



Regular Board of Directors Meeting

Thursday, April 14, 2022, at 3:00 p.m.

2435 Wallace Avenue, Summerland CA 93067

NOTES

This meeting will be held at the District's office at 2435 Wallace Avenue in Summerland. The public may listen to the meeting telephonically by calling +1 669 900 6833 (San Jose) Meeting Code ID: 983 226 8568 or through the internet at <https://us02web.zoom.us/j/9832268568>. The public may attend the meeting, which follows social distancing protocols. Should you wish to participate by offering comments on either non-agenda or agenda-related items, please follow the instructions set forth in Item IV of the agenda.

Materials related to an item on this agenda, which are part of the agenda packet, are available for public inspection on the District's website at www.summerlandsd.org, or during normal business hours (8:00 a.m. - 4:00 p.m. weekdays) in the District's office.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Clerk of the Board at (805) 969-4344. Notification 24-hours prior to the meeting will help the Clerk make reasonable arrangements to ensure accessibility to this meeting.

AGENDA

- I. **CALL TO ORDER/ROLL CALL**
- II. **PLEDGE OF ALLEGIANCE**
- III. **APPROVAL OF THE AGENDA**
The Board President will ask the Board, public, staff, and legal counsel if there are any additions or modifications to the Agenda.
- IV. **PUBLIC COMMENT** [Non-Agenda Items]
Those wishing to offer public comment must submit a speaker slip to the Clerk of the Board. Public comment is limited to three minutes per speaker.

If the public is participating remotely, please email comments to info@summerlandsd.org at least 30 minutes before the meeting begins or give a telephone number to (805) 969-4344 for the Clerk of the Board to call during the meeting and provide an opportunity for comment.
- V. **APPROVAL OF THE MINUTES FOR THE REGULAR BOARD MEETING OF MARCH 10, 2022**
[Action Item]
- VI. **APPROVAL OF THE MONTHLY EXPENSES FOR MARCH 2022, INCLUDING PAYROLL AND PETTY CASH** [Action Item]

SUMMERLAND SANITARY DISTRICT
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AGENDA

VII. COMMITTEE REPORTS UPDATES

- A. Finance Committee Report
- B. Ad Hoc Rate Study Committee Report
- C. Ad Hoc Grant/Financial Aid Committee Report

VIII. CLOSED SESSION ITEMS

- A. Conference with Legal Counsel – Existing Litigation – Government Code, § 54956.9(d)(1)
Lucinda Malott, etc. versus Summerland Sanitary District, Santa Barbara Superior Court
No. 18CV01923
- B. Public Employee Performance Evaluation – AOP Committee Report
Government Code, § 54957(b)(1)
Titles: Operations Manager and District Administrative Manager

IX. OLD BUSINESS ITEMS

- A. **Emergency Repair Report for the Replacement of Treatment Plant's Blowers as Authorized by Resolution 2021-08** [Non-Action Item]
Description: The Board will review the submitted staff report.
- B. **Emergency Repair Report for the Maintenance on the District's Outfall Pipeline as Authorized by Resolution 2021-09** [Non-Action Item]
Description: The Board will review the submitted staff report.

X. NEW BUSINESS ITEMS

- A. **Rate Study 2021-22** [Action Item]
Description: The Board will consider approving the following recommendation from the Ad Hoc Rate Study Committee: That rates adopted by Ordinance 19 remain in effect while the District waits for the CASA Flow & Loading Study to be completed for analyzing future annual sewer fee rates or consider a new Rate Study during the fiscal year 2022/23.
- B. **Resolution 2022-01: A Resolution of the Board of Directors of the Summerland Sanitary District Adopting Debt Issuance and Management Policies** [Action Item]
Description: The Board will consider adopting debt issuance and management policies Resolution 2022-01. This Resolution complies with the requirements of section 8855 of the Government Code and is required for the Installment Sale Agreement proposed for execution for the Outfall Pipeline Repair Project's (partial) financing.
Staff Recommendation: To Adopt Resolution 2022-01.
- C. **Resolution 2022-02: Authorizing the Execution and Delivery of An Installment Sale Agreement, and Authorizing and Directing Certain Actions in Connection with the Acquisition and Construction of Pipeline Improvements** [Action Item]
Description: The Board will consider adopting Resolution 2022-02.
Staff Recommendation: To adopt Resolution 2022-02.

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D. Installment Sale Agreement for the Financing of the District's Ocean Outfall Pipeline Repair Project [Action Item]

Description: The District is offered an Installment Sale Agreement for (partial) financing of the Ocean Outfall Pipeline Repair Project with a \$500,000, 10-year term loan. The Board will consider approving and entering the offered Installment Sale Agreement.

Staff Comment: The Installment Sale Agreement has been reviewed and approved by Legal Counsel.

Staff Recommendation: To authorize President D. Novis to execute the Agreement.

E. Banner Avenue Sewer Mainline Offset Repair between manhole R8031 and R8030 [Action Item]

Description: The Board will review the submitted staff report and the pipeline inspection report with detailed information regarding the main pipeline offset on Banner Avenue. The Board will be requested to give Operations Manager N. Aguilar Vega signature authorization for the most competitive repair proposal not to exceed \$15,000.

XI. FINANCIAL STATUS REPORT MARCH 2022 [Action Item]

The Board will receive Financial Status and Cash Balances Reports for Funds 5215, 5216, and 5217 and may request staff for explanations. The Board will be asked to accept the reports as presented.

XII. OPERATIONS MANAGER REPORT

The Operations Manager will provide a written report on operations, facility, and collection system maintenance and affairs and will provide explanations as requested.

XIII. DISTRICT ADMINISTRATIVE MANAGER REPORT

The District Administrative Manager will provide a written report on the District's administrative affairs and will provide explanations as requested.

XIV. BOARD COMMUNICATIONS

- A. Board Communications
- B. Items for future Board meetings
- C. Next Board meeting date

XV. ADJOURNMENT



V

Minutes of the Regular Board of Directors Meeting

Thursday, March 10, 2022, at 3:00 p.m.

These are the minutes of the regular meeting of the Governing Board of the Summerland Sanitary District held at the District's Office at 2435 Wallace Avenue, Summerland, California.

The public was able to listen to the meeting telephonically by calling +1 669 900 6833 (San Jose), code 983 226 8568, or through the internet at <https://us02web.zoom.us/j/9832268568>. The public was also allowed to attend the meeting with social distancing protocols.

The agenda notice for this meeting, including instructions for the public to provide comments and/or participate in the electronic meeting, was posted on the district's website and bulletin board and at the Post Office at least 72-hours in advance of the meeting.

PRESIDENT D. NOVIS CALLED THE REGULAR BOARD MEETING TO ORDER AT 3:01 p.m.

I. CALL TO ORDER/ROLL CALL

DIRECTORS PRESENT

JOLENE COLOMY
DAVID (DAVE) NOVIS
JOHN FRANKLIN
JAMES (JIM) WITMER

ABSENT

MARTIN TUCKER

ALSO, PRESENT

NOE AGUILAR VEGA Operations Manager
MARJON (MAR) SOUZA Administrative Manager
JANET MCGINNIS District Legal Counsel

II. PLEDGE OF ALLEGIANCE

III. APPROVAL OF THE AGENDA

President D. Novis asked if there were any modifications and/or changes. Hearing no objections, the agenda was approved as submitted.

IV. PUBLIC COMMENT [NON-AGENDA ITEMS]

No public comments were submitted, and no member of the public was present via telephone or Zoom.

V. APPROVAL OF THE MINUTES FOR THE REGULAR BOARD MEETING OF FEBRUARY 10, 2022

[Action Item]

A motion was made by Director J. Colomy to approve the minutes of the Regular Board Meeting of February 10, 2022. The motion was seconded by Director J. Witmer, and was carried by the following roll call vote:

AYES:	4	J. Colomy, J. Franklin, D. Novis, J. Witmer
NOES:	0	None
ABSENT:	1	M. Tucker
ABSTAIN:	0	None

VI. APPROVAL OF THE MONTHLY EXPENSES FOR FEBRUARY 2022, INCLUDING PAYROLL AND PETTY CASH [Action Item]

District Management answered the Board's questions and clarified information about the payout of bills. A motion was made by Director J. Colomy to approve the monthly expenses, including payroll and petty cash totaling \$70,166 for Fund 5215 and \$3,500 for Fund 5217. The motion was seconded by Director J. Franklin, and was carried by the following roll call vote:

AYES:	4	J. Colomy, J. Franklin, D. Novis, J. Witmer
NOES:	0	None
ABSENT:	1	M. Tucker
ABSTAIN:	0	None

VII. COMMITTEE REPORTS

A. Finance Committee Report

The Finance Committee did not meet.

B. Administration, Operations & Personnel (AOP) Committee

The AOP Committee did not meet.

C. Ad Hoc Rate Study Committee

The Ad Hoc Committee, staff, and legal counsel met on February 24, 2022, via Zoom. Director Colomy reported the Committee reached conclusions that they wanted to share with the Board. The Committee is not comfortable with a rate methodology based solely on water usage, as it unfairly burdens ratepayers with yards even using the winter water use. With the draft study's proposed rates, the total sewer revenue will decrease by almost \$90,000 which means income loss and depletion of our reserves which are needed for upcoming capital projects. The District will also be unable to catch up with this year's high inflation. An increase of 44% for Single Family to an unprecedented fee of \$1,698 was proposed to maintain the current sewer revenue. The Committee considers this an unacceptable increase. CASA is currently conducting a statewide flow/loading study. The Committee thinks it is ill-timed to go through the rate change process and wants to wait for the CASA study to be completed and then consider using its flow and loading information to revisit the District's rate setting methodology.

The Ad Hoc Committee recommends that the rates adopted by Ordinance 19 remain in effect at this time. This recommendation should be an action item for the next regular board meeting on April 14, 2022. Director Witmer asked if the CASA study will be completed by next year. Director Colomy said that it's unknown for now, but the District still has one more 3.5% rate increase for the upcoming fiscal year 2022-2023. President Novis said that 90% of the water used in his household is used for landscaping and questioned the methodology as well. Director J. Witmer asked if the study methodology was done based on water usage and Director J. Franklin said that that was correct. Director J. Witmer asked why the sewer revenue would decrease by almost \$90,000. Administrative Manager M. Souza explained that the initial Single Family Dwelling rate proposed by the Rate Consultant was lowered at the request of the Committee from \$1,698 to \$1,412, and that reduction generated almost \$90,000 less revenues.

D. Ad hoc Committee for Grants & Financial Aid

President Novis reported that he, Director Colomy, and staff had met on March 8, 2022, to discuss funding opportunities which included a five-year or a 10-year loan quote provided by CSDA financing for \$450,000 or \$500,000.

The Committee recommended the \$500,000 loan with the 10-year term because this is half of the project cost, the interest rate is still reasonably low, and the annual payment is within the District's means.

Hillary Hauser of Heal the Ocean connected staff with Rob Morrow, a grant specialist for many other special districts. Staff met by phone with Mr. Morrow who reported there is no currently appropriate grant for the project, especially with the short timeline. He suggested the best grant funding opportunity might be through Salud Carbajal's Office. Staff will keep searching for grant opportunities and will follow up on the suggestion to contact Salud Carbajal's Office staff again.

VIII. CLOSED SESSION

- A. Conference with Legal Counsel – Existing Litigation – Government Code, § 54956.9(d)(1) *Lucinda Malott, etc. versus Summerland Sanitary District*, Santa Barbara Superior Court No. 18CV01923

At 3:18 p.m., Board President D. Novis announced the commencement of the closed session. During the closed session, he excused himself and turned the meeting over to Vice-President J. Colomy.

At 4:17 p.m., Vice-President J. Colomy announced that the Board had reconvened in open session and that this reportable action was taken during the closed session: the board gave authority to Counsel and its negotiation team for the mediation on April 27, 2022.

IX. OLD BUSINESS ITEMS

- A. Emergency Repair Report for the Replacement of Treatment Plant's Blowers as Authorized by Resolution 2021-08 [Non-Action Item]

The Board reviewed the submitted staff report. Operations Manager N. Aguilar Vega said that the two blowers have been ordered and should arrive next month. Until the completion of the installation, the emergency condition still exists.

- B. Emergency Repair Report for the Maintenance on the District's Outfall Pipeline as Authorized by Resolution 2021-09 [Non-Action Item]

The Board reviewed the submitted staff report. Operations Manager N. Aguilar Vega said that the first phase of the Ocean Outfall Pipeline Maintenance is still scheduled on or around June 15, 2022 and that the emergency condition, as described in Resolution 2021-09, still exists.

X. NEW BUSINESS ITEMS

A. LAFCO Municipal Service Review (MSR) Survey and Questionnaire [Non-Action Item]

Staff included a copy of the MSR Survey and Questionnaire in the agenda packet.

Administrative Manager M. Souza reported that the service area of the Summerland Cottages is not shown on the District's boundary map. Staff contacted Mike Prater, LAFCO Director, who advised staff to include the missing area in the MSR questionnaire and the service area will be included in the boundary map thereafter.

Other questions are, "Have consolidation or reorganization with others been considered in the past 5 years?" "Would this evaluation benefit your agency?" The Board discussed that Montecito Sanitary District and Montecito Water District have contracted with Raftelis Financial to explore and gather information to examine if consolidation would benefit the districts. If consolidation is recommended and approved by both Boards then Montecito Sanitary District would merge with Montecito Water District. Montecito Water District has a service area boundary that overlaps with Summerland Sanitary District. Summerland Sanitary District's Board could opt to merge, or LAFCO might require the District to merge.

Some questions are very open-ended. For example, "Has climate change affected your agency?" "Do you have a Climate Action plan?" Operations Manager N. Aguilar Vega said that developing a climate change plan will be required with the new NPDES permit and the District will start developing its plan later.

B. CSDA Finance Corporation loan quotes for the financing of the District's Ocean Outfall Pipeline Rehabilitation Project [Action Item]

The Board received four loan quotes for the (partial) financing of the Ocean Outfall Pipeline Rehabilitation Project. The Board was requested to approve and agree to one of the provided loan quotes. The Ad Hoc Committee recommended a \$500,000 loan for a 10-year term.

A motion was made by Director J. Franklin to agree and sign the provided CSDA loan \$500,000 loan with a 10-year term. The motion was seconded by Director J. Witmer, and was carried by the following roll call vote:

AYES:	3	J. Colomy, J. Franklin, J. Witmer
NOES:	0	None
ABSENT:	2	D. Novis, M. Tucker
ABSTAIN:	0	None

Vice-President J. Colomy signed the CSDA quote for the 10-year term \$500,000 loan for approval and agreement.

C. Staff Report – Consolidation Study Montecito Water District and Montecito Sanitary District [Non-Action Item]

The Board received an oral report from the District Administrative Manager regarding the Consolidation Study between Montecito Water District and Montecito Sanitary District. As discussed earlier, this possible consolidation may affect Summerland Sanitary District.

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X. FINANCIAL STATUS REPORT – FEBRUARY 2022

The Board received Financial Status and Cash Balances Reports for Funds 5215, 5216, and 5217, and staff provided explanations as requested.

A motion was made by Director J. Colomy to accept the Financial Status Report of February 2022. The motion was seconded by Director J. Witmer, and was carried by the following roll call vote:

AYES:	3	J. Colomy, J. Franklin, J. Witmer
NOES:	0	None
ABSENT:	2	D. Novis, M. Tucker
ABSTAIN:	0	None

VIII. OPERATIONS MANAGER REPORT

Operations Manager N. Aguilar Vega provided a written report and answered Board questions.

- An emergency backup high water level alarm system was installed at lift station 3, which completes the capital facilities project.
- A staff member injured himself on the job when he fell backward and hurt his leg. He was out on worker's compensation for a week and returned to work this week fully recovered.
- The Operations Manager from Goleta Sanitary District contacted Mr. N. Aguilar Vega regarding a proposed study for a "Regional Biosolids Drying Facility" to produce compost. If this comes to fruition, then the Summerland Sanitary District can have biosolids hauled to Goleta rather than by Liberty Composting, for cost-saving. There is a discussion that the biosolids could be removed from the digesters directly into a tanker and hauled to Goleta Sanitary District, omitting the process of removal of the biosolids via sludge belt press.

IX. ADMINISTRATIVE MANAGER REPORT

Administrative Manager M. Souza provided a written report and answered Board questions.

- The District completed the final sewer inspection of 2740 Montecito Ranch Place and added the parcel to the customer database.

XI. BOARD COMMUNICATIONS

- A. Board communications: None
- B. Items for future Board meetings. The recommendation of the Ad Hoc Committee is that the rates adopted by Ordinance 19 remain in effect and to possibly wait for the CASA flow & loading study to be completed for analyzing future annual sewer fee rates.
- C. The next Regular Board Meeting date is Thursday, April 14, 2022, at 3:00 p.m.

XII. ADJOURNMENT

A motion was made by Director J. Witmer to adjourn the Regular Board meeting at 4:58 p.m. and was seconded by Director J. Franklin and carried by three ayes and two absent votes.

Respectfully submitted:

Jim Witmer
Board Secretary

Date: April 14, 2022

Minutes prepared by M. Souza

Expenditure Transactions March 2022

From 3/1/2022 to 3/31/2022

Selection Criteria: Fund = 5215

Layout Options: Summarized By = Fund; Page Break At = Fund; Columns = Vendor

Fund 5215 -- SummerInd San Dist Running Exp

Document	Post On	Dept	LI Acct	Description	Amount	Vendor	Vendor Name
CLM - 0672726	3/3/2022		7450	Copy & Certification Fee CA State Filing	6.00	790180	Summerland Sanitary District
CLM - 0672726	3/3/2022		7510	Monthly Subscription Payroll Program (2 months)	130.00	790180	Summerland Sanitary District
CLM - 0672726	3/3/2022		7516	CSB Public Transport Permitting Fees	391.00	790180	Summerland Sanitary District
CLM - 0672726	3/3/2022		7763	Water Usage Lines Cleaning 2nd Quarter 21/22	47.33	790180	Summerland Sanitary District
CLM - 0673195	3/3/2022		7516	Permit to operate Generators Plant and LSIII APCD	942.96	010698	AIR POLLUTION CONTROL DISTRICT
CLM - 0673181	3/4/2022		7731	Gasoline February 2022	79.29	522736	McCormix Corporation
CLM - 0673183	3/4/2022		7121	Hach total Chlorine Accuvac plus tax	109.52	835122	USA BLUEBOOK
CLM - 0673183	3/4/2022		7121	Hach pH Buffer 3 pack plus tax	40.14	835122	USA BLUEBOOK
CLM - 0673183	3/4/2022		7363	Telescoping Pole, tax and freight	203.19	835122	USA BLUEBOOK
CLM - 0673192	3/4/2022		7362	Material for Construction Walkway to Maps Room	416.85	151096	CARPINTERIA VALLEY LUMBER CO
CLM - 0674181	3/11/2022		7363	Car Wash Gallon	13.40	178358	COAST AUTO PARTS
CLM - 0674187	3/11/2022		7110	Comp. Agenda Setting Meeting 03/03/2022	175.00	026964	DAVID NOVIS
CLM - 0674190	3/11/2022		6600	Medical Benefits April 2022	6,308.75	002073	SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY
CLM - 0674197	3/11/2022		7121	420 gallons of Sod bisulfite	1,427.96	214614	UNIVAR SOLUTIONS USA INC
CLM - 0674200	3/11/2022		7764	Trash Service February 2022	342.28	509950	MARBORG INDUSTRIES
CLM - 0674201	3/11/2022		7121	800 Gallons of Sodium Hypochlorite	2,179.82	214614	UNIVAR SOLUTIONS USA INC
CLM - 0675338	3/18/2022		7731	Gasoline March 2022	111.83	522736	McCormix Corporation
CLM - 0675339	3/18/2022		7510	Call Center Service - February 2022	43.99	106048	CENTRAL COMMUNICATIONS
CLM - 0675341	3/18/2022		7763	Water February 2022	135.22	556712	MONTECITO WATER DISTRICT
CLM - 0675349	3/18/2022		7053	Phone Wireless February 2022	193.99	297454	VERIZON WIRELESS
CLM - 0675361	3/18/2022		7363	Monolec R&O Compressor/Turbine (Oil Blowers)	396.62	095786	LUBRICATION ENGINEERS INC
CLM - 0675365	3/18/2022		7110	Compensation Regular Board Meeting 03/10/2022	175.00	009934	JOLENE M COLOMY
CLM - 0675366	3/18/2022		7110	Compensation Regular Board Meeting 03/10/2022	175.00	091927	JAMES WITMER
CLM - 0675367	3/18/2022		7110	Compensation Regular Board Meeting 03/10/2022	175.00	026964	DAVID NOVIS
CLM - 0675368	3/18/2022		7110	Compensation Regular Board Meeting 03/10/2022	175.00	765907	John Franklin
CLM - 0675372	3/18/2022		7110	Comp. Ad Hoc Grant Fin Aid Meeting 03/08/22	175.00	026964	DAVID NOVIS
CLM - 0675374	3/18/2022		7110	Comp. Ad Hoc Grant Fin Aid Meeting 03/08/22	175.00	009934	JOLENE M COLOMY
CLM - 0675439	3/18/2022		6100	Regular Salaries March 1-15, 2022	16,809.21	790178	Summerland Sanitary District
CLM - 0675439	3/18/2022		6270	Standby February March 1-15, 2022	785.38	790178	Summerland Sanitary District

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Expenditure Transactions March 2022

From 3/1/2022 to 3/31/2022

Selection Criteria: Fund = 5215

Layout Options: Summarized By = Fund; Page Break At = Fund; Columns = Vendor

Fund 5215 -- SummerInd San Dist Running Exp

Document	Post On	Dept	LI Acct	Description	Amount	Vendor	Vendor Name
CLM - 0675439	3/18/2022		6300	Overtime February March 1-15, 2022	102.12	790178	Summerland Sanitary District
CLM - 0675439	3/18/2022		6500	Medicare and Fica March 1-15, 2022	1,428.53	790178	Summerland Sanitary District
CLM - 0675478	3/18/2022		7460	Rate Study 2021/2022 5th invoice	3,970.00	148245	NBS
CLM - 0675493	3/18/2022		7460	Rate Study 2021/2022 4th invoice	7,250.00	148245	NBS
JE - 0231480	3/18/2022		6400	Retirement Contr. Payroll 03-15-2022	7,744.73		
JE - 0231480	3/18/2022		6475	Retirement Healthcare Contr. retirees 03-15-2022	241.67		
CLM - 0675561	3/21/2022		7450	Coffee, Toner Office, Glue, Rubber Caps, Cloths	441.29	790180	Summerland Sanitary District
CLM - 0675561	3/21/2022		7450	Household Supplies	60.31	790180	Summerland Sanitary District
CLM - 0675561	3/21/2022		7450	Printing Cost Spring Newsletter	68.51	790180	Summerland Sanitary District
CLM - 0675561	3/21/2022		7450	Monthly subscriptions: Microsoft Office & Zoom	23.24	790180	Summerland Sanitary District
CLM - 0675561	3/21/2022		7763	Drinking water 15 gallons	6.30	790180	Summerland Sanitary District
DJE - 0151667	3/21/2022		6500	EDD Refund Period ending 9/30/21	-22.30		
CLM - 0675791	3/22/2022		7363	Actuator for RAS Valve #1	548.28	151774	BPS SUPPLY GROUP
JE - 0231241	3/24/2022		6475	HRA Administrative Fee - FEB 2022	9.00		
CLM - 0676358	3/28/2022		7053	Monthly Charge Plant/Office Phone 03/13-04/12	200.80	075391	FRONTIER
CLM - 0676359	3/28/2022		7053	Monthly Charge LS Alarm Phones 03/13-04/12	176.11	075391	FRONTIER
CLM - 0676360	3/28/2022		7761	Electric Bill Feb 2 through March 3, 2022	3,562.84	767200	SOUTHERN CALIFORNIA EDISON
CLM - 0676361	3/28/2022		7363	Oil for Primary Clarifier Gear Drive	49.33	094089	GRAINGER
JE - 0231722	3/28/2022		7430	ProRata Share of Lafco 21-22 Budget: Summerland SD	997.00		
CLM - 0676874	3/29/2022		7362	Traffic Control Plan with Engineering Stamp	500.00	048735	TOTAL BARRICADE SERVICE INC
CLM - 0677008	3/31/2022		6100	Regular Salaries March 16-31, 2022	17,239.27	790178	Summerland Sanitary District
CLM - 0677008	3/31/2022		6270	Standby March 16-31, 2022	785.38	790178	Summerland Sanitary District
CLM - 0677008	3/31/2022		6500	Medicare & Fica March 16-31, 2022	1,459.40	790178	Summerland Sanitary District
CLM - 0677012	3/31/2022		7404	FGL Lab testing 11/15- 02/16	1,319.00	270150	FGL ENVIRONMENTAL INC
CLM - 0677018	3/31/2022		7508	Legal Serv. Jan 11 - March 18, 2022 SSD adv Mallot	7,297.94	146937	LAW OFFICE OF JANET K MCGINNIS
JE - 0231967	3/31/2022		6400	Retirement Contr. Payroll 03-31-2022	7,864.15		
JE - 0231967	3/31/2022		6475	Retirement Healthcare Contr. retirees 03-31-2022	241.67		
JE - 0231968	3/31/2022		6100	Relocate EE Contr. SBCERS 1stQFY22 to 6100 Payroll	5,854.12		
JE - 0231968	3/31/2022		6400	Relocate EE Contr. SBCERS 1stQFY22 to 6100 Payroll	-5,854.12		
Total SummerInd San Dist Running Exp					95,904.30		



IX
A.

**Board of Directors Meeting
STAFF REPORT**

TO : Board of Directors

FROM : Operations Manager, Noe Aguilar Vega

DATE : April 14, 2022

RE : **EMERGENCY REPLACEMENT OF THE TREATMENT PLANTS BLOWERS**

INFORMATION: On November 10, 2021, the Board declared an emergency for the replacement of two of the district's faulty blowers, per my request.

On January 14, 2022, the Board was informed that Cushman Contracting was unable to provide the district with the same discount that was applied for two blower replacements for the third blower replacement. Cushman Contracting was authorized to replace only two blowers.

The order for the two new blowers has been placed. Originally Cushman Contracting was expecting to receive the blowers in April of 2022. Due to a delay in parts production, Cushman Contracting is now expecting to receive the blowers by May 2022 and plans to start the blower replacement within that month.

RECOMMENDATION: Keep emergency as described in Resolution 2021-08.



IX
B

Board of Directors Meeting STAFF REPORT

TO : Board of Directors
FROM : Operations Manager, Noe Aguilar Vega
DATE : April 14, 2022
RE : **EMERGENCY OUTFALL MAINTENANCE**

INFORMATION: On November 16, 2021, the Board declared an emergency requiring maintenance to be performed on the district's ocean outfall due to heavy internal corrosion that restricts the effluent from flowing through the pipeline.

On January 14, 2022, the Board was informed that the outfall maintenance was deferred from January 2022 to June 15, 2022. The maintenance was deferred per MPM's recommendation that winter and spring are not good seasons to perform marine work in the designated area due to oceanic conditions that can negatively impact the outfall maintenance operation. This was recommended due to the following possible conditions: poor underwater visibility, sand erosion/diffuser burial, storms/sea state. The outfall maintenance will commence on or after June 15, 2022, when a better oceanic state has been observed to exist by MPM for a better project outcome.

RECOMMENDATION: Keep the emergency condition as described in Resolution 2021-09.

X
A

RESOLUTION NO. 2022-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF SUMMERLAND SANITARY DISTRICT ADOPTING DEBT ISSUANCE AND MANAGEMENT POLICIES

WHEREAS, the Summerland Sanitary District (the "District") is a sanitary district duly organized and existing under and pursuant to the laws of the State of California; and

WHEREAS, in September of 2016, the California Legislature enacted Senate Bill No. 1029 which amended Government Code section 8855; and

WHEREAS, Government Code section 8855 requires that the District adopt a debt issuance and management policy prior to issuing new debt; and

WHEREAS, the District's Board of Directors further wishes to adopt the Debt Issuance and Management Policies attached hereto as Exhibit A, which complies with the requirements of Government Code section 8855 as amended by Senate Bill No. 1029;

NOW, THEREFORE, it is resolved by the Board of Directors of the Summerland Sanitary District as follows:

SECTION 1. Debt Issuance and Management Policies. The Debt Issuance and Management Policy attached as Exhibit A to this Resolution is adopted.

SECTION 2. Effect. This Resolution shall take effect immediately upon its passage.

PASSED, APPROVED AND ADOPTED this 14th day of April, 2022, by the following vote:

AYES : _____

NOES : _____

ABSENT : _____

ABSTAIN : _____

David Novis
President, Board of Directors

Attest:

Jolene Colomy
Secretary, Board of Directors

Exhibit "A"
SUMMERLAND SANITARY DISTRICT
DEBT ISSUANCE POLICIES & PROCEDURES

Authorized Purposes for the Issuance of Debt

The Summerland Sanitary District (the "District") may issue debt for any of the following purposes:

1. To pay for the cost of capital improvements, including acquiring, constructing, reconstructing, rehabilitating, replacing, improving, extending, enlarging, and/or equipping District facilities
2. To refund existing debt
3. To provide for cash flow needs

Authorized Types of Debt

The District Administrative Manager or designee shall recommend to the Board potential financing method(s) that result in the highest benefit to the District, with the cost of staff and consultants considered. Potential financing sources may include:

1. Short-Term Debt
 - a. Short-term debt, such as TRANs, when necessary to allow the District to meet its cash flow requirements.
 - b. Bond anticipation notes (BANs) to provide interim financing for capital bond projects that will ultimately be paid from general obligation bonds, special assessments, or special tax bonds issued pursuant to the Mello-Roos Community Facilities Act of 1982 or other funding sources that are reasonably available to meet the District's repayment requirements.
 - c. Grant anticipation notes (GANs) to provide interim financing pending the receipt of grants and/or loans from the state or federal government that have been appropriated and committed to the District.
2. Long-Term Debt
 - a. General obligation bonds for projects approved by voters.
 - b. Special tax bonds issued pursuant to the Mello-Roos Community Facilities Act of 1982.
 - c. Special Assessment Bonds.
3. Lease Purchase and Installment Sale Agreements, including certificates of participation (COPs)
 - a. To fund priority capital equipment purchases when pay-as-you-go financing is not desirable.

- b. To fund facilities and/or infrastructure projects when there is insufficient time to obtain voter approval or in instances where obtaining voter approval is either not practical or unavailable.
4. Special financing programs or structures offered by the federal or state government, or other tax credit obligations or obligations that provide subsidized interest payments, when the use of such programs or structures is determined to result in sufficiently lower financing costs compared to traditional tax-exempt bonds and/or COPs.
5. Temporary borrowing from other sources.

Relationship of Debt to District Facilities Program and Budget

Decisions regarding the issuance of debt for the purpose of financing capital improvement shall be aligned with current needs for acquisition, development, and/or improvement of District property and facilities as identified in the District's facilities master plan or other applicable needs assessment, the projected costs of those needs, schedules for the projects, and the expected resources.

The cost of debt issued for major capital repairs or replacements shall be evaluated against the potential cost of delaying such repairs and/or replacing such facilities.

When considering a debt issuance, the District may evaluate both the short-term and long-term implications of the debt issuance and additional operating costs associated with the new projects involved. Such evaluation may include the tax burden on the District's taxpayers; the effect of annual debt service secured by the general fund on general fund expenditures; the amortization structure, prepayment features, and useful life of the projects being financed (for further information see "Structure of Debt Issues" below).

The District may enter into credit enhancement agreements such as municipal bond insurance, surety bonds, letters of credit, and lines of credit with commercial banks, municipal bond insurance companies, or other financial entities when their use is judged to lower borrowing costs, eliminate restrictive covenants, or have a net economic benefit to the financing.

Structure of Debt Issues

The District shall consider the overall impact of the current and future debt burden of the financing when determining the duration of the debt issue.

The District shall design the financing schedule and repayment of debt so as to take best advantage of market conditions, ensure cost-effectiveness, provide flexibility, and, as practical, recapture or maximize its debt capacity for future use. Principal amortization will be structured to meet resources available for debt repayment and flexibility goals.

For debt issuances for capital improvements, the District shall size the debt issuance with the aim of funding capital projects as deemed appropriate by the Board and consistent with the overall financing plan.

To the extent practicable, the District shall also consider credit issues, market factors, and tax law when sizing the District's debt issuance. The sizing of refunding bonds shall be determined by the

amount of money that will be required to cover the principal of, any accrued interest on, and any redemption premium for the debt to be paid on the call date and to cover appropriate financing costs.

Any tax-backed debt issued by the District shall mature within the term required by law.

The final maturity of equipment or real property lease obligations will be limited to the useful life of the assets to be financed.

Method of Sale

For the sale of any District-issued debt, the District shall recommend the method of sale with the potential to achieve the lowest financing cost and/or to generate other benefits to the District. Potential methods of sale include:

1. A competitive bidding process through which the award is based on, among other factors, the lowest offered true interest cost.
2. Negotiated sale, subject to approval by the District to ensure that interest costs are in accordance with comparable market interest rates.
3. Private placement sale. A private placement may be used as an alternative when the terms of the private placement with a bank are more beneficial to the District than a negotiated or competitive sale.

Investment of Proceeds

The District shall actively manage the proceeds of debt issued for public purposes in a manner that is consistent with state law governing the investment of public funds and with the permitted securities covenants of related financing documents executed by the District. Where applicable, the District's official investment policy and legal documents for a particular debt issuance shall govern specific methods of investment of bond-related proceeds. Preservation of principal shall be the primary goal of any investment strategy, followed by the availability of funds and then by return on investment.

The management of public funds shall enable the District to respond to changes in markets or changes in payment or construction schedules so as to ensure liquidity and minimize risk.

Refunding/Restructuring

The District may consider refunding or restructuring outstanding debt generate financial savings and efficiency, eliminate restrictive debt/legal covenants, restructure the stream of debt service payments, or to achieve other policy. When doing so, the District shall consider the maximization of the District's expected net savings over the life of the debt issuance.

Goals of Debt Management Policy

The District's debt issuance activities and procedures shall be aligned with the District's vision, mission and core values. When issuing debt, the District shall ensure that it:

1. Maintains accountability for the fiscal health of the District, including prudent management and transparency of the District's financing programs

2. If applicable, pursues the best possible credit rating for each debt issue in order to reduce interest costs, within the context of preserving financial flexibility and meeting capital funding requirements.
3. Takes all practical precautions and proactive measures to avoid any financial decision that will negatively impact current credit ratings on existing or future debt issues.
4. Maintains effective communication with rating agencies and, as appropriate, credit enhancers such as bond insurers or other providers of credit or liquidity instruments in order to enhance the creditworthiness, liquidity, or marketability of the debt.
5. Monitors the District's statutory debt limit in relation to assessed valuation within the District and the tax burden needed to meet long-term debt service requirements
6. When determining the timing of debt issuance, considers market conditions, cash flows associated with repayment, and the District's ability to expend the obtained funds in a timely, efficient, and economical manner consistent with federal tax laws
7. Determines the amortization (maturity) schedule which will fit best within the overall debt structure of the District at the time the new debt is issued
8. Considers the useful lives of assets funded by the debt issue, as well as repair and replacement costs of those assets to be incurred in the future
9. Preserves the availability of the District's general fund for operating purposes and other purposes that cannot be funded by the issuance of voter-approved debt.
10. Meets the ongoing obligations and accountability requirements associated with the issuance and management of debt under state and federal tax and securities laws.

Internal Controls

The District shall establish internal control procedures to ensure that the proceeds of any debt issuance are directed to the intended use. Such procedures shall assist the District in maintaining the effectiveness and efficiency of operations, properly expending funds, reliably reporting debt incurred by the District and the use of the proceeds, complying with all laws and regulations, preventing fraud, and avoiding conflict of interest.

The District shall be vigilant in using bond proceeds in accordance with the stated purposes at the time such debt was incurred as defined in the text of the voter-approved bond measure.

When feasible, the District shall issue debt with a defined revenue source in order to preserve the use of the general fund for general operating purposes.

In addition, the District shall ensure that it completes, as applicable, all performance and financial audits that may be required for any debt issued by the District, including disclosure requirements applicable to a particular transaction.

Records/Reports

No later than 30 days prior to the sale of any debt issue, the District shall submit a report of the proposed issuance to the California Debt and Investment Advisory Commission. The report of the proposed debt issuance shall include a certification by the District that it has adopted local debt policies concerning the use of debt and that the contemplated debt issuance is consistent with those local debt policies.

No later than 21 days after the sale of the debt, the District shall submit a report of final sale to the California Debt and Investment Advisory Commission. A copy of the final official statement for the issue shall accompany the report of final sale. If there is no official statement, the District shall provide each of the following documents, if they exist, along with the report of final sale:

- Other disclosure document.
- Indenture.
- Installment sales agreement.
- Loan agreement.
- Promissory note.
- Bond purchase contract.
- Resolution authorizing the issue.
- Bond specimen.

The District shall submit an annual report for any issue of debt for which it has submitted a report of final sale on or after January 21, 2017. The annual report shall cover a reporting period from July 1 to June 30, inclusive, and shall be submitted no later than seven months after the end of the reporting period. The annual report shall consist of the following information:

- Debt authorized during the reporting period, which shall include the following: (1) Debt authorized at the beginning of the reporting period; (2) Debt authorized and issued during the reporting period; (3) Debt authorized but not issued at the end of the reporting period; and (4) Debt authority that has lapsed during the reporting period.
- Debt outstanding during the reporting period, which shall include the following: (1) Principal balance at the beginning of the reporting period; (2) Principal paid during the reporting period; and (3) Principal outstanding at the end of the reporting period.
- The use of proceeds of issued debt during the reporting period, which shall include the following: (1) Debt proceeds available at the beginning of the reporting period; (2) Proceeds spent during the reporting period and the purposes for which it was spent; and (3) Debt proceeds remaining at the end of the reporting period.

X B

RESOLUTION NO. 2022-02

AUTHORIZING THE EXECUTION AND DELIVERY OF AN INSTALLMENT SALE AGREEMENT, AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS IN CONNECTION WITH THE ACQUISITION AND CONSTRUCTION OF PIPELINE IMPROVEMENTS

WHEREAS, the Summerland Sanitary District (the "District") is a sanitary district duly organized and existing under and pursuant to the laws of the State of California; and

WHEREAS, the District desires to provide for financing in the approximate amount of \$500,000.00 for the acquisition and construction of a pipeline project (the "Project"); and

WHEREAS, Municipal Finance Corporation (the "Corporation") has proposed a cost-effective ten-year installment sale financing arrangement at a 3.10% interest rate; and

WHEREAS, in accordance with California Government Code Section 5852.1, the Board of Directors has obtained and disclosed the information set forth in Exhibit A hereto;

NOW, THEREFORE, it is resolved by the Board of Directors of the Summerland Sanitary District as follows:

SECTION 1. Installment Sale Agreement. The President of the Board of Directors or a designee in writing is hereby authorized to enter into an Installment Sale Agreement (the "Installment Sale") with the Corporation to finance the Project, subject to approval as to form by the District's legal counsel.

SECTION 2. Attestations. The Secretary of the Board or other appropriate District officer is hereby authorized and directed to attest the signature of the President of the Board of Directors, or of such other person or persons as may have been designated by the President of the Board of Directors, and to affix and attest the seal of the District, as may be required or appropriate in connection with the execution and delivery of the Installment Sale.

SECTION 3. Authorization to Establish Project Fund. The Board of Directors hereby authorizes and directs the President of the Board, the District Administrative Manager, or a designee in writing to make appropriate arrangements to establish a special fund into which the proceeds of the financing are deposited for the purpose of paying the costs of the Project.

SECTION 4. Other Actions. The President of the Board of Directors, the District Administrative Manager, and other officers of the District are each hereby authorized and directed, jointly and severally, to take any and all actions and to execute and deliver any and all documents, agreements, and certificates which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms of this Resolution and the Installment Sale. Such actions are hereby ratified, confirmed, and approved.

SECTION 5. Qualified Tax-Exempt Obligations. The Installment Sale is hereby designated as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The District, together with all subordinate entities of the District, does not reasonably expect to issue during the calendar year in which the Installment Sale is issued more than

\$10,000,000 of obligations which it could designate as "qualified tax-exempt obligations" under Section 265(b) of the Code.

SECTION 6. Effect. This Resolution shall take effect immediately upon its passage.

PASSED, APPROVED, AND ADOPTED this 14th day of April 2022, by the following vote:

AYES : _____

NOES : _____

ABSENT : _____

ABSTAIN : _____

Approved:

David Novis,
President of the Board

Attest:

Jolene Colomy
Secretary of the Board

APPROVED AS TO FORM:

Summerland Sanitary District

Janet K. McGinnis, Legal Counsel

(SEAL)

EXHIBIT A

GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

The following information consists of estimates that have been provided by the Corporation, which have been provided to the District in good faith:

- (A) True interest cost of the Lease: 3.10%
- (B) Finance charge of the Lease (sum of all costs of issuance and fees/charges paid to third parties): \$0
- (C) Net proceeds to be received (net of finance charges, reserves, and capitalized interest, if any): \$500,000
- (D) Total payment amount through maturity: \$589,147.80

18 D

INSTALLMENT SALE AGREEMENT

THIS INSTALLMENT SALE AGREEMENT, (this "Installment Sale Agreement"), dated for convenience as of April 14, 2022, is by and between Municipal Finance Corporation, a corporation duly organized and existing under the laws of the State of California (the "Corporation"), and the Summerland Sanitary District, a sanitary district duly organized and existing under the Constitution and laws of the State of California (the "District");

WITNESSETH:

WHEREAS, the District presently owns and operates certain facilities and property for the collection, treatment and disposal of wastewater to residents within the service area of the District (as further defined herein, the "Enterprise"), and the District wishes at this time to finance its share of the costs of constructing certain improvements to the wastewater facilities of the Enterprise (as further defined herein, the "Project"); and

WHEREAS, the Corporation has agreed to sell the Project to the District, and the District has agreed to purchase the Project from the Corporation pursuant to the terms of this Installment Sale Agreement;

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

ARTICLE I

DEFINITIONS AND EXHIBITS

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

"Additional Revenues" means, with respect to the issuance of any Parity Obligations, an allowance for Net Revenues arising from any increase in the charges made for service from the Enterprise which has become effective prior to the incurring of such Parity Obligations but which, during all or any part of the latest Fiscal Year or more recent period of 12 consecutive months, was not in effect, in an amount equal to the total 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 12-month period, all as shown by the certificate or opinion of an independent certified public accountant selected by the District.

"Assignee" means (a) initially, Westamerica Bank, as assignee of certain rights of the Corporation hereunder, and (b) any other entity to whom the rights of the Corporation shall be assigned hereunder.

"Bond Counsel" means any attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to obligations the interest on which is excludable from gross income under Section 103 of the Tax Code.

"Closing Date" means the date the Corporation deposits the funds necessary to acquire the Project with the District pursuant to Section 3.2.

"Corporation" means Municipal Finance Corporation, a corporation duly organized and existing under the laws of the State of California.

"District" means the Summerland Sanitary District, a sanitary district duly organized and existing under the Constitution and laws of the State of California.

"Determination of Taxability" means any action taken or omitted to be taken by the District that results in the interest components of the Installment Payments becoming includable in the gross income of the Assignee, with respect to which the Assignee either (i) receives notice, in any form, from the Internal Revenue Service or (ii) reasonably determines, based on an opinion of Bond Counsel, that the interest components of the Installment Payments are not excludable from the gross income of the recipient thereof.

"Enterprise" means the existing facilities and property owned or operated by the District in connection with the wastewater collection, treatment and disposal services of the District, together with all extensions thereof and improvements thereto hereafter acquired, constructed or installed by the District.

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

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

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

"Gross Revenues" means all gross charges received for, and all other gross income and receipts derived by the District from, the ownership and operation of the Enterprise or otherwise arising from the Enterprise, including but not limited to connection charges and earnings on the investment of any funds held by the District; but excluding (a) the proceeds of any ad valorem property taxes levied for the purpose of paying bonded indebtedness of the District and (b) the proceeds of any special assessments or special taxes levied upon real property within any improvement district served by the District for the purpose of paying special assessment bonds or special tax obligations of the District and (c) any refundable deposits made to establish credit, and advances or contributions in aid of construction.

"Installment Sale Agreement" means this Installment Sale Agreement, dated as of April 14, 2022, between the Corporation and the District.

"Installment Payment Date" means the date on which each Installment Payment is due and payable, commencing twelve months after the Closing Date and continuing to and including the date on which the Installment Payments have been paid in full.

"Installment Payments" means all payments required to be paid by the District on any date pursuant to Section 3.6, including any prepayment thereof pursuant to Section 6.2 or 6.3.

"Maintenance and Operation Costs" means the reasonable and necessary costs and expenses paid by the District for maintaining and operating the Enterprise, including but not limited to the reasonable expenses of management and repair and other costs and expenses necessary to maintain and preserve the Enterprise in good repair and working order, and including but not limited to administrative costs of the District attributable to the Enterprise and the financing thereof, including salaries and wages of employees, payment to employees retirement system (to the extent paid from Revenues), overhead taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums along with all other reasonable and necessary costs of the District but in all cases excluding depreciation, replacement and obsolescence charges or reserves therefor and excluding amortization of intangibles or other bookkeeping entries of a similar nature (including non-cash pension-related charges).

"Maximum Annual Debt Service" means, as of the date of any calculation, the maximum sum obtained for the current or any future Fiscal Year during the Term of this Installment Sale Agreement by totaling the aggregate amount of (i) the Installment Payments coming due in such Fiscal Year, and (ii) the principal and interest coming due and payable in such Fiscal Year on any Parity Obligations, including the principal amount coming due and payable by operation of mandatory sinking fund redemption. There shall be excluded from such calculation any principal of and interest on the Installment Payments and any Parity Obligations which have been defeased or discharged, or for the payment of which a security deposit has been posted. With respect to any Parity Obligations which then bear interest at a variable rate, such interest shall be calculated at an assumed rate equal to the average rate of interest per annum for each of the 5 previous whole calendar years as shown by the J. J. Kenny Index (or at any time in the event and to the extent such index is not maintained for all or any portion of such period, any similar index of variable rate interest for tax-exempt obligations as may be selected by the District in its sole discretion).

"Net Revenues" means, for any period, an amount equal to all of the Gross Revenues received during such period, minus the amount required to pay all Maintenance and Operation Costs becoming payable during such period.

"Parity Obligations" means any bonds, notes or other obligations of the District payable from and secured by a pledge of and lien upon any of the Net Revenues on a parity with the Installment Payments.

"Project" means the facilities and improvements described in Exhibit B attached hereto and by this reference incorporated herein.

"Project Fund" means the fund established for the acquisition and construction of the Project, as such fund is described in Section 3.2.

"Revenue Fund" means the fund by that name established by the District and referenced in Section 3.8(b).

"Taxable Date" means, with respect to any Determination of Taxability, the date on which the Assignee either (i) receives notice, in any form, from the Internal Revenue Service or (ii) reasonably determines, based on an opinion of Bond Counsel, that the interest components of the Installment Payments are not excludable from the gross income of the recipient thereof.

"Taxable Rate" means 6% per annum.

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

"Term of this Installment Sale Agreement" or "Term" means the time during which this Installment Sale Agreement is in effect, as provided in Section 3.3.

SECTION 1.2. Exhibits. The following Exhibits are attached to, and by reference made a part of, this Installment Sale Agreement:

Exhibit A: Schedule of Installment Payments to be paid by the District hereunder, showing the date and amount of each such Installment Payment.

Exhibit B: The description of the Project.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

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

(a) Due Organization and Existence. The District is a sanitary district duly organized and existing under the Constitution and laws of the State of California.

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

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

(d) Prior Indebtedness. The District has not issued or incurred any obligations which are currently outstanding having any priority in payment out of the Gross Revenues or the Net Revenues over the payment of the Installment Payments as provided herein.

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

(a) Due Organization and Existence. The Corporation is a corporation duly organized and existing under the laws of the State of California.

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

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

(d) No Assignments. Except as provided herein, the Corporation will not assign this Installment Sale Agreement, its right to receive Installment Payments from the District, or its duties and obligations hereunder to any other person, firm or corporation so as to impair or violate the representations, covenants and warranties contained in this Section 2.2.

(e) No Fiduciary Relationship. The Corporation is entering into this Installment Sale Agreement with the District as an arm's length commercial transaction and is not acting in the capacity of a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules, or otherwise serving as an agent or fiduciary of the District.

ARTICLE III

TERMS OF INSTALLMENT SALE

SECTION 3.1. Sale. The Corporation hereby sells the Project to the District, and the District hereby purchases the Project from the Corporation, upon the terms and conditions set forth in this Installment Sale Agreement.

SECTION 3.2. Deposit of Moneys; Acquisition and Construction of the Project. On the Closing Date the Corporation shall deposit the sum of \$500,000.00 to a special account established by the District (the "Project Fund"), which the District shall expend as agent of the Corporation for the purpose of acquiring, constructing and installing the Project. The District shall invest proceeds in the Project Fund in investments authorized by California law and the District's investment policy. Any unexpended proceeds in the Project Fund upon the completion of the Project shall be applied by the District towards the payment of Installment Payments.

The Corporation hereby appoints the District as its agent to carry out all phases of the acquisition, construction and installation of the Project and the District hereby accepts such appointment. The District shall enter into contracts and provide for, as agent for Corporation, the complete acquisition, construction

and installation of the Project. The District hereby agrees that it will cause the acquisition, construction and installation of the Project to be diligently performed. It is hereby expressly understood and agreed that the Corporation shall be under no liability of any kind or character whatsoever for the payment of any cost of the Project except for the funds deposited in the Project Fund pursuant to the immediately preceding paragraph and that all such costs and expenses shall be paid by the District, regardless of whether the funds deposited with the District are sufficient to cover all such costs and expenses.

SECTION 3.3. Term. The Term of this Installment Sale Agreement shall commence on the Closing Date, and shall end on the date on which the District shall have paid all of the Installment Payments and all other amounts due and payable hereunder or provision for such payment shall be made as provided herein.

SECTION 3.4. Title. As between the Corporation and the District, title to the Project, and each component thereof, shall be deemed conveyed to and vested in the District upon the acquisition and construction thereof. The Corporation shall, execute deliver and cause to be recorded and any all documents reasonably requested by the District to consummate such transfer of title.

SECTION 3.5. Disclaimer of Warranties. THE CORPORATION MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OF THE PROJECT OR ANY PART THEREOF, OR AS TO THE FITNESS FOR ANY PARTICULAR USE OF THE PROJECT OR ANY PART THEREOF OR AS TO THE FITNESS OF THE PROJECT FOR THE USE CONTEMPLATED BY THE DISTRICT OR ANY PART THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT THERETO. THE DISTRICT ACKNOWLEDGES THAT THE CORPORATION IS NOT A CONTRACTOR OF THE PROJECT, THAT THE DISTRICT PURCHASES THE PROJECT "AS-IS", IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE DISTRICT. IN NO EVENT SHALL THE CORPORATION BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR THE ACQUISITION, CONSTRUCTION, EXISTENCE, FURNISHING, FUNCTIONING OR THE DISTRICT'S USE OF ANY ITEM OR PRODUCTS OR SERVICES PROVIDED FOR IN THIS AGREEMENT. THE DISTRICT ACKNOWLEDGES THAT IT IS SOLELY RESPONSIBLE FOR DETERMINING THE SUITABILITY OF THE PROJECT FOR ITS INTENDED USE.

SECTION 3.6. Installment Payments.

(a) Obligation to Pay. The District hereby agrees to pay to the Corporation, as the purchase price of the Project hereunder, Installment Payments with principal components aggregating \$500,000.00 and interest components (calculated at the rate of 3.10% on the basis of a 360-day year of twelve 30-day months) on the unpaid principal components thereof, payable in the respective amounts and on the respective Installment Payment Dates specified in Exhibit A attached hereto.

As a result of the assignment by the Corporation to the Assignee of the right of the Corporation to receive the Installment Payments, the District shall pay all Installment Payments when due directly to the Assignee.

(b) Effect of Prepayment. In the event that the District prepays the Installment Payments in full pursuant to Article VI, the District's obligations under this Installment Sale Agreement shall thereupon cease and terminate, including but not limited to the District's obligation to pay Installment Payments under this Section 3.6; subject however, to the provisions of Section 6.1 in the case of prepayment by application of a security deposit. In the event that the District prepays the Installment Sale in part but not in whole pursuant to Section 6.3, the principal components of the remaining Installment Payments shall be reduced so as to produce equal Installment Payments over the remaining Term of this Installment Sale Agreement.

(c) Rate on Overdue Payments. In the event the District should fail to make any of the payments required in this Section 3.6, the payment in default shall continue as an obligation of the District until the amount in default shall have been fully paid, and the District agrees to pay the same with interest thereon, to the extent permitted by law, from the date of default to the date of payment at the rate of eight percent (8%) per annum.

(d) Taxable Rate. Upon the occurrence of a Determination of Taxability, the District shall pay to the Assignee, within 30 days after the occurrence of such Determination of Taxability, the amount which, with respect to interest components of the Installment Payments previously paid and taking into account all penalties, fines, interest and additions to tax (including all federal, state and local taxes imposed on the interest components of the Installment Payments due and through the Taxable Date) that are imposed on the interest components of the Installment Payments or the Assignee as a result of the loss of the exclusion, will restore the Assignee the same after-tax yield on the Installment Payments that it would have realized had the exclusion not been lost. Additionally, the District agrees that commencing on the Taxable Date, interest shall accrue at the Taxable Rate.

SECTION 3.7. Nature of District's Obligations.

(a) Special Obligation. The District's obligation to pay the Installment Payments is a special obligation of the District limited solely to the Net Revenues and all amounts on deposit in the Revenue Fund. Under no circumstances is the District required to advance moneys derived from any source of income other than the Net Revenues and other sources specifically identified herein for the payment of the Installment Payments, and no other funds or property of the District are liable for the payment of the Installment Payments. Notwithstanding the foregoing provisions of this Section, however, nothing herein prohibits the District voluntarily from making any payment hereunder from any source of available funds of the District.

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

- (i) will not suspend or discontinue payment of any Installment Payments,

(ii) will perform and observe all other agreements contained in this Installment Sale Agreement, and

(iii) will not terminate this Installment Sale Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Enterprise, sale of the Enterprise, the taking by eminent domain of title to or temporary use of any component of the Enterprise, commercial frustration of purpose, any change in the tax or other laws of the United States of America or the State of California or any political subdivision of either thereof or any failure of the Corporation to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Installment Sale Agreement.

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

SECTION 3.8. Pledge and Application of Net Revenues and Revenue Fund.

(a) Pledge. All of the Net Revenues and all amounts on deposit in the Revenue Fund are hereby irrevocably pledged to the punctual payment of the Installment Payments and any Parity Obligations. In accordance with Section 5451 of Title 1, Chapter 5.5 of the California Government Code, this pledge shall constitute a first and exclusive lien on the Net Revenues and such other moneys for the payment of the Installment Payments and any Parity Obligations in accordance with the terms hereof and the terms of the instruments authorizing the issuance of any Parity Obligations.

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

All Net Revenues shall be held by the District in the Revenue Fund in trust for the benefit of the Corporation and for the benefit of the owners of any Parity Obligations. The District shall withdraw from such fund or funds and transfer to the Corporation an amount of Net Revenues equal to the aggregate amount of the Installment Payment when and as the same becomes due and payable. In addition, the District shall withdraw from such fund or funds such amounts of Net Revenues at such times as required to pay the principal of and interest on any Parity Obligations and otherwise comply with the provisions of the instruments authorizing the issuance of any Parity Obligations.

(c) Other Uses Permitted. The District shall manage, conserve and apply the Net Revenues in such a manner that all deposits required to be made under the preceding paragraph will be made at the times

and in the amounts so required. Subject to the foregoing sentence, so long as no Event of Default has occurred and is continuing hereunder, the District may at any time and from time to time use and apply Net Revenues for (i) the acquisition and construction of improvements to the Enterprise; (ii) the prepayment of the Installment Payments and any Parity Obligations, or (iii) any other lawful purpose of the District.

(d) **Budget and Appropriation of Installment Payments.** During the Term of this Installment Sale Agreement, the District shall adopt all necessary budgets and make all necessary appropriations of the Installment Payments from the Net Revenues. In the event any Installment Payment requires the adoption by the District of any supplemental budget or appropriation, the District shall promptly adopt the same. The covenants on the part of the District contained in this subsection (d) shall be deemed to be and shall be construed to be duties imposed by law, and it shall be the duty of each and every public official of the District to take such actions and do such things as are required by law in the performance of the official duty of such officials to enable the District to carry out the perform the covenants and agreements in this subsection (d).

ARTICLE IV

COVENANTS OF THE DISTRICT

Section 4.1. Release and Indemnification Covenants. The District shall indemnify the Corporation and its officers, agents, successors and assigns and hold them harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of the following:

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

No indemnification is made under this Section 4.1 or elsewhere in this Installment Sale Agreement for willful misconduct, gross negligence, or breach of duty under this Installment Sale Agreement by the Corporation, its officers, agents, employees, successors or assigns.

Section 4.2. Sale or Eminent Domain of Enterprise. Except as provided herein, the District covenants that the Enterprise will not be encumbered, sold, leased, pledged, any charge placed thereon, or otherwise disposed of, as a whole or substantially as a whole if such encumbrance, sale, lease, pledge, charge or other disposition would materially impair the ability of the District to pay the Installment Payments or the principal of or interest on any Parity Obligations, or would materially adversely affect its ability to comply with the terms of this Installment Sale Agreement or the instruments authorizing the issuance of any Parity Obligations. The District shall not enter into any agreement which impairs the

operation of the Enterprise or any part of it necessary to secure adequate Net Revenues to pay the Installment Payments and any Parity Obligations, or which otherwise would impair the rights of the Corporation with respect to the Net Revenues. If any substantial part of the Enterprise is sold, the payment therefor must either (a) be used for the acquisition or construction of improvements and extensions or replacement facilities or (b) be applied to prepay or redeem the Installment Payments and any Parity Obligations, on a pro rata basis, in the manner provided herein and in the instruments authorizing such Parity Obligations.

Any amounts received as awards as a result of the taking of all or any part of the Enterprise by the lawful exercise of eminent domain, if and to the extent that such right can be exercised against such property of the District, shall either (a) be used for the acquisition or construction of improvements and extension or replacement facilities of the Enterprise, or (b) be applied to prepay or redeem the Installment Payments and any Parity Obligations, on a pro rata basis, in the manner provided herein and in the instruments authorizing such Parity Obligations.

Section 4.3. Insurance. The District shall at all times maintain with responsible insurers all such insurance on the Enterprise as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Enterprise. All amounts collected from insurance against accident to or destruction of any portion of the Enterprise shall be used to repair or rebuild such damaged or destroyed portion of the Enterprise or if determined not to repair or rebuild such portion and in any event to the extent not so applied, must either (a) be used for the acquisition or construction or improvements and extensions or replacement facilities or (b) be applied to prepay or redeem the Installment Payments and any Parity Obligations, on a pro rata basis, in the manner provided in this Installment Sale Agreement and in the instruments authorizing such Parity Obligations. The District shall also maintain, with responsible insurers, worker's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect the District, the Corporation and the Assignee. Any insurance required to be maintained hereunder may be maintained under and in accordance with a joint exercise of powers agreement, and may be maintained by the District in the form of self-insurance or in the form of participation by the District in a program of pooled insurance.

Section 4.4. Records and Accounts. The District shall keep proper books of records and accounts of the Enterprise, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Enterprise. Said books shall, upon prior request, be subject to the reasonable inspection of the Corporation.

The District shall cause the books and accounts of the Enterprise to be audited annually by an independent certified public accountant or firm of certified public accountants, not more than two hundred seventy (270) days after the close of each Fiscal Year, and shall furnish a copy of such report to the Corporation or the Assignee. The audit of the accounts of the Enterprise may be included as part of a general District-wide audit.

The District shall cause to be published annually, not more than two hundred seventy (270) days after the close of each Fiscal Year, a summary statement showing the amount of Gross Revenues and the disbursements from Gross Revenues and from other funds of the District in reasonable detail. The District shall furnish a copy of the statement, upon reasonable written request, to the Corporation and the Assignee.

Section 4.5. Rates and Charges.

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

(i) All Maintenance and Operation Costs estimated by the District to become due and payable with respect to such Fiscal Year;

(ii) The Installment Payments and all principal of and interest and premium (if any) on any Parity Obligations coming due and payable during such Fiscal Year, without preference or priority;

(iii) All other payments coming due and payable during such Fiscal Year and required to be paid pursuant to this Installment Sale Agreement and the instruments authorizing any Parity Obligations; and

(iv) All payments required to meet any other obligations of the District which are charges, liens, encumbrances upon or payable from the Gross Revenues during such Fiscal Year.

(b) Covenant Regarding Net Revenues. In addition to the covenant set forth in the preceding clause (a) of this Section, the District shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Enterprise during each Fiscal Year which are sufficient to yield Net Revenues which (together with existing unencumbered cash and cash-equivalent balances which are lawfully available to the District with respect to such Fiscal Year) are at least equal to 115% of the aggregate amount of Installment Payments and principal of and interest on any Parity Obligations coming due and payable with respect to such Fiscal Year.

Section 4.6. No Priority for Additional Obligations. The District may not issue or incur any bonds or other obligations having any priority in payment of principal or interest out of the Net Revenues over the Installment Payments.

Section 4.7. Issuance of Parity Obligations. Except for obligations incurred to prepay or post a security deposit for the Installment Sale in whole, the District may not issue or incur any Parity Obligations unless:

(a) The District is not then in default under the terms of this Installment Sale Agreement.

(b) The sum of (1) Net Revenues (excluding connection charges), calculated in accordance with sound accounting principles, as shown by the books of the District for the latest Fiscal Year or as shown by the books of the District for any more recent 12 month period selected by the District, in either case verified by a certificate or opinion of an independent certified public accountant (which may be, but not need be, the outside firm providing auditing services) employed by the District, and (2) any Additional Revenues at least equal 115% of the amount of Maximum Annual Debt Service; *provided, however*, that this subsection (b) does not apply to any issue of Parity Obligations the net proceeds of which are applied to refund the

Installment Sale or any Parity Obligations in whole or in part, so long as (i) the final maturity of such Parity Obligations does not exceed the final maturity of the obligations being refunded, and (ii) the aggregate amount of debt service on such Parity Obligations in each Fiscal Year does not exceed the amount of debt service which would otherwise come due and payable in such Fiscal Year on the obligations being refunded.

(c) Notwithstanding the above, the District may incur debt payable from Net Revenues (i) to cause a defeasance of this Installment Sale Agreement or (ii) which is payable on a basis which is junior to the payment of the Installment Payments.

Section 4.9. Assignment by the Corporation. The Corporation's rights under this Installment Sale Agreement, including the right to receive and enforce payment of the Installment Payments to be made by the District under this Installment Sale Agreement, have been assigned to the Assignee pursuant to an Assignment Agreement to which the District hereby consents. Whenever in this Installment Sale Agreement any reference is made to the Corporation and such reference concerns rights which the Corporation has assigned to the Assignee, such reference shall be deemed to refer to the Assignee.

The Corporation or the Assignee has the right to make additional assignments of its rights and obligations under this Installment Sale Agreement, but the District shall not be required to pay more than a single payee, regardless of the number of Assignees, and no such assignment will be effective as against the District unless and until the Corporation or the Assignee files with the District a copy of such assignment or written notice thereof. The District shall pay all Installment Payments hereunder under the written direction of the Corporation or the Assignee named in the most recent assignment or notice of assignment filed with the District. During the Term of this Installment Sale Agreement, the District shall keep a complete and accurate record of all such assignments or notices of assignment.

Section 4.10. Assignment by the District. This Installment Sale Agreement may not be assigned by the District, other than to a public agency which shall succeed to the interests of the District in and to the Enterprise and which (by operation of law, by contract or otherwise) becomes legally bound to all of the terms and provisions hereof.

Section 4.11. Amendment of this Installment Sale Agreement. This Installment Sale Agreement may be amended by the District and the Corporation, but only with the prior written consent of the Assignee (which consent may not be unreasonably withheld).

Section 4.12. Tax Covenants.

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

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

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

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

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

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

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

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

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

SECTION 5.1. Events of Default Defined. The following shall be Events of Default under this Installment Sale Agreement.

(a) Failure by the District to pay the Corporation any Installment Payment or to pay other amounts required to be paid hereunder within fifteen (15) days of the time specified herein, and such failure is not cured within ten (10) days after written notice thereof by the Corporation.

(b) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder other than as referred to in the preceding clause (a) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Corporation *provided, however*, if in the reasonable opinion of the District the failure stated in the notice can be corrected, but not within such thirty (30) day period, the Corporation shall not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the District within such thirty (30) day period and diligently pursued until the default is corrected.

(c) The filing by the District of a voluntary petition in bankruptcy, or failure by the District promptly to lift any execution, garnishment or attachment, or adjudication of the District as bankrupt, or assignment by the District for the benefit of creditors, or the approval by a court of competent jurisdiction of a petition applicable to the District in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

(d) An event of default as defined under any contracts or agreements relating to any Parity Obligations.

SECTION 5.2 Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Corporation shall have the rights, at its option and without any further demand or notice to:

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

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

The provisions of the preceding clause (a) are subject to the condition that if, at any time after the principal components of the unpaid Installment Payments shall have been so declared due and payable pursuant to the preceding clause (a), and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the District shall deposit with the Corporation a sum sufficient to pay

all principal components of the Installment Payments coming due prior to such declaration and all matured interest components (if any) of the Installment Payments, with interest on such overdue principal and interest components calculated at the rate set forth in Section 3.4(c) and the reasonable expenses of the Corporation (including any fees and expenses of its attorneys), and any and all other defaults known to the Corporation (other than in the payment of the principal and interest components of the Installment Payments due and payable solely by reason of such declaration) shall have been made good, then, and in every such case, the Corporation may, by written notice to the District rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

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

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

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

SECTION 5.6. Assignee to Exercise Rights Such rights and remedies as are given to the Corporation under this Article V have been assigned by the Corporation to the Assignee and shall be exercised solely by the Assignee.

ARTICLE VI

PREPAYMENT OF INSTALLMENT PAYMENTS

SECTION 6.1. Security Deposit. Notwithstanding any other provision of this Installment Sale Agreement, the District may on any date secure the payment of Installment Payments, in whole, by irrevocably depositing with a fiduciary an amount of cash which, together with other available amounts, is either (a) sufficient to pay all such Installment Payments, including the principal and interest components thereof, when due pursuant to Section 3.4(a), or (b) invested in whole or in part in Federal Securities in such amount as will, in the opinion of an independent certified public accountant, together with interest to

accrue thereon and together with any cash which is so deposited, be fully sufficient to pay all such Installment Payments when due pursuant to Section 3.4(a) or when due on any optional prepayment date pursuant to Section 6.2, as the District shall instruct at the time of said deposit. In the event of a security deposit pursuant to this Section for the payment of all remaining Installment Payments, all obligations of the District under this Installment Sale Agreement, and the pledge of Net Revenues and all other security provided by this Installment Sale Agreement for said obligations, shall cease and terminate, excepting only the obligation of the District to make, or cause to be made, all of Installment Payments from such security deposit. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of such Installment Payments in accordance with the provisions of this Installment Sale Agreement.

SECTION 6.2. Optional Prepayment. The District shall have the option to prepay the principal components of the Installment Payments in whole, on any Installment Payment Date, commencing on the fifth Installment Payment Date, by paying the Installment Payment required to be paid on such date plus a prepayment price equal to the principal amount of the Installment Payments to be prepaid, together with a two percent (1%) prepayment premium thereon. The District shall give the Corporation written notice of its intention to exercise its option not less than thirty (30) days in advance of the date of exercise.

SECTION 6.3. Mandatory Prepayment From Net Proceeds of Insurance or Eminent Domain. The District shall prepay the unpaid principal components of the Installment Payments in whole on any date or in part, on any Installment Payment Date, from and to the extent the District determines to apply any Net Proceeds of insurance award or condemnation award with respect to the Enterprise for such purpose pursuant to Sections 4.2 or 4.3 at a price equal to the principal components of the Installment Payments to be prepaid. The District and the Corporation hereby agree that such proceeds, to the extent remaining after payment of any delinquent Installment Payments, shall be credited towards the District's obligations under this Section 6.3.

ARTICLE VII

MISCELLANEOUS

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

If to the District:	Summerland Sanitary District
	2435 Wallace Avenue
	Summerland, CA 93067-0417
	Attention: District Administrative Manager

If to the Corporation: Municipal Finance Corporation
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361
Attention: President

If to the Assignee: Westamerica Bank
PO Box 1200
Suisun City, CA 94585-1200
Attention: Credit Management

SECTION 7.2. Binding Effect. This Installment Sale Agreement shall inure to the benefit of and shall be binding upon the Corporation and the District and their respective successors and assigns.

SECTION 7.3. Severability. In the event any provision of this Installment Sale Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 7.4. Net-net-net Contract. This Installment Sale Agreement shall be deemed and construed to be a “net-net-net” contract, and the District hereby agrees that the Installment Payments shall be an absolute net return to the Corporation, free and clear of any expenses, charges or set-offs whatsoever.

SECTION 7.5. Further Assurances and Corrective Instruments. The Corporation and the District agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Installment Sale Agreement.

SECTION 7.6. Execution in Counterparts. This Installment Sale Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 7.7. Applicable Law. This Installment Sale Agreement shall be governed by and construed in accordance with the laws of the State of California.

SECTION 7.8. Captions. The captions or headings in this Installment Sale Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Installment Sale Agreement.

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

SUMMERLAND SANITARY DISTRICT

By _____
David Novis, President of the Board

Attest:

Jolene Colomy, Secretary of the Board

MUNICIPAL FINANCE CORPORATION

By _____
President

EXHIBIT A**SCHEDULE OF INSTALLMENT PAYMENTS**

Payments: Annually in arrears

10 Years

3.10%

PMT #	Due Date	Installment Payment	To Principal	To Interest	Prepayment Option
1		\$58,914.78	\$43,414.78	15,500.00	
2		58,914.78	44,760.64	14,154.14	
3		58,914.78	46,148.22	12,766.56	
4		58,914.78	47,578.81	11,335.97	
5		58,914.78	49,053.76	9,861.02	269,043.79
6		58,914.78	50,574.42	8,340.36	218,469.37
7		58,914.78	52,142.23	6,772.55	166,327.14
8		58,914.78	53,758.64	5,156.14	112,568.50
9		58,914.78	55,425.16	3,489.62	57,143.34
10		58,914.78	57,143.34	1,771.44	0.00
TOTALS:		<u>\$589,147.80</u>	<u>\$500,000.00</u>	<u>\$89,147.80</u>	

EXHIBIT B

DESCRIPTION OF THE PROJECT

- Outfall Pipeline Repair Project



X E

Board of Directors Meeting STAFF REPORT

TO : Board of Directors
FROM : Operations Manager, Noe Aguilar Vega
DATE : April 14, 2022
RE : **Banner Avenue Sewer Mainline Offset Repair**

REQUESTED ACTION: For the Board of Directors to approve the expense of the repair of a certain section of the sewer mainline that is offset located between manhole R8031 and R8030.

INFORMATION: Summerland Sanitary District has a collection system that was originally installed in 1957. Most of the collection system is made up of vinyl clay pipe and the rest varies from cast iron, PVC, and asbestos cement. Although the collection system is of old age it has been determined through staff closed circuit televised inspections that the majority of the mainlines that have been inspected are in good condition. Videoing of the collection system is prioritized by its use and staff observation. For example, the mainlines that carry higher flow and higher fats, oils, and grease concentration have higher priority than those mainlines that do not. As for staff observations, whenever staff experiences complications with cleaning a mainline during routine maintenance, that specific mainline is videoed subsequently to determine the cause of the complication.

Recently, staff performed routine mainline cleaning between manhole R8031 and manhole R8030 (see atlas page R8SW). While cleaning that section of mainline, staff observed roots coming out of the mainline at the downstream manhole R8030. Staff tried clearing the roots but did not succeed. Thereafter, staff used a special cleaning head referred to as a chain flail that is centered on a skid and has a bike chain attached to it that rotates at a high velocity to try to remove the roots. Staff was unable to drive the chain flail into the mainline.

Staff subsequently conducted a video inspection of the mentioned section of mainline to determine the cause of the chain flail not being able to travel into the pipe. The video inspection showed a severe offset that reduced the mainline capacity by 50%, prompting immediate action for repair to prevent the section of pipe from collapsing and creating a sanitary sewer overflow (see sewer mainline snapshot).

Attachments:

Atlas Page R8SW
Sewer Mainline Snapshot
Pipeline Inspection Report



Snapshot of Offset Mainline on Banner Avenue

Pipeline Inspection Report

Upstream MH: R8031

USMH Depth: 5.0 ft.

Downstream MH: R8030

DSMH Depth: 15.0 ft.

Pipe Size: 8 in.

Material: AC

Street: Banner Avenue

City: Summerland

System Owner: SSd

Sewer Use: Sanitary

Length: 97.0 ft.

Project: Surveying

Job:

Survey Customer: SSD

Comments:

Date: 04-Apr-2022 9:23 AM

Surveyed By: Eduardo Nava

Camera Direction: Upstream

Purpose: Capital Improvement Program

Pre-Cleaning: Heavy Cleaning

Weather: Dry

Location Details:

R8031



R8030

< camera direction

DS

1.7 ft. televised

asset length: 97.0 ft.

R8031

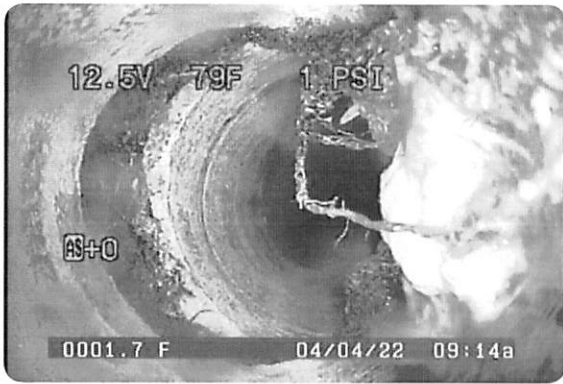
Feet	Code	Clock	Length	Value	Description	Comment
------	------	-------	--------	-------	-------------	---------

flow >

• ^001.7	JO	12		Joint Offset	offset at the upstream line of MH R8030
----------	----	----	--	--------------	---

R8030

Snapshots



Joint Offset at 001.7 feet, 12 o'clock | offset at the upstream line of MH R8030

Tierra Contracting, Inc.
5484 Overpass Rd
Santa Barbara, CA 93111

LIC# 416114
DIR# 1000008320

Phone: (805) 964-8747
Fax: (805) 964-4438

PROPOSAL



Proposal: 2022 051

Date: 4/4/2022

To:	Project:
Summerland Sanitary District Attn: Eduardo Nava 2435 Wallace Ave Summerland, CA 93067	Sewer Main Offset Repair 2210 Banner Avenue Repair Offset in 8" Sewer Main

This duly licensed company or individual **TIERRA CONTRACTING, INC. (License No. 416114)**
Hereinafter called Contractor, agrees to construct in a good and workmanlike manner for Owner, furnishing all labor, material, tools and equipment therefore, the work as noted herein for the unit prices as set for the below:

SCOPE OF WORK

2210 Banner Avenue Sewer Main Offset Repair

Tierra Contracting Inc. will provide all labor, material, equipment and traffic control to repair offset on 8" AC sewer main on south side of Banner Ave in Summerland.

- 1.) Mobilize, sawcut asphalt above area of excavation, pothole any existing utilities that may be in conflict. Excavate and shore down to sewer main offset, remove and replace existing failed sewer pipe with new SDR35 sewer pipe from inside of manhole R8030 to approximately 5 LF upstream of manhole and connect to where existing main is in acceptable condition. Enter manhole using proper confined space entry equipment in order to replace mortar/concrete at point of entry for new 8" pipe. Backfill and compaction per County of Santa Barbara standards. All sewer work to be done per Summerland Sanitary District standards.

Repair Cost = \$11,375

- 2.) Tierra Contracting Inc will file for and obtain County of Santa Barbara road encroachment permit if required by Public Works department. Cost of permit to be reimbursed at actual cost with no mark up.

Estimated Permit Cost = \$1,000

General Bid Excludes: Fees, Plans, Permits, Staking, Landscaping, Soil Testing, Additional Move-ins, Responsibility for damage to all unknown/unmarked existing onsite utilities, Winterization of Project (Sediment Control-Strawbale Barriers around Catchbasins), Storm Water Protection Plan, all costs associated with contaminated soil or ground water.

Acceptance:

Tierra Contracting is hereby authorized to furnish and install the above equipment and materials at the price and under the terms and conditions as set forth above:

Owner

Date

TIERRA CONTRACTING, INC.

By 

JASON WILEY



GENERAL ENGINEERING
CONTRACTORS

Proposal and Contract

Toro Enterprises, Inc.

P.O. Box 6285

Oxnard, CA. 93031

P: 805-483-4515

F: 805-483-2001

04/11/2022

www.toroenterprises.com

License No. 710580 A

CA DIR #1000002410

Toro Enterprises, Inc. is an
Equal Opportunity Employer

QUOTE SEWER REPAIR-2210 BANNER AVE. SUMMERLAND 12201

TO SUMMERLAND SANITARY DISTRICT

Client #	Description	Quantity	U/M	Unit Price	Ext Price
1	MOBILIZE	1.000	EA	\$1,400.00	\$1,400.00
2	TRAFFIC CONTROL	1.000	LS	\$2,225.00	\$2,225.00
3	TRENCH SAFETY	1.000	LS	\$1,000.00	\$1,000.00
4	REPAIR 5 FT. SECTION OF 8" SEWER MAIN	1.000	LS	\$9,250.00	\$9,250.00
5	REPAIR ASPHALT FOR 5 FT. REPAIR	1.000	LS	\$4,600.00	\$4,600.00
5 FT. REPAIR TOTAL:					\$18,475.00
ADD/ALTERNATE					
6	TO INCREASE TO 10 FT REPAIR	1.000	LS	\$3,500.00	\$3,500.00
Grand Total:					\$21,975.00

ESTIMATOR: SIMON JOHNSON

Date: _____ Accepted By: _____

Important Bid Note:

- A. Prices in Toro's bid for this project are based in part on labor and materials cost that were in effect on the date of Toro's final bid. Due to dynamic market conditions, labor & materials cost are expected to rise during the life of this project. Therefore, by entering

into Contract with Toro, project Owner and/or GC agree to pay Toro for price escalation in labor and/or materials that occurred during the life of this project. In such cases, the burden of proof to demonstrate escalated cost of labor and/or materials shall rest solely on Toro, and it shall consist of proving documented difference between labor and/or materials prices on final bid date vs. prices at any given date during the life of the project. Payment to Toro for escalated prices of labor and/or materials shall be limited to actual proven cost increase, without any markup.

- B. In case that actual number of Mobilizations per specific discipline and/or phase exceed the number stipulated in Toro's Bid, then each additional mobilization for such discipline and/or phase shall be paid to Toro as an extra at unit price stipulated in the Bid. One continued operation per period in specific discipline and/or phase counts for one mobilization in that discipline and/or phase.**

STANDARD CONDITIONS

1. THE ABOVE PRICES EXPIRE ON 5/11/2022
2. PRICE IS CONTINGENT UPON PERMISSION TO CLOSE THE ROAD DURING THE REPAIR. ADDITIONAL COST WILL OCCUR IF FLAGGING IS REQUIRED.
3. ANY EXISTING PIPE REMOVED WILL BECOME THE PROPERTY OF SUMMERLAND SANITARY.
4. TRENCH ASPHALT PATCH IS LIMITED TO TRENCH WIDTH PLUS TWELVE-INCHES ON EACH SIDE PER COUNTY OF SB 2-030 SECTION A.
5. ALL PROPOSALS MUST BE SIGNED AND RETURNED WITHIN 30 DAYS OF BID IN ORDER TO SECURE MATERIAL PRICES AND AVAILABILITY.
6. THE ABOVE PRICE IS BASED ON 1 MOVE IN. COST FOR ADDITIONAL MOVES ARE \$1,400.00 EACH
7. SUMMERLAND SANITARY TO PROVIDED SANITATION UNIT AND CONSTRUCTION WATER.
8. PRICING IS FOR ONLY THE ITEMS OUTLINED ABOVE. IT SHOULD NOT BE INFERED THAT ANY OTHER ITEMS SHOWN ON THE PLANS IS INCLUDED IN OUR SCOPE OF WORK.
9. THIS PROPOSAL AND TERMS MUST BE ACCEPTED AS PART OF THE CONTRACT AND SO SPECIFIED IF A SPECIAL CONTRACT FORM IS USED.
10. FOUR WEEK ADVANCE NOTICE IS REQUIRED FOR SCHEDULING.
11. IF ROCK OR ANY OTHER UNSUITABLE MATERIAL IS ENCOUNTERED IT WILL BE PAID ON A TIME AND MATERIAL BASIS.
12. REMOVAL OR HANDLING OF WET OR UNSUITABLE MATERIAL WILL BE PAID FOR ON A TIME AND MATERIAL BASIS.
13. TERMS OF PAYMENT: 95% 30 DAYS. 5% RETENTION WITHIN 30 DAYS OF COMPLETION.
14. THE ABOVE BID IS NOT DIVISIBLE. ALL ITEMS IN THIS QUOTATION MUST BE ACCEPTED FOR THE PRICES SET FORTH ABOVE TO BE EFFECTIVE.
15. ENGINEERING, COMPACTION TEST AND CONCRETE TESTING, IF NECESSARY, TO BE PROVIDED BY OTHERS.
16. TORO ENTERPRISES, INC. IS NOT RESPONSIBLE FOR DAMAGE TO CONCRETE AND/OR UTILITIES CAUSED BY OTHERS.
17. TIME AND MATERIAL (RENTAL) IF REQUIRED TO BE PAID IN FULL MONTHLY, WITH NO RETENTION HELD.
18. IF QUANTITIES DECREASE MORE THAN 15%, UNIT PRICES ARE SUBJECT TO CHANGE.
19. IF WORK IS NOT COMPLETED BY 6/30/2022 PRICES ARE SUBJECT TO CHANGE.

STANDARD EXCLUSIONS

1. FLAGGING
2. SEWER BYPASS
3. ENGINEERING, TESTING, PERMITS, BONDS, SURVEY STAKING, SPECIAL INSURANCE.
4. REMOVAL/REPLACEMENT/RELOCATION OF WATER METER BOXES/VALVES/UTILITIES
5. STRIPING, MARKING, AND SIGNAGE.
6. COLD MILLING
7. REMOVAL OR HANDLING OF HAZARDOUS, TOXIC AND LEAD MATERIALS IS EXCLUDED.
8. PRIME COAT, SLURRY SEAL, FOG SEAL.
9. TORO ENTERPRISES, INC. ASSUMES NO RESPONSIBILITY FOR SETTLEMENT WITHIN THE LIMITS OF UTILITY TRENCHES DONE BY OTHERS.
10. DEWATERING
11. SEWER BY-PASS

Financial Status report as of March 31, 2022

As of: 3/31/2022 (75% Elapsed)
Accounting Period: CLOSED

Selection Criteria: Fund = 5215, 5216, 5217

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 5215 -- SummerInd San Dist Running Exp

Line Item Account	6/30/2022 Fiscal Year Adjusted Budget	3/31/2022 Year-To-Date Actual	6/30/2022 Fiscal Year Variance	6/30/2022 Fiscal Year Pct of Budget
Revenues				
Taxes				
3010 -- Property Tax-Current Secured	240,000.00	147,666.86	-92,333.14	61.53 %
3011 -- Property Tax-Unitary	0.00	1,856.88	1,856.88	--
3015 -- PT PY Corr/Escapes Secured	0.00	-22.07	-22.07	--
3020 -- Property Tax-Current Unsecd	9,500.00	9,069.62	-430.38	95.47 %
3023 -- PT PY Corr/Escapes Unsecured	0.00	220.82	220.82	--
3040 -- Property Tax-Prior Secured	0.00	-76.79	-76.79	--
3050 -- Property Tax-Prior Unsecured	0.00	136.69	136.69	--
3054 -- Supplemental Pty Tax-Current	3,500.00	3,127.21	-372.79	89.35 %
3056 -- Supplemental Pty Tax-Prior	0.00	-104.23	-104.23	--
Taxes	253,000.00	161,874.99	-91,125.01	63.98 %
Fines, Forfeitures, and Penalties				
3057 -- PT-506 Int, 480 CIOS/CIC Pen	0.00	2.73	2.73	--
Fines, Forfeitures, and Penalties	0.00	2.73	2.73	--
Use of Money and Property				
3380 -- Interest Income	7,500.00	1,756.27	-5,743.73	23.42 %
3381 -- Unrealized Gain/Loss Invstmnts	787.00	-17,965.27	-18,752.27	-2,282.75 %
Use of Money and Property	8,287.00	-16,209.00	-24,496.00	-195.60 %
Intergovernmental Revenue-State				
4220 -- Homeowners Property Tax Relief	1,000.00	543.18	-456.82	54.32 %
Intergovernmental Revenue-State	1,000.00	543.18	-456.82	54.32 %
Charges for Services				
5091 -- Planning & Engnrg-Plan Ck Fes	2,800.00	314.00	-2,486.00	11.21 %
5430 -- Sanitation Services	1,047,721.00	572,366.69	-475,354.31	54.63 %
5433 -- Inspection Fees	4,800.00	780.00	-4,020.00	16.25 %

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Financial Status

As of: 3/31/2022 (75% Elapsed)
Accounting Period: CLOSED

Selection Criteria: Fund = 5215, 5216, 5217

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 5215 -- SummerInd San Dist Running Exp

Line Item Account	6/30/2022 Fiscal Year Adjusted Budget	3/31/2022 Year-To-Date Actual	6/30/2022 Fiscal Year Variance	6/30/2022 Fiscal Year Pct of Budget
5746 -- Administrative Revenue	4,200.00	1,160.00	-3,040.00	27.62 %
Charges for Services	1,059,521.00	574,620.69	-484,900.31	54.23 %
Revenues	1,321,808.00	720,832.59	-600,975.41	54.53 %
Expenditures				
Salaries and Employee Benefits				
6100 -- Regular Salaries	423,718.00	314,735.25	108,982.75	74.28 %
6270 -- Stand-by Pay	12,500.00	8,344.72	4,155.28	66.76 %
6300 -- Overtime	4,200.00	2,727.40	1,472.60	64.94 %
6400 -- Retirement Contribution	161,254.00	119,767.87	41,486.13	74.27 %
6475 -- Retiree Medical OPEB	6,000.00	4,512.17	1,487.83	75.20 %
6500 -- FICA Contribution	33,371.00	24,901.97	8,469.03	74.62 %
6600 -- Health Insurance Contrib	80,095.00	63,706.34	16,388.66	79.54 %
6900 -- Workers Compensation	17,304.00	12,661.75	4,642.25	73.17 %
Salaries and Employee Benefits	738,442.00	551,357.47	187,084.53	74.66 %
Services and Supplies				
7030 -- Clothing and Personal	2,100.00	2,218.29	-118.29	105.63 %
7053 -- Telephone Service Local	8,440.00	7,035.05	1,404.95	83.35 %
7090 -- Insurance	42,554.00	42,481.46	72.54	99.83 %
7110 -- Directors Fees	15,000.00	14,875.00	125.00	99.17 %
7121 -- Operating Supplies	32,800.00	24,512.50	8,287.50	74.73 %
7324 -- Audit and Accounting Fees	24,000.00	20,978.25	3,021.75	87.41 %
7362 -- Building Maintenance	8,000.00	6,044.32	1,955.68	75.55 %
7363 -- Equipment Maintenance	30,000.00	14,500.96	15,499.04	48.34 %
7404 -- Public Health Lab Serv	24,200.00	15,092.16	9,107.84	62.36 %
7430 -- Memberships	8,530.00	7,258.00	1,272.00	85.09 %
7450 -- Office Expense	4,000.00	2,926.43	1,073.57	73.16 %

Financial Status

As of: 3/31/2022 (75% Elapsed)
Accounting Period: CLOSED

Selection Criteria: Fund = 5215, 5216, 5217

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 5215 -- SummerInd San Dist Running Exp

Line Item Account	6/30/2022 Fiscal Year Adjusted Budget	3/31/2022 Year-To-Date Actual	6/30/2022 Fiscal Year Variance	6/30/2022 Fiscal Year Pct of Budget
7454 -- Books & Subscriptions	213.00	246.29	-33.29	115.63 %
7459 -- IT Professional Services	4,000.00	884.74	3,115.26	22.12 %
7460 -- Professional & Special Service	44,400.00	25,247.44	19,152.56	56.86 %
7508 -- Legal Fees	45,000.00	24,507.01	20,492.99	54.46 %
7510 -- Contractual Services	8,240.00	3,097.26	5,142.74	37.59 %
7516 -- Permitting Services	9,560.00	10,076.26	-516.26	105.40 %
7530 -- Publications & Legal Notices	600.00	267.50	332.50	44.58 %
7546 -- Administrative Expense	3,600.00	0.00	3,600.00	0.00 %
7630 -- Small Tools & Instruments	500.00	242.17	257.83	48.43 %
7653 -- Training Fees & Supplies	6,300.00	1,506.02	4,793.98	23.91 %
7671 -- Special Projects	8,800.00	8,800.00	0.00	100.00 %
7730 -- Transportation and Travel	1,000.00	-328.30	1,328.30	-32.83 %
7731 -- Gasoline-Oil-Fuel	2,900.00	1,547.03	1,352.97	53.35 %
7761 -- Electricity	41,000.00	33,741.86	7,258.14	82.30 %
7763 -- Water	2,560.00	1,738.63	821.37	67.92 %
7764 -- Refuse	4,200.00	3,071.91	1,128.09	73.14 %
Services and Supplies	382,497.00	272,568.24	109,928.76	71.26 %
Expenditures	1,120,939.00	823,925.71	297,013.29	73.50 %
Changes to Fund Balances				
Decrease to Restricted				
9797 -- Unrealized Gains	213.00	212.33	-0.67	99.69 %
Decrease to Restricted	213.00	212.33	-0.67	99.69 %
Changes to Fund Balances	213.00	212.33	-0.67	99.69 %
SummerInd San Dist Running Exp	201,082.00	-102,880.79	-303,962.79	-51.16 %

Financial Status

As of: 3/31/2022 (75% Elapsed)
Accounting Period: CLOSED

Selection Criteria: Fund = 5215, 5216, 5217

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 5216 -- Summerland San Cap Facilities

Line Item Account	6/30/2022 Fiscal Year Adjusted Budget	3/31/2022 Year-To-Date Actual	6/30/2022 Fiscal Year Variance	6/30/2022 Fiscal Year Pct of Budget
Revenues				
Use of Money and Property				
3380 -- Interest Income	2,000.00	669.79	-1,330.21	33.49 %
3381 -- Unrealized Gain/Loss Invstmnts	-76.00	-6,273.58	-6,197.58	8,254.71 %
Use of Money and Property	1,924.00	-5,603.79	-7,527.79	-291.26 %
Charges for Services				
5432 -- Connection Fees	12,317.00	0.00	-12,317.00	0.00 %
Charges for Services	12,317.00	0.00	-12,317.00	0.00 %
Revenues	14,241.00	-5,603.79	-19,844.79	-39.35 %
Expenditures				
Capital Assets				
8200 -- Structures&Struct Improvements	10,000.00	3,500.00	6,500.00	35.00 %
8300 -- Equipment	20,000.00	20,274.60	-274.60	101.37 %
Capital Assets	30,000.00	23,774.60	6,225.40	79.25 %
Expenditures	30,000.00	23,774.60	6,225.40	79.25 %
Changes to Fund Balances				
Decrease to Restricted				
9797 -- Unrealized Gains	76.00	74.67	-1.33	98.25 %
Decrease to Restricted	76.00	74.67	-1.33	98.25 %
Changes to Fund Balances	76.00	74.67	-1.33	98.25 %
Summerland San Cap Facilities	-15,683.00	-29,303.72	-13,620.72	186.85 %

Financial Status

As of: 3/31/2022 (75% Elapsed)
Accounting Period: CLOSED

Selection Criteria: Fund = 5215, 5216, 5217

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 5217 -- SummerInd San Dist-Capital Rep

Line Item Account	6/30/2022 Fiscal Year Adjusted Budget	3/31/2022 Year-To-Date Actual	6/30/2022 Fiscal Year Variance	6/30/2022 Fiscal Year Pct of Budget
Revenues				
Use of Money and Property				
3380 -- Interest Income	3,000.00	3,663.21	663.21	122.11 %
3381 -- Unrealized Gain/Loss Invstmnts	-404.00	-34,974.43	-34,570.43	8,657.04 %
Use of Money and Property	2,596.00	-31,311.22	-33,907.22	-1,206.13 %
Revenues	2,596.00	-31,311.22	-33,907.22	-1,206.13 %
Expenditures				
Capital Assets				
8200 -- Structures&Struct Improvements	10,000.00	9,598.44	401.56	95.98 %
8300 -- Equipment	120,000.00	8,964.66	111,035.34	7.47 %
8400 -- Infrastructure	15,000.00	68,420.00	-53,420.00	456.13 %
Capital Assets	145,000.00	86,983.10	58,016.90	59.99 %
Expenditures	145,000.00	86,983.10	58,016.90	59.99 %
Changes to Fund Balances				
Decrease to Restricted				
9797 -- Unrealized Gains	404.00	403.00	-1.00	99.75 %
Decrease to Restricted	404.00	403.00	-1.00	99.75 %
Changes to Fund Balances	404.00	403.00	-1.00	99.75 %
SummerInd San Dist-Capital Rep	-142,000.00	-117,891.32	24,108.68	83.02 %
Net Financial Impact	43,399.00	-250,075.83	-293,474.83	-576.22 %

Cash Balances as of March 31, 2022

As of: 3/31/2022
Accounting Period: CLOSED

Selection Criteria: Fund = 5215, 5216, 5217

Layout Options: Summarized By = Fund; Page Break At = Fund

Fund	3/1/2022 Beginning Balance	Month-To-Date Cash Receipts (+)	Month-To-Date Treasury Credits (+)	Month-To-Date Warrants and Wire Transfers (-)	Month-To-Date Treasury Debits (-)	3/31/2022 Ending Balance
5215 -- SummerInd San Dist Running Exp	738,908.20	1,689.30	31.04	0.00	90,958.36	649,670.18
5216 -- Summerland San Cap Facilities	231,594.56	0.00	0.00	0.00	4,745.00	226,849.56
5217 -- SummerInd San Dist-Capital Rep	1,268,993.94	0.00	0.00	0.00	3,850.00	1,265,143.94
Total Report	2,239,496.70	1,689.30	31.04	0.00	99,553.36	2,141,663.68

SUMMERLAND SANITARY DISTRICT

Regular Board of Directors Meeting April 14, 2022

Operations Manager Report**OPERATIONS AND FACILITY MAINTENANCE:**

- Daily water meter readings being performed by staff. Water usage normal.
- On March 15, 2022, the monthly waste discharge and no-spill reports for February 2022 were submitted in CIWQS, an automated online program on a timely basis with no violations to report.
- Completed sexual harassment training.
- Held safety meeting on "Bloodborne Pathogens".
- The new 310L John Deere backhoe loader was delivered.
- Electrical Instrumentation Services technician installed a variable frequency drive (VFD) for the new belt press sludge/polymer mixer. The VFD was installed for the purpose of regulating the speed of the mixer.
- Staff rebuilt the return activated sludge valve #1 pneumatic actuator due to it leaking air. The actuator continued to leak air after being rebuilt, so a new actuator was purchased and installed to replace the faulty actuator.
- Staff replaced the return activated sludge pump #1 pulley. The pulley was replaced due to it no longer staying steady on the pump shaft.
- Staff replaced the restroom toilet roof vent due to the existing vent corroding and allowing rainwater inside the operations building attic which eventually leaked into the operations room.
- Staff operated the belt press for 8 hours.
- Staff completed weekly grounds maintenance and landscape work which consists of mowing, weed whacking, blowing, edging, and raking. Grounds are watered weekly during dry months with reclaimed water.

COLLECTION SYSTEM / LIFT STATIONS:

- On Friday April 1, 2022, staff member Mr. Ronnie Perez responded to a minor sewage spill on Golden Gate Avenue. Mr. Perez determined that the sewage spill was from a property cleanout. Thereafter, Mr. Perez contacted the property owner and requested that they immediately contract a licensed plumber to clear the lateral blockage and video the lateral subsequently. A copy of the video lateral inspection was also requested for staff review. After the video inspection was reviewed and management and staff physically inspected the spill location, it was determined that the spill was not from a property cleanout, rather a mainline cleanout. The property owner was informed of the findings and was reimbursed for the plumber expense. Staff determined the cause of the spill to be due to root intrusion from an abandoned lateral. Staff then dug out five feet of soil to expose the mainline, clear the infiltrating roots, and properly seal the abandoned lateral. After completing the repair staff backfilled the hole.
- Staff cleaned 4,798 feet of sewer mainline.
- Staff videoed 1,315 feet of sewer mainline.
- Staff repaired the concrete collar for manhole #S9022.
- Staff continued monthly FOG (Fats, Oils and Grease) inspections at restaurants in town. All restaurants were complying.
- Staff made periodic rounds of the collection system to check for any problems, primarily checking the hot spot manholes to ensure proper flow activity.

SUMMERLAND SANITARY DISTRICT

Regular Board of Directors Meeting April 14, 2022

Operations Manager Report

- Staff conducted daily rounds at all lift stations to check for proper operation including the checking of each lift station's emergency generator and filling generators with fuel if necessary and performed maintenance.

Scheduled Days Off:

Thursday, April 28

Saturday, April 30

Monday, May 2

SUMMERLAND SANITARY DISTRICT

Regular Board of Directors Meeting April 14, 2022 District Administrative Manager Report

2235 Calle Culebra

The property owner submitted plans for a conversion of the upper-level floor into an ADU. Plans were reviewed and approved. A permit and Will Serve letter were created.

2465 Whitney Avenue

The property Owner submitted plans for a remodel/addition.

Plans were reviewed and approved. A permit and Will Serve letter were created.

108 Pierpont Avenue

The final inspection for the conversion of the upper-level floor into three ADUs was completed.

Out of the ordinary tasks completed:

- Completed the LAFCO MSR questionnaire together with the Operations Manager.
- Continued grant research. Received Community Project Grants Application opportunity from Salud Carbajal's Office. Also received a FY23 grant application opportunity for Congressional Directed Spending Request Grants from Senator Feinstein's Office. Spoke with both grant managers, who informed us that the District does not qualify to apply since the Emergency Outfall Rehabilitation Project takes in 2022 and not in 2023.
- Form 700 filling by all Directors and Legal Counsel has been completed before April 1, 2022.
- Completed Public Employment and Payroll Survey for Special Districts.
- Completed the mandatory 2-hour "Sexual Harassment Prevention Training".
- Attended the Webinar "Reserve Policies for Special Districts".
- Purchased the County Property Tax Roll Addresses and started preparations for the new fiscal year customer database annual user fees.

All Directors are required to complete the following training modules before the end of this year:

- 2022 Ethics AB 1234 Compliance (2-hrs)
- Sexual Harassment Prevention Training

Proposed scheduled days off:

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