

AGENDA

REMOTE MEETING NOTICE

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- Click on the Raise Hand icon if you would like to speak on the item.
- Your name will be called on when it's your turn to speak.
- When your name is called, you will be prompted to unmute yourself.
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Meeting ID: 857 8077 7336

Passcode: 713326

A G E N D A
REGULAR MEETING OF THE GOVERNING BOARD
OF THE GOLETA SANITARY DISTRICT
A PUBLIC AGENCY

One William Moffett Place
Goleta, California 93117

June 6, 2022

CALL TO ORDER: 6:30 p.m.

ROLL CALL OF MEMBERS

BOARD MEMBERS: Steven T. Majoewsky
George W. Emerson
Sharon Rose
Edward Fuller
Jerry D. Smith

CONSIDERATION OF THE MINUTES OF THE BOARD MEETING

The Board will consider approval of the Minutes of the Regular Meeting of May 16, 2022.

PUBLIC COMMENTS - Members of the public may address the Board on items within the jurisdiction of the Board.

POSTING OF AGENDA – The agenda notice for this meeting was posted at the main gate of the Goleta Sanitary District and on the District’s web site 72 hours in advance of the meeting.

BUSINESS:

1. ADOPTION OF FINAL MITIGATED NEGATIVE DECLARATION AND APPROVAL OF BIOSOLIDS AND ENERGY STRATEGIC PLAN PHASE 1 PROJECT
(Board may take action on this item.)
2. AUTHORIZE FINANCING OF BIOSOLIDS AND ENERGY PROJECT THROUGH THE EXECUTION OF AN INSTALLMENT SALE AGREEMENT, ENGAGEMENT OF FINANCING TEAM, AND ADDITIONAL ACTIONS RELATED THERETO
(Board may take action on this item.)
3. CONSIDERATION AND ADOPTION OF RESOLUTION APPROVING DEBT POLICIES
(Board may take action on this item.)

4. CONSIDERATION OF CO-DIGESTION GRANT PROGRAM APPLICATION FOR BIOSOLIDS AND ENERGY STRATEGIC PLAN PHASE 2 PROJECT
(Board may take action on this item.)
5. CONSIDERATION OF AN ENVIRONMENTALLY PREFERABLE PURCHASING POLICY
(Board may take action on this item.)
6. GENERAL MANAGER'S REPORT
7. LEGAL COUNSEL'S REPORT
8. COMMITTEE/DIRECTOR'S REPORTS AND APPROVAL/RATIFICATION OF DIRECTOR'S ACTIVITIES
9. PRESIDENT'S REPORT
10. ITEMS FOR FUTURE MEETINGS
11. CORRESPONDENCE
(The Board will consider correspondence received by and sent by the District since the last Board Meeting.)
12. APPROVAL OF BOARD COMPENSATION AND EXPENSES AND RATIFICATION OF CLAIMS PAID BY THE DISTRICT
(The Board will be asked to ratify claims.)

ADJOURNMENT

Any public records which are distributed less than 72 hours prior to this meeting to all, or a majority of all, of the District's Board members in connection with any agenda item (other than closed sessions) will be available for public inspection at the time of such distribution at the District's office located at One William Moffett Place, Goleta, California 93117.

MINUTES

MINUTES
REGULAR MEETING OF THE GOVERNING BOARD
GOLETA SANITARY DISTRICT
A PUBLIC AGENCY
DISTRICT OFFICE CONFERENCE ROOM
ONE WILLIAM MOFFETT PLACE
GOLETA, CALIFORNIA 93117

May 16, 2022

CALL TO ORDER: President Majoewsky called the meeting to order at 6:30 p.m.

BOARD MEMBERS PRESENT: Steven T. Majoewsky, George W. Emerson, Sharon Rose, Edward Fuller (arrived at 6:34 p.m.), Jerry D. Smith

BOARD MEMBERS ABSENT: None

STAFF MEMBERS PRESENT: Steve Wagner, General Manager/District Engineer, Rob Mangus, Finance and Human Resources Manager/Board Secretary, John Crisman, Plant Operations Manager and Richard Battles, Legal Counsel from Howell Moore & Gough LLP.

OTHERS PRESENT: Larry Meyer, Director, Goleta West Sanitary District

APPROVAL OF MINUTES: Director Smith made a motion, seconded by Director Emerson, to approve the minutes of the Regular Board meeting of 05/02/22. The motion carried by the following vote:

(22/05/2325)

AYES:	4	Majoewsky, Emerson, Rose, Smith
NOES:		None
ABSENT:	1	Fuller
ABSTAIN:		None

POSTING OF AGENDA: The agenda notice for this meeting was posted at the main gate of the Goleta Sanitary District and on the District's website 72 hours in advance of the meeting.

PUBLIC COMMENTS: None

BUSINESS:

1. **PRESENTATION ON THE CURRENT STATE OF OPERATIONS AT THE DISTRICT'S WATER RESOURCE RECOVERY FACILITY**
Mr. Wagner began the staff report and introduced John Crisman, Plant Operations Manager, who delivered a PowerPoint presentation to the Board.

No Board action was taken on this presentation item.

2. REVIEW OF 2021 CALIFORNIA SANITATION RISK MANAGERS AUTHORITY RISK CONTROL SURVEY RESULTS

Mr. Wagner gave the staff report.

No Board action was taken on this item.

3. CONSIDERATION OF EMPLOYEE COMPENSATION AND BENEFITS SURVEY RESULTS

Mr. Wagner gave the staff report.

Director Smith made a motion, seconded by Director Fuller to refer this item to the Personnel Committee, for the Committee to receive input from the General Manager and to return to the Board with findings and recommendations.

The motion carried by the following vote:

(22/05/2326)

AYES:	5	Majoewsky, Emerson, Rose, Fuller, Smith
NOES:		None
ABSENT:		None
ABSTAIN:		None

4. CLOSED SESSION

Consensus of the Board was to move the Closed Session item to the end of the meeting, as Item 12.

5. GENERAL MANAGER'S REPORT

Mr. Wagner gave the report.

6. LEGAL COUNSEL'S REPORT

Mr. Battles reported on the CASA Attorneys Committee meeting he attended via zoom. Three items of interest were reported to the Board, SB1345 regarding Dig Alert requirements for non-pressurized sewer lines; SB1157 regarding SWRCB issuing revised daily water use values moving from 51 to 47 and to 42 gallons per day; and AB2536 regarding capacity fee calculation disclosure requirements.

7. COMMITTEE/DIRECTORS' REPORTS AND APPROVAL/RATIFICATION OF DIRECTORS' ACTIVITIES

Director Smith – No Report

Director Fuller – Reported on the Outreach Committee meeting he attended.

Director Rose – Reported on the Goleta West Sanitary District meeting she attended.

Director Emerson – No Report

8. PRESIDENT'S REPORT

President Majoewsky – Reported on the Goleta Water District meeting he attended.

9. ITEMS FOR FUTURE MEETINGS

No Board action was taken to return with an item.

10. CORRESPONDENCE

The Board reviewed and discussed the list of correspondence to and from the District in the agenda.

11. APPROVAL OF BOARD COMPENSATION AND EXPENSES AND RATIFICATION OF CLAIMS PAID BY THE DISTRICT

Director Rose made a motion, seconded by Director Fuller, to ratify and approve the claims, for the period 05/03/22 to 05/16/22 as follows:

Running Expense Fund #4640	\$ 360,197.44
Capital Reserve Fund #4650	\$ 48,922.44
Depreciation Replacement Reserve Fund #4655	\$ 161,284.09
Retiree Health Insurance Sinking Fund #4660	\$ 196,804.00

The motion carried by the following vote:

(22/05/2327)

AYES:	5	Majoewsky, Emerson, Rose, Fuller, Smith
NOES:		None
ABSENT:		None
ABSTAIN:		None

12. CLOSED SESSION

A. PUBLIC COMMENTS ON CLOSED SESSION MATTER

No public comment

B. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1)

PUBLIC EMPLOYEE PERFORMANCE EVALUATION
TITLE: GENERAL MANAGER

The Board entered closed session at 8:39 p.m.

The Board exited closed session at 9:00 p.m.

C. PUBLIC REPORT ON CLOSED SESSION MATTER

No Board action was taken in closed session.

ADJOURNMENT

There being no further business, the meeting was adjourned at 9:00 p.m.

Steven T. Majoewsky
Governing Board President

Robert O. Mangus, Jr.
Governing Board Secretary

George W. Emerson

Sharon Rose

Edward Fuller

Jerry D. Smith

AGENDA ITEM #1

AGENDA ITEM: 1

MEETING DATE: June 6, 2022

I. NATURE OF ITEM

Adoption of Final Mitigated Negative Declaration and Approval of Biosolids and Energy Strategic Plan Phase 1 Project

II. BACKGROUND INFORMATION

In August 2019, the District adopted a Biosolids and Energy Strategic Plan (BESP). The main objective of the BESP is to provide a biosolids and energy roadmap and strategy for the District to reach energy-sufficiency by reassessing its biosolids management practices in combination with the implementation of various energy production approaches to reduce overall operating costs. The BESP envisioned 3 separate phases of improvement projects to be completed over the following 10-year period based on certain market and regulatory drivers.

In November 2020, the District hired Hazen and Sawyer Inc. (Hazen) for engineering, design and environmental services related to the BESP Phase 1 improvement project. The scope of the project includes the following:

- A new anaerobic digester with a capacity of 550,000 gallons, which will replace the existing Digester #1. The new digester will include the installation of auxiliary equipment, including digester mixing apparatus, digester cover, and digester heating elements (heat exchanger, piping, etc.). This new digester is designed to allow sufficient capacity for the plant if any of the existing digesters, including the largest digester (i.e., Digester 3), goes out of service.
- A combined heat and power (CHP) system featuring one new 160-kilowatt (kW) generator set that will be fueled by digester gas. Waste heat from the CHP engine will be used to heat the digesters. Additionally, the two existing digester gas booster blowers will be replaced with two new blowers to match the engine.
- A biogas pretreatment system to reduce hydrogen sulfide (H₂S), siloxanes, and moisture in the digester gas used to fuel the CHP engine.

The design and engineering on the Phase 1 project was completed and a mitigated negative declaration (MND) was prepared and released for public comment. On May 2, 2022, the Board held a public hearing on the draft MND to receive public comments. No public comments were received. The public comment period on the draft MND ended on May 18, 2022.

The only comment letter received on the project was submitted by the Santa

Barbara County Air Pollution Control District (SBAPCD). A copy of that letter is attached to this report. Minor changes to the draft MND were made in response to the SBAPCD letter, as identified in the attached response to comments.

No other changes to the draft MND were made. As such, a revised final MND for the BESP Phase 1 project is presented herein for consideration by the Board.

III. COMMENTS AND RECOMMENDATIONS

An MND for a project subject to CEQA is prepared when an environmental analysis of the project shows that there is no substantial evidence that the project may have a significant effect on the environment after mitigation [CEQA Guidelines Section 15070(b)]. As discussed in Chapter 3 – Environmental Checklist of the MND, the proposed project is not expected to result in any significant adverse environmental impacts after mitigation; therefore, an MND is the appropriate CEQA document.

The final MND has been prepared in accordance with the CEQA provisions as set forth in the California Public Resources Code (PRC) Sections 21000 to 21174. In accordance with the California Code of Regulations (CCR) Title 14 Section 15002(a) CEQA Guidelines, the basic purposes of CEQA are to inform public agency decisionmakers and the general public of the significant environmental effects of a project, identify possible ways to minimize the significant effects through the use of mitigation measures or alternatives to the project, and disclose to the public the reasons why a government agency approved the project if significant environmental effects are involved. Due to its size, a copy of the final MND is available on the District's website and a hard copy is available for review at the District's main office.

Sarah Head of York Engineering, LLC has coordinated the environmental review and permitting of the BESP Phase 1 project and will be attending the meeting virtually to answer questions relating to the proposed revised final MND.

Staff recommends the Board adopt the attached resolution adopting the final MND and approving the BESP Phase 1 project.

IV. REFERENCE MATERIALS

Resolution No. 22-683

SBAPCD comment letter dated May 16, 2022

Response to comments letter dated May 27, 2022

RESOLUTION NO. 22-683

RESOLUTION OF THE GOVERNING BOARD OF THE GOLETA SANITARY DISTRICT SETTING FORTH FINDINGS, AND ADOPTING A FINAL MITIGATED NEGATIVE DECLARATION FOR THE BIOSOLIDS AND ENERGY STRATEGIC PLAN PHASE 1 PROJECT

WHEREAS, at its regular meeting on June 6, 2022, the Governing Board (the “Board”) of the Goleta Sanitary District (the “District”) is proposing to adopt the final mitigated negative declaration (“MND”) for the Biosolids Strategic Plan Phase 1 Project (the “Project”).

WHEREAS, the District’s Environmental Committee has conducted a preliminary review of the Project and has concluded that it is subject to environmental review under the California Environmental Quality Act (“CEQA”) and an MND for the project should be prepared. Said conclusion is set forth in the Preliminary Environmental Review form prepared by the Environmental Committee, a copy of which has been presented to and reviewed by the Board.

WHEREAS, An MND was prepared for the project and was released for public review in accordance with the CEQA guidelines.

WHEREAS, Comments on the draft MND received during the public comment period were reviewed and incorporated into a revised final MND as appropriate.

WHEREAS, The Board desires to adopt a final MND for the Project.

NOW, THEREFORE, the Governing Board of the Goleta Sanitary District does hereby find, resolve and order as follows:

1. The Board hereby finds that (i) the final MND has been prepared in accordance with the requirements of the CEQA guidelines., (ii) the final MND for the Project adequately identifies appropriate measure to mitigate any and all potential environment impact associated with completion of the Project, (iii) completion if all identified mitigation measure will ensure that the project will not result in any adverse environmental impacts, (iv) There is no substantial evidence in the record before the District that the completion of the Project will have a significant environmental effect.

2. The Secretary of the District is hereby authorized and directed to file with the Santa Barbara County Clerk a copy of the final MND for the Project.

PASSED AND ADOPTED this 6^h day of June, 2022, by the following vote of the Governing Board of the Goleta Sanitary District.

AYES:

NOES:

ABSENT:

ABSTAIN:

Steven T. Majoewsky,
President of the Governing Board

COUNTERSIGNED:

Robert O. Mangus, Jr.,
Secretary of the Governing Board

May 16, 2022

Steve Wagner
Goleta Sanitary District
One William Moffett Place
Goleta, CA 93117

Sent Via Email: swagner@goletasanitary.org

Re: Santa Barbara County Air Pollution Control District Comments on the Draft Mitigated Negative Declaration for the Goleta Sanitary District's Biosolids and Energy Phase 1 Project, SCH # 2022040242

Dear Mr. Wagner,

The Santa Barbara County Air Pollution Control District (APCD) has reviewed the Draft Mitigated Negative Declaration for the referenced project, which consists of a proposed biosolids and energy upgrade project at the Water Resource Recovery Facility (WRRF) owned and operated by Goleta Sanitary District (GSD). The primary components of the currently proposed Project consist of: 1) one new digester with a capacity of 550,000 gallons, which will replace existing Digester 1, 2) a combined heat and power (CHP) system featuring one new 160-kilowatt (kW) generator set that will be fueled by digester gas, and 3) a biogas pretreatment system to reduce hydrogen sulfide (H₂S), siloxanes, and moisture in the digester gas used to fuel the CHP engine. Modifications are not proposed to any of the existing combustion devices, including the existing boilers and flares; to the permitted digester gas throughput to the combustion units; or to the wastewater treatment capacity of the GSD WRRF at this time. The subject project is located at One William Moffett Place, near the Santa Barbara Municipal Airport, in the unincorporated Goleta area.

The proposed project includes equipment or operations subject to APCD permit requirements and prohibitory rules. A permit application has been submitted to the APCD and assigned as ATC 15822. The permit application was deemed complete on January 27, 2022. The APCD is a responsible agency under the California Environmental Quality Act (CEQA) on this project and will rely on the CEQA determination when evaluating any APCD permits for proposed equipment.

APCD staff has the following comments on the Draft MND:

1. **Section III, Air Quality, Table 3-3, page 3-17:** Please note that this table (as well as Table 3-5 on page 3-20) incorrectly cites the APCD's adopted CEQA thresholds for operational emissions. Our CEQA thresholds reflect the APCD's New Source Review Rule as it existed at the time the APCD Environmental Review Guidelines were adopted in October, 1995. The mass emission CEQA thresholds for criteria pollutants are as follows: 240 lbs/day ROC, 240 lbs/day NO_x, and 240 lbs/day SO_x. There is no adopted threshold for CO or PM_{2.5}. The PM₁₀ threshold is correctly cited as 80 lbs/day. If this document intends to use the APCD's CEQA thresholds as the thresholds of significance for the subject project, please revise the table as needed.

2. **Section III, Air Quality, Table 3-6, page 3-21:** There is a slight discrepancy with the health risk values displayed in this table compared to subsequent submittals by the applicant to the APCD. Please update this table with the health risk values in the APCD-approved HRA (attached herein for reference).

If you or the project applicant have any questions regarding these comments, please feel free to contact me at (805) 979-8337 or via email at BarhamC@sbcapcd.org.

Sincerely,



Carly Barham,
Planning Division

Attachments: Health Risk Assessment Report Goleta Sanitary District Authority to Construct No. 15822

cc: Planning Chron File



Health Risk Assessment Report

Goleta Sanitary District Authority to Construct No. 15822

1.0 SUMMARY

The Santa Barbara County Air Pollution Control District (District) reviewed an air toxics Health Risk Assessment (HRA) conducted by Yorke Engineering, LLC as part of the permitting process for Authority to Construct No. 15822 for Goleta Sanitary District (GSD) Wastewater Treatment Plant (WWTP). The HRA was completed using AERMOD Build 21112 in Lakes' AERMOD View, Version 10.0.1 and the Hotspots Analysis and Reporting Program software Version 2 (HARP 2), Build 21081. Cancer risk and non-cancer Hazard Index (HI) risk values were calculated and compared to *significance thresholds* adopted by the District's Board of Directors. The calculated risk values and applicable thresholds are as follows:

	<u>GSD WWTP Max Risks</u>	<u>Significance Threshold</u>
Cancer risk:	0.3	≥10/million
Chronic non-cancer risk:	<0.1	>1
8-hour chronic non-cancer risk:	<0.1	>1
Acute non-cancer risk:	<0.1	>1

Based on these results, the operations at the Goleta Sanitary District WWTP, permitted under Authority to Construct No. 15822, do not present a significant risk to the surrounding community.

2.0 BACKGROUND

2.1 Stationary Source Overview

The equipment at GSD is used for the secondary treatment of wastewater and sewage received from and generated by homes and businesses located in Isla Vista, the University of California at Santa Barbara, the Santa Barbara Municipal Airport, and Goleta. Primary treatment consists of sending raw wastewater through screens to separate large objects and grit. Solids that settle to the bottom and materials that float to the surface (sludge) of settling tanks are pumped to the digesters for anaerobic (absence of air or oxygen) treatment. The effluent continues to secondary treatment and disinfection prior to ocean disposal.

Sludge treatment consists of the anaerobic digestion of solids to reduce the quantity of organic solids for disposal, stabilize the remaining solids, and produce a gas by-product for use as fuel. Sludge removed from the wastewater is heated and mixed in the digesters where the decomposable organic material

stabilizes. Ferrous chloride is injected into the wastewater to inhibit hydrogen sulfide formation by causing sulfur to precipitate out of solution as ferrous sulfide.

Digester gas composed of a mixture of methane and carbon dioxide, which is naturally produced during the decomposition process, is used to fire a boiler to heat the digesters. Excess gas is burned in the waste gas burner (flare).

The permitting action for Authority to Construct No. 15822 (ATC 15822) included the addition of a new gas pre-treatment system, the installation of a new combined heat and power (CHP) engine and the addition of Digester 4.

2.2 *Health Risk*

As used in this report, the term “health risk” addresses the likelihood that exposure to a given toxic air contaminant under a given set of conditions will result in an adverse health effect. Health risk is affected by several factors, such as: the amount, toxicity, and concentration of the contaminant; the meteorological conditions; the distance from emission sources to people; the distance between emission sources; the age, health, and lifestyle of the people living or working at a location; and, the duration of exposure to the toxic air contaminant.

Health effects are divided into cancer and non-cancer risks. “Cancer risk” refers to the increased chance of contracting cancer as a result of an exposure, and is expressed as a probability: chances-in-a-million. The values expressed for cancer risk do not predict actual cases of cancer that will result from exposure to toxic air contaminants. Rather, they state a possible risk of contracting cancer over and above the background level.

For non-cancer health effects, risk is characterized by a “Hazard Index” (HI), which is a sum of all hazard quotients (HQs) for each toxic air contaminant (TAC). The HQ for a TAC is obtained by dividing the predicted concentration of the TAC by its Reference Exposure Level (REL), which has been determined by health professionals from the Office of Environmental Health Hazard Assessment (OEHHA) and the California Air Resources Board (CARB). RELs are used as indicators of the potential adverse effects of chemicals. An REL is the concentration at or below which no adverse health effects are anticipated for specific exposure duration. Thus, the HQ is a measure of the exposure relative to a level of safety and is appropriately protective of public health. The TACs emitted by a facility can have different emission rates and different RELs. An HQ is calculated separately for each TAC at each modeled receptor location. A composite HI at each receptor is then calculated as the sum of HQs for each individual TAC. A HI of one or less indicates that no adverse health effects are anticipated and is therefore considered safe.

2.3 *Health Risk Assessment for Authority to Construct No. 15822*

The HRA for ATC 15822 included only new equipment that is authorized under this permitting action. The HRA results for ATC 15822 showed that the incremental increase in risk from the new equipment is less than ten percent of our significant risk thresholds. The health risk from the entire stationary source Goleta Sanitary District WWTP will be reevaluated under the AB 2588 Air Toxics “Hot Spots” Program.

GSD requested that the District review a preliminary HRA for this project. The initial project included modifying the existing flare (DID 113016), modifying an existing boiler (DID 388861) and adding a new digester-gas fired CHP engine. The District reviewed the preliminary HRA and provided comments in

the memo regarding *Review of Project-Only Health Risk Assessment Files* to Goleta Sanitary District on October 7, 2021.

GSD submitted a permit application for ATC 15822 on November 16, 2021 with a revised HRA. The permit application did not include modifications to the existing flare or existing boiler. The District reviewed the revised HRA and commented in the incompleteness letter that documentation of the 10 meter stack height and the stack diameter were required, along with documentation of the CHP structure for the building downwash analysis. GSD responded on December 28, 2021 that the project engineering team decided to lower the stack height to 6 meters and slightly increase the stack diameter. As a result of these stack changes, GSD submitted a revised HRA. Documentation of the stack changes (i.e., revised engineering drawings) were submitted on January 25, 2022. The ATC application was subsequently deemed complete on January 27, 2022. The District reviewed and approved the HRA. This HRA report documents the final HRA submitted on December 28, 2021.

3.0 FACILITY INFORMATION

EQUIPMENT OWNER/OPERATOR: Goleta Sanitary District

SOURCE IDENTIFICATION NUMBER: 01528

EQUIPMENT LOCATION: One William Moffett Place, Goleta

FACILITY UTM COORDINATES: The UTM coordinates for the facility’s property boundaries, buildings, emission release points, and receptor locations were submitted by the applicant and corresponded with Google Earth aerial imagery.

UTM Zone 11
Easting: 239650 m
Northing: 3812760 m
Datum: WGS84

EQUIPMENT DESCRIPTION: The HRA includes emissions from the combined heat and power engine.

4.0 EMISSION RELEASE POINTS AND MODELING PARAMETERS

The stack height, stack diameter, exhaust temperature, and flow rate for the CHP engine stack were submitted by GSD. The source parameters used in the final HRA are shown in Table 4.1 below and can also be found in the AERMOD input file *GSD_0545-008-01_Dec_2021.ADI*, located in the *ATC-15822-HRA.zip* file referenced in the Attachments section of this report.

Table 4.1 – POINT Source Modeling Parameters

Source ID	Source Type	Release Height (m)	Stack Diam. (m)	Exit Velocity (m/s)	Exhaust Temp. (K)	UTME (m)	UTMN (m)
CHP	POINT	6.0	0.15	18.99	453.15	239608.6	3812679.5

5.0 EMISSIONS

The TAC emissions were calculated based on the District's June 2020 *Approved Emission Factors for Toxic Air Contaminants* for a digester gas-fired engine. The annual emissions were based on continuous operation for 24 hours/day, 365 days/year. The maximum hourly emissions were based on the engine operating at the rated heat input of 1.377 MMBtu/hr. The application notes that the engine will include a 2 G Oxidation Catalyst. No control efficiency was applied to the District's default TAC emission factors; a control efficiency is not typically allowed for default TAC emission factors unless the device is source tested.

The emission calculations can be found in the Excel workbook *ATC 15822 HRA Emission Calcs.xlsx*, and the emission profiles used in the HRA can be found in the file *Emissions.csv*; both of these files are located in the *ATC-15822-HRA.zip* file referenced in the Attachments section of this report. The total emissions of each TAC included in this HRA are shown in Table 5.1 below.

Table 5.1 – Emissions Summary

Pollutant Name	Annual Emissions (lb/yr)	Hourly Emissions (lb/hr)
Arsenic	0.027	3.12E-06
Cadmium	0.007	7.86E-07
Lead	0.040	4.61E-06
Nickel	0.024	2.71E-06
Selenium	0.131	1.49E-05
Acetaldehyde	1.23	1.41E-04
Acrolein	0.281	3.21E-05
Ammonia	63.3	7.22E-03
Benzene	33.6	3.83E-03
1,3-Butadiene	0.481	5.49E-05
Carbon Tetrachloride	0.237	2.71E-05
Chloroform	0.202	2.30E-05
p-Dichlorobenzene	0.847	9.67E-05
1,4-Dioxane	0.172	1.96E-05
Ethylene Dibromide	0.086	9.83E-06
Ethylene Dichloride	0.178	2.03E-05
Formaldehyde	35.6	0.004063
Methyl Chloroform	0.176	2.00E-05
Methylene Chloride	1.73	0.000198
Perchloroethylene	0.249	2.84E-05
Styrene	0.655	7.48E-05
Toluene	14.7	1.68E-03
Trichloroethylene	0.214	2.44E-05
Vinyl Chloride	0.427	4.88E-05
Vinylidene Chloride	0.089	1.02E-05
Xylenes	3.17	3.62E-04

6.0 BUILDING INFORMATION

Building downwash was selected as a control option in the air dispersion analysis. The buildings and structures included in the HRA were processed using the Building Profile Input Program for PRIME (BPIPPRM) in AERMOD. Building dimensions were submitted by GSD in the modeling files; the building information used in the air dispersion analysis can be found in the BPIPPRM input file *GSD_0545-008-01_Dec_2021.bpi*, located in the *ATC-15822-HRA.zip* file referenced in the Attachments section of this report.

7.0 MET DATA & DEM FILES

Meteorological data used in the air dispersion analysis were acquired at the Santa Barbara Airport from 2012-2016. These files, *SBA12-16Ustar.PFL* and *SBA12-16Ustar.SFC*, were processed by the District using Lakes' AERMET View, Version 9.5.0 and can be found in the *ATC-15822-HRA.zip* file referenced in the Attachments section of this report. The PROFBASE parameter was set to 4.0 m for the base elevation above mean sea level of the primary met tower at the Santa Barbara Airport. This value comes from the District's Form-15i. The terrain and the receptor, source and building elevations were determined using Version 18081 of USEPA's AERMAP terrain processor and the USGS NED GeoTIFF terrain data for Goleta, *usgs_ned_1_n35w120_gridfloat.tif*, which can be found in the *ATC-15822-HRA.zip* file.

8.0 MODEL INFORMATION

The air dispersion modeling was conducted using AERMOD Build 21112 Lakes' AERMOD View, Version 10.0.1, and the risk assessment was conducted using HARP 2, Build 21081. The regulatory default Control options were enabled. The rural option was selected based on the Auer method, per the District's Form-15i.

8.1 Receptor Placement

The receptors were placed 25 meters apart from the facility center out to 500 meters, 50 meters apart from 500 meters out to 1000 meters, and 100 meters apart from 1000 meters out to 2000 meters from the facility center. Receptors were generated along the property boundary 10 meters apart. All receptors had a flagpole height of 1.5 meters. All grid and receptor data may be found in the files *GSD_0545-008-01_Dec_2021.ADO* and *GSD_0545-008-01_Dec_2021.ROU*, located in the *ATC-15822-HRA.zip* file referenced in the Attachments section of this report.

8.2 Residential Exposure and Pathways

The cancer risk for the point of maximum impact (PMI), residential and sensitive receptors were determined using the "individual resident" receptor type, 30-year exposure duration and the intake rate from the "RMP using the Derived Method." The chronic non-cancer hazard indices for the residential and sensitive receptors and the PMI were determined using the "individual resident" receptor type and the intake rate from the "OEHHA Derived Method." The inhalation, soil, dermal, mother's milk, homegrown produce, chicken and egg pathways were enabled for all receptors. None of the fraction of time at home (FAH) values were applied for the initial cancer risk run. The District determined that there are no schools or daycares located within the initial isopleth of one in a million for cancer risk. For that reason, the District recommended that the FAH values were applied for all ages in the final cancer risk analysis; the applicant made this change in the final HRA. A "warm" climate was used for the dermal pathway.

The default fractions for households that garden were used for the homegrown produce pathway, and the default fractions for households that raise/hunt were used for the chicken and egg pathways.

8.3 Worker Exposure and Pathways

The cancer risks for the worker receptors were determined using the “worker” receptor type, 25-year exposure duration and the intake rate from the “OEHHA Derived Method.” The chronic non-cancer hazard indices for the worker receptors were determined using the “worker” receptor type and the intake rate from the “OEHHA Derived Method.” The required worker pathways (i.e., inhalation, soil and dermal) were enabled. A worker adjustment factor was not applied to the worker cancer risk calculation because the engine is permitted to operate continuously and the annual emission calculations are based on continuous operations.

8.4 8-Hour Chronic Non-Cancer Analysis

The 8-hour chronic hazard indices were calculated for worker receptors and one sensitive receptor (Goleta Boys & Girls Club) because the CHP engine is permitted to operate continuously. A worker adjustment factor was not applied to the worker 8-hour chronic non-cancer risk calculation because the engine is permitted to operated continuously and the annual emission calculations are based on continuous operations.

8.5 Acute Non-Cancer Analysis

The acute hazard indices were calculated for all receptors using the simple screening analysis. The screening acute risk is a timesaving approximation that is conservative in nature. It is calculated by assuming that the contribution of risk from each source is at its maximum at the same instant in time. The maximum hourly risk from each source is summed to give the screening value, as if they had all occurred at the same time. In reality, the time that the risk from each source is at a maximum will differ depending on location and meteorology. Because no receptors exceeded the significance threshold of 1.0 for the screening acute HI, the refined acute analysis was not performed.

9.0 RESULTS

Risk assessment results at the point of maximum impact (PMI) and the maximally exposed individual resident (MEIR) and worker (MEIW) receptor locations for cancer and for chronic, 8-hour chronic, and acute non-cancer health effects are shown in Tables 9.1 through 9.4. Risk management decisions are based on the bolded values.

Table 9.1: Cancer Risk at PMI, MEIR and MEIW Receptors

Type of Receptor	Receptor Number	Cancer Risk (in a million)	UTME (m)	UTMN (m)
PMI	4027	4.52	239516.03	3812551.51
MEIR	1165	0.301	239998.19	3812948.50
MEIW	471	0.126	239423.19	3812648.50

Table 9.2: Chronic Non-Cancer Risk at PMI, MEIR and MEIW Receptors

Type of Receptor	Receptor Number	Chronic Non-Cancer HI	Health Endpoints	UTME (m)	UTMN (m)
PMI	4027	0.218	Respiratory	239516.03	3812551.51
MEIR	1165	0.015	Respiratory	239998.19	3812948.50
MEIW	471	0.037	Respiratory	239423.19	3812648.50

Table 9.3: 8-Hour Chronic Non-Cancer Risk at PMI, Sensitive and MEIW Receptors

Type of Receptor	Receptor Number	8-Hour Non-Cancer HI	Health Endpoints	UTME (m)	UTMN (m)
PMI	4027	0.006	Blood ¹	239516.03	3812551.51
Sensitive ²	1	<0.001	Blood	240537.84	3813949.11
MEIW	470	0.003	Blood	239423.19	3812623.50

Table 9.4: Screening Acute Non-Cancer Risk at PMI, MEIR and MEIW Receptors

Type of Receptor	Receptor Number	Screening Acute Non-Cancer HI	Health Endpoints	UTME (m)	UTMN (m)
PMI	4024	0.016	Repro/Devel ³	239545.98	3812551.89
MEIR	1165	0.005	Repro/Devel ³	239998.19	3812948.50
MEIW	471	0.013	Repro/Devel ³	239423.19	3812648.50

The PMI for the cancer, chronic non-cancer, and the 8-hr chronic non-cancer risk occur at the same location at the southern property boundary. The MEIR for the cancer, chronic non-cancer and acute non-cancer risk occur at the same location at a residence on the northeast side of the facility.

Attachment A shows the residential cancer risk isopleth with the PMI, MEIR, and MEIW identified; there is no isopleth for the residential cancer risk of 10 in a million because no receptors have a calculated cancer risk greater than 10 in a million. No isopleth map was created for the worker cancer risk as all calculated worker cancer risk results are below 1 in a million.

Attachment B shows the residential chronic non-cancer risk isopleth with the PMI, MEIR, and MEIW identified; there is no isopleth for the hazard index of 1.0 because no receptors have a calculated chronic HI greater than 1.0. No isopleth map was created for the worker chronic non-cancer risk as all calculated worker chronic hazard indices are below 0.1.

The MEIW for the cancer, chronic non-cancer and the acute non-cancer risk occurs immediately west of the property boundary at Santa Barbara Airport Atlantic Aviation. The MEIW for the 8-hr chronic non-cancer risk also occurs at Santa Barbara Airport Atlantic Aviation, but slightly south of the MEIW for the cancer, chronic non-cancer and acute non-cancer risk. No isopleth map was created for the 8-hour chronic non-cancer risk as all calculated 8-hour chronic hazard indices are below 0.1. However, Attachment C shows the location of the PMI and the MEIW for the 8-hour chronic non-cancer risk.

The PMI for the screening acute non-cancer risk occurs along the southern side of the property boundary.

¹ Hematologic system

² Goleta Boys & Girls Club

³ Reproductive/developmental system

No isopleth map was created for the screening acute non-cancer risk as all acute hazard indices are below 0.1. However, Attachment D shows the location of the PMI, MEIR, and MEIW for the screening acute non-cancer risk.

All resultant HRA risk data by receptor may be found in the *ATC-15822-HRA.zip* file referenced in the Attachments section of this report.

10.0 RISK DRIVER POLLUTANTS

10.1 Cancer Risk

The primary cancer risk driver pollutant for the PMI and MEIR is arsenic; benzene is a secondary driver. The primary cancer risk driver pollutants for the MEIW are benzene and arsenic. Tables 10.1-1, 10.1-2 and 10.1-3 show the contribution from the risk driver pollutants for the cancer risk at the PMI, MEIR and MEIW, respectively.

Table 10.1-1: Risk Drivers⁴ for Cancer Risk at the PMI – Receptor No. 4027

Pollutant	Cancer Risk by Pollutant	Percent of Total Risk
Total	4.52/million	100%
Arsenic	2.77/million	61%
Benzene	1.22/million	27%
Formaldehyde	0.27/million	6.0%
1,3-Butadiene	0.10/million	2.3%

Table 10.1-2: Risk Drivers⁴ for Cancer Risk at the MEIR – Receptor No. 1165

Pollutant	Cancer Risk by Pollutant	Percent of Total Risk
Total	0.30/million	100%
Arsenic	0.18/million	61%
Benzene	0.08/million	27%
Formaldehyde	0.02/million	6.0%
1,3-Butadiene	0.01/million	2.3%

Table 10.1-3: Risk Drivers⁴ for Cancer Risk at the MEIW – Receptor No. 471

Pollutant	Cancer Risk by Pollutant	Percent of Total Risk
Total	0.13/million	100%
Benzene	0.05/million	41.3%
Arsenic	0.05/million	41.0%
Formaldehyde	0.01/million	9.2%
1,3-Butadiene	<0.01/million	3.5%
Vinyl Chloride	<0.01/million	1.4%

⁴ Pollutants contributing less than one percent to the total risk are not included.

10.2 Chronic Non-Cancer Risk

The primary chronic non-cancer risk driver pollutant for the PMI, MEIR and MEIW is arsenic, and the health endpoint is the respiratory system. Tables 10.2-1, 10.2-2 and 10.2-3 show the contribution from the risk driver pollutants for the chronic non-cancer risk at the PMI, MEIR and MEIW, respectively.

Table 10.2-1: Risk Drivers⁵ for Chronic Non-Cancer Risk at the PMI – Receptor No. 4027

Pollutant	Chronic HI by Pollutant	Percent of Total Risk
Total	0.22	100%
Arsenic	0.21	98%
Formaldehyde	0.002	1.0%

Table 10.2-2: Risk Drivers⁵ for Chronic Non-Cancer Risk at the MEIR – Receptor No. 1165

Pollutant	Chronic HI by Pollutant	Percent of Total Risk
Total	0.015	100%
Arsenic	0.014	98%
Formaldehyde	<0.001	1.0%

Table 10.2-3: Risk Drivers⁵ for Chronic Non-Cancer Risk at the MEIW – Receptor No. 471

Pollutant	Chronic HI by Pollutant	Percent of Total Risk
Total	0.037	100%
Arsenic	0.035	95%
Formaldehyde	0.001	3.0%
Nickel	<0.001	1.3%

10.3 8-hr Chronic Non-Cancer Risk

The primary 8-hour chronic non-cancer risk driver pollutant for the PMI, MEIW and the sensitive receptor is benzene. The dominant health endpoint is the hematologic system (blood). Benzene contributes 100 percent of the risk to the dominant pathway for the PMI, MEIW and the sensitive receptor. For that reason, no risk driving tables are presented for the 8-hour chronic non-cancer risk.

10.4 Acute Non-Cancer Risk

The screening acute non-cancer risk driver pollutant for the PMI, MEIR and MEIW is benzene, and the dominant health endpoints are the reproductive and developmental system. Tables 10.4-1, 10.4-2 and 10.4-3 show the contribution from the risk driver pollutants for the acute non-cancer risk at the PMI, MEIR and MEIW, respectively.

⁵ Pollutants contributing less than one percent to the total risk are not included.

Table 10.4-1: Risk Drivers⁶ for Acute Non-Cancer Risk at the PMI – Receptor No. 4024

Pollutant	Acute HI by Pollutant	Percent of Total Risk
Total	0.016	100%
Benzene	0.015	90%
Arsenic	0.002	9.9%

Table 10.4-2: Risk Drivers⁶ for Acute Non-Cancer Risk at the MEIR – Receptor No. 1165

Pollutant	Acute HI by Pollutant	Percent of Total Risk
Total	0.005	100%
Benzene	0.004	90%
Arsenic	<0.001	9.9%

Table 10.4-3: Risk Drivers⁶ for Acute Non-Cancer Risk at the MEIW – Receptor No. 471

Pollutant	Acute HI by Pollutant	Percent of Total Risk
Total	0.013	100%
Benzene	0.012	90%
Arsenic	0.001	9.9%

11.0 CONCLUSION

Per District guidelines, if a facility's toxic emissions result in a cancer risk equal to or greater than 10 in a million, it is considered a *significant risk* facility. For non-cancer risk, if a facility's toxic emissions result in a Hazard Index greater than 1.0, it is considered a *significant risk* facility. The health risk assessment shows that the operations at the Goleta Sanitary District WWTP, permitted under ATC 15822, will result in an incremental increase in risk of less than ten percent of the District's significant risk thresholds and therefore do not present a significant risk to the surrounding community. Furthermore, the health risk from the entire stationary source Goleta Sanitary District WWTP will be reevaluated under the AB 2588 Air Toxics "Hot Spots" Program. For these reasons, the permitting action for Authority to Construct No. 15822 is approved.

12.0 REFERENCES

- Risk notification levels were adopted by the Santa Barbara County Air Pollution Control Board of Directors on June 1993. The risk notification levels were set at 10 per million for cancer risk and a Hazard Index of greater than 1.0 for non-cancer risk.
- Risk reduction thresholds were adopted by the Santa Barbara County Air Pollution Control Board of Directors on September 17, 1998. These risk reduction thresholds were set at the same level as public notification thresholds, i.e., 10 per million for cancer risk and a Hazard Index of greater than 1.0 for non-cancer risk.

⁶ Pollutants contributing less than one percent to the total risk are not included.

- OEHHA. February 2015. *Air Toxics Hot Spots Program: Risk Assessment Guidelines*. <https://oehha.ca.gov/media/downloads/crn/2015guidancemanual.pdf>.
- Santa Barbara County Air Pollution Control District. June 2020. *Modeling Guidelines for Health Risk Assessments* (Form-15i). <https://www.ourair.org/wp-content/uploads/apcd-15i.pdf>.
- Santa Barbara County Air Pollution Control District’s Memorandum to Goleta Sanitary District. October 7, 2022. Cobbs, R. *Review of Project-Only Health Risk Assessment Files*. <https://sbcapcd.org/shares/Toxics/ActiveSourceFiles/SSID01528GoletaSanitaryDistrictWWTP/APCD Review/Memo Re District Review of GSD Digester Flare HRA.pdf>

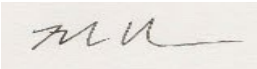

13.0 ATTACHMENTS

- A – Residential Cancer Risk Isopleth
- B – Residential Chronic Non-Cancer Risk Isopleth
- C – 8-hour Chronic Non-Cancer Risk Receptors of Interest
- D – Acute Non-Cancer Risk Receptors of Interest

The emission calculations and HRA input and output files may be found in the following location:
<https://sbcapcd.org/shares/Toxics/ActiveSourceFiles/SSID01528GoletaSanitaryDistrictWWTP/HRA Report for ATC 15822/ATC-15822-HRA.zip>

14.0 PREPARER

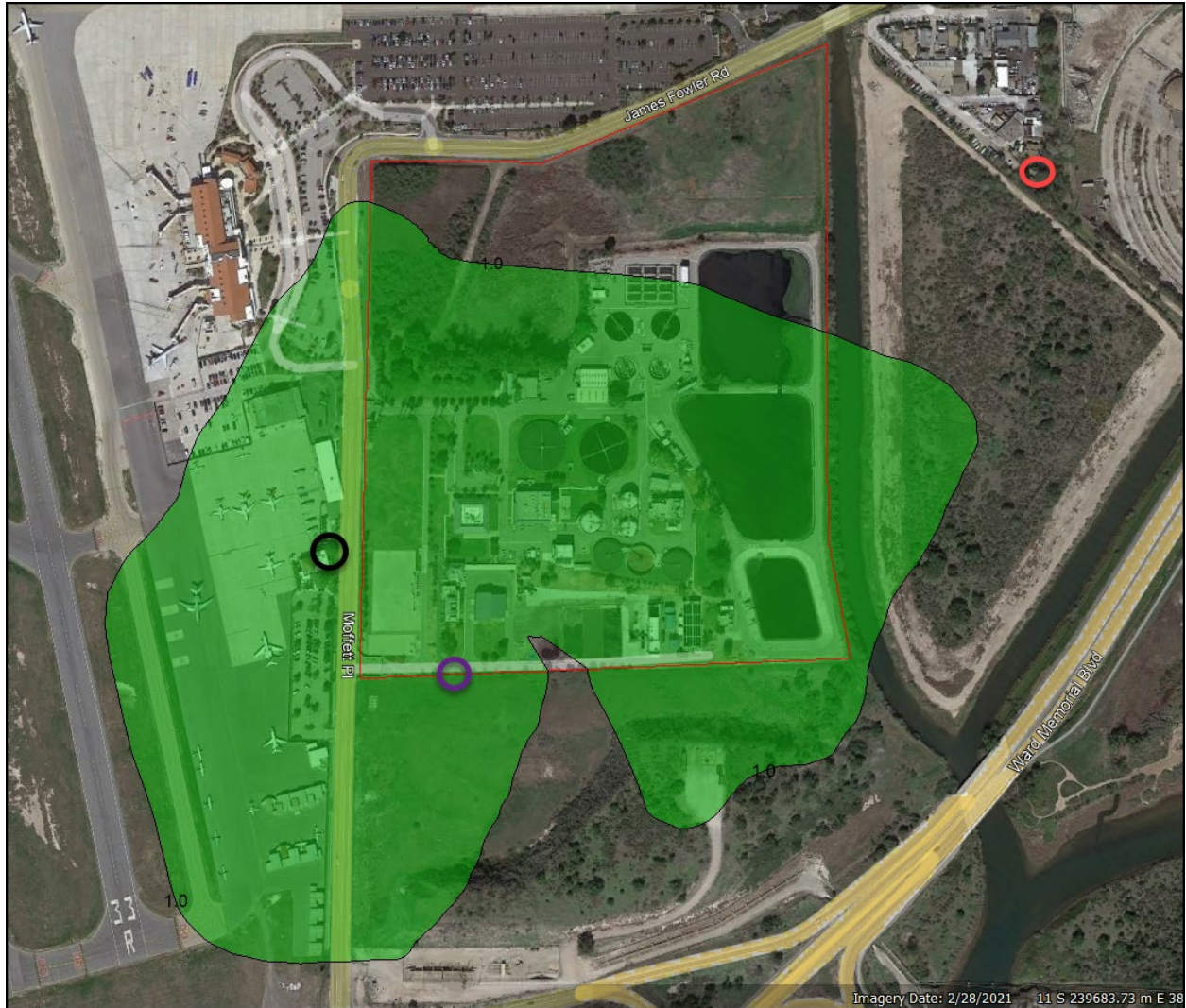
This report was prepared by the Santa Barbara County Air Pollution Control District in March 2022.

Robin Cobbs <hr/> Preparer	 <hr/> Signature	3/2/2022 <hr/> Date
Charlotte Mountain <hr/> Reviewer	 <hr/> Signature	3/8/2022 <hr/> Date

\\sbcapcd.org/shares/Toxics/ActiveSourceFiles/SSID01528GoletaSanitaryDistrictWWTP/HRA Report for ATC 15822/District ATC 15822 HRA Report.docx

A – GOLETA SANITARY DISTRICT

RESIDENTIAL CANCER RISK ISOPLETH



1.0 IN A MILLION RESIDENTIAL CANCER RISK¹ ISOPLETH IN GREEN
PROPERTY BOUNDARY IN RED
PMI CIRCLED IN PURPLE
MEIR CIRCLED IN RED
MEIW CIRCLED IN BLACK

¹ Shown for informational purposes only. No significant cancer risk is projected offsite.

B – GOLETA SANITARY DISTRICT

RESIDENTIAL CHRONIC NON-CANCER RISK ISOPLETH

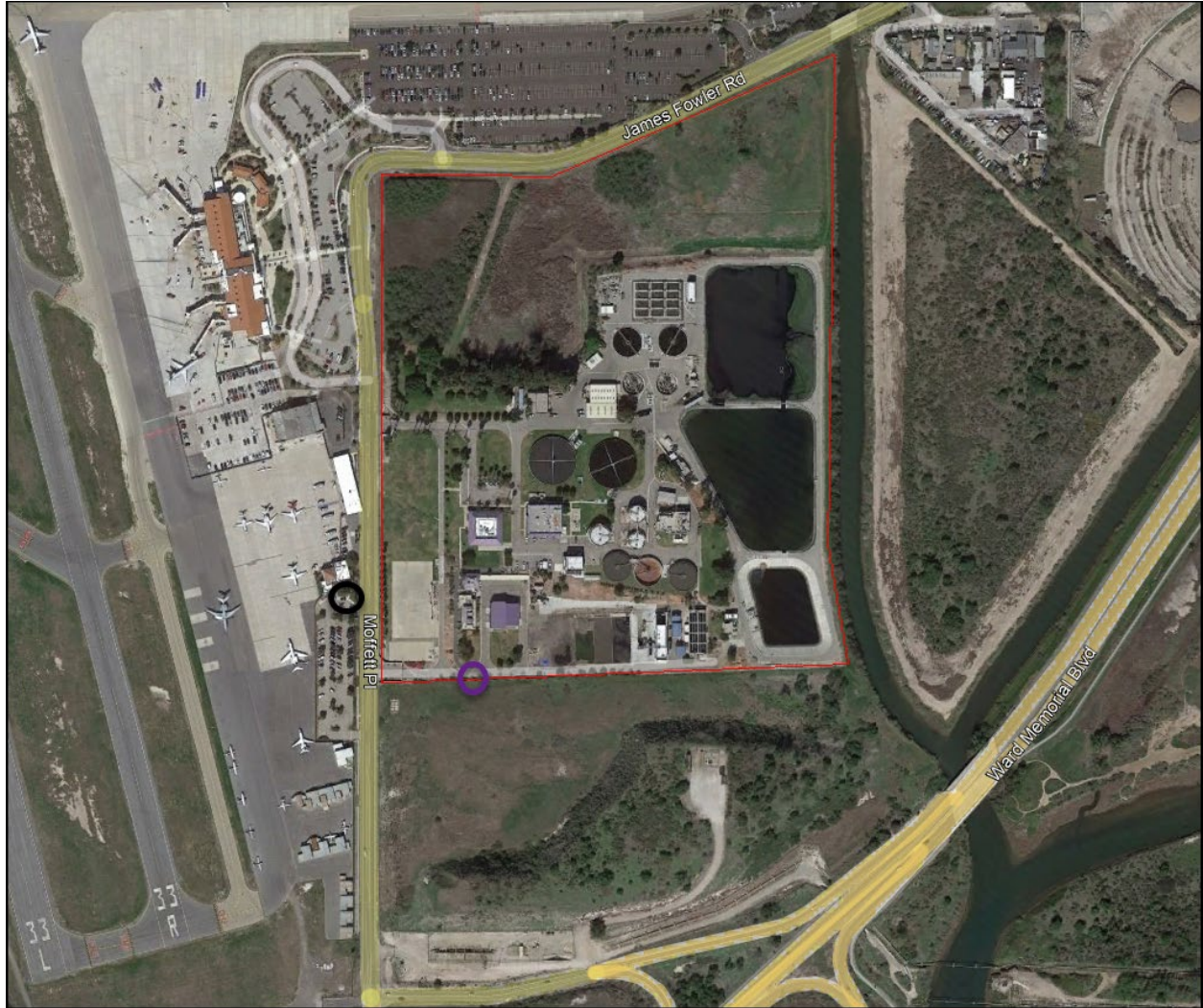


0.1 HAZARD INDEX² ISOPLETH IN GREEN
PROPERTY BOUNDARY IN RED
PMI CIRCLED IN PURPLE
MEIR CIRCLED IN RED
MEIW CIRCLED IN BLACK

² Shown for informational purposes only. No significant chronic non-cancer risk is projected offsite.

C – GOLETA SANITARY DISTRICT

8-HOUR CHRONIC NON-CANCER RISK RECEPTORS OF INTEREST



PROPERTY BOUNDARY IN RED
PMI CIRCLED IN PURPLE
MEIW CIRCLED IN BLACK

D – GOLETA SANITARY DISTRICT

ACUTE NON-CANCER RISK RECEPTORS OF INTEREST



PROPERTY BOUNDARY IN RED
PMI CIRCLED IN PURPLE
MEIR CIRCLED IN RED
MEIW CIRCLED IN BLACK

May 27, 2022

Mr. Steve Wagner, PE
General Manager
Goleta Sanitary District
One William Moffett Place,
Goleta, CA 93117
Phone: (805) 967-4519

Subject: Goleta Sanitary District Biosolids and Energy Phase 1 Project – Mitigated Negative Declaration (SCH # 2022040242) -- Response to Comments

Dear Mr. Wagner:

Under the direction of the Goleta Sanitary District (GSD), a draft Initial Study and Mitigated Negative Declaration (MND) was prepared for GSD's proposed Biosolids and Energy Phase 1 Project by Yorke Engineering, LLC (Yorke) with assistance from Hazen and Sawyer and Dudek. A public draft of this MND was released for a 30-day public review and comment period from April 18 to May 18, 2022. A Notice of Completion (NOC) Form regarding this MND, including a list of reviewing agencies, was filed with the State Clearinghouse (SCH # 2022040242), and a Notice of Availability (NOA)/Notice of Intent (NOI) was published in the Santa Barbara News Press on April 14, 2022. Hard copies of this MND were delivered to the Santa Barbara County Clerk, Santa Barbara County Planning Department, Santa Barbara County Air Pollution Control District (APCD), Santa Barbara Municipal Airport, and Southern California Gas Company, and the NOA/NOI was emailed to other potentially interested parties. The draft MND was also posted on the GSD website.

A public hearing was held on May 2, 2022 at a regularly scheduled GSD board meeting to present the findings of the MND, including the proposed Mitigation Monitoring and Reporting Program (MMRP) to be adopted to ensure that all significant impacts are mitigated to less than significant. Other than a few questions from the GSD Board members present, no public comments were received during this meeting.

One comment letter was received during the comment period from the Santa Barbara County APCD. The APCD letter contained two comments as follows:

1. **Section III, Air Quality, Table 3-3, page 3-17:** Please note that this table (as well as Table 3-5 on page 3-20) incorrectly cites the APCD's adopted CEQA thresholds for operational emissions. Our CEQA thresholds reflect the APCD's New Source Review Rule as it existed at the time the APCD Environmental Review Guidelines were adopted in October, 1995. The mass emission CEQA thresholds for criteria pollutants are as follows: 240 lbs/day ROC, 240 lbs/day NOx, and 240 lbs/day SOx. There is no adopted threshold for CO or PM_{2.5}. The PM₁₀ threshold is correctly cited as 80 lbs/day. If this document intends to use the APCD's CEQA thresholds as the thresholds of significance for the subject project, please revise the table as needed.
2. **Section III, Air Quality, Table 3-6, page 3-21:** There is a slight discrepancy with the health risk values displayed in this table compared to subsequent submittals by the

applicant to the APCD. Please update this table with the health risk values in the APCD-approved HRA (attached herein for reference).

As a result of the APCD comments, minor changes were made to Tables 3-3 (page 3-17), 3-5 (page 3-20), and 3-6 (page 3-21) in the MND as shown below where bold underline text shows the revised values and strikeout shows the values that have been deleted. No changes to the text related to these changes were needed as the changes did not affect the findings with respect to significance.

Table 3-1: SBCAPCD Significance Thresholds for Criteria and Toxic Air Pollutants

Pollutant	Project Construction	Project Operation
ROC	25 tons/year (guideline)	<u>240</u> 120 lbs/day
NO _x	25 tons/year (guideline)	<u>240</u> 120 lbs/day
CO	–	<u>–</u> 500 lbs/day
SO _x	–	<u>240</u> 120 lbs/day
PM ₁₀	–	80 lbs/day
PM _{2.5}	–	<u>–</u> 55 lbs/day
TACs (including carcinogens and non-carcinogens)	Maximum Cancer Risk ≥ 10 in one million	
	Chronic & Acute Hazard Index ≥ 1.0 (project increment)	
Odor	Project creates an odor nuisance pursuant to Rule 402	

Table 3-2: Project Operational (Ongoing) Emissions

Criteria Pollutants	Project Emissions (lbs/day)	Project Emissions (tons/year)	AQIA Threshold (lbs/day)	Offset Thresholds (tons/year)	Significance
ROC	1.4	0.26	<u>240</u> 120	25	LTS
NO _x	16.1	2.9	<u>240</u> 120	25	LTS
CO	27.5	5.0	<u>–</u> 500.0	–	LTS
SO _x	2.2	0.4	<u>240</u> 120	25	LTS
Total PM ₁₀	0.3	0.06	80.0	25	LTS
Total PM _{2.5}	0.3	0.06	<u>–</u> 55.0	25	LTS

Sources: SBCAPCD 2017, CalEEMod version 2020.4.0.

Notes:

SBCAPCD thresholds are “emit (from all project sources, both stationary and mobile) less than the daily trigger for offsets or AQIA set in the APCD New Source Review Rule, for any pollutant (i.e., 120 lbs/day for ROC or NO_x; and 80 lbs/day for PM₁₀. There is no daily operational threshold for CO since it is an attainment pollutant).”

County thresholds are “emit (from all project sources, mobile and stationary), less than the daily trigger for offsets set in the APCD New Source Review Rule, for any pollutant.”

lbs/day and tons/year are CHP emissions at 100% load operating 100% of the time, plus winter or summer maxima for planned land use.

Total PM₁₀/PM_{2.5} comprises fugitive dust plus engine exhaust.

LTS – Less Than Significant.

Table 3-3: Project Related Health Risks

Health Risk	Receptor Type	Value	Target Organ	SBCAPCD Significant Risk Threshold
Cancer Risk (in one million)	Resident	<u>0.30</u> 2	–	≥ 10
Cancer Risk (in one million)	Worker	<u>0.126</u> 0.1	–	≥ 10
Chronic Non-Cancer Risk	Resident	<u>0.015</u> 0.012	Respiratory System	> 1.0
Chronic Non-Cancer Risk	Worker	<u>0.037</u> 0.024	Respiratory System	> 1.0
8-hour Chronic Non-Cancer Risk	Worker	<u>0.003</u> 0.002	Blood	> 1.0
Acute Non-Cancer Risk	Point of Maximum Impact (PMI)	<u>0.016</u> 0.011	Reproductive/ Developmental System	> 1.0

In addition to the above changes to the three tables in the MND in response to the APCD comment letter, the MND was also updated in Section 1.3 (pages 1-2 to 1-3) to describe the public comment process conducted rather than the proposed process. The cover and title pages were updated to reflect that the MND was finalized in May 2022, and an Appendix H was added to include the APCD comment letter as part of the document.

Because the APCD comments are minor and do not change any of the MND findings, recirculation of the MND is not needed. GSD plans to consider adoption of the MND together with the any comments received during the public review process at an upcoming regularly scheduled GSD board meeting (tentatively scheduled for June 2, 2022). Upon adoption of the MND and receipt of other permits and approvals required from other agencies, GSD may proceed with construction of the proposed Project.

Thank you again for this opportunity to assist in preparing the MND for this proposed project. If you have any questions, please call me at (805) 320-8059.

Sincerely,



Sara J. Head, QEP
Principal Scientist
Yorke Engineering, LLC
SHead@YorkeEngr.com

cc: Rion Merlo, Hazen and Sawyer
Heather McDevitt, Dudek

Attachment: Santa Barbara County APCD Comment Letter dated May 16, 2022

AGENDA ITEM #2

AGENDA ITEM: 2

MEETING DATE: June 6, 2022

I. NATURE OF ITEM

Authorize financing of Biosolids and Energy Project through the execution of an installment sale agreement, engagement of Financing Team, and additional actions related thereto.

II. BACKGROUND INFORMATION

Initially, the District’s Biosolids and Energy (BESP) project was expected to be constructed in 2 phases over a 9-year period. The project was expected to cost \$38.1 million in current dollars. Based on financial modeling conducted by staff, it was determined that accelerating the project over a 5-year timeline would provide several advantages:

- Offset the impact of rising construction costs (inflation).
- Secure construction contracts in a competitive market
- Realize operational savings of \$3.1 million by accelerating the project by 4 years.
- Minimize the operational cost risk of rising tipping, composting, and electrical fees.

At the April 18, 2022 Board meeting, District staff made a presentation to the Board regarding financing options for the BESP project. Staff obtained authorization to engage the CSDA Finance Corporation (Oppenheimer & Co. Inc. to serve as placement agent, Kutak Rock LLP to serve as Bond Counsel, and Urban Futures, Inc. to serve as Financial Advisor).

Oppenheimer & Co. Inc. solicited banks for a 20-year private placement loan not-to-exceed \$20 million. Five bids were submitted to the District on April 28, 2022. The interest rates received from the 5 bidders are in the table below. Given the short turnaround time, the District was able to lock-in an interest rate before the Federal Reserve increased rates again at its May meeting.

Bank of America	Trust	Capital One	Call B&T	Community West Bank
2.98%	3.38%	3.59%	3.84%	5.50%

Due to the nature of the project, Bank of America's Leasing Division (Energy Services) was able to provide a below-market rate. At the time bids were received, a traditional AA-rated public offering would yield approximately 3.11%. The costs savings provided by Bank of America's Leasing Division (Energy Services) loan was estimated to provide \$544,000 in debt service savings.

This figure does not take into account the likely higher rate the District would have paid under the public offering timeline, which takes 45-60 days longer, and at which point the final rate is determined. In comparison, a private placement loan establishes a rate lock up front.

At the April 18, 2022 meeting, the Board provided direction to District staff to engage the CSDA Financing Team to facilitate this process.

III. COMMENTS AND RECOMMENDATIONS

Although the Board provided direction for \$20 million in financing, the Goleta West Sanitary District recently indicated that it will be financing its 40% share of the \$45 million project costs with its own financing. Moreover, the terms of the Bank of America's Leasing Division (Energy Services) loan stipulate that at least 95% of the loan proceeds be spent within 3 years (i.e., by June 2025). As a result, the District is reducing the amount of the loan to \$14 million to align with its reasonable expectation to spend within the 3-year timeframe.

At the April 18, 2022 Board meeting, the Board provided District staff with direction to proceed with pursuing tax-exempt loan financing. Staff is returning to the Board for approval of a resolution which authorizes the following three items:

1. Approval of the financing with Bank of America's Leasing Division (Energy Services) and authorizing the District to execute an Installment Sale Agreement and Escrow and Account Control Agreement

- Escrow and Account Control Agreement – designates that loan proceeds will be held with a third-party trustee, Wilmington Trust, and the form required to request a disbursement of funds to pay for project costs.
- Installment Sale Agreement – spells out the key terms of the loan with Bank of America's Leasing Division (Energy Services): amount, interest rate, and payment dates, prepayment provisions, and remedies in the event of default.

2. Approval of the Financing Team Members

- The members of the financing team include Oppenheimer & Co. Inc. serving as Placement Agent, Kutak Rock LLP serving as Bond Counsel, and Urban Futures, Inc. serving as the Financial Advisor. The members of the financing team will be paid from the proceeds of the loan, which is contingent upon the

successful closing of the transaction on June 23, 2022. The total cost of issuance is not to exceed \$140,000.

3. Declaration of Reimbursement

- The reimbursement declaration allows the District to reimburse itself from loan proceeds for project costs it has incurred 60 days prior to the June 6, 2022 approval (April 6th – June 6th) and to reimburse itself for project costs incurred after June 6, 2022 and before the June 23, 2022 closing date.
- The District also has the ability to reimburse itself from loan proceeds for soft costs, such as engineering, drawings, plans and permits after the project was formally approved by the Board.
- The District is seeking to reimburse itself approximately **\$957,000** in prior costs.

It is recommended that the Board approve the proposed resolution, subject to such revisions as the Board deems appropriate.

IV. REFERENCE MATERIALS

Resolution No. 22-684

Escrow and Account Control Agreement

Installment Sale Agreement

RESOLUTION NO. 22-684

RESOLUTION OF THE GOVERNING BOARD OF THE GOLETA SANITARY DISTRICT APPROVING AN INSTALLMENT SALE AGREEMENT AND ESCROW AND ACCOUNT CONTROL AGREEMENT, MAKING CERTAIN DETERMINATIONS RELATING THERETO; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Goleta Sanitary District (the "District") is a sanitary district existing under the laws of the State of California; and

WHEREAS, the District is authorized to sell and purchase its property to finance and refinance public capital improvements, including those improvements constituting the Wastewater System and the Equipment (each as defined in the Installment Sale Agreement); and

WHEREAS, in order to finance the Equipment, the District desires to enter into an Installment Sale Agreement (the "Installment Sale Agreement") between the District and Banc of America Public Capital Corp, a Kansas corporation (the "Lender"), pursuant to which the District will acquire and purchase the Equipment from the Lender; and

WHEREAS, in order to fully fund the Installment Sale Agreement and to provide a mechanism for the application of the Acquisition Amount (as defined in the Installment Sale Agreement) to the purchase of and payment for the Equipment, the District desires to enter into an Escrow and Account Control Agreement (the "Escrow Agreement") by and among the District, the Lender and Wilmington Trust, National Association, as escrow agent; and

WHEREAS, under and pursuant to the Installment Sale Agreement, the District will be obligated to make certain installment payments (the "Installment Payments") to the Lender; and

WHEREAS, the United States Treasury Department has issued Treasury Regulation Section 1.150-2 (the "Reimbursement Regulations") constituting final regulations with respect to the use of proceeds of a tax-exempt financing for reimbursement purposes and, in order to comply with the Reimbursement Regulations, the District intends to declare its official intent to be reimbursed for the Equipment with proceeds of future tax-exempt borrowings, including but not limited to the Installment Sale Agreement; and

WHEREAS, the District desires to appoint Oppenheimer & Co. Inc., as placement agent, Urban Futures Inc., as municipal advisor, and Kutak Rock LLP, as special counsel, in connection with the financing of the Equipment; and

WHEREAS, Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) ("SB 450") requires that the Governing Board of the District (the "Board") obtain from an underwriter, municipal advisor or private lender and disclose, prior to authorization of the issuance of bonds, including debt instruments such as the

Installment Sale Agreement, with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the Installment Sale Agreement; (b) the sum of all fees and charges paid to third parties with respect to the Installment Sale Agreement; (c) the amount of proceeds of the Installment Sale Agreement expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Installment Sale Agreement; and (d) the sum total of all debt service payments on the Installment Sale Agreement calculated to the final maturity of the Installment Sale Agreement plus the fees and charges paid to third parties not paid with the proceeds of the Installment Sale Agreement; and

WHEREAS, in compliance with SB 450, the Board obtained the required good faith estimates and such estimates are disclosed and set forth on Exhibit A attached hereto; and

WHEREAS, there have been presented at this meeting forms of the Installment Sale Agreement and the Escrow Agreement.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE GOVERNING BOARD OF THE GOLETA SANITARY DISTRICT AS FOLLOWS:

SECTION 1. Approval of Installment Sale Agreement. The form of Installment Sale Agreement, as presented to the Board at this meeting, is hereby approved. The President of the Board and the General Manager/District Engineer, or any other officers duly designated by the Board (each, an "Officer" and collectively, the "Officers") are hereby authorized and directed, for and on behalf of the District, to execute, acknowledge and deliver the Installment Sale Agreement, in substantially the form presented to the Board at this meeting, with such changes therein as such Officers may require or approve, with the advice and approval of legal counsel to the District and Kutak Rock LLP ("Special Counsel"), such approval to be conclusively evidenced by the execution and delivery thereof. In connection therewith, the District approves the execution and delivery of the Installment Sale Agreement so long as the maturity does not exceed June 1, 2042, the interest rate with respect to the Installment Payments does not exceed 2.982%, and the principal amount does not exceed \$14,135,000.

SECTION 2. Approval of Escrow Agreement. The form of Escrow Agreement, as presented to the Board at this meeting, is hereby approved. The Officers are hereby authorized and directed, for and on behalf of the District, to execute, acknowledge and deliver the Escrow Agreement, in substantially the form presented to the Board at this meeting, with such changes therein as such Officers may require or approve, with the advice and approval of legal counsel to the District and Special Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 3. Declaration of Reimbursement. The District shall, presently intends, and reasonably expects to finance a portion of the Equipment with legally available funds. All of the expenditures covered by this Resolution were or will be paid on and after the date which is 60 days prior to the effective date of this Resolution. The

District presently intends and reasonably expects to participate in a tax-exempt financing within 18 months of the date of the expenditure of moneys on the Equipment or the date upon which the Equipment is placed in service, whichever is later (but in no event more than three years after the date of the original expenditure of such moneys), and to allocate from such financing an amount not to exceed amounts advanced for the Equipment from legally available funds to reimburse the District. The District intends for this Resolution to constitute the District's official intent, within the meaning of the Reimbursement Regulations, to support the use of the proceeds of the Installment Sale Agreement to reimburse the District for the prior payment of expenditure related to the Equipment.

SECTION 4. Approval of Consultants. The Board hereby appoints the firms of Oppenheimer & Co. Inc., as placement agent, Urban Futures Inc., as municipal advisor, and Kutak Rock LLP, as Special Counsel, in connection with the financing of the Equipment. The Board hereby authorizes the General Manager/District Engineer to execute and deliver agreements with said firms for their respective services. Payment of fees and expenses with respect to such agreements shall be contingent upon the closing of the financing of the Equipment.

SECTION 5. Other Acts. The Officers of the District are hereby authorized and directed, jointly and severally, to do any and all things, to execute and deliver any and all documents, including but not limited to a fee agreement, costs of issuance agreement, custodian agreement or other similar agreements, which in consultation with District legal counsel and Special Counsel, they may deem necessary or advisable in order to effectuate the purposes of this Resolution, and any and all such actions previously taken by such Officers or staff members are hereby ratified and confirmed.

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

PASSED, ADOPTED AND APPROVED at a regular Board meeting of the Governing Board of the Goleta Sanitary District held on June 6, 2022, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTEST:

Steven T. Majoewsky, Board President
Secretary

Robert O. Mangus, Jr., Board

EXHIBIT A

GOOD FAITH ESTIMATES

The following information is provided in compliance with Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) with respect to the Installment Sale Agreement:

- (a) True Interest Cost of the Installment Sale Agreement: 2.982%.
- (b) Finance Charge of the Installment Sale Agreement: \$135,000.
- (c) Amount of Proceeds to be received by the District: \$14,000,000.
- (d) Total Payment Amount: \$18,879,812.51.

ESCROW AND ACCOUNT CONTROL AGREEMENT

This Escrow and Account Control Agreement (this “*Agreement*”), dated as of June 23, 2022, by and among Banc of America Public Capital Corp, a Kansas corporation (together with its successors and assigns, hereinafter referred to as “*Seller*”), Goleta Sanitary District, a sanitary district existing under the laws of the State of California (hereinafter referred to as “*District*”) and Wilmington Trust, National Association, a national banking association organized under the laws of the United States of America (hereinafter referred to as “*Escrow Agent*”).

Reference is made to that certain Installment Sale Agreement dated as of June 23, 2022 between Seller and District (hereinafter referred to as the “*ISA*”), covering the acquisition, sale and purchase of certain Equipment described therein (the “*Equipment*”). It is a requirement of the ISA that the Acquisition Amount (\$14,135,000.00) be deposited into a segregated escrow account under terms satisfactory to Seller, for the purpose of fully funding the ISA, and providing a mechanism for the application of such amounts to the purchase of and payment for the Equipment.

NOW, THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Creation of Escrow Account. (a) There is hereby created an escrow fund to be known as the “Goleta Sanitary District Escrow Account” (the “*Escrow Account*”) to be held by the Escrow Agent for the purposes stated herein, for the benefit of Seller and District, to be held, disbursed and returned in accordance with the terms hereof.

(b) District may, from time to time, provide written instructions for Escrow Agent to use any available cash in the Escrow Account to purchase any money market fund or liquid deposit investment vehicle that Escrow Agent from time to time makes available to the parties hereto. Such written instructions shall be provided via delivery to Escrow Agent of a signed and completed Escrow Account Investment Selection Form (such form available from Escrow Agent upon request). All funds invested by Escrow Agent at the direction of District in such short-term investments (as more particularly described in Escrow Agent’s Escrow Account Investment Selection Form) shall be deemed to be part of the Escrow Account and subject to all the terms and conditions of this Agreement. The Escrow Agent is hereby authorized and directed to sell or redeem any such investments as it deems necessary to make any payments or distributions required under this Agreement. The District acknowledges that neither the Escrow Agent nor the Seller is providing investment supervision, recommendations, or advice. If any cash is received for the Escrow Account after the cut-off time for the designated short-term investment vehicle, the Escrow Agent shall hold such cash uninvested until the next Business Day. “*Business Day*” means a day other than a Saturday, Sunday or legal holiday, on which banking institutions are not closed in Chicago, Illinois, Los Angeles, California or New York, New York. In the absence of written instructions from District (on Escrow Agent’s Escrow Account Investment Selection Form) designating a short-term investment of cash in the Escrow Account, cash in the Escrow Account shall remain uninvested and it shall not be collateralized. Escrow Agent shall have no obligation to pay interest on cash in respect of any period during which it remains uninvested. District shall be solely responsible for ascertaining that all proposed investments and reinvestments are

Qualified Investments and that they comply with federal, state and local laws, regulations and ordinances governing investment of such funds and for providing appropriate notice to the Escrow Agent for the reinvestment of any maturing investment. Accordingly, neither the Escrow Agent nor Seller shall be responsible for any liability, cost, expense, loss or claim of any kind, directly or indirectly arising out of or related to the investment or reinvestment of all or any portion of the moneys on deposit in the Escrow Account, and District agrees to and does hereby release the Escrow Agent and Seller from any such liability, cost, expenses, loss or claim. Interest on the Escrow Account shall become part of the Escrow Account, and gains and losses on the investment of the moneys on deposit in the Escrow Account shall be credited to or borne by the District. The Escrow Agent shall have no discretion whatsoever with respect to the management, disposition or investment of the Escrow Account. The Escrow Agent shall not be responsible for any market decline in the value of the Escrow Account and has no obligation to notify Seller and District of any such decline or take any action with respect to the Escrow Account, except upon specific written instructions stated herein. For purposes of this Agreement, "Qualified Investments" means any investments which meet the requirements of California Government Code Sections 53600 *et seq.*

(c) Unless the Escrow Account is earlier terminated in accordance with the provisions of paragraph (d) below, amounts in the Escrow Account shall be disbursed by the Escrow Agent in payment of amounts described in Section 2 hereof upon receipt of written instruction(s) from Seller, as is more fully described in Section 2 hereof. If the amounts in the Escrow Account are insufficient to pay such amounts, District shall provide any balance of the funds needed to complete the acquisition of the Equipment. Any moneys remaining in the Escrow Account on or after the earlier of (i) the expiration of the Acquisition Period or (ii) the date on which District executes a Final Acceptance Certificate shall be applied as provided in Section 4 hereof.

(d) The Escrow Account shall be terminated at the earliest of (i) the final distribution of amounts in the Escrow Account, (ii) the date on which District executes a Final Acceptance Certificate or (iii) written notice given by Seller of the occurrence of an Event of Default under the ISA or termination of the ISA. Notwithstanding the foregoing, this Agreement shall not terminate nor shall the Escrow Account be closed until all funds deposited hereunder have been disbursed.

(e) The Escrow Agent may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine and may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument. The Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner of execution, or validity of any instrument nor as to the identity, authority, or right of any person executing the same; and its duties hereunder shall be limited to the receipt of such moneys, instruments or other documents received by it as the Escrow Agent, and for the disposition of the same in accordance herewith. Notwithstanding and without limiting the generality of the foregoing, concurrent with the execution of this Agreement, District and Seller, respectively, shall deliver to the Escrow Agent an authorized signers form in the form of Exhibit A-1 (District) and Exhibit A-2 (Seller) attached hereto. Notwithstanding the foregoing sentence, the Escrow Agent is authorized to comply with and rely upon any notices, instructions or other communications reasonably believed by it to have been sent or given by the parties or by a person or persons authorized by the parties. The Escrow Agent specifically allows for receiving direction by written or electronic transmission from an

authorized representative with the following caveat, to the extent permitted by law, District and Seller agree to indemnify and hold harmless the Escrow Agent against any and all claims, losses, damages, liabilities, judgments, costs and expenses (including reasonable attorneys' fees) (collectively, "*Losses*") incurred or sustained by the Escrow Agent as a result of or in connection with the Escrow Agent's reliance upon and compliance with instructions or directions given by written or electronic transmission given by each, respectively, *provided, however*, that such Losses have not arisen from the gross negligence or willful misconduct of the Escrow Agent, with regards to the execution of the instructions or directions in question, it being understood that forbearance on the part of the Escrow Agent to verify or confirm that the person giving the instructions or directions, is, in fact, an authorized person shall not be deemed to constitute gross negligence or willful misconduct.

In the event conflicting instructions as to the disposition of all or any portion of the Escrow Account are at any time given by Seller and District, the Escrow Agent shall abide by the instructions or entitlement orders given by Seller without consent of the District.

(f) Unless the Escrow Agent is guilty of gross negligence or willful misconduct with regard to its duties hereunder, District agrees to and does hereby release and indemnify the Escrow Agent and its directors, officers, employees and agents and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity, or any other expense, fees or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Escrow Agent under this Agreement; and in connection therewith, does to the extent permitted by law indemnify the Escrow Agent against any and all expenses; including reasonable attorneys' fees and the cost of defending any action, suit or proceeding or resisting any claim.

(g) If District and Seller shall be in disagreement about the interpretation of the ISA, or about the rights and obligations, or the propriety of any action contemplated by the Escrow Agent hereunder, the Escrow Agent may, but shall not be required to, file an appropriate civil action including an interpleader action to resolve the disagreement. The Escrow Agent shall be reimbursed by District for all costs, including reasonable attorneys' fees, in connection with such civil action, and shall be fully protected in suspending all or part of its activities under this Agreement until a final judgment in such action is received.

(h) The Escrow Agent may consult with counsel of its own choice and shall have full and complete authorization and protection with the opinion of such counsel. The Escrow Agent shall otherwise not be liable for any mistakes of fact or errors of judgment, or for any acts or omissions of any kind unless caused by its willful misconduct. The Escrow Agent may act through attorneys or agents and shall not be responsible for the acts or omissions of any such attorney or agent appointed with due care.

(i) The compensation fee for Escrow Agent's services under this Agreement is \$0.00. District shall reimburse the Escrow Agent for all reasonable costs and expenses, including those of the Escrow Agent's attorneys, agents and employees incurred for non-routine administration of the Escrow Account, execution of the directions provided by the District and Seller and the performance of the Escrow Agent's powers and duties hereunder in connection with any Event of

Default under the ISA, any termination of the ISA or in connection with any dispute between Seller and District concerning the Escrow Account. The terms of this paragraph shall survive termination of this Agreement and/or the earlier resignation or removal of the Escrow Agent.

(j) The Escrow Agent or any successor may at any time resign by giving mailed notice to District and Seller of its intention to resign and of the proposed date of resignation (the "*Effective Date*"), which shall be a date not less than 60 days after such notice is delivered to an express carrier, charges prepaid, unless an earlier resignation date and the appointment of a successor shall have been approved by the District and Seller. After the Effective Date, the Escrow Agent shall be under no further obligation except to hold the Escrow Account in accordance with the terms of this Agreement, pending receipt of written instructions from Seller regarding further disposition of the Escrow Account.

(k) The Escrow Agent shall have no responsibilities, obligations or duties other than those expressly set forth in this Agreement and no implied duties responsibilities or obligations shall be read into this Agreement. The Escrow Agent shall neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any other agreement, instrument, or document other than this Agreement, whether or not an original or a copy of such agreement has been provided to the Escrow Agent.

(l) The permissive rights of the Escrow Agent to do things enumerated in this Agreement shall not be construed as a duty and, with respect to such permissive rights, the Escrow Agent shall not be answerable for other than its gross negligence or willful misconduct.

(m) Nothing in this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder.

(n) In no event shall the Escrow Agent be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

(o) In the event that any of the funds in the Escrow Account shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting the funds in the Escrow Account, the Escrow Agent is hereby expressly authorized to respond as it deems appropriate or to comply with all writs, orders or decrees so entered or issued, or which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction. To the extent permitted by law, the Escrow Agent shall inform the Seller and District in writing about any such attachment, garnishment, levy, court order, judgment or decree within ten (10) business days of its receipt of any such attachment, garnishment, levy, court order, judgment or decree. In the event that the Escrow Agent obeys or complies with any such writ, order or decree, it shall not be liable to any of the other parties to this Agreement or to any other person, firm or corporation, should, by reason of such compliance notwithstanding, such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

Section 2. Acquisition and Installation of Equipment.

(a) *Acquisition Contracts.* District will arrange for, supervise and provide for, or cause to be supervised and provided for, the acquisition of the Equipment, with moneys available in the Escrow Account. District represents the estimated costs of the Equipment are within the funds estimated to be available therefor, and Seller makes no warranty or representation with respect thereto. Seller shall have no liability under any of the acquisition or construction contracts. District shall obtain all necessary permits and approvals, if any, for the acquisition, equipping and installation of the Equipment, and the operation and maintenance thereof. Escrow Agent shall have no duty to inquire as to the performance or nonperformance of any provision of any other agreement, instrument, or document other than this Agreement or monitor or enforce District's compliance with the foregoing covenant.

(b) *Authorized Escrow Account Disbursements.* It is agreed as between District and Seller that disbursements from the Escrow Account shall be made for the purpose of paying (including the reimbursement to District for advances from its own funds to accomplish the purposes hereinafter described) the cost of acquiring the Equipment.

(c) *Requisition Procedure.* No disbursement from the Escrow Account shall be made unless and until Seller has approved in writing such requisition. Prior to disbursement from the Escrow Account there shall be filed with the Escrow Agent a requisition for such payment in the form of Disbursement Request attached hereto as Schedule 1, stating each amount to be paid and the name of the person, firm or corporation to whom payment thereof is due. All disbursements shall be made by wire transfer. The Escrow Agent is authorized to obtain and rely on confirmation of such Disbursement Request and payment instructions by telephone call-back to the person or persons designated for verifying such requests on Exhibit A-2 (such person verifying the request shall be different than the person initiating the request). The Seller and District hereby confirm that any call-back performed by Escrow Agent to verify a disbursement instruction pursuant to a Disbursement Request submitted pursuant to this Section 2(c) before release, shall be made to Seller only and Escrow Agent shall have no obligation to call-back District.

Each such Disbursement Request shall be signed by an authorized representative of District (an "*Authorized Representative*") and by Seller, and shall be subject to the following conditions, which Escrow Agent shall conclusively presume have been satisfied at such time as a requisition executed by District and Seller is delivered to it:

1. Delivery to Seller of an executed Disbursement Request in the form attached hereto as Schedule 1;
2. Delivery to Seller of copies of invoices (and proofs of payment of such invoices, if District seeks reimbursement) and bills of sale therefor or other evidence of title transfer, and release by Vendor of any security interest, therefor as required by Section 3.04 of the ISA and any additional documentation reasonably requested by Seller; and
3. The disbursement shall occur during the Acquisition Period.

District and Seller agree that their execution of the form attached hereto as Schedule 1 and delivery of the executed form to Escrow Agent confirms that all of the requirements and conditions with respect to disbursements set forth in this Section 2 have been satisfied.

Section 3. Deposit to Escrow Account. Upon satisfaction of the conditions specified in Section 3.04 of the ISA, Seller will cause the Acquisition Amount to be deposited in the Escrow Account. District agrees to pay any costs with respect to the Equipment in excess of amounts available therefor in the Escrow Account. The Escrow Agent shall not be liable for any amount in excess of the Acquisition Amount.

Section 4. Excess Proceeds in Escrow Account. Upon receipt of written instructions from Seller including a representation that one of the following conditions has been satisfied (upon which representation Escrow Agent shall conclusively rely), any funds remaining in the Escrow Account on or after the earlier of (a) the expiration of the Acquisition Period or (b) the date on which District executes a Final Acceptance Certificate, or upon a termination of the Escrow Account as provided in this Agreement, shall be distributed by the Escrow Agent to the Seller in order for the Seller to apply such funds to amounts owed by District under the ISA in accordance with Section 4.07 of the ISA.

Section 5. Security Interest. The Escrow Agent and District acknowledge and agree that the Escrow Account and all proceeds thereof are being held by Escrow Agent for disbursement or return as set forth herein. District hereby grants to Seller a first priority perfected security interest in the Escrow Account, and all proceeds thereof, and all investments made with any amounts in the Escrow Account. If the Escrow Account, or any part thereof, is converted to investments as set forth in this Agreement, such investments shall be made in the name of Escrow Agent and the Escrow Agent hereby agrees to hold such investments as bailee for Seller so that Seller is deemed to have possession of such investments for the purpose of perfecting its security interest.

Section 6. Control of Escrow Account. In order to perfect Seller's security interest by means of control in (i) the Escrow Account established hereunder, (ii) all securities entitlements, investment property and other financial assets now or hereafter credited to the Escrow Account, (iii) all of District's rights in respect of the Escrow Account, such securities entitlements, investment property and other financial assets, and (iv) all products, proceeds and revenues of and from any of the foregoing personal property (collectively, the "*Collateral*"), Seller, District and Escrow Agent further agree as follows:

(a) All terms used in this Section 6 which are defined in the California Commercial Code (the "*Commercial Code*") but are not otherwise defined herein shall have the meanings assigned to such terms in the Commercial Code, as in effect on the date of this Agreement.

(b) Escrow Agent will comply with all entitlement orders originated by Seller with respect to the Collateral, or any portion of the Collateral, without further consent by District.

(c) *Provided* that account investments shall be held in the name of the Escrow Agent, Escrow Agent hereby represents and warrants (i) that the records of Escrow Agent show that District is the sole owner of the Collateral, (ii) that Escrow Agent has not been served with any notice of levy or received any notice of any security interest in or other claim to the Collateral, or any portion of the Collateral, other than Seller's claim pursuant to this Agreement, and (iii) that Escrow Agent is not presently obligated to accept any entitlement order from any person with respect to the Collateral, except for entitlement orders that Escrow Agent is obligated to accept from Seller under this Agreement and entitlement orders that Escrow Agent, subject to the provisions of paragraph (e) below, is obligated to accept from District.

(d) Without the prior written consent of Seller, Escrow Agent will not enter into any agreement by which Escrow Agent agrees to comply with any entitlement order of any person other than Seller or, subject to the provisions of paragraph (e) below, District, with respect to any portion or all of the Collateral. Escrow Agent shall promptly notify Seller if any person requests Escrow Agent to enter into any such agreement or otherwise asserts or seeks to assert a Lien, encumbrance or adverse claim against any portion or all of the Collateral.

(e) Except as otherwise provided in this paragraph (e) and subject to Section 1(b) hereof, District may effect sales, trades, transfers and exchanges of Collateral within the Escrow Account, but will not, without the prior written consent of Seller, withdraw any Collateral from the Escrow Account. Escrow Agent acknowledges that Seller reserves the right, by delivery of written notice to Escrow Agent, to prohibit District from effecting any withdrawals (including withdrawals of ordinary cash dividends and interest income), sales, trades, transfers or exchanges of any Collateral held in the Escrow Account. Further, Escrow Agent hereby agrees to comply with any and all written instructions delivered by Seller to Escrow Agent (once it has had a reasonable opportunity to comply therewith) and has no obligation to, and will not, investigate the reason for any action taken by Seller, the amount of any obligations of District to Seller, the validity of any of Seller's claims against or agreements with District, the existence of any defaults under such agreements, or any other matter.

(f) District hereby irrevocably authorizes Escrow Agent to comply with all instructions and entitlement orders delivered by Seller to Escrow Agent.

(g) Escrow Agent will not attempt to assert control, and does not claim and will not accept any security or other interest in, any part of the Collateral, and Escrow Agent will not exercise, enforce or attempt to enforce any right of setoff against the Collateral, or otherwise charge or deduct from the Collateral any amount whatsoever.

(h) Escrow Agent and District hereby agree that any property held in the Escrow Account shall be treated as a financial asset under such section of the Commercial Code as corresponds with Section 8-102 of the Uniform Commercial Code, notwithstanding any contrary provision of any other agreement to which Escrow Agent may be a party.

(i) Escrow Agent is hereby authorized and instructed, and hereby agrees, to send to Seller at its address set forth in Section 8 below, concurrently with the sending thereof to District, duplicate copies of any and all monthly Escrow Account statements or reports issued or sent to District with respect to the Escrow Account.

Section 7. Information Required Under USA Patriot Act. The parties acknowledge that in order to help the United States government fight the funding of terrorism and money laundering activities, pursuant to Federal regulations that became effective on October 1, 2003 (Section 326 of the USA Patriot Act) all financial institutions are required to obtain, verify, record and update information that identifies each person establishing a relationship or opening an account. The parties to this Agreement agree that they will provide to the Escrow Agent such information as it may request, from time to time, in order for the Escrow Agent to satisfy the requirements of the USA Patriot Act, including but not limited to the name, address, tax identification number and other information that will allow it to identify the individual or entity who is establishing the relationship or opening the account and may also ask for formation documents such as articles of incorporation or other identifying documents to be provided.

Section 8. Miscellaneous. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the ISA. This Agreement may not be amended except in writing signed by all parties hereto. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original instrument and each shall have the force and effect of an original and all of which together constitute, and shall be deemed to constitute, one and the same instrument. Notices hereunder shall be made in writing and shall be deemed to have been duly given when personally delivered or when deposited in the mail, first class postage prepaid, or delivered to an express carrier, charges prepaid, or sent by facsimile or email with electronic confirmation, addressed to each party at its address below.

Notices and other communications hereunder may be delivered or furnished by electronic mail *provided* that any formal notice shall be attached to an email message in PDF format and *provided further* that any notice or other communication sent to an e-mail address shall be deemed received upon and only upon the sender's receipt of affirmative acknowledgement or receipt from the intended recipient. For purposes hereof no acknowledgement of receipt generated on an automated basis shall be deemed sufficient for any purpose hereunder or admissible as evidence of receipt.

If to Seller: Banc of America Public Capital Corp
 11333 McCormick Road
 Mail Code: MD5-031-06-05
 Hunt Valley, MD 21031
 Attn: Contract Administration
 Fax: (443) 541-3057

If to District: Goleta Sanitary District
1 William Moffett Place
Goleta, CA 93117
Attention: General Manager/District Engineer
E-mail: swagner@goletasanitary.org
Telephone: (805) 967-4519

If to Escrow Agent: Wilmington Trust, National Association
650 Town Center Drive, Suite 800
Costa Mesa, CA 92626
Attention: Chris Johnson
Telephone: (714) 384-4152
Fax: (714) 384-4151
Email: cshjohnson@wilmingtontrust.com

If a court of competent jurisdiction declares any provision hereof invalid, it will be ineffective only to the extent of such invalidity, so that the remainder of the provision and Agreement will continue in full force and effect.

This Agreement and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersede all prior agreements and understandings, oral or written

Section 9. District and Seller understand and agree that they are required to provide the Escrow Agent with a properly completed and signed Tax Certification (as defined below) and that the Escrow Agent may not perform its duties hereunder without having been provided with such Tax Certification. As used herein "Tax Certification" shall mean an IRS form W-9 or W-8 as described above. The Escrow Agent will comply with any U.S. tax withholding or backup withholding and reporting requirements that are required by law. With respect to earnings allocable to a foreign person, the Escrow Agent will withhold U.S. tax as required by law and report such earnings and taxes withheld, if any, for the benefit of such foreign person on IRS Form 1042-S (or any other required form), unless such earnings and withheld taxes are exempt from reporting under Treasury Regulation Section 1.1461-1(c)(2)(ii) or under other applicable law. With respect to earnings allocable to a United States person, the Escrow Agent will report such income, if required, on IRS Form 1099 or any other form required by law. The IRS Forms 1099 and/or 1042-S shall show the Escrow Agent as payor and District as payee. Escrow Agent shall recognize District as the designated party for regulatory reporting purposes.

District and Seller agree that they are not relieved of their respective obligations, if any, to prepare and file information reports under Code Section 6041, and the Treasury regulations thereunder, with respect to amounts of imputed interest income, as determined pursuant to Code Sections 483 or 1272. The Escrow Agent shall not be responsible for determining or reporting such imputed interest.

Section 10. This Agreement shall be governed by and construed in accordance with the laws of the State of California and the parties hereto consent to jurisdiction in the State of California and venue in any state or Federal court located in the State of California, and each party expressly waives any objections that it may have to the venue of such courts. **THE PARTIES HERETO EXPRESSLY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT.** If the waiver of jury trial contained herein is unenforceable for any reason, then the parties hereto agree that the court shall, and is hereby directed to, make a general reference pursuant to California Code of Civil Procedure Section 638 to a referee to hear and determine all of the issues in such action or proceeding (whether of fact or of law) and to report a statement of decision.

Section 11. Any bank or corporation into which the Escrow Agent may be merged or with which it may be consolidated, or any bank or corporation to whom the Escrow Agent may transfer a substantial amount of its escrow business, shall be the successor to the Escrow Agent without the execution or filing of any paper or any further act on the part of any of the parties, anything herein to the contrary notwithstanding. Any bank or corporation into which the Seller may be merged or with which it may be consolidated, or any bank or corporation to whom the Seller may transfer a substantial amount of its business, shall be the successor to the Seller without the execution or filing of any paper or any further act on the part of any of the parties, anything herein to the contrary notwithstanding.

Section 12. This Agreement may be amended, modified, and/or supplemented only by an instrument in writing executed by all parties hereto.

Section 13. No party hereto shall assign its rights hereunder until its assignee has submitted to the Escrow Agent (i) Patriot Act disclosure materials and the Escrow Agent has determined that on the basis of such materials it may accept such assignee as a customer and (ii) assignee has delivered an IRS Form W-8 or W-9, as appropriate, to the Escrow Agent which the Escrow Agent has determined to have been properly signed and completed.

Section 14. Escrow Agent will treat information related to this Agreement as confidential but, unless prohibited by law, District and Seller authorize the transfer or disclosure of any information relating to the Agreement to and between the subsidiaries, officers, affiliates and other representatives and advisors of Escrow Agent and third parties selected by any of them, wherever situated, for confidential use in the ordinary course of business, and further acknowledge that Escrow Agent and any such subsidiary, officer, affiliate or third party may transfer or disclose any such information as required by any law, court, regulator or legal process.

Seller will treat information related to this Agreement as confidential but, unless prohibited by law, Escrow Agent and District authorize the transfer or disclosure of any information relating to the Agreement to and between the subsidiaries, officers, affiliates, other representatives and advisors of Seller and debt and equity sources and third parties selected by any of them, and to their prospective assignees wherever situated, for confidential use in the ordinary course of business, and further acknowledge that Seller and any such subsidiary, officer, affiliate, debt and equity source or third party or prospective assignee may transfer or disclose any such information as required by any law, court, regulator or legal process.

District will treat the terms of this Agreement as confidential except on a “need to know” basis to persons within or outside District’s organization (including affiliates of such party), such as attorneys, accountants, bankers, financial advisors, auditors and other consultants of such party and its affiliates, except as required by any law, court, regulator or legal process and except pursuant to the express prior written consent of the other parties, which consent shall not be unreasonably withheld.

Section 15. This Agreement may be executed and delivered by facsimile signature or other electronic or digital means (including, without limitation, Adobe’s Portable Document Format (“*PDF*”). Any such signature shall be of the same force and effect as an original signature, it being the express intent of the parties to create a valid and legally enforceable contract between them. The exchange and delivery of this Agreement and the related signature pages via facsimile or as an attachment to electronic mail (including in *PDF*) shall constitute effective execution and delivery by the parties and may be used by the parties for all purposes. Notwithstanding the foregoing, at the request of either party, the parties hereto agree to exchange inked original replacement signature pages as soon thereafter as reasonably practicable.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Escrow and Account Control Agreement as of the date first above written.

BANC OF AMERICA PUBLIC CAPITAL CORP,
as Seller

GOLETA SANITARY DISTRICT, as District

By: _____
Name: _____
Title: _____

By: _____
Steven T. Majoewsky, Board President

By: _____
Robert O. Mangus, Jr., Board Secretary

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Escrow Agent

By: _____
Name: _____
Title: _____

**SCHEDULE 1
TO THE ESCROW AND ACCOUNT CONTROL AGREEMENT**

FORM OF DISBURSEMENT REQUEST

Re: Installment Sale Agreement dated as of June 23, 2022 by and between Banc of America Public Capital Corp, as Seller, and the Goleta Sanitary District, as District (the “ISA”) (Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the ISA.)

In accordance with the terms of the Escrow and Account Control Agreement, dated as of June 23, 2022 (the “Escrow and Account Control Agreement”) by and among Banc of America Public Capital Corp (“Seller”), the Goleta Sanitary District (“District”) and Wilmington Trust, National Association (the “Escrow Agent”), the undersigned hereby requests the Escrow Agent pay the following persons the following amounts from the Escrow Account created under the Escrow and Account Control Agreement for the following purposes:

DISBURSEMENT AMOUNTS:

PAYEE’S NAME AND ADDRESS (IF
DISBURSEMENT VIA WIRE, MUST
INCLUDE WIRE TRANSFER
INSTRUCTIONS)

INVOICE NUMBER

DOLLAR AMOUNT

PURPOSE

<Payee’s Name>
<Payee Address 1>
<Payee Address 2>
<Payee Address 3>

<invoice list OR “see
attached” with a
spreadsheet>

< invoice amount>

<general description of
equipment; ex “police
cruiser”>

<Payee Bank Name*>
<Payee Bank ABA/Routing*>
<Payee Bank Account No*>
<Payee Account Name*>

<*Payee Address and Payee
Bank information is required.>

<Payee’s Name>
<Payee Address 1>
<Payee Address 2>
<Payee Address 3>

<invoice list OR “see
attached” with a
spreadsheet>

<invoice amount>

[<mobilization fee that is
payable to the Vendor
under the Vendor
Agreement>]

<Payee Bank Name*>
<Payee Bank ABA/Routing*>
<Payee Bank Account No*>
<Payee Account Name*>

<*Payee Address information is
required. Payee Bank
information only to be included
for wire/EFT.>

District hereby represents, covenants and warrants for the benefit of Seller on the date hereof as follows:

(i) Each obligation specified in the table herein titled as “Disbursement Amounts” (a) has been incurred by District in the stated amount, (b) the same is a proper charge against the Escrow Account for Equipment Costs relating to the Equipment identified above and has not been paid (or has been paid by District and District requests reimbursement thereof), and (c) has not been paid (or has been paid by District and District requests reimbursement thereof), and the portion of the Equipment relating to such obligation has been delivered, installed and inspected by District.

(ii) For each item of Equipment relating to an obligation specified in the table herein titled as “Disbursement Amounts” (a) District has conducted such inspection and testing of the Equipment as it deems necessary and appropriate in order to determine the Equipment’s capability and functionality in order to accept such Equipment, (b) such Equipment has been delivered, installed, is (to the extent applicable) operating in a manner consistent with the manufacturer’s intended use and has been inspected by District and (c) the date on which a progress payment or the final payment is due to the Vendor with respect to such Equipment is _____, 20___. Attached hereto is the original invoice, and certification from Vendor as to the amount of the progress payment or final payment with respect to such obligation.

(iii) The undersigned, as Authorized Representative, has no notice of any vendor’s, mechanic’s or other Liens or rights to Liens, chattel mortgages, conditional sales contracts or security interest which should be satisfied or discharged before such payment is made.

(iv) This requisition contains no item representing payment on account, or any retained percentages which District is, at the date hereof, entitled to retain (except to the extent such amounts represent a reimbursement to District).

(v) The Equipment is insured in accordance with the ISA.

(vi) No Event of Default, and no event which with notice or lapse of time, or both, would become an Event of Default, under the ISA has occurred and is continuing at the date hereof.

(vii) The disbursement shall occur during the Acquisition Period.

(viii) The representations, warranties and covenants of District set forth in the ISA are true and correct as of the date hereof.

(ix) No Material Adverse Change has occurred since the date of the execution and delivery of the ISA.

(x) The information in this Disbursement Request regarding each Payee, including their respective name, address and wiring instructions (collectively, the “*Payee Information*”), is true and correct, such Payee Information has been verified and confirmed by District and the Seller can rely on District’s verification and confirmation of the accuracy of such Payee Information. District hereby acknowledges and agrees that any call-back performed by Seller to verify the disbursement instructions pursuant to this Disbursement Request shall be made to District only and Seller shall have no obligation to call-back any Payee listed above.

Dated: _____

GOLETA SANITARY DISTRICT

By: _____
Name: _____
Title: _____

Disbursement of funds from the Escrow Account in accordance with the foregoing Disbursement Request hereby is authorized

BANC OF AMERICA PUBLIC CAPITAL CORP
as Seller under the ISA

By: _____
Name: _____
Title: _____

[AN "EXHIBIT A-1" MUST BE COMPLETED AND EXECUTED AT TIME OF EXECUTION OF THE AGREEMENT]

EXHIBIT A-1

FORM OF INCUMBENCY AND AUTHORIZATION CERTIFICATE

The undersigned, a duly elected or appointed and acting Clerk of the Board of the Goleta Sanitary District ("*District*") certifies as follows:

A. The following listed persons are duly elected or appointed and acting officials of District (the "*Officials*") in the capacity set forth opposite their respective names below and the facsimile signatures below are true and correct as of the date hereof;

B. The Officials are duly authorized, on behalf of District, to negotiate, execute, in writing or electronically, and deliver the Installment Sale Agreement dated as of June 23, 2022 by and between District and Banc of America Public Capital Corp ("*Seller*"), the Escrow and Account Control Agreement dated as of June 23, 2022 by and among Seller, District and Wilmington Trust, National Association, as Escrow Agent, all documents related thereto and delivered in connection therewith, and any future modification(s) or amendments thereof (collectively, the "*Operative Agreements*"), and the Operative Agreements each are the binding and authorized agreements of District, enforceable in all respects in accordance with their respective terms.

NAME OF OFFICIAL	TITLE	SIGNATURE
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dated: June 23, 2022

By: _____
Name: _____
Title: _____

(The signer of this Certificate cannot be listed above as authorized to execute the Operative Agreements.)

[AN "EXHIBIT A-2" MUST BE COMPLETED AND EXECUTED AT TIME OF EXECUTION OF THE AGREEMENT]

EXHIBIT A-2

ESCROW AND ACCOUNT CONTROL AGREEMENT DATED AS OF JUNE 23, 2022 BY AND AMONG BANC OF AMERICA PUBLIC CAPITAL CORP, AS SELLER, THE GOLETA SANITARY DISTRICT, AS DISTRICT AND WILMINGTON TRUST, NATIONAL ASSOCIATION, AS ESCROW AGENT

CERTIFICATE OF AUTHORIZED REPRESENTATIVES – [SELLER]

Name: Terri Preston **Name:** Nancy Nusenko

Title: Authorized Agent **Title:** Authorized Agent

Phone: 443-541-3642 **Phone:** 443-541-3646

Facsimile: 443-541-3057 **Facsimile:** 443-541-3057

E-mail: Terri.Preston@bofa.com **E-mail:** Nancy.a.nusenko@bofa.com

Signature: _____ **Signature:** _____

Fund Transfer / Disbursement Authority Level:

- Initiate
 Verify transactions initiated by others

Fund Transfer / Disbursement Authority Level:

- Initiate
 Verify transactions initiated by others

Name: Nancy K. Hepner **Name:** Arlene Sobieck

Title: Authorized Agent **Title:** Authorized Agent

Phone: 443-541-3645 **Phone:** 443-541-3643

Facsimile: 804-553-2407 **Facsimile:** 443-541-3057

E-mail: Nancy.k.hepner@bofa.com **E-mail:** Arlene.sobieck@bofa.com

Signature: _____ **Signature:** _____

Fund Transfer / Disbursement Authority Level:

- Initiate
 Verify transactions initiated by others

Fund Transfer / Disbursement Authority Level:

- Initiate
 Verify transactions initiated by others

The Escrow Agent is authorized to comply with and rely upon any notices, instructions or other communications believed by it to have been sent or given by the person or persons identified above including without limitation, to initiate and verify funds transfers as indicated.

BANC OF AMERICA PUBLIC CAPITAL CORP

By: _____

Name:

Title:

Date: June 23, 2022

**INSTALLMENT SALE AGREEMENT
(ESCROW ACCOUNT)**

This Installment Sale Agreement (this “*Agreement*”) is dated as of June 23, 2022, and entered into by and between Banc of America Public Capital Corp, a Kansas corporation (together with its successors, assigns and transferees, and as more particularly defined herein, “*Seller*”), and Goleta Sanitary District, a sanitary district existing under the laws of the State of California (“*District*”).

WITNESSETH:

WHEREAS, District desires to acquire and purchase from Seller certain Equipment (as such term is defined herein), subject to the terms and conditions hereof; and,

WHEREAS, District is authorized under the constitution and laws of the State (as such term is defined herein) to enter into this Agreement for the purposes set forth herein;

NOW, THEREFORE, for good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, and in consideration of the premises hereinafter contained, the parties hereby agree as follows:

ARTICLE I

Section 1.01. Definitions. The following terms will have the meanings indicated below unless the context clearly requires otherwise:

“*Acquisition Amount*” means \$14,135,000.00. The Acquisition Amount is the amount represented by District to be sufficient, together with other funds of District (if any) that are legally available for the purpose of designing, acquiring and installing the Equipment.

“*Acquisition Period*” means the period ending five (5) business days prior to June 23, 2025.

“*Agreement*” means this Installment Sale Agreement, including the exhibits hereto, together with any amendments and modifications to this Agreement pursuant to Section 13.04.

“*Charges*” means fees, assessments, rates and charges prescribed by the Governing Board of the District for the services and facilities of the Wastewater System furnished by the District.

“*Code*” means the Internal Revenue Code of 1986, as amended. Each reference to a Section of the Code herein shall be deemed to include the relevant United States Treasury Regulations proposed or in effect thereunder.

“*Commencement Date*” means the date when District’s obligation to pay Installment Payments commences hereunder, which shall be the date on which the Acquisition Amount is deposited with the Escrow Agent.

“*Contract Rate*” means the rate identified as such in the Payment Schedule.

“*Debt Service*” means, during any period of computation, the amount obtained for such period by totaling the following amounts: (a) the principal amount of all outstanding Parity Obligations payable by their terms in such period and scheduled to be paid or redeemed by operation of mandatory sinking fund installments or amortizations in such period; and (b) the interest which would be due during such period on the aggregate principal amount of Parity Obligations which would be outstanding in such period if the Parity Obligations are paid or redeemed as scheduled; *provided that* with respect to the issuance of additional Subordinate Obligations, Debt Service shall include all debt service payable on all System Obligations for such period of computation.

“*Default*” means an event which with the passage of time or the giving of notice or both would constitute an Event of Default.

“*Disbursement Request*” means the disbursement request attached to the Escrow Agreement as Schedule 1 and made a part thereof.

“*District*” means the entity referred to as District in the first paragraph of this Agreement.

“*Enterprise Fund*” or “*Revenue Fund*” means the enterprise fund of the District in which Gross Revenues are deposited and held in trust.

“*Equipment*” means the equipment, fixtures and other goods and property listed in the Equipment Schedule and all replacements, repairs, restorations, modifications and improvements thereof or thereto made pursuant to Article V or Section 8.01. Whenever reference is made in this Agreement to Equipment, such reference shall be deemed to include all such replacements, repairs, restorations, modifications and improvements of or to such Equipment.

“*Equipment Costs*” means the total cost of the Equipment, including related soft costs such as freight, installation and taxes and other capitalizable costs, and other costs incurred in connection with the acquisition, installation and/or financing of the Equipment.

“*Equipment Schedule*” means the Equipment Schedule attached hereto as *Exhibit A* and made a part hereof.

“*Escrow Account*” means the account established and held by the Escrow Agent pursuant to the Escrow Agreement.

“*Escrow Agent*” means the Escrow Agent identified in the Escrow Agreement, and its successors and assigns.

“*Escrow Agreement*” means the Escrow and Account Control Agreement in form and substance acceptable to and executed by District, Seller and the Escrow Agent, pursuant to which the Escrow Account is established and administered.

“*Event of Default*” means an Event of Default described in Section 12.01.

“*Fiscal Year*” means the period commencing on July 1 of each year and terminating on the next succeeding June 30.

“*Gross Revenues*” means for any period of computation, all gross charges received for, and all other gross income and revenues derived by the District from, the ownership or operation of the System or otherwise arising from the System during such period, including but not limited to (a) all Charges received by the District for use of the System, (b) all receipts derived from the investment of funds held by the District, (c) transfers from (but exclusive of any transfers to) any rate stabilization reserve accounts, (d) property tax to the extent permitted by law and (e) all moneys received by the District from other public entities whose inhabitants are served pursuant to contracts with the District; and includes, without limitation, for each Fiscal Year, all gross income and revenue received or receivable by the District from the ownership or operation of the System, determined in accordance with generally accepted accounting principles (“GAAP”), including all rates, fees, and charges (including connection and capacity fees and charges) as received by the District for the services and facilities of the System, and all other income and revenue howsoever derived by the District from the ownership or operation of the System or arising from the System, including all income from the deposit or investment of any money in the Enterprise Fund or any rate stabilization fund of the District or held on the District’s behalf, and any refundable deposits made to establish credit, and advances or contributions in aid of construction.

“*Improvement*” means any addition, extension, improvement, equipment, machinery or other facilities to or for the Wastewater System.

“*Independent Certified Public Accountant*” means any certified public accountant or firm of such accountants appointed and paid by the District, and who, or each of whom: (a) is in fact independent and not under domination of the District; (b) does not have any substantial identity of interest, direct or indirect, with the District; and (c) is not and no member of which is connected with the District as an officer or employee of the District, but who may be regularly retained to make annual or other audits of the books of or reports to the District.

“*Independent Consultant*” means any financial or engineering consultant (including without limitation any Independent Certified Public Accountant) with an established reputation in the field of municipal finance or firm of such consultants appointed and paid by the District, and who, or each of whom: (a) is in fact independent and not under domination of the District; (b) does not have any substantial identity of interest, direct or indirect, with the District; and (c) is not and no member of which is connected with the District as an officer or employee of the District, but who may be regularly retained to make annual or other audits of the books of or reports to the District.

“*Installment Payment Date*” means each date on which District is required to make an Installment Payment under this Agreement as specified in the Payment Schedule.

“*Installment Payments*” means the Installment Payments payable by District on the Installment Payment Dates and in the amounts as specified in the Payment Schedule, consisting of a principal component and an interest component, and in all cases sufficient to repay such principal component and interest thereon at the applicable Contract Rate (or Taxable Rate if then in effect).

“*Lien*” means any lien (statutory or otherwise), security interest, mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, encumbrance, preference, priority or other security or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing and the filing of any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction).

“*Listed Event*” means, so long as the District has outstanding any System Obligation subject to SEC Rule 15c2-12, any of the events required to be reported pursuant to SEC Rule 15c2-12(b)(5).

“*Material Adverse Change*” means any change in District’s creditworthiness that could have a reasonably foreseeable material adverse effect on (i) the financial condition or operations of District, or (ii) District’s ability to perform its obligations under this Agreement.

“*Material Event*” means any event that might cause the State Water Board to violate the terms and conditions of its agreements with the United States Environmental Protection Agency or its bond covenants, including any of the following: (a) revenue shortfalls; (b) unscheduled draws on a reserve fund, if any, or the Enterprise Fund; (c) substitution of insurers, or their failure to perform; (d) adverse findings by the Regional Water Quality Control Board; (e) litigation related to the Revenues, the System, or the Equipment, whether pending or anticipated; (f) any false warranty or representation made by the District relevant to this Agreement; (g) loss, theft, damage, or impairment to the Revenues or the System; (h) seizure of, or levy on any collateral securing this Agreement; (i) dissolution or cessation of operations by the District, termination of District’s existence, insolvency of District, or filing of a voluntary or involuntary bankruptcy petition by or on behalf of District; (j) any event set forth in section 2.01(ii) of this Agreement.

“*Maximum Annual Debt Service*” means, as of the date of calculation, the maximum amount of Debt Service for the current or any future Fiscal Year.

“*Net Revenues*” means, for any Fiscal Year (or other period of computation, as the case may be), the amount of the Gross Revenues received from the Wastewater System during such period, less the amount of O&M Costs of the Wastewater System becoming payable during such period.

“*O&M Costs*” means, the reasonable and necessary costs spent or incurred by the District for maintaining and operating the Wastewater System, calculated in accordance with sound accounting principles, including the cost of supply of water, gas and electric energy under contracts or otherwise, the funding of reasonable reserves, and all reasonable and necessary expenses of management and repair and other expenses to maintain and preserve the Wastewater System in good repair and working order, and including all reasonable and necessary administrative costs of the District attributable to the Wastewater System and this Agreement, such as salaries and wages and the necessary contribution to retirement of employees, overhead, insurance, taxes (if any), expenses, compensation and indemnification of the Seller, and fees of auditors, accountants, attorneys or engineers, and including all other reasonable and necessary costs of the District or charges required to be paid by it to comply with the terms of the Parity Obligations Instruments, but excluding depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature, and includes, without duplication, the reasonable and necessary costs paid or

incurred by the District for maintaining and operating the System, determined in accordance with GAAP, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the System in good repair and working order, and including all reasonable and necessary administrative costs of the District that are charged directly or apportioned to the operation of the System, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits, licenses, and charges to operate the System and insurance premiums; but excluding, in all cases depreciation, replacement, and obsolescence charges or reserves therefor and amortization of intangibles.

“*Outstanding Balance*” means the amount that is shown for each Installment Payment Date under the column titled “Outstanding Balance” on the Payment Schedule.

“*Parity Interest Payment Date*” means, with respect to any Parity Obligations, any date on which interest is due and payable thereon as established under the applicable Parity Obligations Instrument, and continuing so long as any Parity Obligations remain outstanding.

“*Parity Principal Installment*” means, with respect to any particular Parity Principal Payment Date, an amount equal to the aggregate principal amount of Parity Obligations payable on such Parity Principal Payment Date as determined by the applicable Parity Obligations Instrument.

“*Parity Principal Payment Date*” means, with respect to any Parity Obligations, any date on which principal thereof is due and payable as established under the applicable Parity Obligations Instrument, and continuing so long as any Parity Obligations remain outstanding.

“*Parity Obligations*” means all bonds, notes or other obligations (including without limitation long-term contracts, loans, sub-leases or other legal financing arrangements) of the District payable from and secured by a pledge of and lien upon any of the Net Revenues issued or incurred pursuant to any Parity Obligations Instrument.

“*Parity Obligations Instrument*” means the resolution, trust indenture or installment sale agreement or other instrument, adopted, entered into or executed and delivered by the District, and under which Parity Obligations are issued, and includes without limitation, this Agreement, as supplemented and amended.

“*Payment Schedule*” means the Payment Schedule attached hereto as *Exhibit B* and made a part hereof.

“*Prepayment Price*” means the amount that is shown for each Installment Payment Date under the column titled “Prepayment Price” on the Payment Schedule.

“*Principal Portion*” means the amount that is shown for each Installment Payment Date under the column titled “Principal Portion” on the Payment Schedule.

“*Related Documents*” means this Agreement, the Escrow Agreement and each Vendor Agreement, each as may be amended and supplemented.

“*Revenues*” means Gross Revenues and/or Net Revenues.

“*Scheduled Term*” means the period from the Commencement Date until all Installment Payments and other amounts payable under this Agreement are paid in full.

“*SEC*” means the U.S. Securities and Exchange Commission.

“*Seller*” means (a) the entity referred to as Seller in the first paragraph of this Agreement and its successors or (b) any assignee or transferee of any right, title or interest of Seller in and to this Agreement pursuant to Section 11.01 hereof, including the right, title and interest of Seller in and to the Equipment, the Installment Payments and other amounts due hereunder, the Escrow Agreement and Escrow Account and other Collateral, but does not include any entity solely by reason of that entity retaining or assuming any obligation of Seller to perform hereunder.

“*Subordinate Obligations*” means all bonds, notes or other obligations (including without limitation long-term contracts, loans, sub-leases or other legal financing arrangements) of the District payable from and secured by a pledge of and lien upon any of the Net Revenues, subordinate to the pledge of Net Revenues to pay this Agreement and any other Parity Obligations.

“*Subordinate Obligations Instrument*” means the resolution, trust indenture or installment sale agreement adopted, entered into or executed and delivered by the District, and under which Subordinate Obligations are issued.

“*Special Counsel*” means Kutak Rock LLP.

“*State*” means the State of California.

“*System*” or “*Wastewater System*” means all wastewater collection, pumping, transport, treatment, storage, and disposal facilities, including land and easements thereof, owned by the District, including the Equipment, and all other properties, structures, or works hereafter acquired and constructed by the District and determined to be a part of the System, together with all additions, betterments, extensions, or improvements to such facilities, properties, structures, or works, or any part thereof hereafter acquired and constructed, including, without limitation, the existing wastewater system of the District, comprising all facilities for the collection, treatment and removal of wastewater for the residential, commercial and industrial consumers of the District.

“*System Obligation*” means any long-term obligation of the District payable from or secured by the Enterprise Fund, including this Agreement and all other Parity Obligations and Subordinate Obligations.

“*Taxable Rate*” means, for each day that the interest component of Installment Payments is taxable for Federal income tax purposes, an interest rate equal to the Contract Rate plus a rate sufficient such that the total interest to be paid on any Installment Payment Date would, after such interest was reduced by the amount of any Federal, state or local income tax (including any interest, penalties or additions to tax) actually imposed thereon, equal the amount of interest otherwise due to Seller.

“Vendor” means the manufacturer, installer or supplier of the Equipment or any other person as well as the agents or dealers of the manufacturer, installer or supplier with whom District arranged District’s acquisition, installation, maintenance and/or servicing of the Equipment.

“Vendor Agreement” means any contract entered into by District and any Vendor for the design, acquisition, construction, installation, maintenance and/or servicing of the Equipment.

ARTICLE II

Section 2.01. Representations and Covenants of the District. The District represents, covenants and warrants for the benefit of Seller on the date hereof as follows:

(a) The District is a public agency, duly organized and existing and in good standing under the constitution and laws of the State, with full power and authority to enter into the Related Documents and the transactions contemplated thereby and to perform all of its obligations thereunder and will remain so during the term of the Related Documents.

(b) The District has duly authorized the execution and delivery of the Related Documents by proper action of its governing body at a meeting duly called, regularly convened and attended throughout by the requisite quorum of the members thereof, or by other appropriate official approval, and all requirements have been met and procedures have occurred in order to ensure the validity and enforceability of the Related Documents.

(c) No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default exists at the date hereof. None of the transactions contemplated by this Agreement will be or have been made with an actual intent to hinder, delay, or defraud any present or future creditors of District. As of the date set forth on the first page hereof, District is solvent and will not be rendered insolvent by the transactions contemplated by this Agreement. District is able to pay its debts as they become due.

(d) The District will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a sanitary district under the laws of the State. District shall at all times maintain its current legal existence and preserve and keep in full force and effect its legal rights and authority. District shall maintain its eligibility for funding under this Agreement for the term of this Agreement.

(e) The District will comply with such procurement and public bidding requirements as may be applicable to each Related Document and the acquisition and installation by the District of the Equipment.

(f) During the Scheduled Term, the Equipment will be used by the District only for the purpose of performing essential governmental or proprietary functions of the District consistent with the permissible scope of the District’s authority. The District does not intend to sell or otherwise dispose of the Equipment or any interest therein prior to the last Installment Payment scheduled to be paid hereunder.

(g) The District has kept, and throughout the Scheduled Term shall keep, its books and records in accordance with generally accepted accounting principles and practices consistently applied, and shall deliver to Seller (i) annual audited financial statements (including (1) a balance sheet, (2) statement of revenues, expenses and changes in fund balances for budget and actual, (3) statement of cash flows, and (4) footnotes, schedules and attachments to the financial statements) within two hundred seventy (270) days after the end of its fiscal year, (ii) such other financial statements and information as Seller may reasonably request, and (iii) upon Seller's request, its annual budget for any prior or current fiscal year or for the following fiscal year when approved but not later than the end of its current fiscal year. The financial statements described in this subsection (g)(i) shall be accompanied by an unqualified opinion of District's independent auditor. Credit information relating to District may be disseminated among Seller and any of its affiliates and any of their respective successors and assigns.

(h) The District has an immediate need for the Equipment and expects to make immediate use of the Equipment. The District's need for the Equipment is not temporary and the District does not expect the need for any item of the Equipment to diminish during the Scheduled Term.

(i) The payment of the Installment Payments or any portion thereof is not (under the terms of this Agreement or any underlying arrangement) directly or indirectly (x) secured by any interest in property used or to be used in any activity carried on by any person other than a state or local governmental unit or payments in respect of such property; or (y) on a present value basis, derived from payments (whether or not to the District) in respect of property, or borrowed money, used or to be used in any activity carried on by any person other than a state or local governmental unit. The Equipment will not be used, directly or indirectly, in any activity carried on by any person other than a state or local governmental unit. No portion of the Acquisition Amount will be used, directly or indirectly, to make or finance loans to any person other than the District. The District has not entered into any management or other service contract with respect to the use and operation of the Equipment.

(j) There are no pending or, to best of the District's knowledge, threatened actions, claims, investigations, suits, or proceedings before any governmental authority, court, or administrative agency which affect the financial condition or operations of the District, the System, any Revenues, and/or the Equipment. There is no pending litigation, tax claim, proceeding or dispute for which the District has been served that may adversely affect the District's financial condition or impairs its ability to perform its obligations under the Related Documents. The District will, at its expense, maintain its legal existence and do any further act and execute, acknowledge, deliver, file, register and record any further documents Seller may reasonably request in order to protect Seller's security interest in the Equipment and the Escrow Account and Seller's rights and benefits under the Related Documents.

(k) The District is the fee owner of the real estate where the Equipment is and will be located (the "*Real Property*") and has good and marketable title thereto, and there exists no mortgage, pledge, Lien, security interest, charge or other encumbrance of any nature whatsoever on or with respect to such Real Property. In the event any lien, encumbrance,

restriction, asserted encumbrance, claim, dispute or other issue exists or arises with respect to the District's legal title to or valid and marketable, beneficial use and enjoyment of the Real Property or impairs or adversely impacts Seller's right, title or interest in the Equipment or any of Seller's rights or remedies under this Agreement with respect to the Equipment (each of the foregoing referred to as a "*Real Property Issue*"), District will take all steps necessary to promptly quiet, resolve and/or eliminate such Real Property Issue to the satisfaction of Seller and ensure that District and Seller have adequate access to and use of (including beneficial use and enjoyment of) the Real Property for all purposes of the Equipment contemplated herein and District shall ensure that its fee interest in the Real Property and Seller's right, title or interest in the Equipment and rights or remedies under this Agreement with respect to the Equipment remain free and clear of Real Property Issues.

(l) No lease, rental agreement, installment purchase or sale agreement, lease-purchase agreement, payment agreement or contract for purchase to which District has been a party at any time has been terminated by District as a result of insufficient funds being appropriated or available in any fiscal year. No event has occurred which would constitute an event of default under any debt, revenue bond or obligation which District has issued.

(m) District represents to Seller that that it has adopted a debt policy in compliance with SB 1029 and Section 8855 of the Government Code of California *et seq.* and covenants that it shall comply with Section 8855 of the Government Code of California *et seq.* as amended (the "*CDIAC Act*") throughout the Scheduled Term, including (i) preparing, submitting and filing the report of the proposed debt issuance relating to this Agreement by the method required by the California Debt and Investment Advisory Commission ("*CDIAC*"), (ii) preparing, submitting and filing the report of final sale (and accompanying documents) relating to this Agreement by the method required by CDIAC, (iii) submitting an annual report relating to the report of final sale for this Agreement by the method required by CDIAC, and (iv) paying all fees charged by CDIAC or the CDIAC Act relating to this Agreement, including, but not limited to the fee in an amount equal to one-fortieth of one percent of the Acquisition Amount or as otherwise prescribed by the CDIAC Act.

(n) As of the date of execution and delivery of this Agreement, the District has not granted any Lien on the Collateral that would be senior in priority to, or *pari passu* with, the first priority Lien on the Collateral granted to Seller under Sections 3.02 and 6.02 of this Agreement.

(o) Upon consideration of a voter initiative to reduce Revenues, the District shall make a finding regarding the effect of such a reduction on the District's ability to satisfy the rate covenant set forth in Section 3.02(d) of this Agreement. The District agrees to make its findings available to the public and if such voter initiative has the potential to adversely impact the District's ability to comply with its covenants and obligations set forth in Section 3.02 hereof, the District shall use its best efforts to educate the voters and to request, if necessary, the authorization of the District's decision-maker or decision-making body to file litigation to challenge any such initiative that it finds will render it unable to satisfy the rate covenant set forth in Section 3.02(d) hereof and its obligation to operate and maintain the Equipment and the System for its useful life. The District shall diligently pursue and bear any and all costs

related to such challenge. The District shall notify and regularly update the Seller regarding any such challenge.

(p) All financial statements and other information delivered to Seller by the District is correct as of the date thereof, present fairly the financial condition of the District; and have been prepared in accordance with GAAP. Since June 30, 2021 no material adverse change has occurred in the District's financial condition that would adversely affect the District's ability to perform its obligations hereunder. Since the date(s) of such financial statements, there has been no material adverse change in the financial condition of the District, nor have any material assets or properties reflected on such financial statements been sold, transferred, assigned, mortgaged, pledged or encumbered, except as previously disclosed in writing by District and approved in writing by the Seller.

(q) The District agrees to expeditiously proceed with and complete acquisition, installation and construction of the Equipment in accordance with each Vendor Agreement. District will pay all Equipment Costs and costs of issuance in excess of the Acquisition Amount available therefor out of its own funds. Seller shall not have any responsibility to pay amounts for any Equipment Costs or costs of issuance with respect to the Related Documents or the Equipment that individually or collectively exceed the Acquisition Amount.

(r) As of the Commencement Date the only Parity Obligations outstanding is this Agreement. As of the Commencement Date, no Subordinate Obligations or other System Obligations (besides this Agreement), are outstanding. There exists as of the Commencement no lien on Revenues other than those in favor of this Agreement.

(s) The District shall punctually pay or cause to be paid the interest and principal to become due with respect to all of the Parity Obligations in strict conformity with the terms of this Agreement and the other Parity Obligations Instruments, and will faithfully observe and perform all of the conditions, covenants and requirements of this Agreement and the other Parity Obligations Instruments.

(t) Except for the grant of the security interest in the Equipment to the Seller hereunder, the District will not mortgage or otherwise encumber, pledge or place any charge upon the Wastewater System or any part thereof, or upon any of the Net Revenues, except as provided in this Agreement.

(u) The District covenants that in order to fully preserve and protect the priority and security of the Parity Obligations the District shall pay from the Net Revenues and discharge all lawful claims for labor, materials and supplies furnished for or in connection with the Wastewater System which, if unpaid, may become a lien or charge upon the Net Revenues prior or superior to the lien of the Parity Obligations and impair the security of the Parity Obligations. The District shall also pay from the Net Revenues all taxes and assessments or other governmental charges lawfully levied or assessed upon or in respect of the Wastewater System or upon any part thereof or upon any of the Net Revenues therefrom.

(v) The District will acquire, construct, or finance any Improvements to the Wastewater System to be financed with the proceeds of any Parity Obligations with all practicable dispatch, and such Improvements will be made in an expeditious manner and in conformity with laws so as to complete the same as soon as reasonably feasible.

(w) The District covenants and agrees to maintain and operate the Wastewater System in an efficient and economical manner and to operate, maintain and preserve the Wastewater System in good repair and working order.

(x) The District will not sell, lease or otherwise dispose of the Wastewater System or any part thereof essential to the proper operation of the Wastewater System or to the maintenance of the Net Revenues except as herein expressly permitted. The District will not enter into any lease or agreement which impairs the operation of the Wastewater System or any part thereof necessary to secure adequate Net Revenues for the payment of the interest on and principal of the Parity Obligations, or which would otherwise impair the rights of the holders of Parity Obligations with respect to the Net Revenues or the operation of the Wastewater System. Any real or personal property which has become non-operative or which is not needed for the efficient and proper operation of the Wastewater System, or any material or equipment which has worn out, may be sold at not less than the market value thereof without the consent of the Seller if such sale will not reduce Net Revenues and if all of the Net Proceeds of such sale are deposited in the Revenue Fund.

(y) If all or any part of the Wastewater System shall be taken by eminent domain proceedings, the Net Proceeds realized by the District therefrom shall be deposited by the District in a special, separately segregated fund in trust (the "*Net Proceeds Fund*") and applied by the District to the cost of acquiring or constructing or financing Improvements to the Wastewater System if (A) the District first secures and files with the Seller (i) a Certificate of the District showing the estimated loss in annual Net Revenues, if any, suffered, or to be suffered, by the District by reason of such eminent domain proceedings, (ii) a general description of the Improvements to the Wastewater System then proposed to be acquired or constructed by the District from such Net Proceeds, and (iii) an estimate of the additional Net Revenues to be derived from such Improvements; and (B) the Seller, on the basis of such Certificate of the District, determines that such additional Net Revenues will sufficiently offset the loss of Net Revenues, resulting from such eminent domain proceedings so that the ability of the District to meet its obligations under this Agreement and the other Parity Obligations Instruments will not be substantially impaired, which determination shall be final and conclusive. If the foregoing conditions are met, the District shall then promptly proceed with the acquisition or construction or financing of such Improvements substantially in accordance with such Certificate of the District and payments therefor shall be made by the District with the approval of the Seller from such Net Proceeds and from other moneys of the District lawfully available therefor, and any balance of such Net Proceeds not required by the District for the purposes aforesaid shall be deposited in the Revenue Fund. If the foregoing conditions are not met, then such Net Proceeds shall be held in trust by the District in the Net Proceeds Fund and applied to the payment of the Parity Obligations on a pro-rata basis, and, pending such application, such remaining moneys may be invested by the District as permitted by applicable State law.

(z) The District covenants that it shall at all times maintain such insurance on the Wastewater System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to such works or properties. If any useful part of the Wastewater System shall be damaged or destroyed, such part shall be restored to use. The Net Proceeds of insurance against accident to or destruction of the physical Wastewater System shall be used for repairing or rebuilding the damaged or destroyed portions of the Wastewater System (to the extent that such repair or rebuilding is determined by the District to be useful or of continuing value to the Wastewater System) and to the extent not so applied, shall be held in trust by the District in the Net Proceeds Fund and applied to the payment of the Parity Obligations as the same becomes due by the terms and pending such application, such remaining moneys, may be invested by the District as permitted by applicable State law. Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to the District, or may be in the form of self-insurance by the District. The District shall establish such fund or funds or reserves as it determines, in its sole judgment, are necessary to provide for its share of any such self-insurance.

(aa) The District covenants that it shall keep proper books of record and accounts of the Wastewater System, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Wastewater System. Said books shall, upon reasonable request, be subject to the inspection of the Seller or its representatives authorized in writing.

The District covenants that it will cause the books and accounts of the Wastewater System to be audited annually by an Independent Certified Public Accountant and will make available for inspection by the Seller at the office of the District, upon reasonable request, a copy of the report of such Independent Certified Public Accountant.

(bb) The District covenants that it will cause to be prepared annually, not more than two hundred seventy (270) days after the close of each Fiscal Year, as a part of its regular annual financial report, a summary statement showing the amount of Gross Revenues and the amount of all other funds collected which are required to be pledged or otherwise made available as security for payment of principal of and interest on the Parity Obligations, the disbursements from the Gross Revenues and other funds in reasonable detail, and a general statement of the financial and physical condition of the Wastewater System. The District shall furnish a copy of the statement to the Seller.

(cc) The District will preserve and protect the security of the Parity Obligations and the rights of the Seller and the other owners of the Parity Obligations, and will warrant and defend their rights against all claims and demands of all persons. From and after the execution and delivery of this Agreement, this Agreement shall be incontestable by the District.

(dd) The District will not acquire, construct, operate or maintain or permit the acquisition, construction, operation or existence of any utility or enterprise within the service area of the District that would be competitive with the Wastewater System.

(ee) The District will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Wastewater System or any part thereof or upon any Revenues when the same shall become due. The District will duly observe and conform with all valid requirements of any governmental authority relative to the Wastewater System or any part thereof, and will comply with all requirements with respect to any state or federal grants received to assist in paying for the costs of the acquisition, construction or financing of any Improvements to the Wastewater System.

(ff) To the extent applicable, as determined by District in its sole discretion, District has complied with the requirements of California Government Code Section 5852.1 *et seq.* in connection with this Agreement and the Equipment.

(gg) In connection with the District's compliance with any continuing disclosure undertakings (each, a "*Continuing Disclosure Agreement*") entered into by the District pursuant to SEC Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the "*Rule*"), the District may be required to file with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, or its successor ("*EMMA*"), notice of its incurrence of its obligations under the Related Documents and notice of any accommodation, waiver, amendment, modification of terms or other similar events reflecting financial difficulties in connection with the Related Documents, in each case including posting a full copy thereof or a description of the material terms thereof (each such posting, an "*EMMA Posting*"). Except to the extent required by applicable law, including the Rule, the District shall not file or submit or permit the filing or submission of any EMMA Posting that includes the following unredacted confidential information about the Seller or its affiliates and the Escrow Agent in any portion of such EMMA Posting: address, account information and logos of the Seller or its affiliates and the Escrow Agent; e-mail addresses, telephone numbers, fax numbers, names and signatures of officers, employees and signatories of the Seller or its affiliates and the Escrow Agent; and the form of Disbursement Request that is attached to the Escrow Agreement.

The District acknowledges and agrees that the Seller and its affiliates are not responsible for the District's or any other entity's (including, but not limited to, any broker-dealer's) compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with the Rule, any Continuing Disclosure Agreement or any applicable securities or other laws, including but not limited to those relating to the Rule.

(hh) So long as the District has outstanding any System Obligation subject to SEC Rule 15c2-12, to the extent that such information is not otherwise available on EMMA:

(A) The District agrees to notify the Seller in writing within five (5) working days of the occurrence of the following:

- (1) Material defaults on this Agreement;
- (2) Unscheduled draws on debt service reserves held for this Agreement, if any, reflecting financial difficulties;

(3) Bankruptcy, insolvency, receivership or similar event of the District;

(4) Actions taken pursuant to state law in anticipation of filing for bankruptcy;

(5) Other Material Events or Listed Events; and/or

(6) Change of ownership of the Equipment or change of management or service contracts, if any, for operation of the Equipment.

(B) The District agrees to notify the Seller within 10 business days of the following:

(1) Material defaults on System Obligations, other than this Agreement;

(2) Unscheduled draws on debt service reserves held for System Obligations, other than this Agreement, if any, reflecting financial difficulties;

(3) Unscheduled draws on credit enhancements on System Obligations, if any, reflecting financial difficulties;

(4) Substitution of credit or liquidity providers, if any, or their failure to perform;

(5) Any litigation pending or threatened against District regarding its wastewater capacity or its continued existence, circulation of a petition to challenge rates, consideration of dissolution, or disincorporation, or any other material threat to the District's Revenues;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service or proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of any tax-exempt bonds;

(7) Rating changes on outstanding System Obligations, if any; and/or

(8) Issuance of additional Parity Obligations.

(ii) The District agrees that, except as provided in the Agreement, it will not abandon, substantially discontinue use of, lease, or dispose of the Equipment or any significant part or portion thereof during the useful life of the Equipment without prior written approval of the Seller. Such approval may be conditioned as determined to be appropriate by the Seller, including a condition requiring repayment of all disbursed Acquisition Amount of all or any

portion of all remaining funds covered by this Agreement together with accrued interest and any penalty assessments which may be due.

(jj) In addition to all other rights of the Seller under the Escrow Agreement, the Seller may withhold all or any portion of the funds in the Escrow Account if:

- (1) The District has materially violated, or threatens to materially violate, any term, provision, condition, or commitment of this Agreement; or
- (2) The District fails to maintain reasonable progress toward acquisition, installation and completion of the Equipment.

For the purposes of this Agreement, the terms “material violation” or “threat of material violation” include, but are not limited to:

- (1) Placement on the ballot of an initiative or referendum to reduce Revenues;
- (2) Passage of such an initiative or referendum;
- (3) Successful challenges by ratepayer(s) to the process used by District to set, dedicate, or otherwise secure Revenues; or
- (4) Any other action or lack of action that may be construed by the Seller as a material violation or threat thereof.

The District agrees that it will not request a disbursement unless that Equipment Cost is allowable, reasonable, and allocable. Notwithstanding any other provision of this Agreement or the Escrow Agreement, no disbursement shall be required at any time or in any manner which is in violation of or in conflict with federal or state laws, policies, or regulations.

(kk) In the event that the District shall, directly or indirectly, enter into or otherwise consent to any instrument which such instrument provides any Person with different or more restrictive covenants, different or additional events of default and/or greater rights and remedies with respect to the Net Revenues than are provided to the Seller in this Agreement, the District shall provide the Seller with a copy of each such instrument and such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies shall automatically be deemed to be incorporated into this Agreement and the Seller shall have the benefits of such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies as if specifically set forth herein. The District shall promptly enter into an amendment to this Agreement to include different or more restrictive covenants, different or additional events of default and/or greater rights and remedies; *provided* that the Seller shall have and maintain the benefit of such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies even if the District fails to provide such amendment.

ARTICLE III

Section 3.01. Agreement to Purchase Equipment on an Installment Basis. Subject to the terms and conditions of this Agreement, Seller agrees to provide the Acquisition Amount to acquire and install the Equipment. District hereby agrees to acquire and purchase all the Equipment, and by depositing the Acquisition Amount in the Escrow Account Seller hereby agrees to facilitate the sale and transfer of title of the Equipment to District from the Vendor, all on the terms and conditions set forth in this Agreement and the Escrow Agreement. All right, title, and interest in the Equipment shall immediately vest in the District on the date of execution and delivery of this Agreement without further action on the part of the District or the Seller, subject to the Seller's security interest therein. The Seller's approval of disbursement of funds under the Escrow Agreement is contingent on the District's compliance with the terms and conditions of this Agreement.

Section 3.02. Pledge; Rates, Fees and Charges. (a) *Establishment of Enterprise Fund.* In order to secure the repayment in full of this Agreement and the other Parity Obligations, the District agrees and covenants that it shall establish and maintain or shall have established and maintained the Enterprise Fund. The District covenants and agrees that all Gross Revenues, when and as received, will be received and held by the District in trust under the Enterprise Fund and will be deposited by the District in the Enterprise Fund (which has heretofore been created and now exists in the District Treasury) and will be accounted for through and held in trust in the Enterprise Fund, and the District shall only have such beneficial right or interest in any of such money as in this Agreement and the other Parity Obligation Instruments provided. All such Gross Revenues shall be transferred, disbursed, allocated and applied solely to the uses and purposes provided in the Parity Obligation Instruments, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

(b) *Pledge of Net Revenues and Enterprise Fund.* All Installment Payments and other obligations of the District hereunder shall be secured by a lien on and pledge of the Enterprise Fund and Net Revenues on a parity with all Parity Obligations. The District hereby pledges and grants such first priority senior lien on and pledge of the Enterprise Fund and Net Revenues, and authorizes the Seller's UCC filing on the hereinafter defined Collateral to secure its obligations under this Agreement, including payment of Installment Payments and all other payments hereunder. The Net Revenues in the Enterprise Fund shall be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the District. The District has transferred, placed a charge upon, assigned and set over to the holders of the Parity Obligations that portion of the Net Revenues which is necessary to pay the principal of and interest on the Parity Obligations in any Fiscal Year and such portion of the Net Revenues has been irrevocably pledged to the punctual payment of the principal of and interest on the Parity Obligations. The Net Revenues shall not be used for any other purpose while any of the Parity Obligations remain outstanding, except that out of Net Revenues there may be apportioned and paid such sums for such purposes, as are expressly permitted by this Agreement and the other Parity Obligation Instruments. Said pledge shall constitute a first, direct and exclusive charge and lien on the Net Revenues for the payment of the principal of and interest on the Parity Obligations in accordance with the terms thereof.

(c) *Application and Purpose of the Enterprise Fund.* Money on deposit in the Enterprise Fund shall be applied, transferred, used and withdrawn only as follows:

(i) *First*, the District shall first pay from the moneys in the Enterprise Fund the budgeted O&M Costs as such costs become due and payable.

(ii) *Second*, the District shall transfer from the Enterprise Fund to the respective holders for the Parity Obligations (or their designated trustee, if applicable) (A) on or before the second business day prior to each Parity Interest Payment Date, an amount equal to the aggregate amount of interest to become due and payable on all outstanding Parity Obligations on the next succeeding Parity Interest Payment Date, plus (B) on or before the second business day prior to each Parity Principal Payment Date an amount equal to the aggregate amount of Parity Principal Installments becoming due and payable on all outstanding Parity Obligations on the next succeeding Parity Principal Payment Date (collectively, the "*Parity Debt Service*"). If there are insufficient moneys in the Enterprise Fund to pay all Parity Debt Service on all Parity Obligations at any time, the District shall apply funds in the Enterprise Fund to pay Parity Debt Service on *pro-rata* and *pari passu* basis.

(iii) After making all payments hereinabove required to be made in each Fiscal Year, so long as no Default or Event of Default has occurred and is continuing, the District may expend in such Fiscal Year any remaining money in the Enterprise Fund for any lawful purpose of the District, including payment of Subordinate Obligations.

(d) *Rates, Fees and Charges.* (i) The District covenants and agrees, to the extent permitted by law, to fix, prescribe and collect rates, fees and charges for the Wastewater System during each Fiscal Year which are reasonable, fair, and nondiscriminatory and which will be at least sufficient to yield during each Fiscal Year Net Revenues equal to the debt service on System Obligations, including this Agreement, for such Fiscal Year, plus amounts as provided in subsection (ii) below. The District may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates, fees and charges then in effect unless the Net Revenues from such reduced rates, fees, and charges will at all times be sufficient to meet the requirements of this section.

(ii) The District shall fix, prescribe, revise and collect Charges for the Wastewater System during each Fiscal Year which are at least sufficient, after making allowances for contingencies and error in the estimates, to pay the following amounts in the following order:

(A) all O&M Costs of the Wastewater System estimated by the District to become due and payable in such Fiscal Year;

(B) the Debt Service on this Agreement and all other Parity Obligations;

(C) all other payments required for compliance with this Agreement and the other Parity Obligations Instruments pursuant to which any outstanding Parity Obligations relating to the Wastewater System shall have been issued; and

(D) all payments required to meet any other obligations of the District (including any State Loans and other System Obligations) which are charges, liens, encumbrances upon or payable from the Gross Revenues of the Wastewater System or the Net Revenues of the Wastewater System.

(iii) In addition, the District shall fix, prescribe, revise and collect Charges for the Wastewater System (exclusive of connection fees, capacity fees, and transfers to the Wastewater Enterprise Fund from a rate stabilization fund, should one be established) during each Fiscal Year which are sufficient to yield Net Revenues of the Wastewater System at least equal to one hundred percent (100%) of the amounts payable under the preceding subsection (ii) in such Fiscal Year for Parity Obligations which have a lien on such Net Revenues.

(iv) In addition, the District shall fix, prescribe, revise and collect Charges for the Wastewater System during each Fiscal Year which are sufficient to yield Net Revenues of the Wastewater System at least equal to One Hundred Twenty Five percent (125%) of the amounts payable under the preceding subsection (ii) in such Fiscal Year for Parity Obligations which have a lien on such Net Revenues.

(e) *Further Assurances.* The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Agreement, and for the better assuring and confirming unto the owners of the Parity Obligations the rights and benefits provided in the Parity Obligations Instruments.

Section 3.03. Additional System Obligations. (a) *Parity Obligations.* In addition to this Agreement, the District may, by Parity Obligations Instrument, issue Parity Obligations to provide financing for the Wastewater System, subject to satisfaction of the following specific conditions precedent to the issuance and delivery of such Parity Obligations:

(i) The District shall be in compliance with all covenants set forth in this Agreement and each other Parity Obligation Instrument.

(ii) The Net Revenues of the Wastewater System, calculated on sound accounting principles, as shown by the books of the District for the latest Fiscal Year or any more recent twelve (12) month period selected by the District ending not more than sixty (60) days prior to the adoption of the Parity Obligations Instrument pursuant to which such proposed Parity Obligations are issued, *plus*, at the option of the District, any or all of the items hereinafter in this paragraph designated (A) and (B), shall at least equal One Hundred Twenty Five percent (125%) of the sum of all Maximum Annual Debt Service and debt service of any State Loans, with Maximum Annual Debt Service calculated on all Parity Obligations and all other System Obligations to be outstanding immediately subsequent to the issuance of such Parity Obligations which have a lien on Net Revenues of the Wastewater System. The items any or all of which may be added to such Net Revenues for the purpose of issuing or incurring Parity Obligations are the following:

(A) An allowance for Net Revenues from any additions to or improvements or extensions of the Wastewater System to be made with the proceeds of such Parity

Obligations, and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of such Fiscal Year or such twelve (12) month period, were not in service, all in an amount equal to ninety percent (90%) of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first thirty-six (36) month period in which each addition, improvement or extension is respectively to be in operation, all as shown in the written report of an Independent Consultant engaged by the District; and

(B) An allowance for earnings arising from any increase in the Charges which has become effective prior to the incurring of such additional Parity Obligations but which, during all or any part of such Fiscal Year or such twelve (12) month period, was not in effect, in an amount equal to the amount by which the Net Revenues would have been increased if such increase in Charges had been in effect during the whole of such Fiscal Year or such twelve (12) month period, all as shown in the written report of an Independent Consultant engaged by the District.

(iii) The Parity Obligations Instrument providing for the issuance of such Parity Obligations under this provision shall provide that:

(A) The proceeds of such Parity Obligations shall be applied to the acquisition, construction, improvement, financing or refinancing of additional facilities, improvements or extensions of existing facilities within the Wastewater System, or otherwise for facilities, improvements or property which the District determines are of benefit to the Wastewater System, or for the purpose of refunding any Parity Obligations in whole or in part, including all costs (including costs of issuing such Parity Obligations and including capitalized interest on such Parity Obligations during any period which the District deems necessary or advisable) relating thereto;

(B) Interest on such Parity Obligations shall be payable on a Parity Interest Payment Date;

(C) The principal of such Parity Obligations shall be payable on June 1 in any year in which principal is payable; and

(D) Money or a surety bond may be, but shall not be required to be, deposited in a reserve account for such Parity Obligations from the proceeds of the sale of such Parity Obligations in an amount as may be determined by the District.

(b) *Subordinate Obligations.* Nothing herein prohibits or impairs the authority of the District to issue bonds or other obligations secured by a lien on Net Revenues which is subordinate to the lien established under this Agreement or other Parity Obligations upon such terms and in such

principal amounts as the District may determine; provided, that the District may issue or incur any such Subordinate Obligations subject to the following specific conditions:

(i) The District must be in compliance with all covenants set forth in this Agreement and each other Parity Obligations Instrument and no Default or Event of Default shall have occurred or be continuing.

(ii) The Net Revenues of the Wastewater System, calculated on sound accounting principles, as shown by the books of the District for the latest Fiscal Year or any more recent 12 month period selected by the District ending not more than 60 days prior to the adoption of the Subordinate Obligations Instrument pursuant to which such proposed Subordinate Obligations are issued, as shown by the books of the District, plus, at the option of the District, any or all of the items designated as (i) and (ii) below, must at least equal 100% of Maximum Annual Debt Service, with Maximum Annual Debt Service calculated on this Agreement and all other Parity Obligations and all other System Obligations to be outstanding immediately subsequent to the issuance of such Subordinate Obligations which have a lien on Net Revenues of the Wastewater System.

(iii) The Subordinate Obligations Instrument providing for the issuance of Subordinate Obligations must provide that:

(A) The proceeds of such Subordinate Obligations must be applied to the acquisition, construction, improvement, financing or refinancing of additional facilities, improvements or extensions of existing facilities within the Wastewater System, or otherwise for facilities, improvements or property which the District determines are of benefit to the Wastewater System, or for the purpose of refunding any Parity Obligations and Parity Obligations in whole or in part, including all costs (including costs of issuing such Subordinate Obligations and including capitalized interest on such Subordinate Obligations during any period which the District deems necessary or advisable) relating thereto;

(B) Interest on such Subordinate Obligations must be payable on an Interest Payment Date and no more frequently; and

(C) The principal of such Subordinate Obligations must be payable on June 1 in any year in which principal is payable.

(c) *No Senior Obligations.* The District hereby covenants and agrees that no additional bonds or other obligations shall be issued or incurred having any priority in payment of principal or interest out of the Net Revenues over this Agreement and the other Parity Obligations.

Section 3.04. Conditions to Seller's Performance. (a) As a prerequisite to the performance by Seller of any of its obligations under this Agreement, District shall deliver to Seller, in form and substance satisfactory to Seller, the following:

(i) An Escrow Agreement substantially in the form attached hereto as *Exhibit I*, satisfactory to Seller and executed by District and the Escrow Agent and a copy of any existing Vendor Agreement between District and a Vendor;

(ii) A certified copy of a resolution, ordinance or other official action of District's governing body, substantially in the form attached hereto as *Exhibit C-1*, authorizing the execution and delivery of this Agreement and the Escrow Agreement and performance by District of its obligations under this Agreement and the Escrow Agreement;

(iii) A Certificate completed and executed by the Clerk or Secretary or other comparable officer of District, substantially in the form attached hereto as *Exhibit C-2*, completed to the satisfaction of Seller;

(iv) Opinions of Special Counsel and general counsel to District, which in the aggregate opine on the matters set forth in the form attached hereto as *Exhibit D*, subject to such revisions as are satisfactory to Seller;

(v) Evidence of insurance as required by Section 2.01(z) and Section 7.02 hereof;

(vi) All documents, including financing statements, affidavits, notices and similar instruments which Seller deems necessary or appropriate at that time pursuant to Section 6.02 hereof;

(vii) *Reserved*;

(viii) A copy of the Form 8038-G, fully completed by Special Counsel as paid preparer and executed by District;

(ix) In the event that District is to be reimbursed for expenditures that it has paid more than sixty (60) days prior to the Commencement Date, evidence of the adoption of a reimbursement resolution or other official action covering the reimbursement from tax exempt proceeds of expenditures incurred not more than sixty (60) days prior to the date of such resolution;

(x) Copies of invoices (and proofs of payment of such invoices, if District seeks reimbursement) and bills of sale (if title to Equipment has passed to District), to the extent required by Section 5.01(b) hereof;

(xi) Wire instructions for payments to be made to Vendors and Form W-9 from each such Vendor;

(xii) A certified copy of any Surety Bond satisfying the conditions set forth in Section 7.04 hereof, or, at Seller's sole discretion, such Surety Bonds may be provided after the Commencement Date, *provided however*, that if there is a Vendor Agreement in place, no "Disbursement Request" pursuant to the Escrow Agreement shall be authorized by Seller until such Surety Bonds satisfying the conditions set forth in Section 7.04 have been delivered to Seller;

(xiii) Evidence that each written agreement between the District and each Vendor provides and will provide that: (A) for and in consideration of amounts to be disbursed from the Escrow Account, that automatically and without any further act or action, ownership of and title to the Equipment (or portion thereof, as applicable) paid for by such disbursement shall vest in District (or its assigns) immediately upon the Escrow Agent's disbursement of moneys from the Escrow Account; and (B) acknowledges the vesting of legal title in the Equipment in District as provided in Sections 3.01 and 6.01 hereof.

(xiv) (A) a certificate signed by an authorized officer of District dated the Commencement Date certifying that: (i) the representations and warranties of District contained herein and in the other Related Documents to which District is a party are true and correct in all material respects on and as of the Commencement Date; (ii) no Event of Default has occurred and is continuing or would result from the execution, delivery or performance of this Agreement or any other Related Document to which District is a party; (iii) there has been no event or circumstance since the date of the audited annual financial statements of District for the Fiscal Year ended June 30, 2021, that has resulted or could be reasonably expected to result, either individually or in the aggregate, in a Material Adverse Change; (iv) the accuracy and genuineness of the names and signatures of the persons authorized to sign, on behalf of District, the Related Documents to which District is a party; (v) attached thereto are copies of the resolutions of the governing board of District substantially in the form attached hereto as Exhibit C-1 approving the execution and delivery of the Related Documents to which District is a party, and the other matters contemplated hereby that are true and complete in all material respects and in full force and effect on the Commencement Date; (vi) there is no proceeding pending or threatened in any court or before any governmental authority or arbitration board or tribunal that challenges the organization or existence of District, the authority of its governing board or officers, the proper authorization, approval and execution of the Related Documents to which District is a party, the ability of District otherwise to perform its obligations under the Related Documents to which District is a party and the transactions contemplated thereby, the title of District, as the case may be, in the Equipment or the *pari passu* pledge of the Net Revenues granted to the Seller or its assigns or the security interest granted to the Seller or its assigns in and to the Collateral; (vii) the correct legal name of District for purposes of the Uniform Commercial Code in effect in the State is Goleta Sanitary District; (B) a certificate signed by an authorized officer of District dated the Commencement Date in substantially the form attached hereto as Exhibit C-2; and (C) such other closing certificates of the District in form and substance satisfactory to the Seller; and (viii) Net Revenues for the most recent twelve (12) month period ending not more than sixty (60) days prior to the Commencement Date at least equals One Hundred Twenty Five percent (125%) of the sum of all Maximum Annual Debt Service and debt service of any State Loans, with Maximum Annual

Debt Service calculated on all Parity Obligations and all other System Obligations to be outstanding immediately subsequent to the execution and delivery of this Agreement;

(xv) If requested by Seller, evidence that Seller's purchase of the Equipment to the District under this Agreement does not, and will not, result in an obligation of Seller to pay any ad valorem property (whether on real or personal property) or other taxes of any kind under state, State law or federal law and, if any such taxes are so payable during the Scheduled Term, that District has expressly provided for payment of such taxes in accordance with Section 7.01 hereof; and

(xvi) Such other items reasonably required by Seller.

(b) In addition to satisfaction of the conditions set forth in subsection (a) of this Section 3.04, the performance by Seller of any of its obligations under the Related Documents shall be subject to: (i) no Material Adverse Change having occurred since the date of this Agreement, and (ii) no Event of Default or Default having occurred and then be continuing.

(c) Subject to satisfaction of the foregoing, Seller will deposit the Acquisition Amount with the Escrow Agent to be held and disbursed pursuant to the Escrow Agreement.

Section 3.05. Evidence of Filing Form 8038-G. As soon as it is available, District shall provide to Seller evidence that it, or its paid preparer, has filed the Form 8038-G for this Agreement with the Internal Revenue Service by delivering to Seller proof of mailing such Form 8038-G. Notwithstanding anything to the contrary in this Agreement, it shall not be an Event of Default hereunder if District does not provide to Seller evidence that it (or its paid preparer) filed the Form 8038-G for this Agreement with the Internal Revenue Service.

ARTICLE IV

Section 4.01. Installment Payments. District shall promptly pay Installment Payments, in lawful money of the United States of America, to Seller on the dates and in such amounts as provided in the Payment Schedule. If any Installment Payment or other amount payable hereunder is not paid within ten (10) days of its due date, District shall pay an administrative late charge of five percent (5%) of the amount not timely paid or the maximum amount permitted by law, whichever is less. From and after the Commencement Date, District shall commence making Installment Payments in an amount sufficient to amortize the Equipment Cost and any capitalized interest, over the Scheduled Term as indicated on the Payment Schedule. District's obligation to pay Installment Payments and other amounts under this Agreement is an unconditional obligation of District that is payable from (i) Net Revenues of the District on a parity with all other Parity Obligations and (ii) all other legally available funds of the District to pay Installment Payments and other amounts under the Lease. The District shall not permit the Federal Government to guarantee any Installment Payments under this Agreement. Installment Payments consist of principal and interest components as more fully detailed on the Payment Schedule, the interest on which begins to accrue as of the Commencement Date.

Section 4.02. Interest and Principal Components. A portion of each Installment Payment is paid as, and represents payment of, interest, and the balance of each Installment Payment is paid as, and represents payment of, principal as more fully detailed on the Payment Schedule.

Section 4.03. Special Revenues of the District. The Net Revenues constitute a trust fund for the security and payment of principal of and interest on the Parity Obligations. The general fund of the District is not liable and the credit or taxing power of the District is not pledged for the payment of the principal of and interest on the Parity Obligations. The owners of the Parity Obligations shall not compel the exercise of the taxing power by the District or the forfeiture of its property. The principal of and interest on the Parity Obligations are not a debt of the District, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of its property, or upon any of its income, receipts, or revenues except the Net Revenues of the Wastewater System. The parties intend that (i) for purposes of 11 U.S.C. §902(2)(E), the Revenues constitute “taxes specifically levied to finance one or more projects or systems” of the District and are not “general property, sales or income taxes . . . levied to finance the general purposes of” the District, and (ii) the pledge of the Net Revenues constitutes a pledge of “special revenues” for purposes of 11 U.S.C. §§901 *et seq.*, and that a petition filed by the District under 11 U.S.C. §§901 *et seq.*, will not operate as a stay under 11 U.S.C. §362 of the application of such Net Revenues to payment when due of the Installment Payments on each Installment Payment Date in accordance with Section 9 hereof, subject to 11 U.S.C. §928, if and to the extent applicable. The District acknowledges and agrees that it is a material inducement for the Seller to enter into this Agreement and make the loan to the District hereby that the treatment of the pledge of the Net Revenues is treated as a pledge of “special revenues” for purposes of 11 U.S.C. §§901 *et seq.*, and that a petition filed by the District under 11 U.S.C. §§901 *et seq.*, will not operate as a stay under 11 U.S.C. §362 of the application of such Net Revenues to payment when due of the Installment Payments on each Installment Payment Date in accordance with this Agreement. The District will not take any action inconsistent with its agreement and statement of intention hereunder, and will not deny that the pledge of the Net Revenues constitutes a pledge of special revenues for purposes of 11 U.S.C. §§901 *et seq.*

Section 4.04. Installment Payments to be Unconditional. The obligations of District to make Installment Payments and to perform and observe the other covenants and agreements contained in this Agreement shall be absolute and unconditional in all events without abatement, diminution, deduction, set-off or defense, for any reason, including without limitation any failure of the Equipment, disputes with the Seller or the Vendor of any Equipment, any defects, malfunctions, breakdowns or infirmities in the Equipment or any accident, condemnation or unforeseen circumstances, or failure of any Vendor to deliver any Equipment or otherwise perform any of its obligations for whatever reason, including bankruptcy, insolvency, reorganization or any similar event with respect to any Vendor or under any Vendor Agreement.

Section 4.05. Tax Covenants. District agrees that it will not take any action that would cause the interest component of Installment Payments to be or to become ineligible for the exclusion from gross income of the owner or owners thereof for Federal income tax purposes, nor will it omit to take or cause to be taken, in a timely manner, any action, which omission would cause the interest component of Installment Payments to be or to become ineligible for the exclusion from gross income of the owner or owners thereof for Federal income tax purposes. In connection with the foregoing, District hereby agrees that (a) so long as any Installment Payments remain unpaid, moneys on deposit in the Escrow Account shall not be used in a manner that will cause this Agreement to be classified as

an “arbitrage bond” within the meaning of Section 148(a) of the Code; and (b) District shall rebate, from funds legally available for the purpose, an amount equal to excess earnings on the Escrow Account to the Federal Government if required by, and in accordance with, Section 148(f) of the Code, and make the determinations and maintain the records required by the Code.

Section 4.06. Event of Taxability. Upon the occurrence of an Event of Taxability, the interest component of Installment Payments and any charge on Installment Payments or other amounts payable based on the Contract Rate shall have accrued and be payable at the Taxable Rate retroactive to the date as of which the interest component is determined by the Internal Revenue Service to be includible in the gross income of the owner or owners thereof for Federal income tax purposes (which retroactive date shall be the earliest date as of which the interest component of any Installment Payment is deemed includible in the gross income of the owner or owners thereof for Federal income tax purposes, which may be earlier than the date of delivery of such determination by the Internal Revenue Service), and District will pay such additional amount as will result in the owner receiving the interest component at the Taxable Rate.

For purposes of this Section, “*Event of Taxability*” means the circumstance of the interest component of any Installment Payment paid or payable pursuant to this Agreement becoming includible for Federal income tax purposes in an owner’s gross income as a consequence of any act, omission or event whatsoever, including but not limited to the matters described in the immediately succeeding sentence, and regardless of whether the same was within or beyond the control of District. An Event of Taxability shall be presumed to have occurred upon (a) the receipt by Seller or District of an original or a copy of an Internal Revenue Service Technical Advice Memorandum or Statutory Notice of Deficiency or other written correspondence which legally holds that the interest component of any Installment Payment is includable in the gross income of the owner thereof; (b) the issuance of any public or private ruling of the Internal Revenue Service that the interest component of any Installment Payment is includable in the gross income of the owner thereof; or (c) receipt by Seller or District of a written opinion of a nationally recognized firm of attorneys experienced in matters pertaining to the tax-exempt status of interest on obligations issued by states and their political subdivisions, selected by Seller and acceptable to District, to the effect that the interest component of any Installment Payment has become includable in the gross income of the owner thereof for Federal income tax purposes. For all purposes of this definition, an Event of Taxability shall be deemed to occur on the date as of which the interest component of any Installment Payment is deemed includable in the gross income of the owner thereof for Federal income tax purposes.

Section 4.07. Mandatory Prepayment. (a) Any funds not applied to Equipment Costs and remaining in the Escrow Account on the earliest of (i) the expiration of the Acquisition Period, (ii) the date on which District delivers to the Seller the executed Disbursement Request to effect the final disbursement to pay (or reimburse) Equipment Costs from the Escrow Account or (iii) a termination of the Escrow Account as provided in the Escrow Agreement (such date referred to as the “*Escrow Termination Date*” and all such remaining funds in the Escrow Account referred to herein as “*Excess Proceeds*”) shall be applied by Seller within 10 business days of such Escrow Termination Date to prepay the applicable unpaid Principal Portion of Installment Payments owing hereunder in the inverse order of the Installment Payment Dates, at the following prepayment prices on the following terms:

first, the portion of the Excess Proceeds that is equal to 5% or less of the original aggregate Principal Portion of all Installment Payments under this Agreement (\$706,750.00) shall be applied to prepay principal components of Installment Payments at a price of 100% of such prepaid Principal Portion plus accrued interest thereon to the prepayment date; and

second, any remaining Excess Proceeds, if any, shall be applied to further prepay the Principal Portion of Installment Payments at a price of 103% of such prepaid Principal Portion plus accrued interest thereon to the prepayment date.

(b) In connection with any prepayment pursuant to subsection (a) of this Section 4.07, District shall pay the prepayment premium and interest portion of Installment Payments accrued to the prepayment date on such principal portion to be prepaid from funds legally available to District for that purpose, but not from funds remaining in the Escrow Account pursuant to subsection (a) of this Section 4.07.

(c) District will give Seller notice of any such prepayment in accordance with this Section 4.07 not less than 60 days in advance of the prepayment date.

(d) In connection with any partial prepayment of Installment Payments, Seller shall prepare a new Payment Schedule reflecting the application of such prepayments in the inverse order of the Installment Payment Dates and deliver the same to the District, which shall be binding, absent manifest error.

ARTICLE V

Section 5.01. Acquisition, Delivery, Installation and Acceptance of Equipment. (a) District shall order the Equipment to be acquired and financed hereunder, cause the Equipment to be delivered and installed at the location specified in the Equipment Schedule and pay any and all delivery and installation costs and other Equipment Costs in connection therewith. District shall conduct such inspection and testing of the Equipment as it deems necessary and appropriate in order to determine the Equipment's capability and functionality in order to accept such Equipment. When progress payments are due to the Vendor, District shall promptly execute and deliver Disbursement Requests to the Seller pursuant to the Escrow Agreement for the purpose of effecting disbursements from the Escrow Account to pay (or reimburse) Equipment Costs for the Equipment so acquired and installed. In connection with the execution and delivery by District to Seller of the final Disbursement Request, District shall deliver to Seller a "Final Acceptance Certificate" in the form attached hereto as *Exhibit E*.

(b) District shall deliver to Seller together with each Disbursement Request copies of invoices (and proof of payment of such invoices if District seeks reimbursement for prior expenditures) and bills of sale or other evidence of title transfer to District relating to each item of Equipment accepted by District as evidenced by such Disbursement Request. Once approved, Seller shall deliver such Disbursement Request to the Escrow Agent for disbursement from the Escrow Account in accordance with the Escrow Agreement.

Section 5.02. Quiet Enjoyment of Equipment. So long as no Event of Default exists hereunder, neither Seller nor any entity claiming by, through or under Seller, shall interfere with District's quiet use and enjoyment of the Equipment during the Scheduled Term.

Section 5.03. Location; Inspection. Once installed, no item of the Equipment will be moved or relocated from the location specified for it in the Equipment Schedule without Seller's prior written consent, which consent shall not be unreasonably withheld. Seller shall have the right at all reasonable times during regular business hours to enter into and upon the property where the Equipment is located for the purpose of inspecting the Equipment.

Section 5.04. Use and Maintenance of the Equipment. District shall not install, use, operate or maintain the Equipment (or cause the Equipment to be installed, used, operated or maintained) improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated hereby. District shall provide all permits and licenses, if any, necessary for the installation and operation of the Equipment. In addition, District agrees to comply in all respects with all applicable laws, regulations and rulings of any legislative, executive, administrative, or judicial body, including, without limitation, all anti-money laundering laws and regulations; *provided* that District may contest in good faith the validity or application of any such law, regulation or ruling in any reasonable manner that does not, in the opinion of Seller, adversely affect the interest of Seller in and to the Equipment or its interest or rights hereunder.

District agrees that it shall (a) maintain, preserve, and keep the Equipment in good repair and working order, in a condition comparable to that recommended by the manufacturer; (b) proceed promptly, at its expense, to protect its rights and exercise its remedies under any warranty then in effect with respect to the Equipment; and (c) replace or rebuild any component of the Equipment that becomes permanently unfit for normal use or inoperable during the Scheduled Term (herein, the "*Inoperable Component*") in order to keep the Equipment as a whole in good repair and working order during the Scheduled Term. District shall promptly notify Seller in writing when any component of the Equipment is reasonably expected within forty-five (45) days to become an Inoperable Component. District shall promptly replace or rebuild the Inoperable Component with a similar component of comparable or improved make and model that has at least the equivalent value and utility of the Inoperable Component, a remaining useful life of no less than the remaining Scheduled Term and such replacement or rebuilt component shall be in good operating condition. Seller shall have no responsibility to maintain, repair or make improvements or additions to the Equipment. In all cases, District agrees to pay any costs necessary for the manufacturer to re-certify the Equipment as eligible for manufacturer's maintenance upon the return of the Equipment to Seller as provided for in Section 12.02(b) of this Agreement.

District shall not alter any item of Equipment or install any accessory, equipment or device on an item of Equipment if that would impair any applicable warranty, the originally intended function or the value of that Equipment. All repairs, parts, accessories, equipment and devices furnished, affixed to or installed on any Equipment, excluding temporary replacements, shall thereupon become subject to the security interest of Seller.

ARTICLE VI

Section 6.01. Title to the Equipment. During the Scheduled Term, so long as District is not in default under Article XII hereof, all right, title and interest in and to each item of the Equipment shall be vested in District immediately upon its acceptance of each item of Equipment, subject to the terms and conditions hereof. District shall at all times protect and defend, at its own cost and expense, its title, and Seller's security interest, in and to the Equipment and Seller's other Collateral as defined in Section 6.02 hereof, from and against all claims, Liens and legal processes of its creditors, and keep all Equipment (and such other Collateral) free and clear of all such claims, Liens and processes. District will, at its expense, do any further act and execute, acknowledge, deliver, file, register and record any further documents the Seller may reasonably request in order to protect Seller's security interest in the Collateral. Upon the occurrence of an Event of Default, full and unencumbered legal title to the Equipment shall, at Seller's option, pass to Seller, and District shall have no further interest therein. In addition, upon the occurrence of such an Event of Default or such termination, District shall execute and deliver to Seller such documents as Seller may request to evidence the passage of such legal title to Seller and the termination of District's interest therein, and upon request by Seller shall deliver possession of the Equipment to Seller in accordance with Section 12.02 of this Agreement, as applicable. Upon payment of all amounts due and owing hereunder by District in accordance with Section 10.01 hereof, Seller's security interest or other interest in the Equipment shall terminate, and Seller shall execute and deliver to District such documents as District may reasonably request to evidence the termination of Seller's security interest in the Equipment.

Section 6.02. Security Interest. As additional security for the payment and performance of all of District's obligations hereunder, District hereby grants to Seller (a) a first priority security interest in the Equipment, together with all replacements, repairs, restorations, modifications and improvements thereof or thereto and all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment, and all substitutions, renewals, or replacements of and additions, improvements, accessions and accumulations to any and all of such Equipment, together with all the rents, issues, income, profits, proceeds and avails therefrom, (b) first priority security interest constituting a first Lien on moneys and investments held from time to time in the Escrow Account, (c) a first priority security interest constituting a first Lien on the Enterprise Fund and Net Revenues on a parity basis with the other Parity Obligations, (d) a first priority security interest constituting a first Lien on all accounts, chattel paper, deposit accounts, documents, instruments, general intangibles and investment property (including any securities accounts and security entitlements relating thereto) evidenced by or arising out of or otherwise relating to the foregoing collateral described in clauses (b) and (c) above, as such terms are defined in Article 9 of the California Commercial Code, and (e) any and all proceeds of any and all of the foregoing, including, without limitation, insurance proceeds (collectively, the "*Collateral*"). District authorizes Seller to file (and District agrees to execute, if applicable) such notices of assignment, chattel mortgages, financing statements and other documents, in form satisfactory to Seller, which Seller deems necessary or appropriate to establish and maintain Seller's security interest in the Collateral, including, without limitation, such financing statements with respect to personal property and fixtures under Article 9 of the California Commercial Code and treating such Article 9 as applicable to entities such as District. Notwithstanding the foregoing or anything herein to the contrary, Seller acknowledges and agrees that its security interest in the Equipment may be subordinated to the rights of the holders of the Parity Obligations, and it shall not exercise any remedies with respect to its security interest in the Equipment if doing so would impair

the operation of the Wastewater System or any part thereof necessary to secure adequate Net Revenues for the payment of the interest on and principal of the Parity Obligations, or which would otherwise impair the rights of the holders of Parity Obligations with respect to the Net Revenues or the operation of the Wastewater System.

Section 6.03. Personal Property, No Encumbrances. District agrees that the Equipment is deemed to be and will remain personal property, and will not be deemed to be affixed to or a part of the real estate on which it may be situated, notwithstanding that the Equipment or any part thereof may be or hereafter become in any manner physically affixed or attached to real estate or any building thereon. District shall not create, incur, assume or permit to exist any mortgage, pledge, Lien, security interest, charge or other encumbrance of any nature whatsoever on any of the real estate where the Equipment is or will be located or enter into any agreement to sell or assign or enter into any sale/leaseback arrangement of such real estate without the prior written consent of Seller; *provided*, that if Seller or its assigns is furnished with a waiver of interest in the Equipment acceptable to Seller or its assigns in their respective discretion from any party taking an interest in any such real estate prior to such interest taking effect, such consent shall not be unreasonably withheld.

ARTICLE VII

Section 7.01. Liens, Taxes, Other Governmental Charges and Utility Charges. District shall keep the Equipment free of all levies, Liens, and encumbrances except those created by this Agreement. The parties to this Agreement contemplate that the Equipment will be used for a governmental or proprietary purpose of District and that the Equipment will therefore be exempt from all property taxes. If the lease, sale, purchase, operation, use, possession or acquisition of any Equipment is nevertheless determined to be subject to taxation, District shall pay when due all sales and other taxes, special assessments, governmental and other charges of any kind that are at any time lawfully assessed or levied against or with respect to the Equipment, the Installment Payments or any part of either thereof, or which become due during the Scheduled Term, whether assessed against District or Seller. District shall pay all utility and other charges incurred in the operation, use and maintenance of the Equipment. District shall pay such taxes, assessments or charges as the same may become due; *provided* that, with respect to any such taxes, assessments or charges that may lawfully be paid in installments over a period of years, District shall be obligated to pay only such installments as accrue during the Scheduled Term. Seller will not claim ownership of the Equipment under this Agreement for the purposes of any tax credits, benefits or deductions with respect to such Equipment. District shall pay the fee charged by the California Debt and Investment Advisory Commission with respect to this Agreement pursuant to Section 8856 (or any successor provision) of the California Government Code.

Section 7.02. Insurance. District shall during the Scheduled Term maintain or cause to be maintained (a) casualty insurance naming Seller and its assigns as loss payee and insuring the Equipment against loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State, and any other risks reasonably required by Seller, in an amount at least equal to the greater of (i) the then applicable Prepayment Price of the Equipment or (ii) the replacement cost of the Equipment; (b) liability insurance naming Seller and its assigns as additional insured that protects Seller from liability with limits of at least \$5,000,000 per occurrence for bodily injury and property damage coverage (such liability insurance coverage may be in a combination of primary general liability and/or excess liability umbrella coverage), and in all events under clauses (a)

and (b) above issued in form and amount satisfactory to Seller and by an insurance company that is authorized to do business in the State and having a financial strength rating by A.M. Best Company of "A-" or better; and (c) worker's compensation coverage as required by the laws of the State. Notwithstanding the foregoing, District may self-insure against the risks described in clauses (a) and/or (b) through a government pooling arrangement, self-funded loss reserves, risk retention program or other self-insurance program, in each case with Seller's prior written consent (which Seller may grant, withhold or deny in its sole discretion) and *provided* that District has delivered to Seller such information as Seller may request with respect to the adequacy of such self-insurance to cover the risks proposed to be self-insured and otherwise in form and substance acceptable to Seller. In the event District is permitted, at Seller's sole discretion, to self-insure as provided in this Section 7.02, District shall provide to Seller a self-insurance letter in substantially the form attached hereto as *Exhibit F*. District shall furnish to Seller evidence of such insurance or self-insurance coverage throughout the Scheduled Term. District shall not cancel or modify such insurance or self-insurance coverage in any way that would affect the interests of Seller without first giving written notice thereof to Seller at least thirty (30) days in advance of such cancellation or modification.

Section 7.03. Risk of Loss. Whether or not covered by insurance or self-insurance, District hereby assumes all risk of loss of, or damage to and liability related to injury or damage to any persons or property arising from the Equipment from any cause whatsoever, and no such loss of or damage to or liability arising from the Equipment shall relieve District of the obligation to make the Installment Payments or to perform any other obligation under this Agreement. Whether or not covered by insurance or self-insurance, District hereby agrees to reimburse Seller (to the fullest extent permitted by applicable law, but only from legally available funds) for any and all liabilities, obligations, losses, costs, claims, taxes or damages suffered or incurred by Seller, regardless of the cause thereof and all expenses incurred in connection therewith (including, without limitation, counsel fees and expenses, and penalties connected therewith imposed on interest received) arising out of or as a result of (a) entering into this Agreement or any of the transactions contemplated hereby, (b) the ordering, acquisition, ownership use, operation, condition, purchase, delivery, acceptance, rejection, storage or return of any item of the Equipment, (c) any accident in connection with the operation, use, condition, possession, storage or return of any item of the Equipment resulting in damage to property or injury to or death to any person, and/or (d) the breach of any covenant of District under or in connection with this Agreement or any material misrepresentation provided by District under or in connection with this Agreement. The provisions of this Section 7.03 shall continue in full force and effect notwithstanding the full payment of all obligations under this Agreement or the termination of the Scheduled Term for any reason.

Section 7.04. Surety Bonds; District to Pursue Remedies Against Contractors and Sub-Contractors and Their Sureties. District shall secure from each Vendor directly employed by District in connection with the acquisition, construction, installation, improvement or equipping of the Equipment, a payment and performance bond ("*Surety Bond*") executed by a surety company authorized to do business in the State, having a financial strength rating by A.M. Best Company of "A-" or better, and otherwise satisfactory to Seller and naming Seller as a co-obligee in a sum equal to the entire amount to become payable under each Vendor Agreement. Each bond shall be conditioned on the completion of the work in accordance with the plans and specifications for the Equipment and upon payment of all claims of subcontractors and suppliers. District shall cause the surety company to add Seller as a co-obligee on each Surety Bond, and shall deliver a certified copy of each Surety

Bond to Seller promptly upon receipt thereof by District. Any proceeds from a Surety Bond shall be applied in accordance with such Surety Bond to the payment and performance of the Vendor's obligations in accordance with the related Vendor Agreement and, if for whatever reason such proceeds are not so applied, first to amounts due Seller under this Agreement, and any remaining amounts shall be payable to District.

In the event of a material default by any Vendor under any Vendor Agreement in connection with the acquisition, construction, maintenance and/or servicing of the Equipment or in the event of a material breach of warranty with respect to any material workmanship or performance guaranty with respect to the Equipment, District will promptly proceed to exhaust its remedies against the Vendor in default. District shall advise Seller of the steps it intends to take in connection with any such default. Any amounts received by District in respect of damages, refunds, adjustments or otherwise in connection with the foregoing shall be paid to Seller and applied against District's obligations hereunder.

Section 7.05. Advances. In the event District shall fail to keep the Equipment in good repair and working order or shall fail to maintain any insurance required by Section 7.02 hereof, Seller may, but shall be under no obligation to, maintain and repair the Equipment or obtain and maintain any such insurance coverages, as the case may be, and pay the cost thereof. All amounts so advanced by Seller shall constitute additional payments owing to Seller and District covenants and agrees to pay such amounts so advanced by Seller with interest thereon from the due date until paid at a rate equal to the Contract Rate (or the Taxable Rate if then in effect) *plus* five percent (5%) per annum or the maximum amount permitted by law, whichever is less.

ARTICLE VIII

Section 8.01. Damage, Destruction and Condemnation. If, prior to the termination of the Scheduled Term, (a) the Equipment or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Equipment or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, (i) District and Seller will cause the Net Proceeds of any insurance claim or condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Equipment or such part thereof and any balance of the Net Proceeds remaining after such work has been completed shall be paid to District or (ii) District shall exercise its option to prepay the obligations hereunder in accordance with Section 10.01(a)(ii) hereof.

If District elects to replace any item of the Equipment (the "*Replaced Equipment*") pursuant to this Section 8.01, the replacement equipment (the "*Replacement Equipment*") shall be new or of a quality, type, utility and condition at least as good as the Replaced Equipment, shall be of equal or greater value than the Replaced Equipment and shall provide at least the same level of energy and/or operational savings expected in the aggregate from the Replaced Equipment prior to such casualty, destruction or condemnation. District shall grant to Seller a security interest in any such Replacement Equipment. District shall represent, warrant and covenant to Seller that each item of Replacement Equipment is free and clear of all claims, Liens, security interests and encumbrances, excepting only those Liens created by or through Seller, and shall provide to Seller any and all documents as Seller

may reasonably request in connection with the replacement, including, but not limited to, documentation in form and substance satisfactory to Seller evidencing Seller's security interest in the Replacement Equipment. Seller and District hereby acknowledge and agree that any Replacement Equipment acquired pursuant to this paragraph shall constitute "Equipment" for purposes of this Agreement. District shall complete the documentation of Replacement Equipment on or before the next Installment Payment Date after the occurrence of a casualty event, or be required to exercise its option to prepay the obligations hereunder with respect to the damaged Equipment in accordance with Section 10.01(a)(ii) hereof.

For purposes of this Article VIII, the term "*Net Proceeds*" shall mean the amount remaining from the gross proceeds of any insurance claim or condemnation award or sale under threat of condemnation after deducting all expenses, including attorneys' fees, incurred in the collection thereof.

Section 8.02. Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to in Section 8.01, District shall either (a) complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds, or (b) pay or cause to be paid to Seller the amount of the then applicable Prepayment Price *plus* all other amounts then owing hereunder, and, upon such payment, the Scheduled Term shall terminate and Seller's security interest in the Equipment shall terminate as provided in Section 6.01 hereof. The amount of the Net Proceeds remaining, if any, after completing such repair, restoration, modification or improvement or after paying such Prepayment Price *plus* all other amounts then owing hereunder shall be retained by District. If District shall make any payments pursuant to this Section 8.02, District shall not be entitled to any reimbursement therefor from Seller nor shall District be entitled to any diminution of the amounts payable under Article IV.

ARTICLE IX

Section 9.01. Disclaimer of Warranties. Seller makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for particular purpose or fitness for use of any of the Equipment, or any other warranty or representation, express or implied, with respect thereto and, as to Seller, District's acquisition of the Equipment shall be on an "as is" basis. In no event shall Seller be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Agreement, the Equipment or the existence, furnishing, functioning or District's use of any item, product or service provided for in this Agreement.

Section 9.02. Vendor Agreements; Warranties. District covenants that it shall not in any material respect amend, modify, rescind or alter any Vendor Agreement without the prior written consent of Seller. Seller hereby irrevocably appoints District its agent and attorney-in-fact during the Scheduled Term, so long as District shall not be in default under this Agreement, to assert from time to time whatever claims and rights (including without limitation warranties) relating to the Equipment that Seller may have against a Vendor. District's sole remedy for the breach of such warranty, indemnification or representation shall be against the applicable Vendor of the Equipment, and not against Seller. Any such matter shall not have any effect whatsoever on the rights and obligations of Seller under this Agreement, including the right to receive full and timely Installment Payments and other payments hereunder. District expressly acknowledges that Seller makes, and has made, no

representations or warranties whatsoever as to the existence or the availability of such warranties relating to any of the Equipment.

ARTICLE X

Section 10.01. Prepayment; Payment in Full.

(a) *Prepayment.* District shall have the option to prepay or satisfy all, but not less than all, of its obligations hereunder, at the following times and upon the following terms:

(i) *Optional Prepayment.* From and after the date specified (if any) in the Payment Schedule (the “*Prepayment Option Commencement Date*”), on the Installment Payment Dates specified in the Payment Schedule, upon not less than forty-five (45) days prior written notice, and upon payment in full of the sum of all Installment Payments then due *plus* the then applicable Prepayment Price, which shall include a prepayment premium on the unpaid Outstanding Balance as set forth in the Payment Schedule *plus* all other amounts then owing hereunder; or

(ii) *Casualty or Condemnation Prepayment.* In the event of substantial damage to or destruction or condemnation of substantially all of the Equipment, on the day specified in District’s notice to Seller of its exercise of the prepayment option (which shall be the earlier of the next Installment Payment Date or sixty (60) days after the casualty event) upon payment in full to Seller of (A) in the event such prepayment occurs on an Installment Payment Date, the sum of (i) all Installment Payments then due *plus* (ii) the then applicable Prepayment Price *plus* (iii) all other amounts then owing hereunder OR, (B) in the event such prepayment occurs on a date other than an Installment Payment Date, the sum of (i) the applicable Prepayment Price shown on the Payment Schedule for the Installment Payment Date immediately preceding the applicable date of such prepayment (or if the date of such prepayment occurs prior to the first Installment Payment Date, the earliest Prepayment Price shown on the Payment Schedule) *plus* (ii) accrued interest at the Contract Rate (or the Taxable Rate if then in effect) on the Outstanding Balance as of the Installment Payment Date immediately preceding the applicable date of such prepayment from such Installment Payment Date (or if the date of such prepayment occurs prior to the first Installment Payment Date, the Commencement Date) to the date of such prepayment *plus* (iii) all other amounts then owing hereunder.

(b) *Payment in Full.* Upon the expiration of the Scheduled Term, upon payment in full of all Installment Payments then due and all other amounts then owing hereunder to Seller.

(c) After either (i) payment of the applicable Prepayment Price and all other amounts then owing hereunder in accordance with either Section 10.01(a)(i) or Section 10.01(a)(ii) of this Agreement or (ii) upon the expiration of the Scheduled Term and payment in full of all Installment Payments then due and all other amounts then owing hereunder in accordance with Section 10.01(b) of this Agreement, Seller’s security interests in and to the Equipment will be terminated and District will own such Equipment free and clear of Seller’s security interest in such Equipment.

ARTICLE XI

Section 11.01. Assignment by Seller. (a) Seller's right, title and interest in and to this Agreement, the Installment Payments and any other amounts payable by District hereunder, the Escrow Agreement, its security interest in the Collateral (collectively, the "*Assigned Rights*"), may be assigned and reassigned by Seller at any time, in whole or in part, to one or more assignees or sub-assignees without the necessity of obtaining the consent of District; *provided*, that any such assignment, transfer or conveyance (i) shall be made only to investors each of whom Seller reasonably believes is a "*qualified institutional buyer*" as defined in Rule 144A(a)(1) promulgated under the Securities Act of 1933, as amended, or an "*accredited investor*" as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act of 1933, as amended, and in either case is purchasing the Assigned Rights (or any interest therein) for its own account with no present intention to resell or distribute such Assigned Rights (or interest therein), subject to each investor's right at any time to dispose of the Assigned Rights (or any interest therein) as it determines to be in its best interests, (ii) shall not result in more than 35 owners of the Assigned Rights or the creation of any interest in the Assigned Rights in an aggregate principal component that is less than \$100,000 and (iii) shall not require District to make Installment Payments, to send notices or otherwise to deal with respect to matters arising hereunder or under the Escrow Agreement with or to more than one Servicer (as such term is defined below), and any trust agreement, participation agreement or custodial agreement under which multiple ownership interests in the Assigned Rights are created shall provide the method by which the owners of such interests shall establish the rights and duties of a single entity, trustee, owner, servicer or other fiduciary or agent acting on behalf of all of the assignees (herein referred to as the "*Servicer*") to act on their behalf with respect to the Assigned Rights, including with respect to the exercise of rights and remedies of Seller on behalf of such owners upon the occurrence of an Event of Default under this Agreement. Seller and District hereby acknowledge and agree that the restrictions and limitations on transfer as provided in this Section 11.01 shall apply to the first and subsequent assignees and sub-assignees of any of the Assigned Rights (or any interest therein).

(b) Unless to an affiliate controlling, controlled by or under common control with Seller, no assignment, transfer or conveyance permitted by this Section 11.01 shall be effective as against District until District shall have received a written notice of assignment that discloses the name and address of each such assignee; *provided*, that if such assignment is made to a bank or trust company as trustee or paying agent for owners of certificates of participation, participation interests, trust certificates or partnership interests with respect to the Installment Payments payable under this Agreement, it shall thereafter be sufficient that District receives notice of the name and address of the bank, trust company or other entity that acts as the Servicer. Notices of assignment provided pursuant to this Section 11.01(b) shall contain a confirmation of compliance with the transfer requirements imposed by Section 11.01(a) hereof. During the Scheduled Term, District shall keep, or cause to be kept, a complete and accurate record of all such assignments in form necessary to comply with Section 149 of the Code. District shall retain all such notices as a register of all assignees and shall make all payments to the assignee or assignees or Servicer last designated in such register. District shall not have the right to and shall not assert against any assignee any claim, counterclaim or other right District may have against Seller or the Vendor. Assignments in part may include without limitation assignment of all of Seller's security interest in and to the Equipment and all rights in, to and under this Agreement related to such Equipment, and all of Seller's security interest in and to the Collateral, or all rights in, to and under the Escrow Agreement.

(c) If Seller notifies District of its intent to assign this Agreement, District agrees that it shall execute and deliver to Seller a Notice and Acknowledgement of Assignment substantially in the form of *Exhibit H* attached hereto within five (5) business days after its receipt of such request.

Section 11.02. Assignment and Subleasing by District. **None of District's right, title, and interest in, to and under this Agreement or any portion of the Equipment, the Escrow Agreement, the Escrow Account or the other Collateral may be assigned, encumbered or subleased by District for any reason, and any purported assignment, encumbrance or sublease without Seller's prior written consent shall be null and void.**

ARTICLE XII

Section 12.01. Events of Default Defined. Any of the following events shall constitute an "Event of Default" under this Agreement:

(a) Failure by District to (i) pay any Installment Payment or other payment required to be paid under this Agreement within ten (10) days after the date when due as specified herein, (ii) maintain insurance required under Section 2.01(z) or Section 7.02 hereof, or (iii) observe and perform any covenant, condition or agreement on its part to be observed or performed under Section 3.02, 3.03, 6.01 or 6.02 hereof;

(b) Failure by District to observe and perform any covenant, condition or agreement contained in this Agreement or any Parity Obligations Instrument on its part to be observed or performed, other than as referred to in another subsection of this Section 12.01, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to District by Seller, unless Seller shall agree in writing to an extension of such time prior to its expiration; *provided* that, if the failure stated in the notice cannot be corrected within the applicable period, Seller will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by District within the applicable period and diligently pursued until the default is corrected;

(c) Any statement, representation or warranty made by District in or pursuant to this Agreement or its execution, delivery or performance shall prove to have been false, incorrect, misleading, or breached in any material respect on the date when made;

(d) Any default occurs (i) under any Parity Obligations Instrument or with respect to any System Obligation; or (ii) any other agreement for borrowing money, lease financing of property or otherwise receiving credit under which District is an obligor, if such default (A) arises under any other agreement for borrowing money, lease financing of property or provision of credit provided by Seller or any affiliate of Seller, or (B) arises under any obligation under which there is outstanding, owing or committed an aggregated amount in excess of \$100,000.00;

(e) District shall (i) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of District, or of all or a substantial part of the assets of District, (ii) be unable, fail or admit in writing its inability generally to pay its debts as they become due,

(iii) make a general assignment for the benefit of creditors, (iv) have an order for relief entered against it under applicable Federal bankruptcy law, (v) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against District in any bankruptcy, liquidation, readjustment, reorganization, moratorium or insolvency proceeding or (vi) the filing by the District of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the District, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property;

(f) An order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator for District or of all or a substantial part of the assets of District, in each case without its application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of thirty (30) consecutive days.

Section 12.02. Remedies on Default. Whenever any Event of Default exists, Seller shall have the right, at its sole option without any further demand or notice, to take one or any combination of the following remedial steps:

(a) By written notice to District, Seller may declare all Installment Payments payable by District and other amounts payable by District hereunder to the end of the Scheduled Term to be immediately due and payable;

(b) With or without terminating the Scheduled Term, Seller may enter the premises where the Equipment is located and, subject to the limitations in Section 6.02 hereof, retake possession of such Equipment or require District at District's expense to promptly return any or all of such Equipment to the possession of Seller at such place within the United States as Seller shall specify, and sell or lease such Equipment or, for the account of District, sublease such Equipment, continuing to hold District liable, but solely from legally available funds, for the difference between (i) the Installment Payments payable by District and other amounts hereunder that are payable by District to the end of the Scheduled Term, as the case may be, and (ii) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of Seller in exercising its remedies hereunder, including without limitation all expenses of taking possession, storing, reconditioning and selling or leasing such Equipment and all brokerage, auctioneer's and attorney's fees), subject, however, to the provisions of Section 6.02 of this Agreement. The exercise of any such remedies respecting any such Event of Default shall not relieve District of any other liabilities hereunder or with respect to the Equipment;

(c) Seller may terminate the Escrow Agreement and apply any proceeds in the Escrow Account to the Installment Payments scheduled to be paid hereunder; and/or

(d) Seller may take whatever action at law or in equity as may appear necessary or desirable to enforce its rights under this Agreement or the Escrow Agreement or as a secured party in any or all of the Equipment or the Escrow Account.

Section 12.03. Application of Funds Upon Acceleration or Event of Default. Following an Event of Default, the District shall cause all Net Revenues to be applied to the payment of the principal of and interest then due on the Parity Obligations (upon presentation of the Parity Obligations to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) as follows:

(1) Unless the principal of all of the Parity Obligations shall have become or have been declared due and payable,

FIRST: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the persons entitled thereto of the unpaid principal of any Parity Obligations which shall have become due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the Parity Obligations, and, if the amount available shall not be sufficient to pay in full all the Parity Obligations, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

(2) If the principal of all of the Parity Obligations shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Parity Obligations, with interest on the overdue principal at the rate borne by the Parity Obligations, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Parity Obligation over any other Parity Obligation, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Notwithstanding anything in any other instrument to the contrary, following an Event of Default, no Net Revenues shall pay any amounts on any Subordinate Obligations or other System Obligations other than Parity Obligations until all Parity Obligations have been paid current and all Events of Default have been fully cured.

Section 12.04. No Remedy Exclusive. No remedy herein conferred upon or reserved to Seller is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be

construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Seller to exercise any remedy reserved to it in this Article XII it shall not be necessary to give any notice other than such notice as may be required in this Article XII.

ARTICLE XIII

Section 13.01. Notices. All notices, certificates or other communications under this Agreement shall be in writing, shall be sufficiently given, and shall be deemed given when delivered or mailed by registered mail, postage prepaid, or delivered by overnight courier, or sent by facsimile or email transmission (with electronic confirmation) to the parties hereto at the addresses immediately after the signatures to this Agreement (or at such other address as either party hereto shall designate in writing to the other for notices to such party) and to any assignee at its address as it appears on the registration books maintained by District.

Section 13.02. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon Seller and District and their respective successors and assigns.

Section 13.03. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.04. Amendments, Changes and Modifications. This Agreement may only be amended by Seller and District in writing.

Section 13.05. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument; *provided*, that only Counterpart No. 1 of this Agreement shall constitute chattel paper for purposes of the applicable Uniform Commercial Code.

Section 13.06. Applicable Law; Venue; Waiver of Jury Trial. This Agreement shall be governed by and construed in accordance with the laws of the State. The parties hereto consent and submit to the jurisdiction of the State and venue in any state or Federal court of such State for the purposes of any suit, action or other proceeding arising in connection with this Agreement, and each party expressly waives any objections that it may have to the venue of such courts. The parties hereto expressly waive any right to trial by jury in any action brought on or with respect to this Agreement. If the waiver of jury trial contained herein is unenforceable for any reason, then the parties hereto agree that the court shall, and is hereby directed to, make a general reference pursuant to California Code of Civil Procedure Section 638 to a referee to hear and determine all of the issues in such action or proceeding (whether of fact or of law) and to report a statement of decision.

Section 13.07. 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 sections of this Agreement.

Section 13.08. No Advisory or Fiduciary Relationship. In connection with all aspects of each transaction contemplated by this Agreement (including in connection with any amendment, waiver or other modification hereof or of any other related document), the District acknowledges and agrees that: (a) (i) the transactions regarding this Agreement provided by the Seller and any affiliate thereof are arm's-length commercial transactions between the District, on the one hand, and the Seller and its affiliates, on the other hand, (ii) the District has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the District is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated by this Agreement and by the other related documents; (b) (i) the Seller and its affiliates each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary, for the District, or any other person and (ii) neither the Seller nor any of its affiliates has any obligation to the District with respect to the transactions contemplated by this Agreement except those obligations expressly set forth herein and in the other related documents; and (c) the Seller and its affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the District, and neither the Seller nor any of its affiliates has any obligation to disclose any of such interests to the District. To the fullest extent permitted by law, the District, hereby waives and releases any claims that it may have against the Seller or any of its affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated by this Agreement.

Section 13.09. Entire Agreement. The parties agree that this Agreement constitutes the final and entire agreement between the parties relating to the subject matter hereof and supersedes all conflicting terms or provisions of any prior proposals, term sheets, solicitation documents, requests for proposals, award notices, approval letters or any other agreements or understandings between the parties.

Section 13.10. Electronic Signatures. The Related Documents may be executed and delivered by facsimile signature or other electronic or digital means (including, without limitation, Adobe's Portable Document Format ("PDF")). Any such signature shall be of the same force and effect as an original signature, it being the express intent of the parties to create a valid and legally enforceable contract between them. The exchange and delivery of the Related Documents and the related signature pages via facsimile or as an attachment to electronic mail (including in PDF) shall constitute effective execution and delivery by the parties and may be used by the parties for all purposes. Notwithstanding the foregoing, at the request of either party, the parties hereto agree to exchange inked original replacement signature pages as soon thereafter as reasonably practicable.

[Remainder of Page Intentionally Left Blank]

[Signature Page Follows]

IN WITNESS WHEREOF, Seller and District have caused this Installment Sale Agreement to be executed in their names by their duly authorized representatives as of the date first above written.

SELLER:

DISTRICT:

BANC OF AMERICA PUBLIC CAPITAL CORP

GOLETA SANITARY DISTRICT

11333 McCormick Road
Hunt Valley II
M/C MD5-031-06-05
Hunt Valley, MD 21031
Attention: Contract Administration
Fax No.: (443) 541-3057

1 William Moffett Place
Goleta, CA 93117
Attention: General Manager/District Engineer
Fax No.: (805) 964-3583
E-mail: swagner@goletasanitary.org
Telephone: (805) 967-4519

By: _____
Name: _____
Title: _____

By: _____
Steven T. Majoewsky, Board President

By: _____
Robert O. Mangus, Jr., Board Secretary

APPROVED AS TO FORM:

Howell Moore & Gough LLP,
District legal counsel

By: _____
Richard G. Battles, Partner

Counterpart No. _____ of _____ manually executed and serially numbered counterparts. To the extent that this Agreement constitutes chattel paper (as defined in the applicable Uniform Commercial Code), no security interest or ownership herein may be created through the transfer or possession of any Counterpart other than Counterpart No. 1.

LIST OF EXHIBITS

EXHIBIT A	—	Form of Equipment Schedule
EXHIBIT B	—	Form of Payment Schedule
EXHIBIT C-1	—	Form of Authorizing Resolution
EXHIBIT C-2	—	Form of Incumbency and Authorization Certificate
EXHIBIT D	—	Form of Opinion of District's Counsel
EXHIBIT E	—	Form of Final Acceptance Certificate
EXHIBIT F	—	Form of Self-Insurance Certificate
EXHIBIT G	—	Reserved
EXHIBIT H	—	Form of Notice and Acknowledgement of Assignment
EXHIBIT I	—	Form of Escrow and Account Control Agreement

EXHIBIT A

EQUIPMENT SCHEDULE

Location of Equipment:

Equipment Description (Scope of Work):

EXHIBIT B

PAYMENT SCHEDULE

INSTALLMENT PAYMENT DATE	INSTALLMENT PAYMENT AMOUNT	INTEREST PORTION	PRINCIPAL PORTION	OUTSTANDING BALANCE	PREPAYMENT PRICE (including prepayment premium, if applicable)
6/23/22				\$14,135,000.00	
1/1/23	\$ 472,024.64	\$ 220,119.64	\$ 251,905.00	13,883,095.00	NA
7/1/23	472,023.95	206,996.95	265,027.00	13,618,068.00	NA
1/1/24	472,024.39	203,045.39	268,979.00	13,349,089.00	NA
7/1/24	472,023.92	199,034.92	272,989.00	13,076,100.00	NA
1/1/25	472,024.65	194,964.65	277,060.00	12,799,040.00	NA
7/1/25	472,023.69	190,833.69	281,190.00	12,517,850.00	NA
1/1/26	472,024.14	186,641.14	285,383.00	12,232,467.00	NA
7/1/26	472,024.08	182,386.08	289,638.00	11,942,829.00	NA
1/1/27	472,024.58	178,067.58	293,957.00	11,648,872.00	NA
7/1/27	472,024.68	173,684.68	298,340.00	11,350,532.00	\$11,577,542.64
1/1/28	472,024.43	169,236.43	302,788.00	11,047,744.00	11,268,698.88
7/1/28	472,023.86	164,721.86	307,302.00	10,740,442.00	10,955,250.84
1/1/29	472,023.99	160,139.99	311,884.00	10,428,558.00	10,637,129.16
7/1/29	472,023.80	155,489.80	316,534.00	10,112,024.00	10,314,264.48
1/1/30	472,024.28	150,770.28	321,254.00	9,790,770.00	9,986,585.40
7/1/30	472,024.38	145,980.38	326,044.00	9,464,726.00	9,654,020.52
1/1/31	472,024.06	141,119.06	330,905.00	9,133,821.00	9,316,497.42
7/1/31	472,024.27	136,185.27	335,839.00	8,797,982.00	8,973,941.64
1/1/32	472,023.91	131,177.91	340,846.00	8,457,136.00	8,626,278.72
7/1/32	472,023.90	126,095.90	345,928.00	8,111,208.00	8,273,432.16
1/1/33	472,024.11	120,938.11	351,086.00	7,760,122.00	7,837,723.22
7/1/33	472,024.42	115,703.42	356,321.00	7,403,801.00	7,477,839.01
1/1/34	472,024.67	110,390.67	361,634.00	7,042,167.00	7,112,588.67
7/1/34	472,023.71	104,998.71	367,025.00	6,675,142.00	6,741,893.42
1/1/35	472,024.37	99,526.37	372,498.00	6,302,644.00	6,365,670.44
7/1/35	472,024.42	93,972.42	378,052.00	5,924,592.00	5,983,837.92
1/1/36	472,024.67	88,335.67	383,689.00	5,540,903.00	5,596,312.03
7/1/36	472,023.86	82,614.86	389,409.00	5,151,494.00	5,203,008.94
1/1/37	472,023.78	76,808.78	395,215.00	4,756,279.00	4,803,841.79
7/1/37	472,024.12	70,916.12	401,108.00	4,355,171.00	4,398,722.71
1/1/38	472,024.60	64,935.60	407,089.00	3,948,082.00	3,987,562.82
7/1/38	472,023.90	58,865.90	413,158.00	3,534,924.00	3,570,273.24
1/1/39	472,023.72	52,705.72	419,318.00	3,115,606.00	3,146,762.06
7/1/39	472,023.69	46,453.69	425,570.00	2,690,036.00	2,716,936.36
1/1/40	472,024.44	40,108.44	431,916.00	2,258,120.00	2,280,701.20
7/1/40	472,024.57	33,668.57	438,356.00	1,819,764.00	1,837,961.64
1/1/41	472,024.68	27,132.68	444,892.00	1,374,872.00	1,388,620.72
7/1/41	472,024.34	20,499.34	451,525.00	923,347.00	932,580.47
1/1/42	472,024.10	13,767.10	458,257.00	465,090.00	469,740.90

INSTALLMENT PAYMENT DATE	INSTALLMENT PAYMENT AMOUNT	INTEREST PORTION	PRINCIPAL PORTION	OUTSTANDING BALANCE	PREPAYMENT PRICE (including prepayment premium, if applicable)
6/1/42	470,868.74	5,778.74	465,090.00	-	-
TOTAL	\$18,879,812.51	\$4,744,812.51	\$14,135,000.00		

Contract Rate. The Contract Rate is 2.982% per annum.

Prepayment Option Commencement Date. For purposes of Section 10.01 of the Agreement, the Prepayment Option Commencement Date is July 1, 2027.

SELLER:

BANC OF AMERICA PUBLIC CAPITAL CORP

By: _____
Name: _____
Title: _____

DISTRICT:

GOLETA SANITARY DISTRICT

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

By: _____
Name: _____
Title: _____

EXHIBIT C-1

FORM OF AUTHORIZING RESOLUTION

EXHIBIT C-2

FORM OF INCUMBENCY AND AUTHORIZATION CERTIFICATE

The undersigned, a duly elected or appointed and acting Clerk of the Board of the Goleta Sanitary District (“*District*”) certifies as follows:

A. The following listed persons are duly elected or appointed and acting officials of District (the “*Officials*”) in the capacity set forth opposite their respective names below and the facsimile signatures below are true and correct as of the date hereof;

B. The Officials are duly authorized, on behalf of District, to negotiate, execute, in writing or electronically, and deliver the Installment Sale Agreement dated as of June 23, 2022 by and between District and Banc of America Public Capital Corp (“*Seller*”), the Escrow and Account Control Agreement dated as of June 23, 2022 by and among Seller, District and Wilmington Trust, National Association, as Escrow Agent, all documents related thereto and delivered in connection therewith, and any future modification(s) or amendments thereof (collectively, the “*Operative Agreements*”), and the Operative Agreements each are the binding and authorized agreements of District, enforceable in all respects in accordance with their respective terms.

NAME OF OFFICIAL	TITLE	SIGNATURE
_____	_____	_____
_____	_____	_____

Dated: June 23, 2022

By: _____
Name: _____
Title: _____

(The signer of this Certificate cannot be listed above as authorized to execute the Operative Agreements.)

EXHIBIT D

**FORM OF OPINION OF COUNSEL TO DISTRICT
(TO BE TYPED ON LETTERHEAD OF COUNSEL)**

[Closing Date]

Banc of America Public Capital Corp
11333 McCormick Road
Mail Code: MD5-031-06-05
Hunt Valley, MD 21031
Attn: Contract Administration

Re: Installment Sale Agreement,
dated as of June 23, 2022, by and between
Banc of America Public Capital Corp, as Seller,
and the Goleta Sanitary District, as District

Ladies and Gentlemen:

As legal counsel to the Goleta Sanitary District (“*District*”), I have examined (a) executed counterparts of that certain Installment Sale Agreement, dated as of June 23, 2022, and Exhibits thereto by and between Banc of America Public Capital Corp (“*Seller*”) and District (the “*Agreement*”), which, among other things, provides for the sale and purchase of certain property (the “*Equipment*”) and a certain Escrow and Account Control Agreement dated as of June 23, 2022 by and among Seller, District, and Wilmington Trust, National Association as Escrow Agent (the “*Escrow Agreement*”), (b) an executed counterpart of the ordinances or resolutions of District with respect to authorization of the transaction contemplated by the Agreement, the Escrow Agreement and documents related thereto and (c) such other opinions, documents and matters of law as I have deemed necessary in connection with the following opinions. The Agreement, the Escrow Agreement and the documents relating thereto are herein collectively referred to as the “*Transaction Documents*”.

Based on the foregoing, I am of the following opinions:

1. District is a sanitary district, duly organized and existing under the laws of the State, and is a political subdivision of the State within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended (the “*Code*”) and the obligations of District under the Agreement will constitute an obligation of District within the meaning of Section 103(a) of the Code, notwithstanding Section 103(b) of the Code.
2. District has the requisite power and authority to purchase and acquire the Equipment and to execute and deliver the Transaction Documents and to perform its obligations under the Transaction Documents. The entering into and performance of the Transaction Documents by the District and the execution and delivery of the Agreement and

the incurrence of debt thereunder does not and will not contravene or violate any judgment or order or law or regulation applicable to the District or violate or constitute a default under any covenant, indenture or agreement of or affecting District or any of its property.

3. The Transaction Documents have been duly authorized, approved, executed and delivered by and on behalf of District and the Transaction Documents are legal, valid and binding obligations of District, enforceable against District in accordance with their respective terms, except to the extent limited by state and federal law affecting creditor's remedies and by bankruptcy, reorganization, moratorium or other laws of general application relating to or affecting the enforcement of creditors' rights.

4. The Agreement establishes a first lien on and pledge of the Net Revenues (as such term is defined in the Agreement) and other funds pledged thereby for the security of the Installment Payments and other amounts payable under the Agreement, on a parity with any future Parity Obligations issued in accordance with the terms of the Agreement.

5. The authorization, approval, execution and delivery of the Transaction Documents and all other proceedings of District relating to the transactions contemplated thereby have been performed in accordance with all open meeting laws, procurement and public bidding laws and all other applicable State or Federal laws.

6. There is no proceeding pending or threatened in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would adversely affect the transactions contemplated by the Transaction Documents or the pledge of Net Revenues to repay Installment Payments and other amounts payable under the Agreement on a *pari passu* basis with future Parity Obligations issued in accordance with the terms of the Agreement or the security interest of Seller or its assigns, as the case may be, in the Equipment, the Escrow Account or other Collateral thereunder.

7. The portion of Installment Payments designated as interest is excluded from gross income for Federal income tax purposes under Section 103 of the Code and is exempt from State of California personal income taxes; and such interest is not a specific item of tax preference for purposes of the federal alternative minimum tax.

All capitalized terms herein shall have the same meanings as in the Transaction Documents unless otherwise provided herein. Seller and its successors and assigns are entitled to rely on this opinion.

Sincerely,

EXHIBIT E

FORM OF FINAL ACCEPTANCE CERTIFICATE

Banc of America Public Capital Corp
11333 McCormick Road
Mail Code: MD5-031-06-05
Hunt Valley, MD 21031
Attn: Contract Administration

Re: Installment Sale Agreement,
 dated as of June 23, 2022, by and between
 Banc of America Public Capital Corp, as Seller,
 and the Goleta Sanitary District, as District

Ladies and Gentlemen:

In accordance with the above-referenced Installment Sale Agreement (the "*Agreement*"), the undersigned District hereby certifies and represents to, and agrees with Seller as follows:

1. All of the Equipment has been delivered, installed, is operating in a manner consistent with the manufacturer's intended use and has been inspected and finally accepted for all purposes by District and title thereto has transferred to District and any security interest of Vendor therein has been released.

2. District has conducted such inspection and/or testing of the Equipment as it deems necessary and appropriate in order to determine the Equipment's capability and functionality in order to accept such Equipment and hereby acknowledges that it accepts the Equipment for all purposes.

3. District is currently maintaining the insurance coverage required by Section 7.02 of the Agreement.

4. District hereby reaffirms that the representations, warranties and covenants contained in the Agreement are true and correct as of the date hereof.

5. No event or condition that constitutes, or with notice or lapse of time, or both, would constitute, an Event of Default exists at the date hereof.

6. No Material Adverse Change has occurred since the date of the execution and delivery of the Agreement.

Capitalized terms used, but not defined, in this Final Acceptance Certificate shall have the same meanings as when such terms are used in the Agreement.

Date: _____ -

DISTRICT:

Goleta Sanitary District

By: _____

Name: _____

Title: _____

EXHIBIT F

FORM OF SELF INSURANCE CERTIFICATE

Banc of America Public Capital Corp
11333 McCormick Road
Mail Code: MD5-031-06-05
Hunt Valley, MD 21031
Attn: Contract Administration

Re: Installment Sale Agreement,
 dated as of June 23, 2022, (the "Agreement")
 by and between Banc of America Public Capital Corp, as Seller,
 and the Goleta Sanitary District, as District

In connection with the above-referenced Agreement, the Goleta Sanitary District (the "*District*") hereby warrants and represents to Banc of America Public Capital Corp the following information. The terms capitalized herein but not defined herein shall have the meanings assigned to them in the Agreement.

1. The District is self-insured for damage or destruction to the Equipment. The dollar amount limit for property damage to the Equipment under such self-insurance program is \$_____. **[The District maintains an umbrella insurance policy for claims in excess of District's self-insurance limits for property damage to the Equipment which policy has a dollar limit for property damage to the Equipment under such policy of \$_____.]**

2. The District is self-insured for liability for injury or death of any person or damage or loss of property arising out of or relating to the condition or operation of the Equipment. The dollar limit for such liability claims under the District's self-insurance program is \$_____. **[The District maintains an umbrella insurance policy for claims in excess of District's self-insurance limits for liability which policy has a dollar limit for liabilities for injury and death to persons as well as damage or loss of property arising out of or relating to the condition or operation of the Equipment in the amount of \$_____.]**

[3]. The District maintains a self-insurance fund. Monies in the self-insurance fund **[are/are not]** subject to annual appropriation. The total amount maintained in the self-insurance fund to cover District's self-insurance liabilities is \$_____. **[Amounts paid from the District's self-insurance fund are subject to a dollar per claim of \$_____.]**

[3]. The District does not maintain a self-insurance fund. The District obtains funds to pay claims for which it has self-insured from the following sources: _____.
Amounts payable for claims from such sources are limited as follows:

4. Attached hereto are copies of certificates of insurance with respect to policies maintained by District.

DISTRICT:

Goleta Sanitary District

By: _____

Name: _____

Title: _____

EXHIBIT G

RESERVED

EXHIBIT H

FORM OF NOTICE AND ACKNOWLEDGEMENT OF ASSIGNMENT

Dated _____

Banc of America Public Capital Corp (“Assignor”) hereby gives notice that it has assigned and sold to _____ (“Assignee”) all of Assignor’s right, title and interest in, to and under the Installment Sale Agreement dated as of June 23, 2022 (the “Agreement”), by and between Assignor and the Goleta Sanitary District (“District”), together with all exhibits, schedules, addenda and attachments related thereto, and all certifications and other documents delivered in connection therewith, the Installment Payments and other amounts due under the Agreement, all of Assignor’s right, title and interest in the Equipment (as defined in the Agreement), and all of Assignor’s right, title and interest in, to and under the Escrow and Account Control Agreement dated as of June 23, 2022 (the “Escrow Agreement”) by and among District, Assignor and Wilmington Trust, National Association, as Escrow Agent, together with the Escrow Account and other Collateral (collectively, the “Assigned Property”). Each capitalized term used but not defined herein has the meaning set forth in the Agreement.

1. District hereby acknowledges the effect of the assignment of the Assigned Property and absolutely and unconditionally agrees to deliver to Assignee all Installment Payments and other amounts coming due under the Agreement in accordance with the terms thereof on and after the date of this Acknowledgment.

2. District hereby agrees that: (i) Assignee shall have all the rights of Seller under the Agreement and all related documents, including, but not limited to, the rights to issue or receive all notices and reports, to give all consents or agreements to modifications thereto, to receive title to the Equipment in accordance with the terms of the Agreement, to declare a default and to exercise all rights and remedies thereunder in connection with the occurrence of an Event of Default; and (ii) the obligations of District to make Installment Payments are payable from Net Revenues and the obligations of District to perform and observe the other covenants and agreements contained in the Agreement shall be absolute and unconditional in all events without abatement, diminution, deduction, set-off or defense.

3. District agrees that, as of the date of this Notice and Acknowledgment of Assignment (this “Acknowledgement”), the following information about the Agreement is true, accurate and complete:

Number of Installment Payments Remaining	_____
Amount of Each Installment Payment	\$ _____
Total Amount of Installment Payments Remaining	\$ _____
Frequency of Installment Payments	_____
Next Installment Payment Due	_____
Funds Remaining in Escrow Account	\$ _____

4. The Agreement remains in full force and effect, has not been amended, no Event of Default (or event which with the passage of time or the giving of notice or both would constitute an Event of Default) has occurred thereunder.

5. Assignor hereby acknowledges the transfer restrictions imposed by Section 11.01 of the Agreement and confirms that the assignment to Assignee has been made in accordance with the provisions of that Section.

6. Any inquiries of District related to the Agreement and any requests for disbursements from the Escrow Account, if applicable, and all Installment Payments and other amounts coming due pursuant to the Agreement on and after the date of this Acknowledgment should be remitted to Assignee at the following address (or such other address as provided to District in writing from time to time by Assignee):

ACKNOWLEDGED AND AGREED:

DISTRICT: GOLETA SANITARY DISTRICT

By: _____
Name: _____
Title: _____

ASSIGNOR: BANC OF AMERICA PUBLIC CAPITAL CORP

By: _____
Name: _____
Title: _____

EXHIBIT I

ESCROW AND ACCOUNT CONTROL AGREEMENT

See Item #4 in Transcript

AGENDA ITEM #3

AGENDA ITEM: 3

MEETING DATE: June 6, 2022

I. NATURE OF ITEM

Consideration and Adoption of Resolution Approving Debt Policies

II. BACKGROUND INFORMATION

Government Code Section 8855(i) requires that public entities issuing debt after January 1, 2017, certify to the California Debt and Investment Advisory Commission (CDIAC) that they have adopted local debt policies, and that the proposed debt issuance complies with those adopted policies. In order to comply with Government Code Section 8855(i) in connection with the proposed financing of the District's Biosolids and Energy Project, the District is required to adopt debt policies that address the following 5 areas:

- Purposes for which the debt proceeds may be used.
- Types of debt that may be issued.
- Relationship of the debt to, and integration with, the District's CIP and/or budget.
- Policy goals related to the District's planning goals and objectives.
- Internal control procedures that the District will implement to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.

The attached resolution provides for the approval of debt policies that include all of the elements required by Government Code Section 8855(i). The debt policies serve as a starting point and set parameters for issuing debt and managing the District's debt portfolio. The District may incorporate additional elements into the policies over time to address future debt issuances.

The adoption of formal, written debt policies is viewed as a best management practice and is treated as a credit positive by bond rating agencies. The approval of the proposed debt policies will help ensure that the District's debt is issued and managed prudently and will help the District to maintain a sound fiscal position. The debt policies should be viewed as a tool to provide guidance to District staff and Board members in the future.

III. COMMENTS AND RECOMMENDATIONS

It is recommended that the Board adopt the attached resolution, subject to such revisions as the Board deems appropriate. If adopted, it is recommended that

the debt policies be reviewed periodically and amended as appropriate prior to the issuance of any new debt.

IV. REFERENCE MATERIAL

Resolution No. 22-685

RESOLUTION NO. 22-685

RESOLUTION OF THE GOVERNING BOARD OF THE GOLETA SANITARY DISTRICT ADOPTING DEBT POLICIES

WHEREAS, under Government Code Section 8855, state and local governmental agencies are required to adopt local debt policies prior to the issuance of debt; and

WHEREAS, the Governing Board (the “Board”) of the Goleta Sanitary District (the “District”) desires by this Resolution to adopt debt policies in accordance with Government Code Section 8855 (the “Debt Policies”).

NOW THEREFORE, BE IT RESOLVED, by the Governing Board of the Goleta Sanitary District as follows:

1. **Findings.** The Debt Policies set forth herein are intended to comply with Government Code Section 8855 and shall govern all debt issued by the District. The Debt Policies establish guidelines for the issuance of new debt and the management of outstanding debt, and parameters which recognize the District’s specific capital requirements, its ability to repay financial obligations, and existing legal, economic, financial and debt market conditions. The Debt Policies are intended to assist the District with respect to the following:

- Maintaining the District’s sound financial position;
- Evaluating debt issuance options;
- Ensuring the District has the flexibility to respond to changes in future service priorities, revenue levels, and operating expenses;
- Ensuring that all debt is structured in order to protect both current and future customers of the District;
- Maintaining appropriate capital infrastructure to meet the District’s present and future needs;
- Ensuring that the District’s debt is consistent with the District’s planning goals and objectives and capital improvement program or budgets, as applicable;
- Protecting and enhancing the District’s credit rating; and
- Ensuring an effective system of internal controls and disseminating accurate and timely financial information.

2. Administration. The District's General Manager is the designated administrator of the Debt Policies. The District's Finance and Human Resources Manager shall have responsibility and authority for the structuring and the day-to-day implementation and management of the District's debt and finance program.

3. Purposes For Which Debt May Be Issued

A. 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 District.

- (1) Long-term debt financing is appropriate when one or more of 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 the District and its customers over multiple years.
 - When total debt does not constitute an unreasonable burden to the District or its customers.
 - 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.
- (2) Long-term debt financing will not generally be considered appropriate for current operating expenses and routine maintenance expenses.
- (3) Long-term debt shall be structured in accordance with the following considerations:
 - *Final Maturity* - The final maturity of the debt shall not exceed, and preferably be less than, the remaining useful life of the assets being financed. To comply with Federal tax regulations, the average life of a financing shall not exceed 120% of the average life of the assets being financed.
 - *Debt Service* - Payments should be structured with level debt service payments over the life of the debt. The District may also structure the amortization of principal to wrap around existing obligations or backloaded to achieve other financial planning goals. In general, deferring the repayment of principal should be avoided except in select instances where it

will take a period of time before project (dedicated) revenues are sufficient to pay debt service.

- *Method of Sale* - Working in conjunction with its financial advisor, the District will select a method of sale (e.g., competitive sale, negotiated sale, or private placement). The District will determine the most appropriate method taking into account size/structure/credit considerations, current capital market conditions, and other financial, transaction-specific, and policy considerations.
- *Lien Structure* - Senior and subordinate liens will be utilized in a manner that will maximize the most critical constraint, either cost or capacity, thus allowing for the most beneficial leverage of revenues.
- *Capitalized Interest* - The District may elect to fund capitalized interest in connection with the construction of certain projects when revenues from the project will not be available until completion.
- *Reserve Funds* - A debt service reserve fund (“DSR”) may be required for rating or marketing reasons. If available, a DSR can be funded with a surety policy, from the proceeds of a debt issue, or from the reserves of the District. A cash reserve fund will be invested pursuant to the investment restrictions associated with the respective financing documents. For each debt issue, the District will evaluate net borrowing cost of the financing with a DSR or surety policy, taking into consideration the investment of the DSR over the life of the issue.
- *Redemption Provisions* - The District shall seek to structure each issue with an optional redemption or call provision, unless the final maturity is less than 10 years. Redemption provisions will be established on a case-by-case basis, taking into consideration market conditions and the results of a call option analysis prior to the time of sale. Because the issuance of non-callable debt may restrict future financial flexibility, cost will not be the sole determinant in the decision to issue non-callable debt.
- *Ratings* - The District’s objective is to maintain or improve its credit ratings as a way of reducing financing costs. The General Manager shall be responsible for implementing and managing the District’s credit rating agencies relations program. This effort shall include providing the rating

agencies with the District's annual budget, financial statements, and other information they may request. The District should coordinate periodic meetings with the rating agencies and communicate with them prior to each debt issuance.

- *Credit Enhancement* - Bond insurance will be used when it provides an economic advantage to a particular debt maturity or the entire issue. The District will evaluate the availability and cost/benefit of credit enhanced debt versus unenhanced debt prior to issuing any debt.
- *Variable Rate Debt* - The District shall seek to utilize long-term fixed rate bonds. However, the District may consider issuing variable rate bonds. In managing its variable rate debt, the District will regularly monitor the market for credit enhancement, particularly liquidity facilities provided by credit enhancement providers and alternative variable rate products and the use of alternative variable rate instruments that do not require credit enhancement. The District should seek to diversify its exposure to banks when selecting institutions to provide liquidity or credit enhancement for variable rate debt.

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

4. Types of Debt

For purposes of these Debt Policies, "debt" shall be interpreted broadly to mean loans, bonds, notes, certificates of participation, financing leases, or other financing obligations, but the use of such term herein shall be solely for convenience and shall not be interpreted to characterize any such obligation as an indebtedness or debt within the meaning of any statutory or constitutional debt limitation where the substance and terms of the obligation comport with exceptions thereto.

The following types of debt are allowable under these Debt Policies:

- General obligation bonds
- Bond or grant anticipation notes
- Lease revenue bonds, certificates of participation, and lease-purchase transactions
- State or federal loans

- Loans and lines of credit with banks and other long-term financial institutions
- Refunding of any of the prior listed obligations or other long-term prior financial commitments

The District 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 these Debt Policies.

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

5. Relationship of Debt to Capital Improvement Program and Budget

The District shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues.

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

The District shall integrate its debt issuances with the goals of its budget (and capital improvement costs) by timing the issuance of debt to ensure that proceeds are available when needed in furtherance of the District's public purposes.

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

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

6. Policy Goals Related to Planning Goals and Objectives

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

It is a policy goal of the District to protect its customers 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 District will comply with applicable state and federal law as it pertains to the

maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

When refinancing debt, it shall be the policy goal of the District to do so either for the purpose of realizing debt service savings or for the purpose of restructuring debt in a manner which is in the best financial interests of the District.

Any refinancing of debt for the purpose of realizing debt service savings should seek achieve a minimum net present value debt service savings equal to or greater than 3.0% of the refunded principal amount. This 3.0% threshold should serve as a guideline only. The District may refinance outstanding bonds in order to meet certain policy/financial objectives, such as removing restrictive covenants, reshaping debt profile, achieving budgetary/cash flow relief, taking advantage of unique financial circumstances or historically low interest rates, and limiting term to maturity.

7. Internal Control Procedures

In accord with the Government Finance Officers Association (GFOA) recommendation, the District should retain an independent registered municipal advisor (financial advisor) when it is contemplating the issuance of bonds (during the initial planning phase). The financial advisor shall assist the District in evaluating all financing options, assembling the other members of the financing team, and facilitating the bond issuance process. The financial advisor shall provide objective advice and analysis, maintain confidentiality of District financial plans, and fully disclose any potential conflicts of interest.

The District will comply with all financing covenants to maintain the validity of the issuance of debt, including, but not limited to tax-exemption, arbitrage rebate compliance, insurance provisions, and reporting and monitoring requirements. The District will ensure compliance with all continuing disclosure requirements as part of its ongoing debt program. Any instance of noncompliance will be reported to the Board.

The District will periodically review the requirements of and will remain in compliance with (i) any continuing disclosure undertakings under SEC Rule 15c2-12, (ii) any federal tax compliance requirements, including without limitation arbitrage and rebate compliance, related to any prior bond issues, and (iii) the District's investment policies as they relate to the investment of bond proceeds.

It is the policy of the District to ensure that proceeds of debt are spent only on lawful and intended uses. Whenever reasonably possible, proceeds of debt will be held by a third-party trustee and the District will submit written requisitions for such proceeds.

The District shall seek to borrow tax-exempt proceeds that can be reasonably spent within the IRS spending requirement of approximately 85% within 3 years.

The District will submit a requisition only after obtaining the signature of the General Manager. In those cases where it is not reasonably possible for the proceeds of debt to be held by a third-party trustee, the Treasurer of the District shall retain records of all

expenditures of proceeds through the final payment date for the debt.

The Board acknowledges that changes in the capital markets and other unexpected events may, from time to time, create situations and opportunities that are not contemplated by these Debt Policies and may require adjustments or exceptions to the guidelines of the Policies. In such circumstances, the ability of the District to be flexible is important. However, any authorization granted by the Board to proceed with a financing or financial product not expressly permitted by these Debt Policies must be accompanied by an acknowledgement of the Board that the actions to be taken are not specifically authorized by the Debt Policies in force at that time. The Debt Policies shall be reviewed by the Board annually. Future updates to the Debt Policies require the approval by the Board.

8. Amendment/Waiver. The Debt Policies may be amended by the Board as it deems appropriate from time to time in the prudent management of its debt. Any approval of debt by the Board that is not consistent with the Debt Policies set forth herein shall constitute a waiver of the Debt Policies with respect to such debt.

PASSED AND ADOPTED this 6th day of June 2022, by the following vote of the Governing Board of the Goleta Sanitary District:

AYES:

NOES:

ABSENT:

ABSTAIN:

Steven T. Majoewsky,
President of the Governing Board

COUNTERSIGNED:

Robert O. Mangus, Jr.,
Secretary of the Governing Board

AGENDA ITEM #4

AGENDA ITEM: 4

MEETING DATE: June 6, 2022

I. NATURE OF ITEM

Consideration of Co-Digestion Grant Program Application for Biosolids and Energy Strategic Plan Phase 2 Project

II. BACKGROUND INFORMATION

District staff is actively seeking grant funding for implementation of the Biosolids & Energy Strategic Plan (BESP) projects and has recently submitted an application to the California Department of Resources and Recycling (CalRecycle) for its Co-Digestion (COD1) grant program. The second phase of the BESP includes the installation of a high strength waste receiving facility which is an eligible Co-Digestion project under the COD1 grant program,

While staff has already submitted the grant application to meet the initial submittal deadline, the submittal of a resolution authorizing the submittal of the application and authorizing the District's General Manager to sign associated grant documents to administer the grant if awarded is due June 9, 2022. As such, an authorizing resolution as required by the COD1 grant program is presented herein for Board consideration.

III. COMMENTS AND RECOMMENDATIONS

Staff recommends the Board adopt the attached resolution authorizing the submittal of the COD1 grant for construction of the BESP co-digestion facility as required by the grant program.

IV. REFERENCE MATERIAL

Resolution No. 22-686

RESOLUTION NO. 22-686

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE GOLETA SANITARY DISTRICT AUTHORIZING
THE SUBMITTAL OF A REGIONAL GRANT APPLICATION BY A LEAD AGENCY
FOR WHICH GOLETA SANITARY DISTRICT IS ELIGIBLE**

WHEREAS, Public Resources Code sections 48000 et seq. authorize the Department of Resources Recycling and Recovery (CalRecycle) to administer various grant programs (grants) in furtherance of the State of California's (state) efforts to reduce, recycle and reuse solid waste generated in the state thereby preserving landfill capacity and protecting public health and safety and the environment; and

WHEREAS, The Goleta Sanitary District (District) allows regional grant projects; and

WHEREAS, CalRecycle grant application procedures require, among other things, an applicant's governing body to declare by resolution certain authorizations related to the administration of CalRecycle grants.

NOW, THEREFORE, BE IT RESOLVED that the District Board of Directors authorizes it's General Manager to submit a Co-Digestion Grant regional application on behalf of itself as a regional participant.

BE IT FURTHER RESOLVED that the District's General Manager is hereby authorized and empowered to execute on behalf of the District all grant-related documents, including, but not limited to, applications, payment requests, agreements, and amendments necessary to secure grant funds and to implement the approved grant project; and

BE IT FURTHER RESOLVED that these authorizations are effective for five (5) years from the date of adoption of this resolution.

PASSED AND ADOPTED this 2nd day of June, 2022, by the following vote of the Governing Board of the Goleta Sanitary District.

AYES:

NOES:

ABSENT:

ABSTAIN:

Steven T. Majoewsky,
President of the Governing Board

COUNTERSIGNED:

Robert O. Mangus, Jr.,
Secretary of the Governing Board

AGENDA ITEM #5

AGENDA ITEM: 5

MEETING DATE: June 6, 2022

I. NATURE OF ITEM

Consideration of an Environmentally Preferable Purchasing Policy

II. BACKGROUND INFORMATION

District staff is actively seeking grant funding for implementation of the Biosolids and Energy Strategic Plan (BESP) projects and has recently submitted an application to the California Department of Resources and Recycling (CalRecycle) for its Co-Digestion (COD1) grant program. The second phase of the BESP includes the installation of a high strength waste receiving facility which is an eligible Co-Digestion project under the COD1 grant program.

While staff has already submitted the grant application to meet the initial submittal deadline, the grant requires submittal of a resolution adopting an Environmentally Preferable Purchasing Policy (EPPP) by June 9, 2022. A resolution adopting an EPPP has been prepared and is presented herein for Board consideration.

III. COMMENTS AND RECOMMENDATIONS

The District maintains a certification as a Green Business through the Santa Barbara County Green Business Program (SBCGBP). The requirements of this certification meet and/or exceed the requirements of the COD1 grant EPPP. While the District has never formally adopted an EPPP, the adoption of a policy identifying and implementing SBCGBP requirements as an EPPP will meet the Grant COD1 requirements. As such, staff recommends the Board adopt the attached resolution establishing an EPPP, with any changes it wishes to make.

IV. REFERENCE MATERIAL

Environmental Preferable Purchasing Policy

Resolution No. 22-687

GOLETA SANITARY DISTRICT
ENVIRONMENTALLY PREFERABLE PURCHASING POLICY

The Goleta Sanitary District has a stated strategic goal of maintaining green business certification through the Santa Barbara County Green Business Program.

The District has been a part of the Green Business Program for many years and has been certified since 2019.

Certification as a Green Business requires the ongoing implementation of numerous sustainability measures including but not limited to the procurement of goods and services that have a reduced impact on human health and the environment compared to competing products serving the same purpose. This is an essential part of our search for high quality products and services at competitive prices that include consideration of one or more of the following criteria:

- Postconsumer recycled content
- Energy efficiency
- Durability
- Low/zero air emissions
- Low/zero hazardous substances
- Water efficiency
- Easy, nonhazardous maintenance
- End-of-life management keeps materials out of landfills (e.g., reuse, recycling, return to manufacturers)
- Low life-cycle cost
- Responsible manufacturing
- Packaging and distribution efficiency

It is hereby the policy of the Goleta Sanitary District to maintain its certification as a Green Business through the implementation of the above listed procurement practices as part and/or in addition to of the requirements of the Santa Barbara County Green Business Program.

RESOLUTION NO. 22-687

**A RESOLUTION OF THE GOVERNING BOARD OF
THE GOLETA SANITARY DISTRICT ESTABLISHING AN
ENVIRONMENTALLY PREFERABLE PURCHASING POLICY**

WHEREAS, the Goleta Sanitary District has committed itself to protecting the environment through its policies and practices; and

WHEREAS, the District has a goal of maintaining Green Business Certification through the Santa Barbara County Green Business Program; and

WHEREAS, the District has applied for a CalRecycle Co-Digestion (COD-1) grant which requires the District to adopt an Environmentally Preferable Purchasing Policy (EPPP); and

WHEREAS, the EPPP is the policy of procuring goods and services that have reduced impact on human health and the environment compared to competing products serving the same purpose; and

WHEREAS, the District has earned and maintained Green Business Certification from the Santa Barbara County Green Business Program (SBCGBP) since 2019; and

WHEREAS, the SBCGBP certification requires the implementation of numerous green business practices which meet or exceed the requirements of the EPPP; and

WHEREAS, the Governing Board of the Goleta Sanitary District wishes to further codify the District's commitment to environmental practices and purchasing; and

WHEREAS, the District wishes to formally adopt the certification requirements of the SBCGBP as its EPPP;

NOW, THEREFORE, the Governing Board of the Goleta Sanitary District does hereby resolve to adopt the attached EPPP pursuant to the COD1 grant guidelines that includes, but is not limited to the consideration of post-consumer recycled content, energy and water efficiency, durability, low/zero air emissions, low/zero hazardous substances, easy, nonhazardous maintenance, employee education, end of life management of equipment and assets to keep items out of landfills, low life-cycle cost, responsible manufacturing, packaging and distribution efficiency, and recyclability, as part of the ongoing procurement of goods and services.

PASSED AND ADOPTED this 6th day of June, 2022, by the following vote of the Governing Board of the Goleta Sanitary District.

AYES:

NOES:

ABSENT:

ABSTAIN:

Steven T. Majoewsky,
President of the Governing Board

COUNTERSIGNED:

Robert O. Mangus, Jr.,
Secretary of the Governing Board

GENERAL MANAGER'S REPORT

GOLETA SANITARY DISTRICT GENERAL MANAGER'S REPORT

The following summary report describes the District's activities from May 17, 2022 through June 6, 2022. It provides updated information on significant activities under three major categories: Collection System, Treatment/Reclamation and Disposal Facilities, and General and Administration Items.

1. COLLECTION SYSTEM REPORT

LINES CLEANING

Staff is conducting priority areas lines cleaning throughout the District.

CCTV INSPECTION

Staff is conducting routine Closed-Circuit Television (CCTV) inspections in the area of South Kellogg Avenue and Thornwood Drive.

GREASE AND OIL INSPECTIONS

Staff continues with the annual Grease and Oil inspections.

REPAIR AND MAINTENANCE

The CCTV camera transporter leaking internal seals were repaired by Cues. Staff has been notified of the start of a new Santa Barbara County paving project. Approximately 30 District manholes will be affected. This project is slated to begin in July 2022 and be completed by September 2022. Staff is working with Tierra Contracting to schedule three (3) point repairs which were identified through the Asset Management Program Update as being in most immediate need of repair. These repairs are located at Vista De La Mesa near the south end of Puente Drive, Pozzo Circle in the St. Vincent's complex on Calle Real, near State Hwy 154, and on Foothill Road near La Cumbre Road. Jeff Hayes Truck Repair recently completed the 90-day inspections on the Vactor and Vaccon trucks. No deficiencies were noted during the inspection.

2021 CCTV PROJECT REVIEW & ASSET MANAGEMENT PROGRAM UPDATE

Hazen and Sawyer completed the update of the Asset Management Program (AMP). The District's 10-Year Capital Improvement Plan (CIP) Story Map has been updated through FY 2028-29 for the Collection System and through FY 2032-33 for the Operations Treatment Plant.

DISTRICT GIS HYDRAULIC FLOW MODEL UPDATE

Staff continues working with Innovyze, Inc. and District GIS consultant ZWorld GIS on the update the District's hydraulic flow model in the GIS database.

PROFESSIONAL DEVELOPMENT

Collection System Technician Edgar Guerrero renewed his NASSCO Pipeline Assessment Certification Program (PACP) certification. This is the program which facilitated the CCTV data transfer between the District, the CCTV contractor and Hazen and Sawyer during the 2021 CCTV Project.

2. TREATMENT, RECLAMATION AND DISPOSAL FACILITIES REPORT

Plant flows have normalized to an average of 4.5 million gallons per day. We are preparing for the decrease in flow for the summer. The demand for reclaimed water has begun to increase due to warmer temperatures. Low concentrations and loadings during the weekends continue to cause intermittent challenges and various levels of plant interference. The Reclamation Disinfection Study by Hazen and Sawyer (Hazen) continues into its final phase. A Technical Memorandum is being compiled with the results of the ultraviolet (UV) and peracetic acid testing. Medium and long-term solutions such as micro/nano-filtration and UV disinfection prior to chlorination will be evaluated at a feasibility level for cost and constructability.

We are into our last month of centrifuge and dredging operations in lagoon #2. This project will be ending on June 21, 2022.

The Lystek Thickened Waste Activated Sludge (TWAS) pre-treatment pilot project is offline at this time. The parts have been fixed for the sludge feed, and we are waiting for Lystek to provide us their new testing plan. We believe that the thermal hydrolysis process may reduce inhibitory chemicals that are adsorbed onto the sludge. We will be testing this hypothesis by sampling for these chemicals before and after the reactor, once a steady state during the demonstration period has been reached. Once the demonstration period is complete, a summary report of the results and proforma analysis will be prepared and brought to the Board.

The Influent Pump Station Rehabilitation project submittal and procurement process is coming to an end. Construction of the project may not start for another five-eight months, depending on the completion of the procurement process.

BESP Phases 2 & 3 preliminary engineering design is continuing to move forward. This project will provide a 30% design package for a centrifuge, thermal dryer, and a fats, oil and grease (FOG) receiving facility. This level of design is necessary to understand the cost and funding implications of the project.

The nanobubble project is running, and testing has begun. A proforma will be completed at the end of the pilot period to determine ongoing benefits, costs or potential savings.

Harper Engineering was working at the reclamation plant the week of May 23, 2022 cleaning the reclamation reservoir. Everything went well and we should be receiving a report in the near future.

Maintenance is working on the air valves at the lift station. Also, work continues to bring the biogas boiler back online.

PUBLIC EDUCATION AND OUTREACH

Work continues on the Summer newsletter, it is expected to be mailed around the middle of June 2022 to District customers.

3. GENERAL AND ADMINISTRATIVE ITEMS

Financial Report

The District account balances as of June 6, 2022 shown below are approximations to the nearest dollar and indicate the overall funds available to the District at this time.

Operating Checking Accounts:	\$ 625,983
Investment Accounts:	\$ 33,799,402
Total District Funds:	\$ 34,425,384

The following transactions are reported herein for the period 05/17/22 – 06/06/22

Regular, Overtime, Cash-outs and Net Payroll:	\$ 245,055
Claims:	\$ 436,162
Total Expenditures:	\$ 681,217
Total Deposits:	\$ 44,668

Transfers of funds:

LAIF to Community West Bank Operational (CWB):	\$ - 0 -
CWB Operational to CWB Money Market:	\$ - 0 -
CWB Money Market to CWB Operational:	\$ 825,000

The District's investments comply with the District's Investment Policy adopted per Resolution No. 16-606. The District has adequate funds to meet the next six months of normal operating expenses.

Local Agency Investment Fund (LAIF)

LAIF Monthly Statement – May, 2022

LAIF Quarterly Report – Previously submitted.

PMIA/LAIF Performance and Effective Yield – Previously submitted.

Community West Bank (CWB)

CWB Money Market Account – May, 2022

Deferred Compensation Accounts

CalPERS 457 Deferred Compensation Plan – Previously submitted.

Lincoln 457 Deferred Compensation Plan – May, 2022

Personnel

Recruitments underway for Plant Operations Manager, Senior Plant Operator, Plant Operator III, and Safety/Regulatory Compliance Manager. Recruitment for Senior Engineer to begin next week. Bronson Thomas was promoted from OIT III to Plant Operator II.

California State Treasurer
Fiona Ma, CPA



Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

June 01, 2022

[LAIF Home](#)
[PMIA Average Monthly Yields](#)

GOLETA SANITARY DISTRICT

GENERAL MANAGER
ONE WILLIAM MOFFETT PLACE
GOLETA, CA 93117

[Tran Type Definitions](#)

Account Number: 70-42-002

May 2022 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	2,027,864.66
Total Withdrawal:	0.00	Ending Balance:	2,027,864.66



445 Pine Avenue
Goleta, CA 93117

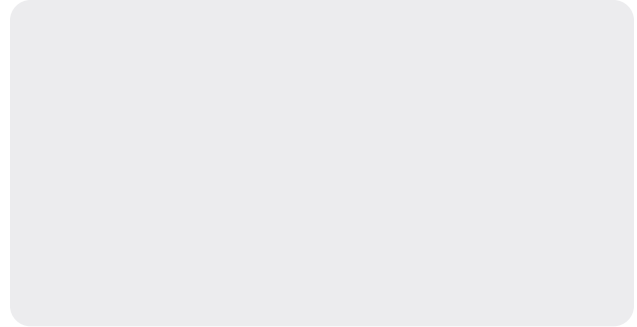
Statement Ending 05/31/2022

GOLETA SANITARY DISTRICT

Customer Number: XXXXXXXX5554

RETURN SERVICE REQUESTED

GOLETA SANITARY DISTRICT
MONEY MARKET
1 WILLIAM MOFFETT PL
GOLETA CA 93117-3901



Summary of Accounts

Account Type	Account Number	Ending Balance
PUBLIC AGENCY-MMDA	XXXXXXXX5554	\$31,771,536.90

PUBLIC AGENCY-MMDA - XXXXXXXX5554

Account Summary

Date	Description	Amount		
04/30/2022	Beginning Balance	\$29,884,899.79	Average Ledger Balance	\$32,390,368.54
	2 Credit(s) This Period	\$2,711,637.11		
	1 Debit(s) This Period	\$825,000.00		
05/31/2022	Ending Balance	\$31,771,536.90		

Account Activity

Post Date	Description	Debits	Credits	Balance
04/30/2022	Beginning Balance			\$29,884,899.79
05/02/2022	SBCo Installment SSC/Prop Taxes		\$2,700,000.00	\$32,584,899.79
05/31/2022	Claims & Payroll Ops Acct	\$825,000.00		\$31,759,899.79
05/31/2022	INTEREST AT .4098 %		\$11,637.11	\$31,771,536.90
05/31/2022	Ending Balance			\$31,771,536.90

Daily Balances

Date	Amount	Date	Amount
05/02/2022	\$32,584,899.79	05/31/2022	\$31,771,536.90



Performance Update

MultiFund

Quoted performance data represents past performance. Past performance does not guarantee nor predict future performance. Current performance may be lower or higher than the performance data quoted. Please keep in mind that double-digit returns are highly unusual and cannot be sustained.

Variable products are sold by prospectus. Consider the investment objectives, risks, charges, and expenses of the variable product and its underlying investment options carefully before investing. The prospectus contains this and other information about the variable product and its underlying investment options. Please review the prospectus available online for additional information. Read it carefully before investing.

Investment return and principal value of an investment will fluctuate so that an investor's unit values, when redeemed, may be worth more or less than their original cost.

Monthly hypothetical performance adjusted for contract fees *

Investment Options	Inception Date	Change from Previous Day	YTD as of 05/31/2022	YTD as of 05/31/2022	Average Annual Total Return (%) as of 5/31/2022						Since Incep.	
					1 Mo	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr		
Risk Managed												
Fidelity® VIP Freedom 2055 Portfolio SM - Service Class ^{6,9}	RM	04/11/2019	-0.27	-13.86	-13.86	0.68	-6.54	-9.72	10.69	N/A	N/A	9.08
Fidelity® VIP Freedom 2060 Portfolio SM - Service Class ^{6,9}	RM	04/11/2019	-0.27	-13.87	-13.87	0.60	-6.59	-9.78	10.70	N/A	N/A	9.09
Maximum Capital Appreciation												
DWS Alternative Asset Allocation VIP Portfolio - Class A ^{1,2,3,6,7}	MCA	02/02/2009	-0.73	-2.13	-2.13	-0.38	0.42	1.73	6.68	3.87	2.79	4.48
LVIP Baron Growth Opportunities Fund - Service Class ⁴	MCA	10/01/1998	-1.37	-25.35	-25.35	-3.09	-12.68	-17.13	9.66	10.13	11.67	10.36
LVIP Delaware SMID Cap Core Fund - Standard Class ^{4,5}	MCA	07/12/1991	-1.39	-11.78	-11.78	0.23	-6.78	-7.57	10.83	8.06	10.15	8.95
LVIP SSGA Emerging Markets 100 Fund - Standard Class ^{1,19}	MCA	06/18/2008	1.19	-4.05	-4.05	2.05	-4.77	-10.20	4.40	0.64	1.68	2.20
LVIP SSGA Small-Cap Index Fund - Standard Class ^{4,18}	MCA	04/18/1986	-1.26	-17.05	-17.05	0.00	-8.97	-18.05	8.16	6.19	9.28	6.70
LVIP T. Rowe Price Structured Mid-Cap Growth Fund - Standard Class ⁴	MCA	02/03/1994	-1.66	-24.05	-24.05	-2.87	-11.58	-16.44	8.66	10.07	11.97	6.54
Long Term Growth												
American Funds Global Growth Fund - Class 2 ¹	LTG	04/30/1997	-0.13	-22.51	-22.51	-0.43	-10.15	-17.68	10.99	9.08	11.24	8.57
American Funds Growth Fund - Class 2	LTG	02/08/1984	-0.78	-22.39	-22.39	-2.94	-11.18	-13.41	18.77	14.89	14.89	11.73
American Funds International Fund - Class 2 ¹	LTG	05/01/1990	-0.06	-15.00	-15.00	1.33	-6.60	-20.71	2.04	1.85	5.42	6.10

Performance Update

Monthly hypothetical performance adjusted for contract fees *

Investment Options		Inception Date	Change from Previous Day	YTD as of 05/31/2022	YTD as of 05/31/2022	Average Annual Total Return (%) as of 5/31/2022						Since Incep.
						1 Mo	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	
Delaware VIP Small Cap Value ^{4, 5}	LTG	12/27/1993	-0.77	-7.17	-7.17	3.42	-5.60	-3.39	11.74	6.36	9.48	9.11
Fidelity® VIP Contrafund® Portfolio - Service Class	LTG	01/03/1995	-0.69	-20.98	-20.98	-0.95	-9.82	-8.11	14.31	11.12	12.17	10.11
Fidelity® VIP Growth Portfolio - Service Class	LTG	10/09/1986	-0.73	-18.59	-18.59	-1.54	-8.60	-8.52	18.19	15.60	15.12	9.75
LVIP BlackRock Global Real Estate Fund - Standard Class ^{1, 2, 9}	LTG	04/30/2007	-0.79	-15.26	-15.26	-5.42	-7.81	-7.28	4.12	4.43	5.42	1.15
LVIP Delaware Mid Cap Value Fund - Standard Class ^{4, 5}	LTG	12/28/1981	-0.69	-4.80	-4.80	3.18	-2.07	2.78	12.85	8.73	10.98	10.34
LVIP Dimensional U.S. Core Equity 1 Fund - Standard Class	LTG	12/28/1981	-0.74	-11.33	-11.33	0.88	-4.83	-2.87	14.95	11.41	12.48	9.68
LVIP Mondrian International Value Fund - Standard Class ¹	LTG	05/01/1991	-0.86	-3.17	-3.17	3.46	-2.75	-5.71	4.40	1.62	5.20	5.13
LVIP SSGA International Index Fund - Standard Class ^{1, 18, 20}	LTG	04/30/2008	-0.48	-11.64	-11.64	1.81	-5.29	-11.76	5.23	2.99	5.77	1.12
LVIP SSGA S&P 500 Index Fund - Standard Class ^{18, 21}	LTG	05/01/2000	-0.63	-13.19	-13.19	0.07	-5.45	-1.52	15.00	11.98	12.98	5.53
LVIP Vanguard Domestic Equity ETF Fund - Service Class ^{6, 22}	LTG	04/29/2011	-0.76	-14.19	-14.19	-0.40	-6.23	-4.65	13.74	11.02	11.89	10.16
LVIP Vanguard International Equity ETF Fund - Service Class ^{1, 6, 22}	LTG	04/29/2011	-0.11	-11.64	-11.64	1.21	-5.99	-13.86	5.31	3.11	5.30	2.42
MFS® VIT Utilities Series - Initial Class ²	LTG	01/03/1995	-1.19	2.58	2.58	2.72	6.29	11.39	10.35	9.14	9.21	10.18
Growth and Income												
American Funds Growth-Income Fund - Class 2	GI	02/08/1984	-0.47	-12.77	-12.77	1.11	-5.37	-4.54	11.42	10.29	12.30	9.91
BlackRock Global Allocation V.I. Fund - Class I ^{1, 3}	GI	02/28/1992	-0.26	-11.27	-11.27	0.87	-5.44	-11.80	7.37	4.83	5.54	6.00
Fidelity® VIP Freedom 2020 Portfolio SM - Service Class ^{6, 8}	GI	04/26/2005	-0.33	-11.46	-11.46	0.24	-6.20	-8.87	6.18	5.21	6.39	5.30
Fidelity® VIP Freedom 2025 Portfolio SM - Service Class ^{6, 8}	GI	04/26/2005	-0.35	-12.06	-12.06	0.25	-6.45	-9.21	6.92	5.75	7.27	5.81
Fidelity® VIP Freedom 2030 Portfolio SM - Service Class ^{6, 8}	GI	04/26/2005	-0.35	-12.55	-12.55	0.39	-6.57	-9.39	7.96	6.52	8.01	6.09
Fidelity® VIP Freedom 2035 Portfolio SM - Service Class ^{6, 8}	GI	04/08/2009	-0.30	-13.30	-13.30	0.53	-6.60	-9.66	9.65	7.56	9.04	10.60

Performance Update

Monthly hypothetical performance adjusted for contract fees *

Investment Options		Inception Date	Change from Previous Day	Average Annual Total Return (%) as of 5/31/2022								
				YTD as of 05/31/2022	YTD as of 05/31/2022	1 Mo	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.
Fidelity® VIP Freedom 2040 Portfolio SM - Service Class ^{6, 8}	GI	04/08/2009	-0.27	-13.83	-13.83	0.65	-6.57	-9.69	10.72	8.11	9.39	10.93
Fidelity® VIP Freedom 2045 Portfolio SM - Service Class ^{6, 8}	GI	04/08/2009	-0.27	-13.87	-13.87	0.65	-6.61	-9.75	10.70	8.10	9.48	11.00
Fidelity® VIP Freedom 2050 Portfolio SM - Service Class ^{6, 8}	GI	04/08/2009	-0.30	-13.88	-13.88	0.68	-6.58	-9.71	10.71	8.10	9.54	11.11
LVIP BlackRock Advantage Allocation Fund - Standard Class ^{3, 5, 10}	GI	07/28/1988	-0.41	-11.62	-11.62	0.75	-5.95	-9.34	4.41	4.07	5.21	5.41
LVIP Delaware REIT Fund - Standard Class ^{2, 5, 9}	GI	05/04/1998	-1.03	-15.90	-15.90	-7.28	-5.69	1.38	4.87	4.41	6.21	7.37
LVIP Delaware Value Fund - Standard Class ⁵	GI	07/28/1988	-0.77	-2.98	-2.98	2.16	-1.40	2.83	10.25	8.24	10.81	7.92
LVIP Delaware Wealth Builder Fund - Standard Class ^{3, 5, 10}	GI	08/03/1987	-0.62	-8.05	-8.05	0.98	-4.17	-4.18	4.84	3.61	5.85	5.79
LVIP JPMorgan Retirement Income Fund - Standard Class ^{3, 5, 10}	GI	04/27/1983	-0.39	-9.94	-9.94	0.11	-5.29	-8.11	2.88	2.71	3.90	6.23
Income												
LVIP BlackRock Inflation Protected Bond Fund - Standard Class ¹²	I	04/30/2010	-0.26	-1.45	-1.45	-0.11	-1.57	0.80	2.74	2.16	0.41	1.66
LVIP Delaware Bond Fund - Standard Class ^{5, 12}	I	12/28/1981	-0.49	-10.20	-10.20	0.22	-6.44	-10.54	-0.72	0.37	0.92	6.12
LVIP Delaware Diversified Floating Rate Fund ^{5, 14}	I	04/30/2010	0.00	-1.90	-1.90	-0.48	-1.09	-2.52	-0.51	0.05	0.05	0.06
LVIP Delaware Diversified Income Fund - Standard Class ^{5, 12}	I	05/16/2003	-0.43	-10.28	-10.28	0.04	-6.34	-10.36	-0.13	0.65	1.17	3.55
LVIP Delaware High Yield Fund - Standard Class ^{5, 12, 15}	I	07/28/1988	-0.03	-8.31	-8.31	-0.45	-4.74	-6.27	2.37	2.45	3.66	5.31
LVIP Global Income Fund - Standard Class ^{1, 10, 12, 13}	I	05/04/2009	-0.92	-10.42	-10.42	0.20	-7.89	-13.35	-3.02	-0.90	-0.22	1.25
LVIP SSGA Bond Index Fund - Standard Class ^{12, 18}	I	04/30/2008	-0.59	-9.44	-9.44	0.47	-6.27	-9.49	-1.29	-0.16	0.36	1.59
PIMCO VIT Total Return Portfolio - Administrative Class ¹²	I	12/31/1997	-0.52	-9.88	-9.88	0.32	-7.01	-9.77	-0.93	0.23	0.94	3.62
Risk Managed - Asset Allocation												
LVIP Global Conservative Allocation Managed Risk Fund - Standard Class ^{1, 3, 6, 10, 16}	RMAA	05/03/2005	-0.45	-11.72	-11.72	0.24	-6.37	-9.38	2.31	2.34	3.67	4.12

Performance Update

Monthly hypothetical performance adjusted for contract fees *

Investment Options	Inception Date	Change from Previous Day	YTD as of 05/31/2022	YTD as of 05/31/2022	Average Annual Total Return (%) as of 5/31/2022						Since Incep.	
					1 Mo	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr		
LVIP Global Growth Allocation Managed Risk Fund - Standard Class ^{1, 3, 6, 10, 16}	RMAA 05/03/2005	-0.45	-13.89	-13.89	0.08	-7.32	-10.70	3.71	2.82	4.16	3.83	
LVIP Global Moderate Allocation Managed Risk Fund - Standard Class ^{1, 3, 6, 10, 16}	RMAA 05/03/2005	-0.41	-12.82	-12.82	0.08	-6.66	-9.85	3.25	2.66	3.91	4.03	
LVIP SSGA Global Tactical Allocation Managed Volatility Fund - Standard Class ^{1, 3, 6, 10, 11, 13}	RMAA 05/03/2005	-0.69	-9.55	-9.55	0.85	-5.23	-7.50	5.62	3.60	4.17	3.38	
Preservation of Capital												
LVIP Government Money Market Fund - Standard Class ^{10, 17}	PC 01/07/1982	-0.01	-0.38	-0.38	-0.06	-0.22	-0.96	-0.57	-0.24	-0.60	2.64	
Risk Managed - US Large Cap												
LVIP BlackRock Dividend Value Managed Volatility Fund - Standard Class ^{10, 11}	RMUSL 02/03/1994	-0.56	0.46	0.46	3.05	0.14	1.89	12.10	7.68	7.61	6.74	
LVIP Blended Large Cap Growth Managed Volatility Fund - Standard Class ^{10, 11, 13}	RMUSL 02/03/1994	-0.15	-22.84	-22.84	-1.77	-10.43	-8.95	11.77	8.90	8.91	6.60	
Asset Allocation												
LVIP T. Rowe Price 2010 Fund (Standard Class) ^{6, 8, 10}	AsA 05/01/2007	-0.48	-10.28	-10.28	0.15	-5.54	-7.86	4.91	3.91	4.21	3.43	
LVIP T. Rowe Price 2020 Fund (Standard Class) ^{6, 8, 10}	AsA 05/01/2007	-0.49	-10.91	-10.91	0.17	-5.74	-8.17	6.10	4.78	4.90	3.51	
LVIP T. Rowe Price 2030 Fund (Standard Class) ^{6, 8, 10}	AsA 05/01/2007	-0.52	-12.41	-12.41	0.22	-6.29	-8.84	7.89	5.62	5.51	3.72	
LVIP T. Rowe Price 2040 Fund (Standard Class) ^{6, 8, 10}	AsA 05/01/2007	-0.52	-13.25	-13.25	0.29	-6.41	-8.97	9.50	6.54	6.12	3.68	
LVIP T. Rowe Price 2050 Fund (Standard Class) ^{6, 8, 10}	AsA 04/29/2011	-0.50	-13.45	-13.45	0.33	-6.41	-8.94	10.00	7.19	6.69	4.80	
LVIP T. Rowe Price 2060 Fund - Standard Class ^{6, 8, 10}	AsA 04/30/2020	-0.50	-13.40	-13.40	0.37	-6.42	-8.88	N/A	N/A	N/A	15.69	
Risk Managed - US Mid Cap												
LVIP Blended Mid Cap Managed Volatility Fund - Standard Class ^{4, 10, 11, 13}	RMUSM 05/01/2001	-1.14	-23.24	-23.24	-2.40	-9.36	-14.89	6.96	8.52	6.37	3.86	
LVIP JPMorgan Select Mid Cap Value Managed Volatility Fund - Standard Class ^{4, 10, 11, 13}	RMUSM 05/01/2001	-0.63	-6.72	-6.72	0.82	-3.23	-2.27	10.26	5.70	6.97	6.01	

Performance Update

Monthly hypothetical performance adjusted for contract fees *

Investment Options		Inception Date	Change from Previous Day	Average Annual Total Return (%) as of 5/31/2022								
				YTD as of 05/31/2022	YTD as of 05/31/2022	1 Mo	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.
Risk Managed - Global/International												
LVIP Franklin Templeton Global Equity Managed Volatility Fund - Standard Class ^{1, 10, 11}	RMGI	08/01/1985	-0.60	-9.87	-9.87	0.50	-5.63	-6.34	9.36	5.06	6.21	6.86
LVIP SSGA International Managed Volatility Fund - Standard Class ^{1, 6, 10, 11}	RMGI	12/31/2013	-0.46	-13.82	-13.82	1.13	-7.32	-14.11	1.30	0.53	N/A	-0.21
ESG/Socially Conscious												
AB VPS Sustainable Global Thematic Portfolio - Class B ^{1, 2}	ESC	01/11/1996	-0.42	-22.47	-22.47	1.37	-9.44	-12.61	13.83	10.82	11.03	5.47
LVIP Delaware Social Awareness Fund - Standard Class ⁵	ESC	05/02/1988	-0.60	-15.09	-15.09	0.29	-7.02	-4.91	14.12	11.41	12.43	9.74

* These returns are measured from the inception date of the fund and predate its availability as an investment option in the variable annuity (separate account). This hypothetical representation depicts how the investment option would have performed had the fund been available in the variable annuity during the time period. It includes deductions for the M&E charge and the contract administrative fee. If selected above, the cost for the i4LIFE® Advantage feature or a death benefit will be reflected. The cost for other riders with quarterly charges is not reflected. No surrender charge and no annual contract charge is reflected.

Performance Update

1 International

Investing internationally involves risks not associated with investing solely in the United States, such as currency fluctuation, political or regulatory risk, currency exchange rate changes, differences in accounting and the limited availability of information.

2 Sector Funds

Funds that target exposure to one region or industry may carry greater risk and higher volatility than more broadly diversified funds.

3 Asset Allocation Portfolios

Asset allocation does not ensure a profit, nor protect against loss in a declining market.

4 Small & Mid Cap

Funds that invest in small and/or midsize company stocks may be more volatile and involve greater risk, particularly in the short term, than those investing in larger, more established companies.

5 Macquarie Investment Management

Investments in Delaware VIP Series, Delaware Funds, Ivy Variable Insurance Portfolios, Ivy Funds, LVIP Delaware Funds or Lincoln Life accounts managed by Macquarie Investment Management Advisers, a series of Macquarie Investments Management Business Trust, are not and will not be deposits with or liabilities of Macquarie Bank Limited ABN 46 008 583 542 and its holding companies, including their subsidiaries or related companies, and are subject to investment risk, including possible delays in repayment and loss of income and capital invested. No Macquarie Group company guarantees or will guarantee the performance of the fund, the repayment of capital from the fund, or any particular rate of return.

6 Fund of funds

Each fund is operated as a fund of funds that invests primarily in one or more other funds, rather than in individual securities. A fund of this nature may be more expensive than other investment options because it has additional levels of expenses. From time to time, the Fund's advisor may modify the asset allocation to the underlying funds and may add new funds. A Fund's actual allocation may vary from the target strategic allocation at any point in time. Additionally, the Fund's advisor may directly manage assets of the underlying funds for a variety of purposes.

7 Alternative Funds

Certain funds (sometimes called "alternative funds") expect to invest in (or may invest in some) positions that emphasize alternative investment strategies and/or nontraditional asset classes and, as a result, are subject to the risk factors of those asset classes and/or investment strategies. Some of those risks may include general economic risk, geopolitical risk, commodity-price volatility, counterparty and settlement risk, currency risk, derivatives risk, emerging markets risk, foreign securities risk, high-yield bond exposure, index investing risk, exchange-traded notes risk, industry concentration risk, leveraging risk, real estate investment risk, master limited partnership risk, master limited partnership tax risk, energy infrastructure companies risk, sector risk, short sale risk, direct investment risk, hard assets sector risk, active trading and "overlay" risks, event-driven investing risk, global macro strategies risk, temporary defensive positions and large cash positions. If you are considering investing in alternative investment funds, you should ensure that you understand the complex investment strategies sometimes employed and be prepared to tolerate the risks of such asset classes. For a complete list of risks, as well as a discussion of risk and investment strategies, please refer to the fund's prospectus. The fund may invest in derivatives, including futures, options, forwards and swaps. Investments in derivatives may cause the fund's losses to be greater than if it invested only in conventional securities and can cause the fund to be more volatile. Derivatives involve risks different from, or possibly greater than, the risks associated with other investments. The fund's use of derivatives may cause the fund's investment returns to be impacted by the performance of securities the fund does not own and may result in the fund's total investment exposure exceeding the value of its portfolio.

8 Target-date funds

The target date is the approximate date when investors plan to retire or start withdrawing their money. Some target-date funds make no changes in asset allocation after the target date is reached; other target-date funds continue to make asset allocation changes following the target date. (See the prospectus for the funds allocation strategy.) The principal value is not guaranteed at any time, including at the target date. An asset allocation strategy does not guarantee performance or protect against investment losses. A "fund of funds" may be more expensive than other types of investment options because it has additional levels of expenses.

9 REIT

A real estate investment trust (REIT) involves risks such as refinancing, economic conditions in the real estate industry, declines in property values, dependency on real estate management, changes in property taxes, changes in interest rates and other risks associated with a portfolio that concentrates its investments in one sector or geographic region.

10 Manager of managers funds

Subject to approval of the fund's board, Lincoln Investment Advisors Corporation (LIAC) has the right to engage or terminate a subadvisor at any time, without a shareholder vote, based on an exemptive order from the Securities and Exchange Commission. LIAC is responsible for overseeing all subadvisors for funds relying on this exemptive order.

11 Managed Volatility Strategy

The fund's managed volatility strategy is not a guarantee, and the fund's shareholders may experience losses. The fund employs hedging strategies designed to reduce overall portfolio volatility. The use of these hedging strategies may limit the upside participation of the fund in rising equity markets relative to unhedged funds, and the effectiveness of such strategies may be impacted during periods of rapid or extreme market events.

12 Bonds

The return of principal in bond funds is not guaranteed. Bond funds have the same interest rate, inflation, credit, duration, prepayment and market risks that are associated with the underlying bonds owned by the fund or account.

13 Multimanager

For those funds that employ a multimanager structure, the fund's advisor is responsible for overseeing the subadvisors. While the investment styles employed by the fund's subadvisors are intended to be complementary, they may not, in fact, be complementary. A multimanager approach may result in more exposure to certain types of securities risks and in higher portfolio turnover.

14 Floating rate funds

Floating rate funds should not be considered alternatives to CDs or money market funds and should not be considered as cash alternatives.

15 High-yield or mortgage-backed funds

High-yield funds may invest in high-yield or lower rated fixed income securities (junk bonds) or mortgage-backed securities with exposure to subprime mortgages, which may experience higher volatility and increased risk of nonpayment or default.

Performance Update

¹⁶ Risk Management Strategy

The fund's risk management strategy is not a guarantee, and the funds shareholders may experience losses. The fund employs hedging strategies designed to provide downside protection during sharp downward movements in equity markets. The use of these hedging strategies may limit the upside participation of the fund in rising equity markets relative to other unhedged funds, and the effectiveness of such strategies may be impacted during periods of rapid or extreme market events.

¹⁷ Money Market Funds

You can lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share (or, for the LVIP Government Money Market Fund, at \$10.00 per share), it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

¹⁸ Index

An index is unmanaged, and one cannot invest directly in an index. Indices do not reflect the deduction of any fees.

¹⁹ Emerging Markets

Investing in emerging markets can be riskier than investing in well-established foreign markets. International investing involves special risks not found in domestic investing, including increased political, social and economic instability, all of which are magnified in emerging markets.

²⁰ MSCI

The fund described herein is indexed to an MSCI® index. It is not sponsored, endorsed, or promoted by MSCI®, and MSCI®; bears no liability with respect to any such fund or to an index on which a fund is based. The prospectus and statement of additional information contain a more detailed description of the limited relationship MSCI®; has with Lincoln Investment Advisors Corporation and any related funds.

²¹ S&P

The Index to which this fund is managed is a product of S&P Dow Jones Indices LLC (SPDJI) and has been licensed for use by one or more of the portfolio's service providers (licensee). Standard & Poor's®; and S&P® are registered trademarks of Standard & Poor's Financial Services LLC (S&P); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC (Dow Jones); and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by the licensee. S&P®, S&P GSCI® and the Index are trademarks of S&P and have been licensed for use by SPDJI and its affiliates and sublicensed for certain purposes by the licensee. The Index is not owned, endorsed, or approved by or associated with any additional third party. The licensee's products are not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates, or their third party licensors, and none of these parties or their respective affiliates or third party licensors make any representation regarding the advisability of investing in such products, nor do they have liability for any errors, omissions, or interruptions of the Index®.

²² Exchange-traded funds

Exchange-traded funds (ETFs) in this lineup are available through collective trusts or mutual funds. Investors cannot invest directly in an ETF.

Important Disclosures

Variable products are issued by The Lincoln National Life Insurance Company, Fort Wayne, IN, distributed by Lincoln Financial Distributors, Inc., and offered by broker/dealers with an effective selling agreement. The Lincoln National Life Insurance Company is not authorized nor does it solicit business in the state of New York.

Contractual obligations are backed by the claims-paying ability of The Lincoln National Life Insurance Company.

Limitations and exclusions may apply.

Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates. Affiliates are separately responsible for their own financial and contractual obligations.

Asset Categories

RM	= Risk Managed
MCA	= Maximum Capital Appreciation
LTG	= Long Term Growth
GI	= Growth and Income
I	= Income
RMAA	= Risk Managed - Asset Allocation
PC	= Preservation of Capital
RMUSL	= Risk Managed - US Large Cap
AsA	= Asset Allocation
RMUSM	= Risk Managed - US Mid Cap
RMGI	= Risk Managed - Global/International
ESC	= ESG/Socially Conscious

**DISTRICT
CORRESPONDENCE**
Board Meeting of June 6, 2022



Date: Correspondence Sent To:

1. 05/18/2022 Goleta Union School District
Subject: Goleta Sanitary District Sewer Service Charge Fiscal Year ending June 30, 2022
Letter also sent to:
 - Alpha Resource Center of Santa Barbara
 - County of Santa Barbara
 - Goleta Water District
 - Hope School District
 - Santa Barbara Unified School District
 - United Boys & Girls Clubs of Santa Barbara County
 - St. Rafael School

Date: Correspondence Received From:

1. 05/13/2022 State Water Resources Control Board
Subject: Wastewater Operator Certification Program
Treatment Plant Chief Plant Operator (CPO) Acknowledgement Form

Hard Copies of the Correspondence are available at the District's Office for review