

M e m o r a n d u m**Water Use Efficiency – Contracts**

Date:

To: ☐ VAULT
Records and Content Management
Business Services Office
Bonderson Building, Room 145
(1 Original)

☐ ACCOUNTING BRANCH
Contract Payables Section
Division of Fiscal Services
1416 Ninth St, Room 831
(1 Original & 1 Photocopy)

From: Vacant, Chief
Agriculture Unit
Water Use and Efficiency Branch, DSIWM
Department of Water Resources

**Subject: Distribution of Executed Funding Agreement for the
Water Use Efficiency Grant Program**

Bond Law: Proposition 1, the Water Quality, Supply, and Infrastructure
Improvement Act of 2014, Agricultural Water Use Efficiency 2015
Grants Program

Code Section: California Water Code Section 79746(a)(2)

Grantee: Los Angeles Department of Water and Power (Calconserve Loan)
4600012532

Funding Agreement Number: _____

Date of Execution of
Initial Agreement or Amendment: September 19, 2018

☐ The attached original or photocopy of the initial Funding Agreement is provided for long-term retention or on-going business needs.

☐ The attached original or photocopy of an Amendment to an existing Funding Agreement is provided for long-term retention or on-going business needs.

The contract will be retained by the VAULT for long-term retention as required for bond-funded projects. At the end of this retention period, a File Retention Notice (DWR Form 1947) will be provided to DWR Management/Program Managers regarding disposition of records from the VAULT.

CC: ☒ Water Use Efficiency Grant Program (1 photocopy)
☐ Water Use and Efficiency Branch—Administrative File

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**STATE OF CALIFORNIA
CALIFORNIA NATURAL RESOURCES AGENCY
DEPARTMENT OF WATER RESOURCES**

Agreement Number: 46000012532

**FUNDING AGREEMENT BETWEEN THE STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES
AND
LOS ANGELES DEPARTMENT OF WATER AND POWER**

FOR AN INSTITUTIONAL WATER USE EFFICIENCY LOAN PROGRAM

**A PART OF THE CALCONSERVE LOAN REVOLVING FUND PROGRAM
UNDER**

**PROPOSITION 1 WATER QUALITY, SUPPLY, AND INFRASTRUCTURE IMPROVEMENT
ACT OF 2014, CALCONSERVE WATER USE EFFICIENCY REVOLVING FUND LOAN
PROGRAM, CALIFORNIA WATER CODE SECTION 79746(a)(1); ASSEMBLY BILL 2636
(STATUTES OF 2014) AND AB 92 (STATUTES 2015) COMMENCING WITH WATER CODE
SECTION 81000.**

**FUNDING AGREEMENT BETWEEN THE STATE OF CALIFORNIA
(DEPARTMENT OF WATER RESOURCES) AND
LOS ANGELES DEPARTMENT OF WATER AND POWER
AGREEMENT NUMBER 4600012532**

**PROPOSITION 1 WATER QUALITY, SUPPLY, AND INFRASTRUCTURE IMPROVEMENT
ACT OF 2014, CALCONSERVE WATER USE EFFICIENCY REVOLVING FUND LOAN
PROGRAM,**

**CALIFORNIA WATER CODE SECTION 79746(a)(1); Assembly Bill 2636 (2014) and
Assembly Bill 92 (2015) commencing with Water Code Section 81000**

THIS FUNDING AGREEMENT is entered into by and between the Department of Water Resources of the State of California, herein referred to as the "State" and the Los Angeles Department of Water and Power, a public agency in the State of California, duly organized, existing, and acting pursuant to the laws thereof, herein referred to as the "Funding Recipient," which parties do hereby agree as follows:

- 1) PURPOSE. State shall provide loan funding from Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act of 2014 to Funding Recipient to assist in financing the Institutional Water Use Efficiency Loan Program pursuant to California Water Code Section 79746(a)(1); AB 2636 (Statutes of 2014); AB 92 (Statutes of 2015), commencing with Water Code Section 81000.
- 2) TERM OF FUNDING AGREEMENT. The term of this Funding Agreement begins on the date this Funding Agreement is executed by the State, and terminates three years after complete repayment of the loan and all other amounts owed under this Funding Agreement has been made (see Exhibit A-6), unless otherwise terminated or amended as provided in this Funding Agreement. Execution date is the date the State signs this Funding Agreement indicated on page 14.
- 3) PROJECT COST. The reasonable cost of the Project is estimated to be \$5,700,000.00 of which the State agrees that \$3,000,000.00 is eligible for CalConserve Revolving Fund financing.
- 4) FUNDING AMOUNT. The maximum amount the State will lend under this Agreement shall not exceed \$3,000,000.00 (the "Loan").

Funding Recipient agrees to repay the State the Principal Amount of the Loan and any other fees and costs due thereon in accordance with terms and conditions of this Funding Agreement.

- 5) FUNDING RECIPIENT LOCAL COST SHARE. Funding Recipient agrees to fund the difference, if any, between the actual Total Project Cost, as estimated in Exhibit B, and the amount specified in Paragraph 4. Cost Share consists of local cost share and other Non-State Funds, as documented in Exhibit B; see Exhibit H for guidance. Funding Recipient is required to provide a Cost Share of forty seven percent of the Total Project Cost (reduced from the required 50% due to partial benefits to be provided to disadvantaged communities). Funding Recipient's required Cost Share is estimated to be \$2,700,000.00.

Costs incurred or in-kind services performed after December 28, 2016 may be counted as local cost share.

- 6) FUNDING RECIPIENT'S RESPONSIBILITY. Funding Recipient and its representatives shall:
- a) Faithfully and expeditiously perform or cause to be performed all Project work as described in Exhibit A (Scope of Work) and in accordance with Exhibit B (Budget) and Exhibit C (Schedule).
 - b) Accept and agree to comply with all terms, provisions, conditions, and written commitments of this Funding Agreement, including all incorporated documents, and to fulfill all assurances, declarations, representations, and statements made by Funding Recipient in the application, documents, amendments, and communications filed in support of its request for financing under the Water Quality, Supply, and Infrastructure Improvement Act of 2014 and the CalConserve Water Use Efficiency Revolving Fund Loan Program (Water Code Section 81000 et seq.)
 - c) Comply with all applicable California laws and regulations.
 - d) Implement the Project in accordance with applicable provisions of the law.
 - e) Fulfill its obligations under the Funding Agreement and be responsible for the performance of the Project.
- 7) BASIC CONDITIONS. State shall have no obligation to disburse money for a Project under this Funding Agreement until Funding Recipient has satisfied the following conditions:
- a) Funding Recipient demonstrates the availability of sufficient funds to complete the Project, as stated in the Cost-Share Commitment Letter, by submitting the most recent three (3) years of audited financial statements.
 - b) Funding Recipient must demonstrate compliance with the groundwater compliance options set forth in Exhibit III of the CalConserve Water Use Efficiency Revolving Fund Program Guidelines and Proposal Solicitation Package, June 16, 2016.
 - c) For the duration of the Project, Funding Recipient submits timely Semi-Annual Progress Reports as required by Paragraph 19, "Submission of Reports."
 - d) Funding Recipient submits all deliverables as specified in Paragraph 19 of this Funding Agreement and in Exhibit A.
 - e) Prior to the commencement of construction or implementation activities, Funding Recipient shall submit the following to the State:
 - 1) Work that is subject to the California Environmental Quality Act (CEQA) and or environmental permitting shall not proceed under this Funding Agreement until the following actions are performed:
 - i) Funding Recipient submits to the State all applicable environmental permits as indicated on the Environmental Information Form to the State,
 - ii) Documents that satisfy the CEQA process are received by the State,

- iii) State has completed its CEQA compliance review as a Responsible Agency, and
- iv) Funding Recipient receives written concurrence from the State of Lead Agency's CEQA document(s) and State notice of verification of environmental permit submittal.

State's concurrence of Lead Agency's CEQA documents is fully discretionary and shall constitute a condition precedent to any work (i.e., construction or implementation activities) for which it is required. Once CEQA documentation has been completed, State will consider the environmental documents and decide whether to continue to fund the Project or to require changes, alterations or other mitigation. Funding Recipient must comply with CEQA, including tribal consultation requirements imposed by Public Resources Code Sections 21080.3.1 and 21080.3.2, as applicable. Funding Recipient must also demonstrate that it has complied with all applicable requirements of the National Environmental Policy Act by submitting copies of any environmental documents, including environmental impact statements, Finding of No Significant Impact, mitigation monitoring programs, and environmental permits as may be required prior to beginning construction/implementation.

- 2) A monitoring plan as required by Paragraph 21, "Project Monitoring Plan Requirements."
- 8) DISBURSEMENT OF FUNDS. State will disburse the amount approved of funds in accordance to Exhibit A, Section A-6 to the Funding Recipient, subject to the availability of funds through normal State processes. Notwithstanding any other provision of this Funding Agreement, no disbursement shall be required at any time or in any manner which is in violation of, or in conflict with, federal or state laws, rules, or regulations, or which may require any rebates to the federal government, or any loss of tax-free status on state bonds, pursuant to any federal statute or regulation. Any and all money disbursed to Funding Recipient under this Funding Agreement shall be used solely to pay Eligible Project Costs.
- 9) RATE OF INTEREST. The rate of interest to be paid by the Funding Recipient on the Principal Amount of the Loan shall be 0.0% percent per annum (the "Rate of Interest").
- 10) LOAN REPAYMENT TERMS. The loan repayment to the State shall begin within one (1) year from the date of receiving the last disbursement of the loan funding. The loan shall be repaid over a period not to exceed 20 years, as more particularly described in the "Amortization Schedule" attached as Exhibit A, Section A-6.
 - a) Terms of Repayment. Funding Recipient will submit payments semiannually for the principal sum. The payment shall include a remittance statement showing payment and outstanding Principal Amount.
 - b) The final semiannual loan repayment by the Funding Recipient shall be in an amount equal to the then outstanding Principal Amount of the Loan.

- c) Unless earlier payment is required by the terms of this Funding Agreement, the Principal Amount of the Loan, and any other charges or fees shall be due and payable twenty (20) years from the due date of the first Payment.
- d) Prepayment Option. Funding Recipient may make prepayment against principal without penalty, and provided further, that any such prepayment shall not relieve Funding Recipient of its obligations to make regularly-scheduled payments in the amount and at the time specified in the Amortization Schedule. Any prepayment must be coordinated with State prior to the making of any such payment to ensure proper credit to Funding Recipient's account.
- e) Payment Delinquency. Any payment of principal required to be paid by Funding Recipient to State pursuant to this Funding Agreement that remains unpaid after it becomes due and payable shall be delinquent. Delinquent interest charges shall be in addition to any other charges or payments owing State from Funding Recipient and shall accrue at the rate of one tenth of one percent (0.1%) per day, on the amount of such delinquent payment, for each day it remains unpaid past the tenth (10th) day after the date payment was due (the "Delinquent Interest"). The Delinquent Interest assessed will not be added to the Principal Amount of the Loan but will be treated as a separate account and obligation of Funding Recipient. Delinquent Interest shall accrue on the total payment amount from the due date of payment through the date payment is made. Any payment by Funding Recipient under terms of this Agreement is deemed to have been made when it is received by State.

11) ELIGIBLE PROJECT COST. Funding Recipient shall apply State funds received only to eligible Project Costs in accordance with applicable provisions of the law and Exhibit B. Eligible Project Costs include the reasonable costs of studies, engineering, design, land and easement acquisition, legal fees, preparation of environmental documentation, environmental mitigations, monitoring, and Project construction. Administrative expenses may not be included as Project Costs (CWC §81033). Work performed on the Project after the award date of December 28, 2016, shall be eligible for Cost Share.

Costs that are not eligible for funding with State funds cannot be counted as Cost Share, unless expressly authorized below. Costs that are not eligible for State funding include but are not limited to the following items:

- a) Costs incurred prior to the award date of the Loan Funds.
- b) Operation and maintenance costs, including post construction performance and monitoring costs.
- c) Purchase of equipment not an integral part of a Project.
- d) Establishing a reserve fund.
- e) Purchase of water supply.
- f) Monitoring and assessment costs for efforts required after Project construction is complete.

- g) Replacement of existing funding sources for ongoing programs.
- h) Support of certain existing agency requirements and mandates (e.g., punitive regulatory agency requirement).
- i) Purchase of land in excess of the minimum required acreage necessary to operate as an integral part of a Project, as set forth and detailed by engineering and feasibility studies.
- j) Payment of principal or interest of existing indebtedness or any interest payments unless the debt is incurred after execution of this Funding Agreement, the State agrees in writing to the eligibility of the costs for funding before the debt is incurred, and the purposes for which the debt is incurred are otherwise eligible costs. However, this will only be allowed as Funding Recipient cost share.
- k) Administrative and overhead costs. However, administrative and overhead costs that are directly related to the project can be counted as Funding Recipient local cost share.
- l) Capital outlay expenditures not tied directly and exclusively to the achievement of the Project purposes. Equipment (such as computers, non-dedicated monitoring equipment, and others) that can be used for other purposes.
- m) Vehicles.

12) FISCAL SERVICES AND DEPOSIT ACCOUNT. Funding Recipient shall utilize a Fiscal Agent authorized in Section 8.01 of Master Bond Resolution No. 4591, dated February 6, 2001, of the Board of Water and Power Commissioners of the City of Los Angeles (LADWP Master Bond Resolution). The Fiscal Agent shall be engaged until all amounts due to the State under the terms of this Agreement have been paid in full.

LADWP has established the City of Los Angeles City Treasurer as the Fiscal Agent for this agreement (see exhibit I).

Funding Recipient shall request the Fiscal Agent to establish a Debt Service Fund and Reserve Fund (as defined in Article K-4, hereof) in which the Funding Recipient shall maintain funds separate from any other account sufficient to service the Loan. Funds shall be used for payment of Principal and/or interest on the Loan, or any delinquencies thereon, until the Loan is repaid in full. Within sixty (60) days of the execution date described in Paragraph 2, the Funding Recipient shall obtain written confirmation from the Fiscal Agent that the Debt Service Fund and Reserve Fund have been established and submit this to the State for approval. The sixty-day period may be extended for good cause and upon written approval from State.

State shall have no obligation to make Disbursements under this Funding Agreement until the Fiscal Agent has been engaged and written confirmation from the Fiscal Agent on the establishment of the Debt Service Fund and Reserve Fund has been approved by the State.

13) METHOD OF PAYMENT. After the disbursement requirements in Paragraph 7 "Basic Conditions" are met, State will disburse funding in accordance with Exhibit A, Section A-6 to Funding Recipient, as provided in Section 12, after the agreement execution. After receipt

of the initial loan installment, Funding Recipient is required to provide semi-annual reports describing the work performed. Disbursement of subsequent loan installments will be contingent upon approval of the first period tasks and timely receipt from the Funding Recipient of Progress Reports as required by Paragraph 19. Subsequent disbursements will follow receipt from Funding Recipient via United States (U.S.) mail or Express mail delivery of a "wet signature" invoice.

Reports submitted by Funding Recipient shall include an original signature and date (in ink) of Funding Recipient's Project Representative. Submit the original "wet signature" copy of the report to the following address:

Kristyne Van Skike
Department of Water Resources
Division of Statewide Integrated Water Management
Water Use and Efficiency Branch
901 P Street, Room 313A
P.O. Box 942836
Sacramento, CA 94236-0001

14) WITHHOLDING OF DISBURSEMENTS BY STATE: If State reasonably determines that a Project is not being implemented in accordance with the provisions of this Funding Agreement, or that Funding Recipient has failed in any other respect to comply with the provisions of this Funding Agreement, and if Funding Recipient does not remedy any such failure to State's reasonable satisfaction, State may withhold from Funding Recipient all or any portion of the State funding that it deems necessary to protect its interests. Where a portion of the State funding has been disbursed to the Funding Recipient and State notifies Funding Recipient of its decision not to release funds that have been withheld pursuant to Paragraph 15, the portion that has been disbursed shall thereafter be repaid immediately with interest at the California general obligation bond interest rate at the time the State notifies the Funding Recipient, as directed by State. State may consider Funding Recipient's refusal to repay the requested disbursed amount a contract breach subject to the default provisions in Paragraph 15, "Default Provisions." If State notifies Funding Recipient of its decision to withhold the entire funding amount from Funding Recipient pursuant to this paragraph, this Funding Agreement shall terminate upon receipt of such notice by Funding Recipient and the State shall no longer be required to provide funds under this Funding Agreement and the Funding Agreement shall no longer be binding on either party.

15) DEFAULT PROVISIONS: Funding Recipient will be in default under this Funding Agreement if any of the following occur:

- a) Substantial breaches of this Funding Agreement, or any supplement or amendment to it, or any other agreement between Funding Recipient and State evidencing or securing Funding Recipient's obligations.
- b) Making any false warranty, representation, or statement with respect to this Funding Agreement or the application filed to obtain this Funding Agreement.
- c) Failure to operate or maintain Project in accordance with this Funding Agreement.

- d) Failure to make any remittance required by this Funding Agreement.
- e) Failure to comply with Labor Compliance Plan requirements.
- f) Failure to submit timely progress reports.
- g) Failure to routinely invoice State.
- h) Failure to meet any of the requirements set forth in Paragraph 16, "Continuing Eligibility."

Should an event of default occur, State shall provide a notice of default to the Funding Recipient and shall give Funding Recipient at least ten (10) calendar days to cure the default from the date the notice is sent via first-class mail to the Funding Recipient. If the Funding Recipient fails to cure the default within the time prescribed by the State, State may do any of the following:

- i) Declare the funding be immediately repaid, with interest, which shall be equal to State of California general obligation bond interest rate in effect at the time of the default.
- j) Terminate any obligation to make future payments to Funding Recipient.
- k) Terminate the Funding Agreement.
- l) Take any other action that it deems necessary to protect its interests.

16) CONTINUING ELIGIBILITY. Funding Recipient must meet the following ongoing requirement(s) to remain eligible to receive State funds:

Current applicable legal and regulatory requirements including, but not limited to:

- a) An urban water supplier that receives loan funds governed by this Funding Agreement shall:
 - 1) Maintain compliance with the Urban Water Management Planning Act (CWC §10610 et. seq.) and Sustainable Water Use and Demand Reduction, Part 2.55 of Division 6 (CWC §10608 et. seq.). By July 1, 2016 all urban water suppliers must submit documentation that demonstrates they are meeting the 2015 interim Gallons per Capita per Day (GPCD) target. If not meeting the interim target, the Funding Recipient shall also provide a schedule, financing plan, and budget for achieving the GPCD target, as required pursuant to CWC §10608.24, for inclusion in the Funding Agreement as Exhibit O, if applicable. For more information visit the following website: <http://www.water.ca.gov/urbanwatermanagement>.
 - 2) Comply with Water Metering Requirements (CWC §525 et seq.).
- b) An agricultural water supplier that receives loan funds governed by this Funding Agreement shall comply with the following:
 - 1) AB1404 Aggregated Farm-gate Delivery reporting requirements (CWC §531 et. seq.).
 - 2) Agricultural Water Measurement requirements (CCR §597 et. seq.).

- 3) Efficient Water Management Practices (EWMPs) Sustainable Water Use and Demand Reduction requirements outlined in Part 2.55 (commencing with §10608.48) of Division 6 of the CWC. If not already implementing the required EWMPs, the Funding Recipient shall also provide a schedule, financing plan, and budget for implementation of the EWMPs, required pursuant to CWC § 10608.48, for inclusion in the Funding Agreement (CWC §10608.56(d) as Exhibit N, if applicable.
 - 4) Submission of an Agricultural Water Management Plan (AWMP) deemed by the State as meeting the requirements of the Agricultural Water Management Planning Act (CWC §10800 et. seq.). The current AWMP update is 2015. The next AWMP update will be required in 2020. For more information visit the following website: <http://www.water.ca.gov/wateruseefficiency/agricultural/agmgmt.cfm>.
 - c) Funding Recipients or Project Cooperators that have been designated as monitoring entities under the California Statewide Groundwater Elevation Monitoring (CASGEM) Program must maintain reporting compliance, as required by CWC §10932 and CASGEM requirements (CWC §10920 et. seq.).
 - d) Agencies subject to a 2020 or 2022 Groundwater Sustainability Plan shall comply with plan requirements and data submittal in accordance with CWC §10725.
 - e) Funding Recipients diverting surface water must maintain compliance with diversion reporting requirements as outlined in Part 5.1 of Division 2 and in Division 3 of the CWC.
- 17) PERMITS, LICENSES, APPROVALS, AND LEGAL OBLIGATIONS. Funding Recipient shall be responsible for obtaining any and all permits, licenses, and approvals required for performing any work under this Funding Agreement, including those necessary to perform design, construction, or operation and maintenance of the Project. Funding Recipient shall be responsible for observing and complying with any applicable federal, state, and local laws, rules or regulations affecting any such work, specifically those including, but not limited to, environmental, procurement, and safety laws, rules, regulations, and ordinances. Funding Recipient shall provide copies of permits and approvals to State.
- 18) RELATIONSHIP OF PARTIES. Funding Recipient is solely responsible for design, construction, and operation and maintenance of Projects within the work plan. Review or approval of plans, specifications, bid documents, or other construction documents by State is solely for the purpose of proper administration of funds by State and shall not be deemed to relieve or restrict responsibilities of Funding Recipient under this Funding Agreement.
- 19) SUBMISSION OF REPORTS. The submittal and approval of all reports is a requirement for the successful completion of this Funding Agreement. Reports shall meet generally accepted professional standards for technical reporting and shall be proofread for content, numerical accuracy, spelling, and grammar prior to submittal to State. All reports shall be submitted to the State's Project Manager. If requested, Funding Recipient shall promptly provide any additional information deemed necessary by the State for the approval of reports. Reports shall be presented in the formats described in the applicable portion of Exhibit F. The timely submittal of reports is a requirement for initial and continued

disbursement of State funds. Submittal and subsequent approval by the State of a Project Completion Report is a requirement for the release of any funds retained for such Project.

- a) Progress Reports: Funding Recipient shall submit Semi-Annual Progress Reports to meet the State's requirement for disbursement of funds. Progress Reports shall be submitted to the State's Project Manager. Progress Reports shall, in part, provide a brief description of the work performed, Funding Recipient's activities, milestones achieved, any accomplishments and any problems encountered in the performance of the work under this Funding Agreement during the reporting period. The first Progress Report should be submitted to the State no later than six months after execution of the Funding Agreement with future reports then due on successive six-month increments.
- b) Project Final Reports: Funding Recipient shall prepare and submit to State a separate Project Final Report. Funding Recipient shall submit a Project Final Report within ninety (90) calendar days of Project completion. Project Final Report shall include, in part, a description of actual work done, any changes or amendments to the Project, and a final schedule showing actual progress versus planned progress, copies of any final documents or reports generated or utilized during the Project.
- c) Annual Post-Project Performance Report. During the first 5 years after project completion, annual reports will be required. The Funding Recipient is required to submit an annual report no later than March 1 of the subsequent calendar year summarizing post-project activities. Future eligibility for state funding considers Funding Recipient's fulfillment of this reporting requirement.

20) OPERATION AND MAINTENANCE OF PROJECT. For the useful life of construction and implementation projects and in consideration of the funding made by State, Funding Recipient agrees to ensure or cause to be performed the commencement and continued operation of the Project, and shall ensure or cause the Project to be operated in an efficient and economical manner; shall ensure all repairs, renewals, and replacements necessary to the efficient operation of the same are provided; and shall ensure or cause the same to be maintained in as good and efficient condition as upon its construction, ordinary and reasonable wear and depreciation excepted. The State shall not be liable for any cost of such maintenance, management, or operation. Funding Recipient or their successors may, with the written approval of State, transfer this responsibility to use, manage, and maintain the property. For purposes of this Funding Agreement, "useful life" means period during which an asset, property, or activity is expected to be usable for the purpose it was acquired or implemented; "operation costs" include direct costs incurred for material and labor needed for operations, utilities, insurance, and similar expenses, and "maintenance costs" include ordinary repairs and replacements of a recurring nature necessary for capital assets and basic structures and the expenditure of funds necessary to replace or reconstruct capital assets or basic structures. Refusal of Funding Recipient to ensure operation and maintenance of the Projects in accordance with this provision may, at the option of State, be considered a breach of this Funding Agreement and may be treated as default under Paragraph 15, "Default Provisions."

21)PROJECT MONITORING PLAN REQUIREMENTS. Exhibit A of this Funding Agreement shall contain a Project Monitoring Plan. The Project Monitoring Plan should include:

- a) Baseline conditions.
- b) Responsible Party.
- c) Brief description of the monitoring plan and performance measures including
 - 1) Monitoring and measurement metrics;
 - 2) Success/failure criteria;
 - 3) Location of monitoring; and
 - 4) Frequency and duration of monitoring.
- d) Method of Reporting.
- e) Special Environmental Considerations.
- f) Verification of expected benefits methodologies.
- g) Consideration of External Factors.

See Exhibit G, "Requirements for Data Submittal", for web links and information regarding other State monitoring and data reporting requirements.

22)ACKNOWLEDGEMENT. Funding Recipient shall include appropriate acknowledgement of credit to the State for its support when promoting the Project or using any data and/or information developed under this Funding Agreement. To the extent practicable, a Project supported by funds made available through this program shall include signage informing the public that the project received funds from the Water Quality, Supply, and Infrastructure Improvement Act of 2014. (CWC §79707(g)).

23)PUBLIC UTILITIES AND MUTUAL WATER COMPANIES. A Project proposed by a public utility that is regulated by the Public Utilities Commission or a mutual water company shall have a clear and definite public purpose and shall benefit the customers of the water system and not the investors (Water Code §79712.(b)(1)).

24)STATEWIDE MONITORING REQUIREMENTS. Funding Recipient shall ensure that all groundwater projects and projects that include groundwater monitoring requirements are consistent with the Groundwater Quality Monitoring Act of 2001 in Part 2.76 (commencing with Section 10780) of Division 6 of California Water Code and, where applicable, that projects that affect water quality shall include a monitoring component that allows the integration of data into statewide monitoring efforts, including where applicable, the Surface Water Ambient Monitoring Program carried out by the State Water Resources Control Board.

25) NOTIFICATION OF STATE. Funding Recipient shall promptly notify the State, in writing, of the following items:

- a) Events or proposed changes that could affect the scope, budget, or work performed under this Funding Agreement. Funding Recipient agrees that no substantial change in the scope of a Project will be undertaken until written notice of the proposed change has been provided to State and State has given written approval for such change. Substantial changes generally include changes to the scope of work, schedule or term, and budget.
- b) Any public or media event publicizing the accomplishments and/or results of this Funding Agreement and provide the opportunity for attendance and participation by State's representatives. Funding Recipient shall make such notification at least fourteen (14) calendar days prior to the event.
- c) Final inspection of the completed work on a Project by a Registered Civil Engineer, in accordance with Standard Condition D.20, "Final Inspections and Certification of Registered Civil Engineer." Funding Recipient shall notify the State's Project Manager of the inspection date at least 14 calendar days prior to the inspection in order to provide State the opportunity to participate in the inspection.

26) NOTICES. Any notice, demand, request, consent, or approval that either party desires or is required to give to the other party under this Funding Agreement shall be in writing. Notices may be transmitted by any of the following means:

- a) By delivery in person.
- b) By certified U.S. mail, return receipt requested, postage prepaid.
- c) By "overnight" delivery service; provided that next-business-day delivery is requested by the sender.
- d) By electronic means.
- e) Notices delivered in person will be deemed effective immediately on receipt (or refusal of delivery or receipt). Notices sent by certified mail will be deemed effective given ten (10) calendar days after the date deposited with the U.S. Postal Service. Notices sent by overnight delivery service will be deemed effective one business day after the date deposited with the delivery service. Notices sent electronically will be effective on the date of transmission, which is documented in writing. Notices shall be sent to the below addresses. Either party may, by written notice to the other, designate a different address that shall be substituted for the one below.

27) PERFORMANCE EVALUATION. Upon completion of this Funding Agreement, Funding Recipient's performance will be evaluated by the State and a copy of the evaluation will be placed in the State file and a copy sent to the Funding Recipient.

28) SURVIVAL. Any provision of this Funding Agreement that imposes an obligation after the termination or expiration of this Funding Agreement shall survive the termination or expiration of this Funding Agreement.

29) FILING REPORTS WITH CALIFORNIA DEBT AND INVESTMENT ADVISORY

COMMISSION. As a recipient of a loan of funds under the CalConserve Water Use Efficiency Revolving Fund Loan Program, the Funding Recipient is deemed to be an "issuer" of "debt" and must comply with the Government Code section 8855(i), section 8855(j), and section 8855(k) with regard to filing reports with the California Debt and Investment Advisory Commission.

30) PROJECT REPRESENTATIVES. The Project Representatives during the term of this Funding Agreement are as follows:

Department of Water Resources
Fethi BenJemaa
Division of Statewide Integrated Water
Management
Water Use and Efficiency Branch
901 P Street, Room 313A
P.O. Box 942836
Sacramento, CA 94236-0001

Los Angeles Department of Water and Power
David Pettijohn
Los Angeles Department of Water and Power
Water Resources Division
111 N. Hope Street, Room 1460
Los Angeles, CA 90012

Direct all inquiries to the Project Manager:

Department of Water Resources
Kristyne Van Skike
Division of Statewide Integrated Water
Management
Water Use and Efficiency Branch
901 P Street, Room 313A
P.O. Box 942836
Sacramento, CA 94236-0001

Los Angeles Department of Water and Power
Terrence McCarthy
Los Angeles Department of Water and Power
Water Resources Division
111 N. Hope Street, Room 1460
Los Angeles, CA 90012

Either party may change its Project Representative or Project Manager upon written notice to the other party.

31) STANDARD PROVISIONS. The following Exhibits are attached and made a part of this Funding Agreement by this reference:

- Exhibit A – Scope of Work
- Exhibit B – Budget
- Exhibit C – Schedule
- Exhibit D – Standard Conditions
- Exhibit E – Funding Recipient Resolution
- Exhibit F – Report Formats and Requirements
- Exhibit G – Requirements for Data Submittal
- Exhibit H – State Audit Document Requirements and Local Cost Share Guidelines for Funding Recipients
- Exhibit I – Letter establishing City Treasurer as fiscal agent (Dated: _____)
- Exhibit J – Project Location
- Exhibit K – Security Requirements

IN WITNESS WHEREOF, the parties hereto have executed this Funding Agreement.

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES



Diana S. Brooks, Chief
Division of Statewide Integrated Water
Management
Water Use and Efficiency Branch
901 P Street, Room 313A
P.O. Box 942836
Sacramento, CA 94236-0001

Date

9-18-18

LOS ANGELES DEPARTMENT OF WATER
AND POWER



Richard F. Harasick, Senior Assistant
General Manager – Water System
Los Angeles Department of Water and Power
111 N. Hope Street, Room 1455
Los Angeles, CA 90012

Date

August 30, 2018

Approved as to Legal Form and Sufficiency



Robin Brewer, Assistant Chief Counsel
Office of Chief Counsel

Date

9-7-18

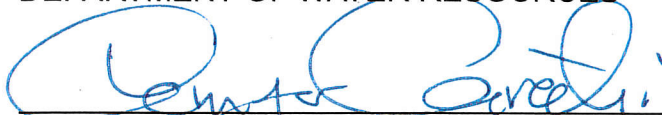
APPROVED AS TO FORM AND LEGALITY
MICHAEL N. FEUER, CITY ATTORNEY

AUG 17 2018

BY


JOHN A. CARVALHO
DEPUTY CITY ATTORNEY

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES



Kamyar Guivetchi, Chief
Division of Statewide Integrated Water Management
901 P Street, 2nd Floor
P.O. Box 942836
Sacramento, CA 94236-0001

Date

9/19/2018

Exhibit A

SCOPE OF WORK

A-1 Project Goals and Objectives

LADWP's Institutional Water Use Efficiency Loan Program (Program) will offer zero percent interest rate loans to institutional customers to finance water use efficiency upgrades at no upfront costs. The initial round of the Program will target LADWP's institutional customers from City Departments. Under ED5 (Los Angeles Mayor Eric Garcetti's Executive Directive Number 5 on Emergency Drought Response), City Departments are mandated to achieve specific water savings targets. Fiscal constraints have limited City Department's ability to finance water use efficiency projects in the past. Presently, there is a need to finance water use efficiency projects at City facilities.

By offering zero percent interest rate loans, with up to a minimum 15-year repayment period, a significant obstacle for implementing these projects will be removed. Optimally, the payment will be less than the bill savings from the water use efficiency measures, providing the customer with a positive cash flow even at the onset of repayment. In that ideal scenario customers' net payments would be slightly lower after project completion.

A-2 Project Description

Institutional water conservation and water use efficiency projects within LADWP's service area are eligible for funding. The types of eligible projects funded by this Program will include:

- Landscape irrigation system improvement/upgrades, such as installing weather-based irrigation controllers, moisture sensors, and water-efficient sprinklers
- System upgrades or retrofits to accept recycled water for irrigation or other non-potable uses
- Water conservation landscape conversion from traditional gardens to California Friendly landscapes
- Water use efficiency improvements/upgrades including but not limited to high-efficiency toilets, showerheads, faucet aerators, urinals, dishwashers, and clothes washers

The initial round of the Program will target LADWP's institutional customers from City Departments. If all funds are not awarded in the first round, LADWP will implement a second round of the Program extending loans to other (non-City) institutional customers.

1. Task 1: Administration and Oversight

To estimate administrative costs, LADWP made the conservative assumption that the Program would fund five projects. Administrative tasks include, but are not limited to, the development of program materials, outreach to potential applicants, review and evaluation of applications, negotiation and execution of funding agreements with selected applicants, project inspections, project reporting, and development of financial and customer service systems to manage State funds, billing, receivables, and payments to the State. These

costs may change based on the number of applications received, number of agreements executed, type of projects funded, etc.

LADWP Staff Resources and Consultant Support for Program Administration

The loan program will be administered by LADWP staff from the Water Conservation Policy Group throughout the duration of the project. Support to issue bills and collect payments will be provided by LADWP's Financial Services Organization. Staff with the following LADWP job classifications is expected to be initially responsible for planning, implementing, loan administration and monitoring phases of the Program:

One (1) Utility Services Manager – Responsible for providing management oversight of the program.

One (1) Waterworks Engineer – Responsible for supervising administrative staff and the day-to-day implementation of the program.

One (1) Civil Engineering Associate, Environmental Engineering Associate, Environmental Specialist, or equivalent – Responsible for providing technical and administrative support for the program.

One (1) Management Analyst - Responsible for overall administration of Program, monitoring and reporting, and miscellaneous activities.

One (1) Senior Clerk Typist/Administrative Clerk - Responsible for tracking, processing, and posting payments.

One (1) Senior Utility Services Specialist – Responsible for monitoring and site inspection.

One (1) Senior Utility Accountant and one (1) Utility Accountant – Responsible for managing debt service payments and ensuring compliance with California Debt and Investment Advisory Commission reporting requirements.

Changes in the LADWP administering groups and staff assignments during the course of the project may occur. This may include the addition of job classifications to the list provided above. During project implementation, these changes will be described in the semi-annual and/or final reports, as appropriate.

LADWP may also utilize outside consultant support to develop program materials and help initiate and implement the program. Consultant costs may be counted toward program local cost share.

1.1. Customer Outreach and Application

- **Develop and Finalize Program Materials** - LADWP will develop draft program materials, solicit stakeholder feedback, and finalize program materials for distribution to City Departments.
- **Application Deadline** – After initial outreach campaign is complete, applicants will have at least 60 days to submit an application.

- **Application Evaluation** – LADWP's application review committee will review applications according to Program evaluation criteria.
- **Awards** – Awards will be announced approximately 60 days after the application deadline. Once awards are announced, if funds remain unspent, LADWP will initiate Round 2.

LADWP will provide the following program materials to potential applicants:

- **Program Terms and Guidelines** - Detailed program information for applicants, including the application deadline, available loan funds and local cost share funds provided by LADWP, project evaluation criteria, eligible expenses, and reporting requirements.
- **Loan Application** – Customer application for funding and proposed project details.
- **Memorandum of Agreement (MOA)** – Sample MOA that will be jointly signed by successful applicants and LADWP to administer each loan, including detailed billing and collections procedure.
- **Schedule** – Sample schedule for repayment of loan and project implementation.

1.2. Advertisement

The Program will initially be limited to LADWP's institutional customers from City of Los Angeles (City) Departments. Outreach and advertising will target all City Departments that operate various types of City-owned properties and facilities, such as parks, recreation centers, police and fire stations, and various City government buildings, within the LADWP service territory. City Departments are billed separately as individual customers and represent some of LADWP's largest institutional consumers of water.

- **Direct Mail** – The heads of all City Departments will be mailed a program information package, which will include an inter-office memorandum advertising the program, flyer and program application.
- **Outreach Meetings** – Program staff will attend Water Cabinet and Department Chief Sustainability Officer (DCSO) meetings to disseminate information packages and advertise the program in-person.
- **Targeted Email Campaign** – Targeted email correspondence will be sent to all City Departments on LADWP's mailing list that have previously expressed interest in the program during Water Cabinet and DCSO meetings.

1.3. Loan Implementation

- **Customer Intake** – LADWP will set up customer in Program database
- **Execution of MOA or Loan Agreement** – Detailed MOA or Loan Agreement setting forth requirements, installment agreement, construction timeline, loan repayment schedule,

and billing and collections procedures will be negotiated and signed by LADWP and customer.

- **Pre-project Inspection** – LADWP will conduct site inspection to determine baseline conditions. Customer must demonstrate readiness to proceed and/or progress with construction in order to receive installments of the loan.
- **Loan Disbursement** – LADWP will issue initial installment payment.
- **Construction** – LADWP will monitor progress of project on an ongoing basis.
- **Inspection and Post-project report** – LADWP will inspect the project upon completion. Customer will be required to submit a post-project report detailing all expenditures and work completed. Water savings projections will be measured or calculated as appropriate.
- **Billing and Collections** – LADWP will generate invoices, monitor and process payments.
 - **Loan Repayment** – LADWP will remit payments to the State per the funding agreement.

1.4. Monitoring and Verification

- **Monitoring** - LADWP will provide ongoing monitoring as detailed in Section A-3.
- **Reporting** – LADWP will complete semi-annual, final, and annual post-project performance reports as required by the State.

1.5. Benefit Evaluation

Post-implementation water savings of devices and equipment may be calculated by comparing the water usage ratings of the new components with those replaced. Initial calculations for post-implementation water savings for landscape-related projects will use assumptions, industry standards, and methodologies that are consistent with the Model Water Efficiency Landscape Ordinance (MWELO). If feasible and appropriate, LADWP will monitor metered data following project completion. Metered data is typically collected on a monthly or bimonthly basis, depending on the customer. However, as mentioned previously, these data may not be sufficient or appropriate to fully verify project benefits.

Improved Water Savings

Estimated net water savings (acre-feet/year): 285 AFY

Estimated total amount of water to be saved (acre-feet): 5,700 AFY over 20 years

Increased In-stream Flow

Improved Water Quality

Decreased Water Shortages

Decreased Energy Use

2. Task 2: Loans to Customers

2.1. Customer Loan Program

On bill financing system - Initially, LADWP will generate a separate invoice to bill customers for water use efficiency loan repayment. LADWP is in the process of upgrading the customer billing system. Once the system upgrade is complete, LADWP anticipates the ability to charge the customer for outstanding loan balances on the water bill upon request.

Interest Rates – LADWP will offer a zero percent interest rate loan for this Program.

Estimated administrative costs – The cost to administer the program includes salary and wages of Project personnel over the course of the Project timeline, along with outside consultant costs. The consultant will be used if needed to limit impacts to on-going operations. Please refer to the Exhibit B – Budget for detailed administrative costs.

Source of funds to cover administrative costs – LADWP is committed to providing \$2.7 million in local cost share and in-kind services, which may include both direct and indirect labor expenses. Funding will come from LADWP's Water Revenue Fund, which is directly funded by the City's customers. Water conservation programs are funded through a designated pass through rate from the customer's bill.

Repayment timeline – Customers will be required to commence repayment to LADWP in the billing cycle immediately following project completion or six months prior to the date of LADWP's first loan repayment to the State (in accordance with Section 10), whichever is earlier. The billing cycle may vary between monthly, bi-monthly, or other frequency depending on the financial agreement and repayment schedule established in the agreement executed by LADWP and the customer.

How non-repayment of loans will be handled – Non-repayment of loans will be handled in accordance with LADWP's established billing and collections procedures. LADWP does not anticipate billing and collections issues with City Departments. In the event that the customer defaults on the loan, LADWP will notify the customer in writing within 30 days of the delinquency. Up to three collections notices will be generated. If the customer fails to remit payment after the third and final notice, LADWP shall have the right to pursue all remedies available under law.

A-3 Project Monitoring and Evaluation Plan

Project monitoring during implementation will include site inspections as needed, review of periodic progress reports provided by the applicant, and the final project inspection to verify completion of the proposed scope and note any changes from the original scope of work. For example, a final inspection could consist of verifying the final number of high-efficiency toilets or urinals installed, with final water savings benefits calculated based on the water usage rates of previous devices compared with the new devices. Monitoring information will be provided in semi-annual reports during the implementation as needed to justify advance payments.

Monitoring and evaluation procedures to estimate and report post-implementation water savings and other benefits will be developed based on the project scope and site conditions. Calculations and/or metered data will be used as appropriate.

Post-implementation water savings of devices and equipment may be calculated by comparing the water usage ratings of the new components with those replaced. Initial calculations for post-implementation water savings for landscape-related projects will use assumptions, industry standards, and methodologies that are consistent with MWELo. If feasible and appropriate, LADWP will monitor metered data following project completion. Metered data is typically collected on a monthly or bimonthly basis, depending on the customer. However, as mentioned previously, these data may not be sufficient or appropriate to fully verify project benefits.

For example, metered water usage data collected immediately after the completion of a project that replaces turf with California Friendly landscaping should not be used to calculate the post-implementation water savings of the project. New plants, even drought-tolerant ones, require an initial establishment period, during which more water than normal may be required. As a result, initial metered data would not be reflective of the long-term water saving benefits of the project, and would actually be relatively high during the plant establishment period. In this case, savings are better determined through a calculation that is consistent with the MWELo worksheet and based on site-specific characteristics, such as evapotranspiration rates based on location within the City, etc.

As discussed in Section A-5, a final comprehensive report will be provided to the State. Annual post-project performance reports will also be prepared and submitted to the State for each of the first 5 calendar or fiscal years after project completion.

A-4 DAC/EDA Involvement

The City encompasses about 473 square miles, which range in use from rural to densely-populated urban areas. City Departments operate City facilities serving residents of varying income levels in different parts of the City. A significant portion of the City has been identified as disadvantaged due to low income, high unemployment, low levels of homeownership, high rent burden, sensitive populations, and/or low levels of educational attainment. The United States Census Bureau's American Community Survey for 2010-2014 (ACS) indicates that the median household income (MHI) of the City is \$49,682.

This represents 80.7% of the State of California's MHI of \$61,489. DACs are currently defined as exhibiting less than 80% of the State's MHI. As a result, the City as a whole does not qualify as a DAC, but is poised at the threshold. The ACS indicates that 22.4% of Los Angeles residents live below the poverty level. Projects located within and providing benefits to a DAC will be given priority over non-DAC projects and will be eligible for an additional 10 points in scoring. A minimum of 10% of program funding will target DACs. However, if more projects in DACs are identified, up to 100% of the funding may be allocated to DACs.

A-5 Deliverables

The Funding Recipient is responsible for the following general deliverables:

- Semi-Annual reports documenting progress, task completion, cost-share expended, and project success. The first semi-annual report is due six months following disbursement of the initial loan installment. The last semi-annual report shall cover the period including the project completion date. See Exhibit F, Attachment 1.
- Draft Final Report - The draft final report and associated data are due at project end date, see Exhibit F, Attachment 2. The Draft Final Report may be combined with the semi-annual report that covers the period including the project completion date.
- Final Report - Due approximately two months following the project end date, see Exhibit F, Attachment 2.
- Annual post-project performance reports will also be prepared and submitted to the State for each of the first 5 calendar or fiscal years after project completion. See Exhibit F, Attachment 3.

A-6 Schedule for Loan Disbursements, Deliverables and Repayment

METHOD OF PAYMENT

After the disbursement requirements in Paragraph 7 "Basic Conditions" are met, State will disburse a portion of State funding to Funding Recipient, as provided in Section 12, within approximately 90 days of the agreement execution.

After receipt of the initial loan installment, Funding Recipient is required to provide semi-annual reports describing the work performed. Disbursement of subsequent loan installments will be contingent upon satisfactory completion of the first period tasks and timely receipt from the Funding Recipient of Progress Reports as required by Paragraph 19.

Subsequent disbursements will follow receipt from Funding Recipient via United States (U.S.) mail or Express mail delivery of a "wet signature" invoice.

Loan Installment Disbursement Timeline	Loan Installment No.	Beginning Balance	Principal	Ending Balance
August 2018	1	\$3,000,000	\$1,000,000	\$2,000,000
August 2019	2	\$2,000,000	\$1,000,000	\$1,000,000
August 2020	3	\$1,000,000	\$1,000,000	\$0

COST SHARE

LADWP commits \$2.7 million to the project (according to Exhibit E) and will report on each semi-annual report the amount of cost-share allocated or expended to satisfy Paragraph 5, "Funding Recipient Cost Share" of this agreement.

REPAYMENT TERMS

The financing term is up to 20 years or the useful life of the project, whichever is less.

- The loan repayment to the State shall begin within 1 year of complete disbursement of the loan funding, depending on the Amortization Schedule established with DWR accounting.
- The interest rate is equal to 0%.
- The borrower is required to establish an acceptable dedicated source of revenue for repayment of the loan.
- Borrowers may be required to secure the services of a fiscal agent to assist in administering repayment of the loan.
- DWR may waive up to 10% of the repayment amount for costs that could not be recovered by a local agency. (CWC §81023(c)).

LADWP will repay the State over a 20-year period. Payments will be issued to the State on a semi-annual basis. The loan repayment terms are detailed in the table below based on a proposed loan period starting in June 2020. However, this proposed loan schedule may be modified as needed.

Proposed Repayment Terms			
Loan amount	\$ 3,000,000.00	Scheduled payment	\$75,000.00
Annual interest rate	0%	Scheduled number of Payments	40
Loan period in years	20	Loan Period in years	20
Number of payments per year	2	Number of payments per year	2
Start date of loan	August 2018	First Payment	July 2021
Final Installment	August 2020	Final Payment	Jan 2040
Loan Maturation Date	May 2040	Total Loan Amount	\$3,000,000.00

Amortization Table- Semi-Annual Payments

Payment	Date	Payment Amount	Interest	Cumulative Payments	Principal Balance
1	Jul/2021	\$ 75,000.00	-	\$ 75,000.00	\$ 2,925,000.00
2	Jan/2022	\$ 75,000.00	-	\$ 150,000.00	\$ 2,850,000.00
3	Jul/2022	\$ 75,000.00	-	\$ 225,000.00	\$ 2,775,000.00
4	Jan/2023	\$ 75,000.00	-	\$ 300,000.00	\$ 2,700,000.00
5	Jul/2023	\$ 75,000.00	-	\$ 375,000.00	\$ 2,625,000.00
6	Jan/2024	\$ 75,000.00	-	\$ 450,000.00	\$ 2,550,000.00
7	Jul/2024	\$ 75,000.00	-	\$ 525,000.00	\$ 2,475,000.00
8	Jan/2025	\$ 75,000.00	-	\$ 600,000.00	\$ 2,400,000.00
9	Jul/2025	\$ 75,000.00	-	\$ 675,000.00	\$ 2,325,000.00
10	Jan/2026	\$ 75,000.00	-	\$ 750,000.00	\$ 2,250,000.00
11	Jul/2026	\$ 75,000.00	-	\$ 825,000.00	\$ 2,175,000.00
12	Jan/2027	\$ 75,000.00	-	\$ 900,000.00	\$ 2,100,000.00
13	Jul/2027	\$ 75,000.00	-	\$ 975,000.00	\$ 2,025,000.00
14	Jan/2028	\$ 75,000.00	-	\$ 1,050,000.00	\$ 1,950,000.00
15	Jul/2028	\$ 75,000.00	-	\$ 1,125,000.00	\$ 1,875,000.00
16	Jan/2029	\$ 75,000.00	-	\$ 1,200,000.00	\$ 1,800,000.00
17	Jul/2029	\$ 75,000.00	-	\$ 1,275,000.00	\$ 1,725,000.00
18	Jan/2030	\$ 75,000.00	-	\$ 1,350,000.00	\$ 1,650,000.00
19	Jul/2030	\$ 75,000.00	-	\$ 1,425,000.00	\$ 1,575,000.00
20	Jan/2031	\$ 75,000.00	-	\$ 1,500,000.00	\$ 1,500,000.00
21	Jul/2031	\$ 75,000.00	-	\$ 1,575,000.00	\$ 1,425,000.00
22	Jan/2032	\$ 75,000.00	-	\$ 1,650,000.00	\$ 1,350,000.00
23	Jul/2032	\$ 75,000.00	-	\$ 1,725,000.00	\$ 1,275,000.00
24	Jan/2033	\$ 75,000.00	-	\$ 1,800,000.00	\$ 1,200,000.00
25	Jul/2033	\$ 75,000.00	-	\$ 1,875,000.00	\$ 1,125,000.00
26	Jan/2034	\$ 75,000.00	-	\$ 1,950,000.00	\$ 1,050,000.00
27	Jul/2034	\$ 75,000.00	-	\$ 2,025,000.00	\$ 975,000.00
28	Jan/2035	\$ 75,000.00	-	\$ 2,100,000.00	\$ 900,000.00
29	Jul/2035	\$ 75,000.00	-	\$ 2,175,000.00	\$ 825,000.00
30	Jan/2036	\$ 75,000.00	-	\$ 2,250,000.00	\$ 750,000.00
31	Jul/2036	\$ 75,000.00	-	\$ 2,325,000.00	\$ 675,000.00
32	Jan/2037	\$ 75,000.00	-	\$ 2,400,000.00	\$ 600,000.00
33	Jul/2037	\$ 75,000.00	-	\$ 2,475,000.00	\$ 525,000.00
34	Jan/2038	\$ 75,000.00	-	\$ 2,550,000.00	\$ 450,000.00
35	Jul/2038	\$ 75,000.00	-	\$ 2,625,000.00	\$ 375,000.00
36	Jan/2039	\$ 75,000.00	-	\$ 2,700,000.00	\$ 300,000.00
37	Jul/2039	\$ 75,000.00	-	\$ 2,775,000.00	\$ 225,000.00
38	Jan/2040	\$ 75,000.00	-	\$ 2,850,000.00	\$ 150,000.00
39	Jul/2040	\$ 75,000.00	-	\$ 2,925,000.00	\$ 75,000.00
40	Jan/2041	\$ 75,000.00	-	\$ 3,000,000.00	\$ -

Exhibit B BUDGET

As shown in Table 1, LADWP intends to provide \$2,700,000 in local cost share to match State funds provided. The Program will aim to provide 10% of the State funding for projects that benefit economically disadvantaged communities (DACs). This is reflected in the table as a corresponding reduction in local cost share provided.

Local cost share funds will come from LADWP's Water Revenue Fund, which is provided by customers through the payment of their water bill. Water conservation programs are funded by a designated pass-through rate included in LADWP's rate structure.

Table 1: Program Budget					
Project Title: Institutional Water Use Efficiency Loan Program (Program)					
Applicant: Los Angeles Department of Water and Power (LADWP)					
Please provide a general program budget to include both local funds and requested state loan. State loan funds shall not be used for local agency administrative costs. (CWC §81033)					
Description		State Loan Funds		Local Cost Share*	Program Total
		Amount	% Provided to DACs/EDAs		
Task 1: Administrative Costs Tasks 1.1-1.5		N/A	-	\$ 318,000	\$ 318,000
Task 2: Loans to Customers	(Water use efficiency upgrades) or (Repairs and replacement of leaky pipes)	\$3,000,000	10 %	-	\$3,000,000
LADWP Rebates/Grants to Customers***		-	-	\$2,382,000	\$2,382,000
Total		\$3,000,000	10 %	\$2,700,000	\$5,700,000

(*) Cost share requirement: [Cost Share] must equal or exceed [State Loan Funds Amount] x (1-[% Provided to DACs/EDAs]/100).

(***) LADWP intends to match State loan funds with rebate and/or grant funding to the applicant

Exhibit C
SCHEDULE

Task Name	Estimated Start	Estimated Finish
Phase I: Customer Outreach and Application Period	June 2018	April 2019
Finalize program materials	June 2018	October 2018
Program outreach	August 2018	November 2018
Application submittals/deadline	October 2018	January 2019
Application evaluation	January 2019	March 2019
Awards	March 2019	April 2019
Phase 2: Loan implementation	April 2019	July 2024
Customer intake	April 2019	May 2019
Execution of MOU or Loan Agreement	April 2019	August 2019
Pre-project inspection	August 2019	November 2019
Initial Loan disbursement to the customer	November 2019	November 2019
Overall Program Construction Period	November 2019	May 2024
Final project inspection and Post-Project Customer Report Due	July 2024	July 2024
Phase 3: Ongoing Program Administration	June 2018	January 2041
Customer Billing and Collections	November 2019	April 2040
DWP loan repayment to the State	July 2021	January 2041
Customer repayment to DWP	November 2019	November 2040
Monitoring	November 2019	May 2024
Final report	July 2024	October 2024
Semi-annual reporting	June 2018	April 2024
Annual post-project reporting (Due March 1)	March 2025	March 2029
Optional Round 2 (through Loan Distribution)	April 2019	April 2020
Outreach through loan distribution to customer	April 2019	April 2020

Estimated Schedule: Gantt-Chart

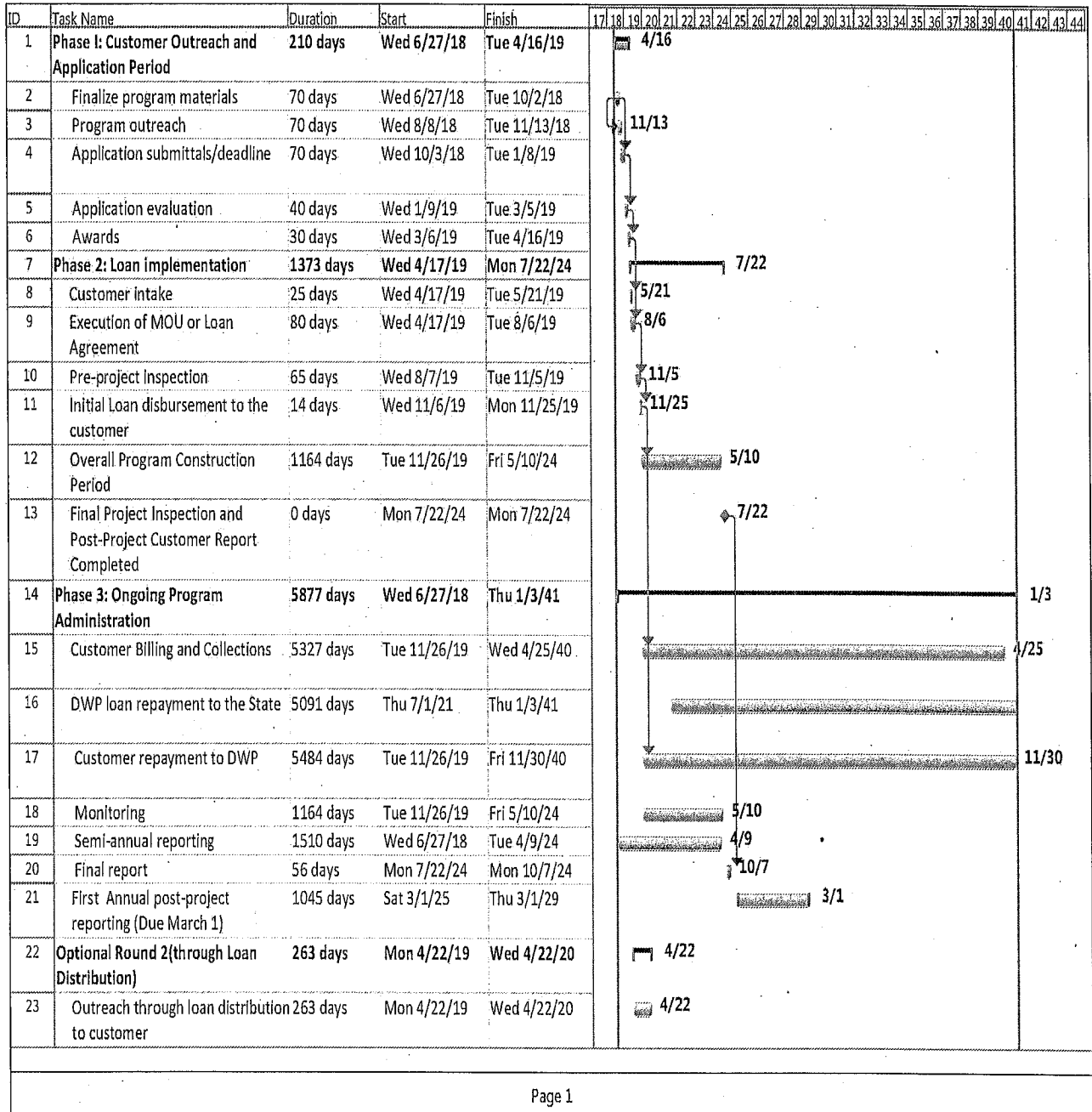


Exhibit D
STANDARD CONDITIONS

D.1) ACCOUNTING AND DEPOSIT OF FUNDING DISBURSEMENT:

- a) **Separate Accounting of Funding Disbursements:** Funding Recipient shall account for the money disbursed pursuant to this Funding Agreement separately from all other Funding Recipient funds. Funding Recipient shall maintain audit and accounting procedures that are in accordance with generally accepted accounting principles and practices, consistently applied. Funding Recipient shall keep complete and accurate records of all receipts and disbursements of such funds. Funding Recipient shall require its contractors or subcontractors to maintain books, records, and other documents pertinent to their work in accordance with generally accepted accounting principles and practices. Records are subject to inspection by State at any and all reasonable times.
- b) **Disposition of Money Disbursed:** All money disbursed pursuant to this Funding Agreement shall be deposited, administered, and accounted for pursuant to the provisions of applicable law and placed in a non-interest bearing account.
- c) **Remittance of Unexpended Funds:** Funding Recipient shall remit to State any unexpended funds that were disbursed to Funding Recipient under this Funding Agreement and were not used to pay Eligible Project Costs within a period of three years from the final disbursement from State to Funding Recipient of funds.

D.2) AIR OR WATER POLLUTION VIOLATION: Under State laws, the Funding Recipient shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to §13301 of the California Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

D.3) AMENDMENT: This Funding Agreement may be amended at any time by mutual agreement of the Parties, except insofar as any proposed amendments are in any way contrary to applicable law. Requests by the Funding Recipient for amendments must be in writing stating the amendment request and the reason for the request. State shall have no obligation to agree to an amendment.

D.4) AMERICANS WITH DISABILITIES ACT: By signing this Funding Agreement, Funding Recipient assures State that it complies with the Americans with Disabilities Act (ADA) of 1990, (42 U.S.C., 12101 et seq.), which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA.

D.5) APPROVAL: This Agreement is of no force or effect until signed by all parties to the agreement. Funding Recipient may not submit invoices or receive payment until all required signatures have been obtained.

- D.6) AUDITS: State reserves the right to conduct an audit at any time between the execution of this Funding Agreement and the completion of the Project, with the costs of such audit borne by State. After completion of the Project, State may require Funding Recipient to conduct a final audit to State's specifications, at Funding Recipient's expense, such audit to be conducted by and a report prepared by an independent Certified Public Accountant. Failure or refusal by Funding Recipient to comply with this provision shall be considered a breach of this Funding Agreement, and State may elect to pursue any remedies provided in Paragraph 15 or take any other action it deems necessary to protect its interests.

Pursuant to California Government Code § 8546.7, the Funding Recipient shall be subject to the examination and audit by the State for a period of three years after final repayment under this Funding Agreement with respect of all matters connected with this Funding Agreement, including but not limited to, the cost of administering this Funding Agreement. All records of Funding Recipient or its contractor or subcontractors shall be preserved for this purpose for at least three (3) years after agreement end date. If an audit reveals any impropriety, the Bureau of State Audits or the State Controller's Office may conduct a full audit of any or all of the Funding Recipient's activities. (Wat. Code, § 79708, subd. (c).)

- D.7) BUDGET CONTINGENCY: If the Budget Act of the current year covered under this Funding Agreement does not appropriate sufficient funds for the CalConserve Water Use Efficiency Revolving Loan Program, this Funding Agreement shall be of no force and effect. This provision shall be construed as a condition precedent to the obligation of State to make any payments under this Funding Agreement. In this event, State shall have no liability to pay any funds whatsoever to Funding Recipient or to furnish any other considerations under this Funding Agreement and Funding Recipient shall not be obligated to perform any provisions of this Funding Agreement. Nothing in this Funding Agreement shall be construed to provide Funding Recipient with a right of priority for payment over any other Funding Recipient. If funding for any fiscal year after the current year covered by this Funding Agreement is reduced or deleted by the Budget Act for purposes of this program, State shall have the option to either cancel this Funding Agreement with no liability occurring to State, or offer a Funding Agreement amendment to Funding Recipient to reflect the reduced amount.
- D.8) CALIFORNIA CONSERVATION CORPS: As required in California Water Code § 79038(b), Funding Recipient shall examine the feasibility of using the California Conservation Corps or community conservation corps to accomplish the habitat restoration, enhancement and protection activities listed in the Exhibit A, Scope of Work, and shall use the services of one of these organizations whenever feasible.
- D.9) CEQA: Activities funded under this Funding Agreement, regardless of funding source, must be in compliance with the California Environmental Quality Act (CEQA) (California Public Resources Code §21000 et seq.). Information on CEQA may be found at the following links:

Environmental Information: ceres.ca.gov/index.html

California State Clearinghouse Handbook: ceic.resources.ca.gov/

- D.10) CHILD SUPPORT COMPLIANCE ACT: For any Funding Agreement in excess of \$100,000, the Funding Recipient acknowledges in accordance with California Public Contract Code § 7110, that:
- a) The Funding Recipient recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with § 5200) of Part 5 of Division 9 of the California Family Code; and
 - b) The Funding Recipient, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.
- D.11) CLAIMS DISPUTE: Any claim that the Funding Recipient may have regarding performance of this agreement including, but not limited to, claims for additional compensation or extension of time, shall be submitted to the DWR Project Representative, within thirty (30) days of the Funding Recipient's knowledge of the claim. State and Funding Recipient shall then attempt to negotiate a resolution of such claim and process an amendment to this Agreement to implement the terms of any such resolution.
- D.12) COMPETITIVE BIDDING AND PROCUREMENTS: Funding Recipient shall comply with all applicable laws and regulations regarding securing competitive bids and undertaking competitive negotiations in Funding Recipient's contracts with other entities for acquisition of goods and services and construction of public works with funds provided by State under this Funding Agreement.
- D.13) COMPUTER SOFTWARE: Funding Recipient certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this Funding Agreement for the acquisition, operation, or maintenance of computer software in violation of copyright laws.
- D.14) CONFLICT OF INTEREST: All participants are subject to State and Federal conflict of interest laws. Failure to comply with these laws, including business and financial disclosure provisions, will result in the application being rejected and any subsequent contract being declared void. Other legal action may also be taken. Applicable statutes include, but are not limited to, California Government Code §1090 and California Public Contract Code §§ 10410 and 10411, for State conflict of interest requirements.
- a) Current State Employees: No State officer or employee shall engage in any employment, activity, or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any State agency, unless the employment, activity, or enterprise is required as a condition of regular State employment. No State officer or employee shall contract

on his or her own behalf as an independent contractor with any State agency to provide goods or services.

- b) **Former State Employees:** For the two-year period from the date he or she left State employment, no former State officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements, or any part of the decision-making process relevant to the contract while employed in any capacity by any State agency. For the twelve-month period from the date he or she left State employment, no former State officer or employee may enter into a contract with any State agency if he or she was employed by that State agency in a policy-making position in the same general subject area as the proposed contract within the twelve-month period prior to his or her leaving State service.
- c) **Employees of the Funding Recipient:** Employees of the Funding Recipient shall comply with all applicable provisions of law pertaining to conflicts of interest, including but not limited to any applicable conflict of interest provisions of the California Political Reform Act, California Government Code § 87100 et seq.
- d) **Employees and Consultants to the Funding Recipient:** Individuals working on behalf of a Funding Recipient may be required by the Department to file a Statement of Economic Interests (Fair Political Practices Commission Form 700) if it is determined that an individual is a consultant for Political Reform Act purposes.

D.15) **DELIVERY OF INFORMATION, REPORTS, AND DATA:** Funding Recipient agrees to expeditiously provide throughout the term of this Funding Agreement, such reports, data, information, and certifications as may be reasonably required by State.

D.16) **DISPOSITION OF EQUIPMENT:** Funding Recipient shall provide to State, not less than 30 calendar days prior to submission of the final invoice, an itemized inventory of equipment purchased with funds provided by State. The inventory shall include all items with a current estimated fair market value of more than \$5,000.00 per item. Within 60 calendar days of receipt of such inventory State shall provide Funding Recipient with a list of the items on the inventory that State will take title to. All other items shall become the property of Funding Recipient. State shall arrange for delivery from Funding Recipient of items that it takes title to. Cost of transportation, if any, shall be borne by State.

D.17) **DRUG-FREE WORKPLACE CERTIFICATION:** Certification of Compliance: By signing this Funding Agreement, Funding Recipient, its contractors or subcontractors hereby certify, under penalty of perjury under the laws of State of California, compliance with the requirements of the Drug-Free Workplace Act of 1990 (California Government Code § 8350 et seq.) and have or will provide a drug-free workplace by taking the following actions:

- a) Publish a statement notifying employees, contractors, and subcontractors that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees, contractors, or subcontractors for violations, as required by California Government Code § 8355(a)(1).

- b) Establish a Drug-Free Awareness Program, as required by California Government Code Section 8355(a)(2) to inform employees, contractors, or subcontractors about all of the following:
 - i) The dangers of drug abuse in the workplace,
 - ii) Funding Recipient's policy of maintaining a drug-free workplace,
 - iii) Any available counseling, rehabilitation, and employee assistance programs, and
 - iv) Penalties that may be imposed upon employees, contractors, and subcontractors for drug abuse violations.
- c) Provide, as required by California Government Code § 8355(a)(3), that every employee, contractor, and/or subcontractor who works under this Funding Agreement:
 - i) Will receive a copy of Funding Recipient's drug-free policy statement, and
 - ii) Will agree to abide by terms of Funding Recipient's condition of employment, contract or subcontract.

Where the Funding Recipient acquires an easement under this Agreement, the Funding Recipient agrees to monitor and enforce the terms of the easement, unless the easement is subsequently transferred to another land management or conservation organization or entity with State permission, at which time monitoring and enforcement responsibilities will transfer to the new easement owner.

Failure to provide an easement acceptable to the State can result in termination of this Agreement.

- D.18) FUNDING RECIPIENT COMMITMENTS: Funding Recipient accepts and agrees to comply with all terms, provisions, conditions and commitments of this Funding Agreement, including all incorporated documents, and to fulfill all assurances, declarations, representations, and statements made by the Funding Recipient in the application, documents, amendments, and communications filed in support of its request for funding.
- D.19) FUNDING RECIPIENT NAME CHANGE: Approval of the State's Program Manager is required to change the Funding Recipient's name as listed on this Funding Agreement. Upon receipt of legal documentation of the name change the State will process an amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.
- D.20) GOVERNING LAW: This Funding Agreement is governed by and shall be interpreted in accordance with the laws of the State of California.
- D.21) INDEMNIFICATION: Funding Recipient shall indemnify and hold and save the State, its officers, agents, and employees, free and harmless from any and all liabilities for any claims and damages that may arise out of the Project and this Agreement, and any breach of this Agreement. Funding Recipient shall require its contractors or

subcontractors to name the State, its officers, agents and employees as additional insureds on their liability insurance for activities undertaken pursuant to this Agreement.

- D.22) INDEPENDENT CAPACITY: Funding Recipient, and the agents and employees of Funding Recipients, in the performance of the Funding Agreement, shall act in an independent capacity and not as officers, employees, or agents of the State.
- D.23) INSPECTION OF BOOKS, RECORDS, AND REPORTS: During regular office hours, each of the parties hereto and their duly authorized representatives shall have the right to inspect and to make copies of any books, records, or reports of either party pertaining to this Funding Agreement or matters related hereto. Each of the parties hereto shall maintain and shall make available at all times for such inspection accurate records of all its costs, disbursements, and receipts with respect to its activities under this Funding Agreement. Failure or refusal by Funding Recipient to comply with this provision shall be considered a breach of this Funding Agreement, and State may withhold disbursements to Funding Recipient or take any other action it deems necessary to protect its interests.
- D.24) INSPECTIONS OF PROJECT BY STATE: State shall have the right to inspect the work being performed at any and all reasonable times during the term of the Funding Agreement. This right shall extend to any subcontracts, and Funding Recipient shall include provisions ensuring such access in all its contracts or subcontracts entered into pursuant to its Funding Agreement with State.
- D.25) LABOR CODE COMPLIANCE: The Funding Recipient agrees to be bound by all the provisions of the Labor Code regarding prevailing wages and shall monitor all contracts subject to reimbursement from this Agreement to assure that the prevailing wage provisions of the Labor Code are being met. Current Department of Industrial Relations (DIR) requirements may be found at: <http://www.dir.ca.gov/lcp.asp>. For more information, please refer to DIR's *Public Works Manual* at: <http://www.dir.ca.gov/dlse/PWManualCombined.pdf>.
- D.26) MODIFICATION OF OVERALL SCOPE OF WORK: At the request of the Funding Recipient, the State may at its sole discretion approve non-material changes to the portions of Exhibit A which concern the budget and without formally amending this Funding Agreement. Non-material changes with respect to the budget are changes that only result in reallocation of the budget and will not result in an increase in the amount of the State Funding Agreement. Non-material changes with respect to the Project schedule are changes that will not extend the term of this Funding Agreement. Requests for non-material changes to the budget and schedule must be submitted by the Funding Recipient to the State in writing and are not effective unless and until specifically approved by the State in writing.
- D.27) NONDISCRIMINATION: During the performance of this Funding Agreement, Funding Recipient and its contractors or subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex (gender), sexual orientation, race, color, ancestry, religion, creed, national origin (including language use restriction), pregnancy, physical disability (including HIV and

AIDS), mental disability, medical condition (cancer/genetic characteristics), age (over 40), marital status, and denial of medial and family care leave or pregnancy disability leave. Funding Recipient and its contractors or subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Funding Recipient and its contractors or subcontractors shall comply with the provisions of the California Fair Employment and Housing Act (CA Gov. Code §12990 (a-f) *et seq.*) and the applicable regulations promulgated there under (California Code of Regulations, Title 2, § 7285 *et seq.*). The applicable regulations of the Fair Employment and Housing Commission implementing California Government Code §12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Funding Recipient and its contractors or subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

Funding Recipient shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Funding Agreement.

- D.28) NO DISCRIMINATION AGAINST DOMESTIC PARTNERS: For contracts over \$100,000 executed or amended after January 1, 2007, the Funding Recipient certifies by signing this Funding Agreement, under penalty of perjury under the laws of State of California that Funding Recipient is in compliance with California Public Contract Code §10295.3.
- D.29) OPINIONS AND DETERMINATIONS: Where the terms of this Funding Agreement provide for action to be based upon, judgment, approval, review, or determination of either party hereto, such terms are not intended to be and shall never be construed as permitting such opinion, judgment, approval, review, or determination to be arbitrary, capricious, or unreasonable.
- D.30) PERFORMANCE AND ASSURANCES: Funding Recipient agrees to faithfully and expeditiously perform or cause to be performed all Project work as described in the Scope of Work and to apply State funds received only to Eligible Project Costs in accordance with applicable provisions of the law.
- D.31) PRIORITY HIRING CONSIDERATIONS: If this Funding Agreement includes services in excess of \$200,000, the Funding Recipient shall give priority consideration in filling vacancies in positions funded by the Funding Agreement to qualified recipients of aid under California Welfare and Institutions Code §11200 in accordance with California Public Contract Code §10353.
- D.32) PROHIBITION AGAINST DISPOSAL OF PROJECT WITHOUT STATE PERMISSION: The Funding Recipient shall not sell, abandon, lease, transfer, exchange, mortgage, hypothecate, or encumber in any manner whatsoever all or any portion of any real or other property necessarily connected or used in conjunction with the Project, or with Funding Recipient's service of water, without prior permission of State. Funding Recipient shall not take any action, including but not limited to actions relating to user fees, charges, and assessments that could adversely affect the ability of Funding Recipient meet its obligations under this Funding Agreement, without prior written

permission of State. State may require that the proceeds from the disposition of any real or personal property be remitted to State.

- D.33) REMEDIES NOT EXCLUSIVE: The use by either party of any remedy specified herein for the enforcement of this Funding Agreement is not exclusive and shall not deprive the party using such remedy of, or limit the application of, any other remedy provided by law.
- D.34) RETENTION: (N/A)
- D.35) RIGHTS IN DATA: Funding Recipient agrees that all data, plans, drawings, specifications, reports, computer programs, operating manuals, notes and other written or graphic work produced in the performance of this Funding Agreement shall be made available to the State and shall be in the public domain to the extent to which release of such materials is required under the California Public Records Act., California Government Code § 6250 *et seq.* Funding Recipient may disclose, disseminate and use in whole or in part, any final form data and information received, collected and developed under this Funding Agreement, subject to appropriate acknowledgement of credit to State for financial support. Funding Recipient shall not utilize the materials for any profit-making venture or sell or grant rights to a third party who intends to do so. The State shall have the right to use any data described in this paragraph for any public purpose.
- D.36) SEVERABILITY: Should any portion of this Funding Agreement be determined to be void or unenforceable, such shall be severed from the whole and the Funding Agreement shall continue as modified.
- D.37) SUSPENSION OF PAYMENTS: This Funding Agreement may be subject to suspension of payments or termination, or both, and Funding Recipient may be subject to debarment if the State determines that:
- a) Funding Recipient, its contractors, or subcontractors have made a false certification, or
 - b) Funding Recipient, its contractors, or subcontractors violates the certification by failing to carry out the requirements noted in this Funding Agreement.
- D.38) SUCCESSORS AND ASSIGNS: This Funding Agreement and all of its provisions shall apply to and bind the successors and assigns of the parties. No assignment or transfer of this Funding Agreement or any part thereof, rights hereunder, or interest herein by the Funding Recipient shall be valid unless and until it is approved by State and made subject to such reasonable terms and conditions as State may impose.
- D.39) TERMINATION BY FUNDING RECIPIENT: Subject to State approval which may be reasonably withheld, Funding Recipient may terminate this Agreement and be relieved of contractual obligations. In doing so, Funding Recipient must provide a reason(s) for termination. Funding Recipient must submit all progress reports summarizing accomplishments up until termination date.

- D.40) TERMINATION FOR CAUSE: Subject to the right to cure under Paragraph 15, the State may terminate this Funding Agreement and be relieved of any payments should Funding Recipient fail to perform the requirements of this Funding Agreement at the time and in the manner herein, provided including but not limited to reasons of default under Paragraph 15.
- D.41) TERMINATION WITHOUT CAUSE: The State may terminate this Agreement without cause on 30 days advance written notice.
- D.42) THIRD PARTY BENEFICIARIES: The parties to this Agreement do not intend to create rights in, or grant remedies to, any third party as a beneficiary of this Agreement, or any duty, covenant, obligation or understanding established herein.
- D.43) TIMELINESS: Time is of the essence in this Funding Agreement
- D.44) TRAVEL: Travel includes the reasonable and necessary costs of transportation, subsistence, and other associated costs incurred by personnel during the term of this Funding Agreement. State funding cannot be used for travel expenses. However, travel and per diem expenses may be counted as Funding Recipient local cost share under this Agreement provided they are at the same rates the State provides for unrepresented employees in accordance with the provisions of Title 2, Chapter 3, of the California Code of Regulations. These rates are published at <http://www.dpa.ca.gov/jobinfo/statetravel.shtml> or its successor website. For the purpose of computing such expenses, Funding Recipient's designated headquarters shall be: **111 N. Hope Street, Los Angeles, CA 90012.**
- D.45) UNION ORGANIZING: Funding Recipient, by signing this Funding Agreement, hereby acknowledges the applicability of California Government Code § 16645 through 16649 to this Funding Agreement. Furthermore, Funding Recipient, by signing this Funding Agreement, hereby certifies that:
- a) No State funds disbursed by this Funding Agreement will be used to assist, promote, or deter union organizing.
 - b) Funding Recipient shall account for State funds disbursed for a specific expenditure by this Funding Agreement to show those funds were allocated to that expenditure.
 - c) Funding Recipient shall, where State funds are not designated as described in (b) above, allocate, on a pro rata basis, all disbursements that support the program.
- D.46) If Funding Recipient makes expenditures to assist, promote, or deter union organizing, Funding Recipient will maintain records sufficient to show that no State funds were used for those expenditures and that Funding Recipient shall provide those records to the Attorney General upon request.
- D.47) The State and the Funding Recipient hereby agree that any action arising out of this Agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California.
- D.48) WAIVER OF RIGHTS: None of the provisions of this Funding Agreement shall be deemed waived unless expressly waived in writing. It is the intention of the parties here

to that from time to time either party may waive any of its rights under this Funding Agreement unless contrary to law. Any waiver by either party of rights arising in connection with the Funding Agreement shall not be deemed to be a waiver with respect to any other rights or matters, and such provisions shall continue in full force and effect.

- D.49) WORKERS' COMPENSATION: Funding Recipient affirms that it is aware of the provisions of §3700 of the California Labor Code, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and Funding Recipient affirms that it will comply with such provisions before commencing the performance of the work under this Funding Agreement and will make its contractors and subcontractors aware of this provision.
- D.50) VENUE: The State and the Funding Recipient hereby agree that any action arising out of this Agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California.

Exhibit E
AUTHORIZING RESOLUTION ACCEPTING FUNDS

Resolution No. **018067**

WHEREAS, the Los Angeles Department of Water and Power (LADWP) submitted an application to the Department of Water Resources (DWR) for the Proposition 1 CalConserve Water Use Efficiency Loan Fund (CalConserve) for loan funding for the Institutional Water Use Efficiency Loan Program (Program) to improve water use efficiency in the LADWP service area; and

WHEREAS, LADWP was notified on September 7, 2017, that the application for a \$3 million loan through CalConserve has been selected for funding; and

WHEREAS, City of Los Angeles departments, including LADWP, are working to implement Mayor Garcetti's Sustainable City pLAn (pLAn), which includes a strategy to lead by example through increased municipal water conservation, and Executive Directive Number 5 (ED5) on Emergency Drought Response, which directs City departments to achieve specific water saving targets; and

WHEREAS, the Program would provide zero-interest loans to City departments and other institutional customers to support the conservation goals of the pLAn and ED5; and

WHEREAS, LADWP will provide the required local cost share of \$2.7 million, per CalConserve requirements.

NOW, THEREFORE, BE IT resolved, that the Senior Assistant General Manager – Water System, or his/her designee, is hereby authorized, for and on behalf of LADWP, to accept the loan funds and execute a CalConserve funding agreement from DWR for the Program and any amendments to that agreement.

BE IT FURTHER RESOLVED that the Director of Water Resources, or his/her designee, is hereby authorized to provide the assurances, certifications, and commitments required for execution of and administration of a funding agreement, including certifying disbursement requests and implementing measures to comply with applicable Federal and State laws.

BE IT FURTHER RESOLVED that the Senior Assistant General Manager – Water System and the Director of Water Resources ("Designated Officers") and their designees, for or on behalf of LADWP, are hereby authorized and directed to do any and all things necessary to effect the execution of the funding agreement, and to carry out the terms thereof.

BE IT FURTHER RESOLVED that the Designated Officers and their designees are further authorized and directed, for and on behalf of LADWP, to execute all papers, documents, certificates, and other instruments that may be required in order to carry out the authority conferred by this Resolution.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of the Resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held OCT 17 2017.

Barbara E. Moschos
Secretary

APPROVED AS TO FORM AND LEGALITY
MICHAEL H. FLECHER, DEPUTY CITY ATTORNEY

SEP 25 2017

DEPUTY CITY ATTORNEY

Exhibit F

REPORT FORMATS AND REQUIREMENTS

The following reporting formats should be used. Please obtain State approval prior to submitting a report in an alternative format.

Attachment 1: Semi-Annual Progress Report

Attachment 2: Draft/Final Report

Attachment 3: Post-Project Performance Report

Exhibit F - Attachment 1
CalConserve Water Use Efficiency Revolving Fund (Prop 1)
Semi Annual Progress Report

Report Date:
Agreement Number:
Project Title:
Funding Recipient:
Contact Person:
Phone:
Email:

Period End Date:

Total State Funds Expended to Date: \$ _____

Signed, Reviewed by Designated Representative

Progress Achieved:

Project Component	Cumulative	Funds Expended This Reporting Period		
Task Number and Description	% Complete	DWR Loan	Local Cost Share	Total
Task 1 (Description)				
Task 2, Subtask 2.1 (Description)				
Task 2, Subtask 2.2 (Description)				
Task 3 (Description)				

Activities Performed:

- By task, describe the activities and deliverables completed during the reporting period to justify expenditures and reported progress.
- State the progress toward completion of the tasks compared to the Project schedule - Is the project on schedule or are there problems and delays?

Description of Estimated Benefits to Date:

Water Quantity – Local and State (list units in acre-feet)

- Annual water savings
- Total water savings for the life of the project reported as:

Increased In-stream Flow:

Improved Water Quality:

Decreased Water Shortages:

Decreased Energy Use:

Next Period Projections:

Describe planned activities, by task, for the next six months.

Please submit to your DWR Project Manager one original of the progress report

Exhibit F - Attachment 2

CalConserve Water Use Efficiency Revolving Fund (Prop 1)
Draft/Final Report

Report Date:
Agreement Number:
Project Title:
Funding Recipient:
Contact Person:
Phone:
Email:

Signed, Reviewed by Designated Representative

Description of Project Goals and Objectives

- List the original goals and objectives
- Detail of DWR-approved changes and/or adjustments made during the project
- Detail of causes to support changes and/or adjustments

Project Tasks

- As identified in the Agreement
- Tasks as actually performed
- Detail of causes to support changes and/or adjustments
- Detail of DWR-approved changes and/or adjustments throughout the project by task

Description of Expected Project Benefits (As Stated in the Proposal)

Water Quantity – Local and Bay Delta/State (list units in acre feet). Include a description of:

- Annual water savings
- Total water savings for the life of the project reported as:

Local

Bay Delta/State

In-stream Flow – Local and Bay Delta/State (list units in acre feet)

Local

Bay Delta/State

Water Quality – Local and Bay Delta/State

Local

Bay Delta/State

Energy Savings/GHG Emission Reductions – Local and State (*list units in kilowatts*)

Other – Include economic, environmental, drought mitigation, water shortage management, or other benefits, if any

Description of Actual Project Benefits (Achieved After Completion of the Project)

Water Quantity – Local and Bay Delta/State (list units in acre feet). Include a description of:

- Annual water savings
- Total water savings for the life of the project

Local

Bay Delta/State

In-stream Flow – Local and Bay Delta/State (list units in acre feet)

Local

Bay Delta/State

Water Quality – Local and Bay Delta/State

Local

Bay Delta/State

Energy savings/GHG Emission Reductions – Local and State (*list units in kilowatts*)

Other – Include economic, environmental, drought mitigation, water shortage management, or other benefits, if any

Description of Project Costs:

- Describe costs of this project including local, State share, and any other costs
- Changes and/or adjustments throughout the project (if any)
- Causes to support changes and/or adjustments

Monitoring and Assessment [Describe in detail]

- Qualitatively/quantitatively describe pre-project condition(s) that are expected to be improved by implementation of this project
- How monitoring and assessment was conducted for pre-project condition(s) and tools/methods/measures used for monitoring and assessment
- How monitoring and assessment was conducted for post-project condition(s) and tools/methods/measures used for monitoring and assessment
- Main indicators of success to achieve goals/objectives of this project
- Changes and/or adjustments throughout the project (if any)
- Causes to support changes and/or adjustments

Deliverables

- Deliverables (reports, maps, flyers, environmental documents, etc.) that were submitted to the Department as part of implementation of this project
- Changes and/or adjustments throughout the project (if any)
- Reasons of support changes and/or adjustments

Schedule or Timeline for Progress/Payment/Final Report

- Details of changes and/or adjustments throughout the project by task and overall
- Details of causes to support changes and/or adjustments

Cooperators

- Description of each cooperator/sub-contractor
- Details of each cooperator's performance and impacts on the outcome of this project

Final Statement

- Summary of expected and realized benefits/costs

Exhibit F - Attachment 3

**CalConserve Water Use Efficiency Revolving Fund (Prop 1)
Post-Project Annual Report of Benefits and Costs**

Annual reports of benefits and costs are required to be submitted for five (5) consecutive years after the project end date.

Report Date:
Agreement Number:
Project Title:
Funding Recipient:
Contact Person:
Phone:
Email:

Signed, Reviewed by Designated Representative

Description of Benefits and Costs

- Was there any revision in benefits and costs since the completion of the project?
- Describe the impacts of the implementation of the project on the Funding Recipient's water management since the project was completed.

Water Quantity – Local and State (list units in acre feet)

- Annual water savings
- Total water savings for the life of the project
- List targeted watershed, rivers and tributaries conveying water to the Bay-Delta.

In-stream Flow – Local and State (list units in acre feet)

- List targeted watershed, rivers and tributaries conveying water to the Bay-Delta.

Water Quality – Local and State

- List targeted watershed, rivers and tributaries conveying water to the Bay-Delta.

Drought Mitigation(s) –

Water Shortage Management –

Energy – Local and State (list units in kilowatts)

Other – Include economic or environmental benefits if any.

Exhibit G REQUIREMENTS FOR DATA SUBMITTAL

Surface and Groundwater Quality Data:

Groundwater quality and ambient surface water quality monitoring data that include chemical, physical, or biological data shall be submitted to the State as described below, with a narrative description of data submittal activities included in project reports, as described in Exhibit X.

Surface water quality monitoring data shall be prepared for submission to the California Environmental Data Exchange Network (CEDEN). The CEDEN data templates are available on the CEDEN website. Inclusion of additional data elements described on the data templates is desirable. Data ready for submission should be uploaded to your CEDEN Regional Data Center via the CEDEN website. CEDEN website:.

If a project's Scope of Work contains a groundwater ambient monitoring element, groundwater quality monitoring data shall be submitted to the State for inclusion in the State Water Resources Control Board's Groundwater Ambient Monitoring and Assessment (GAMA) Program. Information on the GAMA Program can be obtained at:

http://www.waterboards.ca.gov/water_issues/programs/gama/. If further information is required, the Funding Recipient can contact the State Water Resources Control Board (SWRCB) GAMA Program. A listing of SWRCB staff involved in the GAMA program can be found at: http://www.swrcb.ca.gov/water_issues/programs/gama/contact.shtml

Groundwater Level Data

For each project that collects groundwater level data, Funding Recipient will need to submit this data to DWR's Water Data Library (WDL), with a narrative description of data submittal activities included in project reports, as described in Exhibit E. Information regarding the WDL and in what format to submit data in can be found at:

<http://wdl.water.ca.gov/>

In the near future, DWR's WDL will be replaced by the California Statewide Groundwater Elevation Monitoring program (CASGEM). Once this Program comes online Funding Recipient will then submit groundwater level data to CASGEM. Information regarding the CASGEM program can be found at: <http://www.water.ca.gov/groundwater/casgem/>.

Aggregated Farm Gate Delivery Report

Each Funding Recipient or cooperator that is also an agricultural water supplier delivering 2,000 acre-feet of water or providing water to more than 2,000 acres of irrigated land must submit an aggregated farm gate delivery report using the form at:

<http://www.water.ca.gov/wateruseefficiency/agricultural/farmgatedelivery.cfm>

Surface Water Diversion Reporting

Each Funding Recipient and any cooperators that divert or store more than 10 acre-feet of surface water must measure and report diversions in accordance with the State Water Board monitoring and reporting. Details and information can be found at:

<http://www.waterboards.ca.gov/waterrights/waterissues/programs/measurementregulation/>

Exhibit H

STATE AUDIT DOCUMENT REQUIREMENTS AND LOCAL COST SHARE GUIDELINES FOR FUNDING RECIPIENTS

The following provides a list of documents typically required by State Auditors and general guidelines for Funding Recipients. List of documents pertains to both State funding and Funding Recipient's local cost share and details the documents/records that State Auditors would need to review in the event of this Funding Agreement is audited. Funding Recipients should ensure that such records are maintained for each funded project.

State Audit Document Requirements

Internal Controls

1. Organization chart (e.g., Agency's overall organization chart and organization chart for the State funded Program/Project).
2. Written internal procedures and flowcharts for the following:
 - a) Receipts and deposits
 - b) Disbursements
 - c) State reimbursement requests
 - d) Expenditure tracking of State funds
 - e) Guidelines, policy, and procedures on State funded Program/Project
3. Audit reports of the Agency internal control structure and/or financial statements within the last two years.
4. Prior audit reports on the State funded Program/Project.

State Funding:

1. Original Funding Agreement, any amendment(s) and budget modification documents.
2. A listing of all bond-funded grants, loans, or subventions received from the State.
3. A listing of all other funding sources for each Program/Project.

Contracts:

1. All subcontractor and consultant contracts and related or partners documents, if applicable.
2. Contracts between the Agency and any other entity as related to the State funded Program/Project.

Invoices:

1. Invoices from vendors and subcontractors for expenditures submitted to the State for payments under the Funding Agreement.
2. Documentation linking subcontractor invoices to State reimbursement, requests and related Funding Agreement budget line items.

3. Reimbursement requests submitted to the State for the Funding Agreement.

Cash Documents:

1. Receipts (copies of warrants) showing payments received from the State.
2. Deposit slips (or bank statements) showing deposit of the payments received from the State.
3. Cancelled checks or disbursement documents showing payments made to vendors, subcontractors, consultants, and/or agents under the grants or loans.
4. Bank statements showing the deposit of the receipts.

Accounting Records:

1. Ledgers showing entries for funding receipts and cash disbursements.
2. Ledgers showing receipts and cash disbursement entries of other funding sources.
3. Bridging documents that tie the general ledger to requests for Funding Agreement reimbursement.

Administration Costs:

1. Supporting documents showing the calculation of administration costs.

Personnel:

1. List of all contractors and Agency/member agency staff that worked on the State funded Program/Project.
2. Payroll records including timesheets for contractor staff and the Agency/member agency personnel who provided services charged to the program

Project Files:

1. All supporting documentation maintained in the project files.
2. All Funding Agreement related correspondence.

Local Cost Share Guidelines

Local cost share consists of non-State funds, including in-kind services. In-kind services are defined as work performed (i.e., dollar value of non-cash contributions) by the Funding Recipient (and potentially other parties) directly related to the execution of the funded project. Examples include volunteer services, equipment use, and use of facilities. The cost of in-kind service can be counted as local cost share in-lieu of actual funds (or revenue) provide by the Funding Recipient. Other local cost share and in-kind service eligibility conditions may apply. Provided below is guidance for documenting local cost share with and without in-kind services.

1. Although tracked separately, in-kind services shall be documented and, to the extent feasible, supported by the same methods used by the Funding Recipient for its own employees. Such documentation should include the following:
 - a. Detailed description of the contributed item(s) or service(s)

- b. Purpose for which the contribution was made (tied to project work plan)
 - c. Name of contributing organization and date of contribution
 - d. Real or approximate value of contribution. Who valued the contribution and how was the value determined? (e.g., actual, appraisal, fair market value, etc.). Justification of rate. (See item #2, below)
 - e. Person's name and the function of the contributing person
 - f. Number of hours contributed
 - g. If multiple sources exist, these should be summarized on a table with summed charges
 - h. Source of contribution if it was provided by, obtained with, or supported by government funds
2. Rates for volunteer or in-kind services shall be consistent with those paid for similar work in the Funding Recipient's organization. For example, volunteer service of clearing vegetation performed by an attorney shall be valued at a fair market value for this service, not the rate for professional legal services. In those instances in which the required skills are not found in the recipient organization, rates shall be consistent with those paid for similar work in the labor market. Paid fringe benefits that are reasonable, allowable and allocable may be included in the valuation.
3. Local cost share contribution (including in kind services) shall be for costs and services directly attributed to activities included in the Funding Agreement. These services, furnished by professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as in-kind if the activities are an integral and necessary part of the project funded by the Funding Agreement.
4. Cash contributions made to a project shall be documented as revenue and in-kind services as expenditure. These costs should be tracked separately in the Funding Recipient's accounting system.

Exhibit I

Exhibit I – Letter establishing City Treasurer as fiscal agent (Dated: _____)

Project Location

This map of Southern California illustrates the major transportation network and urban centers. Key features include:

- Major Cities:** Los Angeles, San Diego, San Francisco, San Jose, and Sacramento are labeled. Other significant cities shown include Anaheim, San Bernardino, Riverside, and San Luis Obispo.
- Highways:** The map displays a dense network of interstate and state highways, including I-5, I-15, I-805, I-405, I-10, I-580, and SR-99.
- Geographical Features:** The map shows the coastline of California, major rivers like the Colorado and Sacramento, and the location of the Mexican border.
- Scale:** A scale bar at the bottom indicates distances in miles (0 to 100) and kilometers (0 to 160).

Figure 1 Location Map City of Los Angeles

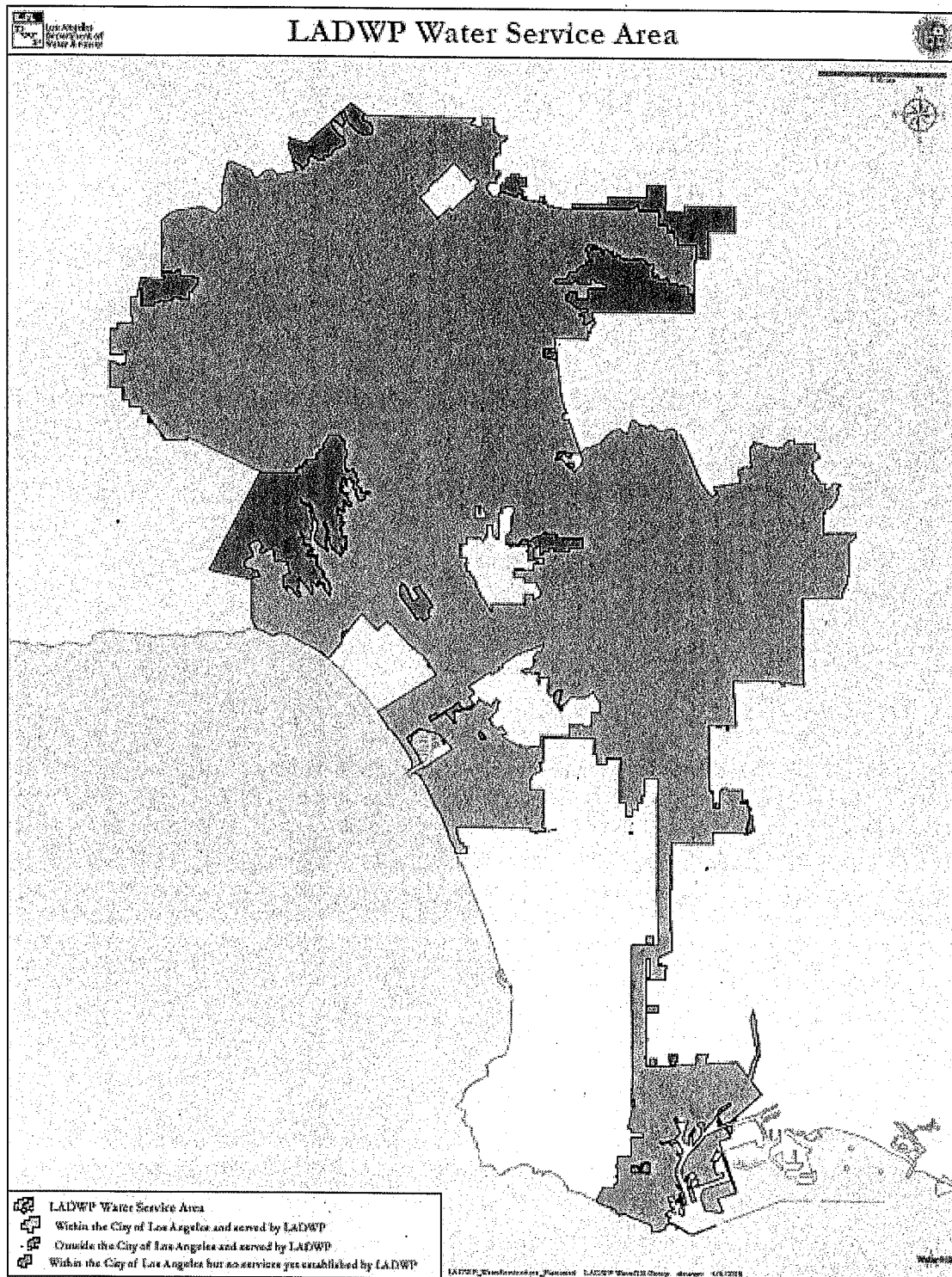
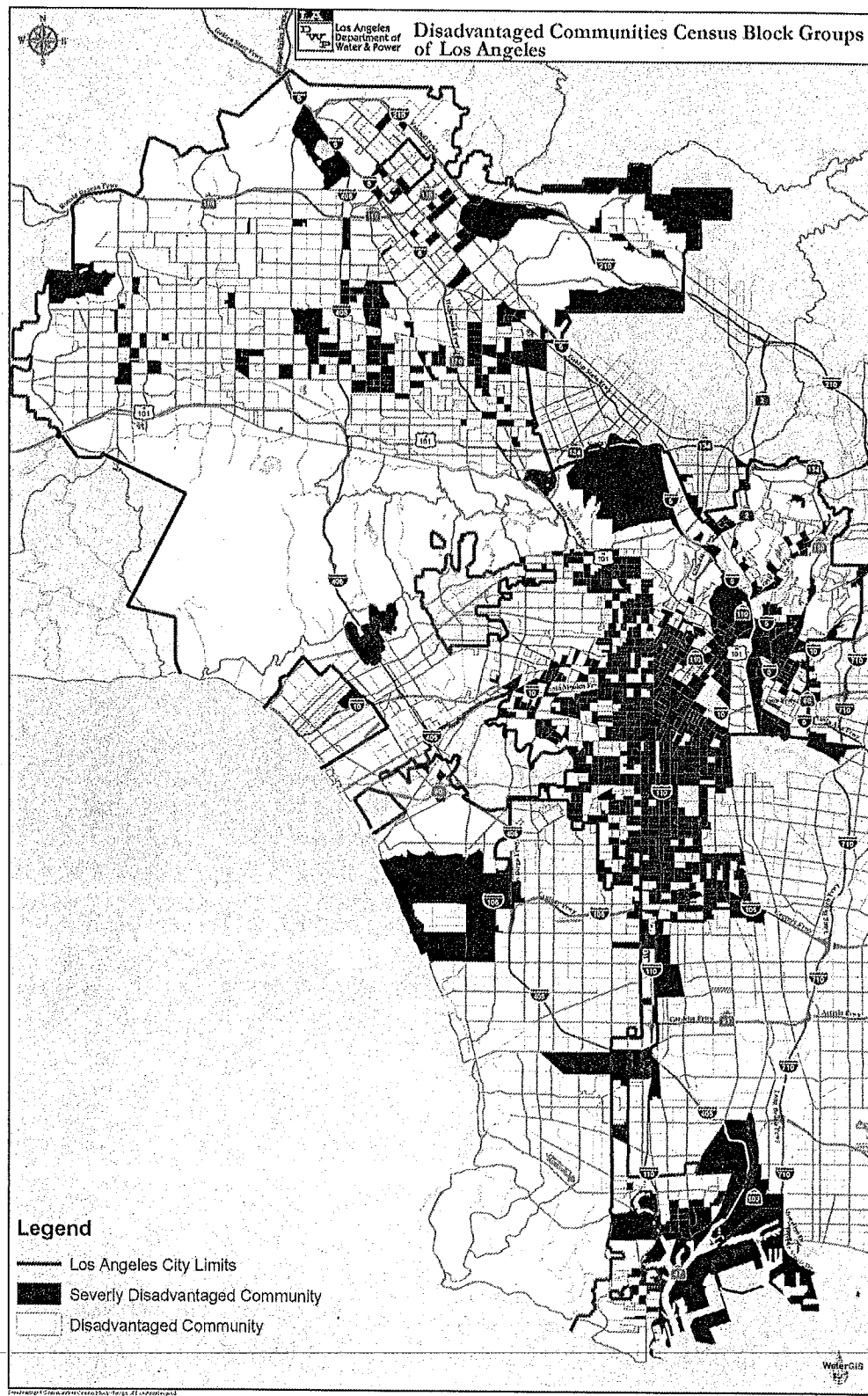


Figure 2 LADWP Service Area



Los Angeles Department of Water & Power

Economically Distressed Areas Census Block Groups of Los Angeles

Legend

- Los Angeles City Limits
- Economically Distressed Communities

Map Details:

- Geographical Features:** San Gabriel River, San Antonio River, San Diego River, San Pedro River, San Gabriel River, San Antonio River, San Diego River, San Pedro River.
- Highways:** I-5, I-10, I-210, I-405, I-404, I-406, I-407, I-408, I-409, I-410, I-411, I-412, I-413, I-414, I-415, I-416, I-417, I-418, I-419, I-420, I-421, I-422, I-423, I-424, I-425, I-426, I-427, I-428, I-429, I-430, I-431, I-432, I-433, I-434, I-435, I-436, I-437, I-438, I-439, I-440, I-441, I-442, I-443, I-444, I-445, I-446, I-447, I-448, I-449, I-450, I-451, I-452, I-453, I-454, I-455, I-456, I-457, I-458, I-459, I-460, I-461, I-462, I-463, I-464, I-465, I-466, I-467, I-468, I-469, I-470, I-471, I-472, I-473, I-474, I-475, I-476, I-477, I-478, I-479, I-480, I-481, I-482, I-483, I-484, I-485, I-486, I-487, I-488, I-489, I-490, I-491, I-492, I-493, I-494, I-495, I-496, I-497, I-498, I-499, I-500, I-501, I-502, I-503, I-504, I-505, I-506, I-507, I-508, I-509, I-510, I-511, I-512, I-513, I-514, I-515, I-516, I-517, I-518, I-519, I-520, I-521, I-522, I-523, I-524, I-525, I-526, I-527, I-528, I-529, I-530, I-531, I-532, I-533, I-534, I-535, I-536, I-537, I-538, I-539, I-540, I-541, I-542, I-543, I-544, I-545, I-546, I-547, I-548, I-549, I-550, I-551, I-552, I-553, I-554, I-555, I-556, I-557, I-558, I-559, I-560, I-561, I-562, I-563, I-564, I-565, I-566, I-567, I-568, I-569, I-570, I-571, I-572, I-573, I-574, I-575, I-576, I-577, I-578, I-579, I-580, I-581, I-582, I-583, I-584, I-585, I-586, I-587, I-588, I-589, I-590, I-591, I-592, I-593, I-594, I-595, I-596, I-597, I-598, I-599, I-600, I-601, I-602, I-603, I-604, I-605, I-606, I-607, I-608, I-609, I-610, I-611, I-612, I-613, I-614, I-615, I-616, I-617, I-618, I-619, I-620, I-621, I-622, I-623, I-624, I-625, I-626, I-627, I-628, I-629, I-630, I-631, I-632, I-633, I-634, I-635, I-636, I-637, I-638, I-639, I-640, I-641, I-642, I-643, I-644, I-645, I-646, I-647, I-648, I-649, I-650, I-651, I-652, I-653, I-654, I-655, I-656, I-657, I-658, I-659, I-660, I-661, I-662, I-663, I-664, I-665, I-666, I-667, I-668, I-669, I-670, I-671, I-672, I-673, I-674, I-675, I-676, I-677, I-678, I-679, I-680, I-681, I-682, I-683, I-684, I-685, I-686, I-687, I-688, I-689, I-690, I-691, I-692, I-693, I-694, I-695, I-696, I-697, I-698, I-699, I-700, I-701, I-702, I-703, I-704, I-705, I-706, I-707, I-708, I-709, I-710, I-711, I-712, I-713, I-714, I-715, I-716, I-717, I-718, I-719, I-720, I-721, I-722, I-723, I-724, I-725, I-726, I-727, I-728, I-729, I-730, I-731, I-732, I-733, I-734, I-735, I-736, I-737, I-738, I-739, I-740, I-741, I-742, I-743, I-744, I-745, I-746, I-747, I-748, I-749, I-750, I-751, I-752, I-753, I-754, I-755, I-756, I-757, I-758, I-759, I-760, I-761, I-762, I-763, I-764, I-765, I-766, I-767, I-768, I-769, I-770, I-771, I-772, I-773, I-774, I-775, I-776, I-777, I-778, I-779, I-780, I-781, I-782, I-783, I-784, I-785, I-786, I-787, I-788, I-789, I-790, I-791, I-792, I-793, I-794, I-795, I-796, I-797, I-798, I-799, I-800, I-801, I-802, I-803, I-804, I-805, I-806, I-807, I-808, I-809, I-810, I-811, I-812, I-813, I-814, I-815, I-816, I-817, I-818, I-819, I-820, I-821, I-822, I-823, I-824, I-825, I-826, I-827, I-828, I-829, I-830, I-831, I-832, I-833, I-834, I-835, I-836, I-837, I-838, I-839, I-840, I-841, I-842, I-843, I-844, I-845, I-846, I-847, I-848, I-849, I-850, I-851, I-852, I-853, I-854, I-855, I-856, I-857, I-858, I-859, I-860, I-861, I-862, I-863, I-864, I-865, I-866, I-867, I-868, I-869, I-870, I-871, I-872, I-873, I-874, I-875, I-876, I-877, I-878, I-879, I-880, I-881, I-882, I-883, I-884, I-885, I-886, I-887, I-888, I-889, I-890, I-891, I-892, I-893, I-894, I-895, I-896, I-897, I-898, I-899, I-900, I-901, I-902, I-903, I-904, I-905, I-906, I-907, I-908, I-909, I-910, I-911, I-912, I-913, I-914, I-915, I-916, I-917, I-918, I-919, I-920, I-921, I-922, I-923, I-924, I-925, I-926, I-927, I-928, I-929, I-930, I-931, I-932, I-933, I-934, I-935, I-936, I-937, I-938, I-939, I-940, I-941, I-942, I-943, I-944, I-945, I-946, I-947, I-948, I-949, I-950, I-951, I-952, I-953, I-954, I-955, I-956, I-957, I-958, I-959, I-960, I-961, I-962, I-963, I-964, I-965, I-966, I-967, I-968, I-969, I-970, I-971, I-972, I-973, I-974, I-975, I-976, I-977, I-978, I-979, I-980, I-981, I-982, I-983, I-984, I-985, I-986, I-987, I-988, I-989, I-990, I-991, I-992, I-993, I-994, I-995, I-996, I-997, I-998, I-999, I-1000, I-1001, I-1002, I-1003, I-1004, I-1005, I-1006, I-1007, I-1008, I-1009, I-1010, I-1011, I-1012, I-1013, I-1014, I-1015, I-1016, I-1017, I-1018, I-1019, I-1020, I-1021, I-1022, I-1023, I-1024, I-1025, I-1026, I-1027, I-1028, I-1029, I-1030, I-1031, I-1032, I-1033, I-1034, I-1035, I-1036, I-1037, I-1038, I-1039, I-1040, I-1041, I-1042, I-1043, I

Exhibit K
SECURITY REQUIREMENTS

ARTICLE K-1 NO PRIORITY FOR ADDITIONAL LOANS

Funding Recipient agrees that it shall not incur any additional indebtedness having any priority in payment over Funding Recipient's obligations to State under this Agreement; and that it shall not give security in any facility or equipment, which are financed, constructed or obtained under the terms of this Agreement, without obtaining prior written consent of State, which consent shall not be unreasonably withheld.

ARTICLE K-2 RATES AND CHARGES

So long as any Material Obligation other than the Obligation, also referred to as the Funding Amount, is outstanding, the Funding Recipient agrees to comply with the rate covenant contained in Section 6.01 of the LADWP Master Bond Resolution, and thereafter, the Funding Recipient agrees, to the extent permitted by law, to fix, prescribe and collect rates, fees and charges for Funding Recipient's Water System during each Fiscal Year which are reasonable, fair and nondiscriminatory and which will be at least sufficient to yield during each Fiscal Year Net Revenues equal to the debt service on Material Obligations, including the Obligation, for such, Fiscal Year. The Funding Recipient may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates, fees and charges then in effect unless the Net Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of this section.

ARTICLE K-3 DEDICATED SOURCE OF REPAYMENT

Funding Recipient agrees the obligation to repay the entire Principal Amount of the Loan disbursed under this Agreement, is a 'Parity Obligation' as that term is defined in the LADWP Master Bond Resolution, consistent with Resolution No. 18067 of the Board of Water and Power Commissioners of the City of Los Angeles, which dedicates \$2.7 million dollars as local cost share.

By its signature to this Agreement, Funding Recipient certifies that any revenue derived from property-related fees and charges needed for the Project or the debt associated with the Project, including but not limited to the Loan obligations under this Agreement, has been approved in accordance with Article XIII C and XIII D of the California Constitution (Proposition

218), or Funding Recipient has obtained a legal opinion explaining why such procedures are not applicable.

ARTICLE K-4 RESERVE FUND

Funding Recipient agrees to provide for the accumulation of necessary reserves (the Reserve Fund and Debt Service Fund) in accordance with Section 12 of this Agreement to assure that funds will be available to make the semiannual payments when due. At a minimum, a reserve of two (2) semiannual payments shall be accumulated during the first ten (10) years of the Loan Repayment Term and thereafter be maintained at that level. The Reserve Fund and Debt Service Fund shall be maintained and administered by the Fiscal Agent in accordance with the LADWP Master Bond Resolution.

ARTICLE K-5 LEGAL OBLIGATION

This Agreement and payment due hereunder, shall not in any way be construed to be a debt of the City of Los Angeles in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness nor will anything contained in this Agreement constitute a pledge or obligation of general revenues, funds, or moneys for which City of Los Angeles is obligated to levy or pledge any form of taxation.