COUNTY OF YUBA

and

[BORROWER — e.g., OLIVEHURST PUBLIC UTILITY DISTRICT]

LOAN AGREEMENT

([Project Name — e.g., South County Infrastructure Project])

[TEMPLATE NOTE — INTERCHANGEABLE COUNTY LOAN AGREEMENT. This Agreement is drafted as a reusable County template in which the County of Yuba is always the "Lender." To adapt it for a different transaction, change only: (1) the Borrower's name, entity description, and defined term in the title and the preamble below; (2) the "Project" name and the Exhibit A project description; (3) the Loan amount in Sections 1.2 and 2.1–2.2 and in Exhibits A and B; (4) the bracketed dates; (5) the Borrower's signatory title and notice address; and (6) any bracketed optional provisions (e.g., the grant-related condition in Section 3 and the funding-failure protections in Section 4), which should be kept, deleted, or tailored to the specific transaction. All operative provisions use the defined terms "Lender," "Borrower," and "Project," so no other changes are required. Delete this note before execution.]

THIS LOAN AGREEMENT (this "Agreement") is entered into this [Effective Date], by and between the COUNTY OF YUBA, a political subdivision of the State of California ("County" or "Lender"), and [BORROWER — e.g., the OLIVEHURST PUBLIC UTILITY DISTRICT, a public utility district formed and operating under California Public Utilities Code sections 15501 et seq.] ("Borrower") (each a "Party" and collectively the "Parties"), who agree as follows:

1. RECITALS. This Agreement is made with reference to the following background recitals:

1.1 Borrower intends to construct the infrastructure improvements described in Exhibit A (the "Project"), which further the Lender's land use and economic development objectives for the southern County corridor. [For the South County Infrastructure Project: the Project is a regional wastewater conveyance system that conveys untreated wastewater from the City of Wheatland to the Olivehurst Public Utility District Wastewater Treatment Plant, which has available treatment capacity, in order to decommission the City of Wheatland's aging, capacity-limited, and flood-vulnerable wastewater treatment plant. The Project has been separated into two construction contracts: the section from the City of Wheatland to the District, bid and awarded by the City of Wheatland ("Construction Contract No. 1"), and the section within the District, bid and awarded by the District ("Construction Contract No. 2"). Borrower is responsible for designing, constructing, operating, and maintaining the Construction Contract No. 2 improvements.] A description of the Project is attached (See Exhibit A).

1.2 Borrower seeks financing assistance from Lender so that Borrower may proceed with the Project. Borrower requests that Lender provide a loan in an amount not to exceed $10,000,000 (the "Loan") to be repaid in installments as provided in this Agreement. [For the South County Infrastructure Project: the total cost to complete the Project is currently estimated at $115,600,000, to be funded from multiple sources,

including an anticipated grant of approximately $75,000,000 from the State Water Resources Control Board ("SWRCB"), the Loan, a loan from the Estom Yumeka Maidu Tribe of the Enterprise Rancheria of up to $10,000,000, advance payments of conveyance fees, and a cash contribution from the City of Wheatland. The Loan is intended to fund Borrower's portion of the Project, specifically the Construction Contract No. 2 improvements and related Project improvements.]

1.3 The Parties agree that Borrower will commence making payments on [Payment Commencement Date] and payments will continue through [Final Payment Date]. Interest shall accrue in the quarter of the first disbursement of funds. Payments shall be made within 30 days of receipt of revenue from connection fees, but no less than quarterly. Both parties have agreed to the payment schedule attached (See Exhibit B).

1.4 Lender has determined that Borrower's proposed construction work has merit and that the planned improvements would further Lender's land use and economic development objectives. Lender therefore agrees to provide the Loan on and subject to the terms of this Agreement. Lender determines that the Loan will directly further and support Lender's purposes and objectives and is an authorized and appropriate expenditure of Lender funds.

1.5 Borrower will make payments to the Lender from but not limited to connection fees, conveyance fees, user fees or any other revenue source as approved by their respective Boards and fiscal policies.

1.6 As used in this Agreement, "Conveyance Fees" means the connection, conveyance, or capacity fees charged to new development for capacity in the Project facilities funded by the Loan. The Loan shall be repaid solely from Conveyance Fees and the other sources described in Section 1.5 and Section 2.6. [Optional protective provision — retain where the Borrower also collects fees dedicated to a separate, restricted capital fund: "WWTP Connection Fees" means the capacity connection fees charged for capacity in the Borrower's wastewater treatment plant and deposited into the Borrower's WWTP Capital Connection Fee Fund; such WWTP Connection Fees and that fund shall not be used to repay the Loan.]

1.7 The Parties have completed, or will complete, their respective obligations under the California Environmental Quality Act ("CEQA") for the Project, and shall complete the Project in compliance with all applicable CEQA mitigation, monitoring, and reporting requirements.

1.8 Lender's obligation to fund the Loan, and Borrower's obligation to repay it, are each subject to the conditions precedent set forth in the Conditions Precedent section of this Agreement.

2. LOAN.

2.1 Lender agrees to loan to Borrower, and Borrower agrees to borrow from Lender, a sum not-to-exceed $10,000,000, subject to the terms and conditions of this Agreement. Borrower shall use the funds provided by the Lender for the purposes

described in the recitals and for no other purpose. The final Loan amount shall be the final sum total of the Loan funds disbursed by the County.

2.2 Borrower accepts the Loan and approves this Agreement with Lender evidencing this indebtedness in the original principal amount of up to $10,000,000. Borrower promises to pay to Lender, or order, the Loan with interest accruing commencing [Interest Commencement Date] at a rate equal to that earned by funds deposited with the Treasurer of Yuba County, as provided in Section 2.3. Borrower may fully repay the principal balance and any accrued interest at any time, without prepayment penalty.

2.3 Interest Rate. Interest on the outstanding principal balance shall accrue at the County Treasury Investment Pool rate applicable to the applicable quarter, as published by the County Treasurer. The applicable quarterly rate shall be determined based on the quarter in which interest accrued and a payment is received. Interest shall be calculated on the outstanding principal balance for the actual number of days elapsed and shall be payable annually together with any principal payment. The Loan shall not encumber any existing revenues of Borrower.

2.4 Borrower's payment(s) will be sufficient to fully repay the original principal amount of the loan plus accrued interest (at the rate provided in section 2.3) As the interest rate in section 2.3 changes, Lender will notify Borrower of the new rate and payment amounts.

2.5 Borrower will pay the Loan principal and interest in quarterly installments, a lump sum payment prior to [Maturity Date], or some combination of both. Loan payments shall be credited first to accrued interest and then to principal.

2.6 The Parties understand that funds collected by Borrower through conveyance or capacity fees for the Project associated with contract one, contract two, or any facilities or fees associated with the Project are the source of repayment. Borrower shall include the Loan with any nexus study adopted after the date of this agreement, establishing or updating a fee, and/or escalating the fee annually. Under no circumstance shall the Borrower waive or defer fees that would apply toward the cost or debt on the Project until all loans tied to the Project are repaid and the Project is clear of any debt obligation. The ability of Borrower to repay the loan to the Lender is based on the collection of sufficient conveyance capacity fees and Lender agrees that Borrower shall only be required to repay the loan as such fees are collected. The Parties retain the ability to renegotiate and change the Agreement to include the possibility of loan forgiveness should lack of development in the area occur.

2.7 No Prepayment Penalty. Borrower may prepay all or any portion of the outstanding principal balance of this Loan at any time, without premium, penalty, fee, or other charge for such prepayment. Prepayment shall not relieve Borrower of any accrued interest, fees, or other amounts that became due and payable before the date of prepayment.

2.8 Assumption by Another Entity. The loan may be assumed by another legal entity upon execution of a new loan agreement by such entity and Lender; provided,

however, that the existing loan shall first be paid in full, including all outstanding principal, accrued interest, and other amounts due. Upon such payment and execution of the new loan agreement, the existing Loan Agreement shall be terminated, and the original Borrower shall be released from further obligations.

2.9 Limited Subordination. The Loan under this Agreement shall be senior to any other indebtedness of Borrower specifically incurred to fund the Project if such indebtedness has a lower total interest cost or interest rate, solely for purposes of payoff or satisfaction. Conversely, the Loan under this Agreement shall be subordinate to any other indebtedness of Borrower specifically incurred to fund the Project if such indebtedness has a higher total interest cost or interest rate, solely for purposes of payoff or satisfaction.

Any subordination of Lender's rights or lien in favor of another lender shall apply solely to funds advanced and used to pay off, satisfy, or refinance existing indebtedness specifically identified and approved by Lender. Such subordination shall not extend to any other indebtedness, future advances, obligations, or liabilities of Borrower, except to the extent expressly agreed to in writing by Lender.

By the approval of this agreement, both governing bodies hereby delegate the interpretation and approval of Limited Subordination to the chief executive officer or general manager of the Borrower or their designee and the County Administrator of the Lender or their designee for the purpose of feasibility of repayment of all Project loans.

3. CONDITIONS PRECEDENT. Lender's obligation to disburse any portion of the Loan is expressly subject to the satisfaction (or written waiver by Lender) of each of the following conditions precedent, all of which shall be satisfied no later than [24] months after the Effective Date of this Agreement: (a) execution of this Agreement and any related promissory note and loan documentation; (b) Borrower's acceptance of a bid or bids for construction of the Project improvements at or below the Parties' estimated construction costs for those improvements; and (c) Borrower and the other Project participants have obtained binding funding commitments (including advance payment of fees, self-funding, grants, or loans) collectively sufficient to fund the estimated costs of the Project. [Add any transaction-specific condition precedent here — e.g., for the South County Infrastructure Project: the State Water Resources Control Board has executed one or more final agreements awarding approximately $75,000,000 in grant funds to the City of Wheatland, the District, or both, for the Project.]

4. SUSPENSION AND TERMINATION FOR FUNDING FAILURE. Notwithstanding any other provision of this Agreement, if the conditions precedent in Section 3 are not satisfied within the time specified, or if a funding source material to completion of the Project is not obtained, is rescinded, or is reduced such that the Project cannot be completed as planned, then Borrower may, in its sole discretion and without penalty, suspend or terminate its obligations under this Agreement upon written notice to Lender. Borrower shall have no obligation to fund any Project costs from its existing operating revenues or reserves [, or from any restricted capital fund described in Section 1.6,] without its prior written consent. Upon termination under this Section, neither Party shall have any further obligation under this Agreement except for obligations that expressly survive

termination, including indemnification.

5. DISBURSEMENT OF FUNDS. Loan funds will be disbursed on an as needed basis upon written request of the Borrower, allowing up to 30 days for the Lender to process the disbursement request. Interest will not accrue on the loaned funds until disbursed. Disbursement will be requested through the County Administrator's Office.

6. PUBLIC WORKS REQUIREMENT. If any portion of the Loan-funded work consists of public works, as defined in Labor Code sections 1720 to 1720.4, then Borrower and its contractors and subcontractors shall comply with California statues and regulations applicable to public works projects, including, but not limited to, the following requirements: payment of prevailing wage rates; employment of apprentices; hours of labor limitations and overtime; keeping of proper payroll records; maintaining required workers' compensation insurance; procurement of payment/labor and materials bonds; non-discrimination laws; contractors' state license requirements; contractor registration with the State Department of Industrial Relations; and California Environmental Quality Act environmental review.

7. RECORD KEEPING. Borrower shall maintain accurate bookkeeping records, accounts, and documentation pertaining to the receipt, disbursement, and use of the Loan proceeds to pay vendors, contractors, suppliers, and others who perform the infrastructure work, including all invoices, receipts, canceled checks, contracts, purchase orders, and other source documents. Borrower shall maintain records related to establishment and collection of capacity fees. These records shall be retained for a period of not less than three years from the fund disbursement date. These records shall be accessible and available for inspection or audit by Lender, or by its employees, accountants, attorneys, or agents, at reasonable times and upon reasonable notice. This Agreement, and performance and payments under this Agreement, are subject to examination and audit by the State Auditor General for three years following final payment. (See Government Code section 8546.7.)

8. INDEMNIFICATION. Borrower shall indemnify, defend, protect, and hold harmless Lender, and its officers, employees, volunteers and agents from and against any and all liability, losses, claims, damages, expenses, demands, and costs (including but not limited to, attorney, expert witness and consultant fees and litigation costs) of every nature arising out of Borrower's performance of the Loan-funded work and caused by the negligent or willful act or omission of Borrower or its contractors or subcontractors or their employees, agents, and subcontractors, except where caused by the active negligence, sole negligence or willful misconduct of Lender or as otherwise provided or limited by law.

9. REPRESENTATION AND WARRANTIES. Borrower makes the following representations and warranties:

9.1 There are no legal actions, suits, or proceedings pending or, to the knowledge of Borrower, threatened against Borrower.

9.2 Borrower is not in default of any obligation, judgment, bond, debenture, note or other evidence of indebtedness.

9.3 No outstanding tax liability has been asserted against Borrower by the IRS, California Franchise Tax Board or any other taxing authority.

10. DEFAULT. At the option of the Lender, the occurrence of any of the following events shall constitute a default:

10.1 Borrower fails to make any payment of principal or interest or any other amounts due Lender hereunder when due and not otherwise excused as set forth in this Agreement, and such failure shall continue for five days after notice thereof from Lender.

10.2 Any material representation or warranty made by Borrower is breached, false or misleading in any material respect, causing injury to Lender.

10.3 Any material provision of this Agreement ceases to be valid and binding for a reason other than a change in applicable law, or Borrower contests any such provision, or Borrower, or any agent or trustee on behalf of Borrower, deny that Borrower has any or further liability under this Agreement.

10.4 Borrower fails to perform any covenant, conditions, or agreement set forth herein, and such failure shall continue for a period of 30 days after notice thereof (which notice shall specify in reasonable detail the nature of such failure) from Lender, unless within that 30-day period Borrower submits to Lender a satisfactory plan to cure the failure.

10.5 Borrower becomes insolvent or unable to pay its debts as they mature or makes an assignment of its rights under this Agreement for the benefit of creditors, or there shall occur a material adverse change in the financial condition of Borrower.

10.6 Borrower files or there is filed against Borrower a petition to have Borrower adjudicated a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy unless, in the case of a petition filed against Borrower, the same is dismissed or stayed within 60 days.

10.7 Borrower applies for or consents to the appointment of a receiver, trustee or conservator for any portion of Borrower's property, or such appointment is made without Borrower's consent and is not vacated within 60 days.

In the event of default, Lender may immediately call the Loan due and payable and enforce its remedies as provided by law.

11. LIMITATIONS. Borrower shall not, without prior consent of Lender (a) pledge, mortgage or otherwise encumber in any manner whatsoever any of Borrower's present property or assets, (b) borrow money or obtain a loan from any person, corporation, or any other source, (c) make or guarantee any advances or loans made to others, or (d)

sell or distribute a substantial part, or all, of its assets.

12. GENERAL PROVISIONS.

12.1 Integration. This Agreement constitutes the sole, final, complete, exclusive and integrated expression and statement of terms of this contract among the Parties concerning the subject matter addressed herein, and supersedes all prior negotiations, representations or agreements, either oral or written, that may be related to the subject matter of this Agreement, except those other documents that are expressly referenced in or attached to this Agreement.

12.2 Construction and Interpretation. The Parties agree and acknowledge that this Agreement has been arrived at through negotiation, and that each party has had a full and fair opportunity to revise the terms of this Agreement. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this Agreement.

12.3 Waiver. The waiver at any time by any party of its rights with respect to a default or other matter arising in connection with this Agreement shall not be deemed a waiver with respect to any subsequent default or matter.

12.4 Successors and Assignment. This Agreement shall bind and inure to the benefit of the respective successors, assigns, heirs, devisees and personal representatives of the parties.

12.5 Amendment. This Agreement may be modified or amended only by a subsequent written agreement approved and executed by both parties.

12.6 Governing Law and Venue. Except as otherwise required by law, this Agreement shall be interpreted, governed by, and construed under the laws of the State of California.

12.7 Attorney's Fees. In the event any legal action is brought to enforce or construe this Agreement or the promissory note, the prevailing party shall be entitled to an award of reasonable attorney's fees, expert witness and consultant fees, litigation costs, and costs of suit; provided, however, that if a Party commences an action without first submitting the matter to mediation as required by Section 10.8, or refuses to mediate after a request has been made, that Party shall not be entitled to recover attorney's fees even if it would otherwise be entitled to such fees.

12.8 Mandatory Mediation. If a dispute arises out of or relates to this Agreement and cannot be settled through negotiation, the Parties must first try in good faith to resolve the dispute through non-binding mediation before resorting to litigation.

12.9 Consequential Damages Waiver. In no event will either Party be liable for any loss of profit or any indirect, incidental, special, punitive, or consequential damages

arising out of or relating to this Agreement.

12.10 No Third-Party Beneficiaries. This Agreement is intended solely to benefit the Parties and is not for the benefit of, and does not confer any rights on, any non-party.

12.11 Counterparts; Electronic Signatures. Each Party warrants that the person signing this Agreement is authorized to act on its behalf. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute the same instrument. The Parties agree that electronic signatures complying with California's Uniform Electronic Transactions Act (Cal. Civ. Code, §1633.1, et seq.) are the same as handwritten signatures for purposes of validity, enforceability, and admissibility.

12.12 Notices. Any notice, demand, invoice or other communication required or permitted to be given under this Agreement shall be in writing and either served personally or sent by prepaid, first class U.S. mail addressed as follows:

Lender:

County Administrator
County of Yuba
915 Eighth Street
Marysville, CA 95901

Borrower:

[General Manager]
[Olivehurst Public Utility District]
[P.O. Box 670]
[Olivehurst, CA 95961]

Any party may change its address by notifying the other party of the change in the manner provided above.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

COUNTY OF YUBA
By:

_____
Name: [Name]
Title: Chair, Board of Supervisors
Date: _____

APPROVED AS TO FORM:
By:

_____
County Counsel

[BORROWER — e.g., OLIVEHURST PUBLIC UTILITY DISTRICT]
By:

_____
Name: [Name]
Title: [Title — e.g., Chair, Board of Directors]
Date: _____

APPROVED AS TO FORM:
By:

_____
[Borrower Counsel]

Exhibit A

[Insert the description of the Project for the specific transaction. The description below is the populated example for the County–District (OPUD) instance and should be replaced when the template is adapted for a different Borrower or project.]

The South County Infrastructure Project is a regional wastewater conveyance and treatment project in Yuba County, California, designed to convey untreated wastewater from the City of Wheatland to the Olivehurst Public Utility District Wastewater Treatment Plant for regional treatment, allowing decommissioning of the City of Wheatland's aging wastewater treatment plant. The Project is constructed under two construction contracts:

- Construction Contract No. 1 — Wheatland Pump Station and Pipelines (bid and awarded by the City): wastewater force mains, pump stations, water main extension and booster pump station, stormwater culvert replacement, pipeline erosion control, and related improvements conveying wastewater from the City to OPUD.

- Construction Contract No. 2 — OPUD Pump Stations and Pipelines (bid and awarded by OPUD): wastewater force mains, trenchless creek and highway crossings, pump station(s), and rehabilitation of existing facilities within OPUD conveying wastewater to the OPUD WWTP.

The estimated total cost to complete the Project is approximately $115,600,000. The Loan under this Agreement, in an amount not to exceed $10,000,000, is intended to fund the Construction Contract No. 2 improvements and related Project improvements for which Borrower is responsible.

[The Parties may attach or substitute final engineering scopes of work, cost estimates, and maps for Construction Contracts No. 1 and No. 2.]

Exhibit B

[Loan payment schedule to be inserted. The schedule shall reflect repayment of the Loan (principal not to exceed $10,000,000, plus interest) from Conveyance Fees and the other sources described in Sections 1.5 and 2.6, with payments made within 30 days of receipt of connection-fee revenue and no less than quarterly, and a final payment on or before the Maturity Date.]