

As a matter of proper business decorum, the Board of Commissioners respectfully request that all cell phones be turned off or placed on vibrate. To prevent any potential distraction of the proceeding, we request that side conversations be taken outside the meeting room.

REGULAR BOARD MEETING
VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
VICTORVILLE CITY HALL, CONFERENCE ROOM D
14343 CIVIC DRIVE, VICTORVILLE CA 92392
Thursday, May 18, 2023
Closed Session 7:30 a.m. Open Session 8:00 a.m.

VVWRA is committed to protecting public health and the environment in the Victor Valley by providing effective and fiscally responsible wastewater collection, treatment, and recycling.

Call to Order

Higgins

Roll Call

Casteel

Public Comments- Closed Session Agenda Items

Higgins

CLOSED SESSION: During the course of conducting the business set forth on this agenda as a regular meeting of the Board, the Chair may convene the Board in closed session to consider matters of pending real estate negotiations, pending or potential litigation, or personnel matters, pursuant to Government Code Sections 54956.8, 54956.9, 54957 or 54957.6, as noted. Reports relating to (a) purchase and sale of real property; (b) matters of pending or potential litigation; or (c) employment actions, or which are exempt from public disclosure under the California Public Records Act, may be reviewed by the Board during a permitted closed session and are not available for public inspection. At such time the Board takes final action on any of these subjects, the minutes will reflect all required disclosures of information. Closed Session is scheduled to commence at 7:30 a.m.. If the matters discussed in closed session require additional time beyond 8:00 a.m., in deference to the public, the Board may continue the Closed Session discussion after Open Session is concluded. In that case, Closed Session will resume after the Commissioners Comments section and any reportable action will be reported after the continued Closed Session has concluded and before adjournment.

Closed Session

Item 1. (Gov. Code Sec. 54957.6/ 54954.5 (f)) **Conference with Legal Counsel-Labor Negotiation**
- Non-Represented

Call to Order & Pledge of Allegiance

Higgins

Report from Closed Session

Legal

Public Comment (Government Code Section 54954.3)

Higgins

Opportunity for members of the public to directly address the Board on items of public interest within its jurisdiction. The public may also address the Board on items being considered on this agenda. VVWRA requests that all public speakers complete a speaker's card and provide it to the Secretary. Persons desiring to submit paperwork to the Board of Commissioners shall provide a copy of any paperwork to the Board Secretary for the official record. We request that remarks be limited to five minutes or less. Pursuant to Government Code Section 54954.3, if speaker is utilizing a translator, the total allotted time will be doubled.

Consent Calendar

All matters placed on the Consent Calendar are considered as not requiring discussion or further explanation and unless any particular item is requested to be removed from the Consent Calendar by a Commissioner, staff member or member of the public in attendance, there will be no separate discussion of these items. All items on the Consent Calendar will be enacted by one action approving all motions and casting a unanimous ballot for resolutions included on the consent calendar. All items removed from the Consent Calendar shall be considered in the regular order of business.

Item 2. Receive, Approve and File Minutes

Poulsen

- Regular Board Meeting 04/20/2023

Item 3. Receive, Approve and File April 2023 Disbursement

- Warrant Summary Disbursements

Board Action Required

Staff Recommendation: Approve as presented

Action Items

The Executive Leadership Team will provide brief updates on existing matters under their purview and will be available to respond to any questions thereof.

Item 4. Recommendation to Adopt Resolution 2023-05 Flow Allocations

Wang

It is recommended that the Board of Commissioners adopt Resolution 2023-05 to amend flow billing percentages and approve the flow billing rates as measured by ADS Environmental Services, Inc.

Board Action Required

Staff Recommendation: Approve as presented

Item 5. Recommendation to Adopt Resolution 2023-07 Amend and Adopt 2023 Local Guidelines for Implementing the California Environmental Quality Act (CEQA)

Casteel

It is recommended that the Board of Commissioners approve Resolution 2023-07 to amend and adopt 2023 local guidelines for implementing the California Environmental Quality Act

Board Action Required

Staff Recommendation: Approve as Presented

Item 6. Recommendation to Authorize the General Manager to Approve the Award to Pro-Automation Industrial Control Systems Solutions of a Contract in the Amount of \$87,273.44 for the Primary & Grit Pumps MCC Buckets & Programming Upgrade

Laari

It is recommended that the Board of Commissioners authorize the General

Manager to approve the award to pro-automation industrial control systems solutions of a contract in the amount of \$87,273.44 for the primary & grit pumps mcc buckets & programming upgrade

Board Action Required

Staff Recommendation: Approve as Presented

Item 7. Recommendation to Adopt Resolution 2023-08 a Debt Management Policy Poulsen

It is recommended that the Board of Commissioners adopt resolution 2023-08 to adopt a debt management policy of the Authority in order to comply with California Government Code Section 8855, as amended by Senate Bill No. 1029

Board Action Required

Staff Recommendation: Approve as Presented

Item 8. Recommendation to Adopt Resolution 2023-09 Authorizing Execution and Delivery of a Lease Purchase Agreement and Approving Related Documents and Actions Wang

It is recommended that the Board of Commissioners adopt resolution 2023-09 authorizing execution and delivery of a Lease Purchase Agreement and approving related documents and actions, in order to obtain, through a lease financing structure, a new vector truck

Board Action Required

Staff Recommendation: Approve as Presented

Staff Reports

<u>Item 9.</u> General Managers Report - FY 2023-2024 Budget Presentation	Poulsen
<u>Item 10.</u> Financial and Investment Report – 1st Quarter 2023	Wang
<u>Item 11.</u> Operations and Maintenance Report – 1st Quarter 2023	Adams
<u>Item 12.</u> Environmental Compliance Report – 1st Quarter 2023	Laari
<u>Item 13.</u> Septage Receiving Facility Report – 1st Quarter 2023	Laari
<u>Item 14.</u> Safety and Communication Report – 1st Quarter 2023	Wylie

Adjournment

Higgins

The board will adjourn to a regular board meeting

American Disabilities Act Compliance Statement

Government Code Section 54954.2(a)



Any request for disability-related modifications or accommodations (including auxiliary aids or services) sought to participate in the above public meeting should be directed to the VVWRA's Secretary at (760) 246-8638 at least 72 hours prior to the scheduled meeting. Requests must specify the nature of the disability and the type of accommodation requested.

Agenda posting

Government Code Section 54954.2

This agenda has been posted in the main lobby of the Authority's Administrative offices not less than 72 hours prior to the meeting date and time above. All written materials relating to each agenda item are available for public inspection in the office of the Board Secretary.

Agenda items received after posting

Government Code Section 54957.5

Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review at the VVWRA office located at, 20111 Shay Road, Victorville CA 92394. The materials will also be posted on the VVWRA website at www.vvwra.com.

Items Not Posted

Government Code Section 54954.2(b)

In the event any matter not listed on this agenda is proposed to be submitted to the Board for discussion and/or action, it will be done as an emergency item or because there is a need to take immediate action, which came to the attention of the Board subsequent to the posting of the agenda, or as set forth on a supplemental agenda posted in the manner as above, not less than 72 hours prior to the meeting date.

Items Continued

Government Section 54954.2(b)(3)

Items may be continued from this meeting without further notice to a Committee or Board meeting held within five (5) days of this meeting

Meeting Adjournment

This meeting may be adjourned to a later time and items of business from this agenda may be considered at the later meeting by Order of Adjournment and Notice

VVWRA's Board Meeting packets and agendas are available for review on its website at www.vvwra.com. The website is updated on Friday preceding any regularly scheduled board meeting.

REPORT FROM CLOSED SESSION

NONE

PUBLIC COMMENTS- REGULAR SESSION AGENDA

NONE

POSSIBLE CONFLICT OF INTEREST

Commissioner Nassif will be abstaining from any disbursements to Napa Auto Parts on item 3

CONSENT CALENDAR:

2. **Receive, Approve and File Minutes, March 15, 2023 Special Meeting**
3. **Receive, Approve and File March 2023 Disbursement**

Moved: Commissioner Jones

Second: Chair Higgins

Approval of the Consent Calendar Items 2 and 3 with Commissioner Nassif abstaining from any disbursements to Napa Auto Parts on item 3.

Chair Higgins- Yes

Commissioner Nassif - Yes

Commissioner Jones - Yes

Commissioner Bird- Yes

Motion passed by a 4-0 roll call vote

ACTION ITEM:

5. **Recommendation to Adopt Resolution 2023-06 Authorizing the Submittal of a CalRecycle Grant Application as an Eligible Recipient and Providing the General Manager Authority to Sign a Letter of Commitment- Individual Applicant Grant and Payment Programs and a Letter of Designation – Grant and Payments Program**

The Board will consider approval to adopt resolution 2023-06 authorizing the submittal of a CalRecycle Organics Grant Program application as an eligible recipient and authorizing the General Manager to sign a letter of designation as signature authority

Moved: Commissioner Nassif

Second: Commissioner Nassif

Approval to adopt resolution 2023-06 authorizing the submittal of a CalRecycle Organics Grant Program application as an eligible recipient and authorizing the

General Manager to sign a letter of designation as signature authority

Chair Higgins- Yes

Commissioner Nassif - Yes

Commissioner Jones - Yes

Commissioner Bird- Yes

Motion passed by a 4-0 roll call vote

6. Recommendation to Authorize the General Manager to Have VVWRA Participate As a Victor Valley College Scholarship Sponsor this Year and Approve the Formation of a Future Scholarship Endowment for Next Fiscal Year

The Board will consider approval to authorize the General Manager to allow VVWRA to participate as a Victor Valley College Scholarship Sponsor this year and approve the formation of a future scholarship endowment for next fiscal year, the Board also created a rotating sub-committee to interview applicants for the scholarship with the Chair and the Vice-Chair on the first rotation.

Moved: Commissioner Jones

Second: Commissioner Nassif

Approval to authorize the General Manager to allow VVWRA to participate as a Victor Valley College Scholarship Sponsor this year and approve the formation of a future scholarship endowment for next fiscal year

Chair Higgins- Yes

Commissioner Nassif - Yes

Commissioner Jones - Yes

Commissioner Bird- Yes

Motion passed by a 4-0 roll call vote

CLOSED SESSION (If Closed Session is continued)

Closed session

ADJOURNMENT

The board will adjourn to a regular board meeting on May 18, 2023 at 7:30 a.m.

APPROVAL:

DATE: _____ BY: _____

Approved by Debra Jones, Secretary
VVWRA Board of Commissioners



Victor Valley Wastewater Reclamation Authority

A Joint Powers Authority and Public Agency of the State of California

Administrative Offices

20111 Shay Road, Victorville, CA 92394

Telephone: (760) 246-8638

Fax: (760) 948-9897

e-mail: mail@vwwra.com

DATE: May 18, 2023

TO: Darron Poulsen
General Manager

FROM: Xiwei Wang
Accounting Supervisor

SUBJECT: Cash Disbursements Register

RECOMMENDED ACTION

It is recommended that the Board of Commissioners approve the cash disbursements and payroll register for the Victor Valley Wastewater Reclamation Authority.

BACKGROUND

The Cash Disbursements Register totals represented below are for the month of APRIL 2023, check numbers 125110-125154 and ACH's.

<i>Accounts Payable</i>			
<i>Checks</i>	<i>ACH's and EFT's</i>	<i>Payroll</i>	<i>Total</i>
<i>\$117,243.68</i>	<i>\$1,498,845.91</i>	<i>\$360,959.33</i>	<i>\$1,977,048.92</i>

Victor Valley Wastewater Reclamation Authority
Cash Disbursement Register
From 4/1/2023 through 4/30/2023

Vendor Name	Payment #	Date	Total
Answering 365	125110	04/05/2023	\$ 173.00
Apple Valley Fire Prot. Dist.	125111	04/05/2023	\$ 186.00
Aquatic Bioassay / Consult Inc.	125112	04/05/2023	\$ 260.00
Cintas Corporation	125113	04/05/2023	\$ 994.08
D.M.E. Inc.	125114	04/05/2023	\$ 842.18
Edenbros, Llc	125115	04/05/2023	\$ 521.37
Gold Coast Environmental	125116	04/05/2023	\$ 7,804.34
High Desert Backflow - Aaa Action Backflow, Llc	125117	04/05/2023	\$ 150.00
Mojave Desert A.Q.M.D.	125118	04/05/2023	\$ 1,363.26
Pete'S Road Service, Inc.	125119	04/05/2023	\$ 4,878.03
Quill Corporation	125120	04/05/2023	\$ 643.66
Roto-Rooter Plumbers	125121	04/05/2023	\$ 433.84
Royal Industrial Solutions	125122	04/05/2023	\$ 824.56
San Bernardino County Fire Protection Dist	125123	04/05/2023	\$ 455.00
Socal Filters And Services Inc.	125124	04/05/2023	\$ 1,179.27
World Oil Environmental Services	125125	04/05/2023	\$ 120.00
Big Sky Electric	125131	04/17/2023	\$ 9,535.00
Dell Inc.	125132	04/17/2023	\$ 3,261.88
Hi-Desert Communications	125133	04/17/2023	\$ 150.00
Quill Corporation	125134	04/17/2023	\$ 1,290.75
Sun Valley Technology	125135	04/17/2023	\$ 10,268.50
Airgas Usa, Llc	125136	04/19/2023	\$ 21,910.70
Cintas Corporation	125137	04/19/2023	\$ 1,467.61
Dell Inc.	125138	04/19/2023	\$ 27.62
Liberty Utilities	125139	04/19/2023	\$ 100.06
Napa Victorville	125140	04/19/2023	\$ 243.97
Pete'S Road Service, Inc.	125141	04/19/2023	\$ 10,769.38
Town & Country Tire	125142	04/19/2023	\$ 986.96
Airgas Usa, Llc	125143	04/26/2023	\$ 527.10
Bird, Larry	125144	04/26/2023	\$ 100.00
City Of Victorville / Sanitation	125145	04/26/2023	\$ 3,987.46
Connectwise, Llc	125146	04/26/2023	\$ 3,510.75
Flo-Systems, Inc.	125147	04/26/2023	\$ 9,677.66
High Desert Backflow - Aaa Action Backflow, Llc	125148	04/26/2023	\$ 259.80
International Society Of Automation	125149	04/26/2023	\$ 650.00
Jones, Debra	125150	04/26/2023	\$ 100.00
Littlejohn-Reuland Corporation	125151	04/26/2023	\$ 14,553.83
Nassif, Scott	125152	04/26/2023	\$ 100.00
Quill Corporation	125153	04/26/2023	\$ 440.48
Verizon Wireless	125154	04/26/2023	\$ 2,495.58
		Total Checks	\$ 117,243.68
A.D.S. Corp.	20603	04/05/2023	\$ 7,700.00
Babcock Laboratories, Inc.	20604	04/05/2023	\$ 13,000.36

Victor Valley Wastewater Reclamation Authority
Cash Disbursement Register
From 4/1/2023 through 4/30/2023

Vendor Name	Payment #	Date	Total
Beck Oil, Inc.	20605	04/05/2023	\$ 2,630.30
Bsk Associates	20606	04/05/2023	\$ 4,243.75
Culligan Water Conditioning	20607	04/05/2023	\$ 611.48
D.K.F. Solutions Group, Llc	20608	04/05/2023	\$ 350.00
G.A. Osborne Pipe & Supply	20609	04/05/2023	\$ 1,275.76
Grainger	20610	04/05/2023	\$ 1,020.18
Hach Company	20611	04/05/2023	\$ 2,398.86
High Desert Affordable Landscaping	20612	04/05/2023	\$ 5,034.00
Labor Finders	20613	04/05/2023	\$ 1,285.60
Mazzarella, Anne	20614	04/05/2023	\$ 175.00
Mcgrath Rentcorp	20615	04/05/2023	\$ 6,012.82
MSDSonline dba VelocityEHS	20616	04/05/2023	\$ 3,299.00
Orkin	20617	04/05/2023	\$ 1,131.98
Prestige Golf Cars (A.K.A. Ipc Industries, Inc.)	20618	04/05/2023	\$ 7,263.17
Prudential Overall Supply	20619	04/05/2023	\$ 835.74
T-Mobile	20620	04/05/2023	\$ 196.56
Underground Service Alert Of Southern California	20621	04/05/2023	\$ 848.00
Veteran Janitorial, Llc	20622	04/05/2023	\$ 2,730.00
Adt Commercial	20623	04/12/2023	\$ 486.76
American Express	20624	04/12/2023	\$ 25,944.80
Applied Maintenance Supplies & Solution	20625	04/12/2023	\$ 341.61
Bsk Associates	20626	04/12/2023	\$ 2,208.50
California School Veba	20627	04/12/2023	\$ 741.64
Cdw Government, Inc	20628	04/12/2023	\$ 4,295.98
Dxp Enterprises	20629	04/12/2023	\$ 2,690.96
Fha Services, Inc.	20630	04/12/2023	\$ 2,503.78
Grainger	20631	04/12/2023	\$ 8,252.95
Labor Finders	20632	04/12/2023	\$ 1,285.60
Larry Walker Associates	20633	04/12/2023	\$ 10,339.00
Orkin	20634	04/12/2023	\$ 167.00
Pro Automation Llc	20635	04/12/2023	\$ 4,980.00
Procurement Consulting Services, Llc.	20636	04/12/2023	\$ 300.00
Prudential Overall Supply	20637	04/12/2023	\$ 835.74
Royal Industrial Solutions	20638	04/12/2023	\$ 441.69
Siemens Industry Inc.	20639	04/12/2023	\$ 2,596.95
Yorke Engineering, Llc	20640	04/12/2023	\$ 301.50
Beck Oil, Inc.	20641	04/19/2023	\$ 63.63
Best, Best & Krieger, L.L.P.	20642	04/19/2023	\$ 42,019.19
Blackline Safety Corp	20643	04/19/2023	\$ 210.00
Blue Siren, Inc.	20644	04/19/2023	\$ 5,335.00
Bsk Associates	20645	04/19/2023	\$ 2,232.50
City Of Victorville	20646	04/19/2023	\$ 872,222.76
Crane Pro Services	20647	04/19/2023	\$ 861.50
Daily Express	20648	04/19/2023	\$ 1,960.00

Victor Valley Wastewater Reclamation Authority
Cash Disbursement Register
From 4/1/2023 through 4/30/2023

Vendor Name	Payment #	Date	Total
Desert Pumps & Parts, Inc.	20649	04/19/2023	\$ 1,981.00
Grainger	20650	04/19/2023	\$ 132.07
Hach Company	20651	04/19/2023	\$ 8,041.03
Labor Finders	20652	04/19/2023	\$ 1,285.60
Luhdorff And Scalmanini	20653	04/19/2023	\$ 270.00
Michael'S Auto Detail	20654	04/19/2023	\$ 670.00
Netgain Networks, Inc	20655	04/19/2023	\$ 25,571.99
Orkin	20656	04/19/2023	\$ 848.97
Prestige Golf Cars (A.K.A. Ipc Industries, Inc.)	20657	04/19/2023	\$ 540.17
Prudential Overall Supply	20658	04/19/2023	\$ 835.74
Rockwell Engineering	20659	04/19/2023	\$ 5,124.37
Steen Design Studio Inc	20660	04/19/2023	\$ 22,500.00
Taylor, Craig	20661	04/19/2023	\$ 215.00
White Cap, L.P.	20662	04/19/2023	\$ 763.64
Anthony, Donna	20663	04/20/2023	\$ 420.00
Billings, Richard	20664	04/20/2023	\$ 420.00
Correia, Linda	20665	04/20/2023	\$ 420.00
Dagnino, Roy	20666	04/20/2023	\$ 420.00
Davis, Tim	20667	04/20/2023	\$ 420.00
Flint, Terrie Gossard	20668	04/20/2023	\$ 269.02
Gyurcsik, Darline	20669	04/20/2023	\$ 269.02
Hinojosa, Thomas	20670	04/20/2023	\$ 420.00
Keniston, Olin	20671	04/20/2023	\$ 269.02
Main, Randy	20672	04/20/2023	\$ 420.00
Mcgee, Mark	20673	04/20/2023	\$ 420.00
Montgomery, Lillie	20674	04/20/2023	\$ 148.68
Nalian, L. Christina	20675	04/20/2023	\$ 148.68
Nave, Patrick	20676	04/20/2023	\$ 420.00
Aerzen Usa	20677	04/26/2023	\$ 339.33
Applied Maintenance Supplies & Solution	20678	04/26/2023	\$ 6,324.84
Babcock Laboratories, Inc.	20679	04/26/2023	\$ 16,399.21
Biogas Power Systems- Mojave, Llc	20680	04/26/2023	\$ 64,119.27
Brenntag Pacific, Inc	20681	04/26/2023	\$ 16,420.19
Castro, Moises	20682	04/26/2023	\$ 250.00
Cdw Government, Inc	20683	04/26/2023	\$ 532.44
City Of Victorville	20684	04/26/2023	\$ 250.00
Evoqua Water Technologies Llc	20685	04/26/2023	\$ 15,196.53
Graham Equipment	20686	04/26/2023	\$ 13,612.50
Grainger	20687	04/26/2023	\$ 986.20
Graybar Electric Co., Inc.	20688	04/26/2023	\$ 256.65
Hach Company	20689	04/26/2023	\$ 21,668.42
Higgins, Dakota	20690	04/26/2023	\$ 100.00
Labor Finders	20691	04/26/2023	\$ 1,454.34
Larry Walker Associates	20692	04/26/2023	\$ 2,754.00

**Victor Valley Wastewater Reclamation Authority
Cash Disbursement Register
From 4/1/2023 through 4/30/2023**

Vendor Name	Payment #	Date	Total
Prudential Overall Supply	20693	04/26/2023	\$ 828.49
Quinn Company	20694	04/26/2023	\$ 18,382.98
Santa Fe Water Systems	20695	04/26/2023	\$ 11,719.60
Konica Minolta Business Solutions	DFT03892	04/06/2023	\$ 391.50
Lincoln Financial Group	DFT03893	04/06/2023	\$ 4,809.24
Lincoln Financial Group	DFT03894	04/06/2023	\$ 63.76
Southwest Gas Company	DFT03895	04/06/2023	\$ 35,983.78
Town Of Apple Valley	DFT03896	04/06/2023	\$ 188.24
Principal Life Ins. Co.	DFT03897	04/06/2023	\$ 3,247.34
Flyers Energy, Llc	DFT03916	04/13/2023	\$ 3,075.80
Southern California Edison	DFT03917	04/13/2023	\$ 866.42
Southern California Edison	DFT03918	04/13/2023	\$ 77,586.83
Southern California Edison	DFT03963	04/20/2023	\$ 21,542.83
Southern California Edison	DFT03964	04/20/2023	\$ 1,919.08
Southern California Edison	DFT03965	04/20/2023	\$ 14,454.33
Southwest Gas Company	DFT03966	04/20/2023	\$ 88.71
Southwest Gas Company	DFT03967	04/20/2023	\$ 154.38
Southwest Gas Company	DFT03968	04/20/2023	\$ 372.24
Ups	DFT03969	04/20/2023	\$ 313.33
Ca Dept. Of Tax And Fee Admin.	DFT03971	04/27/2023	\$ 899.00
Flyers Energy, Llc	DFT03972	04/27/2023	\$ 2,114.42
Sparkletts Drinking Water	DFT03973	04/27/2023	\$ 2,524.34
Spectrum (Prev. Charter Communications)	DFT03974	04/27/2023	\$ 4,923.68
State Water Resource Control Board	DFT03975	04/27/2023	\$ 1,738.00
State Water Resource Control Board	DFT03976	04/27/2023	\$ 75.00
Tforce Freight (Aka Ups Freight)	DFT03977	04/27/2023	\$ 563.51
Ups	DFT03978	04/27/2023	\$ 29.56
Total ACH & EFT's			\$ 1,498,845.91


Approved



Total Checks	\$ 117,243.68
Total ACH & EFT's	\$ 1,498,845.91
Total Payroll - April 2023	\$ 360,959.33
Total	\$ 1,977,048.92



VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Board of Commissioners Staff Report

TO: VVWRA Board of Commissioners

FROM: Darron Poulsen, General Manager 

SUBMITTED BY: Xiwei Wang, Accounting Supervisor 

DATE: May 18, 2023

SUBJECT: **ADOPTION OF RESOLUTION 2023-05 TO AMEND FLOW BILLING PERCENTAGES AND APPROVE THE FLOW BILLING RATES AS MEASURED BY ADS ENVIRONMENTAL SERVICES, INC.**

<input checked="" type="checkbox"/>	For Action	<input type="checkbox"/>	Fiscal Impact:	none
<input type="checkbox"/>	Information Only	<input type="checkbox"/>	Account Code:	not applicable
		<input type="checkbox"/>	Funds Budgeted/Approved:	none

STAFF RECOMMENDATION

It is recommended that the Board of Commissioners adopt Resolution 2023-05 to amend flow billing percentages and approve the flow billing rates as measured by ADS Environmental Services, Inc.

PREVIOUS ACTION(S)

None

BACKGROUND INFORMATION

On May 9, 2023, the staff met the Engineering Committee members of the Member Agencies for their review of flow billing percentages. The flow allocation rates are based on the data for the period of 12 months ended June 30, 2022 collected by ADS Environmental Services, Inc. who monitors continuous flow measurement throughout the VVWRA collection system. The billing is based on the percentage of flow measured at the influent meters at the wastewater treatment plant. As the Engineering Committee members reached consensus, the flow study and associated percentages are now forwarded to the Board to adopt the flow allocation rates by the Resolution.

Attachments:

Exhibit 1- Resolution 2023-05

EXHIBIT 1

RESOLUTION NO. 2023-05

A RESOLUTION OF THE VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY TO AMEND BILLING PERCENTAGES AND APPROVE FLOW BILLING ADJUSTMENTS RELATING TO THE FLOW MONITORING RESULTS AS MEASURED BY ADS ENVIRONMENTAL SERVICES, INC.

WHEREAS, the Victor Valley Wastewater Reclamation Authority (“Authority”) is a Joint Powers Authority and Public Agency of the State of California established in 1978 that provides Regional wastewater treatment to a designated Service Area; and

WHEREAS, an amendment to the Victor Valley Regional Wastewater Service Agreement was made and entered into as of August 1, 2005, by and between the Authority and the City of Victorville, the City of Hesperia, the Town of Apple Valley, and the County of San Bernardino Service Areas No. 42 (Oro Grande) and No. 64 (Spring Valley Lake), collectively referred to as “Member Entities”; and

WHEREAS, the Authority provides wastewater treatment service to the Member Entities and issues monthly flow billings to the Member Entities based upon the number of gallons of flow received from each Entity; and

WHEREAS, it was agreed and established in 1998 by the VVWRA Technical Advisory Committee that the local metering stations are inaccurate and do not provide reliable flow data, and it was determined that the Authority would utilize the services of an independent agent to conduct periodic flow monitoring with their own equipment; and

WHEREAS, it was agreed and established that the results of the flow monitoring study would be used to establish percentages with which to apportion the total flow as measured by the Magmeter at the Regional Treatment Plant and determine member entity flow by said percentages for billing purposes; and

WHEREAS, the Commission of the Victor Valley Wastewater Reclamation Authority approved and adopted the flow monitoring results as measured by ADS Environmental Services, Inc., attached hereto as “Exhibit A”, and directed staff to make appropriate flow billing adjustments;

NOW, THEREFORE, BE IT RESOLVED that the Commission of the Victor Valley Wastewater Reclamation Authority does hereby amend the flow billing percentages relating to the flow monitoring results as measured by ADS Environmental Services, Inc. and direct staff to implement flow billing adjustments based on the amended billing percentages.

APPROVED AND ADOPTED on this 18th day of May 2023.

Dakota Higgins, Chair
VVWRA Board of Commissioners

ATTEST:

APPROVED AS TO FORM:

Debra Jones Secretary
VWVRA Board of Commissioners

Piero C. Dallarda of
Best, Best & Krieger LLP, VWVRA Counsel

CERTIFICATION:

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Board of Commissioners held on May 18, 2023.

Kristi Casteel – Clerk of the Board

EXHIBIT A

Resolution 2023-05

Victor Valley Wastewater Reclamation Authority
Flow Allocation Proposed Effective on July 1, 2023

	APPROVED		Proposed	
	Based on		Based on	
Measured by ADS	July 2020 - June 2021		July 2021 - June 2022	
	Total %	Total MG	Total %	Total MG
VSD 1 (less North Apple Valley)	6.5356%	284.3251	6.2839%	293.4790
VSD 2	13.5584%	589.8431	12.3292%	575.8128
VSD 3	24.9938%	1,087.3253	26.1839%	1,222.8706
VSD 4	6.5283%	284.0048	6.8553%	320.1614
VSD 5	0.5302%	23.0672	0.4832%	22.5666
VSD 6	7.3268%	318.7434	6.5604%	306.3910
VSD Total	59.4731%	2,587.3089	58.6959%	2,741.2814
Apple Valley 03	16.2113%	705.2550	15.4082%	719.6112
Apple Valley North	0.0636%	2.7676	0.1343%	6.2718
Apple Total	16.2749%	708.0226	15.5425%	725.8830
Hesperia	18.8458%	819.8634	20.5638%	960.3948
Hesperia Total	18.8458%	819.8634	20.5638%	960.3948
CSA 64 SVL	4.7363%	206.0466	4.4800%	209.2306
CSA 42 Oro Grande	0.6699%	29.1412	0.7177%	33.5187
CSA Total	5.4061%	235.1878	5.1977%	242.7493
Total Apportioned Flow	100.0000%	4,350.3827	100.0000%	4,670.3085
Mojave Narrows Regional Park		1.2000		1.2000
Total Study Flow		4,351.5827		4,671.5085



**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Board of Commissioners Staff Report**

TO: VWRA Board of Commissioners

FROM: Darron Poulsen, General Manager *DP*

SUBMITTED BY: Kristi Casteel, Executive Assistant to the General Manager and Board of Commissioners *KC*

DATE: May 18, 2023

SUBJECT: **RECOMMENDATION TO APPROVE RESOLUTION 2023-07:
AMEND AND ADOPT 2023 LOCAL GUIDELINES FOR
IMPLEMENTING THE CALIFORNIA ENVIRONMENTAL
QUALITY ACT (CEQA)**

- | | | | | |
|-------------------------------------|-------------------------|--------------------------|----------------------------------|-------------|
| <input checked="" type="checkbox"/> | For Action | <input type="checkbox"/> | Fiscal Impact | \$ 0 |
| <input type="checkbox"/> | Information Only | <input type="checkbox"/> | Account Code: | N/A |
| | | <input type="checkbox"/> | Funds Budgeted/ Approved: | |

STAFF RECOMMENDATION

It is recommended that the Board of Commissioners approve Resolution 2023-07 to amend and adopt 2023 local guidelines for implementing the California Environmental Quality Act.

PREVIOUS ACTION(S)

As required by state law, the Commissions amends and adopts the local guidelines for implementing the California Environmental Quality Act on an annual basis. This item addresses that obligation.

BACKGROUND INFORMATION

The California Environmental Quality Act (“CEQA”), as contained in Public Resources Code sections 21000 et seq., is California’s most comprehensive environmental law. It requires all public agencies within the state to evaluate the environmental effects of their actions before they are taken. CEQA also aims to prevent significant environmental effects from occurring as a result of agency actions by requiring agencies to avoid or reduce, when feasible, the significant environmental impacts of their decisions.

To this end, CEQA requires all public agencies to adopt specific objectives, criteria and procedures for evaluating public and private projects that are undertaken or approved by such agencies.

As a result, the Victor Valley Wastewater Reclamation Authority's Local CEQA Guidelines have been revised and amended to reflect recent changes to the State CEQA Guidelines, the Public Resources Code and relevant court opinions.

Attachment(s):

Exhibit 1- Resolution 2023-07 Amend and Approve the 2023 CEQA Guidelines

EXHIBIT 1

RESOLUTION 2023-07

A RESOLUTION OF THE VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY AMENDING AND ADOPTING LOCAL GUIDELINES FOR IMPLEMENTING THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (PUB. RESOURCES CODE §§ 21000 ET SEQ.)

WHEREAS, the California Legislature has amended the California Environmental Quality Act (“CEQA”) (Pub. Resources Code §§ 21000 et seq.), the Natural Resources Agency has amended the State CEQA Guidelines (Cal. Code Regs., tit. 14, §§ 15000 et seq.) and the California courts have interpreted specific provisions of CEQA; and

WHEREAS, Public Resources Code section 21082 requires all public agencies to adopt objectives, criteria and procedures for (1) the evaluation of public and private projects undertaken or approved by such public agencies, and (2) the preparation, if required, of environmental impact reports and negative declarations in connection with that evaluation; and

WHEREAS, the Victor Valley Wastewater Reclamation Authority must revise its local guidelines for implementing CEQA to make them consistent with the current provisions and interpretations of CEQA and the State CEQA Guidelines.

NOW, THEREFORE, the Victor Valley Wastewater Reclamation Authority (“VWVRA”) hereby resolves as follows:

SECTION 1. The VWVRA adopts the “2023 Local Guidelines for Implementing the California Environmental Quality Act,” a copy of which is on file at the offices of VWVRA and is available for inspection by the public.

SECTION 2. All prior actions of VWVRA enacting earlier guidelines are hereby repealed.

APPROVED AND ADOPTED on this 18th day of May 2023.

Dakota Higgins, Chair
VWVRA Board of Commissioners

ATTEST:

APPROVED AS TO FORM:

Debra Jones Secretary
VWVRA Board of Commissioners

Piero C. Dallarda of
Best, Best & Krieger LLP, VWVRA Counsel

CERTIFICATION:

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Board of Commissioners held on May 18, 2023.

Kristi Casteel – Clerk of the Board



**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Board of Commissioners Staff Report**

TO: VVWRA Board of Commissioners
FROM: Darron Poulsen, General Manager *ORP*
SUBMITTED BY: Latif Laari, Environmental Compliance Manager
DATE: May 18, 2023

SUBJECT: **RECOMMENDATION TO AUTHORIZE THE GENERAL MANAGER TO APPROVE A CONTRACT WITH PRO-AUTOMATION INDUSTRIAL CONTROL SYSTEMS SOLUTIONS IN THE AMOUNT OF \$87,273.44 FOR THE PRIMARY & GRIT PUMPS MCC BUCKETS & PROGRAMMING UPGRADE**

<input checked="" type="checkbox"/>	For Action	<input checked="" type="checkbox"/>	Fiscal Impact	\$87,273.44
<input type="checkbox"/>	Information Only	<input checked="" type="checkbox"/>	Account Code: 01-02-515-9000-9999-R148~\$40,000.00	
				09-02-515-9000-9999-R148 ~\$47,273.44
		<input checked="" type="checkbox"/>	Funds Budgeted/ Approved: YES	<i>YJ</i>

STAFF RECOMMENDATION

It is recommended that the Board of Commissioners authorize the General Manager to approve a contract to Pro-Automation Industrial Control Systems Solutions in the amount of \$87,273.44 for the primary & grit pumps mcc buckets & programming upgrade.

PREVIOUS ACTION(S)

None

BACKGROUND INFORMATION

Primary Sludge Pump Controls 1 to 4 were installed during the original construction of the Regional Plant. Primary Sludge Pumps Controls 5 to 8 were installed in the early 1990s. These Pump Controls have reached their end of life.

With this, VVWRA will be able to rehabilitate eight motor control buckets for the eight Primary Sludge Pumps at the Regional Plant. The benefits of this rehabilitation are:

1. Improved system reliability.
2. Enable true Pump condition monitoring. Including the failure and running statuses
3. View of real time SCADA Control of the Primary Sludge Pumping System

4. Update and improve the automation of the Primary Sludge Pumping System.
5. Elimination of obsolete controls technology
6. Improved system communications speed.
7. Improved system security

Staff solicited three quotes via planetbids, Pro-automation industrial control systems submitted the only valid bid.

A thorough review of the Pro-automation industrial control systems bid was conducted, and it meets all work scope and procurement requirements.

Attachments:

Exhibit 1 – Pro Automation Proposal

EXHIBIT 1



1030 N Magnolia Ave, 123
 Anaheim, CA, 92801
 Phone: 949-774-9476

Attention:

Mauricio Marin
 Victor Valley Wastewater Reclamation Authority
 20111 Shay Rd
 Victorville, 92394
 Phone: 760-983-1999

Sales Quotation

Date: May 1, 2023
Quotation # Q-1707
Customer ID: VVWRA01
Prepared by: Abed Almqayyad

Project Title: Primary & Grit Pumps MCC Buckets & Programming Upgrade

Dear Mauricio,

Thank you for your continued business and for your trust in our professional services. We are pleased to present this quote to provide our professional services regarding the above-mentioned project. Our services include PLC & SCADA programming and communication as well as field startup and support.

Project Description:

VVWRA would like to upgrade the MCC buckets for the four Primary Sludge Pumps and the four Grit Pumps. This upgrade will include upgrading the hardware inside each MMC bucket. VVWRA will provide the buckets to be used for the upgrade. Pro Automation will use the provided bucket to build and assemble the new hardware for the motor control units.

VVWRA would also like to reprogram the primary sludge pumps 1-8 operation. This includes implementing new PLC Logic and new SCADA screens for those pumps' control. New SCADA screens based on high-performance standards will be implemented s part of this upgrade. Pro Automation will combine the Primary Sludge pumps 1-8 screen into a single SCADA screen as they are currently presented in two separate screens.

Pro Automation will use the same new programming standards for the Grit Pump control, including the PLC and the SCADA screens.

Scope of Work

This project covers upgrading the MCC buckets for:

- 1- Primary Sludge Pumps 1 through 4
- 2- Grit Pumps 1-4

This project covers re-programming the PLC and SCADA graphics for:

- 1- Primary Sludge Pumps 1 through 8
- 2- Grit Pumps 1 through 4

VVWRA to provide eight MCC buckets to be used to build the buckets with the new hardware. The buckets that will be provided must be of the same size as the ones to be replaced and must include the operating handle, main disconnect, bus stabs, and doors. Pro Automation will build the buckets with new Allen-Bradley hardware. The provided buckets will have the following hardware within each one:

- 1- Allen-Bradley SMC-3 Soft Motor Starter.
- 2- Allen-Bradley 480V Protective Module.
- 3- 2 NO Starter Auxiliary Contact blocks.
- 4- 1 NC Starter Auxiliary Contact block.
- 5- Allen-Bradley Transformer 220/440V to 110/120V.
- 6- Control circuit fuse and housing.
- 7- Panel elapsed time meter.
- 8- Hand-Off-Auto Selector Switch.
- 9- Red "Run" Push-to-test light.
- 10- Green "Stopped" Push-to-Test light.
- 11- Amber "Faulted" Push-to-Test light.
- 12- 4-socket relay.
- 13- Wire Marker Sleeves on all control wires.
- 14- Updated legend plates.
- 15- Grey reset pushbutton.
- 16- Starter remote reset solenoid.

MCC Locations:

Primary Sludge Pumps 1 & 2 + All 4 Grit Pumps have similar MCC bucket sizes that fit inside the Cutler-Hammer Freedom 2100 Westinghouse MCC. Device Height = 18".

Primary Sludge pumps 3 & 4 MCC buckets sit inside the SQUARE D MMC-EA with a bucket height of 12".

Based on VVWRA request, Pro Automation will move the location of the Primary Sludge pumps 3 & 4 MCC buckets to the Cutler-Hammer Freedom 2100 Westinghouse MCC utilizing spare locations there. VVWRA will determine the locations during the project discussion. Pro

Automation will convert the existing SQUARE D MMC-EA buckets to act as marshaling panels for the new bucket locations. That way, all eight buckets will have a standard design (except for the motor starter size). VVWRA shall work with Pro Automation to schedule and allow for the downtime required to accomplish this task.

Programming:

- Pro Automation will completely reprogram the Primary Sludge & the Grit pumps to achieve the best system performance based on VVWRA's recommendations.
- The SCADA screen will be built based on High-Performance industry standards.
- Pro Automation shall host a workshop with plant staff to collaboratively create the design of the new high-performance graphic screens, which will include the Primary Sludge and the Grit pumps.
- Pro Automation shall discuss the sequence of operation and ways to improve the logic with the plant team during the workshops.
- Pro Automation shall combine the primary sludge pumps 1-4 graphics with 5-8 into a single graphic screen (They are currently on separate screens).
- Pro Automation shall provide PLC/SCADA programming for Primary Sludge pumps 5-8 to align with new standards.
- The Grit Pumps PLC/SCADA programming standards shall align with the Primary Sludge Pumps' standards.
- Pro Automation shall program the new Pressure Transmitter at the Primary Sludge 1-4 main header discharge. The LIT shall be supplied, installed, and operated by VVWRA.

Documentation:

The following documents will be provided as part of this proposal:

- 1- New MCC bucket electrical schematics.
- 2- Updated Description of Operation.
- 3- O&M Manuals.

Pricing

Primary & Grit Pumps MCC Buckets & Programming Upgrade			
Item	Professional Service	Qty	Cost
1	Total Lump Sum Hardware Cost	Lot	\$33,125.00
2	Total Lump Sum Programming Cost		\$15,600.00
3	Total Lump Sump Installtion Cost		\$12,000.00
4	Total Lump Sum Field Startup Cost		\$21,000.00
5	Total Lump Sum Project Documentation Cost		\$1,400.00
6	Hotel, Meals & Miles		\$1,250.00
TOTAL (NO TAX):			\$84,375.00

Delivery:

Equipment and programming will be ready for startup 6 weeks after receipt of the purchase order or written notice of intent. However, delivery schedule(s) will be contingent on supply-chain availability and variability for material components. Therefore, lead times are subject to change without notice.

Payment Plan:

1. 50% due upon PO issuance.
2. 20% due upon complete bucket construction.
3. 20% due upon successful FAT.
4. 10% upon successful project completion.

Bid Clarifications:

1. The startup period considered in this proposal is 4 days onsite. If VVWRA wishes to extend it, the extra days will be billed on T&M basis at \$1400/day.
2. Unless otherwise stated above, prices do not include any sales tax, use tax, or applicable fees. Please apply any taxes and/or fees as appropriate.
3. Please note that all invoices will include sales tax where applicable.
4. Price does not include any shipping cost. Our price is FOB panel shop.
5. Pro Automation warranties against defection design, workmanship, and material for a period of one year from the date of installation and does not exceed 18 months from the date of shipment from the factory.
6. Pro Automation LLC carries liability insurance, with full worker's compensation coverage.
7. Final retention is to be paid within 10 days after the project's notice of completion.
8. Lead-Time & Supply Chain Impacts: Due to the supply chain impacts imposed by the pandemic, all quoted lead times are subject to change without notice.
9. Unless otherwise indicated by the Scope of Work above, the following is not included within this quotation:

Terms and Conditions:

- This quote is valid for 30 days unless otherwise stated.
- Terms are net 30 days on approved credit accounts.
- Unless otherwise indicated by the Scope of Work above, the quote is to **furnish only**. It does not include any trade labor, trade work, construction work, site improvement, contractor services, or any trade installation services. Any trade labor and/or related trade work shall be performed by others/contractors.

Please feel free to contact us at (949)-774-9476 to discuss any questions you may have.

Sincerely,


Abed Almqayyad

www.pro-automate.com





**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Board of Commissioners Staff Report**

TO: VWRA Board of Commissioners
FROM: Darron Poulsen, General Manager 
SUBMITTED BY: Darron Poulsen, General Manager
DATE: May 18, 2023

**SUBJECT: RECOMMENDATION TO ADOPT A RESOLUTION 2023-08
ADOPTING A DEBT MANAGEMENT POLICY**

<input checked="" type="checkbox"/> For Action	<input type="checkbox"/> Fiscal Impact : N/A
<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Account Code: N/A
	<input type="checkbox"/> Funds Budgeted/ Approved:

STAFF RECOMMENDATION

It is recommended that the Board of Commissioners adopt resolution 2023-08 to adopt a debt management policy of the Authority in order to comply with California Government Code Section 8855, as amended by Senate Bill No. 1029.

PREVIOUS ACTION(S)

None

BACKGROUND INFORMATION

In September of 2016, the California Legislature enacted Senate Bill No. 1029 which amended Government Code Section 8855. As amended, Government Code Section 8855 requires that the Authority adopt a debt issuance and management policy prior to issuing any debt. The Authority now wishes to enter into a Lease-Purchase Agreement (the "Agreement") for the lease financing of a new vacuum truck. Such Agreement is considered debt under Government Code Section 8855. Thus, prior to entering into the Agreement, the Debt Management Policy, which is attached as Exhibit A to the Resolution, and which meet the requirements of SB 1029, must be adopted.

Attachment(s):

Exhibit 1 - Resolution 230-08 Adopting the Debt Management Policy

EXHIBIT 1

RESOLUTION NO. 2023-08

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE
VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
ADOPTING A DEBT MANAGEMENT POLICY**

WHEREAS, the Victor Valley Wastewater Reclamation Authority (the “Authority”) is a joint powers authority duly organized and existing under and pursuant to the laws of the State of California; and

WHEREAS, on September 12, 2016, the Governor of the State of California signed into law Senate Bill No. 1029 (“SB 1029”) which is codified in California Government Code Section 8855; and

WHEREAS, pursuant to California Government Code Section 8855, as amended by SB 1029, state and local governments are now required to certify to the California Debt and Investment Advisory Commission on their report of proposed debt issuance submitted prior to the sale of any debt, that they have adopted local debt policies concerning the use of debt and that the contemplated debt issuance is consistent with those debt policies; and

WHEREAS, the Board of Commissioners of the Authority (the “Board”) now desires to comply with SB 1029 and to adopt the Authority’s debt management policy (the “Policy”), attached hereto as Exhibit “A” and incorporated herein.

NOW, THEREFORE, it is hereby resolved and determined by the Board of Commissioners of the Victor Valley Wastewater Reclamation Authority as follows:

SECTION 1. Recitals. The recitals set forth above are true and correct, and the Board so finds and determines.

SECTION 2. Approval. The Policy attached hereto as Exhibit “A” is hereby adopted and approved.

SECTION 3. Effect. This Resolution shall take effect immediately upon its passage.

APPROVED AND ADOPTED on this 18th day of May 2023.

Dakota Higgins, Chair
VVWRA Board of Commissioners

ATTEST:

APPROVED AS TO FORM:

Debra Jones Secretary
VWVRA Board of Commissioners
Counsel

Piero C. Dallarda of
Best, Best & Krieger LLP, VWVRA

CERTIFICATION:

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Board of Commissioners held on May 18, 2023.

Kristi Casteel – Clerk of the Board

EXHIBIT A

Resolution 2023-08

**VICTOR VALLEY WASTEWATER RECLAMATION THE AUTHORITY
DEBT MANAGEMENT POLICY**

POLICY STATEMENT

Victor Valley Wastewater Reclamation The Authority (the “the Authority”) is a California joint powers authority formed by the Cities Victorville and Hesperia, the Town of Apple Valley, and the San Bernardino County Service Areas 42 & 64 to provide wastewater treatment.

This policy documents the Authority’s goals for the use of debt instruments and sets forth guidelines for the use of debt issued by the Authority to finance the design, planning and construction of capital projects and financing of property and equipment, and all other financing needs. The Authority’s overriding goal in issuing debt is to respond to, and provide for, the infrastructure, capital project and other financing needs of the Authority while ensuring that debt is issued and managed prudently to maintain a sound fiscal position and protect credit quality. The Authority issues debt instruments, administers the Authority-held debt proceeds, and makes debt service payments, acting with prudence, diligence and attention to prevailing economic conditions.

The Authority will endeavor to assist its member agencies to pay for all infrastructure, capital projects, and other financing needs from a combination of current revenues, available reserves, if any, and prudently issued debt. The Authority believes that debt can provide an equitable means of financing projects for its member agencies and provide access to new capital needed for infrastructure, equipment, and project needs. Debt will be used to meet financing needs if (i) it meets the goals of equitable treatment of the Authority members, (ii) it is the most cost-effective means available to the Authority, (iii) it is fiscally prudent, responsible, and diligent under the prevailing economic conditions, and (iv) if there are other important policy reasons thereof.

Purpose of Policy

The purpose of a debt management policy is to:

- Establish parameters for issuing debt;
- Provide guidance to decision makers:
 - With respect to all options available to finance infrastructure, capital projects, and other financing needs; and
 - So that the most prudent, equitable and cost effective method of financing can be chosen.
- Document the objectives to be achieved by staff both prior to issuance and subsequent to issuance;
- Promote objectivity in the decision-making process; and
- Facilitate the financing process by establishing important policy decisions in advance.

The Authority will adhere to the following legal requirements for the issuance of public debt:

- Laws of the State of California (the “State”) which authorize the issuance of the debt;

- The federal and State laws which govern the eligibility of the debt for tax-exempt status;
- The federal and State laws which govern the issuance of taxable debt; and
- The federal and State laws which govern disclosure, sale, and trading of the debt.

I. GENERAL PROVISIONS

The Authority will provide for a periodic review of its financial performance, and review its performance relative to the financial policies outlined herein. These financial policies will be taken into account during the capital planning and budgeting process.

Necessary appropriations for annual debt service requirements will be routinely included in the Authority's annual budget, if any budget is prepared.

The Authority will cooperate with its member agencies to maintain proactive communication with the investment community, including rating agencies, credit enhancers and investors, to ensure future capital market access at the lowest possible interest rates.

This policy is integrated into the decision-making framework used in the budgeting and capital improvement planning process. As such, the following principles outline the Authority's approach to debt management.

- The Authority will issue debt only in the case where there is an identified source of repayment. Bonds will be issued to the extent that (i) projected existing revenues are sufficient to pay for the proposed debt service together with all existing debt service covered by such existing revenues, or (ii) additional projected revenues have been identified as a source of repayment in an amount sufficient to pay for the proposed debt. In many cases, such revenues will be revenues payable to the Authority by its member agencies together, by a sub-set of its member agencies, or a single member agency;
- The Authority will not issue debt to cover operating needs, unless specifically approved by its Board of Commissioners (the "Board"); and
- Debt issuance for a capital project will not be considered unless such project has been incorporated into a capital plan of the Authority, or any of its members, or as otherwise approved by the governing body thereof.

II. CONDITIONS FOR DEBT ISSUANCE

The following guidelines formally establish parameters for evaluating, issuing, and managing the Authority's debt. The guidelines outlined below are not intended to serve as a list of rules to be applied to the Authority's debt issuance process, but rather to serve as a set of practices to promote sound financial management.

In issuing debt, the Authority's objectives will be to:

- Achieve the lowest cost of capital;
- Ensure equity among the Authority's member agencies;

- Maintain the adopted credit rating strategy and access to credit enhancement; and
- Preserve financial flexibility.

Standards for Use of Debt Financing

When appropriate, the Authority will use long-term debt financing to finance the design, acquisition, construction, rehabilitation and/or repair of public improvements or equipment to achieve an equitable allocation of capital costs/charges between current and future users of the facilities being financed, to provide more manageable charges to member agencies in the near and medium term, and to minimize rate volatility. The Authority may issue any type of debt legally available to the Authority.

The Authority shall not finance construction of a facility if it is unable to adequately provide for the subsequent annual operation and maintenance costs of the facility throughout its expected life.

Capital projects financed through debt issuance will not be financed for a term longer than the expected useful life of the project.

Financing Criteria

Each debt issuance should be evaluated on an individual basis, overall financing objectives and current market conditions.

The Authority will cooperate with its member agencies to evaluate alternative debt structures (and timing considerations) to ensure the most cost-efficient financing under prevailing market conditions.

Credit Enhancement – The Authority will consider the use of credit enhancement on a case-by-case basis. Only when clearly demonstrable savings can be realized shall credit enhancement be utilized.

Cash-Funded Reserve vs. Surety – If the issuance of debt requires a cash-funded debt service reserve fund, then the Authority may purchase a surety policy or replace an existing cash-funded debt service reserve fund when deemed prudent and advantageous. The Authority may permit the use of guaranteed investment agreements for the investment of reserve funds pledged to the repayment of any of the Authority's debt when it is approved by the Board.

Call Provisions – In general, the Authority's securities should include optional call provisions, absent special circumstances (i.e., taxable obligations with a make whole call). The Authority will avoid the sale of non-callable, long-term fixed rate bonds, absent careful evaluation of the value of the call option, and specific approval by the Board.

Additional Bonds Test/Rate Covenants – The amount and timing of debt will be planned to comply with the additional bonds tests and rate covenants outlined in the appropriate legal and financing documents, and this policy.

Short-Term Debt – The Authority may utilize short-term borrowing to serve as a bridge for anticipated revenues, construction financing, or future bonding capacity.

Use of Variable Rate Debt – The Authority will not issue variable interest rate debt without the specific approval of the Board.

Investment of Bond Proceeds - Bond proceeds, if available, will be invested in accordance with the permitted investment language outlined in the bond documents for each transaction, unless further restricted or limited in the Authority’s statement of investment policy. The Authority will seek to maximize investment earnings within the investment parameters set forth in the respective debt financing documentation. The reinvestment of bond proceeds will be incorporated into the evaluation of each financing decision, specifically addressing arbitrage/rebate position, and evaluating alternative debt structures and refunding savings on a “net” debt service basis, where appropriate.

Refinancing Outstanding Debt

The General Manager, in consultation with the Authority’s municipal advisor and bond counsel, shall have the responsibility to evaluate potential refunding opportunities. The Authority will consider the following issues when analyzing potential refinancing opportunities:

Debt Service Savings – The Authority shall establish a target savings level equal to at least 3% of the par of debt refunded on a net present value (NPV) basis. This figure will serve only as a guideline and the Authority may determine that a different savings target is appropriate; the Authority shall evaluate each refunding opportunity on a case-by-case basis. In addition to the savings guideline, the following shall be taken into consideration:

- Remaining time to maturity;
- Size of the issue;
- Current interest rate environment;
- Annual cash flow savings;
- The value of the call option; and
- Other factors approved by the applicable member agency.

The decision to take all savings upfront or on a deferred basis must be explicitly approved by the Board.

Restructuring – The Authority may seek to refinance a bond issue on a non-economic basis, in order to restructure debt, to mitigate irregular debt service payments, honor contractual obligations, accommodate revenue shortfalls, release reserve funds, or comply with and/or eliminate rate/bond covenants.

Term/Final Maturity – The Authority may consider the extension of the final maturity of the refunding bonds in order to achieve a necessary outcome, provided that such extension is legal. The term of the bonds should not extend beyond the reasonably expected useful life of the asset being financed. The Authority may also consider shortening the final maturity of the bonds. The remaining useful life of the assets and the concept of inter-generational equity will guide these decisions.

Economic versus Legal Defeasance – When evaluating an economic versus legal defeasance, the Authority shall take into consideration both the financial impact on a net present value basis as

well as the rating/credit impact. The Authority shall take all necessary steps to optimize the yield on its refunding escrows investments and avoid negative arbitrage.

Outstanding Debt Limitations

Prior to issuance of new debt, the Authority shall consider and review the latest credit rating agency reports and guidelines to ensure the Authority's credit ratings and financial flexibility remain at levels consistent with the most highly rated comparable public agencies.

Method of Issuance

The Authority shall determine, on a case-by-case basis, whether to sell its bonds competitively or through negotiation.

Competitive Sale – In a competitive sale, the Authority's bonds shall be awarded to the bidder providing the lowest true interest cost ("TIC"), as long as the bid adheres to the requirements set forth in the official notice of sale.

Negotiated Sale – The Authority recognizes that some bond issues are best sold through negotiation with a selected underwriter. The Authority has identified the following circumstances below in which this would likely be the case:

- Issuance of variable rate or taxable bonds;
- Complex structures or credit considerations (such as non-rated bonds), which require a strong pre-marketing effort; significant par value, which may limit the number of potential bidders; unique/proprietary financing mechanism (such as a financing pool); or specialized knowledge of financing mechanism or process;
- Market volatility, such that the Authority would be better served by flexibility in the timing of its sale, such as in the case of a refunding issue wherein the savings target is sensitive to interest rate fluctuations, or in a changing interest rate environment;
- When an underwriter has identified new financing opportunities or presented alternative structures that financially benefit the Authority; and
- As a result of an underwriter's familiarity with the project/financing, that enables the Authority to take advantage of efficiency and timing considerations.

Private Placement – From time to time the Authority may elect to issue debt on a private placement basis. Such method shall be considered if it is demonstrated to result in cost savings or provide other advantages relative to other methods of debt issuance, or if it is determined that access to the public market is unavailable and timing considerations require that a financing be completed.

Market Communication, Debt Administration and Reporting Requirements

Rating Agencies – The General Manager shall be responsible for maintaining the Authority's relationships with S&P Global, Fitch Ratings, and Moody's Investors Service.

Observance of Debt Covenants and Use of Debt Proceeds – The General Manager shall take such action to ensure that the Authority and/or its member agencies are in compliance with all legal covenants for each debt issue. The General Manager shall approve all expenditures of debt proceeds and periodically review expenditures to ensure debt proceeds are only expended on authorized improvements and costs.

Continuing Disclosure – The General Manager may periodically confirm with the Authority and/or its member agencies that all debt issued is in compliance with Rule 15c2-12(b)(5), as applicable, by required filing as covenanted in each applicable debt issue’s Continuing Disclosure Agreement.

Record Keeping – A copy of all debt-related records shall be retained at the Authority’s offices or in an approved storage facility. At minimum, these records shall include all official statements, bid documents, bond documents/transcripts, resolutions, trustee statements, leases, and title reports for each financing (to the extent available). To the extent possible, the Authority shall retain an electronic copy of each document, preferably in PDF or CD-ROM format.

Arbitrage Rebate – The use of bond proceeds and their investments must be monitored to ensure compliance with all Internal Revenue Code Arbitrage Rebate Requirements. The General Manager shall ensure that all bond proceeds and investments are tracked in a manner that facilitates accurate calculation; if a rebate payment is due, such payment is made in a timely manner.

Policy Requirements

Policy Review – This policy shall be reviewed periodically by the Board and updated as needed. This policy is intended to comply with Senate Bill 1029 codified as Government Code Section 8855 (“SB 1029”).

Other Debt Management Policies – Section 2(i)(2) of SB 1029 states that in the case of an issue of bonds the proceeds of which will be used by a government entity other than the issuer, the issuer may rely upon a certification by that other entity that it has adopted the policies required by SB 1029. The Authority will rely upon the debt management policies adopted by its own member agencies or such other government entities, and upon their implementation of appropriate internal controls.



VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Board of Commissioners Staff Report

TO: VWRA Board of Commissioners
FROM: Darron Poulsen, General Manager *DP*
SUBMITTED BY: Xiwei Wang, Accounting Supervisor *XW*
DATE: May 18, 2023

SUBJECT: **RECOMMENDATION TO ADOPT A RESOLUTION 2023-09
AUTHORIZING EXECUTION AND DELIVERY OF A
LEASE PURCHASE AGREEMENT AND APPROVING
RELATED DOCUMENTS AND ACTIONS**

<input checked="" type="checkbox"/> For Action	<input type="checkbox"/> Fiscal Impact :
<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Account Code: 01-00-000-9040-9999: \$124,548.49
	01-00-000-8403-9999: \$5,313.78
	<input checked="" type="checkbox"/> Funds Budgeted/ Approved: Yes <i>XW</i>

STAFF RECOMMENDATION

It is recommended that the Board of Commissioners adopt resolution 2023-09 authorizing execution and delivery of a Lease Purchase Agreement and approving related documents and actions, in order to obtain, through a lease financing structure, a new vector truck.

PREVIOUS ACTION(S)

None

BACKGROUND INFORMATION

The Board has before it the Resolution which approves the terms and execution of an Equipment Lease Purchase Agreement and related documents in order to finance a new vector truck through a lease financing with Signature Public Funding Corp., an affiliate of Flagstar Bank, N.A. (the "Lender"). The Resolution approves the terms of the Agreement and Payment Schedule (together, the "Lease Agreement") between the Lender and the Authority. Pursuant to the Resolution, the Lease Agreement is approved with a term not to exceed five (5) years, a total principal amount to be financed not to exceed \$600,000, and an interest rate not to exceed 5.50%.

Pursuant to the Lease Agreement, the Authority has the option to purchase the equipment. As required by Government Code Section 5852.1, Authority staff has obtained certain good faith estimates of the financing terms which are attached to the Resolution as Exhibit A.

FISCAL IMPACT

The total amount of principal and interest payments under the Lease Agreement are five payments of approximately \$129,862.27 per year, commencing on July 15, 2023.

ATTACHMENTS**Exhibit 1:** Resolution 2023-09**Exhibit 2:** Form of Lease Purchase Agreement and related documents

EXHIBIT 1

RESOLUTION 2023-09

**A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
AUTHORIZING EXECUTION AND DELIVERY OF A LEASE PURCHASE
AGREEMENT AND APPROVING RELATED DOCUMENTS AND ACTIONS**

WHEREAS, the Victor Valley Wastewater Reclamation Authority (the “Authority”) desires to obtain a new vacuum truck and is proceeding to finance the acquisition of said vacuum truck and related items (the “Property”) as referenced in the Lease Purchase Agreement (defined below); and

WHEREAS, in order to finance the Property and related costs, the Authority has proposed to lease the Property from Signature Public Funding Corp., an affiliate of Flagstar Bank, N.A. (the “Lessor”) pursuant to the terms of an Equipment Lease Purchase Agreement (the “Lease Purchase Agreement”), which includes the payment schedule attached thereto (the “Schedule”), each between the Authority, as lessee, and the Lessor, and certain other documents; and

WHEREAS, the Authority has the option to purchase the Property in accordance with the terms of the Lease Purchase Agreement; and

WHEREAS, the Authority is authorized to enter into lease agreements and installment sale agreements for equipment pursuant to Sections 6500 *et seq.* and 6584 *et seq.* of the California Government Code; and

WHEREAS, the Board of Commissioners of the Authority (the “Board of Commissioners”) has obtained from the private lender, Signature Public Funding Corp., an affiliate of Flagstar Bank, N.A., good faith estimates of (a) the true interest cost of the financing authorized by this Resolution, (b) the sum of all fees and charges paid to third parties with respect to the financing, (c) the amount of proceeds of the financing expected to be received, where proceeds means the value of the Property to be received, net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the financing, and (d) the aggregate sum total of all rental payments (the “Rental Payments”) made pursuant to the Lease Purchase Agreement calculated to the final term of the Lease Purchase Agreement, plus the fees and charges paid to third parties not paid with proceeds of the financing, and such estimates are disclosed and set forth in *bv A* attached hereto; and

WHEREAS, the Board of Commissioners wishes at this time to authorized and approve all proceedings for the financing of the Property and related costs, the Lease Purchase Agreement, and all related documents and actions, in furtherance of the public purposes of the Authority.

NOW, THEREFORE, it is hereby resolved by the Board of Commissioners of the Victor Valley Wastewater Reclamation Authority as follows:

Section 1. Recitals. The foregoing recitals are true and correct and the Board of Commissioners so finds and determines.

Section 2. Authorized Officers. The Authority's General Manager or its designee (each, an "Authorized Officer") are hereby each, acting alone, authorized and directed to execute and deliver the Lease Purchase Agreement, Schedule, and all related documents on behalf of the Authority (subject to making such changes to the Lease Purchase Agreement, Schedule, or any related documents as they deem necessary or appropriate). The Authorized Officer is further authorized and directed to consummate the transaction described herein, execute any documents or supplementary agreements necessary to secure possession, use, or ownership of the Property, and to approve any amendments necessary to carry out the provisions of this authorizing Resolution.

Section 3. Approval of Lease Financing Plan and Documents. The Board of Commissioners hereby approves the lease financing plan outlined herein. To that end, the Board of Commissioners hereby approves each of the following lease financing documents in substantially the respective forms as presented to the Board of Commissioners at this meeting, together with any changes therein or additions thereto deemed advisable by an Authorized Officer, whose execution thereof shall be conclusive evidence of such approval.

- **Equipment Lease Purchase Agreement** between the Authority, as lessee, and the Lessor, whereby the Authority leases and/or purchases the Property to be financed under the terms thereof, and whereby the Lessor agrees to lease/sell the Property to the Authority in consideration of the payment by the Authority of the Rental Payments; provided that (i) the total principal amount financed under the Lease Purchase Agreement shall not exceed \$600,000, (ii) the term of the Lease Purchase Agreement shall not exceed five (5) years, and (iii) the interest rate shall not exceed 5.50%.
- **Payment Schedule to Lease Purchase Agreement** between the Authority, as lessee, and the Lessor, whereby the Rental Payment dates and amounts due under the Lease Purchase Agreement are set forth for the Property.

An Authorized Officer is authorized and directed for and in the name and on behalf of the Authority to execute and attest the final form of each of the foregoing documents. The documents are hereby approved, subject to the adjustment by an Authorized Officer but not excess of the above limitations as to the lease term, interest rate, and total principal amount financed for the Property.

Section 4. Official Actions. The Authorized Officers are each authorized and directed in the name and on behalf of the Authority to make, execute, and deliver any and all amendments to the Lease Purchase Agreement, assignments, certificates, requisitions, agreements, notices, consents, leases, tax certificates, IRS Form 8038-G, designations relating to bank qualification under Section 265(b)(3)(B) of the Internal Revenue Code of 1986, escrow agreements, and other instruments of conveyance, warrants, and other documents (which may also be subject to approval as to form by the Authority Attorney), which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution.

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

APPROVED AND ADOPTED on this 18th day of May 2023.

Dakota Higgins, Chair
VWVRA Board of Commissioners

ATTEST:

APPROVED AS TO FORM:

Debra Jones Secretary
VWVRA Board of Commissioners
Counsel

Piero C. Dallarda of
Best, Best & Krieger LLP, VWVRA

CERTIFICATION:

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Board of Commissioners held on May 18, 2023.

Kristi Casteel – Clerk of the Board

EXHIBIT A

Resolution 2023-09

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the financing authorized by this Resolution. Such good faith estimates have been provided to the Authority, based on market interest rates prevailing at the time of preparation of the Estimated Principal Amount, by Signature Public Funding Corp., an affiliate of Flagstar Bank, N.A., the private lender (the "Lender").

Principal Amount. The Lender has informed the Authority that, based on the Authority's financing plan and current market conditions, its good faith estimate of the aggregate principal component of the Rental Payments paid under the Lease Purchase Agreement is \$579,740.81 (the "Estimated Principal Amount").

True Interest Cost. The Lender has informed the Authority that its good faith estimate of the true interest cost of the financing, which means the rate necessary to discount the amounts payable on the respective Rental Payment dates to the principal components of said Rental Payments is 5.50%.

Finance Charge. The Lender has informed the Authority that its good faith estimate of the finance charge for the financing, which means the sum of all fees and charges paid to third parties (or costs associated with the financing) (the "Finance Charge"), is \$69,570.54.

Amount of Proceeds to be Received. The Lender has informed the Authority that its good faith estimate of the amount of proceeds, where proceeds is the value of the Property being delivered to the Authority, expected to be received by the Authority in connection with the financing, less the Finance Charge as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the financing, is \$579,740.81.

Total Payment Amount. The Lender has informed the Authority that its good faith estimate of the total payment amount, which means the sum total of all Rental Payments made pursuant to the Lease Purchase Agreement, plus the Finance Charge as described above not paid with the proceeds of the financing, calculated to the final term of the Lease Purchase Agreement, is \$649,311.35.

The foregoing estimates constitute good faith estimates only. The actual aggregate sum of principal components of the Rental Payments, the true interest cost thereof, the Finance Charge, the amount of proceeds received from the financing, and the total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of financing being different from the date assumed for purposes of such estimates, (b) the actual aggregate sum of the principal components of the Rental Payments being different from the Estimated Principal Amount, (c) the actual amortization of the Rental Payments being different than the amortization assumed for the purposes of such estimates, (d) the actual market interest rates at the time of financing differ from those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the Authority's financing plan, or a combination of such factors. The actual date of the financing and the actual aggregate sum of the principal components of the Rental Payments will be determined by the Authority based on market conditions and other factors. The actual interest rate may depend on market interest rates at the time of financing. The actual amortization of the Rental Payments may also depend, in part, on market interest rates at the time

of financing. Market interest rates are affected by economic and other factors beyond the control of the Authority.

EXHIBIT 2

EQUIPMENT LEASE-PURCHASE AGREEMENT

1. **Agreement.** Subject to the terms and conditions contained in this Equipment Lease-Purchase Agreement dated May 15, 2023 (together with all Exhibits attached hereto and certificates delivered herewith, the "Lease Agreement"), SIGNATURE PUBLIC FUNDING CORP., as lessor ("Lessor"), whose mailing address is 600 Washington Avenue, Suite 305, Towson, MD 21204, hereby ~~purchase-leases~~ from and agrees to ~~sell~~ lease, transfer and lease back to the VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY, as lessee ("Lessee"), whose mailing address is 20111 Shay Road, Victorville, CA 92394, and Lessee hereby ~~sells-leases~~ to and agrees to acquire, purchase and lease back from Lessor, the items of personal property (together with any replacement parts, additions, substitutions, repairs or accessories now or hereafter incorporated in or affixed to it, hereinafter referred to collectively as the "Equipment") described in Exhibit A attached hereto.

2. **Term.** The term of this Lease Agreement (the "Lease Term") begins as of the Commencement Date stated in Exhibit A and shall continue so long as any amounts remain unpaid hereunder ~~or as otherwise provided herein~~. The Lease Term will terminate upon the first to occur of: (a) the exercise by Lessee of the option to purchase the Equipment pursuant to Paragraph 10, (b) Lessor's election to terminate this Lease Agreement pursuant to Paragraph 16, (c) Lessee's option to terminate this Lease Agreement pursuant to the second paragraph of Section 3, and (d) the payment by Lessee of all sums required to be paid by Lessee hereunder.

2.5. **Funding and Acquisition of the Equipment.** On the Commencement Date, Lessor shall pay \$579,740.81 to the Vendor pursuant to the Vendor Invoice for the acquisition of the Equipment which shall be disbursed as provided for in the Closing Memorandum of even date herewith.

3. **Rental Payments.** Lessee agrees to pay the rental payments hereunder for the Lease Term in the amounts and on the dates identified in Exhibit A. Payment of all rental payments and other amounts payable hereunder shall be made to Lessor at its above-stated address or as it shall otherwise designate in writing. As set forth in Exhibit A, a portion of each rental payment is paid as, and represents payment of, interest, and the balance of each rental payment is paid as, and represents payment of, principal.

Notwithstanding any other provisions contained herein, the obligation of the Lessee to pay rental payments and other amounts set forth herein is a special obligation of the Lessee payable solely from Net Revenues (as defined below) or other legally available funds and does not constitute an unconstitutional or illegal debt of the District or any indebtedness of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction. The Lessee shall not be required to advance any moneys derived from any source of income other than the Net Revenues or other legally available funds for the payment of the rental payments or for the performance of any agreements or covenants required to be performed by it contained herein. "*Net Water Revenues*" means, for any Fiscal Year, the Gross Revenues and other moneys generated by the Lessee, less ~~Operation~~ and Maintenance Costs. "*Operation and Maintenance Costs*" means all expenses and costs of management, operation, maintenance and repair of the Wastewater Reclamation System and all incidental costs, fees and expenses properly chargeable to the Wastewater Reclamation System (but excluding debt service or other similar payments on Parity Debt or other obligations and depreciation and obsolescence charges or reserves therefor and amortization of intangibles and inter-fund transfers or other bookkeeping entries of a similar nature). "*Gross Revenues*" means all gross income and revenue received by the Lessee from the ownership and operation of the Wastewater Reclamation System, including, without limiting the generality of the foregoing,

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- (1) all income, rents, rates, fees, charges or other moneys derived from the Services;

(2) the earnings on and income derived from the investment of such income, rents, rates, fees, charges or other moneys to the extent that the use of such earnings and income is limited by or pursuant to the law to the Wastew~~W~~ater Reclamation System; and

(3) the proceeds derived by the Lessee directly or indirectly from the sale, lease or other disposition of a part of or other legally available monies generated by the Lessee with respect to the Wastew~~W~~ater Reclamation System; and

(4) but excluding customers' deposits or any other deposits subject to refund until such deposits have become the property of the Lessee or proceeds of insurance covering casualty losses.

"Services" means the waste-water collection, reclamation, and water furnished, made available, or provided by the Wastew~~W~~ater Reclamation System. "Wastew~~W~~ater Reclamation System" means the whole and each and every part of the water collection, reclamation, supply, treatment, and delivery system owned and operated by the Lessee, including all additions, betterments, extensions and improvements to the Wastew~~W~~ater Reclamation System or any part thereof hereafter acquired or constructed.

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Lessee may issue or incur other loans, contracts, advances or indebtedness payable from Net Revenues the lien of which is superior to, on parity with, or subordinate to the lien created hereby, all as solely determined by Lessee.

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Lessee represents and warrants that: (a) it has made sufficient amounts of Pledged Revenues and/or other legally available funds to pay all rental payments hereunder due (if any) during the current Fiscal Year hereunder ending on June 30, 2023; (b) the officer of Lessee responsible for budget preparation will do all things lawfully within his/her power to provide and make available sufficient amounts of Pledged Revenues and otherwise request, budget for and obtain legally available funds for the payment of rental payments and other amounts required to be paid hereunder in each next succeeding Fiscal Year for the Lease Term; and (c) Lessee acknowledges that Lessor has relied upon these representations as an inducement to enter into this Lease Agreement. If an Event of Default hereunder shall occur, Lessee agrees to comply with the provisions of Section 16(c) and (d), if and as applicable, on or before the effective date of termination.

Lessee's obligation to pay rental payments and any additional amounts payable hereunder constitutes an obligation payable exclusively from Pledged Revenues and any other legally available funds and shall not be construed to be an indebtedness within the meaning of any applicable constitutional or statutory limitation or requirement.

4. **Essentiality.** Lessee represents that, with respect hereto, (a) the use and operation of the Equipment is essential to its proper, efficient, and economic governmental operation and (b) the functions performed by the Equipment could not be transferred to other equipment available for its use. Lessee does not intend to sell or otherwise dispose of the Equipment or any interest therein prior to the last rental payment scheduled to be paid hereunder. On the Commencement Date, Lessee shall complete and provide Lessor a certificate in the form of Exhibit D.

5. **Disclaimer of Warranties.** LESSEE REPRESENTS THAT IT HAS SELECTED THE EQUIPMENT PRIOR TO HAVING REQUESTED LESSOR TO FINANCE THE SAME. LESSEE AGREES THAT LESSOR HAS NOT MADE ANY, AND MAKES NO, REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, DIRECTLY OR INDIRECTLY, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING (WITHOUT LIMITATION) THE SUITABILITY OF THE EQUIPMENT, ITS DURABILITY, ITS FITNESS FOR ANY PARTICULAR PURPOSE, ITS MERCHANTABILITY, ITS CONDITION, ITS CAPACITY, ITS OPERATION, ITS PERFORMANCE, ITS DESIGN, ITS MATERIALS, ITS WORKMANSHIP AND/OR ITS QUALITY. AS BETWEEN LESSEE AND LESSOR, LESSEE LEASES, PURCHASES AND ACQUIRES THE EQUIPMENT "AS IS" "WHERE IS" AND "WITH ALL

FAULTS.” Lessor hereby assigns to Lessee, to the extent that it may lawfully do so, so long as no Event of Default shall have occurred and be continuing hereunder, all rights and benefits that Lessor may have under any warranty, guaranty or the like that may be made with respect to the Equipment by the Vendor thereof (as such term is defined in Exhibit A hereto). Lessor shall not be liable to Lessee or any third party for any loss, damage, injury or expense of any kind or nature caused directly or indirectly by any of the Equipment or the use or maintenance thereof or any defect therein, the failure of operation thereof or by any interruption of service or loss of use thereof or for any loss of business or damage whatsoever and howsoever caused. Lessor makes no warranty as to the treatment of this Lease Agreement for tax or accounting purposes or as to the compliance of the Equipment with applicable government regulations or requirements. Lessee agrees to look solely to the Vendor for any claim arising from any defect, breach of warranty, failure or delay in delivery, mis-delivery or inability to use the Equipment for any reason whatsoever and Lessee’s obligations to Lessor hereunder shall not in any manner be affected thereby, including (without limitation) Lessee’s obligations to pay Lessor all rental payments and other amounts payable hereunder. Lessee has selected both the Equipment and the Vendor and acknowledges that Lessor has not participated in any way in Lessee’s selection of the Equipment or the Vendor. Lessor has no obligation to install, erect, test, adjust, service or maintain the Equipment.

6. Delivery and Acceptance; Quiet Enjoyment. Lessee shall accept the Equipment for which disbursement is requested from the Escrow Fund upon its delivery and authorizes Lessor to insert on Exhibit A the serial numbers and any additional description of the items of Equipment so delivered. As evidence of that acceptance, Lessee shall execute and deliver to Lessor a Certificate of Acceptance in the form attached as Exhibit A to the Escrow Agreement. ~~Regardless of whether Lessee has furnished a Certificate of Acceptance pursuant to this Paragraph 6, by making a rental payment after its receipt of the Equipment, Lessee shall be deemed to have accepted the Equipment on the date of such rental payment for purposes hereof.~~ During the Lease Term, Lessee shall be entitled to quiet enjoyment of the Equipment, subject to the terms of this Lease Agreement.

Commented [1]: there is no escrow agreement. Remove?

7. Use of Equipment; Maintenance and Repairs. Lessee shall keep the Equipment within the State at the “Equipment Location” stated in Exhibit A and Lessee shall not remove any of the Equipment therefrom (except as within the Equipment’s normal and contemplated use) without Lessor’s prior written consent, provided, however, that any mobile, titled or over the road Equipment financed hereunder may be used anywhere in the State so long as it is principal garaged or domiciled at the Equipment Location set forth on Exhibit A hereto. Lessee shall use the Equipment in a careful manner and shall at all times, at its sole expense, keep the Equipment in good operating condition, repair and appearance and comply with all laws, ordinances, regulations or requirements of any governmental authority, official, board or department relating to its installation, possession, use or maintenance. Lessee shall not make any alterations, additions, or improvements to the Equipment that are not readily removable without causing damage to or reducing the value, utility, capacity, or remaining useful life of the Equipment. All alterations, additions, or improvements not readily removable shall become property of Lessor. Additionally, the Lessee will maintain and preserve the Wastew-Water Reclamation System in good repair and working order at all times and will operate the Wastew-Water Reclamation System in an efficient and economical manner and will pay all Operation and Maintenance Costs of the Wastew-Water Reclamation System as they become due and payable. The Lessee will not suspend operations of Wastew-Water Reclamation System or otherwise dispose of any property of the Wastew-Water Reclamation System (other than in the normal course of business and such that would not have material adverse effect on the Lessee’s finances, ability to operate as a going concern, and to make the rental payments and otherwise perform its obligation under this Agreement) so long as any rental payments or any other payment or performance obligations hereunder remain outstanding.

8. Security Interest; Title to Equipment. (a) With respect to all Equipment financed hereunder: To secure the performance of all of Lessee’s obligations hereunder, Lessee hereby irrevocable pledged and covenants to make available sufficient amounts of the Net Revenues to the payment of the rental payments, other amounts due hereunder, and the performance of all obligations under this Agreement. This pledge of Victor Valley Waste Water Reclamation Authority / Signature Public Funding Corp.

Net Revenues shall constitute a first priority lien on and pledge of the Net Revenues for the payment of the rental payments and any parity debt payable from the same source of and pledge on Net Revenues. Additionally, Lessee grants to Lessor, and Lessor shall have and retain, a security interest constituting a first priority and perfected lien and security interest on the Equipment delivered hereunder and on any attachments, proceeds, warranty rights or other payments from the Vendor, and other amounts related thereto. As further security therefor, Lessee hereby grants to Lessor a first priority security interest in the cash and negotiable instruments from time to time in the Escrow Fund and all proceeds (cash and non-cash) thereof. Lessee agrees to execute, provide and/or deliver such additional documents and such information (including, without limitation, opinions of counsel, financing statements, landlord-tenant or mortgagee waivers, information necessary for fixture filings), notices and similar instruments, in form satisfactory to Lessor, that Lessor deems necessary or appropriate to establish and maintain its first priority and perfected security interest in the Equipment or for the confirmation or perfection of Lessor's rights hereunder. To the extent possible, Lessee further agrees that Lessor shall have all the rights and remedies of a secured party under the applicable Uniform Commercial Code. Lessee, at its expense, will protect and defend Lessee's rights in the Equipment and Lessor's rights and interests therein and will keep the Equipment free and clear from any and all claims, liens, encumbrances and legal processes of Lessee's creditors and other persons. Lessor shall have the right during normal hours, upon reasonable prior notice to Lessee, to enter upon any premises owned by the Lessee and where the Equipment is located in order to inspect the Equipment and/or any books or records related thereto.

(b) Solely with respect to Equipment that is not comprised of vehicles and during the Lease Term, ownership and legal title of all of the Equipment and all substitutions, repairs, modifications, and replacements shall be in Lessee, and Lessee shall take all necessary action to vest such ownership and title in Lessee. Lessor does not own the Equipment, and, by this Lease Agreement, Lessor is merely financing the acquisition of the Equipment for the Lessee. Lessor has not been in the chain of title, does not operate, control or have possession or control over the Equipment, or Lessee's use, maintenance, operation, storage, or maintenance of the Equipment. Lessee is entitled to use and possession of the Equipment, subject to the rights of Lessor hereunder (including its interest in the Equipment as the lessor hereunder). If Lessor terminates this Lease Agreement pursuant to Paragraph 16(a) hereof, all rights, title, and interests in the Equipment shall immediately vest in Lessor free and clear of any right, title or interest of Lessee and Lessor shall be entitled to all applicable remedies set forth in Section 16(b) and (c) hereunder. Lessee, at its expense, will protect and defend Lessee's rights in the Equipment and Lessor's rights and interests therein and will keep the Equipment free and clear from any and all claims, liens, encumbrances and legal processes of Lessee's creditors and other persons.

(c) Solely with respect to Equipment consisting of vehicles, the provisions of this Section 8(c) shall apply. Lessee agrees to either cause the original registration of Lessor or its assignee as legal owner of the Equipment or endorse the certificate of ownership showing Lessor or its assignee as legal owner (as required by Section 6301 of the California Vehicle Code). Lessee agrees to execute and deliver such additional documents, including, without limitation, opinions of counsel, MSOs/Certificates of Origin, Title Applications, notices and similar instruments, in form satisfactory to Lessor, that Lessor deems necessary or appropriate to establish and maintain its security interest in the Equipment or for the confirmation or perfection of Lessor's rights hereunder. During the Lease Term, Lessee shall be the owner (as defined in Section 460 of the California Vehicle Code) of the Equipment entitled to use and possession of the Equipment, subject to the rights of Lessor hereunder, which is the legal owner (as defined in Section 370 of the California Vehicle Code) of the Equipment. If Lessor terminates this Lease pursuant to Paragraph 16 hereof, all rights, title, and interests in the Equipment shall immediately vest in Lessor free and clear of any right, title or interest of Lessee and Lessor shall be entitled to all applicable remedies set forth in Section 16(b) and (c) hereunder.

(d) Solely with respect to Equipment consisting of software, programming or other materials subject to licensure, Lessor will not have the right to repossess, use and/or re-sell or re-let that portion of the Victor Valley Waste Water Reclamation Authority / Signature Public Funding Corp.

Equipment consisting of licensed software or programming that the repossession, use and/or re-sale or releasing of which is expressly prohibited by law or applicable licensing agreement. In lieu of the foregoing, Lessee agrees to purge any software and programming from its operating systems and destroy any hard or electronic copies of such software and programming. Upon Lessor's request, Lessee will provide Lessor with reasonable certifications as to the foregoing.

9. Personal Property. The Equipment shall be and remain personal property notwithstanding the manner in which it may be attached or affixed to realty. Lessee covenants that, unless Lessee owns the premises in which the Equipment is to be located or principally garaged or domiciled and such premises are not subject to any mortgage or lease (excepting any bonded indebtedness now existing or in the future). At Lessor's request, Lessee shall provide Lessor with a waiver from each landlord and/or mortgagee of the premises in which the Equipment is to be located of any rights that such landlord and/or mortgagee may have in respect of any of the Equipment. Lessee will also provide any information as may be reasonably requested by Lessor with respect to any fixture filings that Lessor may deem necessary.

10. Purchase of Equipment by Lessee; Prepayment. At the option of Lessee, and provided that no Event of Default has occurred and is continuing hereunder, Lessor's interest in all, but not less than all, of the Equipment will be transferred, conveyed and assigned to Lessee, and this Lease Agreement shall immediately terminate: (a) upon payment in full of the rental payments and all other payments then due hereunder or (b) on any rental payment date hereunder, provided Lessee shall have delivered written notice at least 30 days prior to such date of Lessee's intention to purchase the Equipment pursuant to this provision, by paying to Lessor, in addition to the rental payment due and all other amounts due and owing on such date, an amount equal to the concluding payment (the "Concluding Payment") shown for such rental payment date in the rental payment schedule in Exhibit A.

11. Risk of Loss. Lessee shall bear the entire risk of loss, theft, destruction of or damage to the Equipment or any part thereof from any cause whatsoever during the Lease Term and thereafter until redelivery to a location designated by Lessor, and shall not be relieved of the obligation to pay rental payments or any other obligation hereunder because of any such occurrence. If (a) the Equipment or any portion thereof hereunder is destroyed (in whole or in part) or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Equipment or any part thereof hereunder is taken under the exercise of the power of eminent domain, Lessee shall immediately notify Lessor. Lessee and Lessor shall cause the net proceeds of any insurance claim (including self-insurance) or condemnation award to be applied, at Lessor's option, to (i) the prompt repair, restoration, modification or replacement of the Equipment so affected or (ii) the payment in full of the then applicable Concluding Payment. Any balance of net proceeds remaining after completion of such work or payment of such Concluding Payment shall be paid promptly to Lessee. If the net proceeds are insufficient to pay the costs of such repair, restoration, modification or replacement or to pay such Concluding Payment in full, Lessee shall, at Lessor's direction, either complete the work or pay the then applicable Concluding Payment in full and in either case pay any cost in excess of the amount of net proceeds, but only from legally available funds.

12. Insurance. (a) Insurance Policies. If Lessee is not self-insured (as hereafter provided), Lessee shall, at its expense, keep the Equipment fully insured against loss, fire, theft, damage or destruction from any cause whatsoever in an amount not less than the greater of (a) the amount of the then applicable Concluding Payment, or (b) the full replacement cost of the Equipment without consideration for depreciation. Lessee shall also provide such additional insurance against injury, loss or damage to persons or property arising out of the use or operation of the Equipment as is customarily maintained by the owners of like property, with companies satisfactory to Lessor. Each policy shall provide that, as to the interest or coverage of Lessor or Lessor's assignee, the insurance afforded thereby shall not be suspended, forfeited or in any manner prejudiced by any default or by any breach of warranty, condition or covenant on the part of Lessee. If Lessee shall fail to provide any such insurance required hereunder or, within ten (10) days after Lessor's request therefor, shall fail to deliver the policies or certificates thereof to Lessor, then Lessor, at its option, shall have the right to procure such insurance and to add the full cost thereof to the rental payment Victor Valley Waste Water Reclamation Authority / Signature Public Funding Corp.

next becoming due, which Lessee agrees to pay as additional rent. All such insurance shall be in form, issued by such insurance companies and be in such amounts as shall be satisfactory to Lessor, and shall provide that losses, if any, shall be payable to Lessor as "loss payee," and all such liability insurance shall include Lessor as an "additional insured." Lessee shall pay the premiums for such insurance and deliver to Lessor a certification in the form of Exhibit C-1 and satisfactory evidence of the insurance coverage required hereunder. Lessee hereby irrevocably appoints Lessor as Lessee's attorney-in-fact to make claim for, receive payments of and execute and endorse all documents, checks or drafts received in payment for loss or damage under any such insurance policy.

(b) Self-Insurance. If Lessee is self-insured with respect to equipment such as the Equipment under an actuarially sound self-insurance program that is acceptable to and approved by Lessor, Lessee shall maintain during the Lease Term such actuarially sound self-insurance program and shall provide Lessor a certification in the form of Exhibit C-2 together with evidence of the self-insurance program in form and substance satisfactory to Lessor.

13. Fees; Taxes and Other Governmental Charges; Liens. Lessee covenants and agrees at all times to keep the Equipment free and clear of all levies, liens (other than those created hereunder) and encumbrances, and to pay all charges, taxes and fees (including any recording or stamp fees or taxes) that may now or hereafter be imposed upon the ownership, leasing, rental, sale, purchase, possession or use of the Equipment and shall give Lessor immediate written notice of any of the foregoing. If any of same shall remain unpaid when due, Lessor may pay same and add such payment to the rental payment next becoming due, as additional rent. ~~The Lessee does not currently have and shall not issue or incur any additional or future obligations secured by a pledge of Gross Revenues or Net Revenues that is superior to the Parity Debt and pledge securing the rental payments hereunder, without the prior written consent of the Lessor and any assignee thereof. The Lessee shall not incur additional Parity Debt unless: (1) the Lessee is not in default under the terms of this Agreement or any other agreement with respect to parity debt, and (2) the Net Revenues for the latest Fiscal Year or any more recent 12-month period (as selected by the Lessee and approved by the Lessor) ending not more than 60 days prior to the adoption of the resolution approving the instrument pursuant to which such proposed parity debt is to be issued or incurred, shall have amounted to at least 1.10 times the sum of the amount of the rental payments becoming due and payable hereunder in the current or future Fiscal Year in which that amount is at its maximum and the maximum annual debt service on all Parity Debt outstanding immediately subsequent to the incurring of such additional obligations, as evidenced by a calculation prepared by a qualified accounting firm that is reasonably acceptable to the Lessor and any successors and/or assigns thereof. The Lessee may incur obligations secured by the Net Revenues on a junior or subordinate basis, if the Lessee meets the requirements set forth above but reducing the coverage ratio required therein from 1.10 to 1.00 times.~~

Lessee shall execute and deliver to Lessor upon Lessor's request such further instruments and documents containing such other assurances as Lessor deems necessary or advisable for the confirmation or perfection of Lessor's rights hereunder or to otherwise effectuate the intent of this Lease Agreement.

14. Release. To the extent not prohibited by law, Lessee shall release, defend and save Lessor, its officers, employees, agents, servants, successors and assigns, harmless from any and all liabilities (including, without limitation, negligence, tort and strict liability), damages, expenses, claims, actions, proceedings, judgments, settlements, losses, liens and obligations, including (without limitation) attorneys' fees and costs ("Claims"), arising out of the ordering, purchase, delivery, rejection, non-delivery, ownership, selection, possession, operation, control, use, condition, maintenance, transportation, storage, repair, return or other disposition of the Equipment, any claims arising under federal, state or local environmental protection and hazardous substance clean up laws and regulations and any claims of patent, trademark or copyright infringement or, if Lessee shall be in default hereunder, arising out of the condition of any item of Equipment sold or disposed of after use by Lessee, including (without limitation) claims for injury to or death of persons and for damage to property. The indemnities, assumption of liabilities and obligations herein provided shall be payable solely from funds legally available for such purpose and shall continue in full force and effect notwithstanding the expiration, termination or cancellation of this Lease Victor Valley Waste Water Reclamation Authority / Signature Public Funding Corp.

Agreement for any reason whatsoever. However, Lessee shall not be obligated to indemnify Lessor from Claims arising from the actual, proven, direct and proximate ~~gross~~-negligence or willful misconduct of Lessor, nor shall Lessee be required to expend any sums that are not Pledged Revenues or otherwise legally available.

15. **Assignment; Subleasing.** LESSEE SHALL NOT ASSIGN, PLEDGE, MORTGAGE, SUBLET OR OTHERWISE TRANSFER OR ENCUMBER ANY OF ITS RIGHTS UNDER THIS LEASE AGREEMENT OR IN THE EQUIPMENT OR ANY PART THEREOF, NOR PERMIT ITS USE BY ANYONE OTHER THAN LESSEE AND ITS REGULAR EMPLOYEES, WITHOUT LESSOR'S PRIOR WRITTEN CONSENT. ANY SUCH PURPORTED TRANSFER, ASSIGNMENT OR OTHER ACTION WITHOUT LESSOR'S PRIOR WRITTEN CONSENT SHALL BE VOID.

Lessor may, at any time and from time to time, assign, transfer or otherwise convey all or any part of its interest in the Equipment and this Lease Agreement, including, but not limited to, Lessor's rights to receive the rental payments hereunder or any part thereof (in which event Lessee agrees to make all rental payments thereafter to the assignee designated by Lessor) without the necessity of obtaining Lessee's consent, *provided, however,* Lessor will deliver to Lessee prior written notice of an assignment. No such assignment, transfer or conveyance shall be effective until Lessee shall have received a written notice of assignment that discloses the name and address of each such assignee. During the term of this Lease Agreement, Lessee shall keep, or cause to be kept, a complete and accurate record of all such assignments with respect hereto in form necessary to comply with Section 149 of the Internal Revenue Code of 1986, as amended (the "Code"). Lessee agrees (unless otherwise stated), if so requested, to acknowledge any such assignment in writing within 15 days after request therefor in the form attached as Exhibit B hereto. Lessee further agrees that any moneys or other property received by Lessor as a result of any such assignment, transfer or conveyance shall not inure to Lessee's benefit.

16. **Events of Default; Remedies.** ~~(a) Each of the following events constitutes an "Event of Default" hereunder: (i) Lessee fails to pay in full the rental payment due hereunder on any date upon which such rental payment is due; (ii) Lessee fails to comply with any other material agreement or covenant of Lessee hereunder for a period of 30 days following receipt of written notice of violation of such agreement or covenant and demand that such violation be remedied; (iii) Lessee institutes any proceedings under any bankruptcy, insolvency, reorganization or similar law or a receiver or similar officer is appointed for Lessee or any of its property; (iv) any warranty, representation or statement made in writing by or on behalf of Lessee in connection herewith is found to be incorrect or misleading in any material respect on the date made; or (v) actual or attempted sale, lease or encumbrance of any of the Equipment or the making of any levy, seizure or attachment thereof or thereon; or (iv) Lessee defaults in its obligations under any other agreement for borrowing money, lease financing of property, or otherwise receiving credit and the obligee thereunder (or trustee on its behalf) is permitted to exercise any remedies under the agreement.~~

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(b) Immediately upon the occurrence of an Event of Default hereunder, ~~Lessor may either, at Lessor's sole determination: (i) Lessor may demand payment of the Concluding Payment, together with all rental payments and other amounts that may have been budgeted and appropriated through the end of the then current Fiscal Year and terminate this Lease Agreement or Lessee's rights hereunder; and or (ii) demand the return of the Equipment and terminate this Lease Agreement, and Upon return (if applicable as per Section 16(c) hereunder), if the Equipment is damaged or otherwise made less suitable for the purposes for which it was manufactured than when delivered to Lessee, Lessee agrees, at its option, to (x) repair and restore the Equipment to the same condition in which it was received by Lessee (reasonable wear and tear excepted) or (y) pay to Lessor the reasonable costs of such repair and restoration, or (z) pay for the transfer of any and all licenses, rights, or interest in any software or programming, to the extent the foregoing may be assigned.~~

(c) Following any Event of Default, ~~upon Lessor's determination to demand return of the Equipment pursuant to Section (b)(ii) in the above paragraph,~~ Lessee hereby agrees, at its expense, to Victor Valley Waste Water Reclamation Authority / Signature Public Funding Corp.

surrender promptly to Lessor at such location in the continental United States as Lessor shall direct; provided, however, that Lessor will use reasonable efforts to require return to the closest point nearest the Lessor's then current location. If the Equipment is unable to be returned, Lessee has not delivered the Equipment as requested, or following Lessor's election in lieu of taking possession of the Equipment, either: (a) Lessee will permit Lessor or its agents to enter the premises where the Equipment is then located and take such Equipment and exercise all legally permitted rights of repossession, or (b) Lessee will agree to refrain from using such Equipment and purge any and all software, programming, operating systems, manuals, other information (hard or electronic copy) and/or destroy any hard or electronic copies of such software and programming which may constitute the Equipment. Upon Lessor's request, Lessee will provide Lessor with reasonable certifications as to the foregoing. In the event that any such Equipment is returned to the Lessor, Lessee shall execute and deliver such documents as may reasonably be required to restore title to and possession of the Equipment to Lessor, free and clear of all liens and security interests arising by, through or under the Lessee to which the Equipment may have become subject. If Lessor is able to (i) recover any Equipment, (ii) sell or otherwise liquidate the Equipment (or any portion thereof) following an Event of Default, and (iii) realize net proceeds (after payment of costs) in excess of total rental payments that would have been paid during the Lease Term plus any other amounts then due hereunder, Lessor shall immediately pay the amount of any such excess to Lessee.

(d) If Lessor terminates this Lease Agreement under this Paragraph 16 and Lessee continues to use the Equipment or if Lessee otherwise refuses to pay rental payments hereunder, Lessor (i) may declare the rental payments due and owing for the Fiscal Year, together with the then applicable Concluding Payment, to be immediately due and payable, (ii) shall be entitled to bring such action at law or in equity to recover money and other damages attributable to such holdover period for the Equipment, and (iii) will be entitled to recover interest on all such amounts at the Default Rate.

(e) Lessor shall also be entitled to exercise any or all remedies available to a secured party under the applicable Uniform Commercial Code and all other rights and remedies that Lessor may have at law or in equity. All rights and remedies of Lessor shall be cumulative and not alternative. Lessor's failure to exercise or delay in exercising any right or remedy shall not be construed as a waiver thereof, nor shall a waiver on one occasion be construed to bar the exercise of any right or remedy on a future occasion. Lessee agrees to reimburse Lessor for any expenses (including attorney's fees) reasonably incurred by Lessor with respect to the enforcement of any of the remedies listed above or any other remedy available to Lessor, but only from legally available funds.

17. Late Payments. Whenever any rental payment or other amount payable to Lessor by Lessee hereunder is not paid within ten (10) days after such due date, Lessee agrees to pay Lessor a late charge on the delinquent amount at the "Default Rate," which is one percent (1%) per month, or the maximum amount permitted under applicable law, whichever is less. Such amount(s) shall be payable solely from Pledged Revenues or other legally available funds in addition to all amounts payable by Lessee as a result of the exercise of any of the remedies herein provided.

18. Rental Payments to Be Unconditional. Except as expressly set forth to the contrary in this Lease Agreement (including Paragraph 3), Lessee agrees that as of the Commencement Date, Lessee's obligations hereunder are absolute and unconditional and shall continue without set-off, deduction, counterclaim, abatement, recoupment, or reduction and regardless of any disability of Lessee to use the Equipment or any part thereof because of any reason including, but not limited to, war, act of God, governmental regulations, strike, loss, damage, destruction, obsolescence, failure of or delay in delivery or failure of the Equipment to operate properly.

19. Tax Covenants. Lessee agrees that it will not take any action that would cause the interest component of rental payments hereunder to be or to become ineligible for the exclusion from gross income of the owner or owners thereof for federal income tax purposes, nor will it omit to take or cause to be taken, in a timely manner, any action which omission would cause the interest component of rental payments

Victor Valley Waste Water Reclamation Authority / Signature Public Funding Corp.

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Equipment Lease-Purchase Agreement

May 15, 2023

hereunder to be or to become ineligible for the exclusion from gross income of the owner or owners thereof for federal income tax purposes. Lessee agrees to (a) execute and deliver to Lessor, upon Lessor's request, a tax certificate and agreement (the terms and conditions of which are incorporated fully by reference herein) in form and content acceptable to Lessor and Lessee, relating to the establishment and maintenance of the excludability from gross income of the interest component of rental payments hereunder for federal income tax purposes; (b) complete and file in a timely manner an information reporting return as required by the Code; and (c) rebate an amount equal to excess earnings on the Escrow Fund to the federal government if required by, and in accordance with, Section 148(f) of the Code, and make the determinations and maintain the records required by the Code.

Lessee represents that neither Lessee nor any agency or unit of Lessee has on hand any property, including cash and securities, that is legally required or otherwise restricted (no matter where held or the source thereof) to be used directly or indirectly to purchase the Equipment. Lessee has not and will not establish any funds or accounts (no matter where held or the source thereof) the use of which is legally required or otherwise restricted to pay directly or indirectly rental payments hereunder. Lessor and Lessee certify that, so long as any rental payments hereunder remain unpaid, moneys on deposit in the Escrow Fund will not be used in a manner that will cause this Lease Agreement to be classified as an "arbitrage bond" within the meaning of Section 148(a) of the Code.

Should Lessor either (i) receive notice, in any final form, from the Internal Revenue Service or (ii) reasonably determine, based on an opinion of a nationally recognized independent tax counsel, that Lessor may not exclude, for any reason, any interest (or portion thereof) paid under the Lease Agreement from its Federal gross income (an "Event of Taxability"), the Lessee shall pay to Lessor upon demand (x) an amount which, with respect to Rental 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 due through the date of such event), will restore to Lessor its anticipated after-tax yield (assuming tax at the highest marginal tax rate and taking into account the time of receipt of Rental Payments and reinvestment at the after-tax yield rate) on the transaction evidenced by such Lease through the date of such event and (y) as additional Rental Payments to Lessor on each succeeding Payment Date such amount as will maintain such anticipated after-tax yield to Lessor.

It is Lessor's and Lessee's intention that this Lease Agreement not constitute a "true" lease for federal income tax purposes and, therefore, it is Lessor's and Lessee's intention that Lessee be considered the owner of the Equipment hereunder for federal income tax purposes.

20. Lessee Representations and Warranties. Lessee hereby represents and warrants to and agrees with Lessor that:

(a) Lessee is a political subdivision of the State of California, within the meaning of Section 103(c) of the Code, and will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as such.

(b) Lessee has the power and authority under applicable law to enter into the transactions contemplated by this Lease Agreement and the Escrow Agreement and has been duly authorized to execute and deliver this Lease Agreement and the Escrow Agreement and to carry out its obligations hereunder and thereunder. Lessee has provided to Lessor a full, true and correct copy of a resolution or other appropriate official action of Lessee's governing body specifically authorizing Lessee to execute and deliver this Lease Agreement and the Escrow Agreement and all documents contemplated hereby and thereby. Lessee has provided to Lessor a full, true, and correct copy of an Incumbency Certificate in substantially the form attached as Exhibit F hereto relating to the authority of the officers who have executed and delivered this Lease Agreement and who will execute and deliver this Lease Agreement and the Escrow Agreement and all documents in connection herewith and therewith on behalf of Lessee.

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(c) All requirements have been met and procedures have occurred in order to ensure the enforceability of this Lease Agreement and the Escrow Agreement, and Lessee has complied with such public bidding requirements, if any, as may be applicable to the transactions contemplated by this Lease Agreement and the Escrow Agreement.

(d) Lessee is not subject to any legal or contractual limitation or provision of any nature whatsoever that in any way limits, restricts or prevents Lessee from entering into this Lease Agreement and the Escrow Agreement, or performing any of its obligations hereunder or thereunder, except to the extent that such performance may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally.

(e) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, known to be pending or threatened against or affecting Lessee, nor to the best knowledge of Lessee is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by this Lease Agreement or the Escrow Agreement, or any other agreement or instrument to which Lessee is a party and that is used or contemplated for use in the consummation of the transactions contemplated by this Lease Agreement or the Escrow Agreement. All authorizations, consents, and approvals of governmental bodies or agencies required in connection with the execution and delivery by Lessee of this Lease Agreement and the Escrow Agreement or in connection with the carrying out by Lessee of its obligations hereunder and thereunder have been obtained.

(f) The payment of the rental payments or any portion thereof hereunder is not (under the terms of this Lease Agreement) directly or indirectly (i) secured by any interest in property used or to be used in any activity carried on by any person other than a state or local governmental unit or payments in respect of such property; or (ii) on a present value basis, derived from payments (whether or not to Lessee) in respect of property, or borrowed money, used or to be used in any activity carried on by any person other than a state or local governmental unit. The Equipment will not be used, directly or indirectly, in any activity carried on by any person other than a state or local government unit. No portion of the purchase price for the Equipment will be used, directly or indirectly, to make or finance loans to any person other than Lessee. Lessee has not entered into any management or other service contract with respect to the use and operation of the Equipment.

(g) The entering into and performance of this Lease Agreement will not violate any judgment, order, law or regulation applicable to Lessee or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest, or other encumbrance upon any assets of Lessee or on the Equipment pursuant to an indenture, mortgage, deed of trust, bank loan or credit agreement, or other instrument to which Lessee is a party or by which it or its assets may be bound, except as herein provided.

(h) Lessee's name as indicated on the first page of this Lease Agreement is its true, correct, and complete legal name.

(i) The useful life of the Equipment will not be less than the Lease Term hereof.

(j) Lessee has entered into this Lease Agreement for the purpose of purchasing, acquiring, and leasing the Equipment and not for the purpose of refinancing any outstanding obligation of Lessee more than 90 days in advance of its payment or prepayment date. The purchase price for the Equipment has been or will be paid directly by Lessor to the Escrow Agent, and no portion of the purchase price for the Equipment has been or will be paid to Lessee as reimbursement for any expenditure paid by Lessee more than 60 days prior to the execution and delivery hereof, unless a proper reimbursement resolution has been passed and the Lessee has complied with all reimbursement requirements under the Code, including, without limitation, Treasury Regg. [Section 1.150](#).

(k) The application, statements, and credit or financial information submitted by Lessee to Lessor are true and correct and made to induce Lessor to enter into this Lease Agreement.

(l) During the Lease Term of this Lease Agreement, Lessee shall (i) provide Lessor, at or prior to the end of each Fiscal Year (commencing with the current Fiscal Year), with current budgets or other proof of appropriation for the ensuing Fiscal Year and such other information relating to Lessee's ability to continue the Lease Term for the next succeeding Fiscal Year as may be reasonably requested by Lessor and (ii) furnish or cause to be furnished to Lessor, at Lessee's expense, as soon as available and in any event not later than 180 days after the close of each Fiscal Year, the audited financial statements of Lessee at the close of and for such Fiscal Year, all in reasonable detail, audited by and with the report of Lessee's auditor, provided, however, that such requirement is waived for any such documents which are publicly available, including on Lessee's website.

(m) On the Commencement Date, Lessee shall cause to be executed and delivered to Lessor an Opinion of Lessee's Counsel in substantially the form attached as Exhibit G hereto.

(n) Lessee shall pay the excess (if any) of the actual costs of acquiring the Equipment hereunder over the amount paid by Lessor in the Escrow Fund and interest earnings thereon.

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(o) Lessee has experienced no material change in its financial condition since June 30, 2022, and, with the exception of the pledge of the Net Revenues hereunder and any pledge made with respect to parity debt, the Net Revenues have not otherwise been pledged and there are no other liens against the Net Revenues of the Wastew-Water Reclamation System.

(p) Lessee acknowledges that: (a) Lessor is acting solely for its own account and not as a fiduciary for Lessee or in the capacity of broker, dealer, municipal securities underwriter or municipal advisor; (b) Lessor has not provided, and will not provide, financial, legal, tax, accounting or other advice to or on behalf of Lessee with respect to its acquisition of the Equipment; and (c) Lessee has sought and obtained financial, legal, tax, accounting and other advice (including as it relates to structure, timing, terms and similar matters) with respect to this Lease Agreement from its financial, legal and other advisors (and not Lessor) to the extent that Lessee desired to obtain such advice.

(q) As currently conducted, the Lessee's activities with respect to the Wastew-Water Reclamation System are in all material respects, to the Lessee's best knowledge, in compliance with all applicable laws, administrative regulations of the State and of the United States and any agency or instrumentality of either, and any judgment or decree to which the Lessee is subject

21. **Execution in Counterparts; Chattel Paper.** This Lease 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; provided, however, that only Counterpart No. 1 hereof shall constitute chattel paper for purposes of the applicable Uniform Commercial Code.

22. **Applicable Law.** This Lease Agreement shall be construed under the laws of the State of California.

23. **Binding Effect; Severability; Survival.** This Lease Agreement shall not become effective until accepted by Lessor at its herein-described office, and upon such acceptance shall inure to and bind the parties, their successors, legal representatives, and assigns. No provision of this Lease Agreement that may be construed as unenforceable shall in any way invalidate any other provision hereof, all of which shall remain in full force and effect.

24. **Miscellaneous Provisions.** Any notice to a party hereunder shall be deemed given when mailed to that party by certified mail, return receipt requested, at its address set forth herein or such other address as either may designate for itself in such notice to the other. This Lease Agreement, the Escrow Agreement and the Exhibits attached hereto and certificates delivered in connection herewith constitute the entire mutual understanding of the parties regarding the subject matter hereof and thereof and may not be modified except in writing, signed by the party against whom such modification is asserted. Upon the request of Lessor, Lessee shall at any time and from time to time execute and deliver such further

documents and do such further acts as Lessor may reasonably request in order fully to effect the purposes hereof and any assignment hereof. If a court with competent jurisdiction rules that the interest rate charged hereunder exceeds the maximum rate of interest allowed by applicable law, then the effective rate of interest hereunder shall be automatically reduced to the maximum lawful rate allowable under the applicable laws.

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THE UNDERSIGNED HEREBY AGREE TO ALL OF THE TERMS AND CONDITIONS AS SET FORTH IN THIS EQUIPMENT LEASE-PURCHASE AGREEMENT.

SIGNATURE PUBLIC FUNDING
CORP., Lessor

VICTOR VALLEY WASTE WATER RECLAMATION
AUTHORITY, Lessee

By: x _____
Name: Donald S. Keough
Title: Senior Managing Director

By: x _____
Name: Darron Poulsen
Title: General Manager

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

EXHIBIT A
EQUIPMENT SCHEDULE TO EQUIPMENT LEASE-PURCHASE AGREEMENT
DATED [MONTH], 2023

1. DESCRIPTION OF THE EQUIPMENT:

The "Equipment" is a new vacuum truck, as more fully described in that certain invoice between Haaker Equipment Company (the "Vendor") and the Lessee.

The Equipment consisting primarily of vacuum truck (and all accessories, attachments, substitution, replacements, and accessories thereto) to be sold, delivered, installed, or performed by the Vendor that will be financed by this Equipment Schedule dated May 15, 2023 to that Equipment Lease-Purchase Agreement dated May 15, 2023 by and between Signature Public Funding Corp. and the Victor Valley Wastewater Reclamation Authority, and such Equipment shall, include, without limitation, the following:

2. EQUIPMENT LOCATION: The Equipment will be generally located at various locations throughout the Victor Valley Wastewater Reclamation Authority. Specific locations for each light unit will be as set forth on each Disbursement Request Form or as more specifically set forth in the Vendor Agreement. If locations for Equipment vary from those set forth herein, they will be set forth on the Final Certificate of Acceptance, but will not be located outside the Lessee's jurisdictional boundaries.

3. RENTAL PAYMENT SCHEDULE: The rental payments shall be made for the Equipment as follows:

PAYMENT NUMBER	DATE DUE	TOTAL RENTAL PAYMENT DUE	INTEREST COMPONENT	PRINCIPAL COMPONENT	CONCLUDING PAYMENT*
Loan	05/15/23	0.00	0.00	0.00	591,335.63
1	07/15/23	129,862.27	5,313.78	124,548.49	464,296.17
2	07/15/24	129,862.27	25,033.16	104,829.11	357,370.47
3	07/15/25	129,862.27	19,268.12	110,594.15	244,564.44
4	07/15/26	129,862.27	13,186.03	116,676.24	125,554.68
5	07/15/27	129,862.27	6,769.45	123,092.82	0.00
GRAND TOTALS		649,311.35	69,570.54	579,740.81	

* Assumes that all rental payments and additional rentals due on and prior to that date have been paid.

4. INTEREST RATE: 5.50 %

5. COMMENCEMENT DATE: May 15, 2023.

6. SCHEDULED LEASE TERM: 50 Months.

7. Lessee's Current Fiscal Year extends from ~~June 30~~ July 1, 2022 to June ~~30~~ 2029, 2023.

8. The terms and provisions of the Equipment Lease-Purchase Agreement described above (other than to the extent that they relate solely to other Schedules or Equipment listed on other Schedules) are hereby incorporated into this Schedule by reference and made a part hereof.

9. Lessee hereby represents, warrants, and covenants that (i) its representations, warranties, and covenants set forth in the Equipment Lease-Purchase Agreement (particularly Paragraph 20 thereof) are true and correct as though made on the date of execution of this Schedule, and (ii) sufficient funds have been appropriated by Lessee for the payment of all rental payments (if any) due under this Schedule during Lessee's Current Fiscal Year, which ends on June 30, 2023.

A-1

10. Interest, if any, accruing from the Commencement Date to the actual date of funding shall be retained by Lessor as additional consideration for entering into this Schedule No. 01.

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VICTOR VALLEY WASTEWATER
RECLAMATION AUTHORITY
as Lessee

SIGNATURE PUBLIC FUNDING CORP.,
as Lessor

By: _____
Name: Darron Poulsen
Title: General Manager

By: _____
Name: Donald S. Keough
Title: Senior Managing Director

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

[Signature Page to Exhibit A- Equipment Schedule]

EXHIBIT B

NOTICE AND ACKNOWLEDGEMENT OF SALE OF RENTAL PAYMENTS AND ASSIGNMENT OF LEASE AGREEMENT

SIGNATURE PUBLIC FUNDING CORP. ("*Lessor*") and the Victor Valley Wastew-Water Reclamation Authority ("*Lessee*") have entered into an Equipment Lease-Purchase Agreement and Equipment Schedule thereto both dated May 15, 2023 (the "*Lease Agreement*"), under which Lessee has leased equipment (the "*Equipment*") described therein.

Lessee is hereby notified that Lessor has assigned its right, title, and interest in and to the Lease Agreement, the leased Equipment, and the rental payments as permitted by the Lease Agreement commensurate with the Commencement Date of the Lease Agreement. As such, at the time of funding, the Assignee will step into the shoes of the Lessor and assumes all rights, benefits, privileges and obligations.

Lessee is hereby directed to pay any and all rental payments and other amounts due under the Lease Agreement to Signature Public Funding Corp. and/or its affiliates, successors and/or assigns (the "*Assignee*"), as directed by the Assignee or a paying agent acting on behalf of Assignee, pursuant to the instructions contained in any invoice or notice.

By signing this Notice and Acknowledgment, Lessee agrees that it will pay all amounts due under the Lease Agreement as directed in the invoice without any set-off or deduction whatsoever notwithstanding any defect in, damage to or requisition of any of the Equipment leased under the Lease Agreement, any other similar or dissimilar event, any defense, set-off, counterclaim or recoupment arising out of any claim against Lessor or Assignee.

Lessee further acknowledges and agrees that Assignee has not made any warranties whatsoever as to the Lease Agreement or the Equipment. Lessee agrees that no change may be made to the Lease Agreement without the prior written consent of Assignee.

By signing this Notice and Acknowledgment, Lessee warrants that its representations and warranties under the Lease Agreement are true and correct on the date hereof.

Date: May 15, 2023

VICTOR VALLEY WASTE-WATER RECLAMATION
AUTHORITY, as Lessee

By: _____
Name: Darron Poulsen
Title: General Manager

EXHIBIT C-1

INSURANCE CERTIFICATION

Signature Public Funding Corp.
600 Washington Ave, Suite 305
Towson, MD 21204

May 15, 2023

Re: Equipment Lease-Purchase Agreement dated May 15, 2023

In connection with the above-referenced Lease Agreement, Victor Valley Wastewater Reclamation Authority, as lessee (the "Lessee") certifies that it has instructed the insurance agent named below (please fill in name, address, and telephone number):

Name of Agent: California Sanitation Risk Management Authority
Address: 560 Mission Street, 6th Floor, San Francisco, CA 94105
Phone: 415-403-1400
to issue:

X *Liability Insurance.* Lessee is required to maintain public liability insurance, personal injury and property damage with policy limits of \$3,000,000. The policy should be endorsed to name Signature Public Funding Corp. (the assignee of SIGNATURE PUBLIC FUNDING CORP.) as an additional insured.

X *Casualty Insurance.* Lessee is required to maintain all risk extended coverage, malicious mischief and vandalism insurance for the Equipment described in the above-referenced Equipment Schedule in an amount not less than the greater of \$591,335.00 or the full replacement cost of the Equipment. Such insurance shall be endorsed to name Signature Public Funding Corp. as a lender loss payee with respect to such Equipment.

The required insurance should also be endorsed to give Signature Public Funding Corp. at least 30 days prior written notice of the effective date of any material alteration or cancellation of coverage, and an endorsement confirming that the interest of Signature Public Funding Corp. shall not be invalidated by any actions, inactions, breach of warranty or conditions or negligence of Lessee.

Proof of insurance coverage will be provided to Signature Public Funding Corp. prior to and/or commensurate with the Commencement Date of the Lease.

Very truly yours,

VICTOR VALLEY WASTEWATER RECLAMATION
AUTHORITY, as Lessee

By: _____
Name: Darron Poulsen
Title: General Manager

C-1

EXHIBIT C-2

Signature Public Funding Corp.
600 Washington Ave, Suite 305
Towson, MD 21204

May 15, 2023

Re: Equipment Lease-Purchase Agreement dated May 15, 2023

In connection with the above-referenced Lease Agreement, Victor Valley Wastewater Reclamation Authority, as lessee (the "Lessee") certifies that it participates in an actuarially sound self-insurance program for property damage and public liability risks.

The following is attached (check all that apply):

- Letter from risk manager describing self-insurance program
- Other evidence of Lessee's participation in self-insurance program

Very truly yours,

VICTOR VALLEY WASTEWATER RECLAMATION
AUTHORITY, as Lessee

By: _____
Name: Darron Poulsen
Title: General Manager

EXHIBIT D
ESSENTIAL USE CERTIFICATE

Signature Public Funding Corp.
600 Washington Ave, Suite 305
Towson, MD 21204

May 15, 2023

Re: Equipment Lease-Purchase Agreement dated May 15, 2023

I, Darron Poulsen, the General Manager of the Victor Valley Wastewater Reclamation Authority, as lessee (the "Lessee"), am qualified to answer the questions set forth below regarding the Equipment to be acquired by Lessee in connection with the above-referenced Lease Agreement:

- 1. *What is the specific use of the Equipment?*
- 2. *What increased capabilities will the Equipment provide?*
- 3. *Why is the Equipment essential to your ability to deliver governmental services?*
- 4. *Does the Equipment replace existing equipment?
(If so, please explain why you are replacing the existing equipment)*
- 5. *Why did you choose this specific Equipment?*
- 6. *For how many years do you expect to utilize the Equipment?*

Very truly yours,
VICTOR VALLEY WASTEWATER RECLAMATION
AUTHORITY, as Lessee

By: _____
Name: Darron Poulsen
Title: General Manager

[Signature Page to Essential Use Certificate]

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EXHIBIT E

INCUMBENCY CERTIFICATE

I, Kristi Casteel, do hereby certify that I am the Executive Assistant to the General Manager of Victor Valley Wastewater Reclamation Authority, a municipal corporation/body corporate and politic (the "Board"), which is a duly established and validly existing as a political subdivision of the State of California under the Constitution and laws of the State of California, and that I have custody of the records of such entity.

I hereby certify that, as of the date hereof, the individuals named below are the duly elected or appointed officers of the Board holding the offices set forth opposite their respective names. I further certify that:

- (i) The signatures set opposite their respective names and titles are their true and authentic signatures, and
- (ii) Such officers have the authority on behalf of such entity to:
 - a. Enter into that certain Equipment Lease-Purchase Agreement and Equipment Schedule both dated May 15, 2023 (the "Lease Agreement"), between the Victor Valley Wastew-Water Reclamation Authority and SIGNATURE PUBLIC FUNDING CORP., as lessor, and
 - b. Execute Certificates of Acceptance, Disbursement Request Forms, and all other certificates, documents, and agreements relating to the Lease Agreement and/or Escrow Agreement.

NAME	TITLE	SIGNATURE
Darron Poulsen	General Manager	_____

IN WITNESS WHEREOF, I have duly executed this Certificate on behalf of the Victor Valley Wastewater Reclamation Authority,

May 15, 2023

Kristi Casteel, Executive Assistant to the
General Manager

EXHIBIT F
OPINION OF LESSEE'S COUNSEL

May 15, 2023

SIGNATURE PUBLIC FUNDING CORP.
600 Washington Ave, Suite 305
Towson, MD 21204

Re: Equipment Lease Purchase Agreement and Equipment Schedule both dated May 15, 2023

Ladies and Gentlemen:

As counsel to the Victor Valley Wastewater Reclamation Authority (the "Lessee"), I have examined the Equipment Lease Purchase Agreement and Equipment Schedule both dated May 15, 2023 (collectively, the "Lease Agreement"), between the Lessee and Signature Public Funding Corp., as lessor ("Lessor"), the Disbursement Request Form and Certificate of Acceptance (collectively, the "Transaction Documents"), and the proceedings taken by the Governing Body of the Lessee to authorize on behalf of the Lessee the execution and delivery of the Lease Agreement and various certificates delivered in connection therewith. The Lease Agreement and the Escrow Agreement, together with all documents, exhibits, certificates and attachments thereto are herein collectively referred to as the "Transaction Documents." Based upon the foregoing examination and upon an examination of such other documents and matters of law as I have deemed necessary or appropriate, I am of the opinion that:

1. The Lessee is a municipal corporation, which is a duly established and validly existing as a political subdivision of the State of California under the Constitution and laws of the State of California with full power and authority to enter into the Transaction Documents.

2. The Transaction Documents have each been duly authorized, executed, and delivered by the Lessee. The Permitted Investment has been duly authorized by the Lessee. Assuming due authorization, execution and delivery thereof by Lessor, the Transaction Documents constitute legal, valid, and binding obligations of the Lessee, enforceable against the Lessee in accordance with their respective terms, subject to any applicable bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally.

3. The Equipment to be leased pursuant to the Lease Agreement constitutes personal property and, when subjected to use by the Lessee, will not be a fixture under applicable law.

4. The Lessee has complied with any applicable public bidding requirements in connection with the Transaction Documents and the transactions contemplated thereby. The resolution adopted by the Governing Body of the Lessee authorizing the execution and delivery of the Transaction Documents, and certain other matters was adopted at a meeting that was held in compliance with all applicable laws relating to the holding of open and public meetings.

5. No litigation or proceeding is pending or, to the best of my knowledge, threatened to restrain or enjoin the execution, delivery, or performance by the Lessee of the Transaction Documents or in any way to contest the validity of the Transaction Documents, to contest or question the creation or existence of the Lessee or the Governing Body of the Lessee or the authority or ability of the Lessee to execute or deliver the Transaction Documents or to comply with or perform its obligations thereunder. There is no

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~~litigation pending or, to the best of my knowledge, threatened seeking to restrain or enjoin the Lessee from pledging sufficient amounts of Pledged Revenues or other legally available funds necessary to pay the rental payments or other amounts contemplated by the Lease Agreement. The entering into and performance of the Transaction Documents do not and will not violate any judgment, order, law, or regulation applicable to the Lessee or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest, or other encumbrance upon any assets of the Lessee or on the Equipment (as such term is defined in the Lease Agreement) pursuant to any indenture, mortgage, deed of trust, bank loan or credit agreement, or other instrument to which the Lessee is a party or by which it or its assets may be bound.~~

~~6. The Lessee has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation under the Internal Revenue Code of 1986, as amended ("Code"), of the portion of the Rental Payments designated as interest. In the event that the Lessee continuously complies with its covenants under the Transaction Documents and so long as the amounts payable to the Lessor are derived from the Rental Payments made by the Lessee, the portion of the Rental Payments designated as interest is not includible in gross income for federal income tax purposes under the current law. No opinion is expressed as to the tax treatment of payments made to the Lessor from sources other than from Rental Payments made by the Lessee. The Lease Agreement and the obligation to pay Rental Payments thereunder as represented by the Lease Agreement are not "specified private activity bonds" as such term is defined in the Code and the portion of the Rental Payments designated as interest is not includible as an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax. However, the portion of Rental Payments designated as interest and received by the Lessor may be subject to an alternative minimum tax. The portions of the Rental Payments designated as interest represented by the Lease Agreement and any gain on the sale of the Lease Agreement are not includible as gross income under California Law. Except as set forth in paragraph 6 herein, we express no opinion regarding other federal tax consequences arising with respect to the Lease Agreement and Transaction Documents.~~

~~This opinion may be relied upon by purchasers and assignees of Lessor's interests in the Lease Agreement.~~

~~Respectfully submitted,~~

TO BE PROVIDED

EXHIBIT G:

BANK-QUALIFIED DESIGNATION

The VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY, as lessee, (the "Lessee") under Equipment Schedule No. 001 dated as of May 15, 2023 to that certain Master Equipment Lease-Purchase Agreement dated as of May 15, 2023 (collectively, the "Lease") to which this Designation is attached, hereby designates the Lease as a "qualified tax-exempt obligation" for the purposes and within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The Lessee hereby represents that the Lessee reasonably anticipates that the Lessee and other entities that the Lessee controls will not issue tax-exempt obligations (including the Lease) the aggregate principal amount of which exceed \$10,000,000 during the calendar year in which the Lease is executed and delivered and interest commences to accrue thereunder.

This Designation is attached to and made a part of the Lease and inures to the benefit of the Lessor and its successors and/or assigned.

EXECUTED as of this 15th day of May, 2023.

VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY, as Lessee

By: _____
Name: Darron Poulsen
Title: General Manager

EXHIBIT H

POST-ISSUANCE TAX COMPLIANCE PROCEDURES

Dated: May 15, 2023

The following certificate is delivered in connection with the execution and delivery of the Equipment Lease-Purchase Agreement dated May 15, 2023 (the "Lease Agreement"), entered into between the Victor Valley Wastew-Water Reclamation Authority (the "Lessee") and SIGNATURE PUBLIC FUNDING CORP. (the "Corporation"). Capitalized terms used herein have the meanings defined in the Lease Agreement.

Section 1. In General.

1.1. This Certificate is executed for the purpose of establishing the reasonable expectations of Lessee as to future events regarding the financing of certain equipment (the "Equipment") to be acquired by Lessor and leased to Lessee pursuant to and in accordance with the Equipment Schedule executed under the Agreement (together with all related documents executed pursuant thereto and contemporaneously herewith, the "Financing Documents"). As described in the Financing Documents, Lessor shall apply \$591,335.63 (the "Principal Amount") toward the acquisition of the Equipment and closing costs, and Lessee shall make Rental Payments under the terms and conditions as set forth in the Financing Documents.

1.2. The individual executing this Certificate on behalf of Lessee is an officer of Lessee delegated with the responsibility of reviewing and executing the Financing Documents, pursuant to the resolution or other official action of Lessee adopted with respect to the Financing Documents, a copy of which has been delivered to Lessor.

1.3. The Financing Documents are being entered into for the purpose of providing funds for financing the cost of acquiring, equipping and installing the Equipment which is essential to the governmental functions of Lessee, which Equipment is described in the Equipment Schedule. The Principal Amount will be paid to the Vendor by Lessor on the date of issuance of the Financing Documents.

1.4. Lessee will timely file for the Lease a Form 8038-G (or, if the invoice price of the Equipment under such schedule is less than \$100,000, a Form 8038-GC) relating to such Lease Agreement with the Internal Revenue Service in accordance with Section 149(e) of the Internal Revenue Code of 1986, as amended (the "Code").

1.5. The Lease Agreement is NOT a "qualified tax-exempt obligation" for the purposes and within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. As such, the Lessee hereby represents that the Lessee reasonably anticipates that the Lessee and other entities that the Lessee controls will not issue tax-exempt obligations (including the Equipment Schedule) the aggregate principal amount of which exceed \$10,000,000 during the calendar year in which Equipment Schedule is executed and delivered and interest commences to accrue thereunder.

Section 2. Non-Arbitrage Certifications.

2.1. The Rental Payments due under the Financing Documents will be made with monies retained in Lessee's general operating fund (or an account or subaccount therein). No sinking, debt service, reserve or similar fund or account will be created or maintained for the payment of the Rental Payments due under the Financing Documents or pledged as security therefor.

2.2. There have been and will be issued no obligations by or on behalf of Lessee that would be deemed to be (i) issued or sold within fifteen (15) days before or after the date of issuance of the Financing Documents, (ii) issued or sold pursuant to a common plan of financing with the Financing Documents and (iii) paid out of substantially the same source of funds as, or deemed to have substantially the same claim to be paid out of substantially the same source of funds as, the Financing Documents.

2.3. Lessee does not and will not have on hand any funds that are or will be restricted, segregated, legally required or otherwise intended to be used, directly or indirectly, as a substitute, replacement or separate source of financing for the Equipment.

2.4. No portion of the Principal Amount is being used by Lessee to acquire investments which produce a yield materially higher than the yield realized by Lessor from Rental Payments received under the Financing Documents.

2.5. The Principal Amount does not exceed the amount necessary for the governmental purpose for which the Financing Documents were entered into. Such funds are expected to be needed and fully expended for payment of the costs of acquiring, equipping and installing the Equipment.

2.6. Lessee does not expect to convey, sublease or otherwise dispose of the Equipment, in whole or in part, at a date which is earlier than the final Payment Date under the Financing Documents.

Section 3. Disbursement of Funds; Reimbursement to Lessee.

3.1 It is contemplated that the entire Principal Amount will be used to pay the acquisition cost of Equipment to the Vendor or for any financial advisory or closing costs, provided that, if applicable, a portion of the principal amount may be paid to Lessee as reimbursement for acquisition cost payments already made by it so long as the conditions set forth in Section 3.2 below are satisfied.

3.2. Lessee shall not request that it be reimbursed for Equipment acquisition cost payments already made by it unless each of the following conditions have been satisfied:

(a) Lessee adopted a resolution or otherwise declared its official intent in accordance with Treasury Regulation § 1.150-2 (the "Declaration of Official Intent"), wherein Lessee expressed its intent to be reimbursed from the proceeds of a borrowing for all or a portion of the cost of the Equipment, which expenditure was paid to a Vendor under the Equipment Acquisition Contract not earlier than sixty (60) days before Lessee adopted the Declaration of Official Intent;

(b) The reimbursement being requested will be made by a written allocation before the later of eighteen (18) months after the expenditure was paid or eighteen (18) months after the items of Equipment to which such payment relates were placed in service;

(c) The entire payment with respect to which reimbursement is being sought is a capital expenditure, being a cost of a type properly chargeable to a capital account under general federal income tax principles; and

(d) Lessee will use any reimbursement payment for general operating expenses and not in a manner which could be construed as an artifice or device under Treasury Regulation § 1.148-10 to avoid, in whole or in part, arbitrage yield restrictions or arbitrage rebate requirements.

Section 4. Use and Investment of Funds; Temporary Period.

4.1. Lessee has incurred or will incur, within six (6) months from the date of issuance of the Financing Documents, binding obligations to pay an amount equal to at least five percent (5%) of the Principal Amount toward the costs of the Equipment. An obligation is not binding if it is subject to contingencies within Lessee's control. The ordering and acceptance of the items of Equipment will proceed with due diligence to the date of final acceptance of the Equipment.

4.2. An amount equal to at least eighty-five percent (85%) of the Principal Amount will be expended to pay the cost of the Equipment by the end of the three-year period commencing on the date of this Certificate. No portion of the Principal Amount will be used to acquire investments that do not carry out the governmental purpose of the Financing Documents and that have a substantially guaranteed yield of four (4) years or more.

4.3. (a) Lessee covenants and agrees that it will rebate an amount equal to excess earnings on the Principal Amount deposited in any applicable escrow, debt service or sinking fund to the Internal Revenue Service if required by, and in accordance with, Section 148(f) of the Code, and make the annual determinations and maintain the records required by and otherwise comply with the regulations applicable thereto. Lessee reasonably expects to cause the Equipment to be acquired by May 15, 2023.

(b) Lessee will provide evidence to Lessor that the rebate amount has been calculated and paid to the Internal Revenue Service in accordance with Section 148(f) of the Code unless (i) the entire Principal Amount is

expended on the Equipment by the date that is the six-month anniversary of the Financing Documents or (ii) the Principal Amount is expended on the Equipment in accordance with the following schedule: At least fifteen percent (15%) of the Principal Amount and interest earnings thereon will be applied to the cost of the Equipment within six months from the date of issuance of the Financing Documents; at least sixty percent (60%) of the Principal Amount and interest earnings thereon will be applied to the cost of the Equipment within 12 months from the date of issuance of the Financing Documents; and one hundred percent (100%) of the Principal Amount and interest earnings thereon will be applied to the cost of the Equipment prior to eighteen (18) months from the date of issuance of the Financing Documents.

(c) Lessee hereby covenants that (i) Lessee is a governmental unit with general tax powers; (ii) the Lease is not a "private activity bond" under Section 141 of the Code; and (iii) at least ninety-five percent (95%) of the Principal Amount is used for the governmental activities of Lessee; (iv) the aggregate principal amount of all tax-exempt obligations (including the Lease) issued by Lessee and its subordinate entities, if any, during the current calendar year is not reasonably expected to exceed \$5,000,000. Accordingly, the rebate requirements of Section 148(f) of the Code are treated as being met, in lieu of the spending exceptions set forth in paragraph (b) above.

Section 5. Escrow Account.

Intentionally Omitted for Schedule 001.

Section 6. No Private Use; No Consumer Loan.

6.1. Lessee will not exceed the private use restrictions set forth in Section 141 of the Code. Specifically, Lessee will not permit more than 10% of the Principal Amount to be used for a Private Business Use (as defined herein) if, in addition, the payment of more than ten percent (10%) of the Principal Amount plus interest earned thereon is, directly or indirectly, secured by (i) any interest in property used or to be used for a Private Business Use or (ii) any interest in payments in respect of such property or derived from any payment in respect of property or borrowed money used or to be used for a Private Business Use.

6.2. In addition, if both (A) more than five percent (5%) of the Principal Amount is used as described above with respect to Private Business Use and (B) more than five percent (5%) of the Principal Amount plus interest earned thereon is secured by Private Business Use property or payments as described above, then the excess over such five percent (5%) (the "Excess Private Use Portion") will be used for a Private Business Use related to the governmental use of the Equipment. Any such Excess Private Use Portion of the Principal Amount will not exceed the portion of the Principal Amount used for the governmental use of the particular project to which such Excess Private Use Portion is related. For purposes of this paragraph 6.3, "Private Business Use" means use of bond proceeds or bond financed-property directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and excluding use as a member of the general public.

6.4. No part of the Principal Amount or interest earned thereon will be used, directly or indirectly, to make or finance any loans to non-governmental entities or to any governmental agencies other than Lessee.

Section 7. No Federal Guarantee.

7.1. Payment of the principal or interest due under the Financing Documents is not directly or indirectly guaranteed, in whole or in part, by the United States or an agency or instrumentality thereof.

7.2. No portion of the Principal Amount or interest earned thereon shall be (i) used in making loans the payment of principal or interest of which are to be guaranteed, in whole or in part, by the United States or any agency or instrumentality thereof, or (ii) invested, directly or indirectly, in federally insured deposits or accounts if such investment would cause the financing under the Financing Documents to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 8. Miscellaneous.

- 8.1. Lessee shall keep a complete and accurate record of all owners or assignees of the Financing Documents in form and substance satisfactory to comply with the registration requirements of Section 149(a) of the Code unless Lessor or its assignee agrees to act as Lessee's agent for such purpose.
- 8.2. Lessee shall maintain complete and accurate records establishing the expenditure of the Principal Amount and interest earnings thereon for a period of five (5) years after payment in full under the Financing Documents.
- 8.3. To the best of the undersigned's knowledge, information and belief, the above expectations are reasonable and there are no other facts, estimates or circumstances that would materially change the expectations expressed herein.
- 8.4. The Lessee's Tax Identification Number is: 95-3200665.
- 8.5. The Lessee has adopted, or will adopt in a reasonable period post-closing, by resolution, separate written procedures regarding ongoing compliance with federal tax requirements necessary to keep, ensure and maintain the interest portions of the Rental Payments under the Lease Agreement as excluded from Lessor's gross income for federal income tax purposes, and will, on an annual basis, conduct an audit of the Lease Agreement to ensure compliance with such procedures

IN WITNESS WHEREOF, this Post-Issuance Tax Compliance Procedures Certificate has been executed on behalf of Lessee as of May 15, 2023.

VICTOR VALLEY WASTEWATER RECLAMATION
AUTHORITY,

By: _____
Name: Darron Poulsen
Title: General Manager

EXHIBIT I:
Reserved



VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Board of Commissioners Staff Report

TO: VWRA Board of Commissioners
FROM: Darron Poulsen, General Manager
SUBMITTED BY: Brad Adams, Plant Superintendent
DATE: April 21, 2022
SUBJECT: **RECOMMENDATION TO AUTHORIZE THE GENERAL MANAGER TO ISSUE A LETTER OF INTENT TO LEASE A NEW VACTOR TRUCK FROM HAAKER EQUIPMENT COMPANY**

<input checked="" type="checkbox"/> For Action	<input checked="" type="checkbox"/> Fiscal Impact : \$0.00
<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Account Code: 01-02-535-9010-9999
	<input checked="" type="checkbox"/> Funds Budgeted/ Approved: N/A

STAFF RECOMMENDATION

It is recommended that the Board of Commissioners authorize the General Manager to issue a letter of intent to lease a new Vactor truck from the Haaker Equipment Company.

PREVIOUS ACTION(S)

None

BACKGROUND INFORMATION

VWRA currently owns and operates three water reclamation plants and three lift stations along with 47 miles of regional interceptors. A Vactor truck (vacuum truck) is a very critical tool in maintaining that infrastructure. Staff currently rely on:

1. A 1993 Ford L-8000 2100 Series Vactor truck purchased in 2010 that is now out of service due to obsolete equipment and new AQMD emission standards.
2. A 2005 International 7400 2100 Series Vactor truck purchased in 2021. Since its purchase VWRA has spent over \$35,000.00 trying to keep this truck operational and road worthy. Currently the truck is out of service awaiting a new blower assembly. Upcoming AQMD emission standards will also render this truck non-operational without costly emissions retrofit.
3. Third party contractors for sewer interceptors cleaning, costing the agency \$120,000.00 annually.
4. Renting Vactor trucks from Haaker to maintenance the lift stations and clean the wet wells around the regional plant. Rental trucks are necessary because the suction pump in these newer trucks are rotary lobe blowers, compared to the fan blowers in our current

trucks. Lobe style blowers create significantly more suction and can pull the liquid from the bottom of our deepest wet wells (35ft), where the fan blowers on our trucks can only pull around 20ft. In fiscal year 21-22 VVWRA spent \$48,000.00 on rental trucks from Haaker.

Considering our current Vector truck will no longer meet upcoming regulatory air emissions standards and the cost to maintain it far outweighs its usefulness. Staff recommends the procurement of a new Vector truck for the following reasons:

1. Efficient operation
 - 1.1. a new Vector is ideal for cleaning catch basins, sanitary sewers, and lift stations at all six locations.
 - 1.2. The larger waste tank will allow fewer trips to and from the cleanout at the regional plant, saving money on fuel. Also, the newer engines are much more fuel efficient.
2. Regulatory Compliance
 - 2.1. a new Vector will meet all new emissions standards and comply with road safety requirements
3. Reducing Costs
 - 3.1. VVWRA will no longer rely on third party contractors to stay compliant with the cleaning requirements stipulated in its Sanitary Sewer Management plan (SSMP), regulated by our WDR permit.
4. Increased reliability and decreased downtime
 - 4.1. Newer equipment will decrease downtime for repairs and increase productivity, which will help mitigate overtime costs.
5. ROI
 - 5.1. VVWRA spent \$203,000.00 last fiscal year repairing, maintaining, renting, and hiring Vector trucks to ensure compliance and avoid premature equipment failures. With a total delivered cost of \$579,780.41 as shown in the proposal from Haaker (Exhibit 1) VVWRA would be able to offset this cost in under 3 years.

Being such a large capital purchase staff researched multiple procurement options. Both options are through Sourcwell, which offers government agencies the guaranteed lowest price, the options are as follows:

1. Buy the Vector outright
2. A 5-year lease: This option has an annual payment of around \$125,000.00
3. A 3-year lease: This option has an annual payment of around \$200,000.00

The option of buying the vector outright was considered and dismissed because of the large upfront financial commitment. Either of the lease options are beneficial to VVWRA because the up-front cost is only \$675.00 do at closing of loan. The annual payment of the 5-year option is roughly the same as the Brown Bear lease payment was. With that being fully paid for, the funds that were reserved for the Brown Bear can now be used for the Vector truck and there is no further impact to our budget. All these numbers are detailed in the Lease Proposal from Sourcwell (Exhibit 2).

This staff recommendation is only to send a letter of intent to purchase (Exhibit 3) to Haaker so the manufacturing process can begin. The manufacture and delivery time of this unit is between

12 and 18 months. Being such, any option that we choose will not affect the VVWRA budget until fiscal year 23-24. We have notified Haaker that we will only move forward if the proposal is locked in at the current price. This is to protect VVWRA from the ever-increasing cost of materials required to manufacture the truck. They saw no issue continuing with this stipulation in place.

It is recommended that the Board of Commissioners authorize the General Manager to issue a letter of intent to lease a new Vector truck from the Haaker Equipment Company.

Attachment(s):

Exhibit 1 – Haaker Proposal

Exhibit 2 – Sourcewell Lease Proposal

Exhibit 3 – Letter of Intent to purchase

IRS FORM 8038-G

[To be prepared by Lessee]

CLOSING MEMORANDUM

**\$579,740.81 LEASE OF A NEW VACUUM TRUCK
PURSUANT TO THAT EQUIPMENT LEASE-PURCHASE AGREEMENT AND EQUIPMENT SCHEDULE THERETO
DATED MAY 15, 2023
BETWEEN VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY, AS LESSEE, AND
SIGNATURE PUBLIC FUNDING CORP., AS LESSOR**

Pre-Closing: Pre-Closing will be held at the Lessee's convenience, on or before May 15, 2023. All documents will be executed and three (3) blue ink originals will be overnighted to Donald S. Keough, Esquire, 600 Washington Avenue, Suite 305, Maryland 21204, for delivery no later than 9:00 am on the morning of May 15, 2023 and held in trust until such time as the wires and original documents are released by the Parties.

Closing: (1) By wire transfer and pending receipt of original, executed Lease Documents, on the morning of May 15, 2023, the Investor is authorized by Lessee to transfer via wire transfer the Total Equipment Cost (as defined below) to the Vendor as follows:

Bank Name:	<input type="text"/>
ABA Number:	<input type="text"/>
Account Number:	<input type="text"/>
Account Name:	<input type="text"/>
F/B/O:	<input type="text"/>
Attn:	<input type="text"/>

Counsel for each of the Parties will confirm by e-mail receipt of funds and then the release of all original documents held in trust, when such funds and/or documents are in the possession of each of the Parties.

Sources and Uses of Funds:

Principal Amount of Lease	\$579,740.81
TOTAL SOURCES	\$579,740.81
 Total Equipment Cost:	 \$579,740.81
TOTAL LEASE PROCEEDS	\$579,740.81

Attest:
VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY

By: _____
Name: Darron Poulsen
Title: General Manager

Victor Valley Wastewater Reclamation Authority



Financial and Cash Reports

For the Quarter Ended MARCH 31, 2023

Executive Summary of Financial Statements

For the Quarter Ended March 31, 2023

1. Cash balance on March 31, 2023, is \$16,528,970 with reserves required for operations. The agreements with State Water Resources Control Board require we maintain the loan principal and interest payment amount for the following year.

	<u>Current Balance</u>
O&M Reserve: 10% of Prior Year Budgeted Operating Expenses	\$ 1,446,868
R&R Reserve: 1% of Land Improvements/Plants/Interceptors PY CAFR	2,976,961
Reserve for SRF Payments (P& I) - Operating	2,749,738
Reserve for SRF Payments (P& I) - Capital	1,553,204
Cash Available for Operations and Capital	7,802,199
Total Cash	<u>\$ 16,528,970</u>

2. The financial statements for the quarter ended March 31, 2023, show a deficit of \$1,200,485 (a cumulative year-to-date deficit of \$3,539,327) to reflect \$2,838,060 (a cumulative \$8,623,837) depreciation expense. The depreciation expense is a part of financial statements but does not affect our cash flow.
3. The user fee revenue for the quarter is higher than a budgeted average quarterly amount by \$55,413. The connection fee revenue received during the quarter is lower than a budgeted average quarterly amount by \$617,532. The expenses are usually what the staff processed during the quarter that may not match corresponding revenues. The staff will record matching expenses at a year-end by accruing incurred costs.



Xiwei Wang, Accounting Supervisor

Victor Valley Wastewater Reclamation Authority
CASH AND RESERVE SUMMARY
 March 31, 2023

G/L Account	Description	Balance	% of Total
1000	DCB Checking Account	\$ 1,113,000	6.73%
1030	DCB Sweep Account	4,025,184	24.35%
1070	LAI	891,683	5.39%
1075	Cal Trust	10,499,104	63.52%
	Total Cash	<u>\$ 16,528,970</u>	<u>100.00%</u>

G/L Account	Description	Beginning Balance	Deposits or (Disbursement)	Ending Balance
1070	LAI	887,049	4,634	891,683
	Quarterly Interest Earned			Quarterly Yield
		1,651		0.19%

G/L Account	Description	Beginning Balance	Deposits or (Market Fluctuations)	Ending Balance
1074/1075	Cal Trust	10,364,870	134,234	10,499,104
	Quarterly Interest Earned excluding Value Fluctuation			Quarterly Yield
		64,933		0.63%

	Current Balance	Restricted	Assigned
O&M Reserve: 10% of Prior Year Budgeted Operating Expenses	\$ 1,446,868	\$	\$ 1,446,868
R&R Reserve: 1% of Land Improvements/Plants/Interceptors PY CAFR	2,976,961		2,976,961
Reserve for SRF Payments (P&I) - Operating	2,749,738	2,749,738	
Reserve for SRF Payments (P&I) - Capital	1,553,204	1,553,204	
Cash Available for Operations and Capital	7,802,199		
Total Cash	<u>\$ 16,528,970</u>	<u>\$ 4,302,942</u>	<u>\$ 4,423,829</u>

SRF LOAN PAYMENTS:

	9.5 MGD, 11.0 MGD, NAVI, Phase III-A	Upper Narrows Replacement	Nanticoke Bypass	Sub-Regional Apple Valley	Sub-Regional Hesperia	Total
Reserve for SRF Payments (P&I) - Operating	\$ 770,708	257,745	203,725	625,220	892,340	\$ 2,749,738
Reserve for SRF Payments (P&I) - Capital	515,054	-	67,909	399,731	570,510	1,553,204
	<u>\$ 1,285,762</u>	<u>257,745</u>	<u>271,634</u>	<u>1,024,951</u>	<u>1,462,850</u>	<u>\$ 4,302,942</u>

Payment Schedule

Upper Narrows Replacement	December	257,745
NAVI	February	258,152
Subregional - AV	February	1,024,951
Subregional - HES	February	1,462,850
Phase III-A	June	1,027,611
Nanticoke	June	271,633
		<u>\$ 4,302,942</u>

Notes: The above investments are in compliance with the VVWRA investment policy.

The above investments are made based on the prediction that the Authority will meet its anticipated expenditure requirements for the next six months.

Victor Valley Wastewater Reclamation Authority
Statement of Net Position
March 31, 2023

<u>Assets and Deferred Outflows of Resources</u>	<u>2023</u>
Current assets:	
Cash and cash equivalents	\$ 16,441,171
Interest receivable	5,775
Accounts receivable	6,049,774
Accounts receivable - Lease	1,122,654
Accounts receivable - Other	22,021
Allowance for Doubtful Accounts	(102,480)
Materials and supplies inventory	21,861
Prepaid expenses and other deposits	428,165
Total current assets	<u>23,988,941</u>
Fixed assets:	
Capital assets not being depreciated	2,965,650
Capital assets being depreciated	154,706,209
Total capital assets	<u>157,671,859</u>
Total assets	<u>181,660,800</u>
Deferred outflows of resources	
Deferred outflows of resources - OPEB	830,800
Deferred outflows of resources - pension	1,380,361
	<u>2,211,161</u>
Total	<u>\$ 183,871,961</u>
 <u>Liabilities, Deferred Inflows of Resources, and Net Position</u>	
Current liabilities:	
Accounts payable and accrued expenses	\$ 415,621
Accrued interest on long-term debt	216,311
Long-term liabilities - due within one year:	-
Compensated absences	107,652
Lease payables	202,920
Loans payables	3,371,095
Other payables	-
Total current liabilities	<u>4,313,599</u>
Non-current liabilities:	
Long-term liabilities - due in more than one year:	
Compensated absences	322,958
Other post employment benefits payable	3,362,746
Lease payables	129,234
Loans payable	66,251,879
Net pension liability	4,096,340
Other payables	90,632
Total non-current liabilities:	<u>74,253,789</u>
Total liabilities	<u>78,567,388</u>
Deferred inflows of resources	
Deferred inflows of resources - OPEB	693,421
Deferred inflows of resources - pension	3,665,745
Deferred inflows of resources - lease	985,185
	<u>5,344,351</u>
Net position:	
Net investment in capital assets	93,442,191
Restricted for capital projects	-
Restricted for SRF loan covenant	4,302,942
Unrestricted	5,754,416
Decrease in net position FY 2023	(3,539,327)
Total net position	<u>99,960,222</u>
Total	<u>\$ 183,871,961</u>

Victor Valley Wastewater Reclamation Authority
Revenues and Expenses
Operations and Maintenance
For the Quarter Ended March 31, 2023

	Quarter Actual January-March	YTD Actual FY 22-23	Approved Budget FY 22-23
REVENUES			
User Charges	\$ 5,087,679	\$ 15,273,926	\$ 20,129,066
Sludge Flow Charge	48,192	140,046	144,000
High Strength Waste Surcharges	6,052	17,637	38,400
Post Consumer Food Waste Revenue	153,489	387,563	960,000
Septage Receiving Facility Charges	209,226	640,661	645,240
Reclaimed Water Sales	12,160	44,378	110,644
Potable Well Water Sales	483	1,245	2,220
Interest	307	870	-
Pretreatment Fees	18,775	45,875	55,150
FOG Revenue	77,873	123,019	144,000
Grant - CalRecycle	153,489	-	-
Grant - USDA	-	-	-
Lease	30,000	90,000	220,000
Settlement Revenue	-	-	440,000
Sale of Assets, Scrap, & Misc Income	8,856	17,941	-
Total REVENUES	\$ 5,806,581	\$ 16,783,161	\$ 22,888,720
EXPENSES			
Personnel	\$ 1,423,631	\$ 5,172,856	\$ 7,160,432
Maintenance	713,783	2,173,970	3,854,345
Operations	1,210,931	3,356,234	5,076,702
Administrative	641,004	1,827,817	2,427,436
Construction and Capital Purchases	79,329	160,590	619,203
Total EXPENSES	\$ 4,068,678	\$ 12,691,467	\$ 19,138,118
Revenues over Expenses before Depreciation, Debt Service and Transfers	\$ 1,737,903	\$ 4,091,694	\$ 3,750,602
Depreciation Expense	2,838,060	8,623,837	-
FEMA CalOES Retention	-	-	-
DEBT SERVICE			
SRF Principal	-	-	2,128,289
SRF Interest	345,931	391,084	621,449
	\$ 345,931	\$ 391,084	\$ 2,749,738
FUND TRANSFERS IN			
Salary/Benefits Charge from Capital	-	-	-
Admin Charge from Capital	-	-	-
Total FUND TRANSFERS IN	\$ -	\$ -	\$ -
FUND TRANSFERS OUT			
Transfer to Repairs and Replacements Fund	-	-	-
Inter-fund loan payment to Capital	-	-	-
Total FUND TRANSFERS OUT	\$ -	\$ -	\$ -
Excess Revenues Over Expenses	\$ (1,446,088)	\$ (4,923,227)	\$ 1,000,864

Victor Valley Wastewater Reclamation Authority
Revenues and Expenditures
Capital
For the Quarter Ended March 31, 2023

	Quarter Actual January-March	YTD Actual FY 22-23	Approved Budget FY 22-23
REVENUES			
Connection Fees	\$ 218,164	\$ 1,726,422	\$ 3,342,782
Title 16 Grant - Subregional	-	-	-
Grant- Water Recycling	-	-	-
Sale of Assets, Scrap, & Misc Income	-	-	-
Interest	100,088	225,121	60,000
Grant - CalRecycle	-	-	-
Grant - USDA	-	-	-
CEC Microgrid Grant	-	-	-
FMV Adjustment	47,239	(18,889)	-
Total REVENUES	\$ 365,491	\$ 1,932,654	\$ 3,402,782
CAPITAL EXPENSES			
Personnel	\$ -	-	-
Maintenance	-	-	-
Operations	-	-	-
Administrative	-	(2,054)	-
Construction	119,888	317,200	-
Total CAPITAL EXPENSES	\$ 119,888	\$ 315,146	\$ -
Revenues over Expenses before Debt Service and Transfers	\$ 245,603	\$ 1,617,508	\$ 3,402,782
DEBT SERVICE			
SRF Principal	\$ -	-	\$ 1,242,807
SRF Interest	-	233,608	310,397
	\$ -	\$ 233,608	\$ 1,553,204
FUND TRANSFERS IN			
Capital Recovery - Septage from O&M	\$ -	-	-
Interfund Loan Payment from O&M	-	-	-
Total FUND TRANSFERS IN	\$ -	\$ -	\$ -
FUND TRANSFERS OUT			
Salary/Benefits Charge to O & M	\$ -	-	-
Admin Charge to O & M	-	-	-
Total FUND TRANSFERS OUT	\$ -	\$ -	\$ -
Excess Revenues Over Expenses	\$ 245,603	\$ 1,383,900	\$ 1,849,578

Accrual Basis

Victor Valley Wastewater Reclamation Authority
Statements of Cash Flows
For the Quarter Ended March 31, 2023

		<u>2023</u>
Cash flows from operating activities:		
Cash receipts from customers	\$	6,197,605
Cash paid to employees for salaries and wages		(1,426,227)
Cash paid to vendors and suppliers for materials and services		<u>(2,888,856)</u>
Net cash provided by operating activities		<u>1,882,522</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets		(79,329)
Payments for flood damage		-
Proceeds from connection fees		397,837
Proceeds from grant funding		-
Proceeds from loans		-
Principal and Interest paid for long-term debt		<u>(2,745,952)</u>
Net cash provided by (used in) capital and related financing activities		<u>(2,427,444)</u>
Cash flows from investing activities:		
Proceeds from sale of investments		-
Investment earnings		<u>145,666</u>
Net cash provided by investing activities		<u>145,666</u>
Net increase in cash and cash equivalents		(399,256)
Cash and cash equivalents, beginning of quarter		<u>16,840,427</u>
Cash and cash equivalents, end of quarter	\$	<u><u>16,441,171</u></u>
Reconciliation of cash and cash equivalents to the statements of net position:		
Cash and cash equivalents	\$	<u>16,441,171</u>
Total cash and cash equivalents	\$	<u><u>16,441,171</u></u>

VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
SRF LOAN SUMMARY
March 31, 2023

	Existing North Apple Valley Interceptor	Existing Phase IIIA Regulatory Upgrades	Existing UN Replacement Project	Existing Nanticoke Pump Station Bypass	Existing Apple Valley Sub-Regional	Existing Hesperia Sub-Regional	Total Agreed SRF Loans
SRF LOAN #	4658	5376	7805	7833	4806	4807	
Original Amount Financed	\$ 4,084,688.00	\$ 18,581,561.00	\$ 4,286,380.00	\$ 4,495,212.79	\$ 26,455,228.84	\$ 37,758,384.81	\$ 95,661,455.44
SRF Interest Rate (fixed)	2.50%	2.70%	1.90%	1.90%	1.00%	1.00%	Varies
Local Match Amount	-	-	-	-	-	-	-
Principal Forgiveness	n/a	3,000,000.00	n/a	n/a	n/a	n/a	3,000,000.00
SRF Amount Borrowed	4,084,688.00	15,717,667.66	4,286,380.00	4,495,212.79	26,455,228.84	37,758,384.81	92,797,562.10
Annual Payment Amount	258,151.05	1,027,609.73	257,745.38	271,632.70	1,024,950.85	1,462,850.30	4,302,940.01
Annual Payment Due Date	February 13	June 30	December 31	June 30	February 28	February 28	Varies
Loan Term (years)	20	20	20	20	30	30	Varies
Years remaining	1	10	10	15	25	25	Varies
DEBT SERVICE							
Loan Outstanding Balance	251,854.67	8,901,466.82	2,163,886.45	3,516,534.08	22,572,652.09	32,216,579.94	69,622,974.05
Principal Paid to Date	3,832,833.33	6,816,200.84	2,122,493.55	978,678.71	3,882,576.75	5,541,804.87	23,174,588.05
Interest Paid to Date	1,036,490.40	3,402,121.33	375,533.03	379,484.79	1,242,177.50	1,772,446.63	8,208,253.68
First Payment Date	Feb. 13, 2005	June 30, 2013	Dec. 31, 2016	Jun 30, 2018	February 28 2019	February 28 2019	Varies
Final Payment Date	Feb. 13, 2024	June 30, 2032	Dec. 31, 2032	Jun. 30, 2037	February 28, 2048	February 28, 2048	Varies
Effective interest rate	2.499%	2.700%	1.900%	1.900%	1.00%	1.00%	Varies

* An imputed interest rate is 1.707% per annum.

Victor Valley Wastewater Reclamation Authority



Operations and Maintenance Report

1st Quarter 2023

**Victor Valley Wastewater Reclamation Authority
Operations and Maintenance Report**

VWRA O&M Report – 1st Quarter 2023

Page 1

TO: Board of Commissioners
FROM: Brad Adams -- Plant Superintendent
SUBJECT: Operations & Maintenance Report
DATE: May 18, 2023

The following information details the operation of the Victor Valley Wastewater Reclamation Authority for the first quarter of 2023. Included in this report is pertinent information regarding flows, process control information, process sampling, permit requirements, operations activities, and facility maintenance activities.

Pertinent Flow / Receiving Data

Month	January	February	March	Quarterly Total
Total Flow Influent Flow	355.50 MG	321.47 MG	351.64 MG	1028.61 MG
Total Flow to Mojave	164.99 MG	141.95 MG	302.20 MG	609.14 MG
Total Flow to Perc Ponds	174.86 MG	165.48 MG	37.81 MG	378.15 MG
Total 3W Flow to American Organics	1.21 MG	1.12 MG	0.24 MG	2.57 MG
Total 3W Flow to Victorville	0 MG	0 MG	0 MG	0 MG
Total Hesperia Influent Flow	10.07 MG	8.49 MG	9.59 MG	28.15 MG
Total 3W Flow to Hesperia	1.84 MG	1.93 MG	4.18 MG	7.95 MG
Total Apple Valley Influent Flow	6.64 MG	5.77 MG	5.57 MG	17.98 MG
Total 3W Flow to Apple Valley	0 MG	0 MG	0 MG	0 MG
Total Septage Received	0.61 MG	0.48 MG	0.62 MG	1.71 MG
Total ADM/FOG Received	1.62 MG	1.28 MG	1.68 MG	4.58 MG
Total Digester Gas Production	23.3 MCF	23.9 MCF	27.2 M SCF	74.4 MSCF

Work Order Activity

KPI	Count				Percent			
	Jan	Feb	Mar	Total	Jan	Feb	Mar	Total
Planned Work Total	222	154	145	521				
Planned Work Completed	222	154	145	521	100%	100%	96%	98%
Planned Work Completed On-Time	199	149	134	451	90%	97%	92%	93%
Planned Work Incomplete	0	0	0	8	0%	0%	0%	2%
Planned Work Completed Late	22	5	10	31	9%	3%	6%	6%
Reactive Work Completed	143	111	131	1193	37%	29%	40%	23%
PM Work Completed	210	223	159	270	55%	59%	49%	71%
Total Work Completed	382	377	323	847				

VVWRA RWWTP Activities

- **Permit Continuous Monitoring Requirements**
 - Permit required monitoring equipment was on-line and working properly.
 - PH and conductivity probes cleaned and calibrated.
 - TSS and Turbidity probes were cleaned and calibrated.
 - UVT probe cleaned and calibrated.
 - Intensity probe verifications completed monthly.
- **Permit Violations**
 - There were Two different turbidity violations at the Hesperia plant.
- **Sampling**
 - All permit required samples for were collected and processed.
- **Safety**
 - Vehicle safety inspections completed monthly.
 - Gas Monitor inspections completed monthly.
 - Eyewash safety showers inspected monthly.
 - SCBA inspections completed monthly.
 - Hazardous storage area inspection completed.
 - Spill kit inspections completed.
- **Backup Generator Tests**
 - Routine testing of the backup generators completed monthly.
- **Essential Equipment Maintenance**
 - Aqua guard pre-treatment screen inspected and serviced, as necessary.
 - Headwork's conveyor belt lubed and inspected.
 - Grit classifier PMs completed.
 - Monthly daft lube PMs completed.
 - Primary clarifier shear pins replaced as needed.
 - Primary sludge pump PMs completed.
 - Pillar blower inspections completed.
 - Service air compressors inspected and serviced, as necessary.
 - Waukesha engine inspections completed.
 - Turblex blowers inspected and serviced, as necessary.
 - Monthly tertiary filters platform PMs completed.
 - Monthly tertiary filter cleaning PMs completed.
 - Monthly tertiary filter festoon inspections completed.
 - UV System cleaning PMs completed.
 - DAFT Air Compressor PMs completed.
 - DAFT monthly PMs completed.
 - Monthly UREA refills on CHPs completed.
 - CHP exhaust differential pressure readings taken.
 - CHP gas differential pressure readings taken.

Operations Activities

- **BNR Process**
 - Maintained permit compliance throughout BNR process.
- **ADM/FOG Receiving**
 - Continued ramping up the weekly truck loads.
- **CoDigestion**
 - All five digesters operating.
- **UV Disinfection**
 - Replaced 500 lamps and o-rings on Channel Two bringing all hours below 5,000.
 - Replaced hundreds of wipers and quartz sleeves.

Maintenance Activities

- **Process Equipment**
 - Waukesha engine #5 overhaul.
- **Vactor Cleaning**
 - Septage Receiving Grit Chamber.
 - Septage EQ basin.
 - Storm Drains.
 - Food waste receiving tanks
- **Pump services / Replacement.**
 - Organic waste feed pump changed to hose pump.
 - South RAS pump replaced.
 - CHP #2 repaired jacket water pump.

VVWRA Apple Valley WRP Activities

- **Permit Continuous Monitoring Requirements**
 - Permit required monitoring equipment was on-line and working properly.
 - PH probes cleaned and calibrated.
 - Turbidity analyzers were cleaned and calibrated.
 - UVT probe cleaned and calibrated.
 - Intensity probe verifications completed monthly.
- **Permit Violations**
 - No permit violations.

- **Sampling**
 - All permit required samples for were collected and processed.
- **Safety**
 - Gas Monitor inspections completed monthly.
 - Eyewash safety showers inspected monthly.
 - Spill kit inspections completed.
- **Backup Generator Tests**
 - Routine testing of the backup generators completed monthly.
- **Essential Equipment Maintenance**
 - Fine screens inspected and serviced, as necessary.
 - Aerzen process blower inspections completed and serviced, as necessary.
 - Aerzen MBR blower inspections completed and serviced, as necessary.
 - UV System cleaning PMs completed.
 - MBR system PMs completed, as necessary.

Operations Activities

- **MBR Basins**
 - Weekly maintenance cleans performed per manufacturer's recommendation.
 - Newest version of Fibracast membranes have been ordered and are scheduled to be delivered end of April.

Maintenance Activities

- **Otoe Lift Station**
 - Vactor truck cleaning of sewage wet well.
 - Annual generator service completed.
- **PMs / Inspections**
 - Inspection and maintenance of MCCs, and PLC cabinets completed.
 - Mechanical equipment PMs and inspections completed.
- **Services / Repair**
 - Annual generator service completed.

VVWRA Hesperia WRP Activities

- **Permit Continuous Monitoring Requirements**
 - Permit required monitoring equipment was on-line and working properly.
 - PH probes cleaned and calibrated.

- Turbidity analyzers were cleaned and calibrated.
- UVT probe cleaned and calibrated.
- Intensity probe verifications completed monthly.
- **Permit Violations**
 - No permit violations.
- **Sampling**
 - All permit required samples for were collected and processed.
- **Safety**
 - Gas Monitor inspections completed monthly.
 - Eyewash safety showers inspected monthly.
 - Spill kit inspections completed.
- **Backup Generator Tests**
 - Routine testing of the backup generators completed monthly.
- **Essential Equipment Maintenance**
 - Fine screens inspected and serviced, as necessary.
 - Aerzen process blower inspections completed and serviced, as necessary.
 - Aerzen MBR blower inspections completed and serviced, as necessary.
 - UV System cleaning PMs completed.
 - MBR system PMs completed, as necessary.

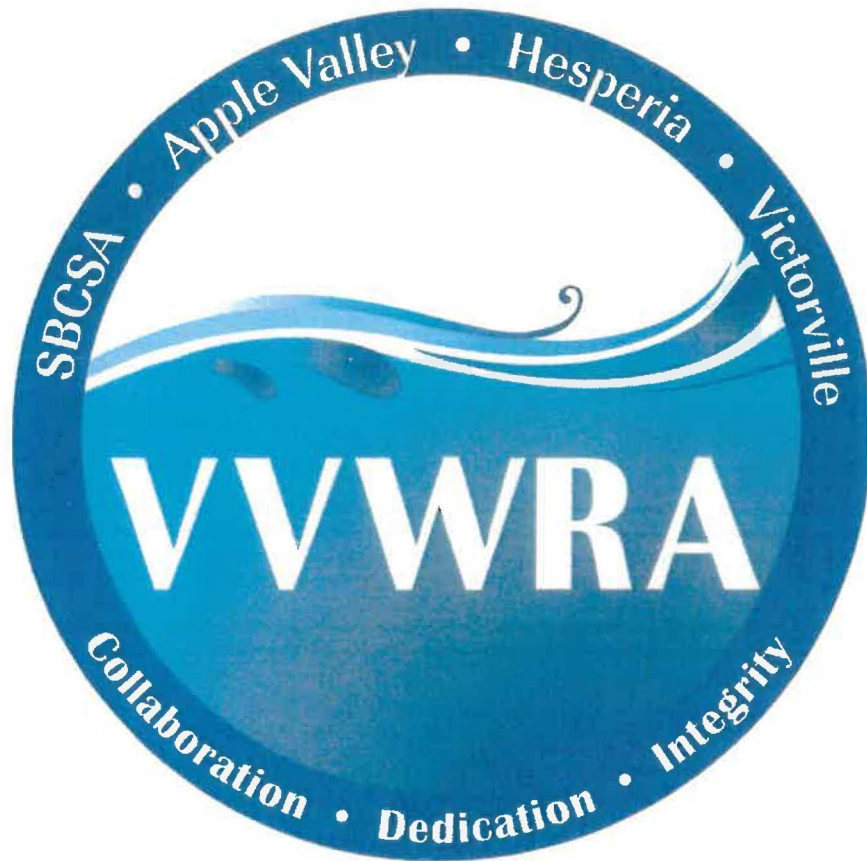
Operations Activities

- **MBR Basins**
 - Weekly maintenance cleans performed per manufacturer's recommendation.
- **Recycled Water Operations**
 - Sending water offsite to City of Hesperia recycled water storage tank.

Maintenance Activities

- **Hesperia Lift station**
 - Vactor truck cleaning of the sewage wet well.
- **PMs / Inspections**
 - Inspections and maintenance of MCCs, and PLC cabinets completed.
 - Mechanical equipment PMs and inspections completed.
- **Services / Repairs**
 - Feed Forward pump #1 repair.
 - Generator Service.

Victor Valley Wastewater Reclamation Authority



Environmental Compliance Department Report

January-March 2023

VWRA Environmental Compliance Department
Industrial Pretreatment Program

I. Interceptors Operation and Maintenance:

1. Interceptor's cleaning & CCTV:

SAVI MH 69 to MH 7 jetted completed.

2. Interceptors Inspections:

The following interceptors were visually inspected for signs of damage, vandalism, and evidence of sanitary sewer overflows:

- ✓ South Apple Valley & North Apple Valley.
- ✓ Schedule 1, 2, 3 & 4
- ✓ UNE Bypass HDPE pipe
- ✓ Hesperia, I Ave and Santa Fe.
- ✓ CSA 64
- ✓ Adelanto
- ✓ SCLA1

3. Damage and repair summary:

- ✓ None

4. Sanitary sewer overflows (SSO) Summary:

- ✓ Date of last reportable SSO: May 9th, 2022

5. Interceptors' maintenance budget remaining:

- ✓ The fiscal year 2022-2023 Interceptor sewer maintenance amount remaining for sewer cleaning and inspection services is \$58,695.25.

6. Dig Alert Underground tickets processed:

- ✓ A total of Two Hundred and Sixty (260) USA Tickets were received and processed.

7. Flow monitoring Studies:

- ✓ A flow monitoring study by ADS Environmental is continuing.
- ✓ The regional I&I study is ongoing.

II. Industrial pretreatment Activities:

1. **New Business Questionnaires and permits applications evaluated:**
 - ✓ Eighteen (18) New Business Questionnaires were processed in Quarter 1 of 2023.
 - ✓ Zero (0) New Business Inspections were conducted in Quarter 1 of 2023.
2. **New permits issued:**
 - ✓ Zero (0) New permit was issued in Quarter 1 of 2023.
3. **Permit renewals issued:**
 - ✓ Twenty-Four (24) permit renewals were issued in Quarter 1 of 2023.
4. **Work Orders:**
 - ✓ 101 Work Orders were completed in Quarter 1 of 2023.
5. **Monthly revenues collected and invoices issued:**
 - ✓ Revenues: \$14,400.00
 - ✓ Invoiced: \$20,250.00

III. Industrial Pretreatment Activities (continued)

1. Current enforcement actions:

- ✓ Zero (0) Notices of Violations were issued during Quarter 1 2023.

2. Current active industrial pretreatment permits:

- ✓ The current number of VVWRA's industrial wastewater discharge permits is 90; they are comprised as follows:

1	Class I	Categorical Industrial User
11	Class II	Non-Categorical Significant Industrial User
61	Class III	Non-Significant Industrial User
2	Class IV	Zero Discharge Industrial User
15	Class V	Sanitary Waste Haulers

- ✓ The permitted establishments include:

14	Automotive Service Facility
1	Brewery/Winery
23	Car Wash/Truck Wash/Bus Wash
8	Dry Cleaner
2	Grocery Store
3	Hospital
3	Misc. Industrial
1	Photographic
1	Print Shop
1	Prison
1	School/Church
3	Water Retail Store
15	Waste Haulers

- ✓ Permitted businesses are distributed among member entities as follows: 32 in Victorville, 12 in Apple Valley and 17 in Hesperia.

Victor Valley Wastewater Reclamation Authority



Environmental Compliance Department

Septage/FOG/ADM Quarterly Report

January-March 2023

1. Septage/FOG/ADM receiving invoices and payments monthly report:

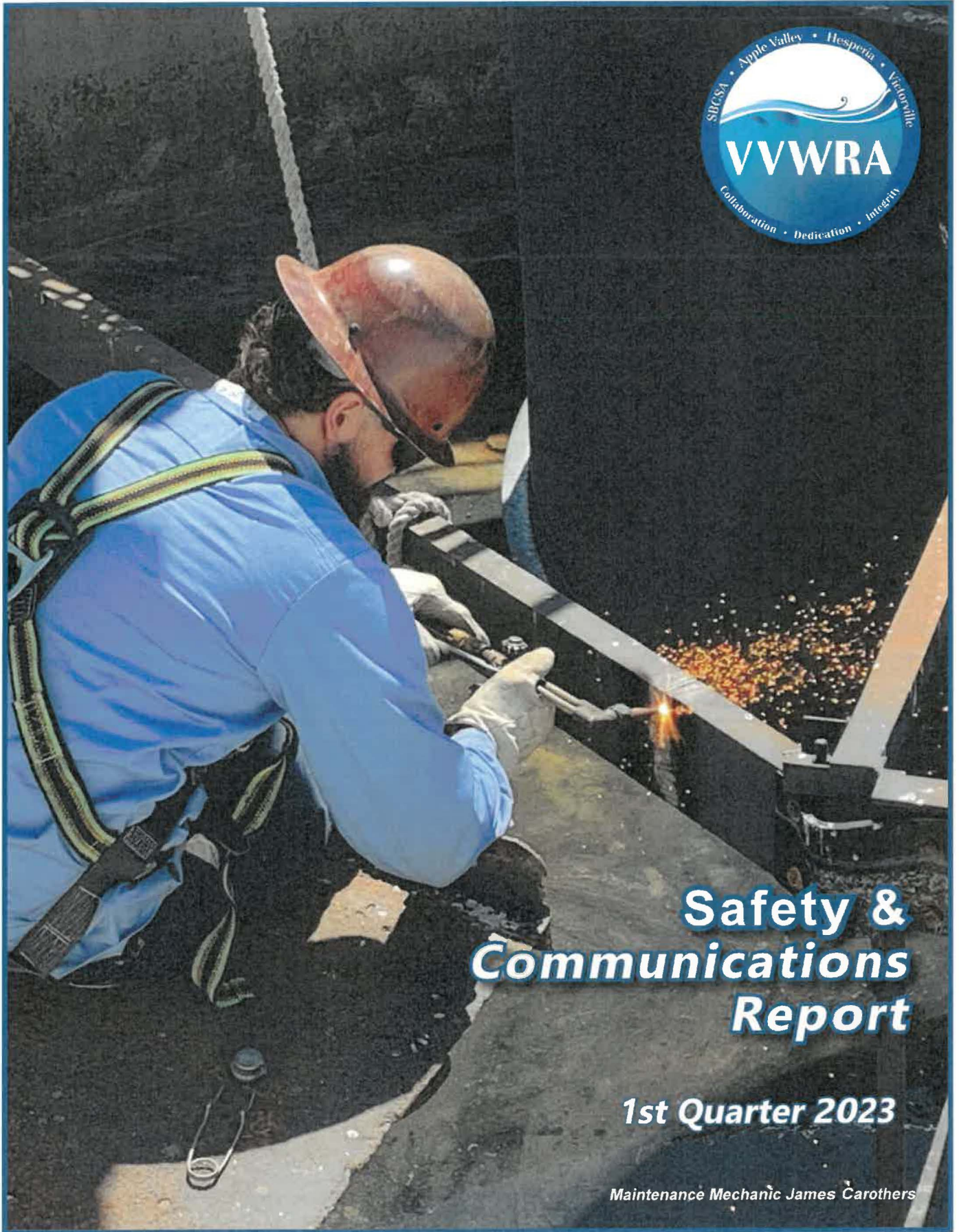
Payments and Invoices period: January 1st thru March 31st – Septage rate per Gallon: \$ 0.12
FOG/ADM rate per Gallon: \$ 0.05

Receiving invoices

ID No	Septage/FOG/ADM Hauler	Total Gallons	Invoice Amount
ABS000	Absolute Pumping	88,000	\$10,560.00
ALP000	Alpha Omega Septic Service	89,871	\$10,784.52
BUR000	Burns Septic	372,000	\$44,640.00
CIS000	Cisneros Bros Plumbing	196,180	\$23,541.60
HDS	HD Septic	65,000	\$7,800.00
HIT000	Hitt Plumbing	51,525	\$6,183.00
HON001	Honest Johns Septic Service, Inc	197,575	\$23,250.48
ROT001	T.R. Stewart Corp. dba Roto-Rooter	379,294	\$45,515.28
SEP005	Septic Control	110,425	\$13,251.00
USA000	USA Septic	252,000	\$30,240.00
	Totals	1,801,870	\$215,765.88
ALP002	Alpha Omega Septic Service	432,174	\$23,872.85
COW000	Co-West Commodities	1,097,800	\$54,890.00
FIN001	Finley Industrial Services	1,079,500	\$53,975.00
HIT001	Hitt Plumbing	27,480	\$1,374.00
PRE001	PreZero US Services	970,000	\$48,500.00
RIO000	Rios Organics Recovery	316,000	\$15,800.00
USL000	USL Parallel	659,000	\$32,950.00
	Totals	4,581,954	\$229,097.70

Septage/FOG/ADM receiving payments:

ID No	Business Name	Payments Received
ABS000	Absolute Pumping	\$7,200.00
ALP000	Alpha Omega Septic Service	\$7,369.92
BUR000	Burns Septic	\$33,120.00
CIS000	Cisneros Bros Plumbing	\$10,558.80
HDS	HD Septic	\$1,000.00
HIT000	Hitt Plumbing	\$1,648.80
HON001	Honest Johns Septic Service, Inc	\$30,087.72
ROT001	T.R. Stewart Corp. dba Roto Rooter	\$45,894.00
SEP005	Septic Control	\$10,600.56
USA000	USA Septic	\$18,216.00
ALP000	Alpha Omega Septic Service	\$20,787.80
COW000	Co-West Commodities	\$35,905.00
FIN001	Finely Industrial Services	\$41,650.00
HIT001	Hitt Plumbing	\$171.75
PRE01	PreZero US Services	\$30,000.00
RIO000	Rios Organics Recovery	\$9,500.00
USL000	USL Parallel	\$36,710.00
Grand Total		\$340,420.35





Safety

STAFF SAFETY TAILGATE TRAINING CONDUCTED

- Driving in the rain 1-4-23
- Back safety 1-11-23
- Hand safety 1-18-23
- Chemical handling 1-25-23

- Fire safety 2-1-23
- LOTO 2-8-23
- Bloodborne pathogens 2-15-23
- Safety attitude

- Hearing conservation 3-1-23
- Safe driving 3-8-23
- Ladder safety 3-15-23
- Confined space 3-22-23
- Traffic control 3-29-23





Safety

Safety Events/ Training

- Safety tailgates
- Daily, weekly and monthly plant inspections
- Staff has been assigned online safety courses
- Monthly safety committee meetings
- Online training- LOTO
- In-person-Overhead crane training

Unsafe Conditions Reported/Resolved

Date of last recordable accident/injury: July 13, 2022

Days since last recordable accident/injury:

261 Days as of 3/31/23



Safety

NEXT QUARTER'S SCHEDULE OF STAFF TRAINING/SAFETY EVENTS :

- Safety Tailgates will be conducted weekly
- Safety Committee meeting
- Online training- LOTO
- In-person-hearing, respiratory test--first aid and CPR

Outreach

- Spring edition of Purple Pipe scheduled for April release.
- Periodic social media posts on Facebook and Instagram.
- Plant tours for Mojave High School, Monterey One Water
- In person presentation at Serrano High School
- Booth at MWA water summit
- Options for Youth Career Fair at SB Co. Fairgrounds