SESSION

The General Manager was evaluated.

XVI. ADJOURNMENT. President Leap adjourned the meeting at 9:25pm until Tuesday, April 26, 2022.

Read and approved by: _____
President, Jim Leap

Attest: _____
Board Secretary, Louise Coombes

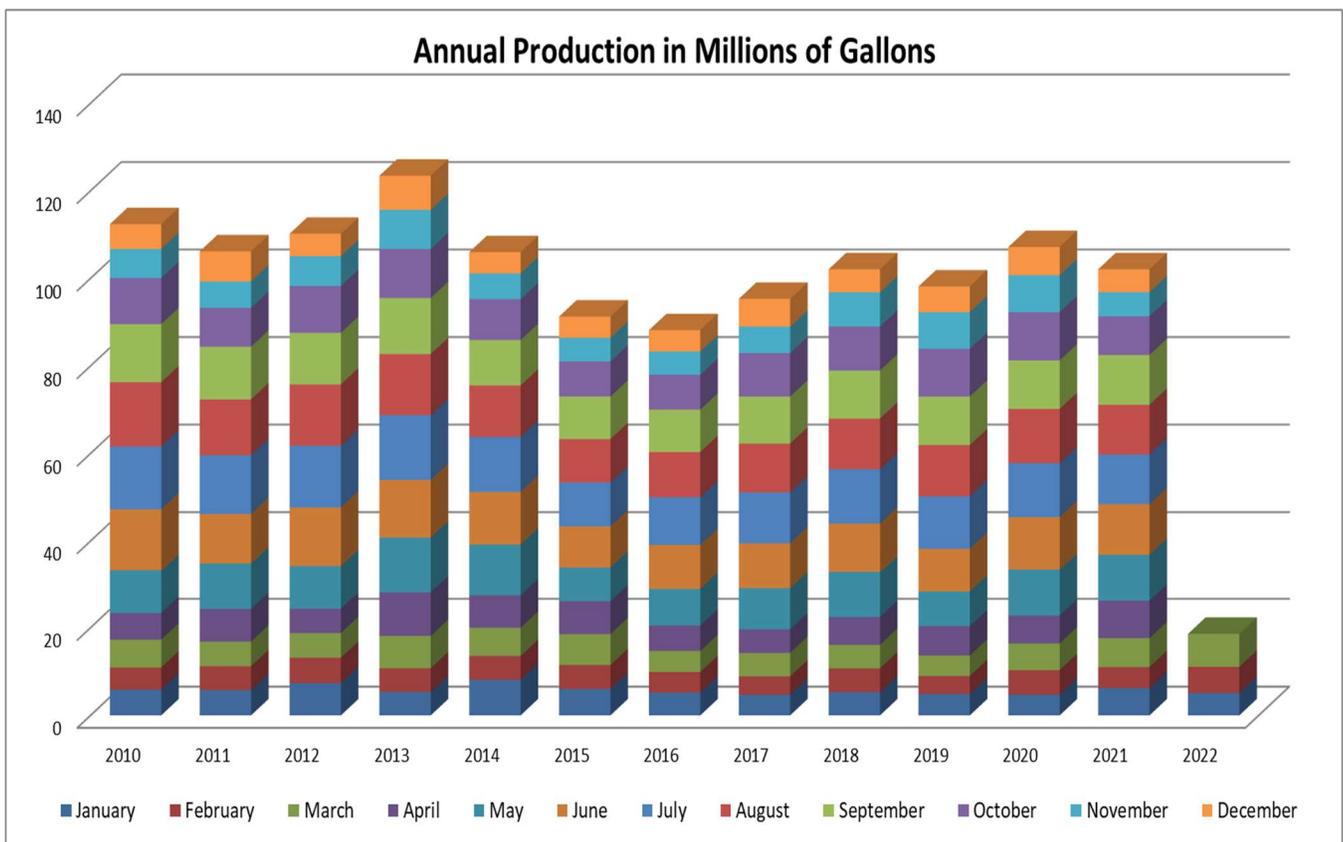
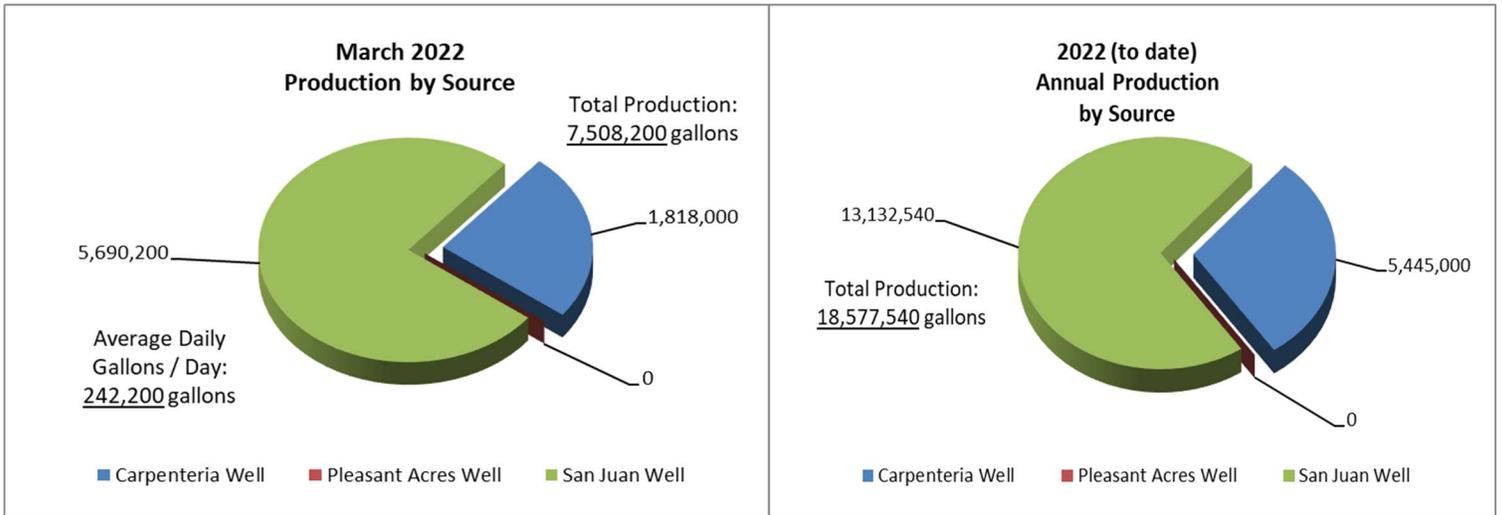
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Date: _____

General Manager's Report March 2022



PRODUCTION REPORT



Totals	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Million Gal	106.15	110.17	123.42	105.97	91.27	88.152	95.304	102.07	98.141	107.1	102.07	18.58
Acre Ft	325.7	338.05	378.7	325.16	280.05	270.49	292.43	313.18	301.13	328.8	313.19	57.01

OPERATIONS AND MAINTENANCE REPORT

OPERATIONS:

- There are 971 total meters installed, new connection at 0 Pine Tree.
- Both Carpentaria and San Juan wells were operated the entire month, while Pleasant Acres well was not used at all.
- Water Treatment Plant: finished water was free of both iron and manganese this month.
- Distribution testing for total Coliform; all samples were negative.
- All monthly DWR reports on Coliform, and Fe / Mn were filed on time.
- WTP filters are being backwashed when necessary.
- Monthly Generator in-house 15-minute testing under load.
- Monthly well-level monitoring (see chart following this report in Board Packet).

MAINTENANCE:

- Preventative maintenance and flushing were performed, as needed.
- Chlorine chemical pump maintenance and analyzer maintenance at all wells was performed.
- Additional maintenance tasks are being performed as time allows.

INCIDENTS:

- No incidents, per se, though there was a challenging installation. At “0 Pine Tree”, it was troublesome to locate the water main. After days of staff digging, we hired an excavator to help. When the main was exposed, we noted that two steel saddles (existing connections) were corroded. Those two saddles and related service laterals needed replacing, so West Valley was called in to replace the two saddles, reestablish the two connections, and tap the third (new) connection.

ADMINISTRATIVE REPORT

STAFF & BOARD RECOGNITION:

- WUSp Girõn is working with Operator Smith on a Valve Marking and Exercising Program. This program will establish clear markings for system valves, as well as exercise all the system valves.
- ASO Coombes and WUSp Girõn have completed the LAFCo application for the Cole Road/Rocks Road Annexation. The application is being reviewed, and once reviewed, it will be submitted.
- ASO Coombes released the Consumer Confidence Report (CCR) on April 1st digitally to approximately two-thirds of our customers (those of which we have email addresses). The hard copy of the CCR has gone to the printer for printing.
- CO DeAlba has been working on several system issues to prepare for increased summer usage.
- Operator Smith and GM Johnson continue to work with Agee Electricians and XiO to resurrect the Ballantree communication system. The District has been using a loaner system from Agee for about seven months since the system failed.
- Operator Smith and GM Johnson are working with TH Electric and XiO to develop a solution to performing a backwash at the water treatment plant. This a specialized component of the XiO System that, when incorporated into the entire system, will be the completion of the XiO System installation.
- GM Johnson and Board VP Morris, along with our financial consultants, have tentatively secured a loan for the District Marshall Well Project. There are a couple of Action Items related to this matter on tonight’s meeting agenda.

CONSERVATION UPDATE:

March 2022 usage figures are showing an expected increase in consumption, with the dry winter and warmer weather we have had over the last month.

October 1, 2021, marked the start of a new water year. As of the date of this report (April 20), the rain gauge at Chittenden Pass has recorded 16.08 inches of precipitation, with 0.72 inches falling this month. That is roughly a 70% increase (to date) over the precipitation received last year (9.48 inches).

PROJECTS:

1. Response to COVID-19 virus

Staff has been staying current on the ever-changing COVID-19 situation. There have been recent changes in a couple of areas: 1) The mask mandate has been lifted for vaccinated people; however, staff cannot evaluate the vaccination status of those who enter the office, therefore, masks are required for customers to enter, 2) the plexiglass screen in front of the WUSp was removed, and 3) staff has stopped recording body temperature upon entry to the office.

2. Technology upgrade – SCADA (delayed due to COVID-19 pandemic)

Major component installations are complete – staff, electricians and XiO personnel are working to complete the control of the backwash unit and the Ballantree communications issues.

3. Orchard Hill Road proposed annexation progress

MNS Engineers completed the FINAL Technical Memorandum (TM), and it was released to the main spokespeople of the group. Staff has passed a couple of sets of questions to the consultants for response and clarification. The group has attempted to incorporate additional parcels into the request, to see if that will help bring the costs down. The consultants are currently working on the questions most recently received.

4. Progress on the Cole Road Outreach / Annexation Project

Staff has completed the work on the LAFCo application. The Categorical Exemption will be filed next week, and the survey work is complete. There was a small discrepancy in the parcels included in the annexation, and the exhibit for the resolution has been updated. There was a small change in acreage. The application should be turned in by mid-May.

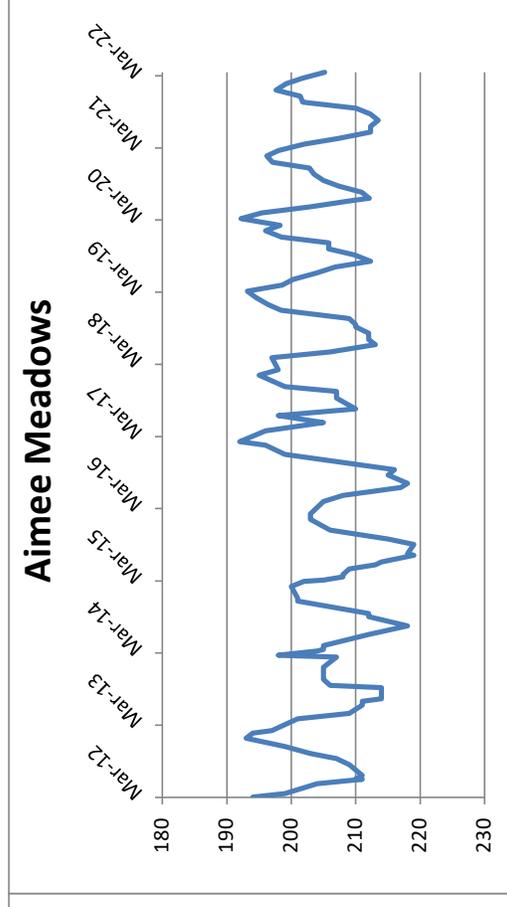
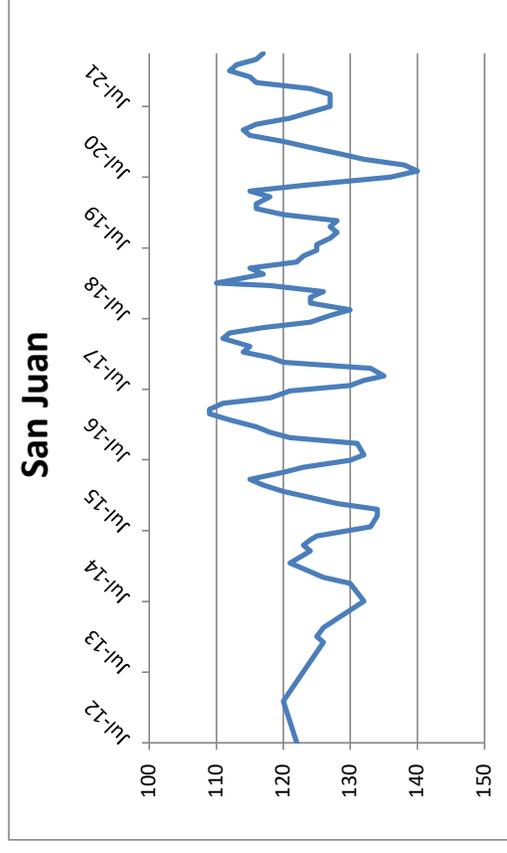
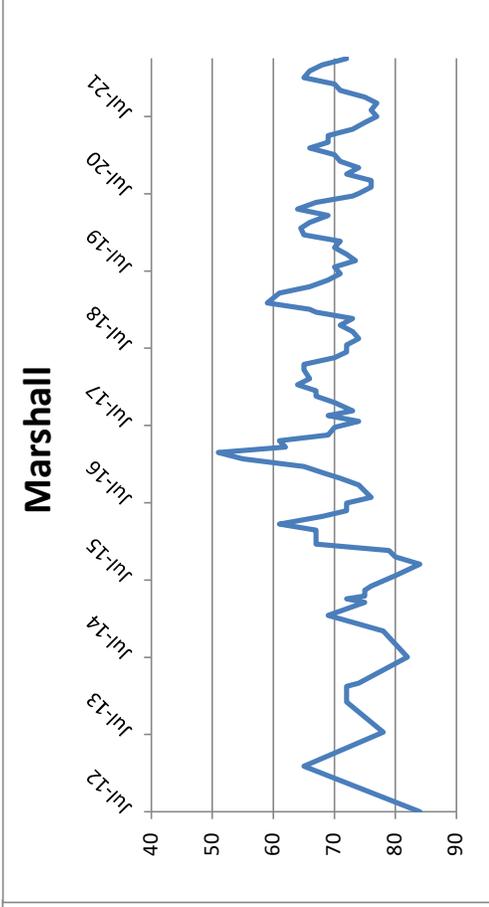
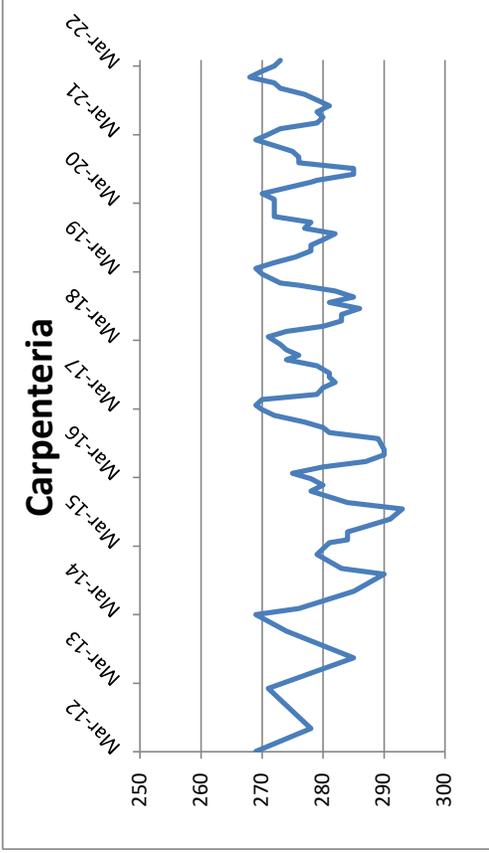
5. Progress on Finding a New Water Source Project

Staff will be presenting an update on the financing of this project as part of the Action Items at tonight's meeting.

Robert Johnson
General Manager
April 20, 2022

Well Water Level Monitoring Depth to Water Measurements

Date: April 11, 2022



CORRESPONDENCE LIST: 3/17/2022 – 4/20/2022

DATE	TYPE	TO	FROM	SUBJECT
3/17/22	E	C Heath, Pine Tree Ave	R Johnson, AWD	Aromas Water District re: Parcel #011-380-009/0 Pine Tree Ave
3/21/22	E	R Johnson, AWD	M Donnelly, Via Del Sol	[Potential For Connection of 5 Residences]
3/24/22	E	R Johnson, AWD	PG&E Company	Important updates on your business' electric bill
3/25/22	E	R Johnson, AWD	J Weininger, Monterey District Engineer, SWRCB	Changes at 1,000 Connections [& Response]
3/25/22	E	M Donnelly, Via Del Sol	R Johnson, AWD	Via Del Sol Questions
3/25/22	E	J Lawson and E Garrett, BoaVida RV Community Miles, Cypress Water Services	R Johnson, AWD	Formaldehyde Testing
3/25/22	M	R Johnson, AWD	L Gill, SDRMA	2022-23 Worker's Comp Renewal Estimate
3/28/22	E	R Johnson, AWD	ACWA Advisory	Governor Issues Executive Order to Bolster Regional Conservation Efforts
3/28/22	M	R Johnson, AWD	Monterey Bay Air Resources District	Notice of Availability of Air District Fee Rule Revisions and Public Meeting Schedule
4/2/22	E	AWD	M & D Macdonald	Annual Water Quality Report from the AWD
4/4/22	E	D Dursa, ASM Rivas	R Johnson, AWD	One-page flyer on AWD Well Project
4/7/22	E	R Johnson, AWD	L Bloom, NHA Advisors	AWD – Bank Proposals
4/8/22	E	SWRCB	E Girõn, AWD	Monthly Summary of Coliform Monitoring
4/11/22	E	SWRCB	E Girõn, AWD	Monthly Fe & Mn Field Test Results
4/14/22	E	AWD	MBAS	[Results of Formaldehyde Tests at BoaVida]
4/20/22	E	L Coombes, AWD	D Zarate, NBS	Oakridge Delinquency Report



RESOLUTION 2022-06

RESOLUTION AUTHORIZING THE CONTINUATION OF HYBRID/REMOTE TELECONFERENCE MEETINGS PURSUANT TO AB 361

WHEREAS, the Aromas Water District (District) Board of Directors (BOD) is committed to preserving public access and participation in BOD's meetings; and

WHEREAS, the Brown Act, Government Code section 54953(e), makes provisions 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, on March 4, 2020, Governor Newsom issued a Proclamation of State of Emergency in response to the COVID-19 pandemic; and

WHEREAS, the proclaimed state of emergency remains in effect; and

WHEREAS, on September 16, 2021, Governor Newsom signed AB 361 that provides that a legislative body subject to the Brown Act may continue to meet without fully complying with the teleconferencing rules in the Brown Act providing the legislative body determines that meeting in person would present imminent risks to the health and safety of attendees, and further requires that certain findings be made by the legislative body every thirty (30) days; and

WHEREAS, in the interest of public health and safety, as affected by the emergency caused by the spread of COVID-19, the BOD deems it necessary to find a requirement to meet in person for meetings of the District could present imminent risks to the health and safety of attendees, and thus, intends to invoke the provisions of AB 361 related to teleconferencing; and

WHEREAS, the BOD has considered all information related to this matter, as presented at the public meetings of the BOD, including but not limited to the current circumstances related to the state of emergency, which continues to remain active; and

WHEREAS, the BOD further finds that the state of emergency continues to directly impact the ability of the members to meet safely in person.

(continued on next page)

NOW, THEREFORE BE IT RESOLVED, the Aromas Water District Board of Directors hereby resolves, and order as follows:

- 1. The BOD finds that the facts set forth in the recitals to the Resolution are true and correct.**
- 2. The above findings and this resolution apply to all meeting of the Aromas Water District subject to the Brown Act for the period of April 27, 2022, to May 26, 2022 (Resolution 2022-04 covers until April 26, 2022).**
- 3. As long as the State Emergency remains in effect or until directed otherwise by the BOD, staff shall present to the BOD at every meeting necessary, an item to continue the findings required by AB 361.**
- 4. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of thirty (30) days from adoption of the Resolution or such time the BOD adopts a subsequent Resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the BOD may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953; and**
- 5. The General Manager and District Counsel are directed to take such other necessary actions to implement the intent and purposes of the Resolution.**

PASSED AND ADOPTED by the Board of Directors of the Aromas Water District, Aromas, Monterey and San Benito Counties, California, at a Regular meeting duly held on this 26th day of APRIL 2022 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVE:

ATTEST:

James Leap, Board President

Board Secretary, Louise Coombes



RESOLUTION 2022-07

RESOLUTION DECLARING MAY 2022 WATER AWARENESS MONTH

WHEREAS, California's arid and semiarid climate, its ambitious and evolving economy, and its continually growing population have combined to challenging water quantity situations the norm; and

WHEREAS, the health, welfare and quality of life for our community depends on a reliable, high quality water supply; and

WHEREAS, the need to develop a diverse water supply portfolio that includes a balanced combination of conversation, water reuse and new supplies to ensure reliability is critical to our region's future; and

WHEREAS, municipal agencies and governments continue to seek cost-effective and efficient systems to obtain and deliver water to meet the needs of residents, agriculture and the economy; and,

WHEREAS, the state, county, cities and concerned citizens make strong efforts to foster wise decisions concerning water issues and water use; and,

WHEREAS, home water use, and wastewater production can be significantly reduced by finding and repairing leaks, replacing inefficient toilets, washing machines, water softeners, and adopting personal water conserving practices; and

WHEREAS, the fact that California will experience periodic droughts and water conservation is critical not only during drought periods, **but at all times**; and

WHEREAS, landscape irrigation makes up over half of home water use - a percentage that can be significantly reduced by adjusting and monitoring irrigation systems and adopting water efficient landscaping and gardening practices; and

WHEREAS, the Aromas Water District, along with local governments and water agencies are working to provide residents with cost-effective means to reduce water use and the degradation of our water supply from water softener salts; and

WHEREAS, during May 2022, the Aromas Water District is inviting everyone to find out ways to save water both at work and at home;

NOW, THEREFORE, the Aromas Water District does proclaim May 2022 as Water Awareness Month and urges all citizens, businesses, industries, institutions, and public agencies to review their water use and water systems for water use efficiency and to contact their water supplier for water saving ideas and assistance.

PASSED AND ADOPTED by the Board of Directors of the Aromas Water District, Aromas, Monterey and San Benito Counties, California, at a Regular meeting duly held on this 26th day of April 2022 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVE:

ATTEST:

James Leap, Board President

Louise Coombes, Board Secretary

Staff Report



To: Board of Directors

Re: Item IX.A – Consider adopting Resolution #2022-08, ordering an election for three seats on the Aromas Water District Board of Directors, and provide direction to staff

Date: April 18, 2022

Summary / Discussion

The Aromas Water District (District) Board of Directors serve four-year terms on a staggered schedule; one election cycle is for two Board seats and the other is for three seats – the election will be for three Board seats and occur on November 8, 2022.

Attached is a resolution that; 1) orders the election, 2) requests the respective County Elections Departments (District is in both Monterey and San Benito counties) to conduct the elections, and 3) to consolidate the District’s election with the larger election occurring November 8, 2022.

Staff Recommendation

Staff recommends adopting Resolution #2022-08 to initiate the election process for the three seats that are coming up for re-election in November 2022.

Submitted by:

Robert Johnson
General Manager



RESOLUTION 2022-08

RESOLUTION ORDERING AN ELECTION; REQUESTING COUNTY ELECTIONS TO CONDUCT THE ELECTION AND REQUESTING CONSOLIDATION OF THE ELECTION

AROMAS WATER DISTRICT

WHEREAS, pursuant to Elections Code Section 10002, the governing body of any city or district may by resolution request the Board of Supervisors of the county to permit the county elections official to render specified services to the city or district relating to the conduct of an election; and

WHEREAS, the resolution of the governing body of the city or district shall specify the services requested; and

WHEREAS, pursuant to Elections Code Section 10002, the city or district shall reimburse the county in full for the services performed upon presentation of a bill to the city or district; and

WHEREAS, pursuant to Elections Code Section 10400, whenever two or more elections, including bond elections, of any legislative or congressional district, public district, city, county, or other political subdivision are called to be held on the same day, in the same territory, or in territory that is in part the same, they may be consolidated upon the order of the governing body or bodies or officer or officers calling the elections; and

WHEREAS, pursuant to Elections Code Section 10400, such election for cities and special districts may be either completely or partially consolidated; and

WHEREAS, pursuant to Elections Code Section 10403, whenever an election called by a district, city or other political subdivision for the submission of any question, proposition, or office to be filled is to be consolidated with a statewide election, and the question, proposition, or office to be filled is to appear upon the same ballot as that provided for that statewide election, the district, city or other political subdivision shall, at least 88 days prior to the date of the election, file with the board of supervisors, and a copy with the elections official, a resolution of its governing board requesting the consolidation, and setting forth the exact form of any question, proposition, or office to be voted upon at the election, as it is to appear on the ballot. Upon such request, the Board of Supervisors may order the consolidation; and

WHEREAS, the resolution requesting the consolidation shall be adopted and filed at the same time as the adoption of the ordinance, resolution, or order calling the election; and

WHEREAS, various district, county, state and other political subdivision elections may be or have been called to be held on November 8, 2022;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED THAT THE governing body of the **Aromas Water District** hereby orders an election be called and consolidated with any and all elections also called to be held on November 8, 2022 insofar as said elections are to be held in the same territory or in territory that is in part the same as the territory of the **Aromas Water District** requests the Board of Supervisors of the Counties of Monterey and County of San Benito to order such consolidation under Elections Code Section 10401, 10403 and 10418.

BE IT FURTHER RESOLVED AND ORDERED that said governing body hereby requests the Board of Supervisors to permit the Monterey County Elections Department and the San Benito Elections Department to provide any and all services necessary for conducting the election and agrees to pay for said services, and

BE IT FURTHER RESOLVED AND ORDERED that the candidate(s) will pay for the publication of the statement of qualifications and shall be limited to two hundred (200) words, and

BE IT FURTHER RESOLVED AND ORDERED that the Monterey County Elections Department and the San Benito County Elections Department conduct the election for the purpose of electing the following offices on the November 8, 2022 ballot:

District/Ward Trustee Area	Office	Term
At large	Director of the Board	1/2023 to 12/2026
At large	Director of the Board	1/2023 to 12/2026
At large	Director of the Board	1/2023 to 12/2026

PASSED AND ADOPTED this 26th day of April 2022 by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

APPROVE:

ATTEST:

James Leap, President of Governing Board

Louise Coombes, Board Secretary

STATEMENT OF ELECTION FACTS

FULL LEGAL NAME OF DISTRICT/CITY AS IT SHOULD APPEAR ON ALL ELECTION DOCUMENTS:

AROMAS WATER DISTRICT

MAIL SHOULD BE ADDRESSED TO: Louise Coombes TITLE: District Secretary

MAILING ADDRESS: PO Box 388, Aromas CA 95004

TELEPHONE: 831-726-3155 FAX: 831-726-3951 E: admin@aromaswaterdistrict.org

WEBSITE: www.aromaswaterdistrict.org

Members of the Governing Body

The qualifications of a nominee of an elective officer of the district are as follows: Must be a registered voter and reside within the Aromas Water District annexed area.

NAME	ADDRESS	DATE 1-ELECTED OR 2-APPOINTED	TERM ENDS	TERM LENGTH
Marcus Dutra	18775 Rea Ave, Aromas, CA 95004	1 - 1/2019	12/2022	4 YEARS
Wayne Holman	2103 Leo Place, Aromas, CA 95004	1 - 1/2021	12/2024	4 YEARS
James Leap	3211 School Road, San Juan Bautista CA 95045	1 - 1/2019	12/2022	4 YEARS
Vicki Morris	P.O. Box 598, Aromas, CA 95004	1 - 1/2021	12/2024	4 YEARS
Richard Smith	60 Carr Ave, Aromas, CA 95004	1 - 1/2019	12/2022	4 YEARS

District/Ward Trustee Area: All are elected at large

If a member was appointed by the Board to fill a vacancy, who did this member replace?

Name of the Presiding Officer: James Leap

Name and Address of the District Secretary: Louise Coombes

Check the boxes that apply to Aromas Water District:

The District boundaries have changed since the last election. Enclosed is a new map to reflect those changes.

No boundaries have changed since _____ [date of] election.

The limitation on the number of words in a candidate statement will be 200 words 400 words

The entity charged for the candidate statement sent to each voter will be the District Candidate

In case of a tie vote, the winner will be determined by: Lot Runoff election

Signature of Presiding Officer

Date

Staff Report



To: Board of Directors

Re: Item IX.B – Consider adopting Resolution #2022-09, establishing a District Debt Management Policy

Date: April 18, 2022

Summary / Discussion

The requirements for the financing of capital projects and other matters requiring large amounts of monies to be financed has changed in the recent years. Senate Bill 1029, put in place in 2017 (amending Government Code section 8855) requires governmental agencies who will issue debt to have a Debt Management Policy (Debt Policy) in place for the management of said debt.

The Debt Policy is then a required policy document for the Aromas Water District (District) to issue debt. The Debt Policy is used to establish and maintain parameters for issuing and managing debt, provide guidance as to types and amounts of permissible debt and methods of sale to be used, articulate policy goals, demonstrate a commitment to long-term capital and financial planning, and promote objectivity in the District’s decision-making process.

The goals of the Debt Policy are to ensure that District maintains a sound debt position that achieves the most advantageous cost of borrowing commensurate with prudent levels of risk, preserve and enhance credit quality, and is intended to comply with law, including California Government Code Section 8855 and the California Debt and Investment Advisory Commission (“CDIAC”) guidance, to ensure all debt issuances are consistent and all required reports are submitted to CDIAC on time.

This Debt Policy, if adopted, will be incorporated into the District’s Board Member Policy Manual.

Staff Recommendation

Staff recommends adopting Resolution #2022-09 to establish a District Debt Management Policy.

Submitted by:

Robert Johnson
General Manager

AROMAS WATER DISTRICT DEBT MANAGEMENT POLICY

This Debt Management Policy (the “Debt Policy”) of the Aromas Water District (the “Issuer”) was approved by the Issuer’s Board of Directors on **April 26, 2022**. The Debt Policy may be amended by the Board of Directors as it deems appropriate from time to time in the prudent management of the debt of the Issuer. This Debt Policy applies to the Issuer and all subordinate entities of the Issuer for which the Board of Directors serves as the governing board.

1. Findings

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 Issuer.

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

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

2. Policies

A. Purposes For Which Debt May Be Issued

(i) Long-Term Debt. Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and operated by the Issuer.

(a) 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 Issuer and its taxpayers and ratepayers.
- 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.

(b) Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses. However, the Issuer may consider issuance of debt for working capital purposes on a case-by-case basis.

(c) The Issuer 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 Issuer estimates that sufficient revenues will be available to service the debt through its maturity.
- The Issuer determines that the issuance of the debt will comply with the applicable state and federal law.

(ii) Short-term debt. Short-term debt may be issued to provide financing for the Issuer's operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects; for example, the Issuer may undertake lease-purchase financing for equipment.

(iii) Financings on Behalf of Other Entities. The Issuer may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties in order to further the public purposes of Issuer. In such cases, the Issuer shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein.

B. Types of Debt

For purposes of this Debt Policy, "debt" shall be interpreted broadly to mean bonds, notes, certificates of participation, financing leases, or other financing obligations. The use of the term "debt" in this Debt Policy shall be solely for convenience and shall not be interpreted to characterize any such obligation as an indebtedness or debt in contravention of any statutory or constitutional debt limitation.

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

- general obligation bonds
- bond or grant anticipation notes
- lease revenue bonds, certificates of participation and lease-purchase transactions
- enterprise revenue bonds, certificates of participation, and loan agreements
- tax and revenue anticipation notes
- land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds

issued under applicable assessment statutes

- other types of debt legally available for the Issuer to enter into

The Issuer 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.

Debt shall be issued as fixed rate debt unless the Issuer makes a specific determination as to why a variable rate issue would be beneficial to the Issuer in a specific circumstance.

C. Relationship of Debt to Capital Improvement Program and Budget

The Issuer is committed to long-term capital planning. The Issuer intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the Issuer's capital budget and the capital improvement plan.

The Issuer 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 Issuer shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear.

The Issuer shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the Issuer's public purposes.

The Issuer shall seek to avoid the use of debt to fund infrastructure and facilities improvements in circumstances when the sole purpose of such debt financing is to reduce annual budgetary expenditures.

The Issuer 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.

D. Policy Goals Related to Planning Goals and Objectives

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

It is a policy goal of the Issuer to protect taxpayers, ratepayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.

The Issuer 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 taxes, assessments, rates and charges.

When refinancing debt, it shall be the policy goal of the Issuer 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.

E. Internal Control Procedures

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

The Issuer will periodically review the requirements of and will remain in compliance with the following:

- any continuing disclosure undertakings under SEC Rule 15c2-12 or annual disclosure obligations under Government Code section 8855(k),
- any federal tax compliance requirements, including without limitation arbitrage and rebate compliance, related to any prior bond issues, and
- the Issuer's investment policies as they relate to the investment of bond proceeds.

Proceeds of debt will be held either (a) by a third-party trustee, which will disburse such proceeds to the Issuer upon the submission of one or more written requisitions, or (b) by the Issuer, to be held and accounted for in a separate fund or account, the expenditure of which will be carefully documented by the Issuer.



RESOLUTION 2022-09

RESOLUTION OF THE BOARD OF DIRECTORS OF THE AROMAS WATER DISTRICT APPROVING DEBT MANAGEMENT POLICY IN COMPLIANCE WITH SB 1029

WHEREAS, SB 1029 (amending Government Code section 8855) has been signed into law and imposes a new requirement on local government agencies who will issue debt in 2017 and thereafter; and

WHEREAS, the District will be an issuer of new debt in 2022 and thereafter within the meaning of SB 1029; and

WHEREAS, the Board of Directors desires to adopt a "Debt Management Policy" to facilitate and better manage the new debt issued, and to comply with the requirements of the new law;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Aromas Water District as follows:

- 1. Approval of Debt Management Policy.** The Debt Management Policy attached herewith as "Exhibit A" is hereby approved and adopted as the debt management policy of the District and supersedes all prior debt management policies of the District.
- 2. Effective Date.** This Resolution shall take effect from and after the date of its passage and adoption.

PASSED AND ADOPTED by the Board of Directors of the Aromas Water District, Aromas, Monterey and San Benito Counties, California, at a Regular meeting duly held on this 26th day of APRIL 2022 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVE:

ATTEST:

James Leap, Board President

Board Secretary, Louise Coombes

Staff Report



To: Board of Directors

Re: Item IX.C – Consider adopting Resolution #2022-10, authorizing the borrowing of funds in a principal amount not to exceed \$5,759,500 to finance the Marshall Well Project and approving related documents and actions, and providing direction to staff

Date: April 19, 2022

Summary / Discussion

The District’s Strategic Plan identified several projects to be completed within its five-year horizon. Some of those projects were identified in the 2019 Rate Study and were a basis for determining the water rates that were ultimately established. A non-exhaustive list of those projects includes: 1) Ballantree Tank Project, 2) School Road Tank Project, 3) Aimee Meadows Pressure-Reducing Station, 4) building an Operations Shop, and 5) installing solar power for the 388 Blohm Avenue facility. Also, identified for Fiscal Years 2024-2025 to 2026-2027 was a new water source (well) project. That project was moved up by Board decision due to current (and forecasted) hydrologic conditions.

The new well project, now called the Marshall Well Project (Well Project) is expected to cost approximately \$5,700,000 and the District has determined that to prioritize the Well Project, the District will need to finance the monies needed, which will be payable from a pledge of Water System net revenues (the “2022 Loan”).

Staff is working with NHA Advisors (Municipal Advisor) and Jones Hall (Bond Counsel), to develop a financing plan and draft the necessary documents to secure the necessary funding for the Well Project.

The Well Project will be financed with the 2022 Loan through Truist Bank. The District received five bank proposals through a solicitation process, with Truist Bank offering the lowest interest rate (3.03%) and a 20-year repayment term. Truist Bank guarantees the interest rate through May 18, 2022, which provides the District with time to approve and execute the necessary documents. The 2022 Loan has the flexibility to be repaid starting in 2032.

Given the District’s existing 2015 loan, the District will treat both the 2022 Loan and the 2015 Loan as equal for purposes of repayment (neither has a priority over the other). This arrangement requires the District to maintain sufficient revenues to repay both loans with the obligation to increase water rates if necessary to meet the payment requirements. The 2015 Loan carries annual payments of \$110,000 and matures in Fiscal Year ending 2030. The 2022 Loan will have initial annual payments of \$325,000 until the 2015 Loan is completed after which, the 2022 Loan will increase to \$435,000 for the balance of the term (maintaining the same combined total payment). Total principal and interest payments over the life of the 2022 Loan will be \$7,818,517.

Not-to-Exceed Parameters in the Resolution

The resolutions before the Board of Directors (BOD) would authorize staff to proceed with this financing, under certain conditions, including not-to-exceed par amounts, rates and terms as follows: (i) not-to-exceed principal amount of \$5,759,500 and (ii) a true interest cost attributable to the loan not

exceeding 3.03%.

Documents for Review and Approval

The attached resolution (Resolution #2022-10) authorizes and directs the General Manager to finalize the financing documents as and when appropriate, and to do all things necessary to provide for the issuance of the financing and delivery of the related documents, subject to the not-to-exceed parameters contained in the resolution. If the final terms for any reason should fall outside of the not-to-exceed parameters in the resolution, staff will return to the BOD for further direction before finalizing the transaction.

The 2022 Loan Agreement will be entered into between the District and Truist Bank in substantially the form on file with the Board Secretary. The document outlines the terms of the 2022 Loan and obligations of the District.

ANTICIPATED SCHEDULE

If the Board adopts the resolution, the schedule proposes the following dates:

Date	Activity
Early May	Execute legal documents for the 2022 Loan
May 12, 2022	Close financing and receive proceeds

The Municipal Advisor has provided good faith estimates on the cost of the financing, as required by California Government Code Section 5852.1. These estimates are based on current market rates and are documented within the resolution.

Staff Recommendation

Staff recommends adopting Resolution #2022-10, authorizing the Loan Agreement between the District and Truist Bank to fund the Marshall Well Project, and approving related documents and actions.

Submitted by:

Robert Johnson
General Manager

LOAN AGREEMENT

This Loan Agreement (this “Agreement”), dated for convenience as of May 1, 2022, is between TRUIST BANK, a North Carolina banking corporation (the “Lender”), and the AROMAS WATER DISTRICT, a county water district duly organized and existing under the County Water District Law of the State of California (the “District”).

BACKGROUND :

1. The District owns and operates certain facilities and property for the supply, treatment and distribution of water (the “Water System”).
2. The District is proceeding to acquire and install certain improvements to the Water System anticipated to consist of a new well and related improvements, a solar energy project and related improvements, and other capital improvements to the Water System (collectively, the “Project”), for which the District requires funding.
3. The District has further determined that it is in its best interests at this time to provide funds for the Project by borrowing the amount of \$ 5,759,500 on a tax-exempt basis from the Lender under this Agreement (the “Loan”).
4. The obligation of the District to repay the Loan will be secured by a pledge of and lien on the Net Revenues of the Water System as set forth in this Agreement, on a parity with the District’s obligations under a Loan Agreement dated as of May 15, 2015, between the District and Municipal Finance Corporation, which assigned its rights thereunder to City National Bank (the “2015 Loan Agreement”).
5. The District is authorized to enter into this Agreement and to borrow amounts hereunder for the foregoing purposes under the laws of the State of California, including the provisions of Article 1, Chapter 1, Part 6 of Division 12 of the California Water Code, commencing with Section 31300 thereof, and including the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code.

AGREEMENT :

In consideration of the foregoing and the material covenants hereinafter contained, the District and the Lender formally covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS AND APPENDICES

SECTION 1.1. *Definitions.* All terms defined in this Section have the meanings herein specified for all purposes of this Agreement.

“Agreement” means this Loan Agreement, dated as of May 1, 2022, between the Lender and the District.

“Lender” means (a) initially, Truist Bank, a North Carolina banking corporation, and (b) any other entity to whom the rights of the Lender are assigned in accordance with this Agreement.

“Bond Counsel” means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to obligations the interest on which is excludable from gross income under Section 103 of the Tax Code.

“Closing Date” means the date of execution and delivery of this Agreement by the parties hereto, being May 12, 2022.

“Determination of Non-Bank-Qualification” means the receipt by the District or the Lender of a written opinion of nationally recognized bond counsel selected by the District and approved by the Lender to the effect that the designation of the Loan as a “qualified tax-exempt obligation” by the District pursuant to Section 265(b)(3)(B) of the Tax Code was not effective or applicable on the Closing Date.

“Determination of Taxability” means the receipt by the District or the Lender of a written opinion of nationally recognized bond counsel selected by the District and approved by the Lender to the effect that interest on the Loan must be included in the gross income of the Lender for federal income tax purposes due to an act or omission of the District; provided that if used for the basis of the opinion, no decision by any court or decision, ruling or technical advice by any administrative authority shall be considered final without the consent of the District until the expiration of all periods for judicial review or appeal.

“District” means the Aromas Water District, a county water district formed under the County Water District Law of the State of California (constituting Division 12 of the California Water Code, commencing with Section 30000).

“Event of Default” means any of the events of default as defined in Section 7.1.

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

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

“Gross Revenues” means all gross charges received for, and all other gross income and receipts derived by the District from, the ownership and operation of the Water System or otherwise arising from the Water System, calculated in accordance with generally accepted accounting principles, including but not limited to (a) connection

charges, (b) *ad valorem* property taxes received by the District, other than *ad valorem* property taxes levied for the purpose of paying bonded indebtedness of the District, and (c) earnings on the investment of the foregoing.

“Loan Repayments” means all payments required to be paid by the District under Section 3.2 with respect to the Loan, including any prepayment thereof under Sections 8.1 or 8.2.

“Loan” means the loan made by the Lender to the District in the original principal amount of \$5,759,500 under Section 3.1 for the purpose of financing the Project.

“Maximum Annual Debt Service” means, as of the date of any calculation, the maximum sum obtained for the current or any future Fiscal Year during the Term of this Agreement by totaling the aggregate amount of (i) the Loan Repayments coming due in such Fiscal Year, and (ii) the principal and interest coming due and payable in such Fiscal Year on all outstanding Parity Debt, including the principal amount coming due and payable by operation of mandatory sinking fund redemption. There shall be excluded from such calculation any principal of and interest on any obligations which have been defeased or discharged, or for the payment of which a security deposit has been posted.

“Net Revenues” means, for any period, an amount equal to all of the Gross Revenues received during such period, minus the amount required to pay all Operation and Maintenance which become due and payable during such period.

“Non-Bank-Qualified Date” means the date on which there has been a Determination of Non-Bank Qualification.

“Non-Bank-Qualified Rate” means an interest rate of 3.08%, calculated on a 30/360-day basis.

“Operation and Maintenance Costs” means the reasonable and necessary costs and expenses paid by the District for maintaining and operating the Water System, calculated in accordance with generally accepted accounting principles, including but not limited to the reasonable expenses of management and repair and other costs and expenses necessary to maintain and preserve the Water System in good repair and working order, and including but not limited to administrative costs of the District attributable to the Water System and the financing thereof. “Operation and Maintenance Costs” do not include (a) depreciation, replacement and obsolescence charges or reserves therefor, (b) amortization of intangibles or other bookkeeping entries of a similar nature, (c) payments of principal of and interest on all outstanding Parity Debt or other obligations of the District, and (d) costs of capital additions, replacements or improvements which are chargeable to a capital account.

“Overdue Rate” means the rate of ___% per annum.

“Parity Obligations” means (a) the 2015 Loan Agreement and (b) any bonds, notes, loan agreements, installment sale agreements, or other obligations of the District payable from and secured by a pledge of and lien on the Net Revenues on a parity with the Loan Repayments.

“Payment Date” means February 1 and August 1 in each year, commencing August 1, 2022, and continuing to and including the date on which the Loan Repayments are paid in full.

“Project” means certain improvements to the Water System anticipated to consist of a new well and related improvements, a solar energy project and related improvements, and other capital improvements to the Water System designated from time to time by the District in its sole discretion.

“Project Costs” means all costs and expenses relating to the Project, including but not limited to the following:

- (a) obligations incurred or assumed for labor, materials and equipment in connection with the Project,
- (b) the costs of performance, labor and material bonds of insurance of all kinds that may be required or necessary during the course of constructing or equipping the Project, to the extent not purchased by contractors or subcontractors for the Project,
- (c) all costs of engineering services, including the costs incurred or assumed for preliminary design and development work, surveys, estimates, plans and specifications, and for supervising Improvements as well as for the performance of all of the duties required by or consequent upon the proper construction and installation of the Project, and all costs of architectural services in connection with the preparation of the plans and specification for the Project,
- (d) all expenses incurred in connection with the preparation and execution of this Agreement and the performance of the duties hereunder and related hereto including, without limitation, overhead and administrative expenses and legal and accounting expenses and fees,
- (e) all costs incurred in preparing or obtaining permits or approval from regulatory agencies in connection with the Project and the constructing and equipping of the Project,
- (f) all other costs which are considered to be a part of the costs of the Project in accordance with generally accepted accounting principles and which will not affect the exemption from federal income taxes of interest on any of the Loan Repayments.

“Revenue Fund” means the fund which the District has previously established for the receipt and deposit of Gross Revenues derived from the Water System.

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and

final regulations promulgated, and applicable official public guidance published, under the Tax Code.

“Taxable Date” means the date on which interest on Loan is first includable in the gross income as a result of a Determination of Taxability.

“Taxable Rate” means an interest rate of 3.88%, calculated on a 30/360day basis.

“Term of this Agreement” or “Term” means the time during which this Agreement is in effect, as provided in Section 9.1.

“Water System” means the existing facilities and property owned by the District for the supply, treatment and distribution of water within the service area of the District.

“2015 Loan Agreement” means the Loan Agreement dated as of May 15, 2015, between the District and Municipal Finance Corporation, which assigned its rights thereunder to City National Bank.

SECTION 1.2. *Appendices.* The following Appendices are attached to, and by reference made a part of, this Agreement:

APPENDIX A: The schedule of Loan Repayments to be paid by the District hereunder, showing the date and amount of each Loan Repayment.

APPENDIX B: Lender Letter of Representations.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

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

- (a) Due Organization and Existence. The District is a county water district and political subdivision of the State of California, duly organized and existing under the County Water District Law of the State of California.
- (b) Authorization. The laws of the State of California authorize the District to enter into this Agreement, to enter into the transactions contemplated hereby and to carry out its obligations hereunder, and the Board of Directors of the District has duly authorized the execution and delivery of this Agreement.
- (c) No Violations. Neither the execution and delivery of this Agreement, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to

which the District is now a party or by which the District is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrances whatsoever upon any of the property or assets of the District, other than as set forth herein.

- (d) Senior Indebtedness. The District has not issued or incurred any obligations which are currently outstanding having any priority in payment out of the Gross Revenues or the Net Revenues over the payment of the Loan Repayments.
- (e) No Litigation. There is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental body pending or, to the knowledge of the District, threatened against the District to restrain or enjoin the execution and delivery of this Agreement or the making of the Loan, or the collection and application of the funds as contemplated by this Agreement, which would have a material and adverse effect on the ability of the District to pay the amounts due under this Agreement.

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

- (a) Due Organization and Existence. The Lender is a corporation duly organized and existing under the laws of the State of North Carolina; has power to enter into the transactions contemplated hereby and to carry out its obligations hereunder; is possessed of full power to make the Loans as provided herein; and the governing board of the Lender has duly authorized the execution and delivery of this Agreement.
- (b) No Encumbrances. The Lender will not pledge or assign the Loan Repayments or its other rights under this Agreement, except as provided herein.
- (c) No Violations. Neither the execution and delivery of this Agreement, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Lender is now a party or by which the Lender is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Lender.
- (d) Letter of Representations. The Lender will execute a letter of representations on the Closing Date in substantially in the form attached hereto as Appendix B.

ARTICLE III

TERMS OF LOANS; LOAN REPAYMENTS

SECTION 3.1. *Obligation to Make Loans; Amount of Loans.* The Lender hereby agrees to lend to the District, and the District hereby agrees to borrow from the Lender, the amount of \$5,759,500 under the terms and provisions set forth in this Agreement.

The Loan shall be made to the District in immediately available funds on the Closing Date as follows:

(a) the Lender shall transfer \$ _____ to the District for deposit into the Project Fund; and

(b) the Lender shall transfer financing costs in the total amount of \$ _____ Jones Hall, A Professional Law Corporation, as bond counsel, and NHA Advisors, LLC, as municipal advisor, pursuant to written instructions provided by the District to the Lender.

SECTION 3.2. *Loan Repayments.* The District hereby agrees to repay the Loan in the aggregate principal amount of \$5,759,500 together with interest (calculated at the rate of 3.03% per annum, on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof, payable in semiannual Loan Repayments, on the Payment Dates and in the amounts as set forth in the Appendix A.

SECTION 3.3. *Effect of Prepayment.* If the District prepays the Loan Repayments in full under Article VIII, the District's obligations under this Agreement shall thereupon cease and terminate, including but not limited to the District's obligation to pay the Loan Repayments; subject, however, to the provisions of Section 8.3 in the case of prepayment by application of a security deposit. If the District prepays the Loans in part but not in whole under Sections 8.1 or 8.2, the remaining principal components of the Loan Repayments shall be reduced on a pro rata basis.

SECTION 3.4. *Rate on Overdue Loan Repayments.* If the District fails to make any of the payments required in Section 3.2, the payment in default shall continue as an obligation of the District until the amount in default has been fully paid, and the District agrees to pay the same with interest thereon, to the extent permitted by law, from the Payment Date to the applicable date of payment at the Overdue Rate.

SECTION 3.5 *Taxable Rate; Non-Bank Qualified Rate.* On the Taxable Date and while a Determination of Taxability remains in effect, the outstanding balance of the Loan shall bear interest at the Taxable Rate. On the Non-Bank-Qualified Date and while a Determination of Non-Bank-Qualification remains in effect, the outstanding balance of the Loan shall bear interest at the Non-Bank-Qualified Rate.

ARTICLE IV

THE PROJECT

SECTION 4.1. *Deposit of Amounts.* The Lender hereby agrees to provide funds to finance the Project in the aggregate amount of **\$5,759,500** under the terms and provisions set forth in this Agreement. Such funds shall be disbursed by the Lender on the Closing Date by transferring the net amount thereof set forth in Section 3.1 in accordance with a written certificate of the District, for deposit into an account to be held by the District and known herein as the "Project Fund." The District shall expend amounts on deposit in the Project Fund, including amounts received from the investment of the Project Fund, for the sole purpose of financing the acquisition, construction and installation of the Project as provided herein. If and to the extent the amounts on deposit in the Project Fund are insufficient to enable the District to complete the Project in full, the District has the sole responsibility for completing the Project and financing such completion from any source of legally available funds of the District. The Lender shall have no responsibility or liability whatsoever arising from the insufficiency of amounts on deposit in the Project Fund to complete the Project.

SECTION 4.2. *Construction of Project.* The District hereby agrees with due diligence to supervise and provide for, or cause to be supervised and provided for, the acquisition, construction and installation of the Project in accordance with the plans and specifications, purchase orders, construction contracts and other documents relating thereto and approved by the District under all applicable requirements of law. All contracts for, and all work relating to, the acquisition, construction and installation of the Project are subject to all applicable provisions of law relating to the acquisition and construction of public works by the District. The District has the right to specify the exact scope, nature and identification of the Project and the respective components thereof, and to modify the description of the Project or any component thereof.

The failure to complete the Project by its estimated completion date shall not constitute an Event of Default hereunder or a grounds for termination hereof, nor will any such failure result in the diminution, abatement or extinguishment of the obligations of the District hereunder to pay the Loan Repayments in full when due.

ARTICLE V

SECURITY FOR PAYMENT OBLIGATIONS

SECTION 5.1. *Nature of District's Obligations.* The District's obligation to pay the Loan Repayments is a special obligation of the District limited solely to the Net Revenues of the Water System and amounts on deposit in the Revenue Fund. Except as provided in Section 5.2, the District is not required to advance moneys derived from any source of income other than the Net Revenues and other sources specifically identified herein for the payment of the Loan Repayments, and no other funds or property of the District are liable for the payment of the Loan Repayments.

SECTION 5.2. *Obligations Absolute.* The obligation of the District to pay the Loan Repayments from the Net Revenues and from amounts on deposit in the Revenue Fund,

and the obligation of the District to perform and observe the other agreements contained herein, are absolute and unconditional and are not subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach of the District or the Lender of any obligation to the District or otherwise with respect to the Water System, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the District by the Lender. Until such time as all of the Loan Repayments have been fully paid or prepaid, the District:

- (i) will not suspend or discontinue payment of any Loan Repayments;
- (ii) will perform and observe all other agreements contained in this Agreement; and
- (iii) will not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Water System, the sale of the Water System, the taking by eminent domain of title to or temporary use of any component of the Water System, commercial frustration of purpose, any change in the tax or other laws of the United States of America or the State of California or any political subdivision of either thereof or any failure of the Lender to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement.

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

SECTION 5.3. *Pledge and Application of Net Revenues and Revenue Fund.*

(a) Pledge. All of the Net Revenues, and all amounts on deposit in the Revenue Fund, are hereby irrevocably pledged to the punctual payment of the Loan Repayments and any Parity Obligations. The Net Revenues and amounts on deposit in the Revenue Fund shall not be used for any other purpose so long as the Loan Repayments remain unpaid; except that out of the Net Revenues and such other amounts there may be apportioned such sums, for such purposes, as are expressly permitted by this Section.

(b) Deposit of Gross Revenues; Transfers to Make Payments. The District has heretofore established the Revenue Fund, which the District agrees to continue to hold and maintain for the purposes and uses set forth herein. The District shall deposit all Gross Revenues in the Revenue Fund promptly upon the receipt thereof.

All Net Revenues will be held by the District in the Revenue Fund in trust for the benefit of the Lender for the security of the Loan Repayments and any Parity Obligations. The District shall withdraw from the Revenue Fund and transfer to the Lender an amount of Net Revenues equal to the aggregate amount of the Loan Repayments when due and payable. The Loan Repayments shall be paid to the Lender in such manner, and to such account, as shall be designated by the Lender pursuant to written instructions filed with the District from time to time.

(c) Other Uses Permitted. The District shall manage, conserve and apply amounts on deposit in the Revenue Fund in such a manner that all deposits required to be made under the preceding provisions of this Section will be made at the times and in the amounts so required. Subject to the foregoing sentence, so long as no Event of Default has occurred and is continuing hereunder, the District may at any time and from time to time use and apply amounts on deposit in the Revenue Fund for (i) the acquisition and construction of improvements to the Water System; (ii) the prepayment of the Loans and any Parity Obligations, or (iii) any other lawful purpose of the District.

ARTICLE VI

COVENANTS OF THE DISTRICT

SECTION 6.1. *Release and Indemnification Covenants.* The District shall indemnify the Lender and its officers, agents, successors and assigns harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of the following:

- (a) the use, maintenance, condition or management of, or from any work or thing done on or about the Water System by the District;
- (b) any breach or default on the part of the District in the performance of any of its obligations under this Agreement;
- (c) any intentional misconduct or negligence of the District or of any of its agents, contractors, servants, employees or licensees with respect to the Water System; and
- (d) any intentional misconduct or negligence of any lessee of the District with respect to the Water System.

No indemnification is made under this Section or elsewhere in this Agreement for willful misconduct, gross negligence, or breach of duty under this Agreement by the Lender, its officers, agents, employees, successors or assigns.

SECTION 6.2. *Sale or Eminent Domain of Water System.* Except as provided herein, the District covenants that the Water System will not be encumbered, sold, leased, pledged, any charge placed thereon, or otherwise disposed of, as a whole or substantially as a whole if such encumbrance, sale, lease, pledge, charge or other disposition would materially impair the ability of the District to pay the Loan Repayments or any Parity Obligations, or would materially adversely affect its ability to comply with the terms of this

Agreement or the documents authorizing the issuance of any Parity Obligations. The District shall not enter into any agreement which impairs the operation of the Water System or any part of it necessary to secure adequate Net Revenues to pay the Loan Repayments or any Parity Obligations, or which otherwise would impair the rights of the Lender with respect to the Net Revenues. If any substantial part of the Water System is sold, the payment therefor shall either (a) be used for the acquisition or construction of improvements and extensions or replacement facilities or (b) be applied to prepay the Loan Repayments, any Parity Obligations or any other outstanding obligations of the District relating to the Water System.

Any amounts received as awards as a result of the taking of all or any part of the Water System by the lawful exercise of eminent domain, if and to the extent that such right can be exercised against such property of the District, shall either (a) be used for the acquisition or construction of improvements and extension of the Water System, or (b) be applied to prepay the Loan Repayments, any Parity Obligations or any other outstanding obligations of the District relating to the Water System.

SECTION 6.3. *Insurance.* The District shall at all times maintain with responsible insurers all such insurance on the Water System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Water System. If any useful part of the Water System is damaged or destroyed, such part shall be restored to usable condition. All amounts collected from insurance against accident to or destruction of any portion of the Water System shall be used to repair or rebuild such damaged or destroyed portion of the Water System, and to the extent not so applied, shall be applied on a pro rata basis to pay the Loan Repayments and any Parity Obligations in the manner provided in this Agreement and in the documents authorizing such Parity Obligations. The District shall also maintain, with responsible insurers, worker's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect the District and the Lender. Any insurance required to be maintained hereunder may be maintained by the District in the form of self-insurance or in the form of participation by the District in a program of pooled insurance.

SECTION 6.4. *Records and Accounts.* The District shall keep proper books of records and accounts of the Water System, separate from all other records and accounts, in which complete and correct entries are made of all transactions relating to the Water System. Said books shall, upon prior request, be subject to the reasonable inspection of the Lender.

The District shall cause the books and accounts of the Water System to be audited annually by an independent certified public accountant or firm of certified public accountants, and shall furnish a copy of each annual audit report to the Lender, not more than 270 days after the close of each Fiscal Year. The audit of the accounts of the Water System may be included as part of a general District-wide audit.

SECTION 6.5. *Rates and Charges.*

(a) Covenant Regarding Gross Revenues. The District shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water System during each Fiscal Year which (together with existing unencumbered fund balances which are maintained in the form of cash or cash equivalents, and which are lawfully available to the District for payment of any of the following amounts during such Fiscal Year) are at least sufficient, after making allowances for contingencies and error in the estimates, to pay the following amounts in the following order of priority:

- (i) all Operation and Maintenance Costs of the Water System estimated by the District to become due and payable in such Fiscal Year;
- (ii) the Loan Repayments and all principal of and interest on any Parity Obligations which are payable from the Net Revenues as they become due and payable during such Fiscal Year, without preference or priority; and
- (iii) all payments required to meet any other obligations of the District which are charges, liens, encumbrances upon or payable from the Gross Revenues of the Water System during such Fiscal Year.

(b) Covenant Regarding Net Revenues. In addition to the covenant set forth in the preceding clause (a) of this Section, the District shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water System during each Fiscal Year which (together with existing unencumbered fund balances which are maintained in the form of cash or cash equivalents, and which are on hand as of the beginning of the Fiscal Year and are lawfully available to the District for payment of any of the following amounts during such Fiscal Year) are sufficient to yield Net Revenues which are at least equal to 115% of the Loan Repayments and principal of and interest on any Parity Obligations which are payable from the Net Revenues, when and as the same come due and payable during such Fiscal Year.

SECTION 6.6. *No Priority for Additional Obligations.* The District shall not issue or incur any bonds or other obligations having any priority in payment of principal or interest out of the Net Revenues over the Loan Repayments.

SECTION 6.7. *Issuance of Parity Obligations.* Except for obligations incurred to prepay or post a security deposit for the Loan Repayments in whole, the District shall not issue or incur any Parity Obligations unless:

- (a) the District is not then in default under the terms of this Agreement;
- (b) the amount of such Net Revenues, calculated in accordance with sound accounting principles, as shown by the books of the District for the latest Fiscal Year or as shown by the books of the District for any more recent 12-month period selected by the District, in either case verified by a certificate of an independent certified public accountant or an independent financial consultant or municipal advisor employed by the District, are at least equal 115% of the amount of Maximum Annual Debt Service; and

- (c) all conditions to the issuance of such Parity Obligations as set forth in the documents authorizing the issuance of any Parity Obligations are met, and the District shall file with the Lender a written certificate to such effect, signed on behalf of the District by its chief financial officer or other authorized officer.

SECTION 6.8. *Assignment by the Lender.* The Lender has the right to make assignments of its interests herein; *provided, however*, that the assignee must (a) be one of the following (i) a “bank” as such term is used in Section 3(a)(2) of the Securities Act of 1933, as amended, or (ii) an affiliate of the Lender, and (b) deliver to the District a purchaser letter of representations satisfactory to the District substantially in the form attached hereto as Appendix B hereto. No assignment will be effective against the District unless and until the provisions of this Section have been satisfied and the Lender files with the District written notice thereof. The District shall pay all Loan Repayments hereunder pursuant to the written direction of the Lender named in the most recent assignment or notice of assignment filed with the District. During the Term of this Agreement, the District shall keep a complete and accurate record of all such notices of assignment.

SECTION 6.9. *Assignment by the District.* Neither the Loans nor this Agreement may be assigned by the District, other than to a public agency which succeeds to the interests of the District in and to the Water System and which (by operation of law, by contract or otherwise) becomes legally bound to all of the terms and provisions hereof.

SECTION 6.10. *Amendment of this Agreement.* This Agreement may be amended by the District and the Lender.

SECTION 6.11. *Tax Covenants.*

(a) Generally. The District shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, the interest components of the Loan Repayments to become includable in gross income for federal income tax purposes.

(b) Private Activity Bond Limitation. The District shall assure that the proceeds of the Loan are not so used as to cause the Loan to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(c) Federal Guarantee Prohibition. The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Loan to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code.

(d) No Arbitrage. The District shall not take, or permit or suffer to be taken, any action with respect to the proceeds of the Loan which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Loan to be “arbitrage bonds” within the meaning of Section 148(a) of the Tax Code.

(e) Small Issuer Exemption from Bank Nondeductibility Restriction. The District hereby designates this Agreement for purposes of paragraph (3) of Section 265(b) of the

Tax 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 Tax Code) from gross income for federal income tax purposes (excluding (i) private activity bonds, as defined in Section 141 of the Tax Code, except qualified 501(c)(3) bonds as defined in Section 145 of the Tax Code and (ii) current refunding obligations to the extent 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.

(f) Arbitrage Rebate. The District shall take any and all actions necessary to assure compliance with Section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Loan.

(g) Acquisition, Disposition and Valuation of Investments. Except as otherwise provided in the following sentence, the District covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Agreement, or otherwise containing gross proceeds of the Loan Repayments (within the meaning of Section 148 of the Tax Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Agreement or the Tax Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code shall be valued at their present value (within the meaning of Section 148 of the Tax Code).

For purposes of this subsection (g), the term "Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security – State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the District and related parties do not own more than 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

SECTION 7.1. *Events of Default Defined.* The following are Events of Default under this Agreement:

- (a) Failure by the District to pay any Loan Repayment or other payment required hereunder within 15 days after the date on which such Loan Repayment or other payment becomes due, and the continuation of such failure for a period of 10 days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Lender.
- (b) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in the preceding clause (a) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Lender; *provided, however*, if in the reasonable opinion of the District the failure stated in the notice can be corrected, but not within such 30-day period, the Lender may not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the District within such 30-day period and diligently pursued until the default is corrected.
- (c) The filing by the District of a voluntary petition in bankruptcy, or failure by the District promptly to lift any execution, garnishment or attachment, or adjudication of the District as a bankrupt, or assignment by the District for the benefit of creditors, or the entry by the District into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the District in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.
- (d) The occurrence of any event of default under and as defined in the documents authorizing the issuance of any Parity Obligations.

SECTION 7.2. *Remedies on Default.* Upon the occurrence and during the continuation of an Event of Default, the Lender may, at its option and without any further demand or notice:

- (a) declare all principal components of the unpaid Loan Repayments, together with accrued interest thereon from the immediately preceding Payment Date on which payment was made, to be immediately due and payable, whereupon the same will immediately become due and payable; and

- (b) take whatever action at law or in equity may appear necessary or desirable to collect the Loan Repayments then due or thereafter to become due during the Term of this Agreement, or enforce performance and observance of any obligation, agreement or covenant of the District under this Agreement.

The provisions of the preceding clause (a) are subject to the condition that if, at any time after the principal components of the unpaid Loan Repayments have been so declared due and payable under the preceding clause (a), and before any judgment or decree for the payment of the moneys due have been obtained or entered, the District deposits with the Lender a sum sufficient to pay all principal components of the Loan Repayments coming due prior to such declaration and all matured interest components (if any) of the Loan Repayments, with interest on such overdue principal and interest components calculated at the Overdue Rate, and a sum sufficient to pay all reasonable costs and expenses incurred by the Lender in the exercise of its rights and remedies hereunder, and any and all other defaults known to the Lender (other than in the payment of the principal and interest components of the Loan Repayments due and payable solely by reason of such declaration) have been made good, then, and in every such case, the Lender may, by written notice to the District, rescind and annul such declaration and its consequences. However, 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 7.3. *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the Lender is exclusive, and every such remedy is cumulative and in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default impairs any such right or power or operates as a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Lender to exercise any remedy reserved to it in this Article VII it is not necessary to give any notice, other than such notice as may be required in this Article VII or by law.

SECTION 7.4. *Agreement to Pay Attorneys' Fees and Expenses.* If either party to this Agreement defaults under any of the provisions hereof and the nondefaulting party employs attorneys (including in-house counsel) or incurs other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys (including those of in-house counsel) and such other expenses so incurred by the nondefaulting party.

SECTION 7.5. *No Additional Waiver Implied by One Waiver.* If any agreement contained in this Agreement is breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE VIII

PREPAYMENT OF THE LOAN

SECTION 8.1. *Optional Prepayment.* The District may, at its option, prepay the unpaid principal balance of the Loans on any Payment Date commencing February 1, 2032, in whole but not in part, upon not less than 30 days prior written notice to the Lender, at a prepayment price equal to the principal amount to be prepaid, plus accrued interest to the prepayment date, without premium.

SECTION 8.2. *Mandatory Prepayment From Net Proceeds of Insurance or Eminent Domain.* The District shall prepay the unpaid principal balance of the Loan Repayments in whole or in part, on any date, from and to the extent the District determines to apply any proceeds of insurance award or condemnation award with respect to the Water System for such purpose at a price equal to the principal amount to be prepaid plus a prepayment premium equal to the amount which would apply to such prepayment if the District prepaid its obligations under Section 8.1 on such date. The District and the Lender hereby agree that such proceeds, to the extent remaining after payment of any delinquent Loan Repayments, shall be credited towards the District's obligations under this Section.

SECTION 8.3. *Security Deposit.* Notwithstanding any other provision of this Agreement, the District may on any date secure the payment of Loan Repayments in whole or in part, by irrevocably depositing with a fiduciary an amount of cash which, together with other available amounts, is either:

- (a) sufficient to pay all such Loan Repayments, including the principal and interest components thereof, when due hereunder, or
- (b) invested in whole or in part in Federal Securities in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay all such Loan Repayments when due hereunder or, if such amounts are sufficient to prepay the Loan Repayments in full when due on any optional prepayment date under Section 8.1, as the District instructs at the time of the deposit.

In the event of a security deposit under this Section for the payment in full of all remaining Loan Repayments, the pledge of Net Revenues from the Water System and all other security provided by this Agreement for said obligations, will cease and terminate, excepting only the obligation of the District to make, or cause to be made, all of the Loan Repayments from such security deposit.

ARTICLE IX

MISCELLANEOUS

SECTION 9.1. *Term.* The Term of this Agreement commences on the Closing Date and ends on the date on which the Loan Repayments are paid in full or provision for such payment is made as provided herein.

SECTION 9.2. *Notices.* Any notice, request, complaint, demand or other communication under this Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by telecopier or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by email or other form of electronic communication, (b) 48 hours after deposit in the United States of America first class mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Lender and the District may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the District: Aromas Water District
388 Blohm Avenue
P.O. Box 388
Aromas, California 95004
Attention: General Manager
Email: _____

If to the Lender: Truist Bank, a North Carolina banking corporation
2320 Cascade Point Blvd. Ste 600
Charlotte, North Carolina 28208
Attention: Closing Specialist Senior Team Lead
Email: _____

SECTION 9.3. *Binding Effect.* This Agreement inures to the benefit of and is binding upon the Lender and the District and their respective successors and assigns.

SECTION 9.4. *Severability.* If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

SECTION 9.5. *Net-net-net Contract.* This Agreement is a "net-net-net" contract, and the District hereby agrees that the Loan Repayments are an absolute net return to the Lender, free and clear of any expenses, charges or set-offs whatsoever.

SECTION 9.6. *Further Assurances and Corrective Instruments.* The Lender and the District shall, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Agreement.

SECTION 9.7. *Execution in Counterparts.* This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 9.8. *Applicable Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of California.

SECTION 9.9. *Captions.* The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or section of this Agreement.

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

TRUIST BANK, a North Carolina banking corporation

By _____

AROMAS WATER DISTRICT

By _____
Board President

Attest:

Board Secretary

APPENDIX A

SCHEDULE OF LOAN REPAYMENTS

Payment Date	Principal	Interest	Total Loan Repayment
8/1/2022	\$124,096.00	\$38,295.88	\$162,391.88
2/1/2023	77,015.00	85,376.37	162,391.37
8/1/2023	78,182.00	84,209.59	162,391.59
2/1/2024	79,367.00	83,025.14	162,392.14
8/1/2024	80,569.00	81,822.73	162,391.73
2/1/2025	81,790.00	80,602.11	162,392.11
8/1/2025	83,029.00	79,362.99	162,391.99
2/1/2026	84,287.00	78,105.10	162,392.10
8/1/2026	85,563.00	76,828.15	162,391.15
2/1/2027	86,860.00	75,531.87	162,391.87
8/1/2027	88,176.00	74,215.94	162,391.94
2/1/2028	89,512.00	72,880.07	162,392.07
8/1/2028	90,868.00	71,523.97	162,391.97
2/1/2029	92,244.00	70,147.32	162,391.32
8/1/2029	93,642.00	68,749.82	162,391.82
2/1/2030	95,061.00	67,331.15	162,392.15
8/1/2030	151,619.00	65,890.97	217,509.97
2/1/2031	153,916.00	63,593.94	217,509.94
8/1/2031	156,248.00	61,262.12	217,510.12
2/1/2032	158,615.00	58,894.96	217,509.96
8/1/2032	161,018.00	56,491.94	217,509.94
2/1/2033	163,458.00	54,052.52	217,510.52
8/1/2033	165,934.00	51,576.13	217,510.13
2/1/2034	168,448.00	49,062.23	217,510.23
8/1/2034	171,000.00	46,510.24	217,510.24
2/1/2035	173,591.00	43,919.59	217,510.59
8/1/2035	176,221.00	41,289.69	217,510.69
2/1/2036	178,890.00	38,619.94	217,509.94
8/1/2036	181,601.00	35,909.76	217,510.76
2/1/2037	184,352.00	33,158.50	217,510.50
8/1/2037	187,145.00	30,365.57	217,510.57
2/1/2038	189,980.00	27,530.32	217,510.32
8/1/2038	192,858.00	24,652.13	217,510.13
2/1/2039	195,780.00	21,730.33	217,510.33
8/1/2039	198,746.00	18,764.26	217,510.26
2/1/2040	201,757.00	15,753.26	217,510.26
8/1/2040	204,814.00	12,696.64	217,510.64
2/1/2041	207,917.00	9,593.71	217,510.71
8/1/2041	211,067.00	6,443.76	217,510.76
2/1/2042	214,264.00	3,246.10	217,510.10
TOTALS	\$5,759,500.00	\$2,059,016.81	\$7,818,516.81

APPENDIX B

LENDER LETTER OF REPRESENTATIONS

To come



RESOLUTION 2022-10

RESOLUTION OF THE BOARD OF DIRECTORS OF THE AROMAS WATER DISTRICT AUTHORIZING THE BORROWING OF FUNDS FROM TRUIST BANK IN A PRINCIPAL AMOUNT NOT TO EXCEED \$5,759,500 TO FINANCE THE MARSHALL WELL PROJECT AND APPROVING RELATED DOCUMENTS AND ACTIONS

WHEREAS, the District owns and operates certain facilities and property for the supply, treatment and distribution of water (the “Water System”), and the District wishes at this time to finance improvements to the Water System anticipated to consist of a new well, a solar energy project, and other capital improvements to the Water System (collectively, the “Project”); and

WHEREAS, in order to provide funds for such purposes the District has determined to borrow an amount not to exceed \$5,759,500 from Truist Bank, a North Carolina banking corporation (the “Lender”) pursuant to a Loan Agreement between the District and the Lender, to be secured by a pledge of and lien on the net revenues of the Water System; and

WHEREAS, the District is authorized to borrow amounts for the foregoing purposes under the laws of the State of California, including the provisions of Article 1, Chapter 1, Part 6 of Division 12 of the California Water Code, commencing with Section 31300 of said Code, and the provisions of Articles 10 and 11 of Chapter 3, Part 1, Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code; and

WHEREAS, the information required to be obtained and disclosed by the District with respect to the Loan Agreement in accordance with Government Code Section 5852.1 is set forth on Exhibit A hereto; and

WHEREAS, the Board of Directors approves all of said transactions in furtherance of the public purposes of the District, and the Board of Directors wishes at this time to authorize all proceedings relating to the borrowing of funds from the Lender for the purposes set forth herein;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the Aromas Water District as follows:

Section 1. Approval of Loan. The Board of Directors hereby approves the borrowing of funds from the Lender in a principal amount not to exceed \$5,759,500 and bearing interest at an annual rate not to exceed 3.03%, subject to increases following the occurrence of certain events as set forth in the Loan Agreement (the “Loan”), for the purpose of providing funds to finance the Project and to pay financing costs of the transaction. The Board of Directors hereby accepts the proposal from the Lender to provide financing for the Loan, as set forth in the term sheet in the form on file with the Secretary of the Board of Directors.

Section 2. Loan Agreement. The Board of Directors hereby approves the Loan Agreement between the District and the Lender in substantially the form on file with the Secretary of the Board of Directors, together with any changes therein or additions thereto deemed advisable by the General Manager. The Board of Directors hereby authorizes and directs the President to execute, and the

Secretary of the Board of Directors to attest, the final form of the Loan Agreement for and in the name of the District.

Section 3. Engagement of Bond Counsel. The Board of Directors hereby approves the engagement of Jones Hall, A Professional Law Corporation, to act as bond counsel to the District, and NHA Advisors, to act as municipal advisor to the District, in connection with the financing described in this Resolution. Payment of the fees of bond counsel and the municipal advisor shall be contingent on the successful closing of the Loan and shall be paid from the proceeds of the Loan.

Section 4. Official Actions. The President, the General Manager, the Secretary of the Board of Directors and all other officers of the District are each authorized and directed in the name and on behalf of the District to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution. Whenever in this resolution any officer of the District is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable. Any actions previously taken by the President, the General Manager, the Secretary of the Board of Directors and all other officers of the District in furtherance of this Resolution are hereby ratified and approved.

Section 5. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED AND ADOPTED by the Board of Directors of the Aromas Water District, Aromas, Monterey and San Benito Counties, California, at a Regular meeting duly held on this 26th day of APRIL 2022 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVE:

ATTEST:

James Leap, Board President

Board Secretary, Louise Coombes

EXHIBIT A
GOOD-FAITH ESTIMATES

In accordance with Government Code Section 5852.1, the following information has been obtained and disclosed to the District by the District's municipal advisor in connection with the approval of the Loan Agreement:

- (i) the estimated true interest cost of the Loan Agreement (being the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Loan Agreement) is 3.03%,
- (ii) the estimated finance charge of the Loan Agreement (being the sum of all fees and charges paid to third parties) is \$83,500,
- (iii) the estimated proceeds of the Loan Agreement expected to be received, net of proceeds for finance charges in (ii) above to be paid from the principal amount of the Loan Agreement and any reserves or capitalized interest paid or funded with the Loan Agreement is \$5,676,000, and
- (iv) the estimated total payment amount of the Loan Agreement (being the sum total of all payments the District will make to pay amounts under the Loan Agreement, plus any financing costs not paid from proceeds of the Loan Agreement) to the final maturity thereof is \$7,818,516.81.

Aromas Water District
Balance Sheet Prev Year Comparison

As of March 31, 2022

	Mar 31, 22	Mar 31, 21
ASSETS		
Current Assets		
Checking/Savings		
UB Checking	58,599.98	137,607.43
UB Bk Money Market xxxx7853	937,417.95	600,615.38
LAIF-State of Ca xx-05	837,631.87	835,347.29
Petty Cash	100.00	100.00
Assessment District Banks		
OAWA US Bank 102 Reserve	38,201.48	0.00
OAWA Union Bank Checking 7741	36,127.17	45,798.96
OAWA Union Bank 102 Reserve	0.00	35,557.11
Oakridge Union Checking 5587	379,006.72	359,355.49
Total Assessment District Banks	453,335.37	440,711.56
Total Checking/Savings	2,287,085.17	2,014,381.66
Accounts Receivable		
1200 · Accounts Rec - Spec Proj/Taxes	3,969.26	-2,220.00
Total Accounts Receivable	3,969.26	-2,220.00
Other Current Assets		
ACWA Deposit	0.00	2,080.80
1292 · Accounts Rec - USDA Loan	2,040,446.37	2,095,834.27
1291 · Accounts Rec - Orchard Acres	289,594.03	311,692.98
Prepaid Insurance	9,977.84	11,100.66
128 · Inventory	63,177.31	49,921.56
1200.1 · Accounts Receivable--UBMax	118,712.28	100,196.25
1201.9 · Less Allowance for doubtful Acc	-500.00	-500.00
Total Other Current Assets	2,521,407.83	2,570,326.52
Total Current Assets	4,812,462.26	4,582,488.18
Fixed Assets		
1900 · Water System	12,250,615.61	12,003,589.83
1915 · Office Building & Improvements	398,261.43	398,261.43
1970 · Office Equipment & Fixtures	93,467.05	93,467.05
1980 · District Vehicles	117,577.39	117,577.39
1990 · Land and Easements	331,195.78	331,195.78
1995 · Idle Assets	43,400.00	43,400.00
1998 · Less Accum Depr Idle Assets	-42,400.00	-42,400.00
1999 · Less Accumuated Depreciation	-7,302,968.75	-6,724,700.75
Total Fixed Assets	5,889,148.51	6,220,390.73
Other Assets		
Deferred Outflow of Resources	149,120.00	140,939.00
Total Other Assets	149,120.00	140,939.00
TOTAL ASSETS	10,850,730.77	10,943,817.91

Aromas Water District
Balance Sheet Prev Year Comparison

As of March 31, 2022

	Mar 31, 22	Mar 31, 21
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 · Accounts Payable	59,282.08	42,251.96
Total Accounts Payable	59,282.08	42,251.96
Credit Cards		
First Bankcard - S Smith #0239	1,314.37	1,132.80
First Bankcard - E Giron #1086	0.00	163.48
First Bankcard -R.Johnson #9031	3,745.58	63.67
First Bankcard-L Coombes #3294	184.46	21.54
First Bankcard - D DeAlba #2486	314.29	233.06
Valero Fleet	189.54	663.84
Total Credit Cards	5,748.24	2,278.39
Other Current Liabilities		
Accrued Sick Payable	3,177.04	0.00
Accrued Wages Payable	19,565.97	0.00
Current Portion City National	72,912.25	59,661.05
2100 · Payroll Liabilities	840.16	1,113.90
Deferred Inflows- Actuarial	4,337.00	10,090.00
CUSTOMER DEPOSITS		
Water Customer	0.00	500.00
Connection Deposits Payable	4,000.00	2,000.00
Hydrant Meter Deposit	800.00	0.00
Total CUSTOMER DEPOSITS	4,800.00	2,500.00
Accrued Vacation Payable	34,129.54	27,815.70
Interest Payable	44,306.83	20,153.44
PVWMA Payable	6,848.02	5,247.24
Total Other Current Liabilities	190,916.81	126,581.33
Total Current Liabilities	255,947.13	171,111.68
Long Term Liabilities		
2392 · Long-term Debt - USDA (Oakrdge)	2,432,999.90	2,469,999.90
2391 · Long-term Debt - Orchard Acres	370,000.00	380,000.00
GASB 68 Pension Liability	608,060.00	577,103.00
City National Bank	750,538.78	865,611.94
Total Long Term Liabilities	4,161,598.68	4,292,714.84
Total Liabilities	4,417,545.81	4,463,826.52
Equity		
Investment in Capital Assets	6,420,006.53	6,420,006.53
Unrestricted Net Assets	2,751,025.55	2,687,889.75
Allocation of Net Assets	-2,637,574.59	-2,637,574.59
Net Income	-100,272.53	9,669.70
Total Equity	6,433,184.96	6,479,991.39
TOTAL LIABILITIES & EQUITY	10,850,730.77	10,943,817.91

Aromas Water District
Profit & Loss Budget Performance

March 2022

	Mar 22	Budget	Jul '21 - Mar 22	YTD Budget	Annual Budget
Ordinary Income/Expense					
Income					
303 · Water Revenue	101,648.28	95,000.00	1,023,001.38	1,056,500.00	1,495,000.00
307 · Bulk Water	1,402.92	660.00	10,433.90	5,940.00	8,000.00
302 · Connection	0.00	0.00	43,920.00	14,460.00	30,800.00
301 · Taxes Rcvd - AWD					
3090 · Oakridge / OAWA Assess...	0.00	0.00	102,838.93	97,000.00	195,000.00
301 · Taxes Rcvd - AWD - Other	133.90	0.00	48,102.98	42,000.00	76,000.00
Total 301 · Taxes Rcvd - AWD	133.90	0.00	150,941.91	139,000.00	271,000.00
304 · Other Office Income & Reimbu...	37.04	125.00	37.29	1,125.00	1,500.00
306 · Interest	297.66	400.00	1,944.74	3,600.00	4,800.00
312 · Grant Revenue	0.00	0.00	1,000.00	1,500.00	1,500.00
Total Income	103,519.80	96,185.00	1,231,279.22	1,222,125.00	1,812,600.00
Gross Profit	103,519.80	96,185.00	1,231,279.22	1,222,125.00	1,812,600.00
Expense					
Operations					
403 · Fuel	1,773.00	1,250.00	10,746.70	11,250.00	15,000.00
404 · Truck Maint	141.00	625.00	5,835.85	5,625.00	7,500.00
431 · System Repair & Maint	10,613.01	5,830.00	61,852.99	52,470.00	70,000.00
463 · Water Analysis	164.00	540.00	3,545.00	4,860.00	6,500.00
464 · Water Treatment	2,668.24	1,200.00	17,795.45	13,700.00	20,000.00
468 · Tools	0.00	625.00	3,891.16	5,625.00	7,500.00
470 · Public Outreach / Annexation	-150.00	400.00	3,604.67	3,600.00	30,000.00
Total Operations	15,209.25	10,470.00	107,271.82	97,130.00	156,500.00
Power					
449.75 · 388 Blohm, # C	40.42	33.00	271.85	297.00	400.00
449.5 · 388 Blohm, A & B Office	172.95	150.00	1,112.26	1,360.00	1,700.00
461.5 · RLS Tank Booster	10.51	12.50	86.39	112.50	150.00
447 · Leo Ln Booster	65.43	50.00	555.32	450.00	600.00
448 · Aimee Mdws Well	9.86	12.50	84.96	112.50	150.00
451 · Marshall Corp Yard	39.92	41.00	336.42	369.00	500.00
452 · Rea Booster @ Seely	67.77	52.00	511.86	468.00	625.00
454 · Carr Booster	505.54	575.00	4,600.11	5,175.00	6,900.00
458 · Pleasant Acres Well	74.41	330.00	934.27	2,970.00	4,000.00
459 · Seely Booster @ Carpenteria	34.22	41.00	5,245.98	369.00	500.00
460 · San Juan Well	5,147.45	4,500.00	46,317.88	46,000.00	63,000.00
461 · Cole Tank	14.98	16.00	130.34	144.00	200.00
462 · Rea Tank	15.68	16.00	132.09	144.00	200.00
465 · Lwr Oakridge Boost	106.92	125.00	901.45	1,125.00	1,500.00
465.5 · Upper Oakridge Booster	150.00	175.00	450.00	525.00	700.00
466 · Pine Tree Tank	14.73	16.00	123.29	144.00	200.00
Total Power	6,470.79	6,145.00	61,794.47	59,765.00	81,325.00
Payroll					
Covid Sick Supp.	0.00		302.96		
Gross	33,269.25	35,414.00	279,346.71	318,726.00	424,969.00
Comp FICA	2,056.15	2,195.00	16,237.59	19,755.00	26,348.00
Comp MCARE	484.63	513.50	4,076.62	4,621.50	6,162.00
Comp SUI	90.89	182.00	1,107.28	1,638.00	2,188.00
Total Payroll	35,900.92	38,304.50	301,071.16	344,740.50	459,667.00
Employee / Labor Costs					
407 · Outside Services	-347.66	500.00	5,399.63	4,500.00	6,000.00
408 · Uniform Allowance	406.48	330.00	1,145.76	2,970.00	4,000.00
409 · Workers Comp	408.34	1,057.00	4,259.40	9,513.00	12,691.00
410 · Health Ins	5,803.08	5,948.00	59,701.08	53,532.00	71,387.00
474 · Education	100.00	625.00	4,898.53	5,625.00	7,500.00
477 · Retirement	2,948.60	2,433.00	79,313.47	79,147.00	86,446.00
Total Employee / Labor Costs	9,318.84	10,893.00	154,717.87	155,287.00	188,024.00

Aromas Water District
Profit & Loss Budget Performance

March 2022

	Mar 22	Budget	Jul '21 - Mar 22	YTD Budget	Annual Budget
Office					
440 · Misc Exp	-108.28	330.00	2,692.20	2,970.00	4,000.00
444 · Postage	433.36	330.00	2,938.82	2,970.00	4,000.00
445 · Office Supplies	858.74	330.00	2,548.11	2,970.00	4,000.00
446 · Office Eqpmt and Maint	1,758.55	1,350.00	6,527.85	4,460.00	15,000.00
Total Office	2,942.37	2,340.00	14,706.98	13,370.00	27,000.00
Communications					
455 · Phone, Off	475.94	350.00	4,317.18	3,150.00	4,200.00
456 · Telemetry	780.75	677.00	6,896.57	6,093.00	8,124.00
457 · Answ Serv/Cellular Phone	395.49	330.00	3,062.53	2,970.00	4,000.00
Total Communications	1,652.18	1,357.00	14,276.28	12,213.00	16,324.00
Administrative & General					
4591 · Admin Fee (Bond Admin N...	953.36	1,300.00	2,853.52	3,900.00	5,200.00
4590 · Bond Interest Exp - Assess...	60,149.79	64,000.00	120,579.78	128,000.00	128,000.00
417 · Capital Loan Interest	0.00	0.00	12,957.76	13,000.00	26,000.00
467 · Depreciation Reserve	53,503.00	53,503.00	481,527.00	481,527.00	642,035.00
406 · Liability Ins	1,702.06	1,660.00	15,260.32	14,940.00	20,000.00
420 · Legal Fees	1,400.00	1,400.00	12,600.00	12,600.00	17,000.00
422 · Bank Charges	121.91	158.00	1,125.93	1,422.00	1,900.00
423 · Litigation Contingency	0.00	830.00	0.00	7,470.00	10,000.00
425 · Audit	0.00	1,093.00	8,825.00	9,837.00	13,125.00
471 · Bad Debts	0.00	40.00	0.00	360.00	500.00
473 · Memberships	0.00	0.00	21,983.86	19,910.00	20,000.00
Total Administrative & General	117,830.12	123,984.00	677,713.17	692,966.00	883,760.00
Total Expense	189,324.47	193,493.50	1,331,551.75	1,375,471.50	1,812,600.00
Net Ordinary Income	-85,804.67	-97,308.50	-100,272.53	-153,346.50	0.00
Net Income	-85,804.67	-97,308.50	-100,272.53	-153,346.50	0.00

04/21/22

Aromas Water District
Monthly Expenditures
 March 16 through April 19, 2022

Date	Num	Name	Amount
UB Checking			
03/23/2022	E-pay	Employment Development Dept	-736.79
03/23/2022	E-pay	United States Treasury (EFTPS)	-4,168.36
03/24/2022	EFT	QuickBooks Payroll Service	-6,235.25
03/24/2022	18660	Aromas Hills Artisans	-55.00
03/24/2022	18661	Special District Leadership Foundation	-200.00
03/24/2022	Pd Online	First Bankcard	-7,404.72
03/25/2022	DD1787	Bowman (P), Naomi	0.00
03/25/2022	DD1788	Coombes (P), Louise P	0.00
03/25/2022	18658	DeAlba (P), David	-3,091.91
03/25/2022	DD1789	Giron (P), Ester	0.00
03/25/2022	DD1790	Johnson (P), Robert L	0.00
03/25/2022	18659	Smith (P), Shaun	-1,475.88
03/25/2022	EFT	CalPERS	-2,514.93
03/25/2022	EFT	CalPERS	-787.54
03/29/2022	18662	Peter Mu	-150.00
03/29/2022	18663	ACWA JPIA, Emp. Ben. Prog.	-5,651.16
03/29/2022	18664	ADT Security Services, Inc.	-400.67
03/29/2022	18665	CALNET3	-306.75
03/29/2022	18666	Ferguson Waterworks	-2,262.76
03/29/2022	18667	Kamstrup Water Metering, LLC	-1,220.57
03/29/2022	18668	MNS Engineers Inc.	-8,077.81
03/29/2022	18669	Monterey Bay Air Resources District	-483.00
03/29/2022	18670	Monterey Bay Analytical Services Inc	-164.00
03/29/2022	18671	Pelmar Engineering Ltd.	-1,203.49
03/29/2022	18672	Quinn Rental	-1,425.00
03/29/2022	18673	R & B Company	-1,630.88
03/29/2022	18674	Rob Johnson	-50.00
03/29/2022	18675	United Way serving San Benito County	-32.00
03/29/2022	18676	USA BlueBook	-374.88
03/29/2022	18677	Xerox Corp	-20.49
03/29/2022	18678	Quinn Rental	-404.76
03/29/2022	Pd Online	P G & E	-6,286.57
03/29/2022	NSF	Bill Adjustment Report	-83.69
03/31/2022	Pd Online	Compuchecks.com	-137.94
03/31/2022	EFT	Bank Service Fees	-128.72
03/31/2022	NSF	Bill Adjustment Report	-137.44
04/01/2022	Pd Online	Valero Fleet	-337.97
04/01/2022	Pd Online	Verizon Wireless	-242.29
04/04/2022	18679	USPO	-233.16
04/06/2022	E-pay	Employment Development Dept	-754.69
04/06/2022	E-pay	United States Treasury (EFTPS)	-4,194.38
04/06/2022	E-pay	Employment Development Dept	-786.13
04/07/2022	EFT	QuickBooks Payroll Service	-6,296.00
04/08/2022	DD1792	Coombes (P), Louise P	0.00
04/08/2022	18680	DeAlba (P), David	-3,252.93
04/08/2022	DD1793	Giron (P), Ester	0.00
04/08/2022	DD1794	Johnson (P), Robert L	0.00
04/08/2022	18681	Smith (P), Shaun	-1,395.46

04/21/22

Aromas Water District
Monthly Expenditures
 March 16 through April 19, 2022

Date	Num	Name	Amount
04/08/2022	DD1791	Bowman (P), Naomi	0.00
04/08/2022	EFT	CalPERS	-2,525.34
04/08/2022	EFT	CalPERS	-829.44
04/12/2022	18682	ACWA JPIA, Emp. Ben. Prog.	-5,651.16
04/12/2022	18683	ADT Security Services, Inc.	-32.46
04/12/2022	18684	BAVCO	-744.54
04/12/2022	18685	CALNET3	-402.96
04/12/2022	18686	CSSC	-103.20
04/12/2022	18687	Federico's Embroidery	-117.40
04/12/2022	18688	Iflow Energy Solutions Inc.	-5,614.14
04/12/2022	18689	Mid Valley Supply	-1,334.12
04/12/2022	18690	MNS Engineers Inc.	-8,804.34
04/12/2022	18691	Old Firehouse Market	-1,192.73
04/12/2022	18692	PVWMA	-13,168.41
04/12/2022	18693	R & B Company	-2,919.64
04/12/2022	18694	USA BlueBook	-3,329.56
04/12/2022	18695	Viking Septic	-420.00
04/13/2022	NSF	Bill Adjustment Report	-470.35
04/13/2022	NSF	Bill Adjustment Report	-49.18
Total UB Checking			-122,504.94
TOTAL			-122,504.94