



EDMUND G. BROWN JR.  
GOVERNOR



MATTHEW RODRIGUEZ  
SECRETARY FOR  
ENVIRONMENTAL PROTECTION

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## State Water Resources Control Board

January 7, 2014

The Honorable Mayor Pete Aguilar  
City of Redlands  
P. O. Box 3005  
Redlands, CA 92373-1005

Agreement Number: **01-821-550-3**; Project Number: **C-06-4800-110**

Enclosed is Amendment No. 3 to your Finance Agreement for your approval and signature. This Amendment cannot be considered binding by either party until approved by the State Water Resources Control Board. The State is not obligated to make any payments for services performed prior to final approval of any Agreement.

**If the Authority is in agreement with all terms and conditions of the Amendment, please sign and date two (2) Standard Agreement Amendments (STD. 213A) and return to:**

**US Mail**

**Ms. Eva Kawada  
Program Analyst  
State Water Resources Control Board  
Division of Financial Assistance  
P.O. Box 944212  
Sacramento, CA 94244**

**Overnight Mail**

**Ms. Eva Kawada  
Program Analyst  
State Water Resources Control Board  
Division of Financial Assistance  
1001 I Street, 17<sup>th</sup> Floor  
Sacramento, CA 95814**

Expeditious handling of this Amendment is appreciated. Please contact Ms. Kawada at (916) 341-5715 or [ekawada@waterboards.ca.gov](mailto:ekawada@waterboards.ca.gov).

Once final approval is obtained, we will forward you an executed copy for your records.

Enclosure

**STANDARD AGREEMENT AMENDMENT**

STD. 213 A (Rev 2/05)

CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED 7 Pages

AGREEMENT NUMBER <b>01-821-550-0</b>	AMENDMENT NUMBER <b>3</b>
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DGS REGISTRATION NUMBER:  
**(C-06-4800-110)**

- This Agreement is entered into between the State Agency and Contractor named below:  
STATE AGENCY'S NAME  
**State Water Resources Control Board**  
CONTRACTOR'S NAME  
**City of Redlands**
- The term of this Agreement is April 19, 2002 through November 30, 2024
- The maximum amount of this Agreement after this amendment is: \$ 7,851,084.00  
Seven million, eight hundred fifty one thousand, eighty four dollars and no cents
- The parties mutually agree to this amendment as follows. All actions noted below are by this reference made a part of the Agreement and incorporated herein:

Changes made in this amendment are shown as: Text additions are displayed in bold and underline. Text deletions are displayed as strike through text (i.e., ~~Strike~~).

- Exhibit B – Budget Detail and Payment Provisions (5 pages attached)
- Exhibit I – CWSRF Payment Schedule (2 pages attached)

All other terms and conditions shall remain the same.

**IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.**

<b>CONTRACTOR</b>		<b>California Department of General Services Use Only</b>  Approved as to form by Office of Chief Counsel  Date:  Initials: N/A   <input type="checkbox"/> Exempt per:
<small>CONTRACTOR'S NAME (If other than an individual, state whether a corporation, partnership, etc.)</small> <b>City of Redlands</b>		
<small>BY (Authorized Signature)</small> 	<small>DATE SIGNED (Do not type)</small>	
<small>PRINTED NAME AND TITLE OF PERSON SIGNING</small> <b>Pete Aguilar, Mayor</b>		
<small>ADDRESS</small> <b>P. O. Box 3005, Redlands, CA 92373-1005</b>		
<b>STATE OF CALIFORNIA</b>		
<small>AGENCY NAME</small> <b>State Water Resources Control Board</b>		
<small>BY (Authorized Signature)</small> 	<small>DATE SIGNED (Do not type)</small>	
<small>PRINTED NAME AND TITLE OF PERSON SIGNING</small> <b>James B. Maughan, Acting Deputy Director, Division of Financial Assistance</b>		
<small>ADDRESS</small> <b>1001 I Street, Sacramento, CA 95814</b>		

EXHIBIT B — BUDGET DETAIL AND PAYMENT PROVISIONS

SECTION 1. ESTIMATED COST OF PROJECT.

The estimated reasonable cost of the total Project at the time of SWRCB Approval, including associated planning and design costs, is twenty two million one hundred ninety five thousand four hundred forty seven dollars (\$22,195,447).

SECTION 2. ASSISTANCE AMOUNT AND FINANCING PROVISIONS.

Section 2.1. Project Funds; Repayment from Installment Payments.

Subject to the conditions and in accordance with the terms of this Agreement, the SWRCB hereby agrees to provide the Project Funds and the Agency hereby agrees to accept the Project Funds in the maximum principal component, of Seven Million Eight Hundred Fifty One Thousand Eighty Four dollars (\$7,851,084) and to repay the Project Funds in Installment Payments at an interest rate of one and one half percent (1.5%) per annum as set forth in Exhibits B and I attached hereto. The Agency also agrees to pay a Service Charge at the rate of one percent (1%) per annum as set forth in Exhibits B and I attached hereto. The Agency agrees that it shall not be entitled to interest earned on undisbursed project funds. Upon execution of this Agreement, the SWRCB shall encumber an amount equal to the Obligation. The Agency hereby agrees to pay Installment Payments solely from Net Revenues and/or other amounts legally available to the Agency. Interest and Service Charges on any funds disbursed to the Agency shall begin to accrue as of the date of each disbursement. The combined rate on these charges shall be two and five tenths percent (2.5%) per annum as set forth in Exhibits B and I attached hereto. This rate is based on the sale of State General Obligation Bonds held on April 24, 2003, and is set when the Agreement is certified to the Agency. The interest rate herein is hereby suspended and wholly replaced with the AB 2356 Small Community Grant Fund Charge until the payment date in 2014, as shown in Exhibit I, at which date the interest obligation shall recommence. The total repayment obligation of the Agency shall not be increased by this temporary substitution of charge for rate.

Section 2.2. Purchase and Sale of Project.

The Agency hereby sells to the SWRCB and the SWRCB hereby purchases from the Agency the Project. Simultaneously therewith, the Agency hereby purchases from the SWRCB, and the SWRCB hereby sells to the Agency, the Project in accordance with the provisions of this Agreement. All right, title and interest in the Project shall immediately vest in the Agency on the date of execution and delivery of this Agreement without further action on the part of the Agency or the SWRCB.

Section 2.3. Amounts Payable by the Agency.

- (A) Installment Payments. Repayment of the Project Funds, together with all interest accruing thereon, and payment of the Service Charge shall be repaid in annual installments commencing on the date that is one year after Completion of Construction, and shall be fully amortized not later than 20 years after Completion of Construction.

The Installment Payment is based on a standard fully amortized assistance amount with equal annual repayments. The remaining balance is the previous balance, plus the disbursements, plus the accrued interest and Service Charge on both, less the

EXHIBIT B — BUDGET DETAIL AND PAYMENT PROVISIONS

repayment. Exhibit I is a SRF Installment Sales Agreement Payment Schedule based on the provisions of this article and an estimated disbursement schedule. The actual repayments will be based on actual disbursements.

Upon Completion of Construction and submission of necessary reports, the Division will prepare an appropriate SRF Installment Sales Agreement Payment Schedule and supply the same to the Agency. The SRF Installment Sales Agreement Payment Schedule may be amended as necessary to accurately reflect amounts due under this contract. Any amended SRF Installment Sales Agreement Payment Schedule which is necessary will be prepared by the Division and furnished to the Agency.

The Agency agrees to make each installment payment on or before the due date therefor. A ten-day grace period will be allowed. A penalty in the amount of one-tenth of one percent (0.1%) of the amount due will be due for each day of nonpayment. For purposes of penalty assessment, repayment will be deemed to have been made if repayment is deposited in the U.S. Mail within the grace period with postage prepaid and properly addressed. Any penalties assessed will not be added to the assistance amount balance, but will be treated as a separate account and obligation of the Agency. The interest penalty will be assessed from the repayment due date.

The Agency as a whole is obligated to make all payments required by this contract to the SWRCB, notwithstanding any individual default by its constituents or others in the payment to the Agency of fees, charges, taxes, assessments, tolls or other charges ("Charges") levied or imposed by the Agency. The Agency shall provide for the punctual payment to the SWRCB of all amounts which become due under this contract and which are received from constituents or others in the payment to the Agency. In the event of failure, neglect or refusal of any officer of the Agency to levy or cause to be levied any Charge to provide payment by the Agency under this contract, to enforce or to collect such Charge, or to pay over to the SWRCB any money collected on account of such Charge necessary to satisfy any amount due under this contract, the SWRCB may take such action in a court of competent jurisdiction as it deems necessary to compel the performance of all duties relating to the imposition or levying and collection of any of such Charges and the payment of the money collected therefrom to the SWRCB. Action taken pursuant hereto shall not deprive the SWRCB of, or limit the application of, any other remedy provided by law or by this contract.

Attached as Exhibit I is a SRF Installment Sales Agreement Payment Schedule based on the provisions of this section and an estimated disbursement schedule. SRF Installment Sales Agreement Payment Schedule will be revised based on actual disbursements following Completion of Construction.

Each Installment Payment shall be paid by check and in lawful money of the United States of America.

- (B) Project Costs. The Agency agrees to pay any and all costs connected with the Project including, without limitation, any and all Project Costs. If the Project Funds are not sufficient to pay the Project Costs in full, the Agency shall nonetheless complete the Project and pay that portion of the Project Costs in excess of available Project Funds, and shall not be entitled to any reimbursement therefor from the SWRCB.

EXHIBIT B — BUDGET DETAIL AND PAYMENT PROVISIONS

- (C) Additional Payments. In addition to the Installment Payments required to be made by the Agency, the Agency shall also pay to the SWRCB the reasonable extraordinary fees and expenses of the SWRCB, and of any assignee of the SWRCB's right, title and interest in and to this Agreement, in connection with this Agreement, including all expenses and fees of accountants, trustees, attorneys, litigation costs, insurance premiums and all other extraordinary costs reasonably incurred by the SWRCB or assignee of the SWRCB.

Additional Payments shall be billed to the Agency by the SWRCB from time to time, together with a statement executed by a duly authorized representative of the SWRCB, stating that the amounts billed pursuant to this section have been incurred by the SWRCB or its assignee for one or more of the above items and a copy of the invoice or statement for the amount so incurred or paid. Amounts so billed shall be paid by the Agency within thirty (30) days after receipt of the bill by the Agency.

- (D) The Agency may without penalty prepay all or any portion of the outstanding principal amount of the Obligation provided that the Agency shall also pay at the time of such prepayment all accrued interest on the principal amount prepaid through the date of prepayment.

Section 2.4. Obligation Absolute. The obligation of the Agency to make the Installment Payments and other payments required to be made by it under this Agreement, solely from Net Revenues, is absolute and unconditional, and until such time as the Installment Payments and Additional Payments have been paid in full, the Agency shall not discontinue or suspend any Installment Payments or other payments required to be made by it hereunder when due, whether or not the System or any part thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such Installment Payments and other payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

Section 2.5. Disbursement of Project Funds; Availability of Funds.

- (A) Except as may be otherwise provided in this Agreement, disbursement of Project Funds will be made as follows:

- (1) Upon execution and delivery of this Agreement, the Agency may request immediate disbursement of any incurred planning and design allowance as specified in Exhibit A from the Project Funds through submission to the SWRCB of the Disbursement Request Form 260, or any amendment thereto, duly completed and executed.
- (2) Additional Project Funds will be promptly disbursed to the Agency upon receipt of Disbursement Request Form 260, or any amendment thereto, duly completed and executed by the Agency for incurred costs consistent with this Exhibit.

Disbursement shall not be made more frequently than once a month. The Agency agrees that it will not request disbursement for any Project Cost until such cost has been incurred and is currently due and payable by the Agency, although the actual payment of such cost by the Agency is not required as a condition of disbursement request. Notwithstanding any other provision of this Agreement, no

EXHIBIT B — BUDGET DETAIL AND PAYMENT PROVISIONS

disbursement shall be required at any time or in any manner which is in violation of or in conflict with federal or state laws, rules, or regulations.

- (B) The SWRCB's obligation to disburse Project Funds is contingent upon the availability of sufficient funds to permit the disbursements provided for herein. If sufficient funds are not available for any reason, including but not limited to failure of the federal or State government to appropriate funds necessary for disbursement of Project Funds, the SWRCB shall not be obligated to make any disbursements to the Agency under this Agreement. This provision shall be construed as a condition precedent to the obligation of the SWRCB to make any disbursements under this Agreement. Nothing in this Agreement shall be construed to provide the Agency with a right of priority for disbursement over any other agency. If any disbursements due the Agency under this contract are deferred because sufficient funds are unavailable, such disbursement will be made to the Agency when sufficient funds do become available.

SECTION 3. WITHHOLDING OF DISBURSEMENTS.

Section 3.1. The SWRCB may withhold all or any portion of the funds provided for by this Agreement in the event that:

- (A) The Agency has materially violated, or threatens to materially violate, any term, provision, condition, or commitment of this Agreement;
- (B) The Agency fails to maintain reasonable progress toward completion of the Project; or
- (C) An acceptable Revenue Program is not submitted at the time of 90 percent disbursement of funds provided for by this Agreement.

SECTION 4. PLEDGE AND LIEN OF NET REVENUES; RATES, FEES AND CHARGES; ADDITIONAL PAYMENTS.

Section 4.1. Establishment of Enterprise Fund. In order to carry out its obligation to pay the Installment Payments, Additional Payments and, where applicable, System Obligations, the Agency agrees and covenants that it shall establish and maintain the Enterprise Fund. All Revenues received shall be deposited when and as received in trust in the Enterprise Fund.

Section 4.2. Pledge of Net Revenues. The Net Revenues are hereby pledged and a security interest granted therein in order to secure the payment of Installment Payments and Additional Payments. The Net Revenues in the Enterprise Fund shall be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Agency.

Section 4.3. Application and Purpose of the Enterprise Fund. Subject to the provisions of any outstanding System Obligations, money on deposit in the Enterprise Fund shall be applied and used first, to pay Operations and Maintenance Costs, and thereafter, all amounts due on Installment Payments, Additional Payments and System Obligations due. After making all payments hereinabove required to be made in each Fiscal Year, the Agency may expend in such Fiscal Year any remaining money in the Enterprise Fund for any lawful purpose of the Agency, including payment of subordinate debt.

## EXHIBIT B — BUDGET DETAIL AND PAYMENT PROVISIONS

- Section 4.4. Rates, Fees and Charges. The Agency agrees, to the extent permitted by law, to fix, prescribe and collect rates, fees and charges for the System during each Fiscal Year which are reasonable, fair and nondiscriminatory and which will be at least sufficient to yield during each Fiscal Year, Net Revenues equal to the Installment Payments, Additional Payments and debt service on System Obligations for such Fiscal Year. The Agency may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates, fees and charges then in effect unless the Net Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of this section.
- Section 4.5. Future Local Debt. All future debt incurred by the Agency shall be on parity with, or subordinate to, the Obligation.

### SECTION 5. FINANCIAL MANAGEMENT SYSTEM AND STANDARDS.

The Agency agrees to comply with federal standards for financial management systems. The Agency agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit preparation of reports required by the federal government and tracking of Project funds to a level of expenditure adequate to establish that such funds have not been used in violation of federal or state law or the terms of this Agreement. To the extent applicable, the Agency agrees to be bound by and to comply with, the provisions and requirements of the federal Single Audit Act of 1984 (Pub. L.98-502) Office of Management and Budget (OMB) Circular No. A-133, and updates or revisions, thereto.

### SECTION 6. ACCOUNTING AND AUDITING STANDARDS.

The Agency will maintain separate Project accounts in accordance with generally accepted accounting principles. The contractor shall comply with "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" promulgated by the U.S. General Accounting Office. (40 CFR § 35.3135(I).)

### SECTION 7. BUDGET.

Budget costs are contained in the Approval to Award Letter(s) (or engineer's estimates) which is attached hereto and referenced as Exhibit E.

EXHIBIT I  
CWSRF PAYMENT SCHEDULE

See the attached CWSRF Payment Schedule dated ~~July 16, 2010~~ **November 22, 2013**.



**State of California - State Water Resources Control Board  
State Revolving Fund Payment Schedule**

Date: 11/22/2013

Amount: 7,851,084

Interest rate: 0.000%

Service/Grant charge rate: Variable

Term: 20

Recipient: Redlands, City of  
Project No.: C-06-4800-110  
Agreement No.: 01821-550-0

Date	Disbursement/ Payment	No.	Beginning Balance	Draw Amount	Construction Period Interest (CPI)		Annual Interest Accrued	Principal Paid/Due	Interest Paid/Due	Service Charge Paid/Due	Grant Charge Paid/Due	Total Payment	Ending Balance
					Amount Accrued	Amt. Trans. to Principal							
12-Jan-2004	Disbursement	1	0.00	5,058,070.00	0.00					0.00	0.00		5,058,070.00
10-Feb-2004	Disbursement	2	5,058,070.00	736,660.00	9,835.14					0.00	0.00		5,794,730.00
24-Mar-2004	Disbursement	3	5,794,730.00	969,683.00	17,706.12					0.00	0.00		6,764,413.00
25-May-2004	Disbursement	4	6,764,413.00	1,086,671.00	28,654.81					0.00	0.00		7,851,084.00
30-Jun-2004	End FY		7,851,084.00		19,082.50					0.00	0.00		7,851,084.00
30-Nov-2004	Const. Compl.		7,851,084.00		81,782.13	157,060.69				0.00	0.00		8,008,144.69
30-Nov-2004	Payment	0	8,008,144.69				0.00	0.00	0.00	0.00	0.00	0.00	8,008,144.69
29-Jun-2005	Payment	Pre1	8,008,144.69				116,229.32	2,235,757.19	116,229.32	0.00	0.00	2,351,986.51	5,772,387.50
30-Nov-2005	Payment	1	5,772,387.50				60,529.90	304,509.03	60,529.90	0.00	0.00	365,038.93	5,467,878.47
30-Nov-2006	Payment	2	5,467,878.47				136,696.96	228,341.97	136,696.96	0.00	0.00	365,038.93	5,239,536.50
30-Nov-2007	Payment	3	5,239,536.50				130,988.41	234,050.52	130,988.41	0.00	0.00	365,038.93	5,005,485.98
30-Nov-2008	Payment	4	5,005,485.98				125,137.15	239,901.78	125,137.15	0.00	0.00	365,038.93	4,765,584.20
30-Nov-2009	Payment	6	4,765,584.20				71,483.76	245,899.33	71,483.76	47,655.84	0.00	365,038.93	4,519,684.87
30-Nov-2010	Payment	7	4,519,684.87				0.00	252,046.81	0.00	45,196.85	67,795.27	365,038.93	4,267,638.06
30-Nov-2011	Payment	8	4,267,638.06				0.00	258,347.98	0.00	42,676.38	64,014.57	365,038.93	4,009,290.08
30-Nov-2012	Payment	9	4,009,290.08				0.00	264,806.68	0.00	40,092.90	60,139.35	365,038.93	3,744,483.40
30-Nov-2013	Payment	10	3,744,483.40				0.00	271,426.84	0.00	37,444.84	56,167.25	365,038.93	3,473,056.56
30-Nov-2014	Payment	11	3,473,056.56				0.00	278,212.52	0.00	34,730.56	52,095.85	365,038.93	3,194,844.04
30-Nov-2015	Payment	12	3,194,844.04				0.00	285,167.83	0.00	31,948.44	47,922.66	365,038.93	2,909,676.21
30-Nov-2016	Payment	13	2,909,676.21				0.00	292,297.02	0.00	29,096.76	43,645.15	365,038.93	2,617,379.19
30-Nov-2017	Payment	14	2,617,379.19				0.00	299,604.45	0.00	26,173.79	39,260.69	365,038.93	2,317,774.74
30-Nov-2018	Payment	15	2,317,774.74				0.00	307,094.56	0.00	23,177.75	34,766.62	365,038.93	2,010,680.18
30-Nov-2019	Payment	16	2,010,680.18				0.00	314,771.93	0.00	20,106.80	30,160.20	365,038.93	1,695,908.25
30-Nov-2020	Payment	17	1,695,908.25				0.00	322,641.22	0.00	16,959.08	25,438.63	365,038.93	1,373,267.03
30-Nov-2021	Payment	18	1,373,267.03				0.00	330,707.25	0.00	13,732.67	20,599.01	365,038.93	1,042,559.78
30-Nov-2022	Payment	19	1,042,559.78				0.00	338,974.94	0.00	10,425.60	15,638.39	365,038.93	703,584.84
30-Nov-2023	Payment	20	703,584.84				0.00	347,449.31	0.00	7,035.85	10,553.77	365,038.93	356,135.53
30-Nov-2024	Payment	21	356,135.53				0.00	356,135.53	0.00	3,561.36	5,342.03	365,038.92	0.00

7,851,084.00      157,060.70      157,060.69      641,065.50      8,008,144.69      641,065.50      430,015.47      573,539.44      9,652,765.10

Outstanding Disbursement Balance: 0.00