

BEAR VALLEY WATER DISTRICT

MUNICIPAL SEWER CODE



December 14, 2017

BEAR VALLEY WATER DISTRICT ORDINANCE CODE

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BEAR VALLEY WATER DISTRICT ORDINANCE CODE CHAPTER 1

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ARTICLE 1

GENERAL PROVISIONS

- 1.01 Short Title**
- 1.02 Definitions**

1.01. Short Title. This ordinance may, be cited as "Bear Valley Water District Sewer Charges Ordinance."

1.02. Definitions. Unless the context otherwise indicates, terms used herein have the following meanings:

- (a) District shall mean the Bear Valley Water District.
- (b) County shall mean the County of Alpine, State of California.
- (c) Board shall mean the Board of Directors of the District.
- (d) Single family residence shall mean a. living unit designed for occupancy by one family only, which is not occupied by more than one family.
- (e) Condominium, apartment house, or other multi-residential establishment shall mean a living unit designed for occupancy by more than one family, which is divided into separate housekeeping units, each of which is designed for occupancy by one family. Each housekeeping unit shall be deemed to be a separate residential unit.
- (f) Sewer service charges shall mean fees, tolls, rates, rentals or other charges for services and facilities furnished by District in connection with its sanitation or sewerage system.
- (g) User shall mean property owner.

ARTICLE 2

SEWER SERVICE CHARGES

- 2.01 Rates**
- 2.02 Units of Service**
- 2.03 Non-Residential Metered**
- 2.04 Additional Charges**

2.01. Rates. The monthly sewer service charge shall be as follows:

(a) Residential. Single family dwellings, apartments, and condominiums shall be charged a flat monthly rate of \$90.37.

(b) Commercial. Users other than residential users shall be charged their actual water usage at \$0.064 per gallon or the commercial minimum monthly charge of \$80.48, whichever is greater.

(c) The sewer rates provided for in this section shall be effective on July 1, 2014. Commencing July 1, 2016, and in each of the five years thereafter, the above rates may be adjusted annually by the percentage increase, if any, of the United States Department of Labor All Item consumer Price Index for All Urban Customers (CPI-U)-(1982-84 Base 100).

(Section 1 amended 9/8/73 – Ord. 4, 1/12/74 – Ord. 5 [Rescinded by Ord. 7 on 6/15/74], 6/8/74 – Ord. 6, 8/14/78 – Ord. 13, 8/16/82 – Ord. 18, 11/18/82 – Ord. 19, 6/16/86 – Ord. 24, 12/22/86 – Ord. 26, 7/18/87 – Ord. 27, 7/1/88 – Ord. 30, 10/16/89 – Ord. 33, 6/18/90 – Ord. 35, 10/15/90 – Ord. 36, 11/18/91 – Ord. 41, 19/19/92 – Ord. 45, 12/14/92 – Ord. 47, 4/8/72 – Ord. 58, 8/21/99 – Ord. 61, 5/17/02 – Ord. 63, 7/17/06 – Ord. 67, 6/24/14 – Ord. 70)

2.02. Units of Service. The following units are hereby fixed and established:

(a) Residential. Single family dwellings, apartment, and condominiums shall be charged three (3) units, which includes on kitchen and up to two bathrooms, plus one (1) unit for each bathroom or half-bath in excess of two bathrooms.

(b) Non-Residential (Non-Metered). Users other than residential for whom a single family equivalent (SFE) cannot be established on the basis of metered water usage or sewage pumped shall be charged a number of units set by the Board of Directors to reasonably approximate the relative amount of effluent generated by each use.

(Added on 12/14/92 – Ord. 47, amended on 4/8/72 – Ord. 58, 8/21/99 – Ord. 61, 5/17/02 – Ord. 63, 7/17/06 – Ord. 67)

2.03. Non-Residential Metered. The sewer service charge for other than residential and non-residential (non-metered), shall be proportional to each user's annual water usage or sewage pumped. The previous year's meter records from the local water company shall be utilized to establish annual usage, and the sewage gallonage shall be determined by pump capacity and hours of operation.

- (a) Method of establishing service charge:
Actual Gallons = Multiplier x Basic 3 unit = Quarterly
Residential Average (SFE) Residential Service

Quarterly Charge
Rate (Rounded)

(Added on 7/17/06 – Ord. 67)

2.04. Additional Charges. In addition to being charged for actual water used or sewage pumped, users situated outside of Bear Valley proper, i.e. Bear Valley Ski Area and Lake Alpine Basin, will be charged for their percentage of actual expenses incurred in the operation of the facilities located in their area."

(Added on 7/17/06 – Ord. 67)

ARTICLE 3

BILLING, COLLECTION, AND ENFORCEMENT

- 3.01 **Billing**
- 3.02 **Opening and Closing Bills**
- 3.03 **Billing Time**
- 3.04 **Penalties and Interest**
- 3.05 **Discontinuing Service**
- 3.06 **Enforcement - Not Penalty**
- 3.07 **Action at Law**
- 3.08 **Contract**
- 3.09 **Reconnection Charge**
- 3.10 **Service Charge – Checks Returned “Insufficient Funds”**
- 3.11 **Service Charge for Delinquent Account Tax Roll Collection**

3.01. Billing. The regular billing period for said sewer quarterly or semiannually, as determined by the Board.

3.02. Opening and Closing Bills. Opening and Closing Bills. Opening and closing bills the normal billing period shall be for not less than for less than one month.

3.03. Billing Time. Bills for sewer service charges shall be rendered at the beginning of each billing period and are payable upon presentation; except as otherwise provided.

3.04. Penalties and Interest. All bills not paid within thirty (30) days after the billing date shall be delinquent and a penalty of 10% of the bill or amount due plus one-half of one percent (0.5%) per month from the first day of said month, shall accrue for the period of said nonpayment and be collected as a part of the principal amount thereof.

(Section 4 last amended on 6/15/92 – Ord. 43)

3.05. Discontinuing Service. If a user of the sewer system fails to pay sewer service charges for his premises, the District may disconnect the premises from the sewer system until all charges are paid.

3.06. Enforcement - Not Penalty. The District hereby declares that the foregoing procedure for disconnecting delinquent premises is established as a means of enforcement of collection of said Charges and not as a penalty.

3.07. Action at Law. In addition to the right to discontinue any service, the District shall have the right to collect the charges from the occupants of any premises or from the owner of said premises at its discretion by a suitable action at law. Defendant shall pay all costs of suit in any judgment rendered in favor of District.

3.08. Contract. All users of the sewer system shall be deemed to have contracted with the District for the services of such system and to have agreed to comply with all of the regulations of the District in regard thereto.

3.09. Reconnection Charge. A reconnection charge of Fifty Dollars (\$50.00) for administrative costs, plus an inspection fee of One Hundred Dollars (\$100.00) will be made and collected prior to renewing service following a discontinuance of service for a period of one year or longer. A

reconnection charge of Fifty Dollars (\$50.00) for administrative costs plus sewer service charges that would otherwise accrue from the date of disconnection to reconnection will be made and collected prior to renewing service following discontinuance of service for a period of less than one year.

(Section 9 added on 11/16/81 – Ord. 17, amended on 2/18/96 – Ord. 52)

3.10. Service Charge – Checks Returned “Insufficient Funds”. A service charge of \$10.00 for administrative costs will be levied on a customer when his/her check is returned to the District because of insufficient funds in the bank account to cover the transaction.

(Section 10 added on 5/20/91 – Ord. 39)

3.11. Service Charge for Delinquent Account Tax Roll Collection. A \$25.00 service charge will be added to those delinquent accounts sent to Alpine County for collection on the tax roll to defray District costs. Any charge to the District by the County will be added separately and in the same manner."

(Section 11 added on 8/16/99 – Ord. 57)

ARTICLE 4

SEWER CONNECTION CHARGES

- 4.01 Connection Fee**
- 4.02 Capacity Charges**
- 4.03 Additional Connection Charge**

4.01. Connection Fee. All applications for new or additional sewer service to the District's Sewer System shall submit a fully completed written application ("Connection Application") for each connection requested to the District in the form provided by the District together with payment of the following:

(a) Application Fee. Applicants shall pay a nonrefundable application administrative fee of \$___ for each Residential connection in the Connection Application and \$___ for each non-Residential connection in the Connection Application to cover the District's costs of administration of the application.

(b) The Connection Fee. The Applicant shall be responsible for retaining a licensed contractor approved by the District to make the physical connection to the District's Sewer System at the applicant's expense and shall pay the District a Connection Fee as defined by Government Code Section 66013(b)(5) for the inspection of the physical connection for each connection applied for as follows:

1. \$100.00 for each Residential Connection applied for.
2. \$100.00 for each Non-Residential Connection applied for.

(Section 1 amended on 7/8/72 – Ord. 2, 10/11/75 – Ord. 10, 11/20/95 – Ord. 51, 7/18/83 – Ord. 21, 8/18/86 – Ord. 25, 11/16/87 – Ord. 28, 11/21/88 – Ord. 32, 11/20/89 – Ord. 34, 11/19/90 – Ord. 37, Section 1.C amended 5/20/91 – Ord. 40, Section 1.D amended 5/20/91 – Ord. 40, Section 1.E amended 5/20/91 – Ord. 40, 2/17/92 – Ord. 42, 11/15/93 – Ord. 49, 11/21/94 – Ord. 50, 11/20/95 – Ord. 51, Section 1.B amended on 12/16/96 – Ord. 54, 1/9/98 – Ord. 55, 4/8/72 – Ord. 56, 11/16/99 – Ord. 59, 4/17/00 – Ord. 60, 5/13/02 – Ord. 62, 10/13/03 – Ord. 64, Section 1.A amended 1/19/07 – Ord. 68, 2/13/15 – Ord. 71)

4.02. Capacity Charges. All applicants for new or additional sewer service to the District's Sewer System shall pay a Capacity Charge as defined by Government Code Section 66013(b)(3) prior to issuance of a permit by the District. The Capacity Charge for each connection for existing and uncommitted sewer capacity shall be as follows:

(a) The Capacity Charge for each residential connection permitted by the District shall be \$5,414.00.

(b) Subject to Article IV, section 2.C, the Capacity Charge for each non-residential connection permitted by the District shall be proportionately rated to a twenty-four-fixture-unit residence following the Equivalent Drainage Fixture Unit Table in the current edition of the Uniform Plumbing Code as follows:

$$\text{Capacity Charge} = \frac{\text{Fixture Load} \times \$5,414}{24}$$

(c) The Capacity Charge for each non-residential connection that the District determines may generate a high waste volume or impose high BOD loading shall be established by the Board of Directors and based on the projected flow and BOD load as determined by the District's Engineer or Manager.

(Added on 4/1/79 – Ord. 14, Amended on 11/16/92 – Ord. 46, 2/13/15 – Ord. 71)

4.03. Additional Connection Charge. In addition to any other fees and charges of the District, there shall be collected, prior to connection to the sanitary sewage system of the District, special additional connection charges for any parcel, unit, lot or part of any property that abuts on or can be served by an existing main sewer or sewerage works of the District constructed by or for the District for which said parcel, unit, lot, or part of any property did not pay its proportionate cost of installation, as follows:

On the effective date of this Ordinance the additional connection charge for each single family unit shall be \$790.00, and commencing January 1, 1982 and each January 1 thereafter, the additional connection charge shall increase by an amount equal to the percentage increase of the construction price index.

(Added on 11/16/81 – Ord. 17)

ARTICLE V

MISC.

5.01 Posting

5.02 Separability

5.01. Posting. Upon adoption, this Ordinance shall be posted in three public places within the District, and shall take effect and be in force immediately.

5.02. Separability. If any section, subsection, sentence, clause or phrase of this Ordinance, or the application thereof to any person or circumstance is for any reason held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portions of this Ordinance or the application of such provision to other persons or circumstances. The Board hereby declares that it would have passed this Ordinance or any section, subsection, sentence, clause or phrase hereof irrespective of the fact that anyone or more sections, subsections, sentences, clauses or phrases be declared to be unconstitutional.

BEAR VALLEY WATER DISTRICT ORDINANCE CODE CHAPTER 2

DETERMINING THE VOTING RIGHTS FOR DISTRICT ELECTIONS

Article

1 Voting Rights

ARTICLE 1

VOTING RIGHTS

1.01 One Vote Per Voter

1.02 Voter List

1.03 Estimated Assessed Values

1.01. One Vote Per Voter. Each voter shall have one-vote for each dollar's worth of land to which he holds title within the District as determined from the last equalized ' assessment roll of the County of Alpine. If more than one, person or entity are shown as the owners of record of a parcel of land, the County Clerk of Alpine County shall apportion the voting rights between the owners based upon the respective record interests in such land, and for such purpose, they may consider such information with respect thereto as they deem correct proper and appropriate.

1.02. Voter List. The Bear Valley Water District, Alpine County, California , does, hereby elect, pursuant to Section 35003.1 of the Water Code, to have the County Clerk of Alpine County prepare the voter list 'required by Section 23527.5 of the Elections Code based upon the last equalized assessment roll of said County corrected to reflect, in the' case of transfers of land, those persons who as of the forty-fifth (45th) day prior to the election appear as owners on the records in the County Assessor's office, which said Assessor will use to prepare the next ensuing Assessor's roll. Such corrected Assessor's roll shall be conclusive evidence of ownership and of the value of the land so owned.

1.03. Estimated Assessed Values. Where only a portion of a parcel of land has been transferred, and the assessed value thereof and of the remaining parcel are not separately stated upon the roll, estimated assessed values therefor shall be made by the County Assessor, and such estimates shall be considered as the value of the land for voting rights purposes.

(Adopted on 7/12/75 – Ord. 9)

BEAR VALLEY WATER DISTRICT ORDINANCE CODE CHAPTER 3

INSTALLATION OF SEWER LATERALS AND MAIN EXTENSIONS; PERMITS AND FEES FOR INSTALLATION
SEWER LATERALS; WASTE DISCHARGE SEWER REGULATIONS

Articles

- 1 Definitions
- 2 General Provisions
- 3 Use of Public Sewers Required
- 4 Private Sewage Disposal
- 5 Building Sewers, Lateral Sewers and Connections
- 6 Public Sewer Construction
- 7 Use of Public Sewers
- 8 Permits and Fees
- 9 Enforcement
- 10 Misc.

ARTICLE 1

DEFINITIONS

- 1.01 Applicant
- 1.02 Board
- 1.03 Building
- 1.04 Building Sewer
- 1.05 Combined Sewer
- 1.06 Contractor
- 1.07 County
- 1.08 District
- 1.09 District Engineer
- 1.10 District Inspector
- 1.11 District Manager
- 1.12 Garbage
- 1.13 Lateral Sewer
- 1.14 Main Sewer
- 1.15 Outside Sewer
- 1.16 Permit
- 1.17 Person
- 1.18 Plumbing System
- 1.19 Private Sewer
- 1.20 Public Sewer
- 1.21 Sanitary Sewer
- 1.22 Secretary
- 1.23 Sewage
- 1.24 Sewage Treatment Plant
- 1.25 Sewer
- 1.26 Sewerage
- 1.27 Side Sewer
- 1.28 Single Family Unit
- 1.29 Standard Specifications
- 1.30 Storm Sewer or Storm Drain
- 1.31 Street

1.01. Applicant shall mean the person making application for a permit for a sewer installation and shall be the owner of premises to be served by the sewer for which a permit is requested, or his authorized agent.

1.02. Board shall mean the Board of Directors of said District.

1.03. Building shall mean any structure used for human habitation or a place of business, recreation or other purposes.

1.04. Building Sewer shall mean that portion of any sewer beginning at the plumbing or drainage outlets of any building and running to the property line.

1.05. Combined Sewer shall mean a sewer designed to receive both surface runoff and sewage.

- 1.06. Contractor shall mean a person, firm, corporation, partnership or association duly licensed by the State of California to perform the type of work to be done under the permit.
- 1.07. County shall mean the County of Alpine.
- 1.08. District shall mean the Bear Valley Water District.
- 1.09. District Engineer shall mean the Engineer appointed by and acting for the Board and shall be a Registered Civil Engineer.
- 1.10. District Inspector shall mean the Inspector acting for the Board and may be a member of the Board, the District Engineer or Inspector appointed by the Board.
- 1.11. District Manager shall mean the person appointed by the Board to administer and enforce the rules and regulations of the District.
- 1.12. Garbage shall mean solid wastes from the preparation, cooking and dispensing of food and from the handling, storage and sale of produce.
- 1.13. Lateral Sewer shall mean the portion of a side sewer within a public street connecting a building sewer to the main sewer.
- 1.14. Main Sewer shall mean a public sewer designed to accommodate more than one lateral sewer.
- 1.15. Outside Sewer shall mean a sanitary sewer beyond the limits of the District not subject to the control or jurisdiction of the District.
- 1.16. Permit shall mean any written authorization required pursuant to this or any other rule, regulation or ordinance of the District for the installation of any sewerage works.
- 1.17. Person shall mean any person, firm, company, partnership, association, and private, public or municipal corporation, the United States of America, the State of California, districts and all political subdivisions, governmental agencies and mandatories thereof.
- 1.18. Plumbing System shall mean all plumbing fixtures and traps, or soil, waste, special waste and vent pipes, and all sanitary sewage pipes within the property lines of the premises.
- 1.19. Private Sewer shall mean a sewer servicing an independent sewage disposal system not connected with a public sewer and which accommodates one or more buildings.
- 1.20. Public Sewer shall mean a sewer lying with a street which is controlled by or under the jurisdiction of the District.
- 1.21. Sanitary Sewer shall mean a sewer which carries sewage and to which storm, surface and ground waters are not intentionally admitted.
- 1.22. Secretary shall mean the Secretary of the District.
- 1.23. Sewage shall mean a combination of water-carried waste substances from buildings connected to sewerage works of the District.

1.24. Sewage Treatment Plant shall mean any arrangement of devices and structures used for treating sewage.

1.25. Sewer shall mean a pipe or conduit for carrying sewage.

1.26. Sewerage Works shall mean all facilities owned or controlled by the District for collecting, pumping, treating and disposing of sewage.

1.27. Side Sewer shall mean the sewer line beginning at the foundation wall of any building and terminating in the main sewer and includes the building sewer and lateral sewer together.

1.28. Single Family Unit shall mean the place of residence for a single family. Property improved for multi-family purposes shall constitute the number of units' that the facilities thereon provide in number facilities for single family units.

1.29. Standard Specifications shall mean a set of documents containing design and construction standards for all sewerage works within the District.

1.30. Storm Sewer or Storm Drain shall mean a sewer which carries storm and surface or ground waters and drainage, but excludes sewage.

1.31. Street shall mean any public highway, road, street, avenue, alley, way, public place, public easement or right-of-way.

ARTICLE 2

GENERAL PROVISIONS

- 2.01 Rules and Regulations**
- 2.02 Purpose**
- 2.03 Short Title**
- 2.04 Effective Date**
- 2.05 Violation Unlawful**
- 2.06 Relief on Application**
- 2.07 Relief on Own Motion**
- 2.08 Plumbing, Inspection, Compensation**
- 2.09 Permits and Fees**

2.01. Rules and Regulations. The following rules and regulations respecting sewer construction and disposal of sewage and drainage or buildings and connection to the sewerage works of said District are hereby adopted, and all work in respect thereto shall be performed as herein required and not otherwise.

2.02. Purpose. This ordinance is intended to provide rules and regulations for the use and construction of sanitary sewer facilities hereafter installed, altered or repaired within the District. This ordinance shall not apply retroactively and, in the event of an alteration or repair hereafter made, it shall apply only to the new materials and methods used therein.

2.03. Short Title. This ordinance shall be known as the BEAR VALLEY WATER DISTRICT SEWER REGULATION ORDINANCE.

2.04. Effective Date. Upon adoption, this ordinance shall be posted in three public places in the District, and shall take effect and be in force immediately.

2.05. Violation Unlawful. Following the effective date of this ordinance it shall be unlawful for any person to connect to, construct, install or provide, maintain and use any other means of sewage disposal from any building in said District except by connection to the public sewer in the manner set forth in this ordinance.

2.06. Relief on Application. When, any person by reason of special circumstances, is of the opinion that any provisions of this ordinance is unjust or inequitable as applied to his premises, he may make written application to the Board, stating the special circumstances citing the provision complained of, and requesting suspension or modification of that provision as applied to his premises.

If such application be approved, the Board may, by resolution, suspend or modify the provision complained of, as applied to such premises, to be effective as of the date of the application and continuing during the period of the special circumstances.

2.07. Relief on Own Motion. The Board may, on its own motion, find that by reason of special circumstances any provision of this regulation and ordinance should be suspended or modified as applied to a particular premise and may, by resolution, order such suspension or modification for such premises during the period of such special circumstances, or any part thereof.

2.08. Plumbing, Inspection, Compensation. The Board of said District shall employ the District Engineer or such other person as may be designated by the Board to perform the duties of

inspecting the installation, connection, maintenance and use of all lateral sewers, side sewers and plumbing, sewerage, sanitary drainage work and facilities in connection therewith in said District, to be known as the District Inspector. He shall receive as compensation for his services for making inspections required to be made by the ordinances, and orders and regulations from time to time enacted and ordered by said Board, a sum to be fixed by the Board. He', shall serve during the pleasure of the Board.

2.09. Permits and Fees. No public sewer, side sewer, building sewer or other sewerage facility shall be installed, altered or repaired within the District until a permit for the work has been obtained from the District and all fees paid in accordance with the requirements of the ordinances, rules and regulations of the District.

ARTICLE 3

USE OF PUBLIC SEWERS REQUIRED

- 3.01 Disposal of Wastes**
- 3.02 Treatment of Wastes Required**
- 3.03 Unlawful Disposal**
- 3.04 Occupancy Prohibited**
- 3.05 Sewer Required**

3.01. Disposal of Wastes. It shall be unlawful for any person to place, deposit, or permit to be deposited in an unsanitary manner upon public or private property within the District, or in any area under the jurisdiction of said District, any human or animal excrement, garbage, or other objectionable waste.

3.02. Treatment of Wastes Required. It shall be unlawful to discharge any sewage or other polluted waters to any stream or watercourse.

3.03. Unlawful Disposal. Except as herein provided, it shall be unlawful to construct or maintain any privy, privy vault, septic tank, cesspool, seepage pit or other facility intended or used for the disposal of sewage.

3.04. Occupancy Prohibited. No building or other structure shall be occupied until the owner of the premises has complied with all rules and regulations of the District.

3.05. Sewer Required. The owner of any building situated within the District requiring sewage disposal and abutting on any street in which there is now located or may in the future be located a public sewer of the District is hereby required at his expense to connect said building directly with the proper public sewer in accordance with the provisions of this ordinance, within one hundred and twenty (120) days after date of official notice to do so, provided that said public sewer is within, one hundred and fifty (150) feet of the nearest point of the property.

ARTICLE 4

PRIVATE SEWAGE DISPOSAL

- 4.01 Sewer Not Available**
- 4.02 Abandonment of Facilities**
- 4.03 Cost of Maintaining by Owner**
- 4.04 Additional Requirements**

4.01. Sewer Not Available. Where a public sewer is not available under the provisions of Section 305, the building sewer shall be connected to a private sewage disposal system complying with the rules, regulations and ordinances of the County and the District.

4.02. Abandonment of Facilities. At such time as a public sewer becomes available to a property served by a private sewage disposal system, as provided in Section 305, a direct connection shall be made to the public sewer in compliance with the ordinances, rules and regulations of the District, and any septic tanks, cesspools and similar private sewage disposal facilities shall be abandoned and filled with suitable materials as determined by the District Engineer.

4.03. Cost of Maintaining by Owner. The owner shall operate and maintain the private sewage disposal facilities in a sanitary manner at all times, at no expense to the District.

4.04. Additional Requirements. No statement contained in this Article shall be construed to interfere with any additional requirements that may be imposed by any law, ordinance, rule or regulation or by the District or by the Health Officer or Building Inspector of the County.

ARTICLE 5

BUILDING SEWERS, LATERAL SEWERS AND CONNECTIONS

- 5.01 Permit Required
- 5.02 Design and Construction Requirements
- 5.03 Minimum Size and Slope
- 5.04 Building Drain
- 5.05 Joints and Connections
- 5.06 Connection to Public Sewer
- 5.07 Separate Sewers
- 5.08 Sewer Too Low
- 5.09 Protection of Excavation
- 5.10 Maintenance of Side Sewer
- 5.11 Testing

5.01. Permit Required. In accordance with Article 8 of this ordinance, no person shall construct a lateral sewer or make a connection with any public sewer without first obtaining a written permit from the District and paying all fees and connection charges as required herein.

(Amended on 1/21/91 – Ord. 38)

5.02. Design and Construction Requirements. Design and construction of building sewers and lateral sewers shall be in accordance with the requirements of the County and the District and in accordance with the District Standard Specifications.

5.03. Minimum Size and Slope. The size and slope of the side sewer shall be subject to the approval of the District Engineer. In no event shall the diameter be less than four (4) inches. The slope of such 4-inch pipe shall be not less than one and one-fourth (1-1/4) feet per 100 feet (1.25 per cent slope) except on written approval of the District Engineer.

5.04. Building Drain. Whenever possible the building drain shall be brought to the building at an elevation below the basement floor. No building drain shall be laid parallel to or within three (3) feet of any bearing wall, which might thereby be weakened. The depth shall be a minimum of 30 inches to provide protection from frost. The building drain shall be laid at uniform grade and in straight alignment insofar as possible. Changes in direction shall be made only with properly curved pipe and fittings.

5.05. Joints and Connections. All excavations required for the installation of a building drain shall be open trench work unless otherwise approved by the District Inspector pipe laying and backfill shall be performed in accordance with District Standard Specifications except that no backfill shall be placed until the work has been inspected.

5.06. Connection to Public Sewer. The connection of the building sewer to the public sewer shall be made in accordance with District Standard Specifications and at the applicant's expense. The connection to the public sewer shall be made in the presence of the District Inspector. Any damage to the public sewer shall be repaired in conformance with District Standard Specifications at the cost of the applicant.

5.07. Separate Sewers. No two adjacent lots fronting on the same street shall be permitted to join the use of the same side sewer. Every building must be separately connected with a public

sewer if such public sewer exists in the street upon which the property abuts or in an easement which will serve said property. However, one or more buildings located on property belonging to the same owner may be served with the same side sewer during the period of said ownership upon the subsequent subdivision and sale of a portion of said lot the portion not directly connected with such public sewer shall be separately connected to a public sewer, and it shall be unlawful for the owner thereof to continue to use or maintain such indirect connection.

Notwithstanding the provisions hereof, single family residential units with common walls, condominium, stock cooperative, community apartment or other similar improvement which entitles owners of interests therein to occupy independent ownership interests and to make joint use of utility and other services, which may be provided by facilities owned in common, may, upon issuance of a permit authorizing 'such common use by the District Engineer, be permitted to maintain a common side sewer or sewers.

5.08. Sewer Too Low. In all buildings in which any building sewer is too low to permit gravity flow to the public sewer, sanitary sewage carried by such building sewer shall be lifted by artificial means, approved by the District Engineer, and discharged to the public sewer at the expense of the owner.

5.09. Protection of Excavation. All excavations for side sewer installation shall be adequately guarded with barricades or lights so as to protect the public from hazard. Streets, sidewalks, parkways and other property disturbed in the course of the work shall be restored in a manner satisfactory to the District and the County or any other person having jurisdiction thereover.

5.10. Maintenance of Side Sewer. Side sewer shall be maintained by the owner of the property served thereby.

5.11. Testing. All building sewers and lateral sewers, upon completion or modification, shall be tested in accordance with District Standard Specifications.

ARTICLE 6

PUBLIC SEWER CONSTRUCTION

- 6.01 Permit Required
- 6.02 Improvement Security
- 6.03 Design and Construction Standards
- 6.04 Plans, Profiles and Specifications Required
- 6.05 Subdivisions
- 6.06 Easements or Rights-of-Way
- 6.07 Persons Authorized to Perform Work
- 6.08 Grade Stakes
- 6.09 Compliance with Local Regulations
- 6.10 Protection of Excavation
- 6.11 "As-Built" Drawings
- 6.12 Completion of Sewerage Works Required
- 6.13 Reimbursement Agreement
- 6.14 Special Reimbursement Agreements
- 6.15 Required Improved Sewer

6.01. Permit Required. In accordance with Article 8 of this ordinance, no person shall construct, extend or connect to any public sewer without first obtaining a written permit from the District and paying all fees and furnishing bonds as required therein. The provisions of this Section requiring permits shall not be construed to apply to contractors constructing sewers and appurtenances under contracts awarded and entered into by the District.

(Amended on 9/20/93 – Ord. 48)

6.02. Improvement Security. Prior to issuance of a permit for public sewer construction, the applicant shall furnish to the District a faithful performance bond, cash, or other improvement security acceptable to the District Board, in the amount of the total estimated cost of the work as determined by the District Engineer. Such faithful performance bond, cash deposit, or other improvement security shall be conditioned upon the performance of the terms and conditions of the permit and, unless more stringent requirements are otherwise specified by the District Board, shall guarantee the correction of faulty workmanship and replacement of defective materials for a period of one year from and after the date of acceptance of the work by the District Board. The applicant shall also furnish to the District a labor and material bond, or other security acceptable to the District Board, in the amount of the total estimated cost of the work.

6.03. Design and Construction Standards. Minimum standards for the design and construction of sewers within the District shall be in accordance with the District Standard Specifications. Copies are on file at the District office. The District Engineer, with the consent of the Board, may permit modifications or may require higher standards where unusual conditions are encountered.

6.04. Plans, Profiles and Specifications Required. The application for a permit for public sewer construction shall be accompanied by complete plans, profiles and specifications, complying with all applicable ordinances, rules and regulations of the District, prepared by a Registered Civil Engineer in the State of California, showing all details of the proposed work based on an accurate survey of the ground. The application, together with the plans, profiles, and specifications shall be examined by the District Engineer who shall within twenty (20) days approve them as filed or require them to be modified as he deems necessary for proper

installation. After examination by the District Engineer, the application, plans, profiles and specifications shall be submitted to the Board at its next regular meeting for its consideration. When the Board is satisfied the proposed work is proper and the plans, profiles and specifications are sufficient and correct, it shall order the issuance of a permit predicated upon the payment of all connection charges and fees, and the furnishing of bonds as required by the District. The permit shall prescribe such terms and conditions as the Board finds necessary in the public interest.

6.05. Subdivisions. The requirements of Section 601, 602 and 603 of this Ordinance shall be fully complied with before any final subdivision map shall be approved by the Board. The final subdivision map shall provide for the dedication for public use of all streets, easements or rights-of-way in which public sewer lines are to be constructed. If a final subdivision map of a tract is recorded and the work of constructing sewers to serve the tract is not completed within the time limit allowed in the permit, the Board may extend the time limit or may complete the work and take appropriate steps to enforce the provisions of the bond furnished by the subdivider.

6.06. Easements or Rights-of-Way. In the event that an easement is required for the extension of the public sewer or the making of connections, the applicant shall procure and have accepted by the Board a proper easement or grant of right-of-way sufficient in law to allow the laying and maintenance of such extension or connection.

6.07. Persons Authorized to Perform Work. Only properly licensed contractors shall be authorized to perform the work of public sewer construction within the District. All terms and conditions of the permit issued by the District to the applicant shall be binding on the contractor. The requirements of this Section shall apply to side sewers installed concurrently with public sewer construction.

6.08. Grade Stakes. Grade and line stakes shall be set by or under the direction of a Registered Civil Engineer prior to the start of work on any public sewer construction. The contractor shall be responsible for accurately transferring grades to grade bars and sewer invert.

6.09. Compliance with Local Regulations. Any person constructing a sewer within a street shall comply with all state and county laws, ordinances, rules and regulations pertaining to the cutting of pavement, opening, barricading, lighting and protecting of trenches, backfilling and repaving thereof and shall obtain all permits and pay all fees required by the department having jurisdiction prior to the issuance of a permit by the District.

6.10. Protection of Excavation. The applicant shall maintain such barriers, lights and signs as are necessary to give warning to the public at all times that a sewer is under construction and of each dangerous condition to be encountered as a result thereof. He shall also likewise protect the public in the use of the sidewalk against any such conditions in connection with the construction of the sewer. Streets, sidewalks, Parkways and other property disturbed in the course of the work shall be reinstalled in a manner satisfactory to the District and the County or any person having jurisdiction thereover.

6.11. "As-Built" Drawings. As a condition to final acceptance by the District, two (2) sets of "as-built" drawings showing the actual location of ' all mains, structures, wyes, laterals and cleanouts and other changes to the construction drawings, shall be filed with the District.

6.12. Completion of Sewerage Works Required. Before accepting any sewerage works by the District and prior to the admission of any sewage into the system, the sewerage works shall be

tested and shall be completed in full compliance with all requirements of the District Standard Specifications and to the satisfaction of the District Engineer.

6.13. Reimbursement Agreement. Where the cost of the public sewer main extension has been deposited or paid by the person making such extension, the District may thereafter, but not for longer than fifteen (15) years after the date such extension is originally connected to the District's sewerage system, collect from any person connecting to such extension, except the person originally installing such extension, that fraction of the cost of such extension, as approved by the District, as the number of recorded parcels owned by such person subsequently connecting to such extension bears to the total number of recorded parcels held by potential users along the extension as determined by the District as of the time the extension is connected to the District's sewer system. Such sums as are thus actually received by the District shall be paid by the District to the person originally making such extension, but the District shall in no way be obligated to assure that the person making such extension is paid the total cost thereof not to initiate any action nor incur any expense to collect any sum to be paid such person; nor shall such refund be made from any other revenues of the District. Where more than one person contributes toward the making of the extension, such sums as are actually collected shall be refunded to such persons, pro rata, according to the amounts which they severally contributed toward the cost of the extension and pursuant to the preceding plan.

(Amended on 2/18/96 – Ord. 53)

6.14. Special Reimbursement Agreements. Where special conditions exist, in the opinion of the District relating to any agreement pursuant to Section 612 of this ordinance, they shall be the subject of a special contract between the District and the person making the public sewer main extension.

6.15. Required Improved Sewer. When a subdivision or other development is proposed in an area where existing sewer is inadequate in size and/or design to accommodate additional sewerage from said subdivision or development, the applicant shall be required to bear the costs for the construction of the required improved service or services. Reimbursement agreement as set forth in Section 613 may be considered by the District.

ARTICLE 7

USE OF PUBLIC SEWERS

- 7.01 Drainage Into Sanitary Sewers Prohibited**
- 7.02 Types of Wastes Prohibited**
- 7.03 Interceptors Required**
- 7.04 Maintenance of Interceptors**
- 7.05 Preliminary Treatment of Wastes**

7.01. Drainage Into Sanitary Sewers Prohibited. No leaders from roofs, surface drains for rain water or storm sewers shall be connected to any sanitary sewer. No. surface or sub-surface drainage, rain water, storm water, seepage, cooling water or unpolluted industrial process water shall be permitted to enter any sanitary sewer by any device or method whatsoever.

7.02. Types of Wastes Prohibited. Except as hereinafter provided, no person shall discharge or cause to be discharged any of the following described waters or wastes to any public sewer:

- (a) Any liquid or vapor having a temperature higher than 150° F.
- (b) Any water or waste which may contain more than 100 parts per million, by weight, of fat, oil or grease.
- (c) Any gasoline, benzene, naphtha, fuel oil, or other flammable or explosive liquid, solid or gas.
- (d) Any garbage that has not been properly shredded to such a degree that all particles will be carried freely under the flow conditions normally prevailing in public sewers, with no article greater than one-half (1/2) inch in any dimension.
- (e) Any ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood, paunch manure, or any other solid or viscous substance capable of causing obstruction to the flow in sewers or other interference with the proper operation of the sewerage works.
- (f) Any waters or wastes having a pH lower than 5.50r higher than 9.0 or having any other corrosive property capable of causing damage or hazard to structures, equipment and personnel of the sewerage works.
- (g) Any waters or wastes containing a toxic or poisonous substance in sufficient quantity to injure or interfere with any sewage treatment process, constitute a hazard to humans or animals, or create any hazard in the receiving waters of the sewage treatment plant.
- (h) Any waters or wastes containing suspended solids or dissolved matter of such character and quantity that unusual attention or expense is required to handle such materials at the sewage treatment plant.
- (i) Any noxious or malodorous gas or substance capable of creating a public nuisance.
- (j) Any septic tank sludge.

7.03. Interceptors Required. Grease, oil and sand interceptors shall be provided when, in the opinion of the District Engineer, they are necessary for the proper handling of liquid wastes containing grease in excessive amounts, or any flammable wastes, sand and other harmful ingredients, except that such interceptors shall not be required for buildings used for residential purposes. All interceptors shall be of a type and capacity approved by the District Engineer and shall be located as to be readily and easily accessible for cleaning and inspection.

7.04. Maintenance of Interceptors. All grease, oil and sand interceptors shall be maintained by the owner, at his expense, in continuously efficient operation at all times.

7.05. Preliminary Treatment of Wastes. The admission into the public sewers of any waters or wastes having (a) a 5-day Biochemical Oxygen Demand greater than 300 parts per million by weight, or (b) containing more than 350 parts per million by weight of suspended solids, or (c) containing any quantity of substance having the characteristics described in Section 702, or (d) having an average daily flow greater than two per cent (2%) of the average daily sewage flow of the District, shall be subject to the review and approval of the District Engineer. Where necessary in the opinion of the District Engineer, the owner shall provide, at his expense, such preliminary treatment as may be necessary to (a) reduce the Biochemical Oxygen Demand to 300 parts per million and the suspended solids to 350 parts per million by weight, or (b) reduce objectionable characteristics or constituents to within the maximum limits provided for in Section 702, or (c) control the quantities and rates of discharge of such wastes or waters.

ARTICLE 8

PERMITS AND FEES

- 8.01 Permit Required
- 8.02 Application for Permit
- 8.03 Compliance with Permit
- 8.04 Agreement
- 8.05 Permit Deposit - Lessees
- 8.06 Application for Annexation
- 8.07 (Reserved)
- 8.08 Fees: Building Sewer Connection Charges
- 8.09 Fees: Assessment Connection Charge
- 8.10 Fees: Additional Connection Charges
- 8.11 Fees: Special Connection Charges
- 8.12 Fees: Sewer Service Charges
- 8.13 Performance Guarantee - Public Sewer Construction
- 8.14 All Work To Be Inspected
- 8.15 Notification
- 8.16 Condemned Work
- 8.17 All Costs Paid by Owner
- 8.18 Permits for Outside Sewers
- 8.19 Permit Optional
- 8.20 Special Outside Agreements
- 8.21 Street Excavation Permit
- 8.22 Liability
- 8.23 Time Limit on Permits
- 8.24 Public Sewer Construction - Notice of Completion
- 8.25 Public Sewer Construction - Connection to District Facilities
- 8.26 Public Sewer Construction - Newly Annexed Territories
- 8.27 When Sewer Service Charges Commence

8.01. Permit Required. No unauthorized person shall uncover, make any connections with or opening into, use, alter or disturb any public sewer or appurtenance or perform any work on any sewer or drainage system without first obtaining a written permit from the District.

8.02. Application for Permit. Any person, legally entitled to apply for and receive a permit shall make such application on forms provided by the District for that purpose. He shall give a description of the character of the work proposed to be done and the location, ownership, occupancy and use of the premises in connection therewith. The District may require plans, specifications or drawings and such other information as may be deemed necessary.

If the District determines that the plans, specifications, drawings, descriptions or information furnished by the applicant is in compliance with the ordinance, rules and regulations of the District, it shall issue the permit applied for upon payment of the required Connection and Application fees adopted by the District and in effect at that time. The Ordinance does not permit the purchase of permits without having a proposed structure.

Application fees shall be based on the anticipated administrative cost of issuing the Permit and are not refundable. Application fees shall be charged for each new permit application based on the fee schedule adopted by the District.

(Amended on 5/20/85 – Ord. 23 and 6/19/06 – Ord. 66)

8.03. Compliance with Permit. After approval of the application, evidenced by the issuance of a permit, no change shall be made in the location of the sewer, the grade, materials, or other details from those described in the permit or as shown on the plans and specifications for which the permit was issued except with written permission from the District Engineer and District Manager.

8.04. Agreement. The applicant's signature on an application for any permit shall constitute an agreement to comply with all of the provisions, terms and requirements of the ordinances, rules and regulations of the District, and with the plans and specifications he has filed with his application, if any, together with such corrections or modifications as may be made or permitted by the District, if any. Such agreement shall be binding upon the applicant and may be altered only by the District upon the written request for the alteration from the applicant.

8.05. Permit Deposit - Lessees. All applications for a permit for sewer service from lessees of property in the District not shown as owners on the last Assessor's roll for County taxes, shall include a deposit with the permit application in an amount equal to three months' sewer service charges for the type of service requested which deposit shall be refundable when sewer service is discontinued at the written request of such lessee, less any unpaid sewer service charge then owing the District. No interest shall be paid on said deposit.

(Amended on 10/15/84 – Ord. 22 and 8/15/88 – Ord. 31)

8.06. Application for Annexation. Any person legally entitled to apply for annexation to the District desiring to have the District initiate an annexation by resolution of application shall make application for annexation in accordance with the Annexation Procedures adopted from time to time by the Board of Directors of the District.

(Amended on 10/20/04 – Ord. 65)

8.07. (Reserved).

(Amended on 10/20/04 – Ord. 65)

8.08. Fees: Building Sewer Connection Charges. Connection charges for single dwelling units, for multiple dwellings, commercial, public and other uses and for changes in use of existing properties, within or without the boundaries of the District, shall be paid to the District by the owner, or by any other person obligated to pay such charge, who desires the connection of any such property to the sewerage works of the District or to make any changes in existing connections thereto based on the fees as provided in the ordinances, rules and regulations of the District as heretofore or hereafter fixed.

8.09. Fees: Assessment Connection Charge. In the event of connection to a sewer line financed by special assessments, or by the District without direct participation of abutting property owners, said connection being by a property not originally specially assessed or otherwise directly charged for said line at the time of construction thereof, an additional connection charge shall be paid computed on the basis of the amount said property would have been specially assessed or directly charged if said property had been specially assessed or directly charged to finance construction of said line. Said sum shall not include any amounts for which bonds of the District are then outstanding and to which said property is or shall become subject.

8.10. Fees: Additional Connection Charges. In addition to any other fees and charges established by the ordinances, rules and regulations of the District, there shall be collected, prior to connection to the sanitary sewer system of the District, special additional connection charges for any parcel, unit, lot or part of any property that abuts on or can be served by an existing main sewer or sewerage works of the District constructed by or at the expense of the District for which said parcel, unit, lot, or part of any property did not pay its proportionate cost of installation. Said charges shall be collected where the facilities to serve the property were constructed by or for the District to meet the requirements of the District for facilities to serve areas under the Master Plan or for meeting the anticipated requirements for sewer service from the District, or for any other reason, which facilities were paid for by the District, which additional connection charge shall be the sum as provided in the ordinances, rules and regulations of the District.

8.11. Fees: Special Connection Charges. In addition to any other charges established herein, the District may establish special connection charges for any sewer connection when, in the opinion of the Board of Directors of the District, the circumstances of such connection necessitate the establishment of unusual conditions or necessitate the payment of charges over and above those established herein.

8.12. Fees: Sewer Service Charges. Sewer service charges shall be payable in accordance with the provisions of the ordinances of the District.

8.13. Performance Guarantee - Public Sewer Construction. The applicant shall post a surety bond, cash or other security satisfactory to the District to guarantee the faithful performance of any agreement for public main extension entered into with the Board. Said surety bond, cash or security shall be in the sum of one hundred percent (100%) of estimated costs of the work, or in such other sum as may be fixed by the Board,- and shall in addition to guaranteeing the faithful performance of the work, guarantee the maintenance of the sewer main for a period of one year following the completion and acceptance of the work by the District.

8.14. All Work To Be Inspected. All sewer construction work shall be inspected by an inspector acting for the District to insure compliance with all requirements of the District. No sewer shall be covered at any point until it has been inspected and passed for acceptance. No sewer shall be connected to the District's public sewer until the work covered by the permit has been completed, inspected and approved by the inspector. If the test proves satisfactory and the sewer has been cleaned of all debris accumulated from construction operations the District Engineer shall issue a certificate of satisfactory completion.

For public sewer construction, the owner or owners and/or contractor shall deposit with the District a sum to be fixed by the District Engineer prior to commencement of work. Said sum shall be estimated to equal the cost of inspecting said work and other expenses regularly incurred in connection therewith.

Should the amount of the deposit be insufficient to pay such costs incurred by the District, the owner or owners and/or contractor shall advance such additional sums as shall be necessary to pay said costs prior to the final inspection of the work. Should the amount of the deposit exceed the costs incurred by the District, the excess shall be refunded to owner or owners and/or contractor following the conclusion of the work.

8.15. Notification. It shall be the duty of the person doing the work authorized by permit to notify the office of the District in writing that said work is ready for inspection. Such notification shall be

given not less than forty eight (48) hours, Saturdays, Sundays and holidays excluded, before the work is ready to be inspected. It shall be the duty of the person doing the work to make sure that the work will stand the tests required by the District before giving the above notification.

8.16. Condemned Work. When any work has been inspected and the work condemned and no certification of satisfactory completion given, a written notice to that effect shall be given instructing the owner of the premises, or the agent of such owner, to repair the sewer or other work authorized by the permit in accordance with the ordinances, rules and regulations of the District.

8.17. All Costs Paid by Owner. All costs and expenses incident to the installation and connection of any sewer or other work for which a permit has been issued shall be borne by the owner. The owner shall indemnify the District from any loss or damage that may directly or indirectly be occasioned by the work.

8.18. Permits for Outside Sewers. Permission shall not be granted to connect any lot or parcel of land outside the District to any public sewer in or under the jurisdiction of the District unless a permit therefor is obtained. The applicant shall first enter into a contract in writing whereby he shall bind himself, his heirs, successors and assigns to abide by all ordinances, rules and regulations, in regard to the manner in which such sewer shall be used, the manner of connection therewith and drainage in connection therewith, and also shall agree to pay in advance all fees required for securing the permit and a monthly or annual fee in the amount set by the District for the privilege of using such sewer.

8.19. Permit Optional. The granting of such permission in any event shall be optional with the Board.

8.20. Special Outside Agreements. Where special conditions exist relating to an outside sewer, they shall be the subject of a special contract between the applicant and the District.

8.21. Street Excavation Permit. A separate permit must be secured from the State, County or any other person or agency having jurisdiction thereover by owners or contractors intending to excavate in a public street for the purpose of installing sewers or making sewer connections.

8.22. Liability. The District and its officers, agents and employees shall not be answerable for any liability or injury or death to any person or damage to any property arising during or growing out of the performance of any work by any such applicant. The applicant shall be answerable for, and shall save the District and its officers, agents and employees harmless from any liability imposed by law upon the District or its officers, agents or employees, including all costs, expenses, fees and interest incurred in defending same or in seeking to enforce this provision. Applicant shall be solely liable for any defects in the performance of his work or any failure which may develop there in.

8.23. Time Limit on Permits. Absent a written agreement with the District approved by the Board, if the Applicant for a connection Permit fails, for any reason, to complete the physical connection to the Public Sewer System within twenty-four (24) months year of the issuance of the connection Permit, the connection Permit shall automatically be revoked and the balance of the Connection Fee and Capacity Charge deposited for the connection Permit, after deducting the District's administrative expenses incurred, shall be refunded to the owner of the property at the time of the refund. If, after revocation of the connection Permit the owner of the

property desires a connection Permit, the owner shall submit a new application pursuant to this Article.

(Amended on 6/19/06 – Ord. 66, Amended on X/XX/15 - Ord. 72)

8.24. Public Sewer Construction - Notice of Completion. No public sewer construction which contains public sewer mains shall be accepted by the District until the Board of the District shall have been notified in writing of the completion thereof and the said Board has determined that the completed work is acceptable and has authorized, by Board action, the District Engineer to execute a notice of completion of the said public sewer construction.

8.25. Public Sewer Construction - Connection to District Facilities. No newly constructed public sewer, nor other sewer not previously connected to District facilities, shall be connected to the sewage facilities of the District until such time as a notice of completion has been executed in accordance with the terms and provisions of the preceding paragraph.

8.26. Public Sewer Construction - Newly Annexed Territories. When the territory in which a public sewer is constructed has been annexed to the within District subsequent to the effective date of this Ordinance, the Board of the District shall not either accept the public sewer so constructed, authorize the execution of a notice of completion, or permit the said public sewer to connect to the sewage facilities of the District until such time as it has been proven to the satisfaction of the Board that each, every and all of the terms and conditions for the annexation of the property in which the sewer has "been constructed have been completed.

8.27. When Sewer Service Charges Commence. The applicable sewer service charges set forth in Section 1 of Article II of Ordinance No. 1 as amended, shall commence the first month following the issuance of a certificate of occupancy by the County, occupancy of the property, or 24 months, whichever occurs first.

(Added on X/XX/15 – Ord. 72)

ARTICLE 9

ENFORCEMENT

- 9.01 Violation**
- 9.02 Public Nuisance**
- 9.03 Disconnection**
- 9.04 Public Nuisance - Abatement**
- 9.05 Means of Enforcement Only**
- 9.06 Liability for Violation**

9.01. Violation. Any person found to be violating any provision of this or any other ordinance, rule or regulation of the District, except Section 1001 hereof, shall be served by the District Manager or other authorized person with written notice stating the nature of the violation and providing a reasonable time limit for the satisfactory correction thereof. Said time limit shall not be less than two nor more than seven working days. The offender shall, within the period of time stated in such notice, permanently cease all violations. All persons shall be held strictly responsible for any and all acts of agents or employees done under the provisions of this or any other ordinance, rule or regulation of the District. Upon being notified by the District Manager of any defect arising in any sewer or of any violation of the ordinances, rules and regulations of the District, the person or persons having charge of said work shall immediately correct the same.

9.02. Public Nuisance. Continued habitation of any building in violation of the provisions of this or any other ordinance, rule or regulation of the District is hereby declared to be a public nuisance. The District may cause proceedings to be brought for the abatement of the occupancy of the building during the period of such violation.

9.03. Disconnection. As an alternative method of enforcing the provisions of this or any other ordinance, rule or regulation of the District, the District Manager shall have the power to disconnect the user, condominium or subdivision sewer system, from the sewer mains of the District. Upon disconnection the District Manager shall estimate the cost of disconnection from and reconnection to the system, and such user shall deposit the cost, as estimated, of disconnection and reconnection before such user is reconnected to the system. The District Manager shall refund any part of the deposit remaining after payment of all costs of disconnection and reconnection.

9.04. Public Nuisance - Abatement. During the period of such disconnection, habitation of such premises by human beings shall constitute a public nuisance, whereupon the District shall cause proceedings to be brought for the abatement for the occupancy of said premises by human beings during the period of such disconnection. In such event, and as a condition of reconnection, there is to be paid to the District a reasonable attorney's fee and cost of suit arising in said action.

9.05. Means of Enforcement Only. The District hereby declares that the foregoing procedures are established as a means of enforcement of the terms and conditions of its ordinances, rules and regulations, and not as a penalty.

9.06. Liability for Violation. Any person violating any of the provisions of the ordinances, rules and regulations of the District shall become liable to the District for any expense, loss or damage occasioned by the District by reason of such violation.

ARTICLE 10

MISC.

- 10.01 Protection from Damage**
- 10.02 Investigation Powers**
- 10.03 Separability**
- 10.04 Repeal of Inconsistent Ordinances**

10.01. Protection from Damage. No unauthorized person shall maliciously, willfully or negligently break, damage, destroy, uncover, deface or tamper with any structure, appurtenance or equipment which is a part of the District's sewerage works. Any person violating this provision shall be subject to the penalties provided by law.

10.02. Investigation Powers. The officers and any duly authorized employees of the District shall wear or carry an official badge of office, identification card or other evidence establishing his position as such and upon exhibiting the proper credentials and identification shall be permitted to enter in and upon any and all buildings and properties for the purposes of inspection, re-inspection, observation, measurement, sampling, testing or otherwise performing such duties as may be necessary in the enforcement of the provisions at the ordinances, rules and regulations of the District.

10.03. Separability. If any section, subsection, sentence, clause or phrase of this Ordinance or the application thereof to any person or circumstance is for any reason held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portions of this Ordinance or the application of such provision to other persons or circumstances. The Board hereby declares that it would have passed this Ordinance or any section, sub-section, sentence, clause or phrase hereof irrespective of the fact that anyone or more sections, sub-sections, sentences, clauses or phrases be declared to be unconstitutional.

10.04. Repeal of Inconsistent Ordinances. Ordinance Numbers 3, 11, 12 and 15, and all other ordinances and parts of ordinances inconsistent herewith, are hereby repealed.

(Adopted on 11/16/81 – Ord. 16)

BEAR VALLEY WATER DISTRICT ORDINANCE CODE CHAPTER 4

SEWER REVENUE BONDS

Articles

- 1 General Provisions
- 2 Bond Issuance
- 3 Bonds
- 4 Call and Redemption
- 5 Registration
- 6 Pledge of Revenues and Establishment of Funds
- 7 Covenants
- 8 Additional and Refurbishing Bonds
- 9 Modifications
- 10 Default
- 11 Remedies of Bondholders
- 12 Effective Date

ARTICLE 1

GENERAL PROVISIONS

- 1.01 Proceedings**
- 1.02 Definitions**
- 1.03 Conditions Precedent**
- 1.04 Public Interest**
- 1.05 Purpose of Bonds**
- 1.06 Cost of Works**
- 1.07 Single Transaction**
- 1.08 Separate Fund**
- 1.09 Complete Project**
- 1.10 Legality**

- 1.01. Proceedings. The proceedings have been conducted and the Bonds are being issued pursuant to the provisions of Chapter 5 (commencing with Section 4950) of Part 3, Division 5 of the California Health and Safety Code, commonly referred to as the Sewer Revenue Bond Act of 1933 (herein the "Bond Law").
- 1.02. Definitions. Unless the context otherwise requires, as used herein, the terms herein have the following meanings:
 - (a) Annual means the Fiscal Year of the Entity.
 - (b) Area means the area described in Resolution No. 261 to be served by the Works, including areas served by additions, extensions, improvements and betterments thereto.
 - (c) Bondholder(s); Holder(s) of Bonds; Holder(s) mean, in the plural, the holders of bearer Bonds or the registered owners of registered Bonds, and mean, in the singular, one of such holders or owners.
 - (d) Bond Law means Chapter 5 (commencing with Section 4950) of Part 3, Division 5 of the Health and Safety Code of the State of California, commonly referred to as the Sewer Revenue Bond Act of 1933.
 - (e) Bonds means the issue of bonds in the total principal amount of \$133,000 herein provided to be issued by the Entity.
 - (f) "Bond" means anyone of the Bonds.
 - (g) Bond Year means the period between the dates of maturity of the annual series of Bonds.
 - (h) Charges mean fees, tolls, rates and rentals prescribed by the Legislative Body for the use and maintenance of the Works and the services and facilities thereof, including charges on sanitary sewerage facilities previously acquired and financed by other methods serving the Area, users of which receive additional benefits from the construction of the Works.
 - (i) Entity; District mean the Bear Valley Water District.

- (j) Fiscal Year means the fiscal year of the Entity, which is from July 1 to June 30.
- (k) Gross Revenues means total annual Revenues.
- (l) Improve means to reconstruct, replace, extend, repair, better, equip, embellish or otherwise improve.
- (m) Indenture means this Ordinance.
- (n) Independent Public Accountant means any registered or licensed public accountant or firm of such public accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the Entity, and who, or each of whom:
 - (a) is in fact independent, and not under domination of the Entity;
 - (b) does not have any substantial interest, direct or indirect, with the Entity;
 - (c) is not connected with the Entity as an officer or employee of the Entity, but who may be regularly retained to make annual or other similar audits of the books of the Entity.
- (o) Independent Engineer means any individual or firm of engineers having special knowledge and experience in the utility field, appointed and paid for by the Entity, and who, or each of whom:
 - (a) is in fact independent and not under domination of the Entity;
 - (b) does not have any substantial interest, direct or indirect, with the Entity;
 - (c) is not connected with the Entity as an officer or employee of the Entity, but who may be regularly retained to make annual or other periodic reports to the Entity.
- (p) Legislative Body means the Board of Directors of the Entity.
- (q) Net Revenues means annual Gross Revenues after deducting all sums expended therefrom for the annual administration, management, operation, maintenance and repair of the Works, including all incidental costs, fees and expenses properly chargeable thereto.
- (r) Paying Agent; Registrar means Bank of America National Trust and Savings Association, or a successor in interest as more particularly herein set forth.
- (s) Presiding Officer means the President of the Entity.
- (t) Revenues; Revenues of the Works mean all Charges received for, and all other income and receipts derived from the operation of the Works and the sanitary sewerage facilities previously acquired and financed by other methods and serving the Area, the users of which receive additional benefits from the Works, or arising from the Works or any improvements, additions or extensions thereto serving the Area, including moneys deposited in any funds or accounts to secure or to provide for the payment of the Bonds, and interest received thereon or on any invested moneys of the Works. Excluded herefrom are proceeds of any rates and charges required by state or federal regulations to be levied and collected from users and held, distributed or used for a special designated or limited purpose (i.e. industrial cost recovery), or any special charges levied for the express purpose of reimbursing others for all or a portion of the

cost of acquisition or construction of specific facilities. Secretary means the person appointed as the Secretary of the Entity.

(u) Treasurer means the Treasurer of the Entity.

(v) Works means the sewage facilities described in Resolution No. 261, the cost of acquiring, constructing and financing of which is to be paid from the proceeds of the Bonds, to wit:

The acquisition, construction, improving and financing of works to the existing wastewater collection, treatment and disposal facilities of the Bear Valley Water District including the construction of a wastewater spray field, together with all other works and appurtenances necessary, useful, convenient or incidental to and in completing any of the above.

1.03. Conditions Precedent. All acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of the Bonds have existed, have happened and have been performed in due time, form and manner as required by law, and the Entity is now authorized, pursuant to each and every requirement of law, to issue the Bonds in the manner and form as provided herein.

1.04. Public Interest. The public interest, economy and general welfare will be served by the acquisition, construction and financing of the Works, including all expenses incidental thereto or connected therewith.

1.05. Purpose of Bonds. The Bonds shall be issued to pay the cost of the acquisition, construction and financing of the Works.

1.06. Cost of Works. The total estimated cost of the Works, less grant funds and Entity subventions, if any, including acquisition, construction and financing of the Works, engineering and other fees, and all other expenses incidental thereto, including bond reserve funds, working capital, funded interest and bond discount, if any, is estimated to be the sum of \$133,000.

1.07. Single Transaction. The acquiring, constructing and financing of the Works is one transaction, complete in and of itself, and the proceeds of the Bonds, will be applied to the cost thereof as here in provided.

1.08. Separate Fund. The Entity during the term of the Bonds, will operate its sanitary sewerage facilities as a separate and distinct agency, and will create and maintain a separate and distinct special fund and account for the Works into which all Revenues to be received are to be deposited, and from which all disbursements herein provided, relating to the Works, are to be made during the term of the Bonds.

1.09. Complete Project. It is hereby found and determined that the Entity has made all necessary arrangements for the financing of the Works. Accordingly, it is hereby found and determined that:

(a) Adequate Funds. The acquiring, constructing and financing of the Works can be accomplished from the funds to be available from the proceeds of the sale of the Bonds, together with any grant funds and Entity subventions;

(b) Adequate Rates. Charges have been and will be fixed, levied and collected for the services and facilities to be provided by the Works; and

(c) Bond Payment. The Charges and all other income and receipts included in the definition of Revenues shall constitute the Revenues pledged to service the Bonds as provided herein.

1.10. Legality. If any article, section, subsection, sentence, clause or phrase of the Indenture shall for any reason be adjudged to be unconstitutional, unenforceable or invalid, such judgment shall not affect the validity of the remaining portions thereof. The Legislative Body hereby declares that it would have adopted the Indenture and each and every article, section, subsection, sentence, clause or phrase thereof and would have authorized the issuance of the Bonds pursuant thereto irrespective of the fact that anyone or more articles, sections, subsections, sentences, clauses or phrases be declared to be unconstitutional, unenforceable or invalid.

ARTICLE II

BOND ISSUANCE

- 2.01 Authorization**
- 2.02 Type; Denomination; Date and Maturity**
- 2.03 Form of Bonds and Coupons**
- 2.04 Where Payable**
- 2.05 Interest**
- 2.06 Interest After Maturity**

2.01. Authorization. Bonds designated "Bear Valley Water District Sewer Revenue Bonds of 1982", in the aggregate principal amount of \$133,000, are hereby authorized to be issued by the Entity under the Indenture and the Bond Law.

2.02. Type; Denomination; Date and Maturity. Bonds issued on or before December 31, 1982 shall be issued in the form of coupon bonds registrable only as to both principal and interest, of the denomination of \$5,000, except that any coupon Bond maturing in 1983 shall be of the denomination of \$3,000. Bonds issued after December 31, 1982 shall be in the form of fully registered bonds without coupons, of the denomination of \$5,000 or any multiple thereof, except that any fully registered Bond maturing in 1983 shall be of the denomination of \$3,000. No fully registered Bond maturing in more than a single year shall be issued.

The Bonds shall be dated December 15, 1982. The Bonds shall be numbered as determined by the Treasurer and shall mature on the 15th day of December in the amounts and years set forth in Exhibit "A" hereto.

2.03. Form of Bonds and Coupons. The form of coupon Bonds and the coupons thereto attached shall be substantially as provided in Exhibit "B" hereto attached and made a part hereof. The form of the fully registered Bonds shall be substantially as provided in Exhibit "C" hereto attached and made a part hereof.

2.04 Where Payable. The principal of and interest on the Bonds and any redemption premium shall be payable in lawful money of the United States of America at Bank of America National Trust and Savings Association, Corporate Agency Service Center in San Francisco, California, hereby designated as Paying Agent and Registrar of the Entity.

Principal, interest and any redemption premium on fully registered Bonds and on coupon Bonds registered as to both principal and interest shall be paid by check, draft or warrant mailed to the registered owner at its address as it appears on the register maintained in the Registrar's office, except that the principal thereof shall be paid only upon surrender of the Bonds to the Registrar.

2.05. Interest. The Bonds issued as herein provided shall be of the form and character known as "Serial" and shall bear interest at the rate of not to exceed twelve percent (12%) per annum. The interest shall be payable June 15, 1983, and semiannually thereafter on the 15th day of December and June of each year to the date of maturity.

Each coupon Bond shall bear interest from its date. Each fully registered Bond shall bear interest from the interest payment date next preceding the date of authentication and registration thereof unless the date of authentication and registration is an interest payment date, in which event from such interest payment date, or unless the date of authentication and registration is prior to the first interest payment date, in which event it shall bear interest from its date.

Attached to each coupon Bond shall be interest coupons payable at the times the respective interest payments thereon become due and for the amounts thereof.

2.06. Interest After Maturity. If sufficient funds to pay the principal of and interest on any Bond on the due date have been made available in the fund or account provided therefor, no interest shall accrue thereafter with respect to such Bond; otherwise, until funds have been so made available, the principal of such Bond shall continue to bear interest at the rate stated therein until paid.

ARTICLE 3

BONDS

- 3.01 **Purchase of Bonds**
- 3.02 **Source of Payment**
- 3.03 **Bonds Not a Debt**
- 3.04 **Entity Credit Not Encumbered**
- 3.05 **Bonds a Special Obligation**
- 3.06 **Execution of the Bonds**
- 3.07 **Continuing Validity of Signatures**
- 3.08 **Preparation and Delivery of Bonds**
- 3.09 **Temporary Bonds**
- 3.10 **Mutilated, Destroyed, Lost or Stolen Bonds**
- 3.11 **Transcript**
- 3.12 **Use of Proceeds Certificate**

3.01. Purchase of Bonds. The Entity may, from time to time, purchase any or all of the Bonds at prices offered. All Bonds purchased shall be cancelled and shall not again be reinstated.

3.02. Source of Payment. The Bonds shall recite that they are issued pursuant to the Bond Law and that they are payable solely from the Revenue.

3.03. Bonds Not a Debt. The Bonds and interest thereon shall not be a debt of the Entity, nor a charge, lien or encumbrance, legal or equitable, upon any of its property or upon any of its income or receipts or revenues, other than the Revenues which have been pledged to the payment thereof as herein provided.

3.04. Entity Credit Not Encumbered. No recourse shall be had for the payment of the Bonds, or of the interest thereon, or any part thereof, against the general fund of the Entity, nor shall its credit or taxing power be deemed to be pledged thereto, and the Holders of the Bonds, or the coupons thereon, shall never have the right to compel the exercise of the taxing power of the Entity or the forfeiture of any of its property for the payment of the Bonds or the interest thereon.

3.05. Bonds a Special Obligation. The Bonds and all additional bonds which may be issued in accordance with the terms and conditions hereof shall be special obligations of the Entity and shall be payable from and secured by a lien upon the Gross Revenues as herein provided.

3.06. Execution of the Bonds. The Bonds shall be signed by the Presiding Officer and countersigned by the Secretary. The official seal of the Entity shall be affixed on each of the Bonds. The coupons attached to the coupon Bonds shall be signed by the Treasurer. All of said signatures, except that of the Secretary, may be printed, engraved, lithographed, or stamped on the Bonds and any coupons in lieu of signing by hand. The official seal may be similarly reproduced on the Bonds. Such signing, countersigning, and sealing shall constitute and be a sufficient and binding execution of each of said Bonds and coupons, except that fully registered Bonds shall not be entitled to any benefit under this Indenture or become valid or obligatory for any purpose until the certificate of authentication and registration thereon endorsed shall have been manually signed by the Registrar.

3.07. Continuing Validity of Signatures. If any officer whose signature or countersignature appears on the Bonds or coupons ceases to be such officer before delivery of the Bonds, such

signature or countersignature is nevertheless valid and sufficient for all purposes as if such officer had remained in office.

Any Bond or coupon may be signed and countersigned on behalf of the Entity by such persons as at the actual date of the execution of such Bond or coupon shall be the proper officers of the Entity although at the nominal date of such Bond or coupon any such person shall not have been such officer of the Entity.

3.08. Preparation and Delivery of Bonds. The Secretary is directed to cause Bonds and coupons of suitable quality to be lithographed, printed, or engraved to comply with the provisions hereof and to procure their execution by the proper officers. The Treasurer shall deliver the Bonds to the purchaser thereof upon receipt of the purchase price therefor, and shall credit the proceeds to the special fund and account for the payment of the cost of the Works, as provided herein, but the purchaser shall not be required to see to the proper application thereof. The Presiding Officer, Treasurer and Secretary are further authorized and directed to make, execute, and deliver to the purchasers of the Bonds a signature and no-litigation certificate in the form usually required by purchasers of municipal bonds, generally certifying to the genuineness and due execution of the Bonds, and further certifying to all facts that in their knowledge are relative to any litigation which mayor might affect the Entity and said officers or the Bonds, and the Treasurer is authorized and directed to make, execute, and deliver to the purchasers of the Bonds a Treasurer's receipt in the form usually required by purchasers of municipal bonds, evidencing the payment .of the purchase price of the Bonds, which receipt shall be conclusive evidence that said purchase price has been paid and has been received by the Entity.

3.09. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Entity, shall be without coupons and may contain such reference to any of the provisions of the Indenture as may be appropriate. Every temporary Bond shall be executed by the Entity upon the same conditions as provided herein for the execution of definitive Bonds, except as pertains to coupons.

3.10. Mutilated, Destroyed, Lost or Stolen Bonds. If (a) any mutilated Bond is surrendered to the Paying Agent/Registrar or the Entity receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the Entity such security or indemnity as may be required by it to save it harmless, then in the absence of notice to the Entity that such Bond has been acquired by a bona fide purchaser, the Entity shall execute, and if the Bond by in fully registered form upon request of the Entity, the Registrar shall authenticate, and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of like date, tenor, maturity, interest rate and amount, bearing the same number, and with such notations as the Entity shall determine.

3.11. Transcript. The Secretary is hereby authorized to prepare and furnish to the initial purchaser of the Bonds provided to be issued hereunder a complete set of certified copies of all ordinances, resolutions and documents of the Entity relating to the Works and to the issuance of the Bonds and of all other proceedings and records of the Legislative Body showing the right, power and authority to issue the Bonds and to provide the security therefor, and such certified copies shall be deemed representations of the Legislative Body as to all facts stated therein.

3.12. Use of Proceeds Certificate. The Treasurer is authorized to determine the amount and use of the proceeds of the Bonds and to certify for the Entity reasonable expectations and the facts

and estimates upon which they are based as provided by Sections 1.103-13, 1.103-14 and 1.103-15 of the Regulations under the Internal Revenue Code of 1954, as amended.

ARTICLE 4

CALL AND REDEMPTION

- 4.01 **Callable Bonds; Prior Redemption**
- 4.02 **Notice of Redemption**
- 4.03 **Form of Notice**
- 4.04 **Receipt of Notice Unnecessary**
- 4.05 **Certificate of Notice Conclusive**
- 4.06 **Redemption Funds**
- 4.07 **Effect of Notice of Redemption**
- 4.08 **Partial Redemption of Fully Registered Bond**

4.01. Callable Bonds; Prior Redemption. Bonds maturing by their terms on or before December 15, 1990, shall not be subject to call prior to their fixed maturity date. Bonds maturing on or after December 15, 1991, shall, by their terms, be subject to call and redemption, at the option of the Legislative Body, in inverse order of maturity and by lot within a maturity, on December 15, 1990, or on any interest date thereafter and prior to their maturity date or dates at the principal amount thereof and accrued interest thereon to the date of redemption plus a premium of one quarter of one percent (1/4 of 1%) of such principal amount for each whole year and for any remaining fraction of a year between the dates fixed for redemption and their respective stated maturities.

4.02. Notice of Redemption. When Bonds are called for redemption, the Treasurer shall cause notice of redemption to be given by publication once, not less than thirty (30) days prior to the date of call, in a financial paper circulated in San Francisco, California. The Treasurer shall also cause such notice to be mailed, by certified mail, not less than thirty (30) days prior to the date of call, to the last known Holder of any bearer Bond so called, and to the registered owner by any registered Bond so called, as shown on the bond registry books. No interest shall accrue on said Bonds called for redemption or on any interest coupons thereon after the redemption date specified in said notice.

4.03. Form of Notice. The notice of redemption shall:

- (a) State the redemption date;
- (b) State the redemption price;
- (c) State the numbers and dates of maturity of the Bonds selected to be redeemed; provided, however, that whenever any call includes all of the Bonds of a maturity, the numbers of the Bonds of such maturity need not be stated;
- (d) Require that such Bonds be surrendered together with all interest coupons maturing subsequent to the redemption date, at the office of the Paying Agent/Registrar;
- (e) Require that Bonds which at the time of call are payable otherwise than to bearer shall be accompanied by appropriate instruments of assignment to Entity duly executed; and
- (f) Give notice that further interest on such Bonds will not accrue after the designated redemption date.

4.04. Receipt of Notice Unnecessary. The actual receipt by the Holder of any Bond of Notice of such redemption shall not be a condition precedent to redemption, and failure to receive such notice shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

4.05. Certificate of Notice Conclusive. A certificate by the Treasurer that notice of call and redemption has been given to the owners of Bonds as herein provided shall be conclusive as against all parties, and no Bondholder whose Bond is called for redemption may object thereto or object to the cessation of interest on the redemption date fixed by any claim or showing that such Bondholder failed to actually receive such notice of call and redemption.

4.06. Redemption Funds. Prior to the time the Legislative Body determines to call and redeem any of the Bonds, the Treasurer shall establish the Optional Redemption Account created by Section 6.12 hereof. Prior to the publication of the notice of redemption, there must be available or set aside in the Optional Redemption Account moneys sufficient to redeem the Bonds designated in such notice for redemption.

(a) Use of Funds. Said moneys must be set in said Account solely for that purpose and shall be applied on or after the redemption date to payment for the Bonds to be redeemed upon presentation and surrender of such Bonds and (except as to fully registered Bonds and coupon Bonds registered as to both principal and interest) all interest coupons maturing after the redemption date, and shall be used only for that purpose;

(b) Coupons Due. Any interest coupon due on or prior to the redemption date shall be paid from the Bond Account provided in Section 6.08 upon presentation and surrender thereof;

(c) Coupons Not Due. Each coupon Bond presented (if unregistered) must have attached thereto or presented therewith all interest coupons maturing after the redemption date; and

(d) Retransfers. If after all of the Bonds have been redeemed and cancelled or paid and cancelled, there are moneys remaining in said Optional Redemption Account, said moneys shall be transferred to the Revenue Fund; provided, however, that if said moneys are part of the proceeds of refunding bonds, said moneys shall be transferred to the fund created for the payment of principal of and interest on such refunding bonds.

4.07. Effect of Notice of Redemption. When notice of redemption has been given substantially as provided herein, and when the amount necessary for the redemption of the Bonds called for redemption is set aside or made available for that purpose, the Bonds designated for redemption shall become due and payable on the date fixed for redemption thereof, and, upon presentation and surrender of said Bonds and (except as to coupon Bonds registered as to both principal and interest and fully registered Bonds) all interest coupons maturing after the redemption date, to the Paying Agent/Registrar and, if any of said Bonds be registered, upon the appropriate assignment thereof, such Bonds shall be redeemed and paid at said redemption price out of the Optional Redemption Account.

(a) Interest Terminates. No interest will accrue on such Bonds called for redemption or on any interest coupons thereon after the redemption date specified in such notice, and the Holders of said Bonds so called for redemption after such redemption date shall look for the payment of such Bonds only to said Optional Redemption Account. All Bonds redeemed and all interest coupons thereon shall be cancelled forthwith and shall not be reissued; and

(b) Matured Coupons Payable. All interest coupons pertaining to any redeemed Bonds, which coupons have matured on or prior to the time fixed for redemption, shall continue to be payable to the respective Holders thereof but without interest thereon. All unpaid interest payable at or prior to the date fixed for redemption upon Bonds registered in such manner that the interest is payable only to the registered owners shall continue to be payable to the respective registered owners of such Bonds, or their order, but without interest thereon.

4.08. Partial Redemption of Fully Registered Bond. Upon surrender of any fully registered Bond redeemed in part only, there shall be executed and delivered a new fully registered Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered and of the same interest rate and same maturity.

ARTICLE 5

REGISTRATION

- 5.01 **Transfer of Fully Registered Bonds**
- 5.02 **Transfer and Registration of Coupon Bonds**
- 5.03 **Bond Register**
- 5.04 **Exchange of Bonds**
- 5.05 **Endorsement**
- 5.06 **Record**
- 5.07 **Setting Aside Money**
- 5.08 **Notice and Payment**
- 5.09 **Order of Payment**
- 5.10 **Failure to Present**

5.01. Transfer of Fully Registered Bonds. Any fully registered Bond may, in accordance with its terms, be transferred upon the registry books required to be kept pursuant to the provisions of Section 5.03, by the registered owner in person, or by the registered owner's duly authorized attorney, by delivery of a written instrument of transfer, in a form approved by the Registrar, duly executed.

Whenever any fully registered Bond shall be surrendered for transfer, the Registrar shall cause to be executed and shall deliver a new fully registered Bond or Bonds, of the same interest rate and maturity and for a like aggregate principal amount. The Registrar shall require the holder of the" Bond requesting such transfer to pay any tax or other governmental charge or cost required to be paid or incurred with respect to such transfer.

No transfers of fully registered Bonds shall be required to be made during the fifteen (15) days next preceding each interest payment date.

5.02. Transfer and Registration of Coupon Bonds. Each coupon Bond herein authorized may be registered only as to both principal and interest upon the written request of the holder and upon presentation of the Bond to the Registrar.

Upon presentation of a Bond for registration, the coupons shall be removed therefrom and cancelled (or preserved in a place of safekeeping, at the option of the Registrar), and the name and number of the Bond, the name and address of the holder in whose name it is to be registered, the date of such registration and a notation that the Bond is registered as to both principal and interest shall be entered in the registry books required to be kept pursuant to the provisions of Section 5.03, and appropriate endorsement thereof shall be made by the Registrar in the space provided therefor on the back of the Bond. Until such registration, is discharged as hereinafter provided, the interest when due shall be payable only to the registered owner and the principal when due shall be payable only to such owner upon surrender of the Bond to the Registrar.

A registered coupon Bond may be transferred only by the registered owner, in person or by attorney duly authorized in writing, by a written instrument of transfer in form acceptable to the Registrar, and by the Registrar endorsing such transfer on the Bond and in the registry books. No transfer shall be required to be made during the fifteen (15) days next preceding an interest payment date.

A registered coupon Bond may be discharged from registration upon written request of the registered owner. In such case, the Registrar shall transfer the Bond to bearer by appropriate endorsement on the Bond and in the registry books, cause all unmatured coupons that have been removed from the Bond to be reattached to the Bond (such coupons to be reprinted, if necessary), and deliver the Bond and coupons to the owner, and thereupon negotiability and transferability by delivery shall be restored.

Bonds that have been discharged from registration are subject to successive registrations and transfers in the manner heretofore provided.

The person requesting registration, transfer or discharge from registration shall, as a condition precedent to the exercise of such privilege, pay the Registrar's reasonable charges therefor, if any, including any cost of reprinting the coupons and any tax or other governmental charge required to be paid with respect thereto.

5.03. Bond Register. There shall be kept by the Registrar sufficient books for the registration and transfer of the Bonds and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said register, Bonds as hereinbefore provided.

5.04. Exchange of Bonds. Fully registered Bonds may be exchanged at the office of the Registrar for a like aggregate principal amount of fully registered Bonds of other authorized denominations of the same interest rate and maturity. All exchanges shall be made under such reasonable regulations as the Registrar may prescribe and shall be at the expense of the Holders of the Bonds. The Registrar shall require the payment by the Holder of the Bond requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. No such exchange shall be required to be made during the fifteen (15) days next preceding each interest payment date.

5.05. Endorsement. When a Bond or interest coupon is presented to the Registrar for payment and is not paid for want of funds, the Registrar shall endorse upon it "not paid for want of funds", the date of presentation, and a serial number indicating the order of payment, and shall sign or stamp his or her name thereon.

5.06. Record. The Registrar shall keep a book or other record in which shall be entered the number and series of the Bonds and the date and serial number of their registration, and, if known, the names and addresses of their respective owners or other persons who presented them.

5.07. Setting Aside Money. Upon receipt of the first money in the fund applicable to their payment, there shall be set apart the amount necessary to pay the registered Bonds and coupons.

5.08. Notice and Payment. The Registrar shall give notice by certified mail to the owner or holder of the registered Bonds and coupons, at the address last entered or to the person who presented them, stating that the Entity is ready to pay them.

5.09. Order of Payment. The Bonds and coupons shall be paid in the order of their serial numbers.

5.10. Failure to Present. If the registered Bonds and coupons are not presented for payment within 30 days from mailing of the notice, or if the owner has failed to provide his or her name

and address, or the person who presented them is not known, the Registrar shall apply the amount set aside to the payment of the unpaid registered Bonds and coupons next in order, until all registered Bonds and coupons have been paid.

ARTICLE 6

PLEDGE OF REVENUES AND ESTABLISHMENT OF FUNDS

- 6.01 Pledge of Revenues
- 6.02 First Lien on Revenues
- 6.03 Revenues a Trust Fund
- 6.04 Equal Parity
- 6.05 Ratio of Net Revenue Coverage on the Bonds
- 6.06 Construction Fund
- 6.07 Revenue Fund
- 6.08 Bond Account
- 6.09 Reserve Account
- 6.10 Maintenance and Operation Account
- 6.11 Surplus Account
- 6.12 Optional Redemption Account
- 6.13 Feeding Higher Priority
- 6.14 Investment of Funds
- 6.15 Inactive Deposits
- 6.16 No Restriction on Other Powers

6.01. Pledge of Revenues. All of the Revenues are hereby pledged to pay the principal of and interest on the Bonds, and to provide a Revenue. Fund and the following accounts the rein:

- (a) a Bond Account,
- (b) a Reserve Account,
- (c) an Operation and Maintenance Account,
- (d) a Surplus Account, and
- (e) an Optional Redemption Account.

6.02. First Lien on Revenues. The sums required to meet the payment of interest on and principal of the Bonds shall be secured by a first and prior lien upon and pledge of all of the Gross Revenues.

6.03. Revenues a Trust Fund. The Revenues shall constitute a trust fund for the security and payment of the Bonds. Subsequent to the payment of the principal and interest requirements on the Bonds, and the funding of the Reserve Account as in this Article provided, there shall be paid from the Revenues such sums as may be required to pay the costs of necessary and reasonable maintenance and operation of the works, and the remainder of the sanitary sewerage facilities of the Entity, which costs shall include the reasonable expenses of management, operation, repair and other expenses necessary to maintain and preserve the Works and the remainder of the Entity's sanitary sewerage facilities in good repair and working order; provided, however, that such costs and expenses maybe paid from such sources of funds other than the Revenues as may be legally available for such purposes.

6.04. Equal Parity. All of the Bonds shall be equally and ratably secured without preference or priority by reason of number, date, date of sale, or of execution or of delivery of the Bonds, by said lien upon the Revenues in accordance with the Bond Law and this Indenture and any

supplemental indenture. Said lien shall be prior and paramount to any and all other claims and obligations that have arisen or may arise or be incurred against the Revenues except as herein provided.

6.05. Ratio of Net Revenue Coverage on the Bonds. The Entity covenants that it will at all times establish, maintain and collect Charges sufficient, with other Revenues received, to provide Net Revenues equal to not less than 1.25 times the aggregate amount of the principal of and interest on the Bonds which shall become due and payable within the next succeeding twelve (12) months.

The Entity further covenants that until the Reserve Account is fully funded as provided in Section 6.09 hereof, it will at all times establish, maintain and collect Charges sufficient, with other Revenues received, to provide Net Revenues sufficient to fund the Reserve Account pursuant to said Section 6.09.

In furtherance of the above covenants, the Entity further covenants that in anticipation of the Net Revenues hereinabove covenanted to be established, maintained, and collected, it will budget for said amount to be established, maintained and collected from charges to the users of the Works (as distinguished from connection charges), and will be calculated, at the time each annual budget is being prepared, based on the number of sewer connections that exist at that time, without anticipation of any additional users or any additional Revenues.

6.06. Construction Fund. There is hereby created a special fund to be designated by the Treasurer, herein called "Construction Fund", which shall be maintained by the Treasurer as a separate account, distinct from all other funds or accounts of the Entity. The proceeds of the Bonds (other than accrued interest and premium, if any, which shall be deposited in the Bond Account), together with the proceeds of any grants received by the Entity, or subventions by the Entity, shall be deposited in said fund and shall be expended as follows:

(a) Acquisition Costs. The cost of acquiring any property, rights and franchises necessary for the Works for which contracts have been or shall be made, or any interlocutory decree in eminent domain had and taken, shall be paid to the persons entitled thereto, or to the appropriate Entity fund to be reimbursed therefor.

(b) Construction Costs. The costs of constructing any part of the Works under contracts for construction work shall be paid to persons entitled thereto, on certificates of the Engineer having responsibility therefor, as to the work completed substantially in accordance with the plans and specifications adopted therefor, and as said certificates are approved by the Board of Directors.

(c) Incidental Expenses. The incidental expenses of said proceedings, consisting of all engineering, inspection, legal, financial and fiscal fees, working capital and a portion of Bond interest estimated to accrue during the construction period, and the costs of authorizing and issuing the Bonds as approved by the Legislative Body shall be paid to those persons entitled thereto or to the appropriate Entity fund to be reimbursed therefor.

Any remaining balance in the Construction Fund upon completion of the purpose of the Bonds shall be transferred to the Reserve Account as provided in Section 6.09.

6.07. Revenue Fund. There is hereby created a special fund to be designated by the Treasurer, he rein called "Revenue Fund", which shall be maintained and operated by the Treasurer as a separate account, distinct from all other funds or accounts of the Entity, into which all Revenues shall be paid immediately following their receipt. So long as any Bonds or any additional bonds

authorized hereunder are outstanding, or any interest thereon is unpaid, said account shall be administered and disbursements shall be made therefrom in the manner and in the order progressively set forth in Sections 6.08, 6.09, 6. 10 and 6.11 hereof.

6.08. Bond Account. There is hereby created a special account to be designated by the Treasurer, herein called "Bond Account", which shall be maintained and .operated by the Treasurer as a separate account, distinct from all .other accounts of the Entity, to cover the payment of the principal of and interest on the Bonds.

(a) Forthwith upon receipt of the proceeds of the Bonds, the Treasurer shall deposit into the Bond Account any funds received on account of premium and interest accrued on said Bonds from their date to the date of their delivery.

(b) On or before June 10, 1983, and on or before each succeeding December 10 and June 10, during the term of the Bonds, the Treasurer shall deposit into the Bond Account an amount equal to the aggregate amount necessary to pay the next maturing installment of interest on the Bonds, except to the extent that moneys for the payment of such interest shall have previously been deposited therein.

(c) On or before December 10, 1983, and on or before each succeeding December 10, during the term of the Bonds, the Treasurer shall deposit into the Bond Account an amount equal to the aggregate amount necessary to pay the next maturing installment of principal of the Bonds. No such deposit need be made so long as there shall be in such account moneys sufficient to pay the next maturing installment of such principal.

(d) For so long as all or any part of the rates and Charges are collected with, and not separately from, taxes, the Treasurer shall deposit the amounts necessary to pay the next maturing installments of interest and principal, forthwith as they become available in the event they are not available on the dates hereinabove set forth.

Any amount required to be set aside, transferred to and placed in the Bond account may be prepaid in whole or in part by being earlier set aside, transferred to and placed in the Bond Account, and in that event the transfer which has been so prepaid need not be made at the time appointed therefor.

In any event, all sums required for the payment thereof must be in the Bond Account at least five days prior to the due date of the principal of and interest on the Bonds.

All money s in the Bond Account shall be used and withdrawn solely for the purpose of paying the principal of and interest on the Bonds as the same shall become due and payable. After full payment of the Bonds and interest, any balance in the Bond Account shall be returned to the Revenue Fund.

6.09. Reserve Account. There is hereby created a special account to be designated by the Treasurer, herein called "Reserve Account", which shall be maintained and operated by the Treasurer as a separate account, distinct from all other accounts of the Entity, to further secure the payment of the principal of and interest on the Bonds.

(a) On or before each fifteenth day of December, commencing in the year 1983, and for the next successive three years, the Treasurer shall deposit into the Reserve Account a sum not less than one-fourth (1/4) of the amount to accumulate therein an amount equal to the average annual principal and interest requirements to be paid during the term of the Bonds, said amount

to be accumulated by December 15, 1986. Under no circumstances shall the Reserve Account exceed 15% of the original face amount of the Bonds or (in the event that the Bonds are sold at less than 98% of their original face amount) 15% of the gross proceeds of the sale of the Bonds.

(b) Upon completion of the purpose of the Bonds, any balance remaining in the Construction Fund, including any investment earnings accrued but not yet credited thereto, shall be transferred to the Reserve Account up to the maximum provided in Subdivision (a) of this section and any excess shall be transferred to the Revenue Fund.

(c) Whenever any moneys are withdrawn from the Reserve Account to pay principal and interest of Bonds, the amount so withdrawn shall be restored from available surplus funds, and, if none, then by transfers from the Revenue Fund, commencing on the next following 1st day of January and continuing annually for the next successive year, at least one-half (1/2) of the amount necessary to restore therein the gross amount provided in Subdivision (a) of this Section.

Except as hereinafter specified, money in the Reserve Account shall be used solely for the purpose of paying the principal of and interest on the Bonds in the event that the moneys in the Bond Account are insufficient therefor and for that purpose shall be withdrawn and transferred to the Bond Account. After reaching the year, if any, in which the amount in the Reserve Account is in excess of the average annual debt service for the remaining period of the Bonds, moneys in said Account in excess of an amount equal to the average annual debt service during the remaining period of the Bonds shall be withdrawn and returned to the Revenue Fund. Similar withdrawals and returns shall be made upon reaching each successive Bond Year to the end that the balance in said account is equal to the average annual debt service for the remaining period of the Bonds, subject to the limitation provided in Subdivision (a) of this Section.

Money in the Reserve Account shall be transferred to the Bond Account at the times and for the purposes necessary to pay the last remaining installments of principal and interest on the Bonds. Any balance thereafter shall be returned to the Revenue Fund.

6.10. Maintenance and Operation Account. There is hereby created a special account to be designated, operated and maintained by the Treasurer, herein called "Maintenance and Operation Account", into which shall be deposited moneys in the Revenue Fund, not currently required for the Bond Account or the Reserve Account, to pay the reasonable and necessary costs of managing, operating, maintaining, repairing and insuring the Works and the remainder of the sanitary sewerage facilities of the Entity, including all incidental costs, fees and expenses properly chargeable thereto, and including any sums required by contract, rule or regulation to be paid to any person, agency or government.

6.11. Surplus Account. There is hereby created a special account to be designated, operated and maintained by the Treasurer, herein entitled "Surplus Account", into which shall be deposited moneys in the Revenue Fund, after deposits and transfers have been made to the other accounts within the Revenue Fund as hereinabove provided. Moneys deposited into the Surplus Account may be withdrawn and used by the Entity for any or all of the following purposes:

(a) To pay the cost of unusual or extraordinary maintenance of or repair to the Works or the remainder of the sanitary sewerage facilities of the Entity;

(b) To extend, enlarge, replace, better or improve the Works or the remainder of the sanitary sewerage facilities of the Entity;

(c) To pay the principal, interest and premiums, if any, of Bonds called prior to maturity;

- (d) To pay the principal, interest and premiums of Bonds purchased in the open market at prices offered at or below the sum required to be paid in the event of redemption by call;
- (e) To pay the principal and interest of general obligation or revenue bonds heretofore or hereafter issued for sewer purposes, or to accumulate capital funds for the purpose of construction of sanitary sewerage and sewage disposal systems for the Entity; and
- (f) For any other lawful purpose.

No moneys shall be otherwise paid or transferred from the Surplus Account unless all of the requirements of this Indenture, and any indenture supplemental hereto, then required to be performed have been fully accomplished.

6.12. Optional Redemption Account. There is hereby created a special account to be designated by the Treasurer, herein called "Optional Redemption Account", which shall be operated and maintained by the Treasurer as a separate account, distinct from all other accounts of the Entity; into which shall be transferred from the Surplus Account any moneys available to redeem or purchase Bonds prior to their fixed dates of maturity.

6.13. Feeding Higher Priority. In the event that the balance in any fund or account is below its requirements, moneys from a fund or account of lower priority shall be transferred up to fill such deficiency, and said higher fund or account shall have a first claim on the moneys of said lower fund or account for said purpose.

6.14. Investment of Funds. All moneys in the various funds that are not required to be used within such time may be invested in any obligations which are then authorized by the laws of the State of California as investments for local agencies, maturing on a date or dates prior to the need for such moneys.

6.15. Inactive Deposits. Any moneys not then needed may be deposited as inactive funds of the Entity.

6.16. No Restriction on Other Powers. Nothing in the Indenture shall be construed to prevent the Entity from exercising any powers which it may otherwise have, nor prevent the Entity from paying the costs of maintenance and operation from such funds, other than those mentioned in this Article or in the Indenture, as are legally available for such purpose, including taxes.

ARTICLE VII

COVENANTS

- 7.01 **General**
- 7.02 **Acquire Works**
- 7.03 **Operate Works**
- 7.04 **Good Repair**
- 7.05 **Preserve Security**
- 7.06 **Collect Revenues**
- 7.07 **Service Bonds**
- 7.08 **Pay Claims**
- 7.09 **Sales or Encumbrances**
- 7.10 **No Free Service**
- 7.11 **No Competition**
- 7.12 **Insurance**
- 7.13 **Fidelity Bonds**
- 7.14 **Engineers**
- 7.15 **Audit and Report**
- 7.16 **Eminent Domain**
- 7.17 **Unconditional Obligation**
- 7.18 **Performance of Essence**
- 7.19 **Recourse to Bond Law**
- 7.20 **Indenture is Covenant**
- 7.21 **Continuing Agreement**
- 7.22 **Period of Agreement**
- 7.23 **Arbitrage**

7.01. General. For the protection and security of the Bonds, the Entity covenants and agrees to and with the Holders of the Bonds as provided in this Article.

7.02. Acquire Works. It will commence and complete the acquisition, construction and financing of the Works with all practical dispatch and in a sound and economical manner.

7.03. Operate Works. It will operate, or cause to be operated, the Works and the remainder of its sanitary sewerage facilities, in an efficient and economical manner and will prescribe, revise and collect such Charges that the Works may be furnished to the users within the Area and other users at the lowest possible cost consistent with sound economy and prudent management.

7.04. Good Repair. It will operate, maintain, preserve and keep, or cause to be operated, maintained, preserved and kept, the Works and every part thereof, and the remainder of its sanitary sewerage facilities, in good repair, working order and condition.

7.05. Preserve Security. It will preserve and protect the security of the Bonds and the rights of the Holders thereof, and warrant and defend such rights against all claims and demands of all persons whomsoever.

7.06. Collect Revenues. It will collect and hold in trust the Revenues or other funds pledged to the payment of the Bonds and apply such Revenues or other funds only as provided by this Indenture and any indenture supplemental thereto.

7.07. Service Bonds. It will pay and cause to be paid punctually the principal of the Bonds and the interest thereon on the date or dates and at the place or places and in the manner mentioned in the Bonds and in the coupons thereto appertaining and in accordance with the Indenture and any indenture supplemental thereto.

7.08. Pay Claims. It will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials and supplies, which, if unpaid, might by law become a lien or charge upon the Revenues, or any part of said Revenues, or any funds thereof in its hands, prior to or superior to the lien of the Bonds, or which might impair the security of the Bonds, to the end that the priority and security of the Bonds shall be fully preserved and protected.

7.09. Sales or Encumbrances. It will not sell or dispose of any of the Works other than as herein provided, or mortgage or otherwise encumber any of the Works, or the balance of its sanitary sewerage facilities, or any of the Revenues thereof, nor enter into any lease or agreement which would impair or impede operation of the Works, or the balance of its sanitary sewerage facilities, or any part thereof necessary to secure adequate Revenues for the payment of the principal of and interest on the Bonds, or which otherwise would impair or impede the rights of the Holders of the Bonds with respect to such Revenues or the operation thereof without provision for the retirement of the Bonds then outstanding from the proceeds thereof; provided, however, that material and equipment worn out, made obsolete or not needed for the efficient and proper operation of the Works may be sold without the consent of the Revenue Bondholders if the proceeds thereof are applied to the improvement or extension of the Works or to the retirement of the Bonds.

7.10. No Free Service. It will not permit any part of the Works, as to which it has jurisdiction to establish charges, to be used or taken advantage of free of charge by any person, firm or corporation or by the State of California or the United States of America, or by any public corporation, political subdivision, city, county, district or agency of either, including this Entity.

7.11. No Competition. It will not acquire, construct, operate or maintain, and not permit any other public or private corporation or agency or any persons whatsoever to acquire, construct, operate or maintain within the boundaries of the Area any system or utility competitive with the Works.

7.12. Insurance. Except as herein provided, it will procure and keep in force insurance upon all buildings and structures of the Works and the machinery and equipment therein, which are usually insured by entities operating like property, in good and responsible insurance companies; The amount of the insurance shall be such as may be required to adequately protect the Entity and the holders of outstanding bonds payable from Revenues from loss due to any such casualty, and in the event of any such loss due to any such casualty, the proceeds shall be used to repair or restore the Works or for the payment of all such outstanding bonds.

In the event of any damage to or destruction of the Works caused by the perils covered by such insurance, the proceeds of such insurance shall be applied to the repair, reconstruction or replacement of the damaged or destroyed portion of the Works. The Entity shall cause such work of repair, reconstruction or replacement to begin promptly after such damage or destruction shall occur and to continue and to be properly completed as expeditiously as possible. The Treasurer shall payout of the proceeds of such insurance, upon receipt of a written request of the Entity, all costs and expenses in connection with such repair, reconstruction or replacement so that the same shall be completed and the Works shall be free and clear of all liens and claims. If the proceeds received by reason of any such loss shall exceed the costs of

such repair, reconstruction or replacement, the excess shall be deposited by the Treasurer in the Revenue Fund and applied as provided therefor.

Alternatively, if the proceeds of such insurance are sufficient to enable the Entity to retire all outstanding bonds payable from Revenues, the Entity may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Works, and thereupon, upon receipt of a written request of the Entity, such proceeds shall be applied by the Treasurer to redeem or purchase all such outstanding bonds in the manner specified in Section 7.16(a).

All policies of insurance required to be maintained shall provide that a policy shall not be cancelled or renewal of such a policy declined unless notice is mailed to the Entity at least 45 days prior to the effective date of nonrenewal or cancellation. The Treasurer shall not be responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of any such insurance or any adjustment, compromise or settlement of any loss agreed to by the Entity. If at any time following an analysis of insurance needs and costs by the Entity, the Legislative Body determines that self-insurance or coinsurance is more appropriate and cost effective than continued maintenance of insurance with a qualified insurance company, written notice of such proposed program shall be presented to the Treasurer. If the program provides substantially the same amount of coverage as would otherwise be provided hereunder, such self-insurance or coinsurance program may be substituted for all or any part of the required commercial insurance, unless the Treasurer determines that such substitution would result in a significant reduction of security to the Bondholders. Any determination by the Treasurer hereunder shall be made within sixty (60) days following the giving of the written notice.

7.13 Fidelity Bonds. It will procure suitable fidelity bonds covering all of its officers and other employees charged with the operation of any portion of the Works, and the collection and disbursement of Revenues therefrom.

7.14 Engineers. It will employ, or cause to be employed, consulting engineers of acknowledged reputation, skill and experience in the construction and operation of the Works or any unusual or extraordinary items of extensions or betterments as shall be required from time to time, copies of all reports, estimates and recommendations of such consulting engineers to be filed with the Clerk and furnished to the purchasers of the Bonds issued hereunder if requested.

7.15 Audit and Report. It will employ an Independent Public Accountant who shall prepare and file with the Treasurer, and make available to the purchaser of the Bonds if requested, annually within ninety (90) days after the close of each Fiscal Year commencing in the year 1983, an annual audit for the preceding Fiscal Year which shall include:

- (a) Balance Sheet. A balance sheet including balances of all funds herein created.
- (b) Revenues and Payments. A statement in detail of the Revenue receipts and disbursements from the Revenues of the Works.
- (c) Insurance. A statement as to the insurance carried by it, including a brief description of each policy as to its coverage and name of company issuing it.
- (d) Customers. The number of customers classified by rate or charge for service groups, the number of properties connected to the Works and number of applications for service on hand but not connected.

(e) Billing. The annual billings and the average monthly billing user, where such bills are collected by means other than the tax roll.

(f) Rate Schedules. The schedules of the rates and charges prescribed by the rate ordinance then in effect.

(g) Recapitulation. A recapitulation of funds and accounts created by this Indenture into which are put the Revenues and moneys derived from the sale of the Bonds and grants, which shall show balances at the beginning of the period, deposits and withdrawals made during the period and balances at the end of the period; and also deposit requirements for funds and amounts during the next succeeding fiscal period.

(h) Comments. Comments of the accountant relative to the fulfillment of the provisions of this Indenture and the manner in which the Works has been operated, and his recommendations for improving the operation of the Works.

7.16 Eminent Domain. If all or any part of the Works shall be taken by eminent domain proceedings, the net proceeds realized by the Entity therefrom shall be deposited by the Treasurer in a special fund in trust and shall be applied and disbursed by the Entity subject to the following conditions:

(a) If such proceeds are sufficient to provide for the payment of the entire amount of principal on all of the then outstanding bonds of the Entity, payable from Revenues, so as to enable the Entity to retire all of such outstanding bonds, either by call prior to maturity or by payment at maturity or partly by call prior to maturity and partly by payment at maturity, the Treasurer shall provide for the application of such moneys to such retirement and to the payment of such interest. The balance of such moneys, if any, shall be available for use by the Entity for any lawful purpose.

(b) If such proceeds are insufficient to provide the moneys required for the purposes set forth in the foregoing subsection (a), the Legislative Body shall by resolution determine to apply such proceeds for one of the following purposes, subject to the conditions hereinafter in this subsection (b) set forth:

(i) The Legislative Body may determine to apply such proceeds to the purchase or call of outstanding parity lien bonds of the Entity, payable from Revenues. In that event, such proceeds shall be applied pro rata to the purchase or call of such outstanding bonds of each division, issue or series in the proportion which the then outstanding principal amount of such division, issue or series bears to the aggregate principal amount of all such outstanding bonds. If the Entity is unable to purchase or call such outstanding bonds of any particular division, issue or series in amounts sufficient to exhaust the moneys applicable to such division, issue or series, the remainder of such moneys shall be held in trust and applied to the payment of the outstanding principal of such division, issue or series as the same become due by its terms, and, pending such application, such remaining moneys may be invested as other funds of the Entity. Any remaining proceeds realized by the Entity from such eminent domain proceedings may be applied pro rata to the purchase or call of outstanding subordinate lien bonds payable from Revenues in the same manner as prescribed for parity lien bonds.

(ii) The Legislative Body may determine to apply such proceeds to the cost of additions or improvements to the Works if (a) the Entity first secures an Independent Engineer's Report containing (1) the loss in annual Revenues, if any, suffered, or to be suffered, by the Entity by

reason of such eminent domain proceedings, (2) a general description of the additions or improvements then proposed to be acquired by the Entity from such proceeds, and (3) an estimate of the additional Revenues to be derived from such additions or improvements; and (b) the Treasurer, on the basis of such Engineer's Report, determines that such additional Revenues will sufficiently offset the loss of Revenues resulting from such eminent domain proceedings so that the ability of the Entity to meet its obligations hereunder will not be substantially impaired. Such determination by the Treasurer shall be final and conclusive. The Entity shall then promptly proceed with the construction of the additions or improvements substantially in accordance with such Engineer's Report. Payment for such construction shall be made from such eminent domain proceeds. Any balance of such proceeds not required by the Entity for the purposes of aforesaid shall be deposited in the Revenue Fund.

(iii) If such eminent domain proceedings have had no effect or, at the most, a relatively immaterial effect upon the Revenues and the security of the then outstanding bonds payable from Revenues, and an Independent Engineer's Report filed with the Treasurer so concludes, the Treasurer may so determine. Such determination by the Treasurer shall be final and conclusive and, upon such determination, the eminent domain proceeds shall forthwith be deposited in the Revenue Fund.

7.17. Unconditional Obligation. Except only as provided herein for alteration of the Bonds or of the Indenture, nothing in the Indenture, or in the Bonds, or in the coupons, shall affect or impair the obligation of the Entity, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Holders of the Bonds and coupons at the respective dates of maturity, or upon prior redemption, as herein provided, and out of the Revenues herein pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Holders to institute suit to enforce such payment by virtue of the contract embodied in the Bonds and coupons.

7.18. Performance of Essence. The performance of the duties prescribed in the Indenture and in the Bond Law by the Entity or its proper officers, agent- or employees, is of the essence of Entity's contract with the Bondholders.

7.19. Recourse to Bond Law. Each taker and subsequent Holder of the Bonds and attached or detached coupons has recourse to all of the provisions of the Indenture and of the Bond Law and is bound by their terms.

7.20. Indenture is Covenant. Each and all of the terms of the Indenture shall be and constitute a covenant on the part of the Entity to and with each and every Bondholder from the time the Bonds are issued hereunder.

7.21. Continuing Agreement. The Indenture and the covenants, agreements, provisions and conditions herein contained, constitute a continuing agreement with the Holders of all of the Bonds issued or to be issued hereunder and then outstanding, to secure the full and final payment of the principal of and premiums, if any, and the interest on all Bonds which may from time to time be executed and delivered hereunder.

7.22. Period of Agreement. Whenever all of the Bonds and all interest then accrued thereon shall have been fully paid and discharged, or sufficient sums have been set aside for such purpose with the Treasurer, the agreements in the Indenture contained shall cease and terminate, and the Entity shall be under no further obligation to apply the Revenues of the Works

as herein required, or otherwise to do or perform any of the covenants, conditions or agreements contained in the Indenture.

7.23. Arbitrage. The Entity covenants with the Holders of all the Bonds at any time outstanding that it will make no use of the proceeds of the Bonds which will cause the Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 103(c) of the Internal Revenue Code of 1954, as amended. To that end, so long as any .of the Bonds are outstanding, the Entity, with respect to the proceeds of the Bonds, shall comply with all requirements of said Section 103(c) and all regulations of the United States Department of the Treasury issued hereunder, to the extent that such requirements are, at the time, applicable and in effect.

ARTICLE VIII

ADDITIONAL AND REFUNDING BONDS

- 8.01 **Additional Bonds**
- 8.02 **Default**
- 8.03 **Terms**
- 8.04 **Net Revenues**
- 8.05 **Estimated Additional Net Income**
- 8.06 **Deficiency Bonds**
- 8.07 **Refunding Bonds**
- 8.08 **Issuance of Refunding Bonds**
- 8.09 **Amount of Refunding Bonds**
- 8.10 **Subordinate Lien Bonds**

8.01. Additional Bonds. No additional bonds shall be issued or other obligations incurred which shall be payable from the Revenues and constitute a lien thereon which shall have priority over the Bonds. The Entity may issue additional bonds payable as to principal and interest from the Revenues, on a parity with the Bonds for the purpose of improving the Works, or for acquiring, constructing or improving additions, extensions or betterments to the Works, within or for the benefit of the Area, or in the event the proceeds of the Bonds for any reason are less than the cost of the Works, or for the purpose of refunding any outstanding Bonds issued for the Works, or for any combination of such purposes and subject to the conditions provided in this Article.

8.02. Default. The Entity shall not at the time of the issuance of such additional bonds be in default hereunder unless the bonds are for refunding such defaulted obligation.

8.03. Terms. Such additional bonds shall mature on December 15 or June 15 in each year; and fixed serial maturities or minimum annual sinking fund payments or any combination thereof shall be established in amounts sufficient to provide for the payment and retirement of all such additional bonds on or before their respective maturity dates.

8.04. Net Revenues. The annual Net Revenues of the Works for the latest Fiscal Year or Bond Year prior to the issuance of such additional bonds, as shown by an audit, certificate or opinion of an independent certified public accountant employed by the Entity, plus the additional Net Revenues, estimated as provided in Section 8.05, shall have produced one and twenty-five hundredths (1.25) times:

- (a) the average annual debt service on the then outstanding Bonds to accrue during their term, plus
- (b) the average annual debt service on the additional bonds then proposed to be issued to accrue during their proposed terms, plus
- (c) the average annual amount of any minimum annual sinking funds required to be transferred under the terms of the indenture providing for the issuance of said proposed additional bonds to accrue during their proposed term;

The limitation set forth in this Section may be waived or modified by the written consent of Bondholders representing seventy five percent (75%) of the then outstanding Bonds.

The term "debt service" as used herein means principal and interest accruing on the Bonds and the proposed additional bonds, or the amount of any transfers required to be made to any funds from which such principal and interest are to be paid.

8.05. Estimated Additional Net Income. The Net Revenues shown as provided in Section 8.04 may be revised and enlarged in a written report of an Independent Engineer or the Entity Engineer, as approved by a certificate or opinion of an Independent Public Accountant, to include any or all of the following:

(a) Additional Connections. The Net Revenues of the additional number of users connected to the Works within the Area at the time of the issuance of said report, had such users been connected to the Works subject to Charges for the entire Fiscal or Bond Year used for the audit, certificate or opinion referred to herein.

(b) Acquisitions. The Net Revenues to be derived from the users connected to a sewer system or facilities to be acquired by the Entity from the proceeds of the additional bonds.

(c) Construction. Seventy-five percent (75%) of the additional Net Revenues estimated to be produced by the construction of the Works for which additional bonds are to be issued, or by construction from other available moneys, in any twelve (12) month period out of the twenty-four (24) months next succeeding the completion of construction.

(d) Rate Increase. Seventy-five percent (75%) of the additional revenues estimated to be derived from any increase in Charges made by the Entity which have not been reflected in the audit, certificate or opinion for the full Fiscal or Bond Year covered therein.

8.06. Deficiency Bonds. If the proceeds of the Bonds for any reason are less than the cost of the Works, deficiency bonds may in like manner be issued and sold without compliance with the provisions of this Article to provide for the amount of the deficit but not to exceed the amount necessary to complete the Works according to the original plans and specifications. Such deficiency bonds shall be deemed to be the same in all respects as the Bonds, and shall be entitled to payment, without preference or priority over, the Bonds, and shall be disposed of in like manner.

8.07. Refunding Bonds. In the event and to the extent that additional bonds are to be issued for the purpose of refunding and retiring any Bonds, for the purpose of the calculations required under Section 8.04, the amounts of annual principal, interest and minimum sinking funds required to have been paid on the Bonds to be refunded need not be taken into consideration in computing the coverage for such refunding bonds.

8.08. Issuance of Refunding Bonds. The Legislative Body may, without the consent of the Holder of any Bond, refund said Bond as provided by law. If payable from revenues, the refunding bond shall be on a parity of lien with the refunded Bond, providing that the principal and the installments of interest thereof shall not increase any annual installment of principal and interest more than the minimum coverage ratio provided herein. Nothing herein shall prohibit the Legislative Body from issuing such refunding bonds subordinate as to the lien of the Bonds and of bonds subsequently issued and payable from the same Revenues. For the purpose of curing a default or threatened default, the Legislative Body may issue refunding bonds and, with the consent of the Bondholder, exchange such bonds for maturing or matured Bonds, or sell them and use the proceeds thereof to pay said Bonds, provided that either the new bonds shall be made to mature after the maturity of the Bonds or the requirements for issuance of additional

bonds under Section 8.04 and 8.05 shall have been met. In any event, the final maturity of the new bonds shall not extend later than forty (40) years from their date.

8.09. Amount of Refunding Bonds. Funding or refunding bonds may be issued in a principal amount sufficient to provide funds for the payment of all of the following:

- (a) All Bonds to be funded or refunded by them.
- (b) All expenses incident to the calling, retiring, or paying of the outstanding Bonds and the issuance of the funding or refunding bonds, including the difference in amount between the par value of the funding or refunding bonds and any amount less than that for which the funding or refunding bonds may be sold.
- (c) Interest upon the funding or refunding bonds from the date of sale to the date of payment of the Bonds to be funded or refunded out of the proceeds of the sale or the date upon which the Bonds to be funded or refunded will be paid pursuant to the call or an agreement with the Holders of such Bonds.
- (d) Any premium necessary in the calling or retiring of the outstanding Bonds and the interest accruing on them to the date of the call or retirement.

8.10. Subordinate Lien Bonds. Nothing in the Indenture shall be deemed to limit or restrict the power of the Entity to issue subordinate lien bonds payable from but inferior as to the lien of any of the then outstanding Bonds on the Revenues without compliance with the provisions of this Article or of any other provision of the Indenture.

ARTICLE 9

MODIFICATIONS

- 9.01 **Modifications**
- 9.02 **Amendment Without Consent**
- 9.03 **Consent Binding**
- 9.04 **Calling Bondholders' Meeting**
- 9.05 **Discretion of Legislative Body**
- 9.06 **Notice of Meeting**
- 9.07 **Mailing**
- 9.08 **List of Owners**
- 9.09 **Certificate of Deposit**
- 9.10 **Limit on Voting**
- 9.11 **Attendance and Voting by Proxy**
- 9.12 **Quorum and Procedure**
- 9.13 **Officer**
- 9.14 **Votes**
- 9.15 **Vote Required**
- 9.16 **Disqualified Bonds**
- 9.17 **Certificate of Notice Conclusive**
- 9.18 **Filing Certificate**
- 9.19 **Endorsement or Replacement of Bonds After Amendment**
- 9.20 **Amendment by Mutual Consent**

9.01. Modifications. From and after the sale and delivery of any of the Bonds, .no amendment, alteration or modification of the Bonds or of the coupons appertaining thereto or of the Indenture, which will impair, impede or lessen the rights of the Holders of the Bonds or the coupons appertaining thereto then outstanding shall be made without the prior written consent, or, alternatively, the prior consent given at a Bondholders' meeting, of the Holders of at least seventy-five percent (75%) of the aggregate principal amount of affected Bonds then outstanding, unless the amendment, alteration or modification be as herein authorized.

9.02. Amendment Without Consent. The Indenture and the rights and obligations of the Entity and of the Holders of the Bonds and the coupons may also be modified, amended, or supplemented at any time by an amendatory or supplemental resolution which shall become binding upon adoption, without the consent of any Holders of Bonds, but only to the extent permitted by law' and only for anyone or more of the following purposes:

(a) To add to the covenants and agreements of the Entity in the Indenture contained, other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the Entity;

(b) To make such provisions for the purpose of curing any ambiguity, or of curing; correcting or supplementing any defective provision contained in the Indenture or in regard to questions arising under this Resolution, as the Entity may deem necessary or desirable and not inconsistent with this Indenture and which shall not adversely affect the interest of the Holders of the Bonds.

9.03. Consent Binding. Any amendment, alteration or modification which shall have received the consent of the Holders of the percentage of said outstanding Bonds as provided in Section 9.01 of this Article shall be binding on the Holders of all of the Bonds and coupons appertaining

thereto, either attached to or detached from the Bonds. If any alteration, amendment or modification shall affect less than all outstanding Bonds, then the provisions of Section 9.01 of this Article shall apply only to the Bonds affected by the amendment, alteration or modification.

9.04. Calling Bondholders' Meeting. If the Legislative Body shall desire or shall be required to obtain the consent of the Bondholders to a proposed action, it may adopt a resolution calling a meeting of the Bondholders affected by the proposed action for the purpose of considering the action, the consent to which is desired or required.

9.05. Discretion of Legislative Body. The place, date and hour of holding the meeting and the date or dates of publishing and mailing notice shall be determined by the Legislative Body in its discretion.

9.06. Notice of Meeting. Notice specifying the purpose, place, date and hour of the meeting shall be given by mail and by publication at least once not less than thirty (30) nor more than sixty (60) days prior thereto in one or more financial newspapers circulated in San Francisco, California. The notice shall set forth the nature of the proposed action, consent to which is desired or required.

9.07. Mailing. The Treasurer shall mail notice by certified mail to the last known Holders of bearer Bonds, as shown by the records in his office or the office of the Registrar, and to the registered owners of any registered Bonds, at their addresses shown on the bond registry books.

9.08. List of Owners. The Treasurer shall prepare and deliver to the chairman of the meeting a list of the names and addresses of the registered owners of the Bonds as shown on the bond registry books and, to the extent known by him or the Registrar, a list of the names and addresses of the owners of bearer Bonds, together with a statement of the maturities, series and numbers of the Bonds held and deposited by each, and no Bondholder shall be entitled to vote at the meeting unless his name appears upon the lists or unless, at the meeting, he shall present his Bond or Bonds or a certificate of deposit thereof.

9.09. Certificate of Deposit. A Holder of bearer Bonds may deposit his Bonds with a bank, trust company, investment banker, bond dealer or broker within or without the State and obtain from the depository a certificate of deposit which shall constitute proof of ownership and entitle the depositor named therein to vote upon filing it with the Treasurer who shall add it to the list of owner. The Treasurer may designate a depository where the Bonds may be deposited, which shall be an agency for that purpose.

9.10. Limit on Voting. No Bondholder shall be permitted to vote with respect to a larger aggregate principal amount of Bonds than is set against his name on the list, unless he shall produce the additional Bonds upon which he desires to vote or a certificate of deposit.

9.11. Attendance and Voting by Proxy. Attendance and voting by a Bondholder at the meeting may be by proxy. An owner of registered Bonds may, by an instrument in writing under his hand, appoint any person as his proxy to vote at the meeting for him, and that instrument when presented at the meeting shall be sufficient to entitle that person to vote as the proxy of the registered owner. Any person may vote as the proxy of the owner of a bearer Bond on presentation of the Bond or certificate of deposit thereof and an instrument in writing under the hand of the Bondholder appointing the person as his proxy to vote at the meeting for him, or if the instrument in writing has been delivered to the agency designated by the Entity at the time the Bond was delivered to the agency as provided for in Section 9.09 and the person's name

appears on the list delivered by the Treasurer to the chairman of the meeting, the certificate of deposit may verify him as the proxy of the owner of the bearer Bond.

9.12. Quorum and Procedure. A representation of at least seventy-five percent (75%) in aggregate principal amount of the Bonds affected by the proposed action and then Outstanding shall be necessary to constitute a quorum, at the meeting of Bondholders, but less than a quorum may adjourn the meeting from time to time, and the meeting may be held as so adjourned, without further notice, whether the adjournment shall have been by a quorum or less than a quorum.

9.13. Officers. The Legislative Body shall, by an instrument in writing, appoint a temporary chairman of the meeting, and the meeting shall be organized by the election of a permanent chairman and a secretary.

9.14. Votes. At the meeting, each Bondholder shall be entitled to one vote for every \$5,000 principal amount of Bonds with respect to which he shall be entitled to vote, and the vote may be given in person or by proxy. The Legislative Body by its duly authorized representative, may attend the meeting of the Bondholders, but shall not be required to do so.

9.15. Vote Required. At the meeting, there shall be submitted for the consideration and action of the Bondholders a statement of proposed action, consent to which is desired or required, and if the action shall be consented to and approved by the Bondholders in person or by proxy holding at least seventy-five percent (75%) of the aggregate principal amount of the Bonds affected by the proposed action and then outstanding, the chairman and the secretary of the meeting shall so certify in writing to the Legislative Body, and the certificate shall constitute complete evidence of the consent of the Bondholders.

9.16. Disqualified Bonds. Bonds owned or held by or for the account of the Entity (but excluding Bonds held in any employees retirement fund) shall not be deemed outstanding for the purpose of any consent or other action or any calculation of outstanding Bonds in this Article provided for, and shall not be entitled to consent to, or take any other action in this Article provided for.

9.17. Certificate of Notice Conclusive. The actual receipt by a Bondholder of the notice required to be given by Section 9.06, of this Article shall not be a condition precedent to the undertaking, notice of which is required to be given, and failure to receive notice shall not affect the validity of the proceedings thereat or prevent the notice from having the effect intended by the giving of notice, provided that notice has been published and has also been mailed to Bondholders to the extent known to the Treasurer. No irregularity in the form of the notice shall affect its validity provided notice has been given. A certificate signed by the chairman and secretary of the meeting shall be conclusive evidence and the only competent evidence of the matters stated in the certificate relating to the proceedings taken at the meeting, as against all parties and it shall not be open to a Bondholder to show that he failed to receive notice.

9.18. Filing Certificate. The certificate shall be filed in the office of the Treasurer and shall be kept on file so long as the Bonds and the interest thereon are outstanding and unpaid. A duplicate original, if there is one, and, if not, then a reproduced copy thereof including the 'signatures thereon, shall be filed with the Secretary who shall likewise keep it filed with the papers of the proceedings authorizing the issuance of the Bonds.

9.19. Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as hereinabove provided, the Entity may determine that the Bonds shall bear a notation, by endorsement in form approved by the Entity, as to such action, and in that case upon demand of the Holder of any Bond outstanding at such effective date and presentation of his Bond for the purpose at the office of the Treasurer and at such additional offices as the Treasurer may select and designate for that purpose, a suitable notation as to such action shall be made on such Bond. If the Entity shall so determine, new Bonds so modified as, in the opinion of the Entity, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Holder of any Bond outstanding at such effective date such new Bonds shall be exchanged at the office of the Treasurer and at such additional offices as the Treasurer may select and designate for that purpose, without cost to each Holder, for Bonds then outstanding, upon surrender of such outstanding Bonds with all unmatured coupons appertaining thereto.

9.20. Amendment by Mutual Consent. The provisions of this Article shall not prevent any Holder of Bonds from accepting any amendment as to the particular Bonds held by him, provided that due notation is made on such Bonds.

ARTICLE 10

DEFAULT

- 10.01 Event of Default
- 10.02 Acceleration
- 10.03 Application of Funds
- 10.04 Interest on Undue Bonds
- 10.05 Interest on Undue Bonds
- 10.06 Principal and Interest on Due Bonds
- 10.07 Insufficient Funds
- 10.08 Refunding Defaulted Bonds

10.01. Event of Default. One or more of the events provided in this Section shall constitute an event of default:

(a) Principal. A default in the due and punctual payment of the principal of a Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise, and such default shall continue for a period of thirty (30) days.

(b) Interest. A default in the due and punctual payment of an installment of interest of a Bond when and as the interest installment shall become due and payable, and such default shall continue for a period of thirty (30) days.

(c) Covenants. A default in the observation of any of the covenants, agreements or conditions on its part herein or in the Bonds contained, and the default has continued for a period of sixty (60) days after the Entity shall have been given notice in writing of such default by a Bondholder.

(d) Bankruptcy. The filing by the Entity of a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws or other applicable laws or statutes of the United States of America, or the approval of such a petition by a court of competent jurisdiction, filed with or without the consent of the Entity, seeking reorganization under the Federal bankruptcy laws or other applicable laws or statutes of the United States of America or the assumption or control of the Entity or of the whole or any substantial part of its property by a court of competent jurisdiction under the provisions of other laws for the relief or aid of debtors.

10.02. Acceleration. Upon the happening of an event of default, the Holders of not less than sixty percent (60%) in aggregate principal amount of the Bonds at the time outstanding shall be entitled, upon notice in writing to the Entity, to declare the principal of all of the Bonds then outstanding and the interest accrued thereon to be due and payable immediately, and upon such declaration the same shall become and shall be immediately due and payable.

10.03. Application of Funds. All of any Revenues pledged to the payment and security of the Bonds, including all sums in all of the funds and accounts provided therefor upon the date of the happening of an event of default, and all sums thereafter received by the Entity shall be applied by it, upon presentation of the several Bonds and coupons, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid, in the order provided in Section 10.04 through 10.07.

10.04. Costs and Expenses. Said moneys shall be applied to the payment of the costs and expenses of the Bondholders in declaring an event of default, including reasonable compensation to their agents, attorneys and counsel, and to the payment of costs and expenses of the Treasurer in carrying out the provisions of this Article, including reasonable compensation to their agents, attorneys and counsel.

10.05. Interest on Undue Bonds. In case the principal of the Bonds shall not have become due and shall not then be due and payable, said moneys shall be applied to the payment of the interest in default in the order of maturity of the installments of the interest.

10.06. Principal and Interest on Due Bonds. In case the principal of the Bonds shall have become and shall be then due and payable, said moneys shall be applied to the payment of the principal and interest of the Bonds in the order of the maturity of the installments of principal and interest.

10.07. Insufficient Funds. In case the moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, under Section 10.05 and 10.06, then the moneys shall be applied to the payment, first of interest, and then of principal, ratably to the aggregate of the interest or principal then due to the persons entitled thereto without discrimination or preference.

10.08. Refunding Defaulted Bonds. The Entity may refund any defaulted Bonds by the issuance of new bonds maturing after the maturity of the last Bond, but otherwise on a parity as to payment with the Bonds, and sell the Bonds and use the proceeds to pay the defaulted Bonds, in which event the action shall be deemed to avoid or cure a default under this Article. With the consent of the Bondholder, the refunding bonds may be exchanged for the Bonds refunded.

ARTICLE 11

REMEDIES OF BONDHOLDERS

- 11.01 Bondholder Remedies**
- 11.02 Accounting**
- 11.03 Injunction**
- 11.04 Mandamus**
- 11.05 Cumulative**
- 11.06 Waiver**
- 11.07 Delays**
- 11.08 Enforcement**
- 11.09 Status Quo**

11.01. Bondholder Remedies. Subject to any contractual limitations binding upon the Holders of the Bonds (including, but not limited to, limitations upon the exercise of a remedy to the Bondholders holding a specific proportion or percentage of the Bonds), the Holders of Bonds shall have the right, for the equal benefit and protection of all Holders of Bonds similarly situated, as provided in this Article.

11.02. Accounting. By action or suit in equity, they may require the Entity and the Legislative Body and other officers, agents and employees to account as the trustee of an express trust.

11.03. Injunction. By action or suit in equity, they may enjoin acts or things which may be unlawful or violate the rights of the Bondholders.

11.04. Mandamus. By mandamus or other suit, action or proceeding at law or in equity, they may enforce their rights against the Entity and its Legislative Body and other officers, agents and employees, and to require and compel it or them to perform and carry out its ,and their duties and obligations under the law and its and their covenants and agreements with Bondholders.

11.05. Cumulative. No remedy conferred by this Article or by law is intended to be exclusive of any other remedy but each remedy is cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by this Article or by law.

11.06. Waiver. No waiver of a default or breach of duty or contract by any Bondholder shall extend to or shall affect a subsequent default or breach of duty or contract or shall impair rights or remedies thereof.

11.07. Delays. No delay or omission of a Bondholder to exercise, a right or power accruing upon a default shall impair the rights or power or shall be construed to be a waiver of the default or acquiescence thereof.

11.08. Enforcement. Every substantive right and every remedy conferred upon the Bondholders may be enforced and exercised from time to time and as often as may be deemed expedient.

11.09. Status Quo. In case an action, suit or proceeding to enforce a right or exercise a remedy shall be brought or taken and then discontinued or abandoned, or shall be determined adversely to the Bondholders, then, and in every case, the Entity and the Bondholders shall be restored to their former positions and rights and remedies as if no suit, action or proceeding had been brought or taken.

ARTICLE XII

EFFECTIVE DATE

12.01 Effective Date

12.01. Effective Date. Upon adoption, this Ordinance shall be posted in three public places within the District, and shall take effect immediately.

(Adopted on 11/15/82)

BEAR VALLEY WATER DISTRICT ORDINANCE CODE CHAPTER 5

MISCELLANEOUS SERVICES AND MATERIAL

Article

1 General

ARTICLE 1

GENERAL

- 1.01 Mailing Lists
- 1.02 Copy Machine
- 1.03 Labor
- 1.04 Material
- 1.05 Inconsistent Ordinances
- 1.06 Effective Date

1.01. Mailing Lists. Lists of addresses of District customers may be provided to businesses and organizations operating from Bear Valley, at their request. The charge will be \$15.00. The list of customers and addresses may be provided to Alpine County agencies at no charge.

1.02. Copy Machine. As a public service, under twenty (20) copies may be made on the District copier for members of the public. The charge will be \$0.05 per page. Over twenty (20) copies may not be made on District equipment unless they are copies of public District documents requested by a member of the public or a public agency. In such case, the charge to members of the public will be \$0.05 per page. There is no charge to public agencies.

1.03. Labor. Labor may be supplied to customers or public agencies as necessary to protect District property, lines, or equipment from damage. The charge will be actual costs plus 30% overhead.

1.04. Material. Material may be supplied to customers or public agencies as necessary to protect District property, lines, or equipment from damage. The charge will be actual costs plus 30% overhead.

1.05. Inconsistent Ordinances. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.

1.06. Effective Date. Upon adoption, this ordinance shall be posted in four public within the District, and shall take effect and be in force on August, 1 992.

(Adopted 7/20/92 – Ord. 44)

BEAR VALLEY WATER DISTRICT CODE CHAPTER 6

DIRECTOR COMPENSATION, TRAVEL, AND EXPENSE REIMBURSEMENT

Articles

- 1 General
- 2 Policy

ARTICLE 1

GENERAL

- 1.01 Approval
- 1.02 Conflicting Policy
- 1.03 Inconsistent Policies
- 1.04 Effective Date

1.01. Approval. That the Director Compensation and Travel Policy provided in the attached Exhibit A (Policy No. 2009) is hereby approved and adopted pursuant to Water Code sections 20201 et.seq.; rescinding and replacing the previous Policy, Director Compensation and Remuneration.

1.02. Conflicting Policy. Any provisions of any other policy of the District in conflict with this Ordinance No. 67 are hereby modified in respect to the requirements provided herein.

1.03. Inconsistent Policies. All previous Policies on Director's Compensation is hereby rescinded upon effective date of this ordinance.

1.04. Effective Date. This ordinance shall take effect sixty (60) days after adoption.

(Adopted 3/16/09 – Ord. 69)

ARTICLE 2

POLICY

- 2.01 Compensation for Authorized Meetings
- 2.02 Limitation on Board Compensation for Attendance at Authorized Meetings
- 2.03 Director Travel
- 2.04 Travel Eligible for Compensation & Reimbursement
- 2.05 Meetings, Conferences and Seminars
- 2.06 Eligible Travel Related Expenses
- 2.07 Limitation on Travel Reimbursement
- 2.08 Reimbursement Claim Required
- 2.09 Penalties for Misuse

Policy Title: Director Compensation and Travel Reimbursement Policy No. 2009

2.01. Compensation for Authorized Meetings. Each Director shall receive compensation for attendance at authorized meetings in accordance with Water Code section 20202 and section 30507 as may be amended. Such compensation shall be one hundred dollars (100) for each day's attendance at meetings of the Board or for each day's service rendered as a Director by request of the Board. Such compensation shall be increased annually on March 01 by five percent (5%) rounded down to the nearest increment of five dollars (\$5.00). In addition, each Director shall be eligible or reimbursed for actual and necessary expenses incurred in the performance of his/her official duties as required or authorized by the Board, subject to the procedures and limitations established under Government Code section 53232 as may be amended and this policy.

2.02. Limitation on Board Compensation for Attendance at Authorized Meetings. Compensation to any individual Director for attendance at authorized meetings shall not exceed a total of ten (10) days in any calendar month. Such compensation shall not include travel days unless the Director is in attendance at the approved meeting on the day of travel.

2.03. Director Travel. Individual Board members may attend any meeting, conference, convention or seminar of their choosing, but shall only officially represent the District and receive compensation and/or travel reimbursement for approved travel. Approved travel shall consist of attendance at meetings, conferences, seminars and such other occurrences that constitute the performance of official duties as identified in 2009.04 of this Policy.

2.04. Travel Eligible for Compensation & Reimbursement. Directors will be compensated and in addition be eligible to receive reimbursement for actual and necessary expenses incurred in the performance of official duties for service supporting the work of the District as follows:

- (a) For attendance at regular or special meetings of the Board of Directors;
- (b) For attendance at a District established committee meeting, including ad hoc or advisory committees, to which the Board member is a designated representative, or alternate representative and which is held for purposes of conducting the District's business;
- (c) For attendance at meetings of other public agencies as a District designated committee member or otherwise as an official representative of the Board of Directors for the purposes of

gathering information and/or representing District interests. Such meetings shall include, but not be limited to, local community public meetings which a District representative has been requested to attend, or which the Board member may be expected to attend to bring public information back to the Board as a whole. Such advisory groups, or task forces as part of the County or other regional planning efforts, or a multi-agency emergency action meeting called specifically to address and issue of public health and/or safety. Such Director authorization shall be by appointment by the Board President at a public meeting of the Board or by a majority of the Board of Directors at a public meeting of the Board;

(d) For attendance at business or informational meetings, or other events of an educational nature, sponsored by those organizations, associations or agencies that the District is a member, or those organizations, associations that the District is involved with on a planning, regulatory, financial or service provision basis, or those organizations, associations or agencies that may provide relevant information about the duties, operations and functions of the District.

1. Education classes, events, seminars, conventions or other forums sponsored by institutions of higher education, public agencies or associations, or private entities provided the subject matter is related to the performance of a Director's official duties as more specifically provided in 2009.5 of this Policy.

2.05. Meetings, Conferences and Seminars. Board members are encouraged to participate in those outside activities that, in the judgment of the Board, further the interests of the District. Directors will be compensated for attendance at meetings, conferences, seminars, conventions or educational activities, which provide training in District governance, the scope of Board member responsibilities, legal responsibilities of Board membership, and other topics that enhance a Board member's ability to serve the public and understand the issues and activities associated with the operations of the District. The District in accordance with this policy will reimburse costs of registration and attendance, including actual and necessary expenses incurred in the performance of official duties.

1. Upon return from any meeting, seminar and/or conference, the attending Board member shall provide a summary report at the next regular meeting of the Board. Said report shall indicate what was presented at the session(s) of benefit to the District. If more than one member attends the event, a joint report may be made. Such report may be made either verbally or in writing. Directors are encouraged to provide materials from the session(s) for the benefit of other Directors and staff.

2.06. Eligible Travel Related Expenses. Directors traveling on District related business shall be eligible for reimbursement of actual and necessary travel expenses incurred in the performance of official duties. Board Members are encouraged to use the most economical means of travel possible. Eligible travel related expenses shall include, but not be limited to, the following:

- Transportation on public carriers such as airplanes, trains, buses and taxi cabs;
- Private vehicle use and commercially available rental vehicles;
- Overnight lodging at commercial establishments, including the day before if the event is at least a three (3) hour drive from the Directors residence and begins on or before 9:00 am and/or the night after the meeting if the event is at least a three (3) hour drive from the District and ends on or after 4:00pm or in the event the anticipated arrival time at the Directors residence is estimated to be after 10:00pm.
- Meals at restaurants and other food service establishments, if they are not already covered as part of the event fees or hotel registration;

- Conference, convention and seminar fees and charges;
- Business related telephone calls, faxes postage, copy charges and related incidentals;
- Tolls and parking fees;
- Such other expenses approved by a majority of the Board of Directors.

2.07. Limitation on Travel Reimbursement. The District will pay for actual and necessary expenses incurred by a Director in the performance of official duties that is directly related to attendance at a function authorized under this Policy. In addition, reimbursement for travel related expenses shall be subject to the following limitations:

- Reimbursement for meals not included as part of the event or hotel registration fee shall be limited to actual cost, including up to a fifteen percent(15%) tip if customary, up to the following maximum amounts: Breakfast-\$12.00; Lunch\$ 20.00; Dinner-\$30.00;
- Meals shall only be reimbursed if a meal break is scheduled as part of the meeting, or in the event an additional meeting is scheduled within two hours after the first and the meetings combined extend through a customary meal period;
- Use of a personal vehicle; the current Internal Revenue Service (IRS) mileage rate for business travel at the time the travel takes place shall be the only personal vehicle use expense eligible for reimbursement;
- When attending a conference, convention or seminar, the lodging costs shall be the actual lodging costs not to exceed the maximum government or group rate published by the conference or activity sponsor, if available;
- Air and train travel shall be in an amount not to exceed the government rate, if available, otherwise it shall not exceed the standard coach fare;
- Entertainment or non-business related events or expenses not provided as part of the conference fee, including, but not limited to, movies, sporting events, laundry services, valet parking or an incidental expense of a personal nature, shall not be eligible for reimbursement;
- Alcoholic beverages are not eligible for reimbursement;
- Meals and/or lodging provided in a private home are not eligible for reimbursement;
- Travel related expenses for a spouse or companion shall not be eligible for reimbursement;
- Rental vehicle reimbursement shall not exceed the midsize vehicle rate.

2.08. Reimbursement Claim Required. Directors authorized to travel for District related business shall complete an expense reimbursement claim form and provide supporting receipts in order to receive reimbursement. No reimbursement shall be made, unless a completed and signed claim form with corresponding receipts is submitted to the District office within (90) calendar days from the last day of travel. Claims submitted for travel back more than ninety (90) days from the last day of travel shall not be eligible for reimbursement.

2.09. Penalties for Misuse. Penalties for misuse of public resources, falsifying expense reimbursements claims, or otherwise violating expense report policies many include, but not be limited to, those penalties identified in Government Code 53232.4 as may be amended.

End of Document

(Adopted 3/16/09 – Ord. 69)