



Tahoe-Truckee Sanitation Agency
Regular Board Meeting
January 8, 2020

TAHOE-TRUCKEE SANITATION AGENCY

A Public Agency
13720 Butterfield Drive
TRUCKEE, CALIFORNIA 96161
(530) 587-2525 • FAX (530) 587-5840



Directors

Dale Cox: President
Dan Wilkins: Vice President
Jon Northrop
Blake Tresan
S. Lane Lewis

General Manager

LaRue Griffin

BOARD OF DIRECTORS REGULAR MEETING NOTICE AND AGENDA

Date: January 8, 2020

Time: 9:00 AM

Place: Board Room, Tahoe-Truckee Sanitation Agency, 13720 Butterfield Drive, Truckee, California

Members of the public will have the opportunity to directly address the Agency Board of Directors concerning any item listed on the Agenda below before or during consideration of that item. To better accommodate members of the public and staff, some Agenda items may be considered in an order different than listed below.

I. Call to Order, Roll Call, and Pledge of Allegiance

II. Public Comment Discussion items only, no action to be taken. Any person may address the Board at this time upon any subject that is within the jurisdiction of Tahoe-Truckee Sanitation Agency and that does not appear on the agenda. Any matter that requires action may be referred to staff for a report and action at a subsequent Board meeting. Please note there is a five (5) minute limit per person. In addition to or in lieu of public comment, any person may submit a written statement concerning Agency business to be included in the record of proceedings and filed with the meeting minutes. Any such statement must be provided to the recording secretary at the meeting.

III. Professional Achievements, Awards and Anniversaries Acknowledgement of staff for professional achievement and other awards.

IV. Consent Agenda Consent Agenda items are routine items that may be approved without discussion. If an item requires discussion, it may be removed from the Consent Agenda prior to action.

1. Approval of the minutes of the regularly scheduled Board meeting on December 11, 2019.
2. Approval of general fund warrants.

V. Regular Agenda

1. Presentation by municipal advisor Steven Gortler on the SRF Loan Refinancing Preliminary Savings Analysis.
2. Approval of Resolution No. 1-2020 authorizing the sale and issuance of Wastewater Revenue Refunding Bonds to refinance the Agency's State Revolving Fund loan.
3. Approval of Amended and Restated TTSA/TTAD Real Property Exchange Agreement.
4. Approval to solicit bids for the 2020 Plant Painting project.

VI. Management Team Report

1. Department Reports.
2. General Manager Report.

VII. Board of Director Comment Opportunity for directors to ask questions for clarification, make brief announcements and reports, provide information to staff, request staff to report back on a matter, or direct staff to place a matter on a subsequent agenda.

VIII. Adjournment

Posted and Mailed, 01/03/20



LaRue Griffin
Secretary to the Board

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, then please contact Roshelle Chavez at 530-587-2525 or 530-587-5840 (fax). Requests must be made as early as possible, and at least one-full business day before the start of the meeting.

Documents and material relating to an open session agenda item that are provided to the T-TSA Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection and copying at the Agency's office located at 13720 Butterfield Drive, Truckee, CA.



TAHOE-TRUCKEE SANITATION AGENCY

MEMORANDUM

Date: January 8, 2020
To: Board of Directors
From: LaRue Griffin, General Manager
Item: I
Subject: Call to Order, Roll Call, and Pledge of Allegiance

Background

Call to Order, Roll Call, and Pledge of Allegiance.



TAHOE-TRUCKEE SANITATION AGENCY

MEMORANDUM

Date: January 8, 2020
To: Board of Directors
From: LaRue Griffin, General Manager
Item: II
Subject: Public Comment

Background

Discussion items only, no action to be taken. Any person may address the Board at this time upon any subject that is within the jurisdiction of Tahoe-Truckee Sanitation Agency and that does not appear on the agenda. Any matter that requires action may be referred to staff for a report and action at a subsequent Board meeting. There is a five (5) minute limit per person.



TAHOE-TRUCKEE SANITATION AGENCY

MEMORANDUM

Date: January 8, 2020
To: Board of Directors
From: Vicky Lufrano, Human Resources Administrator
Item: III
Subject: Professional Achievements, Awards & Anniversaries

Background

Acknowledgement of staff for professional achievements, awards and anniversaries received the previous calendar month or quarter.

Achievements and Promotions

- Scott Fleming – Received California Professional Engineer (PE) license
- Matt Nitz – Promoted to Operator III
- Tyler Penn – Promoted to Operator III
- Troy Killgore – Promoted to Operator III
- Kristin Davis – Promoted to Chemist III
- Dawn Davis – Promoted to Accounting Technician II

Awards

- *Safety Suggestion Awards (4th Quarter 2019)*
 - Ryan Schultz – (1) Make Powell/Scrubber panel controls and alarms failsafe and (2) install caster wheels on the corridor pipe gallery barricades.
 - Anthony Salinas – (1) Post signage regarding restricted access at the ponds outside the plant and (2) create a hatch on the grating for lifting the methanol mixer and eliminating the associated fall hazard.
 - Jessie Denham – (1) Replace the current frayed wires that hold the pegs for the filter screen brushes at headworks with a tether.

1-Year, 5-Year, 10-Year, 15-Year, 20-Year, Etc. Anniversaries

- Jaime Garcia – Inventory Control Specialist – 1 Year (January 2020)

Fiscal Impact

Recipients of a Safety Suggestion Award receive 2 hours of administrative leave for each safety suggestion approved by the safety committee. Recipients of promotions receive salary increases.


Attachments


None.

Recommendation

No action required.

Review Tracking

Submitted By: 
Vicky Lufrano
Human Resources Administrator

Approved By: 
LaRue Griffin
General Manager



TAHOE-TRUCKEE SANITATION AGENCY

MEMORANDUM

Date: January 8, 2020
To: Board of Directors
From: Roshelle Chavez, Administrative Services Manager
Item: IV-1
Subject: Approval of the minutes of the regularly scheduled Board meeting on December 11, 2019

Background

Draft minutes from previous meeting(s) held are presented to the Board of Directors for review and approval.

Fiscal Impact

None.

Attachments

Minutes of the regular Board meeting on December 11, 2019.

Recommendation

Management recommends approval of the minutes of the regularly scheduled Board meeting on December 11, 2019.

Review Tracking

Submitted By: 
Roshelle Chavez
Administrative Services Manager

Approved By: 
LaRue Griffin
General Manager

BOARD OF DIRECTORS
REGULAR MEETING MINUTES

December 11, 2019

I. Call to Order:

Vice President Wilkins called the regular meeting of the Tahoe-Truckee Sanitation Agency Board of Directors to order at 9:00 AM. Roll call and Pledge of Allegiance followed.

Directors Present: Dale Cox, SVPSD (via teleconference)
Dan Wilkins, TCPUD
S. Lane Lewis, NTPUD
Jon Northrop, ASCWD
Blake Tresan, TSD

Staff Present: LaRue Griffin, General Manager
Roshelle Chavez, Administrative Services Manager
Jay Parker, Engineering Manager
Michael Peak, Operations Manager
Richard Pallante, Maintenance Manager
Robert Gray, Information and Technology Department
Vicky Lufrano, Human Resources Administrator
Richard P. Shanahan, Agency Counsel
Aaron Carlsson, Engineering Department
Scott Fleming, Engineering Department
Mike Smith, Engineering Department
Paul Shouse, Maintenance Department
Robert Holmes, Maintenance Department
Jim Redmond, Maintenance Department
Ryan Schultz, Maintenance Department
Dean Haines, Maintenance Department
Brandon Dimond, Operations Department
Matt Nitz, Operations Department
Michelle Mackey, Administration Department
Dawn Davis, Administration Department
Angelina Henson, Administration Department

Public Present: Steven Gortler, Municipal Advisor
Sarah Coolidge, Public

II. Public Comment.

There was no public comment. No action was taken by the Board.

III. Professional Achievements, Awards & Anniversaries.

Mrs. Vicky Lufrano acknowledged Agency staff whom obtained professional achievements, awards, and anniversaries received for the previous calendar month to the Board of Directors.

IV. Consent Agenda

1. Approval of the minutes of the regularly scheduled Board meeting on November 13, 2019.
2. Approval of general fund warrants.
3. Approval of financial statements.

MOTION by Director Lewis **SECOND** by Director Northrop to approve the Consent Agenda items; unanimously approved.

The Board approved the motion by the following roll call vote:

AYES: Directors Northrop, Tresan, Lewis, Cox, and Vice President Wilkins.
NOES: None
ABSENT: None
ABSTAIN: None

Motion passed.

V. Regular Agenda

1. Approval of Resolution 12-2019 adopting salary schedule, salary schedule implementation guide, and employee benefit changes.

MOTION by Director Northrop **SECOND** by Director Lewis to approve Resolution 12-2019 adopting salary schedule, salary schedule implementation guide, and employee benefit changes; unanimously approved.

The Board approved the motion by the following roll call vote:

AYES: Directors Northrop, Tresan, Lewis, Cox, and Vice President Wilkins.
NOES: None
ABSENT: None
ABSTAIN: None

Motion passed.

2. Approval of the Updated Classification Descriptions.

MOTION by Director Northrop **SECOND** by Director Lewis to approve the Updated Classification Descriptions; unanimously approved.

The Board approved the motion by the following roll call vote:

AYES: Directors Northrop, Tresan, Lewis, Cox, and Vice President Wilkins.
NOES: None
ABSENT: None
ABSTAIN: None

Motion passed.

3. Approval of the Agency Organizational Chart.

MOTION by Director Lewis **SECOND** by Director Northrop to approve the revised Agency Organizational Chart; unanimously approved.

The Board approved the motion by the following roll call vote:

AYES: Directors Northrop, Tresan, Lewis, Cox, and Vice President Wilkins.
NOES: None
ABSENT: None
ABSTAIN: None

Motion passed.

Most of the Agency employees left after the approval.

4. Presentation by municipal advisor Steven Gortler concerning proposed refinancing of Agency State Revolving Fund loan.

Mr. Steven Gortler, Registered Municipal Advisor, provided an updated State Revolving Fund (SRF) Loan Refinancing Analysis presentation to the Board of Directors. After the presentation there was follow up conversation on the refinancing process.

5. Consider authorizing staff to proceed with refinancing of Agency State Revolving Fund loan.

MOTION by Director Lewis **SECOND** by Director Northrop to authorize staff to proceed with refinancing of Agency State Revolving Fund loan; unanimously approved.

The Board approved the motion by the following roll call vote:

AYES: Directors Northrop, Tresan, Lewis, Cox, and Vice President Wilkins.
NOES: None
ABSENT: None

ABSTAIN: None

Motion passed.

6. Consider approval of municipal advisor services agreement with Steven Gortler and bond and disclosure counsel services agreement with Jones Hall relating to the proposed refinancing of the Agency State Revolving Fund loan.

MOTION by Director Lewis **SECOND** by Director Northrop to approve the municipal advisor services agreement with Steven Gortler and bond and disclosure counsel services agreement with Jones Hall relating to the proposed refinancing of the Agency State Revolving Fund loan; unanimously approved.

The Board approved the motion by the following roll call vote:

AYES: Directors Northrop, Tresan, Lewis, Cox, and Vice President Wilkins.
NOES: None
ABSENT: None
ABSTAIN: None

Motion passed.

7. Consider approval of Agency Debt Management Policy.

MOTION by Director Lewis **SECOND** by Director Northrop to approve the Agency Debt Management Policy; unanimously approved.

The Board approved the motion by the following roll call vote:

AYES: Directors Northrop, Tresan, Lewis, Cox, and Vice President Wilkins.
NOES: None
ABSENT: None
ABSTAIN: None

Motion passed.

8. Approval of Resolution 13-2019 changing the regular Board meeting date.

MOTION by Director Tresan **SECOND** by Director Northrop to approve Resolution 13-2019 changing the regular Board meeting date; unanimously approved.

The Board approved the motion by the following roll call vote:

AYES: Directors Northrop, Tresan, Lewis, Cox, and Vice President Wilkins.
NOES: None
ABSENT: None
ABSTAIN: None

Motion passed.

9. Approval of Task Order No. 32.1 for the 2019 Headworks Improvement project.

MOTION by Director Tresan **SECOND** by Director Lewis to approve Task Order No. 32.1 for the Headworks Improvement project on a time and expenses basis with a not to exceed amount of \$78,336.92; unanimously approved.

The Board approved the motion by the following roll call vote:

AYES: Directors Northrop, Tresan, Lewis, Cox, and Vice President Wilkins.
NOES: None
ABSENT: None
ABSTAIN: None

Motion passed.

10. Approval to award the Agency Organizational Assessment.

MOTION by Director Lewis **SECOND** by Director Northrop to approve the award of the Agency Organizational Assessment contract to Carollo Engineers, Inc. on a time and expenses basis with a not to exceed amount of \$56,000; unanimously approved.

The Board approved the motion by the following roll call vote:

AYES: Directors Northrop, Tresan, Lewis, Cox, and Vice President Wilkins.
NOES: None
ABSENT: None
ABSTAIN: None

Motion passed.

11. Approval to award the purchase of the Portable Emergency Pump Systems project.

MOTION by Director Lewis **SECOND** by Director Northrop to approve award of the Portable Emergency Pump Systems purchase to Pac Machine, Inc. in the amount of \$127,552; unanimously approved.

The Board approved the motion by the following roll call vote:

AYES: Directors Northrop, Tresan, Lewis, Cox, and Vice President Wilkins.
NOES: None
ABSENT: None
ABSTAIN: None

Motion passed.

12. Approval to purchase a Polaris Ranger XP 1000 NorthStar Edition utility/snow vehicle.

MOTION by Director Lewis **SECOND** by Director Northrop to approve the purchase of the Polaris Ranger XP 1000 NorthStar Edition utility/snow vehicle with a not to exceed amount of \$32,000; unanimously approved.

The Board approved the motion by the following roll call vote:

AYES: Directors Northrop, Tresan, Lewis, Cox, and Vice President Wilkins.
NOES: None
ABSENT: None
ABSTAIN: None

Motion passed.

VI. Management Team Reports

1. Department Reports.
2. General Manager Report

The Management Team Reports were not discussed.

No action was taken by the Board.

VII. Board of Director Comment

Director Lewis commended staff efforts in preparing and proceeding with the Agency Organizational Assessment.

No action was taken by the Board.

VIII. Closed Session

The Board went into closed session with legal counsel and Mr. Griffin at 10:28 AM.

1. Conference with General Manager, as Agency real property negotiator, concerning price and terms of payment relating to potential real property exchange with Truckee Tahoe Airport District concerning Nevada County APN 019-440-81, APN 049-040-24 and APN 049-040-25 pursuant to Government Code Section 54956.8.
2. Closed session for public employee discipline/dismissal/release.
3. Closed Session to hear complaints or charges brought against an employee by another person.
4. Closed session consultation with Agency General Counsel concerning threat to public services or facilities.

The meeting was reopened at 11:20 AM.

Agency counsel Mr. Richard Shanahan reported in open session that in the closed session, the Board unanimously adopted Resolution No. 14-2019, which decides the appeal by former employee Philip Fay, adopts hearing officer Cox's advisory and recommended findings of fact and decision, denies Mr. Fay's appeal, and affirms the decision to terminate Mr. Fay's employment

IX. ADJOURNMENT

There being no further business, the meeting was adjourned at 11:21 AM.

LaRue Griffin
Secretary to the Board

Approved: _____

DRAFT



TAHOE-TRUCKEE SANITATION AGENCY

MEMORANDUM

Date: January 8, 2020
To: Board of Directors
From: Roshelle Chavez, Administrative Services Manager
Item: IV-2
Subject: Approval of general fund warrants

Background

The Agency has recently implemented portions of the Caselle software program and the attached report of general fund warrants are a combination of the new warrant detail as provided by the Caselle software, which combines the print and electronic issued warrants, and the historical payroll detail through the previous AS400 software.

All warrants are paid and payable for the previous calendar month(s).

Fiscal Impact

Decrease in Agency general fund per the warrant amounts.

Attachments

Report of general fund warrants.

Recommendation

Management recommends approval of the general fund warrants paid and payable.

Review Tracking

Submitted By: 
Roshelle Chavez
Administrative Services Manager

Approved By: 
LaRue Griffin
General Manager

Payee	Check Number	Check Issue Date	Description	Amount	
1000 BULBS					
	78986	12/11/2019	4th LED Wrap	792.65	M
AIRGAS USA LLC					
	78925	12/11/2019	CYLINDER RENTALS	396.60	M
	79010	12/11/2019	GLOVES	67.59	M
ALLIANT INSURANCE SERVICES INC					
	79017	12/11/2019	POLLUTION LIABILITY RENEW	7,657.44	M
ALPHA ANALYTICAL INC					
	78926	12/11/2019	4Q19 Quarterly Testing	935.00	M
	79015	12/11/2019	BARIUM WELLS OCT 19	3,317.50	M
AMAZON CAPITAL SERVICES					
	78927	12/11/2019	Rare Earth Magnet	626.37	M
	79008	12/11/2019	SHOP SUPPLIES	204.74	M
ANTHONY SALINAS					
	79024	12/11/2019	REIMBURSEMENT	400.00	M
AT&T 530 582-0827 966 5					
	78931	12/11/2019	TELEPHONE BILL 966	1,377.39	M
AT&T ACCT #171-800-7674 001					
	78930	12/11/2019	TELEPHONE BILL 001	970.44	M
AT&T ACCT 831-000-6939 380					
	78929	12/11/2019	TELEPHONE BILL 380	1,320.69	M
AUS WEST LOCKBOX					
	78928	12/11/2019	Uniforms	1,677.10	M
AUTOMATION DIRECT					
	78932	12/11/2019	Legand Plate	28.94	M
AVAYA INC					
	78992	12/11/2019	AVAYA QTRLY BILL	837.48	M
BARTKIEWICZ, KRONICK & SHANAHAN					
	79001	12/11/2019	BARTKIEWICZ	17,333.40	M
BATTERIES PLUS					
	78933	12/11/2019	Batteries for Maint Cart	1,428.45	M
BILL PINDAR					
	79029	12/11/2019	CERT RENEW REIMB	89.00	M
BLAKE TRESAN					
	79019	12/11/2019	DEC BOARD MEETING	100.00	M
CA SPECIAL DISTRICTS ASSN					
	79000	12/11/2019	2020 CSDA RENEW	7,615.00	M
CALIFORNIA HYDRONICS CORP.					
	79032	12/11/2019	EXPANSION TANK	2,763.83	M
CALIFORNIA INDUSTRIAL RUBBER COMPAN					
	78934	12/11/2019	Gasket Material	91.25	M
CASHMAN EQUIPMENT CO.					
	78935	12/11/2019	Flasher Caterpillar	171.96	M
CH2M HILL					
	78936	12/11/2019	Task Order #32	73,157.84	M
CLARK PEST CONTROL					
	79007	12/11/2019	CLARK PEST BILL	275.00	M
CODALE ELECTRIC SUPPLY INC					
	78937	12/11/2019	Electric Motor	599.00	M
CORELOGIC INFORMATION SOLUTIONS, IN					
	78938	12/11/2019	Corelogic	463.50	M
	79026	12/31/2019	REIMBURSEMENT	.00	V
CWEA					
	78939	12/11/2019	Collection System - Redmond	568.00	M
DALE COX					
	78923	12/02/2019	REIMBURSEMENT	254.12	M
	79023	12/11/2019	DEC BOARD MEETING	234.00	M

Payee	Check Number	Check Issue Date	Description	Amount	
DAMORE, HAMRIC & SCHNEIDER	85000	12/30/2019	REIMBURSEMENT	395.10	M
DANIEL WILKINS	78940	12/11/2019	Audit of Financial Statement	11,200.00	M
DAWN DAVIS	79020	12/11/2019	DEC BOARD MEEETING	100.00	M
DELL COMPUTER CORP. C/O DELL USA L.	78991	12/11/2019	REIMBURSEMENT	75.04	M
EMILY PINDAR	78941	12/11/2019	DELL OPTIPLEX 3070 MT	806.07	M
EMPLOYMENT DEVELOPMENT DEPARTMENT	79002	12/11/2019	TRAINING EXP REIMB	78.00	M
FEDERAL EXPRESS CORP.	1112734	12/03/2019	SDI PAYABLE	13,848.68	M
FEDERAL TAXES/EFTPS	79036	12/13/2019	FEDEX SHIPPING	411.66	M
FIRST US COMMUNITY CREDIT UNION	1112733	12/03/2019	MEDICARE DEDUCTION	36,941.62	M
FISHER SCIENTIFIC COMPANY	1112736	12/03/2019	CREDIT UNION DEDUCT PAYABLE	3,200.00	M
GCR TIRES AND SERVICE	78943	12/11/2019	BD Syringe 60 ML	1,415.52	M
GFS CHEMICALS INC	78997	12/11/2019	VHCL-17	2,601.06	M
GRAINGER INC., W.W.	78945	12/11/2019	Lab Supplies	426.92	M
	78946	12/11/2019	STOCK	2,612.59	M
	79009	12/11/2019	COMBO LOCKS	134.34	M
	79011	12/11/2019	HAND SOAP	323.56	M
	79014	12/11/2019	FINAL PAY SHEET STOCK	209.18	M
GRATEFUL GARDENS					
	78947	12/11/2019	Landscape Maintenance	900.00	M
HACH CHEMICAL COMPANY					
	78948	12/11/2019	PPD Total Chlorine	133.86	M
HODGE					
	78949	12/11/2019	Lockout Padlock	277.61	M
HUNT & SONS INC.					
	78950	12/11/2019	Diesel/Unleaded Gas	11,682.17	M
IDEXX LABORATORIES INC.					
	79038	12/13/2019	COLILERT SAMPLE	343.01	M
ILEANA VASSILIOU					
	79016	12/11/2019	TRAINING	2,400.00	M
J&L PRO KLEEN INC					
	78951	12/11/2019	JANITORIAL SVC NOV	2,300.00	M
JOHNSON CONTROLS FIRE PROTECTION LP					
	78952	12/11/2019	Labor for Nac Cord	953.00	M
JON NORTHROP					
	79022	12/11/2019	DEC BOARD MEETING	539.60	M
KONICA MINOLTA BUSINESS SOLUTIONS U					
	78953	12/11/2019	KONICA MONTHLY	482.13	M
KRISTIN DAVIS					
	78994	12/11/2019	REIMBURSEMENT	403.50	M
LARSON ELECTRONICS					
	78954	12/11/2019	Explosion Proof Light	1,093.08	M
LHOIST NORTH AMERICA					
	78955	12/11/2019	HYDRATED LIME	17,594.39	M

Payee	Check Number	Check Issue Date	Description	Amount	
LIBERTY UTILITIES	78996	12/11/2019	ELECTRIC BILL	41.08	M
	79033	12/11/2019	ELECTRIC BILL	77.04	M
LUCITY INC	79035	12/13/2019	LUCITY SOFTWARE	7,553.59	M
MARK MESSERSCHMIDT	79027	12/11/2019	REIMBURSEMENT	720.00	M
MCMASTER-CARR	78957	12/11/2019	Drawer Slides	296.18	M
MICHAEL J SMITH	79025	12/11/2019	REIMBURSEMENT	127.40	M
MOTION INDUSTRIES	78958	12/11/2019	Stock	1,543.51	M
MOUNTAIN HARDWARE	78959	12/11/2019	For BNR Wall	44.43	M
NAPA- SIERRA	78960	12/11/2019	Fuel Filter for Pump	126.11	M
NATIONAL FIRE PROTECTION	79037	12/13/2019	FIRST AID SUPPLIES	489.51	M
NATIONWIDE RETIREMENT SOLUTIONS	1112735	12/03/2019	NATIONWIDE 457 PAYABLE	4,519.96	M
NAVIA BENEFIT SOLUTIONS	1112740	12/09/2019	NAVIA HRA	4,216.56	M
	12301901	12/30/2019	HRA DISBURSEMENTS	1,422.00	M
OFFICE DEPOT	78961	12/11/2019	OFFICE SUPPLIES	1,260.65	M
	79005	12/11/2019	OFFICE SUPPLIES	35.40	M
PERS 457 PLAN	1112732	12/03/2019	PERS ROTH	7,107.37	M
PERS-HEALTH PREMIUM	1112738	12/09/2019	DIRECTOR HEALTH INSURANCE	151,168.37	M
PERS-RETIREMENT	1112739	12/09/2019	SURVIVOR BENEFIT DEDUCITON	43,697.28	M
PETTY CASH	78987	12/04/2019	PETTY CASH REIMBURSEMENT	345.98	M
PINNACLE TOWERS INC.	78962	12/11/2019	TOWER RENTAL	721.99	M
PLATT ELECTRIC COMPANY	78963	12/11/2019	Final Pay - Swedge Reducer	179.06	M
PRAXAIR DISTRIBUTION INC	79006	12/11/2019	CYLINDER RENTAL	69.33	M
RADWELL INTERNATIONAL	78965	12/11/2019	Time Meter	532.50	M
RED WING BUSINESS ADVANTAGE ACCOUNT	78966	12/11/2019	Summer Boots, Redmond	762.43	M
RENO BUSINESS INTERIORS	79031	12/11/2019	DUAL ARM MONITOR	355.80	M
ROCKWELL SOLUTIONS	78967	12/11/2019	Lip Seal - Impeller	7,129.96	M
ROSELLE CHAVEZ	78968	12/11/2019	REIMB CELL PHONE CHAVEZ	42.80	M
ROY SMITH COMPANY	78969	12/11/2019	LIQUID OXYGEN	3,549.70	M
S. LANE LEWIS	79021	12/11/2019	DEC BOARD MEETING	100.00	M
SAFETY-KLEEN CORP.	78970	12/11/2019	Stock for Vhcl's	327.21	M

Payee	Check Number	Check Issue Date	Description	Amount	
SAVE MART SUPERMARKETS	78971	12/11/2019	Groceries	109.49	M
SHRED-IT USA	78972	12/11/2019	Shred-It	222.00	M
SIERRA RESCUE INTERNATIONAL	79003	12/11/2019	FIRST AID/CPR TRAINING	550.00	M
SIERRA SYSTEMS INC	78973	12/11/2019	Sierra System	600.00	M
SOCIETY FOR HUMAN RESOURCE MANAGEME	78995	12/11/2019	PROFESSIONAL MEMBER RENEW	219.00	M
SOUTHWEST GAS CORP.	78999	12/11/2019	NATURAL GAS	7,594.22	M
ST OF CA; DEPT OF INDUSTRIAL RELATI	78942	12/11/2019	Elevator Permit	225.00	M
STANDARD INSURANCE-DENTAL	78989	12/06/2019	DIRECTOR DENTAL INSURANCE	16,447.20	M
STANDARD INSURANCE-LIFE	78924	12/02/2019	STANDARD LIFE INSURANCE DEDUCTIO	2,180.40	M
SUPER BRIGHT LEDS INC	78974	12/11/2019	VHCT-10	546.37	M
SWRCB ACCOUNTING OFFICE	79034	12/13/2019	ELAP CERT RENEWAL	6,352.00	M
TAHOE FOREST HOSP. DIST./TAHOE WORX	79028	12/11/2019	EMPLOYEE SCREENING	850.50	M
TAHOE SUPPLY COMPANY LLC	78975	12/11/2019	Stock	267.66	M
TAHOE TRUCKEE DISPOSAL	78993	12/11/2019	NOV SLUDGE	23,410.64	M
TELSTAR	79012	12/11/2019	PARTIAL PAY EJECTOR PARTS	1,213.06	M
TERRYBERRY COMPANY	78976	12/11/2019	15YR Claussen Tool Kit	1,106.43	M
THATCHER COMPANY OF CA INC	78977	12/11/2019	Chlorine Empties	12,796.88	M
	78990	12/11/2019	METHANOL	26,431.25	M
THE HON COMPANY	79030	12/11/2019	DUAL MONITOR ARM	.00	V
THOMAS AND ASSOCIATES	78978	12/11/2019	Stock	1,169.48	M
TRUCKEE DONNER PUD	78964	12/11/2019	ELECTRIC BILL	66,310.37	M
TRUCKEE TAHOE AIRPORT DISTRICT	78979	12/11/2019	Land Swap Reimb	897.50	M
U.S. BANK BANK CARD DIVISION	12311901	12/31/2019	TRAVEL/TRAINING CAR RENTAL	13,943.10	M
ULINE	78980	12/11/2019	Service Cart	243.96	M
UNITED PARCEL SERVICE, UPS	79013	12/11/2019	UPS SHIPPING CHARGES	203.19	M
USDA FOREST SERVICE	78944	12/11/2019	Permits & Licenses	10,797.29	M
VERIZON WIRELESS	79004	12/11/2019	TELEPHONE	621.58	M
VICKY LUFRANO	78956	12/11/2019	REIMB CELL PHONE LUFRANO	42.80	M
VWR SCIENTIFIC INC	78981	12/11/2019	Culture Tubes	1,657.05	M

Payee	Check Number	Check Issue Date	Description	Amount
WEDCO INC	78982	12/11/2019	Exhaust Fan	1,510.26 M
WESTERN NEVADA SUPPLY	78983	12/11/2019	Mirafi Es60N	1,526.33 M
WILEY, PRICE & RADULOVICH	78998	12/11/2019	WILEY PRICE	14,063.86 M
WORK WORLD	78984	12/11/2019	Boots, Simmons	250.00 M
ZORO	78985	12/11/2019	Downy Liquid Credit	.00 V
	79018	12/11/2019	NIPPLES	1,242.96 M
Grand Totals:				<u>693,801.00</u>



Tahoe-Truckee Sanitation Agency
General Fund Warrants
Payroll Detail
12/01/2019 - 12/31/2019

Description	Pay Date	Amount
Payroll	12/15/19	154,693.67
Payroll	12/31/19	165,072.22
Payroll Total		319,765.89

General Fund Warrant Summary	Amount
General Fund Warrants	693,801.00
Payroll Total	319,765.89
Warrant Total	1,013,566.89



TAHOE-TRUCKEE SANITATION AGENCY

MEMORANDUM

Date: January 8, 2020
To: Board of Directors
From: Roshelle Chavez, Administrative Services Manager
Item: V-1
Subject: Presentation by municipal advisor Steven Gortler on the SRF Loan Refinancing Preliminary Savings Analysis

Background

At the December 11, 2019 Board of Directors meeting, approval was provided to authorize staff to proceed with refinancing of Agency State Revolving Fund (SRF) loan. Mr. Steven Gortler will provide a presentation with an update on the preliminary savings associated with the refinancing of the Agency's SRF loan.

Fiscal Impact

None.


Attachments

SRF Loan Refinancing Preliminary Savings Analysis presentation.

Recommendation

None.

Review Tracking

Submitted By: 
Roshelle Chavez
Administrative Services Manager

Approved By: 
LaRue Griffin
General Manager

Tahoe-Truckee Sanitation Agency

SRF Loan Refinancing

Preliminary Savings Analysis

December 20, 2019

Prepared by Steven Gortler
Telephone (415) 298-3319
Email: steven.gortler@att.net

Estimated Debt Service Savings

12-Mo. Ending Nov. 1,	SRF Loan			Refunding Bonds			Debt Service Savings	
	Principal	Interest	Total	Principal	Interest	Total	Annual	Cumulative
2020	2,644,660	602,837	3,247,497	2,680,000	417,418	3,097,418	150,079	150,079
2021	2,713,422	534,076	3,247,497	2,200,000	895,250	3,095,250	152,247	302,326
2022	2,783,970	463,527	3,247,497	2,310,000	785,250	3,095,250	152,247	454,574
2023	2,856,354	391,144	3,247,497	2,425,000	669,750	3,094,750	152,747	607,321
2024	2,930,619	316,878	3,247,497	2,545,000	548,500	3,093,500	153,997	761,318
2025	3,006,815	240,682	3,247,497	2,675,000	421,250	3,096,250	151,247	912,565
2026	3,084,992	162,505	3,247,497	2,805,000	287,500	3,092,500	154,997	1,067,563
2027	3,165,202	82,295	3,247,497	2,945,000	147,250	3,092,250	155,247	1,222,810
	23,186,034	2,793,944	25,979,978	20,585,000	4,172,168	24,757,168	1,222,810	



Estimated Net Present Value (NPV) Savings

Net Present Value (NPV) Savings	1,050,950
Par Amount of Refunded Bonds	23,186,034
NPV Savings / Refunded Par Amount	4.53%



Estimated Sources & Uses of Funds

Sources of Funds:

Par Amount of Bonds	20,585,000
Net Original Issue Premium	3,016,549
Transfer from SRF Loan Reserve	0
Total Sources	23,601,549

Uses of Funds:

Deposit to SRF Loan Prepayment Fund	23,345,116
Estimated Costs of Issuance	256,433
Total Uses	23,601,549



Estimated Costs of Issuance

Service	Estimated Fee
Underwriter (0.50%)	102,925
Bond & Disclosure Counsel	70,000
Financial Advisor	35,000
Rating Agency	24,500
Utility Rate Consultant	10,000
Trustee & Counsel	5,000
Financial Printer	2,500
Bidding Platform	1,500
Advertising	1,000
Contingency	4,008
	256,433



TAHOE-TRUCKEE SANITATION AGENCY

MEMORANDUM

Date: January 8, 2020
To: Board of Directors
From: Roshelle Chavez, Administrative Services Manager
Item: V-2
Subject: Approval of Resolution No. 1-2020 authorizing the sale and issuance of Wastewater Revenue Refunding Bonds to refinance the Agency's State Revolving Fund loan

Background

In February 2004, the Tahoe-Truckee Sanitation Agency borrowed \$47,219,706 from the California State Water Resources Control Board – State Revolving Fund (SRF) Loan Program. Loan proceeds were used to expand the capacity of the Agency's wastewater treatment plant. The SRF loan is secured by and payable from wastewater system net revenues, and carries an interest rate of 2.60% and a final maturity of October 31, 2027. Currently, \$23,186,034 of the SRF loan remains outstanding.

Today, the Agency can issue Refunding Bonds at an 'all-inclusive true interest cost' of approximately 1.54% as compared to a rate of 2.60% on the SRF loan being refinanced. Refinancing the SRF loan at current market interest rates will save approximately \$153,000 per year from 2020 through 2027, for total debt service savings of approximately \$1,223,000. These savings are net of all issuance costs and assume no extension of the final maturity.

Based on municipal market conditions as of December 19, 2019, the SRF loan refinancing will yield NPV Savings of approximately \$1,050,000 or 4.53% of the outstanding loan balance. As a rule of thumb, NPV Savings of 3%-5% is considered good. In light of the fact that the SRF loan carries an interest rate of only 2.60%, NPV Savings of 4.53% is good.

Fiscal Impact

The cost of issuing the Refunding Bonds is expected not-to-exceed \$256,500 including fees for Bond and Disclosure Counsel, Underwriter, Financial Advisor, Trustee, Rating Agency and miscellaneous other fees and expenses. All costs of issuance are payable from proceeds of the Refunding Bonds upon closing. If for any reason the refinancing fails to close, then all fees and expenses will be waived and the Agency will not be billed, with one exception. A portion of the Rating Agency Fee estimated at approximately \$12,250 is not contingent.

The following are the good faith estimates for proceeding with the refinancing of the SRF loan:

- A good-faith estimate of the 'true interest cost' for the proposed debt, which in this case is approximately 1.54%.
- A good-faith estimate of the total costs of issuance for the proposed debt, which in this case is approximately \$256,433.
- A good-faith estimate of the 'net proceeds' of the proposed debt, which in this case is approximately \$23,345,116.
- A good-faith estimate of the total debt service payments over the entire term of the proposed debt, which in this case is approximately \$24,757,168.

The proposed schedule anticipates the bond sale will occur on or about January 22, 2020 and closing will occur on or about February 5, 2020.

There are three methods by which public agencies such as the Sanitation Agency sell bonds: competitive sales, negotiated sales and private placements. Depending on a variety of factors, one or another method will usually achieve the best result, meaning the lowest interest rate. These factors include the security for the bonds, the size, term and structure of the bonds, the creditworthiness of the bonds and overall financial market conditions.

Agency staff in consultation with the financing team has determined that a competitive sale of the Refunding Bonds will likely achieve the best result. A competitive sale is when an issuer such as the Agency offers its bonds for sale to all eligible underwriters, and awards the bonds to the underwriter who 'bids' the lowest interest rate.

If circumstances change markedly prior to the sale date, then it is possible the Agency may change course and issue the Refunding Bonds via a Negotiated Sale.

Attachments

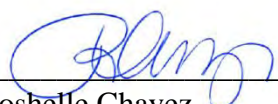
- Resolution No. 1-2020
- Preliminary Official Statement
- Continuing Disclosure Statement (included as Appendix F to Preliminary Official Statement)
- Indenture of Trust
- Official Notice of Sale

It should be noted, the attached Preliminary Official Statement, Indenture of Trust and Notice of Sale documents may be modified prior to the sale of bonds, as necessary.

Recommendation

Management recommends approval of Resolution No. 1-2020 authorizing the sale and issuance of Wastewater Revenue Refunding Bonds to refinance the Agency's State Revolving Fund loan.

Review Tracking

Submitted By: 
Roshelle Chavez
Administrative Services Manager

Approved By: 
LaRue Griffin
General Manager

RESOLUTION NO. 1 - 2020

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE TAHOE-TRUCKEE SANITATION AGENCY AUTHORIZING THE SALE AND
ISSUANCE OF WASTEWATER REVENUE REFUNDING BONDS TO REFINANCE
OUTSTANDING WASTEWATER SYSTEM OBLIGATIONS OF THE AGENCY IN AN
AMOUNT NOT TO EXCEED \$25,000,000, APPROVING OFFICIAL STATEMENT AND
APPROVING RELATED AGREEMENTS AND ACTIONS**

WHEREAS, the Tahoe-Truckee Sanitation Agency (the “Agency”) owns and operates facilities and property for the collection, treatment and disposal of wastewater within the service area of the Agency (the “Wastewater System”); and

WHEREAS, to finance Wastewater System improvements, the Agency previously borrowed funds from the State Water Resources Control Board State Revolving Fund (SRF) loan program (the “SRF Loan”), which SRF Loan is currently outstanding in the amount of \$23,186,034; and

WHEREAS, pursuant to the terms of the SRF Loan, the Agency may prepay the outstanding principal balance of the SRF Loan, in whole or in part, on any date, together with accrued interest thereon to the prepayment date, without premium; and

WHEREAS, at current market interest rates, the Agency can refinance the SRF Loan and in so doing, realize significant debt service savings; and

WHEREAS, the Board of Directors wishes at this time to authorize the sale and issuance of its 2020 Wastewater Revenue Refunding Bonds (the “Refunding Bonds”) under the Bond Law (as herein defined) to provide funds to refinance the SRF Loan and the costs of issuing the Refunding Bonds, such Refunding Bonds to be secured by a pledge of the net revenues of the Wastewater System; and

WHEREAS, the information required to be obtained and disclosed by the Board of Directors related to the Refunding Bonds pursuant to Section 5852.1 of the California Government Code is set forth in the debt service savings analysis prepared by the Agency’s registered municipal advisor; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Tahoe-Truckee Sanitation Agency as follows:

Section 1. Sale and Issuance of Refunding Bonds. The Board of Directors hereby authorizes the sale and issuance of the Refunding Bonds under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the “Bond Law”), for the purpose of providing funds to refinance the SRF Loan, and for the purpose of paying the costs of issuing and selling the Refunding Bonds, so long as the requirements in Section 3 are achieved. Such refinancing shall be accomplished as provided in the Indenture of Trust described below.

Section 2. Approval of Indenture. The Refunding Bonds shall be issued pursuant to an Indenture of Trust between the Agency and U.S. Bank National Association, as trustee, which Indenture is hereby approved in substantially the form on file with the Board of Directors, together with any changes therein or additions thereto deemed advisable by the President of the Board of Directors, Vice President, or the General Manager (each, an “Authorized Officer”), and the execution thereof by an Authorized Officer shall be conclusive evidence of the approval of such changes and additions. The Board of Directors hereby authorizes and directs an Authorized Officer to execute, and the General Manager to attest, said form of the Indenture of Trust for and in the name of the Agency. The Board of Directors hereby authorizes the delivery and performance of the Indenture of Trust by the Agency.

Section 3. Sale of Refunding Bonds via Public Offering. The Board of Directors hereby authorizes the sale of the Refunding Bonds through a public offering; provided, however, that the principal amount of the Refunding Bonds shall not exceed \$25,000,000, and the net present value savings from such refinancing shall equal at least 3.0% of the outstanding principal amount of the SRF Loan. Such public offering may be accomplished by either competitive bidding or through negotiation with an underwriter, as determined by an Authorized Officer to be in the best interests of the Agency, after consultation with the Agency’s registered municipal advisor.

If a competitive sale is chosen, the sale of the Refunding Bonds shall be undertaken pursuant to and in accordance with the notice of sale on file with the General Manager, together with any changes therein or additions thereto deemed advisable by the Agency’s municipal advisor and approved by the Agency’s bond counsel and by an Authorized Officer. The Board of Directors hereby delegates to each of the Authorized Officers the authority to accept an offer from the winning bidder to purchase the Refunding Bonds from the Agency. In the alternative, the Board of Directors hereby delegates to each of the Authorized Officers the authority to enter into a negotiated sale of the Refunding Bonds pursuant to a bond purchase agreement with an underwriter selected by an Authorized Officer.

Section 4. Official Statement; Continuing Disclosure Certificate. The Board of Directors hereby approves the Preliminary Official Statement describing the Refunding Bonds in the form on file with the Board of Directors, and authorizes each of the Authorized Officers to approve revisions to said Preliminary Official Statement if and to the extent necessary for distribution in connection with a public offering of the Refunding Bonds. An Authorized Officer shall execute a certificate deeming the Preliminary Official Statement, as so revised, to be nearly final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended. Distribution of the Preliminary Official Statement by the underwriter of the Refunding Bonds to prospective purchasers of the Refunding Bonds is hereby approved. Each of the Authorized Officers is hereby authorized and directed to approve any changes in or additions to a final form of said Official Statement, and the execution thereof by an Authorized Officer shall be conclusive evidence of approval of any such changes and additions. The Board of Directors hereby authorizes the distribution of the final Official Statement by the underwriter. The final Official Statement shall be executed in the name and on behalf of the Agency by an Authorized Officer.

The Board of Directors hereby approves the Continuing Disclosure Certificate to be executed by the Agency, the form of which is attached as an exhibit to the Preliminary Official Statement. Each of the Authorized Officers is hereby authorized and directed to approve any changes in or additions to a final form of said Continuing Disclosure Certificate, and the execution thereof by an Authorized Officer shall be conclusive evidence of approval of any such changes and additions. The final Continuing Disclosure Certificate shall be executed in the name and on behalf of the Agency by an Authorized Officer. The Board of Directors hereby authorizes the delivery and performance of the Continuing Disclosure Certificate by the Agency.

Section 5. Bond Insurance. As authorized by the Bond Law, the Agency may pay premiums for bond insurance and/or reserve fund insurance in connection with the issuance of the Refunding Bonds. A determination of whether to utilize bond insurance and/or reserve fund insurance may be made by an Authorized Officer in connection with the issuance and sale of the Refunding Bonds, after consultation with the Agency's registered municipal advisor.

Section 6. Official Actions. The President of the Board, Vice President, and the General Manager, or a written designee, are hereby authorized and directed, for and in the name and on behalf of the Agency, to do any and all things and take any and all actions, including approval, execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to refinance the SRF Loan and consummate the transaction described in this Resolution, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability. The Board of Directors hereby authorizes the delivery and performance of any assignment, certificate, requisition, agreement, notice, consent, instrument of conveyance, warrant or other document approved under this section.

Section 7. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED AND ADOPTED by the Board of Directors of the Tahoe-Truckee Sanitation Agency on this 8th day of January 2020 by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Dan Wilkins, Vice-President
Board of Directors
TAHOE-TRUCKEE SANITATION AGENCY

Attest:

Secretary of the Board of Directors
TAHOE-TRUCKEE SANITATION AGENCY

Preliminary Official Statement
and
Continuing Disclosure Statement
(included as Appendix F to Preliminary Official Statement)

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY __, 2020

NEW ISSUE-FULL BOOK-ENTRY

**RATING: S&P: “__”
(See “RATING” herein.)**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See “TAX MATTERS.”

\$ _____ *
**TAHOE-TRUCKEE SANITATION AGENCY
2020 WASTEWATER REVENUE REFUNDING BONDS**

Dated: Date of Delivery

Due: July 1, as shown on the inside cover

Purpose. The above-referenced bonds (the “Bonds”) are being issued by the Tahoe-Truckee Sanitation Agency (the “Agency”) to (i) refund on a current basis the outstanding principal balance of a loan from the California State Water Resources Control Board (as described herein), currently outstanding in the principal amount of \$23,186,034 (the “SRF Loan”) and (ii) pay the costs of issuing the Bonds. See “PLAN OF REFUNDING.”

Bond Terms. Interest on the Bonds will be payable on January 1 and July 1 of each year, commencing July 1, 2020. Payments of the principal of, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co., by U.S. Bank National Association, as trustee (the “Trustee”), so long as The Depository Trust Company (“DTC”) or Cede & Co. is the registered owner of the Bonds.

Registration. The Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of DTC, and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Ultimate purchasers of Bonds will not receive physical certificates representing their interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the owners shall mean Cede & Co., and shall not mean the ultimate purchasers of the Bonds. Disbursements of payments to DTC’s Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC’s Participants and Indirect Participants, as more fully described herein. See APPENDIX D – BOOK-ENTRY SYSTEM.

Redemption. The Bonds are subject to extraordinary redemption prior to maturity as described herein. See “THE BONDS – Redemption.” The Bonds are not subject to optional redemption prior to maturity.

Security for the Bonds; No Reserve Fund. The Bonds are special limited obligations of the Agency that are secured by and payable from a senior pledge of the Net Revenues (defined herein) of the Wastewater System (defined herein) and from amounts on deposit in certain funds and accounts established under the Indenture (defined herein). The Bonds are not a debt, liability or obligation of the State of California or any of its political subdivisions other than the Agency as described herein. The Agency is not funding a debt service reserve fund for the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

Parity Obligations. Upon the refunding of the SRF Loan with the net proceeds of the Bonds, there will be no outstanding obligations of the Agency payable from the Net Revenues either senior to, or on a parity basis with, the Bonds. In the future, however, the Agency pay issue parity obligations subject to the conditions set forth herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Parity Debt.”

This cover page contains information for quick reference only. It is not intended to be a summary of all factors relating to an investment in the Bonds. Investors must read the entire Official Statement before making any investment decision.

**BIDS FOR THE PURCHASE OF THE BONDS WILL BE RECEIVED BY THE AGENCY
UNTIL [8:00] A.M., CALIFORNIA TIME ON JANUARY [22], 2020
UNLESS POSTPONED OR CANCELLED AS SET FORTH IN THE
OFFICIAL NOTICE OF SALE RELATING TO THE BONDS.**

The Bonds are offered when, as and if issued subject to the approval, as to their validity, by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the Agency, and certain other conditions. Jones Hall is also serving as Disclosure Counsel to the Agency. Certain legal matters will be passed upon for the Agency by the Agency’s counsel. It is expected that the Bonds will be available for delivery in book-entry form through the facilities of DTC on or about February [5], 2020.

Dated: _____, 2020

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstance shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

MATURITY SCHEDULE

\$ _____*

**TAHOE-TRUCKEE SANITATION AGENCY
2020 WASTEWATER REVENUE REFUNDING BONDS**

<u>Maturity Date (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP (Base: _____)</u> †
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					

* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Ratings on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers have been assigned by an independent company not affiliated with the Agency and are included solely for the convenience of investors. Neither the Agency nor the Municipal Advisor is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

No dealer, broker, salesperson or other person has been authorized by the Agency, the Municipal Advisor or the Underwriter to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The information set forth herein has been obtained from official sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency since the date hereof. All summaries of the Indenture and other documents referred to in this Official Statement, are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board (the "MSRB") through the Electronic Municipal Marketplace Access ("EMMA") website.

The Agency maintains a website. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds.

FORWARD-LOOKING STATEMENTS

This Official Statement contains certain "forward-looking statements" concerning the Wastewater System and the operations, performance and financial condition of the Agency, including their future economic performance, plans and objectives and the likelihood of success in developing and expanding. These statements are based upon a number of assumptions and estimates which are subject to significant uncertainties, many of which are beyond the control of the Agency. The words "may," "would," "could," "will," "expect," "anticipate," "believe," "intend," "plan," "estimate" and similar expressions are meant to identify these forward-looking statements. Results may differ materially from those expressed or implied by these forward-looking statements.

TAHOE-TRUCKEE SANITATION AGENCY

BOARD OF DIRECTORS

Dale Cox, *President*
Dan Wilkins, *Vice President*
Jon Northrop, *Director*
Blake Tresan, *Director*
S. Lane Lewis, *Director*

AGENCY STAFF

LaRue Griffin, *General Manager/Secretary*
Michael Peak, *Operations Department Manager*
Roshelle Chavez, *Administrative Services Manager*
Richard Shanahan of Bartkiewicz, Kronick & Shanahan, P.C., *Agency Counsel*

SPECIAL SERVICES

Municipal Advisor

Steven Gortler
San Francisco, California

Bond Counsel and Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Trustee

U.S. Bank National Association
San Francisco, California

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OFFICIAL STATEMENT

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**TAHOE-TRUCKEE SANITATION AGENCY
2020 WASTEWATER REVENUE REFUNDING BONDS**

INTRODUCTION

General

This Official Statement, including the cover page and appendices hereto, sets forth certain information in connection with the sale of the above-referenced (the “Bonds”) that are being issued by the Tahoe-Truckee Sanitation Agency (the “Agency”). This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents described herein.

Authority for Issuance and Application of Proceeds

The Bonds are being issued under the provisions of Articles 10 and 11 of Part 1 of Division 2 of Title 5 of the California Government Code (the “Bond Law”) and an Indenture of Trust, dated as of February 1, 2020 (the “Indenture”), between the Agency and U.S. Bank National Association, as trustee (the “Trustee”). The Bonds are being issued to (i) refund an Interagency Sales Agreement (Installment Sale Agreement No. C-06-4657-110; Agreement No. 03-804-550) between the Agency and the State Water Resources Control Board delivered pursuant to the State Revolving Fund program, currently outstanding in the principal amount of \$23,186,034 (the “SRF Loan”) and (ii) pay the costs of issuing the Bonds. See “PLAN OF REFUNDING.” All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” or, if not defined therein, shall have the meanings assigned to such terms in the Indenture.

The Agency

The Agency is a special district created in 1972 to protect Lake Tahoe and Truckee River water quality, pursuant to the Tahoe-Truckee Sanitation Agency Act (1971 chapter 1560 of the California Uncodified Water Code; chapter 114 of the Appendix to the California Water Code) (the “Agency Act”).

The Agency provides regional wastewater treatment service to more than 41,000 connections in a service area that encompasses approximately 62.3-square miles covering portions of El Dorado, Placer and Nevada counties. The Agency owns and operates a wastewater treatment plant which began operations in 1978, and a 17-mile long pipeline which conveys untreated, raw sewage to the plant from the north and west shores of Lake Tahoe, the Truckee

* Preliminary, subject to change.

River corridor including the communities of Alpine Meadows and Squaw Valley, and the Town of Truckee.

For additional information regarding the Agency and the population that it serves, see “THE AGENCY” and APPENDIX A – “GENERAL INFORMATION ABOUT THE TOWN OF TRUCKEE, NEVADA COUNTY AND PLACER COUNTY.”

The Bonds

The Bonds will be dated their date of issuance and delivery, will bear interest at the rates per annum set forth on the inside cover page hereof payable semiannually on January 1 and July 1, commencing July 1, 2020 (each, an “Interest Payment Date”), and will mature on the dates and in the amounts set forth on the inside cover page hereof. The Bonds will be delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), and will be available to ultimate purchasers (“Beneficial Owners”) in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the Bonds. See “THE BONDS.”

The Bonds are subject to redemption prior to maturity as described herein. See “THE BONDS – Redemption.”

Security for the Bonds and Future Parity Debt

The Bonds are secured by a first pledge of and are payable from the Net Revenues of the Wastewater System (as such terms are defined herein). Upon refunding the SRF Loan, there will be no outstanding parity obligations of the Agency. However, the Agency may issue parity obligations in the future, pursuant to the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” and “PLAN OF REFUNDING.”

No Reserve Fund

The Agency will not fund a debt service reserve fund for the Bonds.

Special Obligations

The Bonds are special obligations of the Agency, payable exclusively from the Net Revenues, and from amounts on deposit in certain funds and accounts established under the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.” The Bonds are not a debt, liability or obligation of the State or any of its political subdivisions other than the Agency, as described herein.

Further Information

The summaries and references of the Indenture and other documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to the Indenture and each document, statute, report or instrument. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” for a summary of certain terms of the Indenture not summarized in the main body of this Official Statement.

THE BONDS

General

The Bonds will be dated their date of issuance and delivery, will bear interest at the rates per annum set forth on the inside cover page hereof payable on each Interest Payment Date and will mature on the dates and in the amounts set forth on the inside cover page hereof. The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof, so long as no Bond may have more than one maturity date. The Bonds will be issued only as one fully registered Bond for each maturity, in the name of Cede & Co., as nominee for DTC, as registered owner of all Bonds. See APPENDIX D – “BOOK ENTRY SYSTEM.” Ownership may be changed only upon the registration books maintained by the Trustee as provided in the Indenture.

Interest on the Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless:

- (a) a Bond is authenticated between an Interest Payment Date and the 15th calendar day of the month immediately preceding such Interest Payment Date (each, a “Record Date”), in which event it will bear interest from such Interest Payment Date,
- (b) a Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the date of original delivery of the Bonds, or
- (c) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest on the Bonds (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed to the Owner thereof at such Owner’s address as it appears on the Registration Books at the close of business on the preceding Record Date; provided, that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of Bonds, which written request is on file with the Trustee as of any Record Date, interest on such Bonds will be paid on the succeeding Interest Payment Date to such account in the United States as specified in such written request.

Redemption

Extraordinary Redemption from Net Proceeds of Insurance or Condemnation. The Bonds shall be subject to extraordinary redemption prior to their respective stated maturities, as a whole or in part on any date, as determined by the Agency, from Net Proceeds, upon the terms and conditions of, and as provided for in the Indenture, at a Redemption Price equal to the principal amount of the Bonds to be redeemed, without premium, plus accrued interest thereon to the date fixed for redemption.

Optional Redemption. The Bonds are not subject to optional redemption prior to their respective stated maturity dates.

Notice of Redemption. Unless waived by any Owner of Bonds to be redeemed, notice of any redemption of Bonds will be given, at the expense of the Agency, by the Trustee, by mailing a copy of a redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Registration Books; provided, that neither the failure to receive such notice

nor any immaterial defect in any notice shall affect the sufficiency of the proceedings for the redemption of the Bonds.

All notices of redemption will be dated and will state: (i) the redemption date, (ii) the redemption price of the Bonds being redeemed (the "Redemption Price"), (iii) if fewer than all Outstanding Bonds are to be redeemed, including (A) the CUSIP numbers of all Bonds being redeemed; (B) the stated interest rate with respect to each Bond being redeemed; (C) the maturity date of each Bond being redeemed; and (D) any other descriptive information needed to identify accurately the Bonds being redeemed, (iv) that on the redemption date the Redemption Price will become due and payable with respect to each such Bond or portion thereof called for redemption, and that interest with respect thereto shall cease to accrue from and after said date, and (v) the place or places where such Bonds are to be surrendered for payment of the Redemption Price, which places of payment may include the Office of the Trustee.

Rescission of Notice of Redemption. The Agency has the right to rescind any notice of the redemption of Bonds by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation will not constitute an Event of Default under the Indenture. The Agency and the Trustee have no liability to the Bond Owners or any other party related to or arising from such rescission of notice of redemption. The Trustee will mail notice of such rescission of notice of redemption in the same manner as the original notice of redemption was sent.

Consequences of Notice. Notice of redemption having been given as required by the Indenture, the Bonds or portions of Bonds so to be redeemed will, on the redemption date, become due and payable at the Redemption Price, and from and after such date (unless the Agency defaults in the payment of the Redemption Price) such Bonds or portions of Bonds will cease to have interest accrue thereon. Upon surrender of Bonds for redemption in accordance with a redemption notice, the Bonds will be paid by the Trustee at the Redemption Price. Installments of interest due on or prior to the redemption date will be payable as provided in the Indenture. Upon surrender for any partial redemption of any Bond, there will be prepared for the Owner a new Bond or Bonds of the same maturity in the amount of the unredeemed principal. All Bonds which have been redeemed will be cancelled and destroyed by the Trustee and will not be redelivered.

Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond redeemed in part only, the Agency will execute and the Trustee will authenticate and deliver to the Owner, at the expense of the Agency, a new Bond or Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

Manner of Redemption. Whenever any Bonds are to be selected for redemption, the Trustee will determine, by lot, the numbers of the Bonds to be redeemed, and will notify the Agency of its determination.

PLAN OF REFUNDING

General

The proceeds of the Bonds will be used to (i) refund, in full, the SRF Loan, which is currently outstanding in the principal amount of \$23,186,034, and (ii) pay the costs of issuing the Bonds. The SRF Loan will be repaid on the closing date for the Bonds.

Estimated Sources and Uses of Funds

The following sets forth the estimated sources and uses of funds related to the Bonds.

Sources of Funds:

Principal Amount of Bonds	\$
[Net] Original Issue Premium	
Total Sources of Funds	\$

Uses of Funds:

Prepayment of SRF Loan	\$
Costs of Issuance ⁽¹⁾	
Total Uses of Funds	\$

(1) Includes fees and expenses of Bond Counsel, Disclosure Counsel, Rating Agency, Municipal Advisor, Trustee, Underwriter, printer and miscellaneous other fees and expenses.

Debt Service Schedule

The following table shows, for each Bond Year ending July 1, the principal of and interest that is payable on the Bonds, assuming no extraordinary redemptions. See “– General,” above.

Bond Year	Principal	Interest	Total
<u>Ending July 1</u>			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
Total			

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Pledge of Net Revenues

The Bonds and any Parity Debt that may be issued in the future are secured by a first pledge and lien on Net Revenues. “**Net Revenues**” means, for any Fiscal Year, an amount equal to all of the Revenues for such Fiscal Year, less the Operations and Maintenance Costs for such Fiscal Year. In addition, the Bonds are secured by a pledge of all of the moneys in the Debt

Service Fund, including all amounts derived from the investment of such moneys. So long as any of the Bonds are Outstanding, the Net Revenues and such moneys may not be used for any other purpose, except that out of the Net Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by the Indenture.

“Revenues” means, for each Fiscal Year, all gross income and revenue received or receivable by the Agency from the ownership or operation of the Wastewater System, determined in accordance with generally accepted accounting principles, including (a) all rates, fees and charges (including connection fees and charges) received by the Agency for the services of the Wastewater System, (b) all Tax Revenues received by the Agency, and (c) all other income and revenue received by the howsoever derived by the Agency from the ownership or operation of the Wastewater System or arising from the Wastewater System, including all income from the deposit or investment of any money in the Wastewater Fund or any rate stabilization fund, and any refundable deposits made to establish credit, and advances or contributions in aid of construction. “Revenues” does not include (i) customers’ deposits or any other deposits subject to refund until such deposits have become the property of the Agency, (ii) special assessments or special taxes levied for the purpose of paying special assessment bonds or special tax obligations of the Agency relating to the Wastewater System, and (iii) amounts in the Rate Stabilization Fund unless and until such amounts are transferred to the Wastewater Fund.

“Tax Revenues” means all ad valorem property taxes allocable to the Agency under the provisions of Chapter 6 of Part 0.5 of Division 1 of the Revenue and Taxation Code of the State of California, including all payments, subventions and reimbursements, if any, to the Agency specifically attributable to taxes lost by reason of tax exemptions and tax rate limitations; but excluding the proceeds of any *ad valorem* property taxes levied to pay general obligation bond indebtedness of the Agency with respect to the Wastewater System.

“Wastewater System” means all wastewater collection, transport, treatment, storage and disposal facilities, including land and easements thereof, owned by the Agency, and all other properties, structures or works hereafter acquired and constructed by the Agency and determined to be a part of the Wastewater System, together with all additions, betterments, extensions or improvements to such facilities, properties, structures or works or any part thereof hereafter acquired and constructed.

“Operation and Maintenance Costs” means the reasonable and necessary costs paid or incurred by the Agency for maintaining and operating the Wastewater System, determined in accordance with generally accepted accounting principles, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Wastewater System in good repair and working order, and including all reasonable and necessary administrative costs of the Agency that are charged directly or apportioned to the operation of the Wastewater System, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits, licenses and charges to operate the Wastewater System and insurance premiums; but excluding, in all cases, depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles.

Special Obligation

The Bonds and any Parity Debt that may be issued in the future are special obligations of the Agency and are payable exclusively from Net Revenues. The Bonds are not a debt, liability or obligation of the State of California or any of its political subdivisions other than the Agency, as described herein.

No Reserve Fund

The Agency will not fund a debt service reserve fund for the Bonds.

Wastewater Fund; Flow of Funds under Indenture

General. Promptly upon receipt, the Agency will deposit all Revenues of the Wastewater System into the Wastewater Fund, and will apply all such amounts solely as set forth in the Indenture and as set forth in any agreement, indenture of trust, resolution or other instrument authorizing the issuance of Parity Debt (each a "Parity Debt Document"). In addition to transfers which are required to be made for the repayment of any Parity Debt, the Agency will withdraw amounts on deposit in the Wastewater Fund and apply such amounts at the times and for the purposes, and in the priority, as follows:

(i) Operation and Maintenance Costs. The Agency will apply amounts on deposit in the Wastewater Fund to pay all Operation and Maintenance Costs when due.

(ii) Debt Service Fund. On or before the 3rd Business Day preceding each Interest Payment Date, so long as any Bonds remain outstanding, the Agency will withdraw from the Wastewater Fund and pay to the Trustee for deposit into the Debt Service Fund (which the Trustee will establish and hold in trust pursuant to the Indenture) an amount which, together with other available amounts then on deposit in the Debt Service Fund, is at least equal to the aggregate amount of principal of and interest coming due and payable on the Bonds on such Interest Payment Date.

The Trustee will apply amounts in the Debt Service Fund solely for the purpose of (A) paying interest on the Bonds when due and payable (including accrued interest on any Bonds purchased or redeemed under the Indenture), and (B) paying the principal of the Bonds at the maturity thereof. Upon the payment of all Bonds, the Trustee will transfer any moneys remaining in the Debt Service Fund to the Agency for deposit into the Wastewater Fund.

Other Uses of Wastewater Fund. The Agency will manage, conserve and apply moneys in the Wastewater Fund in such a manner that all deposits required to be made under the Indenture, and under any Parity Debt Document, will be made at the times and in the amounts so required.

So long as no Event of Default has occurred and is continuing under the Indenture, the Agency may at any time use and apply moneys in the Wastewater Fund for any one or more of the following purposes:

- (i) the payment of any subordinate obligations or any unsecured obligations;
- (ii) the acquisition and construction of extensions and improvements to the Wastewater System;
- (iii) the payment or retirement of any of the Bonds or any other obligations of the Agency relating to the Wastewater System; or
- (iv) any other lawful purpose of the Agency relating to the Wastewater System.

Rate Stabilization Fund

The Agency may establish a Rate Stabilization Fund for the purpose of stabilizing the rates and charges imposed by the Agency with respect to the Wastewater System. The Agency has not previously established a Rate Stabilization Fund.

From time to time the Agency may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to Net Revenues which are released from the pledge and lien which secures the Bonds and any Parity Debt, as the Agency may determine. The Agency may, but is not required to, withdraw from any amounts on deposit in the Rate Stabilization Fund and deposit such amounts in the Wastewater Fund in any Fiscal Year for the purpose of paying Debt Service coming due and payable in such Fiscal Year. Amounts so transferred from the Rate Stabilization Fund to the Wastewater Fund shall constitute Revenues for such Fiscal Year (except as otherwise provided in the Indenture), and shall be applied for the purposes of the Wastewater Fund. Amounts on deposit in the Rate Stabilization Fund will not be pledged to or otherwise secure the Bonds or any Parity Debt. The Agency has the right at any time to withdraw any or all amounts on deposit in the Rate Stabilization Fund and apply such amounts for any lawful purposes of the Agency relating to the Wastewater System.

Rate Covenants; Collection of Rates and Charges

In the Indenture, the Agency covenants to fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Wastewater System during each Fiscal Year which are at least sufficient, after making allowances for contingencies and errors in the estimates, to yield Revenues sufficient to pay the following amounts in the following order of priority:

- (a) All Operation and Maintenance Costs estimated by the Agency to become due and payable in such Fiscal Year;
- (b) The principal of and interest on the Bonds and any Parity Debt as they become due and payable during such Fiscal Year, without preference or priority, except to the extent such interest is payable from proceeds of Parity Debt deposited for such purpose; and
- (c) All payments required to meet any other obligations of the Agency which are charges, liens, encumbrances upon, or which are otherwise payable from, the Revenues or the Net Revenues during such Fiscal Year.

In addition, the Agency is required to fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Wastewater System during each Fiscal Year which are sufficient to yield Net Revenues which are at least equal to 125% of the amount described in the preceding clause (b) for such Fiscal Year. For purposes of this covenant, the amount of Net Revenues for a Fiscal Year will be computed on the basis that (a) any transfers from the Rate Stabilization Fund into the Wastewater Fund in such Fiscal Year are included in the calculation of Net Revenues, and (b) any transfers from the Wastewater Fund into the Rate Stabilization Fund in such Fiscal Year are deducted from the amount of Net Revenues to the extent such deposits are made from Revenues received by the Agency during that Fiscal Year.

Insurance; Net Proceeds

The Agency will at all times maintain with responsible insurers all such insurance on the Wastewater System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Wastewater System. All amounts collected

from insurance against accident to or destruction of any portion of the Wastewater System constitute Revenues and must be used to repair or rebuild such damaged or destroyed portion of the Wastewater System, and to the extent not so applied, will be applied on a *pro rata* basis to redeem the Bonds and any Parity Debt in accordance with the Indenture and the related Parity Debt Documents. The Agency will also maintain, with responsible insurers, worker's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect the Agency, the Trustee and the Owners of the Bonds and outstanding Parity Debt.

No Senior Obligations

The Agency may not issue or incur any additional bonds or other obligations having any priority over the Bonds in the payment of principal or interest out of the Net Revenues.

Parity Debt

No Existing Parity Debt. Upon refunding the SRF Loan, the Agency will have no outstanding obligations that are payable from Net Revenues on a parity with the Bonds. See "PLAN OF REFUNDING."

Future Parity Debt. In the future, the Agency may issue bonds, notes or other obligations ("Parity Debt") payable from Net Revenues on a parity with the Bonds; provided, that certain conditions are satisfied, including the following:

(a) No Event of Default (or no event with respect to which notice has been given and which, once all grace periods have passed, would constitute an Event of Default) has occurred and is continuing; and

(b) Net Revenues for the most recent completed Fiscal Year for which audited financial statements of the Agency are available or for any more recent consecutive 12-month period selected by the Agency, in either case verified by an Independent Accountant or a Financial Consultant, plus, at the option of the Agency, any Additional Revenues (as defined below), are at least equal to 125% of the maximum amount of Debt Service coming due and payable in the current or any future Fiscal Year with respect to (i) the Bonds and all Parity Debt then outstanding and (ii) the Parity Debt then proposed to be issued.

For purposes of calculating Net Revenues to demonstrate compliance with paragraph (b) above, Revenues does not include connection fees, transfers from the Rate Stabilization Fund, or interest income received by the Wastewater Fund during the period for which the calculation of Net Revenues are made.

"Additional Revenues" is defined in the Indenture to mean, with respect to the issuance of any Parity Debt, any or all of the following amounts:

(i) An allowance for Net Revenues from any additions or improvements to or extensions of the Wastewater System to be made from the proceeds of such Parity Debt in an amount equal to the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36-month period in which each addition, improvement or extension is respectively to be in operation, all as shown by the certificate or opinion of a Financial Consultant.

(ii) An allowance for Net Revenues arising from any increase in the charges made for service from the Wastewater System which has been duly approved by the Board

of Directors of the Agency prior to the incurring of such Parity Debt, but which, during all or any part of the most recent completed Fiscal Year for which audited financial statements of the Agency are available, or for any more recent consecutive 12-month period selected by the Agency, was not in effect, in an amount equal to the total amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or 12-month period, all as shown by the certificate or opinion of a Financial Consultant.

State Loans. The Agency may borrow money from the State and incur State Loans to finance additional improvements to the Wastewater System. "State Loans" means loans secured by a pledge of Net Revenues of the Wastewater System and incurred by the Agency to finance improvements to the Wastewater System. A State Loan may be treated as a Parity Debt for purposes of the Indenture, so long as the Agency complies with the above-listed requirements for issuing Parity Debt.

Subordinate Obligations

Nothing in the Indenture limits or affects the ability of the Agency to issue or incur obligations which are either unsecured or which are secured by an interest in the Net Revenues which is junior and subordinate to the pledge of and lien upon the Net Revenues established under the Indenture.

THE AGENCY

General

The Agency is a special district created and existing under the Tahoe-Truckee Sanitation Agency Act (1971 chapter 1560 of the California Uncodified Water Code) (previously defined as the "Agency Act") to provide for the collection, treatment, and disposal of sewage throughout the north and west shores of Lake Tahoe, the Truckee River corridor including the communities of Alpine Meadows and Squaw Valley, and the Town of Truckee. The Agency Act, which was enacted in 1971, established the Agency and its five-member Board of Directors, subject to proceedings which were held in each of the Agency's member districts (each a "Member District").

There are five Member Districts, as follows:

- Truckee Sanitary District,
- Tahoe City Public Utility District,
- North Tahoe Public Utility District,
- Squaw Valley Public Service District, and
- Alpine Springs County Water District.

In addition to the above-listed five Member Districts, the Agency's service area also includes the popular mountain resort "Northstar-at-Tahoe," near the northwest shore of Lake Tahoe, through a contract with the Truckee Sanitary District.

Member Districts

Truckee Sanitary District. The Truckee Sanitary District maintains and operates a wastewater collection and conveyance system that consists of approximately 300 miles of pipes and 42 pump stations, and serves approximately 17,060 connections within a 39 square mile service area. Raw sewage generated by customers of the Truckee Sanitary District is conveyed via the Agency's interceptor to the regional wastewater treatment plant. Additionally, through an agreement with the nearby Northstar Community Services District ("Northstar CSD"), the Truckee Sanitary District also provides wastewater collection and conveyance services to 2,801 connections in the Northstar CSD. Under the agreement, the Truckee Sanitary District agrees to serve up to 3,700 connections in the Northstar CSD.

Tahoe City Public Utility District. The Tahoe City Public Utility District maintains and operates a wastewater collection and conveyance system that consists of approximately 136.4 miles of pipes and 21 pump stations, and serves approximately 9,925 connections within a 31 square mile service area. Raw sewage generated by customers of the Tahoe City Public Utility District is conveyed via the Agency's interceptor to the regional wastewater treatment plant.

North Tahoe Public Utility District. The North Tahoe Public Utility District maintains and operates a wastewater collection and conveyance system that consists of approximately 81.4 miles of pipes and 18 pump stations, and serves approximately 7,290 connections within a 6.5 square mile service area. Raw sewage generated by customers of the North Tahoe Public Utility District is conveyed via the Agency's interceptor to the regional wastewater treatment plant.

Squaw Valley Public Service District. The Squaw Valley Public Service District maintains and operates a wastewater collection and conveyance system that consists of approximately 19 miles of pipes (no pump stations), and serves approximately 3,205 connections within a 15 square mile service area. Raw sewage generated by customers of the Squaw Valley Public Service District is conveyed via the Agency's interceptor to the regional wastewater treatment plant.

Alpine Springs County Water District. The Alpine Springs County Water District maintains and operates a wastewater collection and conveyance system that consists of approximately 11 miles of pipes (no pump stations), and serves approximately 912 connections within a 3,779 acre service area. Raw sewage generated by customers of the Alpine Springs County Water District is conveyed via the Agency's interceptor to the regional wastewater treatment plant.

Service Area Maps

The following maps show the service area of the Agency, and of each of its Member Districts.

[insert map of service area #1]

[insert map of service area #2]

Board of Directors

Pursuant to the Agency Act, the Board of Directors of the Agency consists of five Directors, each of whom is appointed to a four-year term by one of the Agency's five Member Districts. Board members are subject to recall by a majority vote of the governing body of the Member District that appointed him or her.

Pursuant to the Agency Act, Directors who are appointed by North Tahoe PUD, Tahoe City PUD and Truckee Sanitary District each have one vote on Board matters. Directors who are appointed by Alpine Springs County WD and Squaw Valley PSD each have one-half vote. Each Director has the power to table any motion of the Board until the next succeeding meeting. Such power may be exercised by the request of such member without a second, but such power shall expire as to any motion after one exercise thereof.

The current Board Members, the Member District that appointed him or her, and the expiration of their respective terms are set forth in the following table.

<u>Board Members</u>	<u>Member District</u>	<u>Expiration of Term</u>
Dale Cox, <i>President</i>	Squaw Valley PSD	2022
Dan Wilkins, <i>Vice President</i>	Tahoe City PUD	2022
Jon Northrop, <i>Director</i>	Alpine Springs County WD	2020
Blake Tresan, <i>Director</i>	Truckee Sanitary District	2022
S. Lane Lewis, <i>Director</i>	North Tahoe PUD	2020

Dale Cox, President. Mr. Cox has served as a Director on the Tahoe-Truckee Sanitation Agency Board since 1999. Mr. Cox has also served as a Director on the Squaw Valley Public Service District Board since 1985, where he currently serves as Board President. A resident of Squaw Valley since 1975, Mr. Cox owns and operates Squaw Valley Plumbing. Mr. Cox has been an active member of the local community for over forty years.

Dan Wilkins, Vice President. Mr. Wilkins has served as a Director on the Tahoe-Truckee Sanitation Agency Board since 2016. Mr. Wilkins has also served as a Director on the Tahoe City Public Utility District Board since 2006. Mr. Wilkins is the Public Works Director and Town Engineer for the Town of Truckee, a position that he has held since 1998. Prior to serving in that role, he worked for LSC Transportation Consultants and Thompson Transportation Engineers. He received his Bachelor of Science degree in Civil Engineering from the University of Vermont.

Jon Northrop, Director. Mr. Northrop has served as a Director on the Tahoe-Truckee Sanitation Agency Board since 2003. Mr. Northrop has also served as a Director on the Alpine Springs Community Water District Board since the 1980's, where he currently serves as Vice President. A resident of Alpine Springs since 1978, Mr. Northrop owns and operates a snow removal company.

Blake Tresan, Director. Mr. Tresan has served as a Director on the Tahoe-Truckee Sanitation Agency Board since 2017. Mr. Tresan is also the General Manager of the Truckee Sanitary District, a position he has held since 2002. Prior to working for the Truckee Sanitary District, he worked for Nolte Associates and Integrated Recycling, Inc. Mr. Tresan received his Master of Science degree in Environmental Engineering from the University of California at Davis, and his Bachelor of Arts degree in Environmental Science from the University of California at Berkeley.

S. Lane Lewis, Director. Mr. Lewis has served as a Director on the Tahoe-Truckee Sanitation Agency Board since 1993. Mr. Lewis has also served as a Director on the North Tahoe Public Utility Board from 1989 through 2018. He has since been appointed as a consultant for the

North Tahoe Public Utility Board Sewer Committee to sit on the Board with the Tahoe-Truckee Sanitation Agency. Mr. Lewis is the owner/operator of the Old Brockway Golf Course. He is highly involved in the community and has served on several boards during the last forty years. Mr. Lewis received his Bachelor of Science B.S., Business Administration from San Jose State University in 1978, and his Master of Science M.A., International Marketing from Nijenrode International School of Business, Holland in 1979.

Agency Management and Staff

LaRue Griffin, General Manager. Mr. Griffin has served as General Manager of the Tahoe-Truckee Sanitation Agency since 2015, responsible for managing the day-to-day operations of the Agency, and for carrying out the policies and ordinances of the Board of Directors. Mr. Griffin has over 17 years of experience in the water/wastewater industry. Prior to joining the Agency, Mr. Griffin was the General Manager at the North of River Sanitary District for ___ years, and he worked as a civil engineer for Boyle Engineering. He received his Bachelor of Science and Master of Science degrees in Civil Engineering from the Oklahoma State University.

Michael Peak, Operations Department Manager. Mr. Peak joined the Tahoe-Truckee Sanitation Agency in 1995, and since then, he has served in a variety of roles including as Operations Department Manager and Chief Plant Operator since _____. Mr. Peak is responsible for the day-to-day management and operations of the wastewater treatment plant including meeting the waste discharge requirements set forth by the California State Regional Water Quality Control Board. Mr. Peak holds a State Water Resources Control Board Grade V Wastewater Treatment Plant Operator Certificate.

Roshelle Chavez, Administrative Services Manager. Ms. Chavez has served as the Agency's Administrative Services Manager since 2016. In that capacity, she is responsible for financial services, accounting, billing, general administration, and various other duties. Previously, Ms. Chavez worked for the North of River Sanitary District and for various private businesses throughout her more than 20-year career.

Employees and Labor Arrangement

The Agency currently has 49 full-time employees, 36 of which work in operations and 13 of which work in administration and management. All employees are "at-will" as there are no collective bargaining agreements or unions in place. All employee salaries and benefits are based on job descriptions and salary schedules that were adopted by the Agency Board in 2019, based on a Classification and Compensation Study performed by Bryce Consulting. The Agency has not experienced any work stoppages or delays by its employees within the past five years.

Awards and Recognition

The Agency has received various honors and awards in recent years, including the California Water Environment Association Sierra Section Plant of the Year Award for 5-20 MGD Plants; and, the California Sanitation Risk Management Authority Workers' Compensation Excellence Award in the Large Agency Category for 2010-2011 and 2011-2012.

Debt Management Policy

In December 2019, the Agency Board approved a debt management policy in compliance with California Government Code section 8855(i). The policy sets forth the Agency's goals for the approval and issuance of bonds, notes and other debt instruments and sets forth guidelines for the use of debt to finance capital projects.

THE WASTEWATER SYSTEM

Overview

The Agency owns, operates and maintains a regional wastewater treatment plant and interceptor that serve more than 41,000 connections within the Agency's 62.3 square mile service area throughout the Tahoe and Truckee River Basins. Raw sewage is conveyed to the treatment plant via gravity through a 17-mile reinforced concrete pipe, for treatment via a series of biological, chemical and physical processes. Additional information on the treatment plant and interceptor is set forth below under "– Wastewater System Facilities."

All of the Agency's customers pay two separate sewer service charges, as follows: (1) they pay a sewer service charge to the Agency to cover the cost of operating and maintaining the treatment plant and interceptor, and (2) they pay a separate sewer service charge to the local Member District in which they are located, to cover the cost of collecting and conveying the raw sewage to the Agency's interceptor.

New customers also pay two connection fees – one to the Agency and one to the local Member District.

Historically, the Agency billed its customers directly on a semi-annual basis on July 1 and January 1 of each year. However, starting in Fiscal Year 2019-20 annual sewer service charges are levied and collected on the County property tax roll. See "FINANCIAL MATTERS OF THE AGENCY – Wastewater Rates and Charges."

Number of Wastewater Connections

The following table shows the number of residential and non-residential connections served by the Wastewater System for the past six fiscal years.

Table 1
Tahoe-Truckee Sanitation Agency
Number and Type of Wastewater Connections

<u>As of June 30,</u>	<u>Residential Connections</u>	<u>Commercial Connections</u>	<u>Total Connections</u>
2014	30,546	9,053	39,599
2015	30,829	9,106	39,935
2016	31,050	9,284	40,334
2017	31,290	9,323	40,613
2018	31,473	9,345	40,818
2019	31,782	9,412	41,194

Source: Tahoe-Truckee Sanitation Agency.

Top Ten Customers

The ten largest customers of the Wastewater System accounted for approximately 6% of the total revenues of the Wastewater System for Fiscal Year 2018-19. The following table shows the ten largest customers of the Wastewater System as of June 30, 2019.

Table 2
Tahoe-Truckee Sanitation Agency
Ten Largest Customers as of June 30, 2019

	<u>Customer</u>	<u>Type of Use</u>	<u>Revenues</u>	<u>Percent of Total Revs. ⁽¹⁾</u>
1.	Resort at Squaw Creek	Hotel	\$153,789	1.22%
2.	Northstar Ironhorse	Ski Resort	128,339	1.02
3.	Ritz Carlton	Hotel	95,289	0.76
4.	Squaw Valley Resort LLC	Ski Resort	93,275	0.74
5.	Village Basecamp LLC	Mobile Home Park	59,719	0.47
6.	Alpine Meadows Ski Corp	Ski Resort	53,582	0.42
7.	Tahoe-Truckee Unified School	School District	51,691	0.41
8.	First Ascent HOA	Ski Resort	50,190	0.40
9.	Squaw Valley Real Estate	Ski Resort	48,813	0.39
10.	Tahoe Forest Hospital	Hospital	45,414	0.36
	Total, Top 10		\$780,100	6.18%

(1) Based on total Service Charges for Fiscal Year 2018-19 of \$12,615,757.

Source: Tahoe-Truckee Sanitation Agency.

Wastewater System Facilities

General. The Agency's wastewater treatment plant or Water Reclamation Plant (WRP) is located three miles east of the Town of Truckee, in the unincorporated area of Martis Valley. The WRP began operations in 1978 with a capacity of 4.83 MGD, which was expanded to 7.4 MGD in 1982. The Agency subsequently completed a large, \$75 million modernization and expansion of the WRP in 2008, increasing overall plant capacity to 9.6 MGD for a maximum of one-week, or 8.3 MGD for a maximum of one-month. A portion of the cost of the 2008 expansion project was financed with the proceeds of the SRF Loan, which is being prepaid with the Bonds. See "PLAN OF REFUNDING." The Agency anticipates that future demand for its wastewater treatment services will increase at a rate of approximately 1% per year, and that the current capacity of the Water Reclamation Plant is sufficient to meet demand [for the foreseeable future].

Treatment Process. The WRP provides tertiary level treatment, which consists of influent screening, grit removal, primary sedimentation, pure oxygen activated sludge, biological and chemical removal, biological nutrient removal ("BNR"), mixed media filtration, and final chlorination. Organic sludge is digested anaerobically, dewatered and transported to a landfill or used as a solid amendment. As part of the 2008 expansion project, the primary and secondary treatment processes were expanded and a BNR system was constructed to replace an existing physical-chemical process. In addition, a new method of dewatering biosolids was implemented.

Waste activated sludge is pumped to an organic sludge thickener for thickening before being fed to the anaerobic digesters. The digesters serve to stabilize the material for dewatering and disposal. Methane gas, a byproduct of the digester process, is drawn off and stored to supply a series of boilers which furnish facility and process heat. Once stabilized, the sludge is put through centrifuges for dewatering. The dewatered solids are then discharged to a conveyor system for transfer to storage hoppers. Both inorganic and organic sludges are generated at the water reclamation plant. Inorganic sludges are hauled to the Lockwood Landfill, east of Reno/Sparks. Organic sludges are hauled to Bently Ranch in Nevada for use as a soil amendment.

Effluent Disposal. Effluent is disposed of in a subsurface effluent disposal field; solids are hauled to Nevada, as described above. The Agency utilizes a soil aquifer treatment system, with an underground disposal system which allows plant effluent to percolate into the permeable glacial outwash soil in Martis Valley. The discharge field is located about 1/3 mile southwest of the WRP. This disposal practice departs from the typical practice of discharging plant effluents directly into receiving water bodies. See “– Regulatory Matters” below. Instead, the facility discharges to the Martis Valley Groundwater Basin, which eventually migrates toward the Truckee River and Martis Creek, both of which are within a half mile of the disposal site. High rate subsurface effluent disposal is possible because of the highly permeable glacial outwash materials that overlay the older, much less permeable materials beneath. The disposal system consists of 78,000 feet of underground perforated piping.

Historical Wastewater Flows

The following table sets forth the historical average daily wastewater flow to the WRP and related statistics for the fiscal years shown.

**Table 3
Tahoe-Truckee Sanitation Agency
Historical Average Daily Flow**

Calendar Year	Average Dry Weather Flow (MGD) ⁽¹⁾	Total Wastewater Treated (MGD) ⁽²⁾
2014	4.121	3.563
2015	3.825	3.370
2016	4.021	4.094
2017	4.521	5.260
2018	4.175	4.009
2019	4.054	n/a

(1) Average Dry Weather Flow is calculated June 21 to September 21 of each year.

(2) Total Wastewater Treated is calculated January 1 to December 31 of each year.
Calendar 2019 information is not yet available.

Source: Tahoe-Truckee Sanitation Agency.

Regulatory Matters

The U.S. Environmental Protection Agency (“EPA”), California State Water Resources Control Board (“State Water Board”), and the Lahontan Regional Water Quality Control Board (“Lahontan RWQCB”) regulate the Wastewater System. The Agency is currently in compliance with all Federal and State regulatory requirements.

A Waste Discharge Requirements (“WDR”) Order No. R6T-2002-0030, signed April 9, 2002, allows the effluent from the WRP to be disposed of in a subsurface effluent disposal field. The Lahontan RWQCB specifies waste discharge requirements and regulates the waste discharged from the WRP. The Lahontan RWQCB also has effluent requirements for the plant. The Agency currently does not operate pursuant to a National Pollutant Discharge Elimination System (“NPDES”) permit. However, one of the goals of the Master Plan (described below) is to evaluate whether a NPDES permit may be required for operation by the Agency in the future, which could result in stricter discharging limits and increased costs to the Agency. See “– Master Sewer Plan” and “RISK FACTORS – Regulatory Requirements.”

The State Water Board maintains a database of Sanitary Sewer Overflows (“SSOs”) from public/permitted systems and private lateral sewage discharges. The State Water Board formalized the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2006-0003 (SSS WDRs), on May 2, 2006. All public agencies that own

or operate a sanitary sewer system that is comprised of more than one mile of sewer pipes which convey wastewater to a publicly owned treatment facility must be covered under the SSS Waste Discharge Requirements. The SSS Waste Discharge Requirements requires enrollees, among other things, to maintain compliance with the Monitoring and Reporting Program. In the past five years, the Agency has reported zero SSOs.

Master Sewer Plan

In January, 2019 the Agency engaged Carollo Engineers, Inc. to develop a Master Sewer Plan (“Master Plan”). The purpose of the Master Plan is to evaluate the condition and capacity of existing facilities, project future flows and loads, develop and evaluate alternatives for upgrades and improvements to meet future facilities needs through a 25-year planning cycle, and recommend schedules and cost estimates for selected capital improvements. The Agency anticipates the Master Plan will be completed in April 2020. Upon completion of the Master Plan, the Agency anticipates commencing a wastewater rate study that will take into account the findings and recommendations of the Master Plan, as well as the long-term operational and financial requirements of the Wastewater System.

Currently, the Agency discharges treated wastewater into an underground subsurface effluent disposal field and not directly in the Martis Creek or Truckee River. Accordingly, the Agency is not subject to an NPDES permit with respect to its discharge. However, in the future, an NPDES permit may be required, which could potentially require the Agency to satisfy stricter effluent limits and/or increased regulatory requirements.

Organizational Assessment

In December, 2019, the Agency engaged Carollo Engineers, Inc. to conduct an Organizational Assessment, including (1) an overall Agency organizational assessment, (2) individual department assessments and (3) use of consultant assessment. The purpose is to assist the Agency in improving its efforts to meet its mission statement and provide full-time-equivalents as a follow-up to the Agency’s Classification and Compensation Study described elsewhere in this Official Statement. The Agency anticipates the Organizational Assessment will be completed in May 2020. The Agency anticipates its upcoming rate study will also take into account the findings and recommendations of the Organizational Assessment.

Anticipated Capital Improvements

The table below presents the Agency’s anticipated capital improvements for the fiscal years shown. Anticipated capital improvements are expected to be funded from funds that have been set-aside in the Capital Reserve Fund and in the Replacement, Rehabilitation and Upgrade Fund, as well as from future net operating income and connection fee revenues.

The Agency cannot provide any assurance that any specific improvements will be completed or completed on the anticipated schedule, or that the expenditures shown below will be made. At this time, the Agency does not expect to incur any additional bonded indebtedness to finance these anticipated capital improvements.

**Table 4
Tahoe-Truckee Sanitation Agency
Anticipated Capital Improvements
Fiscal Years 2019-20 – 2023-24**

<i>Fiscal Year Ending June 30,</i>	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Funded from Capital Reserve Fund:						
1. Barscreens, Washers, Compactors	\$350,000	\$350,000	\$2,400,000	-	-	\$3,100,000
2. Operation and Maintenance Carts	25,000	-	25,000	-	25,000	75,000
3. Equipment / Vehicle Warehouse	-	2,250,000	-	-	-	2,250,000
4. Maintenance / IT Shop improvements	-	-	-	-	750,000	750,000
5. Digester & Plant Heating Improvements	-	-	3,500,000	-	-	3,500,000
6. BNR Improvements	-	-	1,750,000	-	-	1,750,000
7. Portable Emergency Pump Systems	400,000	-	-	-	-	400,000
8. Plant Air Compressor	25,000	-	-	-	-	25,000
9. Flow Equalization Basin	-	-	-	4,000,000	-	4,000,000
10. Security Improvements	50,000	-	-	-	-	50,000
11. Utility / Snow Vehicle	50,000	-	-	-	-	50,000
Sub-Total	\$900,000	\$2,600,000	\$7,675,000	\$4,000,000	\$775,000	\$15,950,000
Funded from Replacement, Rehab. & Upgrade Fund:						
1. Plant Coating Improvements	-	450,000	460,000	-	-	\$910,000
2. Lab Equipment Replacements	25,000	25,000	75,000	25,000	50,000	200,000
3. Admin. Office Improvement	66,000	250,000	-	-	-	316,000
4. Accounting Software Upgrade	90,000	-	-	-	-	90,000
5. EPDM Roof Replacement	420,000	50,000	50,000	500,000	50,000	1,070,000
6. Translucent Panel Rehabilitation	-	-	-	-	60,000	60,000
7. VFD Replacements	30,000	-	30,000	-	30,000	90,000
8. TRI Improvements	-	-	-	3,800,000	-	3,800,000
9. Centrifuge Rebuild	50,000	50,000	-	-	-	100,000
10. Robicon Drive Upgrade	35,000	-	-	-	-	35,000
11. Lab Improvement	-	75,000	-	-	-	75,000
12. Vehicle Replacement	-	30,000	-	30,000	-	60,000
13. WWTP Pilot Study Rehabilitation	-	75,000	-	-	-	75,000
14. Communications Network Replacement	-	-	-	200,000	-	200,000
15. Facilities Security System	50,000	5,000	-	-	-	55,000
16. Lime System Improvements	-	-	150,000	-	-	150,000
17. Wasting Pumps Upgrade	-	-	350,000	-	-	350,000
18. Plant Concrete Repair	450,000	-	-	-	400,000	850,000
19. Facility Asphalt Repair	-	-	100,000	-	-	100,000
20. Telephone Upgrade	-	30,000	-	-	-	30,000
21. 2 Water System Improvement	-	-	-	500,000	-	500,000
22. 2 Water Vault Improvement	-	-	100,000	-	-	100,000
23. Secondary Clarifier Launder Covers	-	75,000	-	-	-	75,000
24. Corten / Fascia Installation Project	150,000	-	-	-	-	150,000
25. Chlorine Scrubber Replacement	-	-	1,000,000	-	-	1,000,000
26. Odorous Air Expansion	-	-	50,000	-	-	50,000
27. BNR Blower Replacement	25,000	-	25,000	-	25,000	75,000
Sub-Total	\$1,391,000	\$1,115,000	\$2,390,000	\$5,055,000	\$615,000	\$10,566,000
Total	\$2,291,000	\$3,715,000	\$10,065,000	\$9,055,000	\$1,390,000	\$26,516,000

Source: Tahoe-Truckee Sanitation Agency.

FINANCIAL MATTERS OF THE AGENCY

Wastewater Rates and Charges

Revenue Program (Implemented 2006). In August 2006, in connection with the SRF Loan, the Agency established a schedule of rates and charges sufficient to recover the capital costs of the project financed by the SRF Loan, to reasonably assure repayment of the SRF Loan, to operate and maintain the project, and to allow for reasonable future expansion and improvement of the project. The Agency referred to this as the “Revenue Program.” The Revenue Program was consistent with the State Water Resources Control Board Revenue Program Guidelines, as applied to the Agency.

From Fiscal Year 2006-07, when the Revenue Program was adopted, to Fiscal Year 2010-11, service charges increased by approximately 45%.

Existing Rates (Implemented 2015). In May 2015, pursuant to Ordinance No. 2-2015, the Agency adopted rates and charges for both its one-time sewer connection charge and its ongoing sewer service charges. The rates adopted in 2015 are a continuation of, and consistent with, the Revenue Program adopted in 2006. More recently, the Agency undertook a rate study with respect to the sewer connection charge, which resulted in changes to the connection charges. See “–Connection Fees,” below.

The Agency has two different rates for its sewer service charges – one rate for properties that lie within the taxable service area of the Agency (those properties which the Agency receives a portion of the 1% County-wide ad valorem property tax revenue), and another rate for properties that lie outside the taxable service area of the Agency (those properties that the Agency does not receive a portion of the ad valorem property tax revenue). As a result of Proposition 13, the Agency does not receive ad valorem property tax revenue in connection with a small pocket of properties within some Member Districts. In order for owners of such properties to pay their appropriate share of administrative costs, the Agency’s “Non-Taxable Area” rates include an additional charge representative of the proportionate share not paid by these properties by way of property tax.

Residential Sewer Service Charge. The Agency’s current residential sewer service charges have been in place since 2015, and are as follows:

**Table 5
Tahoe-Truckee Sanitation Agency
Current Residential Sewer Service Charges**

<u>Residential Category</u>	<u>Sewer Service Charge (Per Unit Per Year)</u>
Parcels Within Agency’s Taxable Service Area	\$306.00
Parcels Outside Agency’s Taxable Service Area	351.60

Source: Tahoe-Truckee Sanitation Agency.

Non-Residential Sewer Service Charge. Non-residential customers pay sewer service charges based on various factors, including the number of seats for churches, restaurants and bars; the number of pupils and student days for schools; and various other metrics that are relevant to the particular type of non-residential use. Non-residential customers who are located

outside the Agency’s taxable service area, pay higher rates than non-residential customers who are located within the Agency’s taxable service area, all as set forth in Ordinance No. 2-2015.

Planned Future Rate Study (2020). The Agency is currently working with Carollo Engineers, Inc. on a Master Plan and an Organizational Assessment. Once both projects are complete, the Agency anticipates conducting a new wastewater rate study commencing in July 2020, taking into account the findings and recommendations of the Master Plan and the Organizational Assessment.

History of Residential Sewer Service Charges. The following table sets forth the Agency’s annual residential sewer service charges for the fiscal years shown.

Table 6
Tahoe-Truckee Sanitation Agency
History of Residential Sewer Service Charges

<u>Fiscal Year</u>	<u>Annual Charge (Taxed Accounts⁽²⁾)</u>	<u>Percent Change</u>	<u>Annual Charge (Non-Taxed Accounts⁽³⁾)</u>	<u>Percent Change</u>
July 2006 ⁽¹⁾	\$216.00	--	\$240.84	--
Jan. 2007 ⁽¹⁾	270.00	25.0%	319.56	32.7%
2007-08	276.00	2.2	325.56	1.9
2008-09	288.00	4.3	337.56	3.7
2009-10	294.00	2.1	343.56	1.8
2010-11	306.00	4.1	355.56	3.5
2011-12	306.00	--	355.56	--
2012-13	306.00	--	355.56	--
2013-14	306.00	--	355.56	--
2014-15	306.00	--	351.60	(1.1)
2015-16	306.00	--	351.60	--
2016-17	306.00	--	351.60	--
2017-18	306.00	--	351.60	--
2018-19	306.00	--	351.60	--
2019-20	306.00	--	351.60	--

(1) A rate increase was implemented in January 2007, which was in the middle of Fiscal Year 2006-07.

(2) “Taxed Accounts” refers to those accounts for which the Agency receives a share of the County-wide 1% ad valorem property tax.(3) “Non-Taxed Accounts” refers to those accounts for which the Agency does not receive a share of the County-wide 1% ad valorem property tax. As a result of Proposition 13, the Agency does not receive ad valorem property tax revenue in connection with a small pocket of properties within some Member Districts.

Source: Tahoe-Truckee Sanitation Agency.

Connection Fees. In March 2019, HDR Engineering Inc. completed a Sewer Connection Fee Study for the Agency, whereupon the Agency adopted Ordinance No. 1-2019, which changed the Agency’s connection fee from a fixed-amount of \$5,000 per residential connection, to a combination of fixed and variable amounts based on the type of use. For example, the connection fee for a residential unit is now \$1,500 plus \$1.75 per square foot of living area, for a total of \$5,000 for a 2,000 square foot home. Revenue from connection fees is used solely to fund the capital costs of Wastewater System improvements to upgrade, expand and improve the system and facilities, reimburse developers or the Agency a fair share of the cost of capital improvements already constructed, which improvements were necessary and appropriate to provide wastewater service to the new development, and related activities of the Agency.

Composition of Revenues. The following table shows the break-down of revenue from sewer service charges between residential and commercial customers.

**Table 7
Tahoe-Truckee Sanitation Agency
Composition of Fiscal Year 2018-19 Revenue from Service Charges**

	<u>Revenue From Service Charges</u>	<u>% of Total</u>
Residential	\$9,778,752	77%
Commercial	<u>2,931,008</u>	<u>23%</u>
Total	\$12,709,760	100%

Source: Tahoe-Truckee Sanitation Agency.

Current Sewer Service Charges

All of the Agency’s customers pay sewer service charges to both the Agency and to their local Member District. The table below shows the combined sewer service charges payable by residential customers who are located within the Agency’s service area as of July 1, 2019. **[To Come from Bartle Wells]**

**Table 8
Tahoe-Truckee Sanitation Agency
Residential Sewer Service Charges – Combined Agency and Member District
As of July 1, 2019**

<u>Location of Property</u>	<u>Charge Payable to Agency</u>	<u>Charge Payable to Member District</u>	<u>Combined Total Charge</u>
Truckee SD – Tax ⁽¹⁾			
Truckee SD – No-Tax ⁽¹⁾			
Tahoe City PUD			
North Tahoe PUD ⁽²⁾			
Squaw Valley PSD			
Alpine Springs CWD ⁽³⁾			
Northstar CSD ⁽⁴⁾			

(1) Truckee Sanitary District has two sets of rates, one rate for properties for which it receives property taxes and another rate for properties for which it does not receive property taxes.

(2) Includes “System Replacement Fee” and “State/Federal Mandate Fee,” which are also charged annually.

(3) Assumes ___ “units.” Service charge is levied at a rate of \$86.20 per unit per year, where “units” are based on the number of bathrooms, kitchen sinks and garbage disposals.

(4) Properties within the Northstar-at-Tahoe development receives wastewater treatment services from the Agency’s facilities by using the conveyance facilities of Truckee Sanitary District pursuant to a contract between the Truckee Sanitary District and the Northstar CSD.

Source: Tahoe-Truckee Sanitation Agency.

Comparison with Neighboring Agencies

The following table sets forth the typical monthly combined sewer service charges for residential customers of the Agency, and for residential customers in neighboring cities and agencies, as of July 1, 2019. [To Come from Bartle Wells]

Table 9
Tahoe-Truckee Sanitation Agency
Comparison with Neighboring Agencies
Average Residential Annual Sewer Service Charge
As of July 1, 2019

<u>Agency</u>	<u>Amount</u>
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Source: Tahoe-Truckee Sanitation Agency.

Collection of Sewer Service Charge; Delinquencies

Current Practice – County Tax Rolls. Beginning in Fiscal Year 2019-20, the Agency switched from direct, semi-annual billing of sewer service charges to annual billing on the property tax rolls. The Agency’s taxable service area includes property in Placer County, Nevada County and El Dorado County and accordingly, each of these three Counties levy and collect sewer service charges on behalf of the Agency.

Property tax bills are mailed in October of each year and are payable in two installments due on December 10 and April 10. Sewer service charges are levied and collected in the same manner, by the same persons, and at the same time as the general property taxes levied in each County.

The switch from direct billing to levying and collecting sewer service charges on County property tax rolls is in process. The vast majority of the Agency’s Fiscal Year 2019-20 wastewater service charges were levied and collected by the Counties in this manner, and the Agency anticipates that nearly all of its Fiscal Year 2020-21 wastewater service charges will be levied and collected on the property tax rolls.

Prior Practice – Direct Billing. Historically, all customers were billed directly by the Agency semi-annually in advance on July 1 and January 1 of each year. Sewer service charges

became due and payable on the first day of the second month of the billing period and became delinquent on the first day of the third month of the billing period. A penalty of 10% was imposed on the amount of any delinquent sewer service charge. Beginning on the 31st day after the due date for service charges, an additional penalty of 1.5% per month on the delinquent amount was imposed. Any unpaid charges due to the Agency at the time of sale or transfer of a parcel were the responsibility of the owner who transferred the parcel.

Delinquent sewer service charges, together with any penalties thereon, when recorded as provided by law, constitute a lien upon the real property served and such lien continues until the charges, and penalties thereon, are fully paid or the property sold, as provided in applicable provisions of the California Government Code. Delinquent charges, together with all penalties thereon, are collected in the same manner, by the same persons, and at the same time as the general property taxes levied for the Agency.

Finally, parcels as to which sewer service charges become delinquent may have sewer service disconnected, as provided in Ordinance No. 2-2015. For Fiscal Year 2018-19, the final year in which the Agency directly billed its customers, the total amount billed was \$12,128,893 and the amount of delinquencies was \$294,212 or 2.43%. Delinquent charges are forwarded to the County for collections. Delinquencies are received by the Agency with a separate breakdown received from each County, so the Agency knows how to apply the funds. Receipt of delinquencies follows the same Teeter Plan schedule as the Agency's receipt of property taxes, with a majority of the funds received in January and May.

Agency Property Taxes; Teeter Plan

Overview. In addition to sewer service charges, the Agency also receives a share of the 1% general property tax that is levied and collected within its taxable service area each year. The Agency's taxable service area includes property in Placer County, Nevada County and El Dorado County and accordingly, the Agency receives a share of the 1% general property tax that is levied and collected by each of these three Counties. During Fiscal Year 2018-19 the Agency received approximately \$3.7 million in property tax revenues, an increase of approximately 7.5% from Fiscal Year 2017-18. The amount of property taxes levied and collected on behalf of the Agency is adjusted annually, based on a cost of living factor and a population factor in accordance with Article XIII B of the California State Constitution. The Agency requests an allocation of property tax revenues, up to a maximum amount prescribed by law, each year.

Teeter Plan. The Board of Supervisors in Placer County, Nevada County and El Dorado County have each adopted the "Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds" (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. The Teeter Plan provides for the allocation and distribution of property tax levies and collections and of tax sale proceeds. Under this method, each County pays the Agency 100% of property tax and sewer service charges due to the Agency and retains any penalties or delinquencies collected to offset such gross payment. There can be no assurance that any of the three Counties will not discontinue the Teeter Plan or remove the Agency, or the property tax payable to the Agency, from the Teeter Plan in the future.

Assessed Valuations. As provided by Article XIII A of the California Constitution, county assessors' assessed values are to reflect market value as of the date the property was last assessed (or 1975, whichever is more recent), increased by a maximum of 2% per year. Properties may be reassessed by the county only upon a change of at least 51% ownership of existing property or upon new construction. The assessed values of parcels within the service area of the Agency thus reflect, for undeveloped parcels, the estimate of each county assessor

(the "Assessor") of market value when acquired (or 1975, whichever is later), possibly increased by 2% per year, and for parcels on which construction has occurred since their date of acquisition, the Assessor's estimate of market value as of the time of construction, possibly increased by 2% per year. Because of the general limitation to 2% per year in increases in full cash value of properties that remain in the same ownership, the county tax roll does not reflect values uniformly proportional to actual market values.

The tables on the following page set forth the historical assessed values for the fiscal years shown, on an overall basis for the entire Agency as well as individually for each of the three Counties from which the Agency receives property taxes.

**Table 10
Tahoe-Truckee Sanitation Agency
Historical Assessed Values**

<u>Agency-Wide</u>				
<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2010-11	\$13,273,017,901	\$3,922,218	\$214,344,334	\$13,491,284,453
2011-12	12,974,882,934	3,492,218	220,312,394	13,198,687,546
2012-13	13,061,370,828	3,201,658	219,985,840	13,284,558,326
2013-14	13,529,005,047	2,854,484	219,551,957	13,751,411,488
2014-15	14,329,078,402	2,854,484	233,411,100	14,565,343,986
2015-16	15,938,060,179	2,908,544	229,614,439	16,170,583,162
2016-17	16,791,487,490	2,908,544	239,345,719	17,033,741,753
2017-18	17,811,447,724	3,481,558	238,600,531	18,053,529,813
2018-19	19,027,519,577	3,361,558	271,249,573	19,302,130,708
2019-20	20,142,757,040	3,477,643	306,771,746	20,453,006,429

<u>EI Dorado County Portion</u>				
<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2010-11	\$ 728,881,864	\$0	\$3,732,939	\$ 732,614,803
2011-12	737,615,055	0	4,225,930	741,840,985
2012-13	748,856,934	0	4,545,589	753,402,523
2013-14	801,402,565	0	4,162,398	805,564,963
2014-15	866,167,329	0	5,625,456	871,792,785
2015-16	936,611,989	0	6,525,823	943,137,812
2016-17	984,410,366	0	6,769,806	991,180,172
2017-18	1,034,266,968	0	6,197,015	1,040,463,983
2018-19	1,106,507,072	0	6,418,229	1,112,925,301
2019-20	1,143,562,427	0	5,917,383	1,149,479,810

<u>Nevada County Portion</u>				
<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2010-11	\$4,818,824,929	\$2,860,400	\$ 89,253,829	\$4,910,939,158
2011-12	4,538,110,804	2,430,400	99,753,259	4,640,294,463
2012-13	4,557,768,884	2,139,840	89,013,953	4,648,922,677
2013-14	4,629,044,297	2,139,840	85,549,988	4,716,734,125
2014-15	4,870,220,888	2,139,840	90,747,135	4,963,107,863
2015-16	5,203,054,405	2,486,400	90,094,782	5,295,635,587
2016-17	5,461,460,474	2,486,400	90,797,546	5,554,744,420
2017-18	5,785,381,956	2,486,400	89,187,619	5,877,055,975
2018-19	6,215,193,894	2,366,400	114,306,389	6,331,866,683
2019-20	6,514,132,552	2,482,485	129,071,554	6,645,686,591

<u>Placer County Portion</u>				
<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2010-11	\$ 7,725,311,108	\$1,061,818	\$121,357,566	\$ 7,847,730,492
2011-12	7,699,157,075	1,061,818	116,333,205	7,816,552,098
2012-13	7,754,745,010	1,061,818	126,426,298	7,882,233,126
2013-14	8,098,558,185	714,644	129,839,571	8,229,112,400
2014-15	8,592,690,185	714,644	137,038,509	8,730,443,338
2015-16	9,798,393,785	422,144	132,993,834	9,931,809,763
2016-17	10,345,616,650	422,144	141,778,367	10,487,817,161
2017-18	10,991,798,800	995,158	143,215,897	11,136,009,855
2018-19	11,705,818,611	995,158	150,524,955	11,857,338,724
2019-20	12,485,062,061	995,158	171,782,809	12,657,840,028

Source: California Municipal Statistics, Inc.

Top Taxpayers. The following table sets forth the top taxpayers within Agency for Fiscal Year 2019-20.

**Table 11
Tahoe-Truckee Sanitation Agency
Top Taxpayers**

[On Order From Cal-Muni]

Source: *California Municipal Statistics, Inc.*

Historical Revenues, Expenses and Debt Service Coverage

The following table presents the historical revenues, expenses and debt service coverage of the Wastewater System for the fiscal years shown.

Table 12
Tahoe-Truckee Sanitation Agency
Historical Revenues, Expenses and Debt Service Coverage
Fiscal Years 2013-14 – 2018-19

	2013-14 Audited	2014-15 Audited	2015-16 Audited	2016-17 Audited	2017-18 Audited	2018-19 [Draft] Audited
Operating Revenues:						
Service charges	\$12,189,791	\$12,247,486	\$12,328,555	\$12,477,179	\$12,534,980	\$12,615,757
Other Services	237,046	67,177	147,705	10,095	8,320	26,665
Sub-Total	12,426,837	12,314,663	12,476,260	12,487,274	12,543,300	12,642,422
Operating Expenses^{(1):}						
Operations & Maintenance ⁽²⁾	10,042,129	9,795,687	11,849,464	10,185,900	11,694,006	10,701,774
Administrative & General ⁽²⁾	1,455,547	1,470,909	1,639,732	1,314,491	1,659,139	3,065,198
Sub-Total	11,497,676	11,266,596	13,489,196	11,500,391	13,353,145	13,766,972
Operating Income	929,161	1,048,067	(1,012,936)	986,883	(809,845)	(1,124,550)
Non-Operating Revenues:						
Property taxes	2,324,977	2,497,457	2,935,461	3,046,098	3,222,300	3,480,420
Interest earned	120,047	128,960	217,742	375,845	738,628	1,241,116
In-Lieu Taxes	418,489	229,168	228,271	232,222	236,087	237,326
Aid from Other Gov. Agencies	26,120	24,083	25,851	24,897	25,463	25,895
Connection Fees	1,639,117	1,791,569	1,567,620	1,257,624	1,033,400	2,569,638
Other income	48,193	46,135	60,150	61,286	64,350	83,754
Sub-Total	4,576,943	4,717,372	5,035,095	4,997,972	5,320,228	7,638,149
NET REVENUES	5,506,104	5,765,439	4,022,159	5,984,855	4,510,383	6,513,599
Debt Service Expense						
SRF Loan Interest ⁽³⁾	1,037,771	980,319	921,372	860,893	798,841	735,176
SRF Loan Principal ⁽³⁾	2,209,726	2,267,179	2,326,125	2,386,605	2,448,656	2,512,321
Total	3,247,497	3,247,498	3,247,497	3,247,498	3,247,497	3,247,497
Debt Service Coverage	1.70	1.78	1.24	1.84	1.39	2.01
Net Cash Flow	\$2,258,607	\$2,517,941	\$774,662	\$2,737,357	\$1,262,886	\$3,266,102
Capital Outlays	494,850	3,067,400	669,090	668,069	818,943	3,791,776

(1) Excludes depreciation.

(2) In Fiscal Year 2018-19, certain employee and employee-related costs that were characterized in prior fiscal years as Operations & Maintenance costs were characterized as Administrative & General costs.

(3) SRF Loan will be refunded, in full, with the Bonds. See "PLAN OF REFUNDING."

Source: Tahoe-Truckee Sanitation Agency audited financial statements 2013-14 through 2018-19.

Projected Revenues, Expenses and Debt Service Coverage

The following table presents estimated revenues, expenses and debt service coverage for the Wastewater System for Fiscal Years 2019-20 through 2023-24. **[To Come from Bartle Wells]**

In preparing the projections on the table, Bartle Wells Associates applied several key assumptions, including the following:

- [To come]

Debt service coverage is preliminary and subject to change. Actual results during the projection period may vary from those set forth in the following table. Under certain circumstances, such variances may be material.

Table 13
Tahoe-Truckee Sanitation Agency
Projected Revenues, Expenses and Pro Forma Debt Service Coverage
Fiscal Years 2019-20 – 2023-24

	2019-20 Budgeted	2020-21 Projected	2021-22 Projected	2022-23 Projected	2023-24 Projected
Operating Revenues:					
Service charges					
Other Services					
Sub-Total					
Operating Expenses⁽¹⁾:					
Operations & Maintenance					
Administrative & General					
Sub-Total					
Operating Income					
Non-Operating Revenues:					
Property taxes					
Interest earned					
In-Lieu Taxes					
Aid from Other Gov. Agencies					
Connection Fees					
Other income					
Sub-Total					
NET REVENUES					
Debt Service Expense*					
SRF Loan Interest ⁽²⁾					
SRF Loan Principal ⁽²⁾					
Bonds*					
Total*					
Debt Service Coverage*					
Net Cash Flow*					
Capital Outlays					

* Preliminary; subject to change.

(1) Excludes depreciation.

(2) SRF Loan will be refunded, in full, with the Bonds. See "PLAN OF REFUNDING."

Source: Tahoe-Truckee Sanitation Agency and Bartle Wells Associates.

Cash, Current Liabilities and Net Position

The following table shows the Agency's current assets, current liabilities and net position, as reflected in the audited financial statements, as well as related metrics, for the fiscal years shown.

Table 14
Tahoe-Truckee Sanitation Agency
Cash, Current Liabilities and Net Position
Fiscal Years 2013-14 –2018-19

	2013-14 Audited	2014-15 Audited	2015-16 Audited	2016-17 Audited	2017-18 Audited	2018-19 [Draft] Audited
Current Assets						
Cash and Cash Equivalents						
Unrestricted	\$21,974,756	\$21,884,149	\$24,478,774	\$27,109,009	\$29,697,504	\$25,853,118
Restricted	26,370,222	25,755,051	24,718,700	23,685,825	22,517,234	25,887,544
Sub-Total	48,344,978	47,639,200	49,197,474	50,794,834	52,214,738	51,740,662
Current Liabilities	4,516,183	4,483,937	4,450,060	4,360,396	4,546,656	4,656,847
Net Position						
Net Investment in Capital Assets	52,976,066	55,306,716	55,361,024	55,427,663	55,716,366	59,004,467
Restricted for Capital Reserve	22,588,422	21,746,415	21,330,508	20,294,802	19,206,979	18,524,510
Restricted for SRF Loan Repayment	3,146,711	3,418,760	2,898,346	2,917,227	2,951,690	3,038,179
Restricted for Emergency Reserve	0	0	0	0	0	4,050,326
Unrestricted	21,015,019	10,618,319	11,676,353	14,828,884	16,100,119	12,166,628
Total	99,726,218	91,090,210	91,266,231	93,468,576	93,975,154	96,784,110
Days' Cash on Hand	1,535	1,543	1,331	1,612	1,427	1,372
Years' Cash on Hand	4.2	4.2	3.6	4.4	3.9	3.8
Quick Ratio (C+I / CL)	10.7	10.6	11.1	11.6	11.5	11.1

Source: Tahoe-Truckee Sanitation Agency audited financial statements 2013-14 through 2018-19.

Investment Policy; Investments

Investment Policy. The Agency's Board of Directors periodically reviews and adopts or ratifies the Agency's Statement of Investment Policy in accordance with Section 53600 of the Government Code of the State of California. The policy was adopted in its current form as Policy April 2019 (the "Investment Policy"). The Investment Policy sets forth the following objectives: *Safety.* Safety of principal is the foremost objective of the investment program. Investments of the Agency shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. Each investment transaction will be entered into with consideration for the quality of the issuer and of the underlying security and collateral.

Liquidity. The investment portfolio will remain sufficiently liquid to enable the Agency to meet all operating requirements which might be reasonably anticipated. Liquidity will be accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands whenever feasible.

Yield. The investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.

Investment Portfolio. As of June 30, 2019, the Agency had the following investments in its investment portfolio.

**Table 15
Truckee Sanitation Agency
Investment Portfolio
As of June 30, 2019**

<u>Investment</u>	<u>Carrying Amount</u>	<u>Market Value</u>
LAIF	\$51,319,142	\$51,406,990

Source: Tahoe-Truckee Sanitation Agency.

Retirement Plans

California Public Employees Retirement System. The Agency contributes to the California Public Employees Retirement System (“CalPERS”), a cost-sharing multi-employer defined benefit pension plans (each, a “Plan”). CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public agencies within the State of California.

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law. See APPENDIX B – “COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2018.

The Plans’ provisions and benefits in effect at June 30, 2019, are summarized as follows:

Miscellaneous – Pre-1/1/2013

Hire date	Prior to January 1, 2013
Benefit Formula	2.7% @ 55
Benefit vesting schedule	5 years’ service
Benefit payments	monthly for life
Retirement age	50
Monthly benefits, as a % of eligible comp.	2.0% to 2.7%
Required employee contribution rate	7.952%
Required employer contribution rate	12.860%

Miscellaneous – Post 1/1/2013

Hire date	On or after January 1, 2013
Benefit Formula	2.0% @ 62
Benefit vesting schedule	5 years’ service
Benefit payments	monthly for life
Retirement age	52
Monthly benefits, as a % of annual salary	1.0% to 2.5%
Required employee contribution rates	6.50%
Required employer contribution rates	7.383%

Source: APPENDIX B – “COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2018.

Annual Contributions, Unfunded Accrued Liability and Net Pension Liability. CalPERS collects employer contributions for the Plan as a percentage of payroll at the Plan’s actuarially determined rate. The Agency’s contributions to the Plan for the fiscal years ended June 30, 2019 and 2018 were \$1,422,469 and \$1,197,164, respectively.

Based on the annual valuation reports prepared by CalPERS, the estimated unfunded accrued liability for the two Plans for the Agency were as follows: Classic Employees (\$15,768,548) and PEPRAs Employees (\$26,666). These actuarial valuation reports for each Plan are prepared as of June 30, 2017 and dated August 2018.

GASB Statement No. 68 requires the Agency to annually calculate its “net pension liability,” which is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. As of June 30, 2019 and 2018, the Agency reported net pension liability for its proportionate share of the net pension liability of each Plan to be \$15,613,228 and \$15,830,320, respectively.

For additional details on the Agency’s pension liabilities, and the assumptions included therein, see APPENDIX B.

Additional Discretionary Payments. In July 2019, the Agency made an additional discretionary payment to CalPERS in the aggregate amount of \$3,537,428. This amount was in addition to the required contribution amount owed by the Agency to CalPERS for Fiscal Year 2019-20 and amounts to a pay-down of a portion of the future amounts owed to CalPERS with respect to the Plans.

Other Post-Employment Benefits (OPEB)

OPEB Plan Description. The Plan provides other post-employment benefits (medical and prescription coverage) to qualified employees, elected officials and their eligible dependents. The Agency contracts with CalPERS for the medical and prescription coverage. The Plan provides post-retirement healthcare benefits to all employees and directors who retire from the Agency on or after attaining age 50 with at least 5 years of service. As of June 30, 2017, the following current and former employees were covered:

	<u>Number*</u>
Participating Active employees	48
Inactive employees or beneficiaries	48
Inactive employees entitled to, but not yet receiving benefits	(1)
Total plan membership	<u>96</u>

(1) Information was not provided about any terminated, vested employees.

Source: APPENDIX B – “COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2018.

Annual Contributions and Net OPEB Liability. The Agency makes annual contributions to the OPEB liability on an ad-hoc basis, but in an amount sufficient to fully fund the obligation

over a period not to exceed 30 years. For the fiscal years ended June 30, 2019 and 2018, the Agency's contributions were \$613,949 and \$582,760, respectively.

GASB Statement No. 75 requires the Agency to annually calculate its "net OPEB liability," which is the cumulative difference between annual OPEB cost and the employer's contributions to a plan. As of June 30, 2018 and 2017, which is the most up-to-date information available, the Agency reported net OPEB liability of \$303,340 and \$771,052, respectively.

For additional details on the Agency's OPEB liability, and the assumptions included therein, see APPENDIX B.

RISK FACTORS

Wastewater System Demand

There can be no assurance that the demand for wastewater services will occur as described in this Official Statement. Reduction in levels of demand could require an increase in rates or charges to comply with the covenants to fix rates and charges.

Wastewater System Expenses

There can be no assurance that the Agency's expenses will be consistent with the descriptions in this Official Statement. Increases in expenses could require an increase in rates or charges to comply with the rate covenant.

Regulatory Requirements

The operations of the Wastewater System are subject to state and federal laws and regulations, particularly with respect to water quality discharge requirements. The adoption of more stringent laws or regulations may cause the Agency to incur greater expenses for the operation of the Wastewater System. No assurance can be given that the costs of complying with any such new laws or regulations will not adversely affect the Agency's ability to generate sufficient Net Revenues in the amounts or on the schedule required by the Indenture.

In particular, because the Agency disposes of its treated wastewater into the ground (and not directly into a navigable water of the United States) the Agency's operations currently do not require an NPDES permit. However, an NPDES permit may be required for operation by the Agency in the future. Maui County, for example, is currently in litigation for operating a wastewater reclamation facility that injects effluent into groundwater wells for disposal, with eventual migration to the Pacific Ocean. The lower courts have found Maui County in violation of the Clean Water Act based on the effluent disposal approach being functionally equivalent to a point source discharge to a navigable water, which requires a NPDES permit. Similarly, the Agency currently discharges into grounds, which migrate to the Martis Creek and the Truckee River. If it were concluded that such actions required an NPDES permit, the Agency may be subject to an increased number of water quality based effluent limits, more restrictive discharging limits and increased regulatory oversight, all of which could lead to increased expenses.

In addition, the Agency's effluent impacts water quality for downstream users of the Truckee River. To the extent regulatory agencies or other governmental agencies impose more stringent requirements on the Agency's discharge of treated wastewater, costs could increase.

Natural Disasters

General. From time to time, the service area of the Agency is subject to natural calamities that may adversely affect economic activity in the Agency, which could have a negative impact on Wastewater System finances. There can be no assurance that the occurrence of any natural calamity would not cause substantial damage to the Wastewater System, or that the Agency would have insurance or other resources available to make repairs to the Wastewater System in order to generate sufficient Net Revenues to pay debt service on the Bonds when due. The casualty and liability insurance maintained by the Agency may not cover damages and losses to the Wastewater System due to earthquake, fire, flood or other natural calamities.

Seismic. Like all of California, the service area of the Agency is subject to unpredictable seismic events such as earthquakes. Potential hazards related to earthquakes include ground shaking, surface rupture along the fault zone, and related secondary ground failures. Typical seismically-induced ground failures include liquefaction, lateral spreading, ground lurching, landslides, inundation, and settlement. Seismic events could destroy or damage portions of the Wastewater System, thereby increases the Agency's expenses, or reduce demand for its wastewater service by damaging businesses and residential dwelling that are customers, thereby decreasing revenues.

Flooding. The Truckee River and Martis Creek, which is a tributary of the Truckee River, are subject to flooding from heavy rainfall in the areas that feed into these waters. Dam failure resulting from earthquakes is another potential source of flooding. The Martis Creek Project is located on Martis Creek, and comprises an earthfill dam, creating a reservoir with a gross storage capacity of 20,391 acre-feet. The project was completed in 1972 and consists of a 113-foot-high rolled zone earthfill dam across Martis Creek, and related facilities. A population of approximately 72,000 is within the inundation zone for Martis Creek Dam, including a portion of the service area of the Agency.

Flooding may cause damage to the Agency's facilities or other structures within the Agency's service area and any such damage may be material.

Fire. In recent years, portions of California have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures, even in areas not previously thought to be prone to wildfires. Such areas affected by wildfires are more prone to flooding and mudslides that can further lead to the destruction of homes. Fires may cause damage to Agency facilities or other structures within the Agency's service area and any such damage may be material.

Climate Change

Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common, and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. For example, the Fourth National Climate Assessment, published by the U.S. Global Change Research Program, in November 2018 (NCA4) finds that more frequent and intense extreme weather and climate-related events, as well as changes in average climate conditions, are expected to continue to damage infrastructure, ecosystems and social systems over the next 25 to 100 years.

Cybersecurity

The Agency, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations and finances. As a recipient and provider of personal, private or other electronic sensitive information, the Agency is potentially subject to multiple cyber threats including, but not limited to, hacking, viruses, malware, ransomware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the Agency's systems for the purposes of misappropriating assets or information or causing operational disruption or damage.

The Agency has never had a major cyber breach that resulted in a financial loss or operational disruption. The Agency provides training to its staff on phishing and safe browsing and how to avoid potential cyber threats. However, no assurances can be given that the security and operational control measures of the Agency will be successful in guarding against any and each cyber threat or breach. The Agency maintains information security & privacy with electronic media liability (a/k/a cyber liability) insurance coverage in the amount of \$2 million. Although the Agency maintains such insurance, should a successful breach ever occur, the cost of remedying damage or disruption caused by cyber-attacks could be substantial and in excess of such insurance coverage.

Limited Recourse on Default

If the Agency defaults on its obligation to make the debt service payments under the Indenture, the Trustee has the right to accelerate the total unpaid principal amount of such payments. However, in the event of a default and such acceleration there can be no assurance that the Agency will have sufficient funds to pay the accelerated payments.

Limitations on Remedies

The ability of the Agency to comply with its covenants under the Indenture and to generate Net Revenues sufficient to pay principal of and interest on the Bonds may be adversely affected by actions and events outside of the control of the Agency, and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. See "- Constitutional Limitations on Appropriations and Fees" below. Furthermore, any remedies available to the Owners of the Bonds upon the occurrence of an Event of Default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on Bond Owner remedies contained in the Indenture, the rights and obligations under the Bonds and the Indenture may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Articles XIIC and XIID

General. An initiative measure entitled the “Right to Vote on Taxes Act” (the “Initiative”) was approved by the voters of the State of California at the November 5, 1996 general election. The Initiative added Article XIIC and Article XIID to the California Constitution. According to the “Title and Summary” of the Initiative prepared by the California Attorney General, the Initiative limits “the authority of local governments to impose taxes and property related assessments, fees and charges.”

Article XIID. Article XIID defines the terms “fee” and “charge” to mean “any levy other than an ad valorem tax, a special tax or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service.” A “property related service” is defined as “a public service having a direct relationship to property ownership.” Article XIID further provides that reliance by an agency on any parcel map (including an assessor’s parcel map) may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership.

Article XIID requires that any agency imposing or increasing any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a result, if and to the extent that a fee or charge imposed by a local government for wastewater service is ultimately determined to be a “fee” or “charge” as defined in Article XIID, the local government’s ability to increase such fee or charge may be limited by a majority protest.

In addition, Article XIID includes a number of limitations applicable to existing fees and charges including provisions to the effect that: (a) revenues derived from the fee or charge may not exceed the funds required to provide the property-related service; (b) such revenues may not be used for any purpose other than that for which the fee or charge was imposed; (c) the amount of a fee or charge imposed upon any parcel or person as an incident of property ownership may not exceed the proportional cost of the service attributable to the parcel; (d) no such fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property related fees or charges based on potential or future use of a service are not permitted; and (e) no fee or charge may be imposed for general governmental purposes.

Based upon the California Court of Appeal decision in *Howard Jarvis Taxpayers Association v. City of Los Angeles*, 85 Cal. App. 4th 79 (2000), which was denied review by the State Supreme Court, it was generally believed that Article XIID did not apply to charges for water services that are “primarily based on the amount consumed” (i.e., metered water rates), which had been held to be commodity charges related to consumption of the service, not property ownership. The Supreme Court stated in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal. 4th 205 (2006) (the “Bighorn Case”), however, that fees for ongoing water service through an existing connection were property-related fees and charges. The Supreme Court specifically disapproved the holding in *Howard Jarvis Taxpayers Association v. City of Los Angeles* that metered water rates are not subject to Proposition 218. The Agency has complied with the notice and public hearing requirements of Article XIID in establishing Wastewater System rates and charges.

Article XIIC. Article XIIC provides that the initiative power may not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and

that the power of initiative to affect local taxes, assessments, fees and charges is applicable to all local governments. Article XIIC does not define the terms “local tax,” “assessment,” “fee” or “charge,” so it was unclear whether the definitions set forth in Article XIID referred to above are applicable to Article XIIC. Moreover, the provisions of Article XIIC are not expressly limited to local taxes, assessments, fees and charges imposed after November 6, 1996. On July 24, 2006, the Supreme Court held in the Bighorn Case that the provisions of Article XIIC included rates and fees charged for domestic water use. In the decision, the Court noted that the decision did not address whether an initiative to reduce fees and charges could override statutory rate setting obligations. In any event, the Agency does not believe that Article XIIC grants to the voters within the Agency the power to repeal or reduce rates and charges for the wastewater service in a manner which would be inconsistent with the contractual obligations of the Agency. However, there can be no assurance of the availability of particular remedies adequate to protect the beneficial owners of the Bonds. Remedies available to beneficial owners of the Bonds in the event of a default by the Agency are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain. So long as the Bonds are held in book-entry form, DTC (or its nominee) will be the sole registered owner of the Bonds and the rights and remedies of the Bond Owners will be exercised through the procedures of DTC.

Proposition 26

Proposition 26 was approved by the electorate at the November 2, 2010 election and amended California Constitution Articles XIII A and XIIC. The proposition imposes a two-thirds voter approval requirement for the imposition of fees and charges by the State. It also imposes a majority voter approval requirement on local governments with respect to fees and charges for general purposes, and a two-thirds voter approval requirement with respect to fees and charges for special purposes. Proposition 26, according to its supporters, is intended to prevent the circumvention of tax limitations imposed by the voters in California Constitution Articles XIII A, XIIC and XIID pursuant to Proposition 13, approved in 1978, Proposition 218, approved in 1996, and other measures through the use of non-tax fees and charges. Proposition 26 expressly excludes from its scope a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable cost to the State or local government of providing the service or product to the payor. Proposition 26 applies to charges imposed or increased by local governments after the date of its approval. The Agency believes its Wastewater System rates and charges are not taxes under Proposition 26. The Agency is unable to predict at this time how Proposition 26 will be interpreted by the courts or what its ultimate impact will be.

Constitutional Limitations on Appropriations and Fees

Under Article XIIB of the California Constitution, as amended, state and local government entities have an annual “appropriations limit” which limits their ability to spend certain moneys called “appropriations subject to limitation,” which consist of tax revenues, certain state subventions and certain other moneys, including user charges to the extent they exceed the costs reasonably borne by the entity in providing the service for which it is levying the charge. The Agency is of the opinion that the user charges of the Wastewater System imposed by the Agency do not exceed the costs the Agency reasonably bears in providing the Wastewater Service. In general terms, the “appropriations limit” is to be based on certain 1978/79 expenditures, and is to be adjusted annually to reflect changes in the consumer price index, population, and services provided by these entities. Among other provisions of Article XIIB, if an entity’s revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Future Initiatives

Articles XIII B, XIII C and XIII D were adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiatives have been and could be proposed and adopted affecting the Wastewater System's revenues or ability to increase revenues. Neither the nature and impact of these measures nor the likelihood of qualification for ballot or passage can be anticipated by the Agency.

CONTINUING DISCLOSURE

The Agency has covenanted for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Agency and the Wastewater System by not later than April 1st following the end of each fiscal year (presently June 30), commencing with its report for the fiscal year ended June 30, 2019 (the "Annual Report"), due April 1, 2020, and to provide notices of the occurrence of certain enumerated events. The Annual Reports and notices of enumerated events will be filed with the Municipal Securities Rulemaking Board (the "MSRB"). These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12 (the "Rule"). The specific nature of the information to be contained in the Annual Report and the enumerated events is summarized in APPENDIX F – "FORM OF CONTINUING DISCLOSURE AGREEMENT."

The Agency has never previously entered into any continuing disclosure obligation under the Rule.

The Agency anticipates retaining Willdan Financial Services to serve as its dissemination agent in connection with the Bonds.

LEGAL OPINIONS

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and certain other conditions. Jones Hall is also serving as Disclosure Counsel to the Agency. Certain legal matters will be passed upon for the Agency by the Agency's general counsel, Bartkiewicz, Kronick & Shanahan, P.C. The compensation of Bond Counsel and Disclosure Counsel is contingent on the successful sale of the Bonds.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the Agency comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Agency has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Bonds, or as to the consequences of owning or receiving

interest on the Bonds, as of any future date. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Bonds, the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

The form of the proposed opinion of Bond Counsel is attached as Appendix E.

NO LITIGATION

There is no action, suit, or proceeding known by the Agency to be pending or threatened at the present time restraining or enjoining the delivery or in any way contesting or affecting the validity of the Bonds, the Indenture or the proceedings of the Agency taken with respect to the execution or delivery thereof.

RATING

S&P Global Ratings (“**S&P**”) has assigned the Bonds a rating of “___.” Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from S&P, at the following address: S&P Global Ratings, 55 Water Street, New York, New York 10041. The Agency has furnished to S&P certain materials and information with respect to the Agency and the Bonds. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. The Agency and the Municipal Advisor undertake no responsibility to oppose any such proposed revision or withdrawal. Any such downward change in or withdrawal of any rating might have an adverse effect on the market price or marketability of the Bonds.

MUNICIPAL ADVISOR

The Agency has retained Steven Gortler, San Francisco, California as municipal advisor (the “**Municipal Advisor**”) in connection with the structuring, marketing and pricing of the Bonds. The Municipal Advisor has reviewed this Official Statement but makes no guaranty, warranty or other representation respecting the accuracy and completeness of the information contained herein.

UNDERWRITING

_____ (the “Underwriter”) has purchased the Bonds from the Agency at a competitive sale for a purchase price of \$_____ (representing the aggregate principal amount of the Bonds, plus a premium of \$_____, and less an underwriting discount of \$_____). The public offering prices may be changed from time to time by the Initial Purchaser. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices shown on the inside cover page hereof.

MISCELLANEOUS

Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Agency and the purchasers or Holders of any of the Bonds.

The preparation and distribution of this Official Statement has been duly authorized by the Agency.

TAHOE-TRUCKEE SANITATION AGENCY

By: _____
General Manager/Secretary

APPENDIX A

GENERAL INFORMATION ABOUT THE TOWN OF TRUCKEE, NEVADA COUNTY AND PLACER COUNTY

The following information concerning the Town of Truckee (the “Town”), the County of Nevada and the County of Placer, is included only for the purpose of supplying general information. The Bonds are not a debt of the Town, the County of Nevada, the County of Placer, the State of California (the “State”) or any of its political subdivisions, and are payable solely from the Net Revenues of the Agency as described in this Official Statement.

General

The Town of Truckee. Truckee is an incorporated town located in the Sierra Nevada mountain range. Truckee is just 200 miles northeast of San Francisco, California; 100 miles east of Sacramento, California; 40 miles west of Reno, Nevada; and 12 miles north of Lake Tahoe, California. Planes, trains, and automobiles are three convenient ways to get to Truckee. Highway I-80 runs right through Truckee, as does Amtrak along the Transcontinental Railroad, which passes right through town, and Truckee Tahoe Airport provides for daily private and charter flights.

Nevada County. Nevada County is located in Northern California between Sacramento and Reno, Nevada. The communities of Grass Valley and Nevada City, in the western portion of the Nevada County, and the alpine Town of Truckee, located to the east, comprise the County’s principal population centers. Situated northeast of Sacramento at an elevation averaging 2,500 feet, Nevada County enjoys four annual seasons while remaining above the persistent fog of the Sacramento Valley and below the heavy snows of the Sierra Nevada mountains. Agriculture, tourism, high technology, construction and government are major contributors to Nevada County’s economy. The Nevada County seat, located in Nevada City (population 3,226), together with the neighboring city of Grass Valley, approximately three miles away (population 13,041) are widely known for their arts and cultural activities. The alpine Town of Truckee, located in the Sierra Nevada Mountains at an elevation of 7,650 feet, is as popular community for recreation and quality small town living.

Placer County. Placer County, which covers an estimated area of 1,500 square miles, is bordered by the State of Nevada on the east, Nevada County on the north, Yuba and Sutter Counties on the west and by Sacramento and El Dorado Counties on the south. Placer County is included (along with Sacramento County and El Dorado County in the three-county Sacramento Metropolitan Statistical Area. There are six incorporated cities in Placer County, of which four (Auburn, Lincoln, Rocklin and Roseville) have populations of 10,000 or more, with Auburn being the Placer County seat.

Population

The following table shows population estimates for the Town of Truckee, Nevada County, Placer County and the State for the last five years.

TOWN OF TRUCKEE, NEVADA COUNTY, PLACER COUNTY AND STATE OF CALIFORNIA Population Estimates Calendar Years 2015 through 2019 as of January 1

Year (January 1)	Town of Truckee	Nevada County	Placer County	State of California
2015	16,122	98,448	371,326	38,952,462
2016	16,230	98,710	376,443	39,214,803
2017	16,315	98,692	383,719	39,504,609
2018	16,432	99,024	389,480	39,740,508
2019	16,434	98,904	396,691	39,927,315

Source: State Department of Finance.

Employment and Industry

The unemployment rate in the Sacramento--Roseville--Arden-Arcade MSA was 3.1 percent in October 2019, up from a revised 3.0 percent in September 2019, and below the year-ago estimate of 3.5 percent. This compares with an unadjusted unemployment rate of 3.7 percent for California and 3.3 percent for the nation during the same period. The unemployment rate was 3.0 percent in El Dorado County, 2.8 percent in Placer County, 3.2 percent in Sacramento County, and 3.2 percent in Yolo County. The table below lists employment by industry group for the County for the years 2014 to 2018.

NEVADA COUNTY
Annual Average Civilian Labor Force, Employment and Unemployment,
Employment by Industry
(March 2018 Benchmark)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Civilian Labor Force ⁽¹⁾	47,850	48,050	48,180	48,410	48,870
Employment	44,720	45,440	45,880	46,420	47,180
Unemployment	3,130	2,600	2,300	1,990	1,690
Unemployment Rate	6.5%	5.4%	4.8%	4.1%	3.5%
<u>Wage and Salary Employment ⁽²⁾</u>					
Agriculture	70	70	70	70	80
Mining and Logging and Construction	2,700	2,730	2,840	2,900	3,110
Manufacturing	1,420	1,360	1,430	1,420	1,410
Wholesale Trade	360	380	390	400	380
Retail Trade	3,840	3,950	4,030	4,050	4,000
Transportation, Warehousing and Utilities	480	470	480	490	500
Information	300	290	290	280	310
Financial Activities	1,340	1,290	1,320	1,330	1,350
Professional and Business Services	2,080	2,160	2,190	2,210	2,330
Educational and Health Services	5,030	5,320	5,440	5,490	5,440
Leisure and Hospitality	4,620	4,500	4,660	4,930	5,040
Other Services	1,670	1,790	1,880	2,060	2,100
Federal Government	360	370	370	370	350
State Government	450	450	440	420	410
Local Government	5,280	5,700	5,700	5,750	5,870
Total, All Industries ⁽³⁾	29,980	30,830	31,510	32,150	32,650

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

PLACER COUNTY
Annual Averages Civilian Labor Force, Employment and Unemployment,
Employment by Industry
(March 2018 Benchmark)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Civilian Labor Force ⁽¹⁾	175,900	176,900	180,200	182,200	185,200
Employment	164,900	167,900	172,100	175,100	179,400
Unemployment	11,000	8,900	8,100	7,000	5,800
Unemployment Rate	6.3%	5.0%	4.5%	3.9%	3.1%
<u>Wage and Salary Employment ⁽²⁾</u>					
Agriculture	300	300	300	300	400
Natural Resources and Mining	100	100	100	100	100
Construction	10,500	12,200	13,700	14,700	16,000
Manufacturing	6,200	6,500	6,500	5,800	5,700
Wholesale Trade	4,000	4,200	4,200	4,300	4,700
Retail Trade	22,400	22,200	22,300	22,700	23,300
Transportation, Warehousing and Utilities	3,200	3,400	3,700	3,500	3,800
Information	2,200	2,600	2,500	2,400	2,400
Finance and Insurance	8,200	8,300	8,700	8,600	8,600
Real Estate and Rental and Leasing	3,100	3,200	3,400	3,700	5,000
Professional and Business Services	16,800	18,600	19,700	20,100	22,100
Educational and Health Services	24,100	24,700	26,300	27,900	29,100
Leisure and Hospitality	20,300	20,500	22,300	23,200	23,900
Other Services	5,700	6,000	5,800	6,400	6,700
Federal Government	700	700	700	700	700
State Government	900	900	800	800	800
Local Government	17,700	18,200	18,700	19,000	19,500
Total, All Industries ⁽³⁾	146,400	152,300	159,800	164,100	172,500

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Largest Employers

The following tables show the largest major employers in Nevada County and Placer County, respectively.

NEVADA COUNTY Major Employers (Listed alphabetically) As of November 2019

Employer Name	Location	Industry
AJA Video	Grass Valley	Television Station Equipment-Mfrs
American Rivers Inc	Nevada City	Organizations
Ananda Village	Nevada City	Churches
Boreal Mountain Resort	Truckee	Resorts
Briarpatch Community Market	Grass Valley	Health & Diet Foods-Retail
Clear Capital	Truckee	Real Estate Loans
Donner Ski Ranch	Soda Springs	Skiing Centers & Resorts
Golden Empire Nurse & Rehab	Grass Valley	Nursing & Convalescent Homes
Interfaith Food Ministry	Grass Valley	Non-Profit Organizations
Jehovah's Witnesses	Grass Valley	Churches
Kmart	Grass Valley	Department Stores
Milhous School Inc	Nevada City	Schools
Networked Insurance Agents LLC	Grass Valley	Insurance
Nevada Irrigation District	Grass Valley	Water & Sewage Companies-Utility
Nevada Union High School	Grass Valley	Schools
Raley's	Grass Valley	Grocers-Retail
Robinson Enterprises Inc	Nevada City	Logging Companies (mfrs)
Safeway	Truckee	Grocers-Retail
Safeway	Grass Valley	Grocers-Retail
Sierra NV Meml Miners Hsptls	Grass Valley	Lawn & Grounds Maintenance
Sierra NV Memorial Hospital	Grass Valley	Hospitals
Spring Hill Manor Rehab	Grass Valley	Skilled Nursing Care Facilities
Sugar Bowl Ski Area	Soda Springs	Skiing Centers & Resorts
Tahoe Forest Hospital District	Truckee	Health Care Management
Towers Casino & Card Room	Grass Valley	Casinos

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2020 1st Edition.

**PLACER COUNTY
Major Employers (Listed alphabetically)
As of November 2019**

Employer Name	Location	Industry
Adventist Health	Roseville	Health Services
Alpine Meadows Ski Resort	Alpine Meadows	Resorts
Backyard Bar & BBQ	Truckee	Restaurants
Costco Wholesale	Roseville	Wholesale Clubs
Golfland Sunsplash	Roseville	Water Parks
Hewlett-Packard	Roseville	Computers-Electronic-Manufacturers
Kaiser Permanente Roseville MD	Roseville	Hospitals
Northstar California	Truckee	Resorts
Placer County Fire Dept	Auburn	Government Offices-County
Placer County Food Stamps	Auburn	County Government-Social/Human Resources
Placer County Sheriff	Auburn	Government Offices-County
Placer County Sheriff Dept	Tahoe City	Government Offices-County
PRIDE Industries	Roseville	Employment Agencies & Opportunities
Q I P-Roseville	Roseville	Real Estate Management
Resort At Squaw Creek	Alpine Meadows	Hotels & Motels
Ritz-Carlton Club Lake Tahoe	Truckee	Hotels & Motels
Roseville Toyota & Scion	Roseville	Automobile Dealers-Used Cars
Sheriff's Training	Auburn	Government Offices-County
Sierra Community College Dist	Rocklin	Junior-Community College-Tech Institutes
Stagg Howard A Pro Corp	Roseville	Attorneys
Sutter Auburn Faith Hospital	Auburn	Hospitals
Sutter Roseville Medical Ctr	Roseville	Hospitals
Tami Saner & Assoc	Roseville	Real Estate
Thunder Valley Casino	Lincoln	Casinos
Union Pacific Railroad Co	Roseville	Railroads

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2020 1st Edition.

Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.” The following table summarizes Effective Buying Income for the Town of Truckee, Nevada County, Placer County, the State and the United States for 2015 through 2019.

**TOWN OF TRUCKEE, NEVADA COUNTY, PLACER COUNTY,
STATE OF CALIFORNIA AND UNITED STATES
Effective Buying Income
As of January 1, 2015 through 2019**

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2015	Town of Truckee	\$508,723	\$58,397
	Nevada County	2,681,828	49,395
	Placer County	10,287,888	58,583
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2016	Town of Truckee	\$513,175	\$58,481
	Nevada County	2,719,523	49,691
	Placer County	11,729,490	64,480
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	Town of Truckee	\$568,697	\$63,310
	Nevada County	2,880,465	51,777
	Placer County	12,122,101	65,269
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	Town of Truckee	\$573,151	\$67,207
	Nevada County	2,740,333	50,427
	Placer	12,967,927	69,226
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	Town of Truckee	\$703,425	\$73,322
	Nevada County	3,220,439	55,371
	Placer County	14,736,480	74,797
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841

Source: The Nielsen Company (US), Inc for years 2015 through 2018; Claritas, LLC for 2019.

Commercial Activity

A summary of historic taxable sales within the Town of Truckee, Nevada County and Placer County during the past five years for which data is available is shown in the following tables.

Total taxable sales during the first quarter of calendar year 2018 in the Town were reported to be \$69,074,638 a 2.00% decrease over the total taxable sales of \$70,482,440 reported during first quarter of calendar year 2017. Annual figures are not yet available for calendar year 2018.

TOWN OF TRUCKEE Taxable Transactions Number of Permits and Valuation of Taxable Transactions (Dollars in Thousands)

	<u>Retail Stores</u>		<u>Total All Outlets</u>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2013	514	\$218,615	718	\$268,522
2014	520	230,891	725	292,552
2015 ⁽¹⁾	524	239,036	846	310,002
2016	532	254,208	865	324,500
2017	539	273,012	878	341,522

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Total taxable sales during the first quarter of calendar year 2018 in the County of Nevada were reported to be approximately \$291,666,430, a 2.82% decrease over the total taxable sales of approximately \$300,139,165 reported during the first quarter of calendar year 2017. Annual figures for 2018 are not yet available.

COUNTY OF NEVADA Taxable Retail Sales Number of Permits and Valuation of Taxable Transactions (Dollars in Thousands)

	<u>Retail Stores</u>		<u>Total Outlets</u>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2013	2,880	\$814,687	4,154	\$1,160,455
2014	2,879	852,754	4,132	1,220,368
2015 ⁽¹⁾	1,868	892,426	4,790	1,285,583
2016	3,084	941,558	5,084	1,334,397
2017	3,126	1,020,719	5,119	1,434,403

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: State Board of Equalization.

Total taxable sales during the first quarter of calendar year 2018 in the County of Placer were reported to be \$2,227,558,002 a 3.10% increase over the total taxable sales of 2,160,547,498 reported during the first quarter of calendar year 2017. Annual figures are not yet available for calendar year 2018.

PLACER COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	<u>Retail Stores</u>		<u>Total All Outlets</u>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2013	8,487	\$6,050,198	11,713	\$7,724,406
2014	8,520	6,296,076	11,749	8,100,167
2015 ⁽¹⁾	4,446	6,594,126	13,124	8,675,315
2016	8,671	6,814,515	13,227	8,920,892
2017	8,713	7,194,952	13,365	9,428,862

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Construction

Provided below are the building permits and valuations for the Town of Truckee, Nevada County and Placer County, for calendar years 2014 through 2018.

TOWN OF TRUCKEE Total Building Permit Valuations (Valuations in Thousands)

	2014	2015	2016	2017	2018
<u>Permit Valuation</u>					
New Single-family	\$29,916.9	37,302.3	\$46,860.9	\$38,935.5	\$55,704.1
New Multi-family	976.8	0.0	0.0	590.0	22,079.3
Res. Alterations/Additions	<u>3,421.5</u>	<u>7,578.0</u>	<u>9,879.9</u>	<u>12,480.7</u>	<u>8,780.6</u>
Total Residential	34,315.2	44,880.3	56,740.80	52,006.2	86,564.0
New Commercial	0.0	200.0	716.6	1,525.0	19,253.0
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	1,446.8	222.3	3,798.6	1,316.2	2,939.6
Com. Alterations/Additions	<u>1,283.5</u>	<u>9,507.9</u>	<u>1,349.2</u>	<u>2,251.5</u>	<u>15,657.0</u>
Total Nonresidential	2,730.3	9,930.2	5,864.4	5,092.7	37,849.6
New Dwelling Units					
Single Family	96	92	105	77	98
Multiple Family	<u>6</u>	<u>0</u>	<u>0</u>	<u>4</u>	<u>139</u>
TOTAL	102	92	150	81	237

(1) Totals may not add due to rounding.

Source: Construction Industry Research Board, Building Permit Summary.

COUNTY OF NEVADA Total Building Permit Valuations (Valuations in Thousands)

	2014	2015	2016	2017	2018
<u>Permit Valuation</u>					
New Single-family	\$57,543.5	\$65,959.1	\$76,376.6	\$109,736.0	120,517.5
New Multi-family	6,743.0	901.6	474.2	590.0	22,079.3
Res. Alterations/Additions	<u>26,551.1</u>	<u>27,614.6</u>	<u>26,904.3</u>	<u>25,258.5</u>	<u>47,778.4</u>
Total Residential	90,837.6	94,475.3	103,755.1	135,584.5	190,375.2
New Commercial	493.7	8,152.8	5,785.4	13,097.0	27,234.7
New Industrial	5,850.7	0.0	0.0	0.0	3,692.0
New Other	9,393.7	5,533.5	8,599.2	9,242.9	25,001.3
Com. Alterations/Additions	<u>13,018.3</u>	<u>15,194.0</u>	<u>9,205.0</u>	<u>8,329.8</u>	<u>25,381.8</u>
Total Nonresidential	28,756.4	28,880.3	23,589.6	30,669.7	81,309.8
New Dwelling Units					
Single Family	215	217	243	402	383
Multiple Family	<u>97</u>	<u>6</u>	<u>6</u>	<u>4</u>	<u>151</u>
TOTAL	312	223	249	406	534

(1) Totals may not add due to rounding.

Source: Construction Industry Research Board, Building Permit Summary.

PLACER COUNTY
Total Building Permit Valuations
(Valuations in Thousands)

	2014	2015	2016	2017	2018
Permit Valuation					
New Single-family	\$523,638.2	\$683,806.3	\$776,410.8	\$771,800.5	\$696,737.4
New Multi-family	48,645.5	21,702.2	42,395.7	92,565.2	2,338.5
Res. Alterations/Additions	<u>59,428.5</u>	<u>82,577.5</u>	<u>79,543.6</u>	<u>89,429.2</u>	<u>99,341.6</u>
Total Residential	631,712.2	788,086.0	898,350.1	953,794.9	798,417.5
New Commercial	\$43,477.7	\$88,675.3	\$84,953.2	\$138,675.8	\$90,424.4
New Industrial	199.9	1,339.6	535.1	0.0	7,956.5
New Other	39,025.6	56,433.7	90,958.7	57,356.4	68,280.3
Com. Alterations/Additions	<u>101,977.7</u>	<u>80,457.5</u>	<u>64,524.2</u>	<u>94,058.6</u>	<u>84,271.0</u>
Total Nonresidential	\$184,680.9	226,906.1	240,971.2	290,090.8	250,932.1
New Dwelling Units					
Single Family	1,620	1,994	2,102	2,500	1,963
Multiple Family	<u>376</u>	<u>240</u>	<u>322</u>	<u>783</u>	<u>19</u>
TOTAL	1,996	2,234	2,424	3,283	1,982

(1) Totals may not add due to rounding.

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX B

**AUDITED FINANCIAL STATEMENTS FOR THE
FISCAL YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2018**

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following summarizes certain provisions of the Indenture not summarized elsewhere in this Official Statement. This summary is qualified in its entirety by reference to the full terms and conditions of the Indenture, a copy of which is available from the Trustee.

APPENDIX D

BOOK-ENTRY SYSTEM

The information in this Appendix D concerning DTC and its book-entry system has been obtained from sources that the Agency believe to be reliable, but the Agency take no responsibility for the accuracy thereof.

General

The Depository Trust Company (“DTC”) will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has S&P Global Ratings rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.org. The information on such website is not incorporated by reference herein.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Agency or the Trustee, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

APPENDIX E

FORM OF BOND COUNSEL OPINION

[Closing Date]

Board of Directors
Tahoe-Truckee Sanitation Agency
13720 Butterfield Drive
Truckee, California 96161

OPINION: \$_____ Tahoe-Truckee Sanitation Agency
2020 Wastewater Revenue Refunding Bonds

Members of the Board of Directors:

We have acted as bond counsel to the Tahoe-Truckee Sanitation Agency (the "Agency") in connection with the issuance by the Agency of \$_____ aggregate principal amount of bonds of the Agency designated the "Tahoe-Truckee Sanitation Agency 2020 Wastewater Revenue Refunding Bonds" (the "Bonds"), under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the "Bond Law") and under an Indenture of Trust dated as of February 1, 2020 (the "Indenture"), between the Agency and U.S. Bank National Association, as trustee, approved by a resolution of the Board of Directors of the Agency adopted on January __, 2020. We have examined the Bond Law, an executed copy of the Indenture and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Agency contained in the Indenture and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon our examination we are of the opinion, under existing law, that:

1. The Agency is a special district duly organized and existing under the Constitution and laws of the State of California, with power to enter into the Indenture, to perform the agreements on its part contained therein, and to issue the Bonds.
2. The Bonds have been duly authorized, executed and delivered by the Agency, and are legal, valid and binding obligations of the Agency, payable solely from the sources provided therefor in the Indenture.
3. The Indenture has been duly approved by the Agency, and constitutes a legal, valid and binding obligation of the Agency, enforceable against the Agency in accordance with its terms.

4. Under the Bond Law, the Indenture establishes a valid lien on and pledge of the Net Revenues of the Wastewater System (as such terms are defined in the Indenture) for the security of the Bonds and any obligations issued on a parity therewith.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the Agency comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Agency has covenanted in the Indenture to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

§ _____
**TAHOE-TRUCKEE SANITATION AGENCY
2020 WASTEWATER REVENUE REFUNDING BONDS**

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the Tahoe-Truckee Sanitation Agency (the “Agency”) in connection with the issuance of the above-referenced bonds (the “Bonds”). The Bonds are being issued under the provisions of Articles 10 and 11 of Part 1 of Division 2 of Title 5 of the California Government Code and an Indenture of Trust, dated as of February 1, 2020 (the “Indenture”), between the Agency and U.S. Bank National Association, as trustee.

The Agency covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean Willdan Financial Services, or any successor Dissemination Agent designated by the Agency.

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the fiscal year of the Agency.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the Official Statement relating to the Bonds, dated _____, 2020.

“Participating Underwriter” shall mean the original purchasers of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, not later than each April 1 after the end of each Fiscal Year (presently such Fiscal Year ends June 30) or the next succeeding business day if that day is not business day, commencing with the report for the fiscal year ending June 30, 2019, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Fiscal Year changes, the Agency shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than fifteen (15) Business Days prior to said date, the Agency shall provide the Annual Report to the Dissemination Agent (if other than the Agency). If the Agency is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Agency shall send, in a timely manner, a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the Agency), file a report with the Agency certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The Agency’s Annual Report shall contain or include by reference the:

1. The audited financial statements of the Agency for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Agency’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. An update as of the most recently ended Fiscal Year of the Agency to the information set forth in the following tables in the Official Statement:

- Table 1 (Number and Type of Wastewater Connections)
 - Table 2 (Ten Largest Customers)
 - Table 3 (Historical Average Daily Flow)
 - Table 5 (Current Residential Sewer Service Charges)
 - Table 11 (Top Taxpayers)
 - Table 13 (Revenues, Expenses and Pro Forma Debt Service Coverage)
3. Any rate increases that became effective on July 1 of the preceding calendar year.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to each of the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Agency shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Indenture or its obligations in relation to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to the rights of Bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the Agency;

(13) Consummation of a merger, consolidation, or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a financial obligation of the Agency, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Agency, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Agency, any of which reflect financial difficulties.

(b) If a Listed Event occurs, the Agency shall provide, in a timely manner and in no event in excess of ten (10) Business Days after the occurrence of such Listed Event, notice of such Listed Event with the MSRB.

SECTION 6. Termination of Reporting Obligation. The Agency's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 7. Dissemination Agent. Willdan Financial Services will serve as the initial Dissemination Agent hereunder. The Agency may, from time to time, appoint or engage a different Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Agency pursuant to this Disclosure Certificate.

SECTION 8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Agency shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Default. In the event of a failure of the Agency or the Dissemination Agent to comply with any provision of this Disclosure Certificate, the sole legal remedy of any Holder or Beneficial Owner of the Bonds or the Participating Underwriter shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture.

No Bondholder or Beneficial Owner may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Agency satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Agency shall have refused to comply therewith within a reasonable time.

SECTION 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Agency agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, suit, claim, cost, damages, judgment, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall be afforded the same rights, protections and immunities hereunder afforded to it as Trustee under the Indenture.

It is understood and agreed that any information that the Dissemination Agent may be instructed to file with the MSRB shall be prepared and provided to it by the Agency. The Dissemination Agent has undertaken no responsibility with respect to any reports, notices or disclosures provided to it under this Disclosure Certificate, and has no liability to any person, including any holder of Bonds, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Agency shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the Agency.

SECTION 11. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Agency shall describe such amendment in the same manner as for a Listed Event under Section 5(b). The Agency shall obtain the consent of the Dissemination Agent for any amendment of the Disclosure Certificate that affects the duties, rights, protections or obligations of the Dissemination Agent.

SECTION 12. Transmission of Notices, Documents and Information.

(a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB's Electronic Municipal Markets Access (EMMA) system, the current Internet Web address of which is www.emma.msrb.org.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Agency, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. The provisions of this Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of California.

Dated: _____, 2020

TAHOE-TRUCKEE SANITATION AGENCY

By _____
Authorized Representative

Acknowledged and Agreed:

[_____] ,
as Dissemination Agent

By _____
Authorized Representative

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: Tahoe-Truckee Sanitation Agency

Name of Bond Issue: \$_____ 2020 Wastewater Revenue Refunding Bonds

Date of Issuance: _____, 2020

NOTICE IS HEREBY GIVEN that an Annual Report with respect to the above-named Bonds was not released by the Agency by the date required in the Continuing Disclosure Certificate. [The Agency anticipates that the Annual Report will be filed by _____.]

Dated: _____, 20__

Tahoe-Truckee Sanitation Agency

By _____

Indenture of Trust



INDENTURE OF TRUST

between the

TAHOE-TRUCKEE SANITATION AGENCY

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated as of February 1, 2020

Relating to

\$ _____
Tahoe-Truckee Sanitation Agency
2020 Wastewater Revenue Refunding Bonds

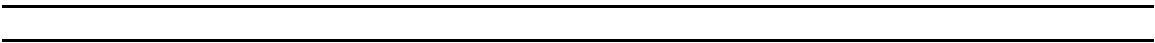


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INDENTURE OF TRUST

This INDENTURE OF TRUST, dated as of February 1, 2020, is between the TAHOE-TRUCKEE SANITATION AGENCY, a special district duly organized and existing under the Constitution and laws of the State of California (the "Agency"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, with a corporate trust office in Los Angeles, California, and being qualified to accept and administer the trusts hereby created (the "Trustee").

BACKGROUND:

1. To finance improvements to the Wastewater System (defined herein), the Agency has previously entered into an Interagency Sales Agreement (Installment Sale Agreement No. C-06-4657-110; Agreement No. 03-804-550) with the State Water Resources Control Board pursuant to the State Revolving Fund program (the "SRF Loan"), which is currently outstanding in the amount of \$23,186,034.

2. The Agency has the option to prepay the principal amount due under the SRF Loan, in whole or in part, on any date, together with accrued interest thereon to the prepayment date, without premium.

3. Section 83 of the Tahoe-Truckee Sanitation Agency Act (the "Agency Act") permits the Agency to refund bonds, loans, or indebtedness by the issuance of refunding obligations by following the same procedure if authorized by law, including pursuant to the Bond Law (defined herein).

4. The Agency has decided to optionally prepay, in full, the SRF Loan in accordance with its terms, and in order to provide funds for that purpose, the Board of Directors of the Agency has authorized the issuance of the Tahoe-Truckee Sanitation Agency 2020 Wastewater Revenue Refunding Bonds in the aggregate principal amount of \$_____ (the "Bonds") under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the "Bond Law").

5. The Bonds will be secured by a first pledge of and lien on the Net Revenues derived by the Agency from the operation of its Wastewater System.

6. In order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and of the interest and premium, if any, thereon, the Board of Directors of the Agency has authorized the execution of this Indenture.

AGREEMENT:

In order to secure the payment of the principal of and the interest on all the Bonds under this Indenture according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and

received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the Agency and the Trustee hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

SECTION 1.01. *Definitions.* Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms defined in Appendix A attached to this Indenture have the respective meanings specified in Appendix A when used in this Indenture.

SECTION 1.02. *Authorization.* Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Indenture, and has taken all actions necessary to authorize the execution hereof by the officers and persons signing it.

SECTION 1.03. *Interpretation.*

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

ISSUANCE OF BONDS

SECTION 2.01. *Authorization and Purpose of Bonds.* The Agency has reviewed all proceedings heretofore taken and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Agency is now duly empowered, under each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture.

The Agency hereby authorizes the issuance of Bonds in the aggregate principal amount of \$_____ under the Bond Law for the purposes of providing funds to prepay, in full, all amounts due under the SRF Loan. The Bonds are authorized and issued under, and are subject to the terms of, this Indenture and the Bond Law. The Bonds are designated the "Tahoe-Truckee Sanitation Agency 2020 Wastewater Revenue Refunding Bonds".

SECTION 2.02. *Terms of the Bonds.* The Bonds are issuable in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Bond has more than one maturity date. The Bonds will be dated as of the Closing Date, and will mature on July 1 in the years and in the respective principal amounts and bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the respective rates per annum, as set forth in the following table:

Maturity Date (July 1)	Principal Amount	Interest Rate
2020		
2021	\$	%
2022		
2023		
2024		
2025		
2026		
2027		

Interest on the Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless:

- (a) a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date,
- (b) a Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date, or
- (c) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest is payable on each Interest Payment Date to the persons in whose names the ownership of the Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date is payable to the person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than 10 days prior to such special record date.

The Trustee will pay interest on the Bonds by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Bonds

at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. At the written request of the Owner of Bonds in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of any Record Date, the Trustee will pay interest on such Bonds on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as specified in such written request, which written request will remain in effect until rescinded in writing by the Owner. The Trustee will pay principal of the Bonds in lawful money of the United States of America by wire or by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

SECTION 2.03. *Redemption of Bonds.*

(a) Optional Redemption. The Bonds are not subject to optional redemption prior to maturity.

(b) Extraordinary Redemption from Net Proceeds. The Bonds shall be subject to extraordinary redemption prior to their respective stated maturities, as a whole or in part on any date, as determined by the Agency, from Net Proceeds, upon the terms and conditions of, and as provided for in Sections 5.04 or 5.05, as applicable, at a Redemption Price equal to the principal amount of the Bonds to be redeemed, without premium, plus accrued interest thereon to the date fixed for redemption. The Agency shall give written notice of any redemption of Bonds under this subsection (c) to the Trustee at least 45 days prior to the date of redemption or such shorter time as shall be acceptable to the Trustee.

(c) Notice of Redemption. Unless waived by any Owner of Bonds to be redeemed, notice of any redemption of Bonds shall be given, at the expense of the Agency, by the Trustee, by mailing a copy of a redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Registration Books and containing the information set forth in clause (d) below; provided, that neither the failure to receive such notice nor any immaterial defect in any notice shall affect the sufficiency of the proceedings for the redemption of the Bonds. Redemption notices may be conditional.

(d) Contents of Notice. All notices of redemption shall be dated and shall state:

- (i) the redemption date,
- (ii) the redemption price of the Bonds being redeemed (the "Redemption Price"),
- (iii) if fewer than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed, including (A) the CUSIP numbers of all Bonds being redeemed; (B) the stated interest rate with respect to each Bond being redeemed; (C) the maturity date of each Bond being redeemed; and (D) any other descriptive information needed to identify accurately the Bonds being redeemed,

(iv) that on the redemption date the Redemption Price will become due and payable with respect to each such Bond or portion thereof called for redemption, and that interest with respect thereto shall cease to accrue from and after said date, and

(v) the place or places where such Bonds are to be surrendered for payment of the Redemption Price, which places of payment may include the Office of the Trustee.

Such redemption notices may state that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Bonds.

(e) Rescission of Notice of Redemption. The Agency has the right to rescind any notice of the redemption of Bonds given under Section 2.03(c) by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default. The Agency and the Trustee have no liability to the Bond Owners or any other party related to or arising from such rescission of notice of redemption. The Trustee shall mail notice of such rescission of notice of redemption in the same manner as the original notice of redemption was sent under Section 2.03.

(f) Deposit of Money. On or prior to any redemption date, the Agency shall deposit with the Trustee an amount of money sufficient to pay the Redemption Price of all the Bonds or portions of Bonds which are to be redeemed on that date.

(g) Consequences of Notice. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Agency shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to have interest accrue thereon. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Trustee at the Redemption Price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Owner a new Bond or Bonds of the same maturity in the amount of the unredeemed principal. All Bonds which have been redeemed shall be cancelled and destroyed by the Trustee and shall not be redelivered.

(h) Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond redeemed in part only, the Agency shall execute and the Trustee shall authenticate and deliver to the Owner, at the expense of the Agency, a new Bond or Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

(i) Manner of Redemption. Whenever any Bonds are to be selected for redemption, the Trustee shall determine, by lot, the numbers of the Bonds to be redeemed, and shall notify the Agency thereof.

All Bonds redeemed pursuant to this Section shall be cancelled and destroyed pursuant to Section 9.07.

SECTION 2.04. *Book Entry System.*

(a) Original Delivery. The Bonds will be initially delivered in the form of a separate single fully registered bond (which may be typewritten) for each maturity of the Bonds. Upon initial delivery, the Trustee shall register the ownership of each Bond on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Bonds shall be registered in the name of the Nominee on the Registration Books.

With respect to Bonds the ownership of which is registered in the name of the Nominee, the Agency and the Trustee has no responsibility or obligation to any Depository System Participant or to any person on behalf of which the Nominee holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, the Agency and the Trustee has no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any notice with respect to the Bonds, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed if the Agency elects to redeem the Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any amount with respect to principal, interest and premium, if any, on the Bonds or (v) any consent given or other action taken by the Depository as Owner of the Bonds. The Agency and the Trustee may treat and consider the person in whose name each Bond is registered as the absolute owner of such Bond for the purpose of payment of principal of and the interest and premium, if any, on such Bond, for the purpose of giving notices of matters with respect to such Bond, for the purpose of registering transfers of ownership of such Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and the interest and premium, if any, on the Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner shall receive a Bond evidencing the obligation of the Agency to make payments of principal, interest and premium, if any, under this Indenture. Upon delivery by the Depository to the Agency of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the Agency shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Bonds for the Depository's book-entry system, the Agency shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the Agency or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Bond Owners. Upon the written acceptance by the Trustee, the Trustee shall agree to take all action reasonably necessary for all representations of the Trustee in such letter with respect to the Trustee

to at all times be complied with. In addition to the execution and delivery of such letter, the Agency may take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. If either (i) the Depository determines not to continue to act as Depository for the Bonds, or (ii) the Agency determines to terminate the Depository as such, then the Agency shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the Agency and the Trustee in the issuance of replacement Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Bonds are to be issued. The Depository, by accepting delivery of the Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the Agency fails to identify another Securities Depository to replace the Depository, then the Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Bonds shall designate, in accordance with the provisions hereof.

If the Agency determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Agency may notify the Depository System Participants of the availability of such certificated Bonds through the Depository. In such event, the Trustee will issue, transfer and exchange Bonds as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the Agency shall cooperate with the Depository in taking appropriate action (i) to make available one or more separate certificates evidencing the Bonds to any Depository System Participant having Bonds credited to its account with the Depository, or (ii) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such Bonds, all at the Agency's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

SECTION 2.05. *Form and Execution of Bonds*. The Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, are set forth in Appendix B attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

The President of the Board of Directors of the Agency (or his or her designee) shall execute, and the Secretary of the Agency shall attest each Bond. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on any Bond ceases to be such officer before the Closing Date, such signature will nevertheless be as effective as if the officer had remained in office until the Closing Date. Any Bond may be signed and attested on behalf of the Agency by such persons as at the actual date of the execution of such Bond are the proper officers of the

Agency, duly authorized to execute debt instruments on behalf of the Agency, although on the date of such Bond any such person was not an officer of the Agency.

Only those Bonds bearing a certificate of authentication in the form set forth in Appendix B, manually executed and dated by the Trustee, are valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee is conclusive evidence that such Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

SECTION 2.06. *Transfer and Exchange of Bonds.*

(a) Transfer. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee shall collect any tax or other governmental charge on the transfer of any Bonds under this Section 2.06. Whenever any Bond or Bonds shall be surrendered for transfer, the Agency shall execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of like series, interest rate, maturity and aggregate principal amount. The Agency shall pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of Bonds. The Trustee may refuse to transfer, under the provisions of this Section 2.06, either (a) any Bonds during the period 15 days prior to the date established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption.

Prior to any transfer of the Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

(b) Exchange. The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of the same series, interest rate and maturity. The Trustee shall collect any tax or other governmental charge on the exchange of any Bonds under this subsection (b). The Agency shall pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of Bonds. The Trustee may refuse to exchange, under the provisions of this Section 2.06, either (a) any Bonds during the 15 days prior to the date established by the Trustee for the selection of Bonds for redemption or (b) any Bonds selected by the Trustee for redemption.

SECTION 2.07. *Registration Books.* The Trustee will keep or cause to be kept, at its Office, sufficient records for the registration and registration of transfer of the Bonds, which must at all times during normal business hours, and upon reasonable notice, be open to inspection by the Agency; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, Bonds as hereinbefore provided.

SECTION 2.08. *Bonds Mutilated, Lost, Destroyed or Stolen.* If any Bond is mutilated, the Agency, at the expense of the Owner of such Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. The Trustee shall cancel every mutilated Bond surrendered to it and deliver such mutilated Bond to, or upon the order of, the Agency. If any Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory and if indemnity satisfactory to the Trustee is given, the Agency, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the Trustee in connection therewith. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen will constitute an original additional contractual obligation on the part of the Agency whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued under this Indenture.

Notwithstanding any other provision of this Section 2.08, in lieu of delivering a new Bond for which principal has become due for a Bond which has been mutilated, lost, destroyed or stolen, the Trustee may make payment of such Bond in accordance with its terms upon receipt of indemnity satisfactory to the Trustee.

ARTICLE III

ISSUE OF BONDS; PARITY DEBT

SECTION 3.01. *Issuance of Bonds.* Upon the execution and delivery of this Indenture, the Agency shall execute and deliver Bonds in the aggregate principal amount of \$_____ to the Trustee, and the Trustee shall authenticate and deliver the Bonds to the Original Purchaser upon receipt of a Request of the Agency therefor.

SECTION 3.02. *Deposit and Application of Proceeds.* On the Closing Date, the Trustee shall receive proceeds of the Bonds from the Original Purchaser in the amount of \$_____ (calculated based on the par amount of the bonds (\$_____.00), plus original issue premium of \$_____, less an underwriter's discount of \$_____, less a good faith deposit of \$100,000.00 previously received from the Original Purchaser) as follows:

(a) The Trustee shall deposit the amount of \$_____ to the Costs of Issuance Fund, which shall be combined with the good faith deposit of \$100,000.00 previously received from the Original Purchaser, for a total of \$_____.

(b) The Trustee shall deposit the remaining \$_____, constituting the remainder of the Bond proceeds, into the Refunding Fund.

SECTION 3.03. *Costs of Issuance Fund; Refunding Fund.*

(a) Costs of Issuance Fund. There is hereby established a separate fund to be known as the "Costs of Issuance Fund", to be held by the Trustee in trust. The Trustee shall disburse moneys in the Costs of Issuance Fund from time to time to pay Costs of Issuance upon submission of a Request of the Agency stating (i) the person to whom payment is to be made, (ii) the amounts to be paid, and (iii) the purpose for which the obligation was incurred; in each case together with a statement or invoice for each amount requested thereunder. Each such Request of the Agency shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On August 1, 2020, the Trustee shall transfer any amounts remaining in the Costs of Issuance Fund to the Debt Service Fund to be applied to pay a portion of the interest next coming due and payable on the Bonds.

(b) Refunding Fund. There is hereby established a separate fund to be known as the "Refunding Fund", to be held by the Trustee in trust for the Agency and the State Water Resources Control Board, as payee under the SRF Loan. Into the Refunding Fund, the Trustee shall deposit \$_____, consisting of the following: (i) from the proceeds of the Bonds deposited pursuant to Section 3.02(b), \$_____ and (ii) from amounts available for the payment of the SRF Loan and transferred to the Trustee from the Agency on or before the Closing Date of the Bonds, \$_____. Immediately following the deposit of such amount into the Refunding Fund on the Closing Date, the Trustee shall withdraw the entire amount on deposit in the Refunding Fund for transfer to the State Water Resources Control Board as payment, in full, of amounts due under the SRF Loan, in accordance with the wire instructions set forth in the Officer's Certificate of the Agency dated the Closing Date, and shall thereupon close the Refunding Fund.

SECTION 3.04. *Issuance of Parity Debt.* The Agency may issue Parity Debt in such principal amount as it determines, subject to the following conditions precedent:

- (a) No Event of Default (or no event with respect to which notice has been given and which, once all grace periods have passed, would constitute an Event of Default) has occurred and is continuing.
- (b) The amount of Net Revenues, as shown by the books of the Agency for the most recent completed Fiscal Year for which audited financial statements of the Agency are available, or for any more recent consecutive 12-month period selected by the Agency, in either case verified by an Independent Accountant or a Financial Consultant or shown in the audited financial statements of the Agency, plus, at the option of the Agency any Additional Revenues, are at least equal to 125% of the maximum amount of Debt Service coming due and payable in the current or any future Fiscal Year with respect to (i) the Bonds and all Parity Debt then outstanding and (ii) the Parity Debt then proposed to be issued; and
- (c) The Agency shall deliver to the Trustee a Certificate of the Agency certifying, that the conditions precedent to the issuance of such Parity Debt set forth in the foregoing subsections of this Section 3.04 have been satisfied.

For purposes of calculating Net Revenues to demonstrate compliance with paragraph (b) above, Revenues shall not include connection fees, transfers from the Rate Stabilization Fund, or interest income received by the Wastewater Fund during the period for which the calculation of Net Revenues is being made.

SECTION 3.05. *State Loans.* The Agency may borrow money from the State and incur State Loans to finance improvements to the Wastewater System. A State Loan may be treated as a Parity Debt for purposes of this Indenture, so long as the Agency complies with Section 3.04 of this Indenture before incurring said State Loan.

SECTION 3.06. *Validity of Bonds.* The recital contained in the Bonds that they are issued under the Laws of the State of California is conclusive evidence of their validity and of the regularity of their issuance.

ARTICLE IV

REVENUES; FLOW OF FUNDS

SECTION 4.01. *Pledge of Net Revenues.* The Bonds and all Parity Debt are secured by a first pledge of and lien on all of the Net Revenues. In addition, the Bonds are secured by a pledge of all of the moneys in the Debt Service Fund, including all amounts derived from the investment of such moneys. The Bonds and any Parity Debt are equally secured by a pledge, charge and lien upon the Net Revenues, without priority for series, issue, number or date, and the payment of the interest on and principal of the Bonds and Parity Debt shall be and are secured by an exclusive pledge, charge and lien upon the Net Revenues. So long as any of the Bonds and Parity Debt are Outstanding, the Net Revenues and such moneys may not be used for any other purpose; except that out of the Net Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by Section 4.02.

SECTION 4.02. *Receipt, Deposit and Application of Net Revenues.*

(a) Establishment and Maintenance of Wastewater Fund. The Agency has previously established the Wastewater Fund, which it will continue to hold and maintain for the purposes and uses set forth herein. The Agency shall deposit all Revenues in the Wastewater Fund promptly upon the receipt thereof, and shall apply amounts in the Wastewater Fund solely for the uses and purposes set forth herein and for the uses and purposes set forth in any Parity Debt Documents.

(b) Application of Amounts in Wastewater Fund. In addition to transfers which are required to be made for repayment of any Parity Debt, the Agency shall withdraw amounts on deposit in the Wastewater Fund and apply such amounts at the times and for the purposes, and in the priority, as follows:

(i) *Operation and Maintenance Costs.* The Agency shall apply amounts on deposit in the Wastewater Fund to pay all Operation and Maintenance Costs when due.

- (ii) *Debt Service Fund.* On or before the 3rd Business Day preceding each Interest Payment Date, so long as any Bonds remain Outstanding hereunder, the Agency shall withdraw from the Wastewater Fund and pay to the Trustee for deposit into the Debt Service Fund (which the Trustee shall establish and hold in trust hereunder) an amount which, together with other available amounts then on deposit in the Debt Service Fund, is at least equal to the aggregate amount of principal of and interest coming due and payable on the Bonds on such Interest Payment Date.

The Trustee shall apply amounts in the Debt Service Fund solely for the purpose of (A) paying the interest on the Outstanding Bonds when due and payable (including accrued interest on any Bonds purchased or redeemed hereunder), and (B) paying the principal of the Bonds at the maturity thereof. Upon the payment of all Outstanding Bonds, the Trustee shall transfer any moneys remaining in the Debt Service Fund to the Agency for deposit into the Wastewater Fund.

(c) Other Uses of Wastewater Fund. The Agency shall manage, conserve and apply moneys in the Wastewater Fund in such a manner that all deposits required to be made under this Section and under any Parity Debt Documents will be made at the times and in the amounts so required.

So long as no Event of Default has occurred and is continuing, the Agency may at any time use and apply moneys in the Wastewater Fund for any one or more of the following purposes:

- (i) the payment of any subordinate obligations or any unsecured obligations;
- (ii) the acquisition and construction of extensions and improvements to the Wastewater System;
- (iii) the payment or retirement of any of the Bonds or any other obligations of the Agency relating to the Wastewater System; or
- (iv) any other lawful purpose of the Agency relating to the Wastewater System.

SECTION 4.03. *Establishment of Rate Stabilization Fund.* The Agency may establish a fund to be held by it and administered in accordance with this Section 4.03, for the purpose of stabilizing the rates and charges imposed by the Agency with respect to the Wastewater System. From time to time the Agency may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to Net Revenues which are released from the pledge and lien which secures the Bonds and any Parity Debt, as the Agency may determine.

The Agency may, but is not required to, withdraw from any amounts on deposit in the Rate Stabilization Fund and deposit such amounts in the Wastewater Fund in any Fiscal Year for the purpose of paying Debt Service coming due and payable in such Fiscal Year. Amounts so transferred from the Rate Stabilization Fund to the Wastewater Fund

shall constitute Revenues for such Fiscal Year (except as otherwise provided herein), and shall be applied for the purposes of the Wastewater Fund. Amounts on deposit in the Rate Stabilization Fund shall not be pledged to or otherwise secure the Bonds or any Parity Debt. The Agency has the right at any time to withdraw any or all amounts on deposit in the Rate Stabilization Fund and apply such amounts for any lawful purposes of the Agency relating to the Wastewater System.

SECTION 4.04. *Investments.*

(a) Investment of Funds Held by Agency. All moneys in the Wastewater Fund and the Rate Stabilization Fund shall be invested by the Agency from time to time in any securities in which the Agency may legally invest funds subject to its control.

(b) Investment of Funds Held by Trustee. The Trustee shall invest moneys in the funds and accounts held by it hereunder in Permitted Investments specified in the Request of the Agency delivered to the Trustee at least two Business Days in advance of the making of such investments. The Trustee may rely conclusively upon the investment direction of the Agency as to the suitability and legality of the directed investments. In the absence of any such direction from the Agency, the Trustee shall invest any such moneys solely in Permitted Investments described in clause (e) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Request of the Agency specifying a specific money market mutual fund that satisfies the requirements of said paragraph in which such investment is to be made and, if no such Request of the Agency is so received, the Trustee shall notify the Agency that a Request of the Agency is needed.

(c) General Investment Provisions. Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account. Whenever in this Indenture the Agency is required to transfer any moneys to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder shall be retained in the respective fund or account from which such investment was made. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder upon receipt by the Trustee of the Request of the Agency. The Trustee or an affiliate may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee has no liability for losses arising from any investments made under this Section.

The Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Agency the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, the Agency specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Agency periodic transaction statements which include detail for all investment transactions made by the Trustee hereunder.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

SECTION 4.05. *Valuation and Disposition of Investments.*

(a) Except as otherwise provided in subsection (b) of this Section, the Agency covenants that all investments of amounts deposited in any fund or account created by or under this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Tax Code) shall be acquired, disposed of and valued (as of the date that valuation is required by this Indenture or the Tax Code) at Fair Market Value as such term is defined in subsection (d) below.

(b) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code shall be valued at cost thereof (consisting of present value thereof within the meaning of Section 148 of the Tax Code); provided that the Agency must inform the Trustee which funds are subject to a yield restriction, and must provide the Trustee with any necessary valuation criteria or formulae.

(c) Except as provided in the proceeding subsection (b), for the purpose of determining the amount in any fund, the Trustee shall value Permitted Investments credited to such fund at least annually at the Fair Market Value thereof, on July 1 of each year. The Trustee shall have no duty in connection with the determination of Fair Market Value other than to follow: (i) its normal practices in the purchase, sale and determining the value of Permitted Investments; and (ii) the investment directions of the Agency. The Trustee may utilize and rely on computerized securities pricing services that may be available to it, including those available through its regular accounting system. If and as directed by the Agency in writing, the Trustee shall sell or present for redemption any Permitted Investment so purchased by the Trustee whenever it is necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited, and the Trustee has no liability or responsibility for any loss resulting therefrom. In determining the Fair Market Value of Authorized Investments, the Trustee may use and rely conclusively and without liability upon any generally recognized pricing information service (including brokers and dealers in securities) available to it.

(d) For purposes of this Section 4.05, the term "Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, or (iii) the investment is a United States Treasury Security -- State and Local Government Series which is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

ARTICLE V

FINANCIAL COVENANTS

SECTION 5.01. *Punctual Payment; Compliance With Documents.* The Agency shall punctually pay or cause to be paid the interest and principal to become due with respect to all of the Bonds in strict conformity with the terms of the Bonds and of this Indenture, and will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Supplemental Indentures.

SECTION 5.02. *Discharge of Claims.* The Agency covenants that in order to fully preserve and protect the priority and security of the Bonds the Agency shall pay from the Net Revenues and discharge all lawful claims for labor, materials and supplies furnished for or in connection with the Wastewater System which, if unpaid, may become a lien or charge upon the Net Revenues prior or superior to the lien of the Bonds and impair the security of the Bonds. The Agency shall also pay, from the Net Revenues, all taxes and assessments or other governmental charges lawfully levied or assessed upon or in respect of the Wastewater System or upon any part thereof or upon any of the Net Revenues therefrom.

SECTION 5.03. *Operation of Wastewater System in Efficient and Economical Manner.* The Agency covenants and agrees to operate the Wastewater System in an efficient and economical manner and to operate, maintain and preserve the Wastewater System in good repair and working order.

SECTION 5.04. *Sale or Eminent Domain of Wastewater System.* Except as provided herein, the Agency covenants that the Wastewater System will not be encumbered, sold, leased, pledged, any charge placed thereon, or otherwise disposed of, as a whole or substantially as a whole, if such encumbrance, sale, lease, pledge, charge or other disposition would materially impair the ability of the Agency to pay the principal of or interest on the Bonds or any Parity Debt, or would materially adversely affect its ability to comply with the terms of this Indenture or any Parity Debt Documents. The Agency may not enter into any agreement which impairs the operation of the Wastewater System or any part of it necessary to secure adequate Net Revenues to pay the Bonds and any Parity Debt, or which otherwise would impair the rights of the Bond Owners with respect to the Net Revenues.

The Net Proceeds received as awards as a result of the taking of all or any part of the Wastewater System by the lawful exercise of eminent domain, if and to the extent that such right can be exercised against such property of the Agency, shall, at the written direction of the Agency, either (a) be used for the acquisition or construction of improvements and extension of the Wastewater System, or (b) be applied on a pro rata basis to redeem the Bonds and any Parity Debt in accordance with this Indenture and the related Parity Debt Documents.

SECTION 5.05. *Insurance.* The Agency will at all times maintain with responsible insurers all such insurance on the Wastewater System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Wastewater System. The Agency shall also maintain, with responsible insurers, worker's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect the Agency, the Trustee and the

Owners of the Bonds. The Trustee has no liability to determine whether the Agency is in compliance with the provisions of this Section 5.05.

The Net Proceeds collected by the Agency from insurance against accident to or destruction of any portion of the Wastewater System shall be used to repair or rebuild such damaged or destroyed portion of the Wastewater System, and to the extent not so applied, shall be applied on a pro rata basis to redeem the Bonds and any Parity Debt in accordance with this Indenture and the related Parity Debt Documents.

SECTION 5.06. *Records and Accounts.* The Agency will keep proper books of record and accounts of the Wastewater System, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Wastewater System. Said books shall, upon reasonable request, be subject to the inspection of the Trustee and the Owners of not less than 10% of the Outstanding Bonds or their representatives authorized in writing.

The Agency shall cause the books and accounts of the Wastewater System to be audited annually by an Independent Accountant and will make available for inspection by the Bond Owners at the Office of the Trustee, upon reasonable request, a copy of the report of such Independent Accountant.

SECTION 5.07. *Rates and Charges.* The Agency shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Wastewater System during each Fiscal Year, which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Revenues sufficient to pay the following amounts in the following order of priority:

- (a) All Operation and Maintenance Costs estimated by the Agency to become due and payable in such Fiscal Year;
- (b) The principal of and interest on the Bonds and any Parity Debt as they become due and payable during such Fiscal Year, without preference or priority, except to the extent such interest is payable from proceeds of Parity Debt deposited for such purpose;
- (c) All payments required to meet any other obligations of the Agency which are charges, liens, encumbrances upon, or which are otherwise payable from, the Revenues or the Net Revenues during such Fiscal Year.

In addition, the Agency shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Wastewater System during each Fiscal Year which are sufficient to yield Net Revenues which are at least equal to 125% of the amount described in the preceding clause (b) for such Fiscal Year. For purposes of this paragraph, the amount of Net Revenues for a Fiscal Year will be computed on the basis that (a) any transfers from the Rate Stabilization Fund into the Wastewater Fund in such Fiscal Year are included in the calculation of Net Revenues, as provided in Section 4.03, and (b) any transfers from the Wastewater Fund into the Rate Stabilization Fund in such Fiscal Year are deducted from the amount of Net Revenues to the extent such deposits are made from Revenues received by the Agency during that Fiscal Year.

SECTION 5.08. *Superior and Subordinate Obligations; Parity Obligations.* The Agency may not issue or incur any additional bonds or other obligations having any priority over the Bonds in the payment of principal or interest out of the Net Revenues. Nothing herein limits or affects the ability of the Agency to issue or incur obligations which are either unsecured or which are secured by an interest in the Net Revenues which is junior and subordinate to the pledge of and lien upon the Net Revenues established hereunder. Parity Debt may be issued or incurred only in accordance with Sections 3.04 and 3.05.

SECTION 5.09. *Tax Covenants Relating to Bonds.*

(a) The Agency shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, interest on the Bonds to become includable in gross income for federal income tax purposes.

(b) The Agency shall assure that the proceeds of the Bonds are not used in a manner which would cause the Bonds to become "private activity bonds" within the meaning of section 141(a) of the Tax Code or to meet the private loan financing test of Section 141(c) of the Tax Code.

(c) The Agency shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(d) The Agency shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the Bond proceeds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date, would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Tax Code.

(e) The Agency shall calculate or cause to be calculated all amounts of excess investment earnings with respect to the Bonds which are required to be rebated to the United States of America under Section 148(f) of the Tax Code, at the times and in the manner required under the Tax Code. The Agency shall pay when due an amount equal to excess investment earnings to the United States of America in such amounts, at such times and in such manner as may be required under the Tax Code, such payments to be made from any source of legally available funds of the Agency. The Agency shall keep or cause to be kept, and retain or cause to be retained for a period of six years following the retirement of the Bonds, records of the determinations made under this subsection (e).

The Trustee has no duty to monitor the compliance by the Agency with any of the covenants contained in this Section 5.09.

SECTION 5.10. *Continuing Disclosure.* The Agency will comply with and carry out all of the provisions of the Continuing Disclosure Certificate which has been executed and delivered by the Agency on the Closing Date. Notwithstanding any other provision hereof, failure of the Agency to comply with the Continuing Disclosure Certificate does not constitute an Event of Default hereunder; *provided, however,* that any Participating Underwriter (as such term is defined in the Continuing Disclosure Certificate) or any Owner or beneficial owner of the Bonds may take such actions as may be necessary and

appropriate, including seeking specific performance by court order, to cause the Agency to comply with its obligations under this Section 5.10.

SECTION 5.11. *Further Assurances.* The Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds and the Trustee the rights and benefits provided in this Indenture.

ARTICLE VI

THE TRUSTEE

SECTION 6.01. *Duties, Immunities and Liabilities of Trustee.*

(a) Performance of Duties. The Trustee shall, prior to the occurrence of an Event of Default, and after the curing or waiving of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or duties will be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a reasonable corporate trustee would exercise or use.

(b) Removal of Trustee. The Agency may remove the Trustee upon 30 days' prior written notice, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or (ii) if at any time the Trustee ceases to be eligible in accordance with subsection (e) of this Section 6.01, or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property is appointed, or any public officer takes control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. The Agency may accomplish such removal by giving 30 days' prior written notice to the Trustee, whereupon the Agency will appoint a successor Trustee by an instrument in writing.

(c) Resignation by Trustee. The Trustee may at any time resign by giving written notice of such resignation to the Agency, and by giving notice of such resignation by first class mail, postage prepaid, to the Bond Owners at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Agency will promptly appoint a successor Trustee by an instrument in writing.

(d) Appointment of Successor Trustee. Any removal or resignation of the Trustee and appointment of a successor Trustee becomes effective upon acceptance of appointment by the successor Trustee. If no successor Trustee has been appointed and accepted appointment within 45 days following giving notice of removal or notice of resignation as aforesaid, the retiring Trustee, any Owner (on behalf of such Owner and all other Owners) may petition any federal or state court for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture

shall signify its acceptance of such appointment by executing and delivering to the Agency and to its predecessor Trustee a written acceptance thereof, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless, upon the receipt by the predecessor Trustee of the Request of the Agency or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Agency will execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Agency shall mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then maintains a rating on the Bonds, and to the Owners at the addresses shown on the Registration Books. If the Agency fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Agency.

(e) Qualifications of Trustee. Any Trustee appointed under the provisions of this Section in succession to the Trustee must:

- (i) be a company, national banking association or bank having trust powers,
- (ii) have a corporate trust office in the State of California,
- (iii) have (or be part of a bank holding company system whose bank holding company has) a combined capital and surplus of at least \$75,000,000, and
- (iv) be subject to supervision or examination by federal or state authority.

If such bank, national banking association or company publishes a report of condition at least annually, under law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank, national banking association or company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in subsection (c) of this Section.

The Agency will maintain a Trustee which is qualified under the provisions of the foregoing provisions of this subsection (e), so long as any Bonds are Outstanding.

SECTION 6.02. *Merger or Consolidation.* Any bank, national banking association or company into which the Trustee may be merged or converted or with which either of them may be consolidated or any bank, national banking association or company resulting from any merger, conversion or consolidation to which it shall be a party or any bank, national banking association or company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank, national banking association or company shall be eligible under subsection (e) of Section 6.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

SECTION 6.03. *Rights and Liabilities of Trustee.*

(a) The recitals of facts herein and in the Bonds contained are taken as statements of the Agency, and the Trustee has no responsibility for the correctness of the same, nor does it have any liability whatsoever therefor, nor make any representations as to the validity or sufficiency of this Indenture or of the Bonds nor shall it incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee is, however, responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee is not liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee is not liable for the acts of any agents of the Trustee selected by it with due care. The Trustee may become the Owner of any Bonds with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding. The Trustee, either as principal or agent, may engage in or be entrusted in any financial or other transaction with the Agency.

(b) The Trustee has no liability with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(c) The Trustee has no liability for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture, except for actions arising from the negligence or willful misconduct of the Trustee. The permissive right of the Trustee to do things enumerated hereunder is not construed as a mandatory duty.

(d) The Trustee will not be deemed to have knowledge of any Event of Default hereunder unless and until a responsible officer of the Trustee has actual knowledge thereof, or unless and until a responsible officer of the Trustee has received written notice thereof at its Office. Except as otherwise expressly provided herein, the Trustee is not bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default hereunder or thereunder. The Trustee is not responsible for the Agency's payment of principal and interest on the Bonds, the Agency's observance or performance of any other covenants, conditions or terms contained herein, or the validity or effectiveness of any collateral given

to or held by it. Without limiting the generality of the foregoing, and notwithstanding anything herein to the contrary, the Trustee is not responsible for reviewing the contents of any financial statements furnished to the Trustee under Section 5.06 and may rely conclusively on a Certificate of the Agency (if any) to establish the Agency's compliance with its financial covenants hereunder, including, without limitation, its covenants regarding the deposit of Revenues into the Wastewater Fund and the investment and application of moneys on deposit in the Wastewater Fund (other than its covenants to transfer such moneys to the Trustee when due hereunder).

(e) No provision in this Indenture requires the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder. The Trustee is entitled to receive interest on any moneys advanced by it hereunder, at the maximum rate permitted by law.

(f) The Trustee may establish additional accounts or subaccounts of the funds established hereunder as the Trustee deems necessary or prudent in furtherance of its duties under this Indenture.

(g) The Trustee has no responsibility or liability whatsoever with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, nor shall the Trustee have any obligation to review any such material, and any such review by the Trustee will not be deemed to create any obligation, duty or liability on the part of the Trustee.

(h) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, have the right (but not the duty) fully to inspect the Wastewater System, including all books, papers and records of the Agency pertaining to the Wastewater System and the Bonds, and to take such memoranda from and with regard thereto as may be desired but which is not privileged by statute or by law.

(i) Before taking any action under Article VIII or this Article VI, the Trustee may require indemnity satisfactory to the Trustee be furnished to it to hold the Trustee harmless from any expenses whatsoever and to protect it against any liability it may incur hereunder.

(j) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(k) The permissive right of the Trustee to do things enumerated in this Indenture is not construed as a duty.

(l) The Trustee may execute any of the trusts or powers hereof and perform any of its duties through attorneys, agents and receivers and is not answerable for the conduct of the same if appointed by it with reasonable care.

(m) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot,

inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

SECTION 6.04. *Right to Rely on Documents.* The Trustee is protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion, facsimile transmission, electronic mail or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, including, without limitation, Bond Counsel or other counsel of or to the Agency, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in accordance therewith.

The Trustee is not bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and such person's title thereto is established to the satisfaction of the Trustee.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Agency, which shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may (but has no duty to), in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable. The Trustee may conclusively rely on any certificate or report of any Independent Accountant appointed by the Agency.

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means ("Electronic Means" means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the Agency shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Agency, whenever a person is to be added or deleted from the listing. If the Agency elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Agency understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Agency shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Agency and all Authorized Officers are solely responsible to safeguard the use and confidentiality of

applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Agency. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Agency agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Agency; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys, including Bond proceeds, which shall be released or withdrawn in accordance with the provisions hereof.

SECTION 6.05. *Preservation and Inspection of Documents.* All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject during normal business hours, and upon reasonable prior written notice, to the inspection of the Agency and any Owner, and their agents and representatives duly authorized in writing.

SECTION 6.06. *Compensation and Indemnification.* The Agency shall pay to the Trustee from time to time compensation for all services rendered under this Indenture and also all expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including any allocated costs of internal counsel), agents and employees, incurred in and about the performance of its powers and duties under this Indenture. The Trustee has a first lien on the Net Revenues and all funds and accounts held by the Trustee hereunder to secure the payment to the Trustee of all fees, costs and expenses, including compensation to its experts, attorneys and counsel incurred in declaring such Event of Default and in exercising the rights and remedies set forth in Article VIII. Any such expenses incurred by the Trustee shall be deemed to constitute a substantial contribution to the trust estate which secures the Bonds. When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

The Agency further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees, harmless against any loss, expense, including legal fees and expenses, and liabilities, whether or not litigated, suits, actions, and judgments, which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability and of enforcing any remedies hereunder and under any related documents, but excluding any and all losses, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents or employees. The obligations of the Agency under this Section 6.06 shall survive resignation or removal

of the Trustee under this Indenture and payment of the Bonds and discharge of this Indenture.

SECTION 6.07. *Accounting Records and Financial Statements.* The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds and all funds and accounts established and held by the Trustee under this Indenture. Such books of record and account shall be available for inspection by the Agency at reasonable hours, during the Trustee's regular business hours, with reasonable prior notice and under reasonable circumstances. The Trustee shall furnish to the Agency, at least semiannually, an accounting (which may be in the form of its customary statements) of all transactions relating to the proceeds of the Bonds and all funds and accounts held by the Trustee under this Indenture.

ARTICLE VII

MODIFICATION AND AMENDMENT OF THIS INDENTURE

SECTION 7.01. *Amendments Permitted.*

(a) Amendment With Bond Owner Consent. This Indenture and the rights and obligations of the Agency and of the Owners of the Bonds may be modified or amended by the Agency and the Trustee upon Request of the Agency at any time by the execution of a Supplemental Indenture, but only with the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding with respect to all Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 9.05. Any such Supplemental Indenture becomes effective upon the execution and delivery thereof by the parties thereto and upon consent of the requisite Bond Owners. No such modification or amendment may:

- (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the Agency to pay the principal thereof, or interest thereon, at the time and place and at the rate and in the currency provided therein, without the written consent of the Owner of such Bond, or
- (ii) permit the creation by the Agency of any mortgage, pledge or lien upon the Revenues or Net Revenues superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as expressly permitted by this Indenture), or
- (iii) reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification, or
- (iv) modify any of the rights or obligations of the Trustee without its written consent.

(b) Amendment Without Bond Owner Consent. This Indenture and the rights and obligations of the Agency and of the Owners of the Bonds may also be modified or

amended at any time by a Supplemental Indenture, without the consent of any Owners of the Bonds, for any one or more of the following purposes:

- (i) to add to the covenants and agreements of the Agency contained in this Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the Agency;
 - (ii) to cure any ambiguity, or to cure, correct or supplement any defective provision contained in this Indenture, or in any other respect whatsoever as the Agency deems necessary or desirable, provided under any circumstances that such modifications or amendments do not materially adversely affect the interests of the Owners in the opinion of Bond Counsel filed with the Agency and the Trustee;
 - (iii) to provide for the issuance of Parity Debt under Section 3.04, and to provide the terms and conditions under which such Parity Debt may be issued, including but not limited to the establishment of special funds and accounts relating thereto and any other provisions relating solely thereto, subject to and in accordance with the provisions of Section 3.04; and
 - (iv) to amend any provision hereof to assure the exclusion from gross income of interest on the Bonds for federal income tax purposes under the Tax Code, in the opinion of Bond Counsel filed with the Agency and the Trustee.
- (c) Notice of Amendments. The Agency shall deliver or cause to be delivered a draft of any Supplemental Indenture to Moody's and/or S&P, if and only if such rating agency is then providing a rating on the Bonds, at least 10 days prior to the effective date of such Supplemental Indenture under this Section 7.01.

SECTION 7.02. *Effect of Supplemental Indenture*. From and after the time any Supplemental Indenture becomes effective under this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 7.03. *Endorsement or Replacement of Bonds After Amendment*. After the effective date of any amendment or modification hereof under this Article VII, the Agency may determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the Agency, as to such amendment or modification and in that case upon demand of the Agency the Owners of such Bonds shall present such Bonds for that purpose at the Office of the Trustee, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the Agency may determine that new Bonds shall be prepared and executed in exchange for any or all of the Bonds and in that case upon demand of the Agency the Owners of the Bonds shall present such Bonds for exchange at the Office of the Trustee without cost to such Owners.

SECTION 7.04. *Amendment by Mutual Consent.* The provisions of this Article VII shall not prevent any Owner from accepting any amendment as to the particular Bond held by such Owner.

SECTION 7.05. *Trustee's Reliance.* The Trustee may conclusively rely, and is protected in relying, upon a Certificate of the Agency and an opinion of counsel stating that all requirements of this Indenture relating to the amendment or modification hereof have been satisfied and that such amendments or modifications do not materially adversely affect the interests of the Owners.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

SECTION 8.01. *Events of Default and Acceleration of Maturities.* Each of the following events constitutes an Event of Default hereunder:

- (a) Failure to pay any installment of the principal of any Bonds when due, whether at maturity as therein expressed, by proceedings for acceleration, or otherwise.
- (b) Failure to pay any installment of interest on the Bonds when due.
- (c) Failure by the Agency to observe and perform any of the other covenants, agreements or conditions on its part contained in this Indenture or in the Bonds, if such failure has continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given to the Agency by the Trustee; *provided, however,* if in the reasonable opinion of the Agency the failure stated in the notice can be corrected, but not within such 30-day period, such failure shall not constitute an Event of Default if the Agency institutes corrective action within such 30-day period and thereafter diligently and in good faith cures the failure within 60 days after the written notice of default thereof.
- (d) The Agency commences a voluntary bankruptcy case under Title 11 of the United States Code or any substitute or successor statute.

If an Event of Default occurs and is continuing, the Trustee may, and at the written direction of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall (i) for any default listed in Section 8.01(a), (b) or (d) only, declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same will become immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding, and (ii) subject to the provisions of Section 8.06, exercise any other remedies available to the Trustee and the Bond Owners in law or at equity to enforce the rights of the Bond Owners under this Indenture, including the right, by action brought pursuant to the California Code of Civil Procedure, or as otherwise provided by law, to obtain the issuance of a writ of mandamus enforcing the duty of the Agency to take all

steps necessary for the payment of principal of and interest on the Bonds, and other amounts due hereunder.

Immediately upon becoming aware of the occurrence of an Event of Default, but in no event later than five Business Days following becoming aware of such occurrence, the Trustee shall give notice of such Event of Default to the Agency by telephone confirmed in writing. Such notice shall also state whether the principal of the Bonds has been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (b) above the Trustee shall, and with respect to any Event of Default described in clause (c) above the Trustee in its sole discretion may, also give such notice to the Owners, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee declares the Bonds to become due and payable under the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds has been so declared due and payable, and before any judgment or decree for the payment of the moneys due has been obtained or entered, the Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest at an interest rate of 10% per annum, and the reasonable fees and expenses of the Trustee, including fees and expenses of its attorneys, and any and all other defaults actually known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) has been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate has been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

SECTION 8.02. *Application of Funds Upon Event of Default or Acceleration.* All amounts received by the Trustee under any right given or action taken by the Trustee under the provisions of this Indenture shall be applied by the Trustee as follows and in the following order:

- (a) *First*, to the payment of any fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the Bonds; payment of the fees, costs and expenses of the Trustee (including fees and expenses of its counsel, including any allocated costs of internal counsel) incurred in and about the performance of its powers and duties under this Indenture and the payment of all fees, costs and expenses owing to the Trustee under Section 6.06, together with interest on all such amounts advanced by the Trustee at the maximum rate permitted by law.
- (b) *Second*, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with interest on such overdue amounts at the respective rates of interest borne by those

Bonds, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably to the aggregate of such interest, principal and interest on overdue amounts.

SECTION 8.03. *Power of Trustee to Control Proceedings.* If the Trustee, upon the happening of an Event of Default, takes any action, by judicial proceedings or otherwise, in the performance of its duties hereunder, whether upon its own discretion, upon the request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, it has full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action and the Trustee has been indemnified to its satisfaction. The Trustee may not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation. Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

SECTION 8.04. *Limitation on Owners' Right to Sue.* No Owner of any Bond has the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless:

- (a) said Owner has previously given to the Trustee written notice of the occurrence of an Event of Default;
- (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding have requested the Trustee in writing to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name;
- (c) said Owners have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and
- (d) the Trustee has failed to comply with such request for a period of 60 days after such written request has been received by, and said tender of indemnity has been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder; it being understood and intended that no one or more Owners has any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in

the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of and the interest and premium, if any, on such Bond as herein provided, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

SECTION 8.05. *Non-waiver.* Nothing in this Article VIII or in any other provision of this Indenture or in the Bonds, affects or impairs the obligation of the Agency, which is absolute and unconditional, to pay from the Net Revenues and other amounts pledged hereunder, the principal of and interest on the Bonds to the Bond Owners when due and payable as herein provided, or affects or impairs the right of action, which is also absolute and unconditional, of the Bond Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Owner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by the Bond Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners.

If a suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Owners, the Agency and the Owners will be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

SECTION 8.06. *Actions by Trustee as Attorney-in-Fact.* Any suit, action or proceeding which any Owner has the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the Bonds shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, subject to the provisions of Article VI. Notwithstanding the foregoing provisions of this Section 8.06, the Trustee has no duty to enforce any such right or remedy unless it has been indemnified to its satisfaction for any additional fees, charges and expenses of the Trustee related thereto, including without limitation, fees and charges of its attorneys and advisors.

SECTION 8.07. *Remedies Not Exclusive.* No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Bond Law or any other law.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. *Limited Liability of the Agency.* Notwithstanding anything in this Indenture contained, the Agency is not required to advance any moneys derived from any source of income other than the Net Revenues for the payment of the principal of or interest on the Bonds, or for the performance of any covenants herein contained (except to the extent any such covenants are expressly payable hereunder from the Net Revenues). The Agency may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the Agency for such purpose without incurring indebtedness.

The Bonds are revenue bonds, payable exclusively from the Net Revenues and other funds as in this Indenture provided. The Wastewater Fund of the Agency is not liable, and the credit of the Agency is not pledged, for the payment of the interest on or principal of the Bonds. The Owners of the Bonds have no right to compel the forfeiture of any property of the Agency. The principal of and interest on the Bonds are not a debt of the Agency, or a legal or equitable pledge, charge, lien or encumbrance upon any property of the Agency or upon any of its income, receipts or revenues except the Net Revenues and other funds pledged to the payment thereof as provided in this Indenture.

SECTION 9.02. *Benefits of Indenture Limited to Parties.* Nothing in this Indenture, expressed or implied, gives to any person other than the Agency and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Agency shall be for the sole and exclusive benefit of the Trustee and the Owners of the Bonds.

SECTION 9.03. *Defeasance of Bonds.*

(i) If the Agency pays and discharges the entire indebtedness on any Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of and interest on such Bonds, as and when the same become due and payable;
- (b) subject to the conditions set forth in subsection (ii) below, by irrevocably depositing with the Trustee or an escrow bank, in trust, at or before maturity, an amount of cash which, together with the available amounts then on deposit in the funds and accounts established under this Indenture, in the opinion or report of an Independent Accountant is fully sufficient to pay such Bonds, including all principal and interest;
- (c) subject to the conditions set forth in subsection (ii) below, by irrevocably depositing with the Trustee or an escrow bank, Federal Securities in such amount as an Independent Accountant determines will, together with the interest to accrue thereon and available moneys then on deposit in any of the funds and accounts established under this Indenture, be fully sufficient to pay and discharge the

indebtedness on such Bonds (including all principal and interest) at or before maturity; or

- (d) by purchasing such Bonds prior to maturity and tendering such Bonds to the Trustee for cancellation;

then, at the election of the Agency, and notwithstanding that any such Bonds have not been surrendered for payment, the pledge of the Net Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the Agency under this Indenture with respect to such Bonds shall cease and terminate, except only: the obligations of the Agency under Section 5.09 (Tax Covenants), the obligation of the Trustee to transfer and exchange Bonds hereunder, the obligation of the Agency to pay or cause to be paid to the Owners of such Bonds, from the amounts so deposited with the Trustee, all sums due thereon, and the obligations of the Agency to compensate and indemnify the Trustee under Section 6.06.

The Agency must file notice of such election with the Trustee. The Trustee shall pay any funds thereafter held by it, which are not required for said purpose, to the Agency or to its order.

(ii) To accomplish defeasance pursuant to paragraphs (i)(b) or (i)(c) above, the Agency shall cause to be delivered (a) a report of an Independent Accountant verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity date ("Verification"), (b) an escrow agreement, and (c) an opinion of Bond Counsel to the effect that the Bonds are no longer "Outstanding" under this Indenture; each Verification and defeasance opinion to be acceptable in form and substance, and addressed, to the Agency and Trustee.

(iii) In the case of a defeasance or payment of all of the Bonds Outstanding in accordance with this Section 9.03, the Trustee shall pay all amounts held by it in any funds or accounts hereunder, which are not required for said purpose or for payment of amounts due the Trustee under Section 6.06, to the Agency.

(iv) Bonds shall be deemed "Outstanding" under this Indenture unless and until they are in fact paid and retired or the above criteria are met.

SECTION 9.04. *Execution of Documents and Proof of Ownership by Owners.* Any request, consent, declaration or other instrument which this Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by their attorneys appointed in writing. Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, consent, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The ownership of Bonds and the amount, maturity, number and date of ownership thereof are conclusively proved by the Registration Books. Any request, declaration or other instrument or writing of the Owner of any Bond binds all future Owners of such Bond in

respect of anything done or suffered to be done by the Agency or the Trustee in good faith and in accordance therewith.

SECTION 9.05. *Disqualified Bonds.* In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Agency (but excluding Bonds held in any employees' retirement fund) must be disregarded and deemed not to be Outstanding for the purpose of any such determination, unless all Bonds are so owned or held, in which case all such Bonds shall be considered Outstanding. The Trustee will not be deemed to have knowledge that any Bond is owned or held by the Agency unless the Agency is the Registered Owner or the Trustee has received written notice to that effect.

SECTION 9.06. *Waiver of Personal Liability.* No member, officer, agent or employee of the Agency shall be individually or personally liable for the payment of the principal of or interest or any premium on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

SECTION 9.07. *Destruction of Canceled Bonds.* Whenever in this Indenture provision is made for the surrender to the Agency of any Bonds which have been paid or canceled under the provisions of this Indenture, a certificate of destruction duly executed by the Trustee, upon request, shall be deemed to be the equivalent of the surrender of such canceled Bonds and the Agency shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to. The Agency shall pay all costs of any microfilming of Bonds to be destroyed.

SECTION 9.08. *Funds and Accounts.* Any fund or account required by this Indenture to be established and maintained by the Agency or the Trustee may be established and maintained in the accounting records of the Agency or the Trustee, as the case may be, either as a fund or an account, and may, for the purpose of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account. All such records with respect to all such funds and accounts held by the Agency shall at all times be maintained in accordance with generally accepted accounting principles and all such records with respect to all such funds and accounts held by the Trustee shall be at all times maintained in accordance with corporate trust industry practices; in each case with due regard for the protection of the security of the Bonds and the rights of every Owner thereof.

SECTION 9.09. *Notices.* All written notices to be given under this Indenture shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. The Agency or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Agency: Tahoe-Truckee Sanitation Agency
13720 Butterfield Drive
Truckee, California 96161
Facsimile: (530) 587-5840
Attn: General Manager/Secretary

If to the Trustee: U.S. Bank National Association
One California Street, Suite 400
San Francisco, CA 94111
Attn: Global Corporate Trust

SECTION 9.10. *Unclaimed Moneys.* Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or premium (if any) on or principal of the Bonds which remains unclaimed for one year after the date when the payments of such interest, premium and principal have become payable, if such money was held by the Trustee at such date, or for one year after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium (if any) on and principal of such Bonds have become payable, shall be repaid by the Trustee (without liability for interest) to the Agency as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Agency for the payment of the principal of and interest on such Bonds.

SECTION 9.11. *Execution in Several Counterparts.* This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Agency and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

SECTION 9.12. *Governing Law.* This Indenture shall be governed by and construed in accordance with the laws of the State of California.

[Remainder of page intentionally left blank. Signatures on next page.]

IN WITNESS WHEREOF, the Tahoe-Truckee Sanitation Agency has caused this Indenture to be signed in its name by the President of the Board of Directors and attested by the Secretary, and U.S. Bank National Association, in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

TAHOE-TRUCKEE SANITATION AGENCY

By _____
President, Board of Directors

Attest:

General Manager/Secretary

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Vice President

APPENDIX A

DEFINITIONS

“Additional Revenues” means, with respect to the issuance of any Parity Debt, any or all of the following amounts:

- (i) An allowance for Net Revenues from any additions or improvements to or extensions of the Wastewater System to be made from the proceeds of such Parity Debt in an amount equal to the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36-month period in which each addition, improvement or extension is respectively to be in operation, all as shown by the certificate or opinion of a Financial Consultant.
- (ii) An allowance for Net Revenues arising from any increase in the charges made for service from the Wastewater System which has been duly approved by the Board of Directors of the Agency prior to the incurring of such Parity Debt, but which, during all or any part of the most recent completed Fiscal Year for which audited financial statements of the Agency are available, or for any more recent consecutive 12-month period selected by the Agency under Section 3.04(b), was not in effect, in an amount equal to the total amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or 12-month period, all as shown by the certificate or opinion of a Financial Consultant.

“Agency” means the Tahoe-Truckee Sanitation Agency, a special district duly organized and existing under the Constitution and laws of the State of California, and any successor thereto.

“Agency Act” means the Tahoe-Truckee Sanitation Agency Act (1971 chapter 1560 of the California Uncodified Water Code; chapter 114 of the Appendix to the California Water Code).

“Bond Counsel” means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Agency of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Tax Code.

“Bond Law” means the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code, as in effect on the Closing Date or as thereafter amended in accordance with its terms.

“Bonds” means the Tahoe-Truckee Sanitation Agency 2020 Wastewater Revenue Refunding Bonds issued and at any time Outstanding hereunder.

“Business Day” means a day (other than a Saturday or a Sunday) on which banks are not required or authorized to remain closed in the state in which the Office of the Trustee is located, and on which the Federal Reserve Bank system is not closed.

“Certificate of the Agency” means a certificate in writing signed by the President of the Board of Directors of the Agency, the General Manager/Secretary of the Agency, or any other officer of the Agency duly authorized by the Board of Directors for that purpose.

“Closing Date” means _____, 2020, being the date of delivery of the Bonds to the Original Purchaser.

“Continuing Disclosure Certificate” means the Continuing Disclosure Certificate described in Section 5.10.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Agency relating to the authorization, issuance, sale and delivery of the Bonds and the refunding of the SRF Loan, including but not limited to printing expenses, rating agency fees, filing and recording fees, initial fees, expenses and charges of the Trustee and its counsel, fees, charges and disbursements of attorneys, financial advisor, placement agent, accounting firms, consultants and other professionals, and any other cost, charge or fee in connection with the original issuance of the Bonds and the refunding of the SRF Loan.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee under Section 3.03.

“Debt Service” means, with respect to any Fiscal Year, the sum obtained by totaling the following amounts for such Fiscal Year:

- (a) the aggregate amount of principal of and interest on the Outstanding Bonds coming due and payable in such Fiscal Year;
- (b) the principal amount of all outstanding Parity Debt, if any, coming due and payable by their terms in such Fiscal Year; and
- (c) the amount of interest which would be due during such Fiscal Year on the aggregate principal amount of all outstanding Parity Debt, if any, which would be outstanding in such Fiscal Year if such Parity Debt are retired as scheduled; *provided, however*, that with respect to any Parity Debt which bears interest at an adjustable rate, such interest shall be calculated at an assumed rate equal to the average rate of interest per annum for each of the five previous whole calendar years as shown by the J. J. Kinney Index (or, if and to the extent such index is not maintained for all or any portion of such period, any similar index of variable rate interest for tax-exempt obligations selected by the Agency in its sole discretion).

“Debt Service Fund” means the fund by that name established and held by the Trustee under Section 4.02(b)(ii).

“Depository” means (a) initially, DTC, and (b) any other Securities Depository acting as Depository under Section 2.04.

“Depository System Participant” means any participant in the Depository's book-entry system.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Event of Default” means any of the events described in Section 8.01.

“Federal Securities” means: (a) non-callable direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America; (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America; (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America.

“Financial Consultant” means any consultant or firm of such consultants appointed by the Agency and who, or each of whom: (a) is judged by the Agency to have experience in matters relating to the financing of wastewater systems; (b) is in fact independent and not under domination of the Agency; (c) does not have any substantial interest, direct or indirect, with the Agency; and (d) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

“Fiscal Year” means the period commencing on July 1 of each year and terminating on the next succeeding June 30, or such other period as may be established by the Agency as its official fiscal year period (written notice of which shall be given by the Agency to the Trustee).

“Indenture” means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture under the provisions hereof.

“Independent Accountant” means any accountant or firm of such accountants appointed and paid by the Agency, and who, or each of whom (a) is in fact independent and not under domination of the Agency; (b) does not have any substantial interest, direct or indirect, with the Agency; and (c) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make annual or other audits of the books of or reports to the Agency.

“Interest Payment Date” means July 1 and January 1 in each year, commencing July 1, 2020, and continuing so long as any Bonds remain Outstanding.

“Moody’s” means Moody’s Investors Services, and its successors and assigns.

“Net Proceeds” means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys’ fees) incurred in the collection of such proceeds.

“Net Revenues” means, for any Fiscal Year, an amount equal to all of the Revenues for such Fiscal Year, less the Operation and Maintenance Costs for such Fiscal Year.

“Nominee” means (a) initially, Cede & Co. as nominee of DTC, and (b) any other nominee of the Depository designated under Section 2.04(a).

“Office” means, with respect to the Trustee, the corporate trust office of the Trustee at the address set forth in Section 9.09, or at such other or additional offices as may be specified by the Trustee in writing to the Agency; except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency business is conducted.

“Operation and Maintenance Costs” means the reasonable and necessary costs paid or incurred by the Agency for maintaining and operating the Wastewater System, determined in accordance with generally accepted accounting principles, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Wastewater System in good repair and working order, and including all reasonable and necessary administrative costs of the Agency that are charged directly or apportioned to the operation of the Wastewater System, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits, licenses and charges to operate the Wastewater System and insurance premiums; but excluding, in all cases, depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles.

“Original Purchaser” means _____, as the original purchaser of the Bonds upon their delivery by the Trustee on the Closing Date.

“Outstanding”, when used as of any particular time with reference to Bonds, means all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the Agency has been discharged in accordance with Section 9.03; (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee under this Indenture; and (d) Bonds which are required to be disregarded and not deemed Outstanding under Section 9.05.

“Owner”, when used with respect to any Bond, means the person in whose name the ownership of such Bond is registered on the Registration Books.

“Parity Debt” means all bonds, notes, loan agreements, installment sale agreements, leases or other obligations of the Agency payable from and secured by a pledge of and lien on any of the Net Revenues issued or incurred on a parity with the Bonds under Section 3.04 or 3.05.

“Parity Debt Documents” means each agreement, indenture of trust, resolution or other instrument authorizing the issuance of Parity Debt.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

- (a) Federal Securities;
- (b) obligations of any federal agency which either (a) represent full faith and credit of the United States of America, or (b) are rated “AA” or better by S&P and “Aa” by Moody’s;
- (c) Bank deposit products, trust funds, trust accounts, certificates of deposit (including those placed by a third party pursuant to an agreement between the Agency and the Trustee), overnight bank deposits, interest bearing deposits, interest bearing money market accounts, U.S. dollar denominated deposit accounts, federal funds and banker’s acceptances with domestic commercial banks, which may include the Trustee, its parent holding company, if any, and their affiliates, which (i) have a rating on their short term certificates of deposit on the date of purchase of “A” or better by S&P and Moody’s, maturing no more than 360 days after the date of purchase, provided that ratings on holding companies are not considered as the rating of the bank or (ii) are fully insured by the Federal Deposit Insurance Corporation;
- (d) commercial paper which is rated at the time of purchase in the single highest classification, “A” or better by S&P and Moody’s, and which matures not more than 270 calendar days after the date of purchase;
- (e) investments in a money market mutual fund, including those of an affiliate of the Trustee, rated in the highest short-term rating category by S&P and Moody’s, including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee or such holding company receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise;
- (f) investment agreements with financial institutions whose long-term general credit rating is “AA-” or better from S&P, by the terms of which the Trustee may withdraw funds if such rating falls below “AA-”; and
- (g) the Local Agency Investment Fund of the State of California, created under Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

“Rate Stabilization Fund” means the fund by that name established and held by the Agency under Section 4.03.

“Record Date” means, with respect to any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date whether or not such day is a Business Day.

“Registration Books” means the books maintained by the Trustee under Section 2.07 for the registration and transfer of ownership of the Bonds.

“Request of the Agency” means a request in writing signed by the President of the Board of Directors of the Agency, the General Manager/Secretary of the Agency, or any other officer of the Agency duly authorized by the Board of Directors for that purpose.

“Revenues” means, for each Fiscal Year, all gross income and revenue received or receivable by the Agency from the ownership or operation of the Wastewater System, determined in accordance with generally accepted accounting principles, including (a) all rates, fees and charges (including connection fees and charges) received by the Agency for the services of the Wastewater System, (b) all Tax Revenues received by the Agency, and (c) all other income and revenue received by the howsoever derived by the Agency from the ownership or operation of the Wastewater System or arising from the Wastewater System, including all income from the deposit or investment of any money in the Wastewater Fund or any rate stabilization fund, and any refundable deposits made to establish credit, and advances or contributions in aid of construction.

For clarity, “Revenues” does not include (i) customers’ deposits or any other deposits subject to refund until such deposits have become the property of the Agency, (ii) special assessments or special taxes levied for the purpose of paying special assessment bonds or special tax obligations of the Agency relating to the Wastewater System, and (iii) amounts in the Rate Stabilization Fund unless and until such amounts are deposited to the Wastewater Fund.

“Securities Depositories” means DTC; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Agency may designate in a Request of the Agency delivered by the Agency to the Trustee.

“S&P” means S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC, and its successors and assigns.

“SRF Loan” means the Interagency Sales Agreement (Installment Sale Agreement No. C-06-4657-110; Agreement No. 03-804-550) between the Agency and the State Water Resources Control Board, dated November 6, 2004.

“State Loans” means loans secured by a pledge of Net Revenues of the Wastewater System and incurred by the Agency to finance improvements to the Wastewater System pursuant to Section 3.05.

“Supplemental Indenture” means any indenture, agreement, resolution or other instrument hereafter duly adopted or executed in accordance with Section 7.01.

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under said Code.

“Tax Revenues” means all ad valorem property taxes allocable to the Wastewater System which are levied upon taxable property in the Agency, and which are allocated to the Agency under the provisions of Chapter 6 of Part 0.5 of Division 1 of the Revenue and Taxation Code of the State of California, including all payments, subventions and reimbursements, if any, to the Agency specifically attributable to taxes lost by reason of tax exemptions and tax rate limitations; but excluding the proceeds of any *ad valorem* property taxes levied to pay general obligation bond indebtedness of the Agency with respect to the Wastewater System.

“Trustee” means U.S. Bank National Association, as Trustee hereunder, or any successor thereto appointed as Trustee under Article VI.

“Wastewater Fund” means the fund or funds established and held by the Agency with respect to the Wastewater System for the deposit of Revenues.

“Wastewater System” means all wastewater collection, transport, treatment, storage and disposal facilities, including land and easements thereof, owned by the Agency, and all other properties, structures or works hereafter acquired and constructed by the Agency and determined to be a part of the Wastewater System, together with all additions, betterments, extensions or improvements to such facilities, properties, structures or works or any part thereof hereafter acquired and constructed.

APPENDIX B
FORM OF BOND

No. R-__

\$_____

TAHOE-TRUCKEE SANITATION AGENCY
2020 WASTEWATER REVENUE REFUNDING BOND

INTEREST RATE: _____%	MATURITY DATE: February 1, _____	ISSUE DATE: _____, 2020	CUSIP:
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REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The Tahoe-Truckee Sanitation Agency, a sanitary Agency duly organized and existing under the Constitution and laws of the State of California (the "Agency"), for value received, hereby promises to pay (but only out of the Net Revenues and other assets pledged therefor as hereinafter mentioned) to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, in lawful money of the United States of America; and to pay interest thereon in like lawful money from the Interest Payment Date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of a day during the period commencing after the 15th day of the month preceding an Interest Payment Date and ending on or before such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or before July 15, 2020, in which event it shall bear interest from the Issue Date stated above) until payment of such principal sum shall be discharged as provided in the Indenture hereinafter mentioned, at the Interest Rate per annum stated above, payable semiannually on each July 1 and January 1, commencing July 1, 2020 (each, an "Interest Payment Date").

The principal hereof is payable by check at the Office (as defined in the Indenture referred to below) of U.S. Bank National Association (together with any successor trustee under the Indenture, the "Trustee"). Interest hereon is payable by check of the Trustee mailed on each Interest Payment Date to the Registered Owner as of the 15th day of the month preceding each Interest Payment Date (except with respect to payment of defaulted interest as provided in the Indenture hereinafter referred to) at the address shown on the registration books maintained by the Trustee. Payment of interest will be made by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee before the 15th day of the month preceding the applicable Interest Payment Date.

This Bond is one of a duly authorized issue of bonds of the Agency designated as its "Tahoe-Truckee Sanitation Agency 2020 Wastewater Revenue Refunding Bonds" (the "Bonds"), in the aggregate principal amount of \$_____ authorized under Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the "Bond Law"), and issued under an Indenture of Trust, dated as of February 1, 2020 (the "Indenture"), between the Agency and the Trustee. The Bonds have been issued for the purpose of refinancing certain obligations of the Agency previously incurred to finance capital improvements to its wastewater collection, treatment and disposal system (as defined in the Indenture, the "Wastewater System").

Reference is hereby made to the Indenture (a copy of which is on file at said Office of the Trustee) and all indentures supplemental thereto and to the Bond Law for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and of the rights and obligations of the Agency thereunder. The Registered Owner of this Bond, by acceptance hereof, assents and agrees to all the provisions of the Indenture.

The Bonds and the interest thereon are payable from Net Revenues (as such term is defined in the Indenture) of the Wastewater System, and are secured by a pledge of, and lien on, said Net Revenues and amounts held in certain funds and accounts established under the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Agency has the right under the Indenture to issue additional obligations on a parity with the Bonds, subject to the specific conditions set forth in the Indenture. The Bonds are special obligations of the Agency and are not a lien or charge upon the funds or property of the Agency, except to the extent of the aforesaid pledge and lien.

The Bonds are not subject to optional redemption prior to maturity.

The Bonds are subject to extraordinary redemption prior to their respective stated maturities, as a whole or in part on any date, as determined by the Agency, from Net Proceeds (as such term is defined in the Indenture), upon the terms and conditions of, and as provided for in the Indenture, at a redemption price equal to the principal amount of the Bonds to be redeemed, without premium, plus accrued interest thereon to the date fixed for redemption.

Unless waived by any Owner of Bonds to be redeemed, notice of any redemption of Bonds shall be given, at the expense of the Agency, by the Trustee by mailing a copy of a redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Registration Books; provided, that neither the failure to receive such notice nor any immaterial defect in any notice shall affect the sufficiency of the proceedings for the redemption of the Bonds.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

The Bonds are issuable as fully registered Bonds in denominations of \$5,000 and any integral multiple thereof. Subject to the limitations provided in the Indenture, Bonds

may be exchanged, at said Office of the Trustee, for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said office of the Trustee, but only in the manner, subject to the limitations provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond or Bonds, of authorized denomination or denominations, of the same maturity and for the same aggregate principal amount, will be issued to the transferee in exchange herefor. The Agency and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Agency and the Trustee shall not be affected by any notice to the contrary.

The Indenture and the rights and obligations of the Agency and of the owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Agency to pay the principal or interest at the time and place and at the rate and in the currency provided therein of any Bond, without the written consent of the owner of such Bond, (b) permit the creation by the Agency of any mortgage, pledge or lien upon the Revenues or Net Revenues superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as expressly permitted by the Indenture), (c) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (d) without its written consent thereto, modify any of the rights or obligations of the Trustee, all as more fully set forth in the Indenture.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York Corporation ("DTC"), to the Trustee for registration or transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

It is hereby certified and recited that any and all things, conditions and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Bond Law, and by the constitution and laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the Agency, does not exceed any limit prescribed by the Bond Law and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond is not entitled to any benefit under the Indenture, or is not valid or obligatory for any purpose, until the certificate of authentication hereon endorsed has been signed by the Trustee.

IN WITNESS WHEREOF, Tahoe-Truckee Sanitation Agency has caused this Bond to be executed in its name and on its behalf by the facsimile signature of the President of the Board of Directors of the Agency and attested to by the facsimile signature of the Secretary of the Agency, all as of the Issue Date stated above.

TAHOE-TRUCKEE SANITATION AGENCY

By _____
President, Board of Directors

Attest:

General Manager/Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

Dated: _____

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Signatory

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto _____ whose address and social security or other tax identifying number is _____, the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor institution.

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

Official Notice of Sale

OFFICIAL NOTICE OF SALE

\$20,585,000*

TAHOE-TRUCKEE SANITATION AGENCY, CALIFORNIA 2020 WASTEWATER REVENUE REFUNDING BONDS

(Book-Entry-Only)

NOTICE IS HEREBY GIVEN that electronic bids will be received via **PARITY** for the purchase of the Tahoe-Truckee Sanitation Agency 2020 Wastewater Revenue Refunding Bonds.

Bids will be accepted in accordance with this Notice, as follows:

Date of Bid: Wednesday, January 22, 2020

Time of Bid: Until 8:00 am California Time

For further information about **PARITY**, bidders may contact i-Deal LLC at (212) 849-5021. For further information about the Bonds, bidders may contact the Municipal Advisor, Steven Gortler either by phone at **(415) 298-3319** or by email at steven.gortler@att.net.

The Preliminary Official Statement for the Bonds is available at www.i-DealProspectus.com. Each bidder must review the Preliminary Official Statement prior to bidding for the Bonds. This Official Notice of Sale contains certain information for quick reference only, is not a summary of the issue and governs only the terms of the sale of, bidding for and closing procedures with respect to the Bonds. Bidders must read the Preliminary Official Statement in its entirety to obtain information essential to making an informed investment decision.

Issue

The Bonds will be dated the date of delivery – **February 5, 2020**.

Interest on the Bonds is payable on July 1 and January 1, commencing **July 1, 2020**.

The Bonds are not subject to optional redemption prior to maturity.

The Bonds will be awarded to the bidder whose bid produces **the lowest true interest cost**.

The Bonds will not be insured pursuant to any policy of municipal bond insurance.

* Preliminary, subject to change.

Principal Amounts*

Bond principal shall be payable annually on **July 1** commencing **July 1, 2020**, as follows:

Maturity Due July 1	Principal Amount
2020	2,680,000
2021	2,200,000
2022	2,310,000
2023	2,425,000
2024	2,545,000
2025	2,675,000
2026	2,805,000
2027	2,945,000

Adjustment of Principal Amounts Not to Exceed 10%

Following the bid award, the Agency reserves the right to adjust the principal amount of each Bond maturity in \$5,000 increments. ***In no event shall such adjustment cause the principal amount of any Bond maturity to change by more than 10%.*** Such adjustment shall be made within two hours of the bid award. In the event of any such adjustment, no rebidding or recalculation of bids will be required or permitted, the winning bid may not be withdrawn, and the successful bidder will not be permitted to change its bid price or the interest rate(s) in its bid. The Agency shall not be responsible for the effect of any such adjustment on the compensation to the winning bidder but will use its best efforts to maintain a proportionate level of compensation to the winning bidder. Bidders are advised to consider such a possible change in principal amount when determining their production on each Bond maturity.

* Preliminary, subject to change.

Interest Rates

Bidders may specify any number of separate interest rates, and any rate may be repeated as often as desired; provided, however, that

- (i) Each Bond shall bear interest at a fixed-rate, calculated on a 30/360 basis;
- (ii) each interest rate must be in a multiple of 1/20 of 1% or 1/8 of 1%;
- (iii) a zero rate of interest cannot be specified;
- (iv) each Bond shall bear interest from its dated date to its stated maturity date at the interest rate specified in the bid;
- (v) all Bonds of the same maturity date shall bear the same rate of interest, with the exception of split coupons, which is allowed; and
- (vi) any premium must be paid as part of the purchase price, and no bid will be accepted which provides for the cancellation and surrender of any interest payment or for the waiver of interest or other concession by the bidder as a substitute for payment in full of the purchase price of the Bond or Bonds.

Redemption*

Optional Redemption: The Bonds are not subject to optional redemption prior to maturity.

Extraordinary Redemption from Net Proceeds of Insurance or Condemnation: The Bonds are subject to extraordinary redemption prior to their respective maturities, as a whole or in part on any date, from Net Proceeds of Insurance or Condemnation, as provided in the Indenture.

Mandatory Sinking Fund Redemption: Bidders may specify one or more term bonds subject to mandatory sinking fund redemption on July 1 in consecutive years immediately preceding the maturity thereof. Term bonds shall be payable at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date of redemption, without premium.

Notice of redemption shall be provided as set forth in the Preliminary Official Statement.

* Preliminary, subject to change.

Book-Entry Form Only

The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. Individual purchases will be made in book-entry form only, in denominations of \$5,000 or any integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds. Principal and interest are payable in lawful money of the United States of America and will be paid to DTC which will remit such amounts to the beneficial owners of the Bonds through DTC’s Participants, as described in the Preliminary Official Statement.

Authority for Issuance; Purpose

The Agency will issue the Bonds pursuant to an Indenture of Trust by and between U.S. Bank, National Association, as trustee, and the Agency. Bond proceeds together with other available moneys will be used as follows:

- (i) To refund on a current basis, all outstanding principal of a Clean Water State Revolving Fund (CWSRF) loan which the Agency borrowed in 2004 and which is currently outstanding in the aggregate principal amount of \$23,186,034, and
- (ii) To pay costs of issuance.

Security for the Bonds; Parity Debt

The Bonds are special obligations of the Agency, secured by and payable exclusively from Net Revenues of the Wastewater System, as more fully described in the Preliminary Official Statement. Additional parity debt may be issued, as more fully described in the Preliminary Official Statement. The Bonds are not a debt, liability or obligation of the State of California or any of its political subdivisions other than the Agency.

CUSIP Numbers; Other Fees

CUSIP numbers will be obtained by the Municipal Advisor and paid for by the purchaser of the Bonds. Any delay, error or omission with respect thereto will not constitute cause for the purchaser to refuse to accept delivery of and pay for the Bonds. The successful bidder shall also be required to pay all fees required by The Depository Trust Company, Municipal Securities Rulemaking Board, and any other similar entity imposing a fee in connection with the issuance of the Bonds.

Legal Opinion; Tax-Exempt Status

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, CA, Bond Counsel to the Agency, under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants of the Agency, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. In the event that prior to the issuance and delivery of the Bonds (a) the interest represented by other obligations of the same type and character shall be declared to be taxable (either at the time of such declaration or at any future date) under any federal income tax laws, either by the terms of such laws or by ruling of a federal income tax authority or official which is followed by the Internal Revenue Service, or by decision of any federal court, or (b) any federal income tax law is adopted which will have a substantial adverse effect upon owners of the Bonds as such, the successful bidder for the Bonds may, at its option, prior to the issuance and delivery of the Bonds, be relieved of its obligation under the contract to purchase the Bonds, and in such case the deposit accompanying its proposal will be returned.

Initial Offering Prices

As soon as the bid is awarded, the winning bidder shall provide initial offering prices for each maturity of the Bonds.

California Debt and Investment Advisory Commission (CDIAC)

The winning bidder is required to pay any fees owing to the California Debt and Investment Advisory Commission (“CDIAC”). CDIAC will invoice the winning bidder after closing.

No Litigation; Tax Certificate

Prior to delivery of the Bonds, the Agency shall deliver a certificate stating that there is no action, suit, or proceeding known by the Agency to be pending or threatened at the present time restraining or enjoining the delivery or in any way contesting or affecting the validity of the Bonds, the Indenture or the proceedings of the Agency taken with respect to the execution or delivery thereof. The Agency shall also deliver a tax certificate attesting to its reasonable expectations and undertaking certain covenants concerning the Bonds and the use and investment of Bond proceeds.

Preliminary Official Statement and Final Official Statement

The Preliminary Official Statement for the Bonds is available at www.i-DealProspectus.com. The Preliminary Official Statement, together with any supplements thereto, shall be “deemed final” by the Agency for purposes of SEC Rule 15c2-12(b)(1), but shall be subject to revision, amendment and completion in a final official statement. At closing, the Agency shall deliver a certificate to the effect that the facts contained in the Official Statement are true and correct in all material respects, and that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement therein, in light of the circumstances under which they were made, not misleading.

Within seven business days after the award of the bid, the Agency shall provide the winning bidder with up to 25 hard copies of the final Official Statement at no charge. The winning bidder should promptly notify the Agency if additional hard copies are needed.

By submitting a bid for the Bonds, the winning bidder agrees (1) to disseminate to all members of the underwriting syndicate copies of the final Official Statement, including any supplements prepared by the Agency, (2) to promptly file a copy of the final Official Statement, including any supplements, with the MSRB through its EMMA System, and (3) to take any and all other actions necessary to comply with applicable SEC and MSRB rules governing the offering, sale and delivery of the Bonds to ultimate purchasers.

Continuing Disclosure

To assist bidders in complying with SEC Rule 15c2-12(b)(5), the Agency will provide Continuing Disclosure of certain annual financial information and notice of the occurrence of certain material events. A description of this undertaking and a form of the Continuing Disclosure Certificate is included in Appendix F of the Preliminary Official Statement.

S&P Rating: ‘TBD’

S&P Global Ratings, a Standard & Poor’s Financial Services LLC business (“S&P”) has assigned a rating of [‘TBD’] to the Bonds, as shown on the cover of the Preliminary Official Statement. Such rating reflects only the views of S&P. An explanation of the significance of the rating may be obtained from S&P at 55 Water Street, New York, New York 10041, (212) 438-2000. The Agency can provide no assurance the rating will continue for any given time period or that it will not be revised or withdrawn by S&P if, in its judgment, circumstances so warrant. Any revision or withdrawal of the rating may adversely affect the market price of the Bonds.

Basis of Award – Lowest True Interest Cost (TIC)

The Bonds will be awarded to the bidder whose bid produces **the lowest true interest cost**. The true interest cost will be that rate which, when used to compute the present value of principal and interest to be paid on all Bonds from the date of delivery to their respective maturity dates, or mandatory sinking fund redemption dates, produces an amount equal to the purchase price, including any premium specified in such bid. The true interest cost shall be calculated by the use of a semi-annual interval of compounding interest based on the Interest Payment Dates for the Bonds. In the event of a tie the winning bid will be determined by the toss of a coin by the Agency among the bidders whose bids produced the tie.

Firm Offer; All or None Bid

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer to purchase all, and not less than all, of the Bonds.

Form of Bid; Delivery and Payment

All bids for the Bonds must be unconditional and for not less than all of the Bonds. Each bid must be in accordance with the terms and conditions set forth herein. Bids will only be accepted via **PARITY**. To the extent any instructions or directions set forth in PARITY conflict with this Notice, the terms of this Notice shall control. Delivery of the Bonds will be made to the winning bidder on or about February 5, 2020. Payment of the purchase price (less the Good Faith Deposit) must be made in immediately available funds.

Warning Regarding Electronic Bids

THE AGENCY WILL ACCEPT BIDS IN ELECTRONIC FORM SOLELY THROUGH **PARITY** ON THE OFFICIAL BID FORM CREATED FOR THAT PURPOSE. EACH BIDDER SUBMITTING AN ELECTRONIC BID UNDERSTANDS AND AGREES THAT BY DOING SO IT IS SOLELY RESPONSIBLE FOR ALL ARRANGEMENTS WITH PARITY, THAT THE AGENCY NEITHER ENDORSES NOR EXPLICITLY ENCOURAGES THE USE OF PARITY, AND THAT PARITY IS NOT ACTING AS AN AGENT OF THE AGENCY. INSTRUCTIONS AND FORMS FOR SUBMITTING ELECTRONIC BIDS MUST BE OBTAINED FROM PARITY, AND THE AGENCY ASSUMES NO RESPONSIBILITY FOR ENSURING OR VERIFYING BIDDER COMPLIANCE WITH THE PROCEDURES OF PARITY. THE AGENCY SHALL ASSUME THAT ANY BID RECEIVED THROUGH PARITY HAS BEEN MADE BY A DULY AUTHORIZED AGENT OF THE BIDDER.

THE AGENCY WILL MAKE ITS BEST EFFORTS TO ACCOMMODATE ELECTRONIC BIDS; HOWEVER, THE AGENCY, THE MUNICIPAL ADVISOR AND BOND COUNSEL ASSUME NO RESPONSIBILITY FOR ANY ERROR CONTAINED IN ANY BID SUBMITTED ELECTRONICALLY, OR FOR THE FAILURE OF ANY BID TO BE TRANSMITTED, RECEIVED OR OPENED AT THE OFFICIAL TIME FOR RECEIPT OF BIDS. THE OFFICIAL TIME FOR RECEIPT OF BIDS WILL BE DETERMINED BY THE AGENCY AT THE PLACE OF BID OPENING, AND THE AGENCY SHALL NOT BE REQUIRED TO ACCEPT THE TIME KEPT BY PARITY AS THE OFFICIAL TIME.

Estimated True Interest Cost

Bidders are asked to provide a calculation of the true interest cost of the Bonds on the basis of their respective bids, which shall be considered as informative only and not binding on either the bidder or the Agency. The true interest cost specified in any bid will be that rate which, when used in computing the present value of all payments of principal and interest to be paid on all Bonds from the Closing Date to their respective maturity dates or mandatory sinking fund redemption dates, produces an amount equal to the purchase price (including any premium) specified in such bid.

Good Faith Deposit (\$50,000)

The winning bidder is required to submit a Good Faith Deposit within 24-hours after acceptance of its bid. ***The Good Faith Deposit shall equal \$50,000.***

The Good Faith Deposit must be made in good funds by wire transfer to:

Bank:
ABA:
Account:
Acct. Name:
Attention:

If the Good Faith Deposit is not received by the designated time, the underlying bid may be disqualified at the option of the Agency.

No interest will be paid on the Good Faith Deposit. The proceeds of the Good Faith Deposit will be applied to the purchase price of the Bonds, or in the event of the failure of the winning bidder to pay for the Bonds in compliance with the terms of the bid, at the option of the Agency, its Good Faith Deposit may be retained as liquidated damages, as partial payment of actual damages or as security for any other remedy available to the Agency.

Qualification for Sale; Blue Sky

The Underwriter assumes all responsibility for qualifying the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of the states and jurisdictions in which the Underwriter offers or sells the Bonds, including the payment of fees for such qualification. Under no circumstances may the Bonds be sold or offered for sale in any jurisdiction in which such sale or offer would be unlawful under the securities laws of the jurisdiction.

Underwriting Group

The winning bidder will be required to submit a list of all syndicate members within 24 hours after receiving a verbal award.

Additional Information

Copies of the Indenture, this Official Notice of Sale and the Preliminary Official Statement will be furnished to any potential bidder upon request made to the Municipal Advisor.

Right to Modify or Amend

The Agency reserves the right to modify or amend this Notice, including but not limited to the right to adjust and change the aggregate principal amount of the Bonds being offered. Notification of any such modifications or amendments shall be made not less than 24-hours prior to the time of bid opening, and shall be communicated through Thomson Municipal News and by telephone to any qualified bidder timely requesting such notice.

Right to Reject Bids, Waive Irregularities, Cancel, Postpone, or Reschedule Sale

The Agency reserves the right, in its sole discretion, to reject any and all bids and, to the extent permitted by law, waive any irregularity or informality in any bid. The Agency reserves the right to cancel, postpone or reschedule the Bond sale upon notice given through the Bloomberg News Service, Thompson Municipal Market Monitor or The Bond Buyer at least 18-hours prior to the time bids are due. Telephone notice of any postponement will be given to any bidder requesting such notice from the Municipal Advisor.

Establishment of Issue Price

To assist the Agency in establishing the issue price of the Bonds, the winning bidder shall execute and deliver to the Agency at closing an “issue price certificate” substantially in the form attached hereto as Exhibit A, setting forth the reasonably expected initial offering price of the Bonds to the Public, together with supporting pricing wires or equivalent communications, with such modifications as may be necessary or appropriate in the reasonable judgment of Bond Counsel and the Agency.

For the purpose of establishing the issue price of the Bonds, the Agency intends to apply the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) defining “competitive sale” because:

- (i) The Agency shall disseminate this Official Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (ii) All potential bidders shall have an equal opportunity to bid and no potential bidder shall be afforded an opportunity to review other bids before submitting a bid;
- (iii) The Agency shall have received bids from at least three underwriters of municipal obligations who have established industry reputations for underwriting new issuances of municipal obligations; and
- (iv) The Agency anticipates awarding the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost) as set forth herein.

If the “competitive sale” requirements are not satisfied, then the Agency shall reject all bids and cancel the sale.

By submitting a bid, each bidder is certifying that (i) the bidder is an underwriter of municipal obligations who has an established industry reputation for underwriting new issuances of municipal obligations, (ii) its bid is a firm offer to purchase all of the Bonds as specified in its bid, and (iii) its bid was prepared based on the assumption that the issue price of the Bonds will be the Winning Bidder’s reasonably expected initial offering price to the public.

Dated: January [9], 2020

By: _____
TAHOE-TRUCKEE SANITATION AGENCY



TAHOE-TRUCKEE SANITATION AGENCY

MEMORANDUM

Date: January 8, 2020
To: Board of Directors
From: LaRue Griffin, General Manager
Item: V-3
Subject: Approval of Amended and Restated TTSA/TTAD Real Property Exchange Agreement

Background

At the Board of Directors special meeting on June 15, 2019, the Board of Directors approved the TTSA/TTAD Property Exchange Agreement which set forth the provisions for the property exchange between the Agency and the Truckee Tahoe Airport District (TTAD). The agreement is attached for reference.

In the agreement, the Agency would transfer ownership of Area A and provide easement rights of Area C to TTAD. In exchange, TTAD would transfer ownership of Area B to the Agency. Since approval of the agreement, the TTAD has requested an additional transfer of ownership of Area A-1 from the Agency. This transfer would assist in creating a zero-capital exchange between the TTAD and TTSA.

In lieu of adopting an amendment to the TTSA/TTAD Real Property Exchange Agreement dated May 22, 2019, an amended and restated agreement to incorporate the additional Area A-1 area into the exchange is proposed and would supersede the TTSA/TTAD Real Property Exchange Agreement.

Fiscal Impact

Additional associated costs for lot and easement plats for Area A-1.

Attachments

- Amended and Restated TTSA/TTAD Real Property Exchange Agreement.
- TTSA/TTAD Real Property Exchange Agreement dated May 22, 2019.

Recommendation

Management recommends approval of Amended and Restated TTSA/TTAD Real Property Exchange Agreement.

Review Tracking

Submitted By: _____


LaRue Griffin
General Manager

AMENDED & RESTATED TTSA/TTAD REAL PROPERTY EXCHANGE AGREEMENT

THIS AMENDED AND RESTATED AGREEMENT is made by and between Tahoe-Truckee Sanitation Agency, a local government agency (“**Agency**”), and Tahoe-Truckee Airport District, a local government agency (“**District**”). This Agreement will become effective on the date that it is signed by the last party to sign as indicated by the date associated with that party’s signature on the signature page below. The parties agree as follows:

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

1.1. Agency is presently the owner in fee simple of that certain unimproved real property located in the County of Nevada, State of California, as shown on the Land Exchange Exhibit map prepared by Auerbach Engineering Corporation (the “**Engineer**”) dated November 21, 2019 (which is attached as Exhibit A) as “**Area A**” (approximately 34.73 acres), “**Area A-1**” (approximately 2.28 acres), and “**Area C**” (approximately 10.34 acres). Area A and Area A-1 are located within the Town of Truckee and Area C is located partially in the Town of Truckee and partially in the unincorporated area of the County of Nevada.

1.2. District is presently the owner in fee simple of that certain unimproved real property located in the unincorporated area of the County of Nevada, State of California, as shown on the attached Exhibit A as “**Area B**” (approximately 41.41 acres).

1.3. Agency desires to acquire Area B for certain Agency purposes. District desires to acquire Area A and Area A-1 for certain District purposes and it desires to acquire a surface and overhead avigation easement (i.e., an easement allowing overflight in the airspace above the property and restricting the construction of buildings or structures or planting of trees on the property) over Area C. The parties therefore desire to exchange real property interests with (a) Agency conveying to District fee simple title to Area A and Area A-1 and a surface and overhead avigation easement on and over Area C, and (b) District conveying to Agency fee simple title to Area B, on and subject to the terms and conditions of this Agreement.

1.4. In planning for and negotiating this real property exchange, the parties cooperated on the preparation of an appraisal of the initial three property interests to be exchanged (Area A fee, Area B fee, and Area C easement). An appraisal firm, Johnson Perkins Griffin, prepared and provided to each party two appraisal reports (one for the Agency property (Area A fee and Area C easement) and one for the District property (Area B fee)) each dated January 30, 2019 (the reports are on file with each party). After preparation of the January 30, 2019 reports, it was learned that the acreage amounts described in those reports were incorrect. Johnson Perkins Griffin then prepared supplemental letter/reports dated November 19, 2019 as addenda to the January 30, 2019 reports (the supplemental letter/reports are on file with each party). The November 19, 2019 supplemental letter/reports also added the Area A-1 area as part of the Agency property to be exchanged under the Agreement. After receipt of the supplemental letter/reports, the Engineer slightly revised the boundaries of land areas to be exchanged such that the combined value of the Agency property to be transferred to District roughly equals the value of the District

property to be transferred to Agency. The revised land area boundaries are reflected in Exhibit A.

1.5. This amended and restated agreement amends and supersedes that earlier TTSA/TTAD Real Property Exchange Agreement between the parties dated May 22, 2019.

2. EXCHANGE AND TRANSFER OF PROPERTY AND EASEMENTS

2.1. Exchange of Property. Agency agrees to sell, grant, and convey to District, and District agrees to purchase, acquire, and accept from Agency, fee title to Area A and Area A-1 and a surface and overhead avigation easement on and over Area C, on and subject to the terms and conditions of this Agreement. District agrees to sell, grant, and convey to Agency, and Agency agrees to purchase, acquire, and accept from District, fee title to Area B, on and subject to the terms and conditions of this Agreement.

2.2. Consideration. The Land Exchange Exhibit prepared by the Engineer (Exhibit A), the Engineer's related land swap valuation calculations, and the appraiser supplemental letter/reports show that the value of the Agency property interests and the value of the District property interest to be exchanged and conveyed under this Agreement are roughly the same. Consequently, at the Close of Escrow neither party will pay any purchase price to the other party.

3. PRE-CLOSING ACTIONS

3.1. Prepare Lot and Easement Plats. Upon approval of this Agreement, the parties shall jointly retain Auerbach Engineering Corporation to prepare lot and easement plats pursuant to this section and to assist with processing the lot line adjustments pursuant to section 3.3. The parties shall split the fees and costs of the Engineer. The Engineer, in coordination with the parties, shall prepare recordable plats showing the Area A lot, Area A-1 lot, Area B lot, and the Area C easement area as shown on Exhibit A. The final plats as prepared by the Engineer and approved by the parties shall be referred to as the "**Area A Lot**," "**Area A-1 Lot**," "**Area B Lot**" and "**Area C Easement Drawing**."

3.2. Prepare Easement. Upon approval of this Agreement, the parties shall cooperate and coordinate on the preparation of a recordable surface and overhead avigation easement on mutually satisfactory terms that will accompany the Area C Easement Drawing to be prepared under section 3.1. The final easement together with the Area C Easement Drawing as approved by the parties shall be referred to as the "**Area C Easement**."

3.3. Apply for Lot Line Adjustments. At the Close of Escrow, the real property lots to be conveyed to each party must comply with the California Subdivision Map Act (Government Code section 66410, et seq.) and applicable Town of Truckee and County of Nevada subdivision ordinances. Upon completed preparation of the Area A Lot, Area A-1 Lot, Area B Lot, and Area C Easement Drawing, the parties shall cooperate and coordinate on the preparation and filing of parcel map applications with the Town of Truckee and the County of Nevada to create the new Area A Lot, Area A-1 Lot, and Area B Lot described above and as finally determined pursuant to section 3.1. Since Area A and Area A-1 are located within the Town of Truckee, they shall be created and conveyed as new separate parcels, rather than being merged with and added to the District parcel to the south that is

located in the unincorporated area. Since Area B is located within the unincorporated area, it shall be created and conveyed as a new separate parcel, rather than being merged with and added to the Agency parcel to the north that is located within the Town of Truckee. The parties shall split the costs (e.g., Town and County fees and costs, title company fees and costs, engineering or surveyor fees) incurred in preparing, filing, and processing the parcel map applications.

3.4. Request 65402(c) Review. Upon completed preparation of the Area A Lot, Area A-1 Lot, Area B Lot, and Area C Easement Drawing, and concurrent with the parcel map applications, the parties jointly shall request the Town of Truckee Community Development Department and Nevada County Planning Department to review this proposed real property exchange transaction and report on it as to conformity with the Truckee General Plan (for the Town with respect to the subject real property located within the Town of Truckee) and the Nevada County General Plan (for the County with respect to the subject real property located within the unincorporated area) pursuant to California Government Code section 65402(c).

3.5. Request FAA Approval. Upon completed preparation of the Area A Lot, Area A-1 Lot, Area B Lot, and Area C Easement Drawing, District shall apply to the Federal Aviation Administration (“FAA”) for approval of the real property exchange transactions under this Agreement. District shall bear all costs and expenses associated with applying for and obtaining FAA approval.

3.6. Request TTUSD Consent. A portion of Area A is subject to a Lease Agreement dated December 12, 2001 between Agency and the Tahoe Truckee Unified School District (“School District”) and located within lease area. As such, prior to transferring the Area A Lot to District, Agency must obtain the written consent of the School District. (See Lease Agreement section 37.) The portion of Area A within the leased area is not used by the School District. Upon completed preparation of the Area A Lot, Area A-1 Lot, Area B Lot, and Area C Easement Drawing, Agency shall request School District consent pursuant to section 37. Agency shall bear all costs and expenses associated with requesting and obtaining School District consent.

4. TITLE REVIEW; CONDITION OF PROPERTY

4.1. Title Review Period. No later than 45 days prior to the expected date for the closing, each party shall obtain from the Title Company (as defined at section 5.1) a current preliminary report (the “Title Report”) for a California Land Title Association (CLTA) or American Land Title Association (ALTA) title insurance policy (at the party’s choice) for the real property to be acquired by the party and showing the status of title to the property and all recorded liens, encumbrances, and other exceptions to the title. Each party shall have 20 days following its receipt of the Title Report to object to other party in writing regarding those title matters that are unacceptable to the party. If a party fails to object in writing to the other party within the 20-day period, then the party shall be deemed to have waived any right to object to the title. If a party timely objects, then the grantor party shall use commercially reasonable efforts to remove or otherwise cure the objection(s) prior to the closing. If the grantor party is unable or unwilling to cure such objection(s), and if the Title Company does not agree to insure over any such objection(s), then the objecting party may

elect by written notice to the other party to either accept title subject to the objection(s) or terminate this Agreement.

4.2. Title Insurance. At the Close of Escrow, the Title Company shall issue to each grantee party a CLTA or ALTA title insurance policy (at the party's choice) in an amount determined by the party (the "**Title Policy**"), subject only to (a) the lien of real property taxes, bonds, and assessments not then due, and (b) those exceptions (if any) shown by the Title Report that are accepted by party pursuant to section 4.1 (collectively the "**Approved Real Property Exceptions**").

4.3. As-Is Condition. Each party has been advised to investigate the condition and suitability of all aspects of the property it will acquire under this Agreement and all matters affecting the value, desirability, or usability of the property, including potential environmental hazards arising from the presence in, on, under, around or about the property of toxic materials or hazardous substances. Except as otherwise expressly in section 7, neither party, nor its officers, directors, employees, or agents, makes or has made any representations or warranties of any kind, express or implied, written or oral, as to the physical condition of its property; condition of the property soils or groundwater; permissible uses of the property or limitations on use (including matters pertaining to zoning, environmental, or other laws, regulations or governmental requirements); utilities on or near the property; costs of operating or managing the property; presence or absence of toxic materials or hazardous substances in, on, under, around or about the property; condition of title to the property; or any other matter bearing on the use, value, or condition of the property.

5. ESCROW AND CLOSING

5.1. Escrow. Upon completed preparation of the Area A Lot, Area A-1 Lot, Area B Lot, and Area C Easement Drawing pursuant to section 3.1, a fully executed copy of this Agreement shall be deposited with a local title company as mutually agreed to by the parties (the "**Title Company**"), and such delivery shall constitute the opening of an escrow (the "**Escrow**") for consummating the exchange and transfer of the real property interests under this Agreement. The Escrow shall be subject to the standard conditions for acceptance of escrow and standard escrow instructions, but only to the extent that the standard conditions and instructions impose no additional obligations or liabilities on the parties, and further subject to the terms and conditions of this Agreement. In the case of any conflict between this Agreement and any standard escrow conditions or instructions, this Agreement shall govern. The close of Escrow shall take place at the offices of the Title Company as soon as convenient after satisfaction or waiver of the conditions precedent set forth in section 6, unless extended by mutual agreement of the parties (the "**Close of Escrow**").

5.2. Agency Documents. At least one business day prior to the Close of Escrow, Agency shall deposit with the Title Company the following documents:

(a) Grant deed in recordable form and duly approved, executed, and notarized by Agency conveying good, marketable, and insurable fee simple title to the Area A Lot and Area A-1 Lot to District;

(b) Area C Easement in recordable form and duly approved, executed, and notarized by Agency conveying the easement to District;

(c) Resolution or certificate of acceptance accepting and authorizing the recording of the Area B Lot grant deed;

(d) Agency's share of the fees and costs described in section 5.5; and,

(e) Such other instruments or documents as are reasonably required by the terms of this Agreement or by the Title Company in order to consummate the closing.

5.3. District Documents. At least one business day prior to the Close of Escrow, District shall deposit with the Title Company the following documents:

(a) Grant deed in recordable form and duly approved, executed, and notarized by District conveying good, marketable, and insurable fee simple title to the Area B Lot to Agency;

(b) Resolution or certificate of acceptance accepting and authorizing the recording of the Area A Lot/Area A-1 Lot grant deed and the Area C Easement;

(c) District's share of the fees and costs described in section 5.5; and,

(d) Such other instruments or documents as are reasonably required by the terms of this Agreement or by the Title Company in order to consummate the closing.

5.4. Close of Escrow. After all the requirements of section 3 have been satisfied and all conditions precedent set forth in section 6 have been satisfied or waived, the parties shall instruct the Title Company to close Escrow by taking the following actions:

(a) Good, marketable and insurable fee simple title to the Area A Lot and Area A-1 Lot shall be transferred and conveyed to District by recording with the county recorder the grant deed (marked to return to District);

(b) The Area C Easement shall be transferred and conveyed to District by recording the easement with the county recorder (marked to return to District);

(c) Good, marketable and insurable fee simple title to the Area B Lot shall be transferred and conveyed to Agency by recording with the county recorder the grant deed (marked to return to Agency);

(d) Each Title Policy, subject only to the Approved Real Property Exceptions, shall be delivered to the appropriate party; and,

(e) Expenses of Escrow, prorated items and other adjustments provided for in this Agreement shall be charged or credited, as the case may be, to Agency and District as provided in sections 3 and 5.5.

Following Close of Escrow, possession of the Area A Lot and Area A-1 Lot shall be delivered to District, free and clear of all occupancies and uses, and possession of the Area B Lot shall be delivered to Agency, free and clear of all occupancies and uses.

5.5. Prorations and Expenses. Non-delinquent real property taxes and assessments (if any; Area A, Area A-1, Area B, and Area C currently are tax-exempt) shall be prorated on the basis of actual days elapsed and a 365-day year, between Agency and District as of the Close of Escrow. Any delinquent real property taxes, assessments and other charges collected on the tax roll shall be brought current by grantor party prior to Close of Escrow. The parties shall split 50%/50% the closing and related costs, including real estate transfer taxes, recording fees, and Escrow fees. Each party shall pay the title insurance fees and costs for its Title Policy. Following Close of Escrow, each grantee party shall be responsible for any real property taxes, assessments, or other charges levied against the real property it acquires under this Agreement.

5.6. Agreement and Escrow Termination. Should this Agreement be terminated according to its terms or by mutual consent of the parties prior to Close of Escrow, then all documents in Escrow shall be returned by the Title Company to the party having deposited the same and each party shall be released from all further obligations and liabilities under this Agreement (except that a party shall retain its breach of contract rights and remedies in the event of an Agreement default by the other party). If the Title Company charges any cancellation fees or charges or other customary escrow or title fees or charges, such fees and charges shall be borne equally between the parties.

6. CONDITIONS PRECEDENT TO CLOSING; FAILURE OF CONDITIONS

6.1. Mutual Conditions Precedent. Each party's obligations under this Agreement are subject to the satisfaction (or waiver by both parties) prior to Close of Escrow of the following mutual conditions precedent:

(a) The parties shall have approved the final Area A Lot, Area A-1 Lot, Area B Lot, Area C Easement Drawing, and Area C Easement pursuant to sections 3.1 and 3.2.

(b) The Town of Truckee and County of Nevada shall have approved the parcel map applications pursuant to section 3.3 and the parcel maps shall have been recorded in the Nevada County Recorder's Office.

(c) The Town of Truckee Community Development Department and Nevada County Planning Department have approved the proposed real property exchange transaction pursuant to California Government Code section 65402(c) or Town or County disapproval have been overruled by Agency and District.

(d) The FAA shall have approved the real property exchange transactions pursuant to section 3.5.

6.2. District Conditions Precedent. District's obligations under this Agreement are subject to satisfaction (or waiver by District in its sole discretion) prior to Close of Escrow of the following conditions precedent:

(a) District shall have approved the status of the title to the Area A Lot, Area A-1 Lot, and Area C Easement area pursuant to section 3.1, and the Title Company is prepared to issue the Title Policy to District.

(b) Agency shall have delivered to the Title Company the documents and other deliverables listed in section 5.2.

(c) There shall have been no material damage to the Area A Lot, Area A-1 Lot, or Area C Easement area, nor any proceeding in eminent domain threatened or commenced in respect of such property or any part of it.

(d) All representations and warranties of Agency under this Agreement shall be true and correct in all material respects as of the Close of Escrow.

(e) Agency shall have performed or complied in all material respects with all covenants, agreements, and conditions set forth in this Agreement on its part to be performed or complied with at or prior to Close of Escrow.

6.3. Agency Conditions Precedent. Agency's obligations under this Agreement are subject to satisfaction (or waiver by Agency in its sole discretion) prior to Close of Escrow of the following conditions precedent:

(a) School District has given its written consent pursuant to section 3.6.

(b) Agency shall have approved the status of the title to the Area B Lot pursuant to section 3.1, and the Title Company is prepared to issue the Title Policy to Agency.

(c) District shall have delivered to the Title Company the documents and other deliverables listed in section 5.3.

(d) There shall have been no material damage to the Area B Lot, nor any proceeding in eminent domain threatened or commenced in respect of such property or any part of it.

(e) All representations and warranties of District under this Agreement shall be true and correct in all material respects as of the Close of Escrow.

(f) District shall have performed or complied in all material respects with all covenants, agreements, and conditions set forth in this Agreement on its part to be performed or complied with at or prior to Close of Escrow.

6.4. Failure of Conditions. Should any of the conditions set forth in sections 6.1 to 6.3 not be satisfied or waived prior to the Close of Escrow, then the party entitled to the benefit of the condition shall have the option to either waive the condition and close Escrow or terminate this Agreement. Nothing in this section shall be construed to limit a party's breach of contract rights and remedies in the event of an Agreement default by the other party.

7. REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION

7.1. District Representations. In consideration of Agency entering into this Agreement and as an inducement to Agency to sell and convey property to District, District represents and warrants to Agency that as of the date of this Agreement and the Close of Escrow:

(a) District is duly organized, validly existing, and in good standing under the laws of California and the person(s) executing this Agreement on behalf of District have the full right and authority to execute this Agreement on behalf of District and to bind District to the obligations in this Agreement (subject to the conditions precedent in section 6).

(b) This Agreement and all documents to be executed by District and delivered to Agency upon Close of Escrow are, or at the time of the Close of Escrow will be (i) duly authorized, properly executed, and delivered by District, and (ii) legal, valid, and binding obligations of District enforceable in accordance with their terms.

(c) The execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement will not conflict with or constitute a default under any of the terms, conditions, or provisions of any other agreement or judicial order to which District is a party or by which District is bound.

(d) District is or will be as of the Close of Escrow vested with fee simple title to the Area B Lot, subject only to the Approved Real Property Exceptions.

(e) Except as disclosed in the Title Policy, there are no leases, rental agreements, licenses, or other agreements or occupancies allowing any third-party rights to use all or any portion of the Area B Lot.

(f) Except for the representations and warranties of Agency contained in Section 7.2, District acknowledges that it will be acquiring the Area A Lot, Area A-1 Lot, and Area C Easement as is, where is, and with all faults, and without any representation or warranty of Agency as to the nature or condition of title to the property, the physical condition of the property, the uses of the property, or any use limitations.

(g) District has no knowledge of any pending or threatened litigation, administrative proceeding or other legal or governmental action affecting the Area B Lot or against District and related to or arising from District's interest in the Area B Lot.

(h) District has not used or stored Hazardous Materials on the Area B Lot in any manner that violates federal, state or local laws, ordinances, rules or regulations governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials. To the best of District's knowledge, no prior owner, tenant, subtenant, or occupant has used or stored Hazardous Materials on the Area B Lot in any manner that violates federal, state or local laws, ordinances, rules or regulations governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials. District has not received any notice concerning any violation or alleged violation of federal, state or local laws, ordinances, rules

or regulations governing the use, storage, treatment, transportation, manufacture, handling, production or disposal of Hazardous Materials on the Area B Lot. For purposes of this Agreement, “**Hazardous Materials**” means any hazardous or toxic substances or related materials defined as such in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. section 9601 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. section 1801 et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. section 9601 et seq.), and in the regulations promulgated pursuant to those acts, or any other federal or state statute or regulation.

7.2. Agency Representations. In consideration of District entering into this Agreement and as an inducement to District to sell and convey property to Agency, Agency represents and warrants to District that as of the date of this Agreement and the Close of Escrow:

(a) Agency is duly organized, validly existing, and in good standing under the laws of California and the person(s) executing this Agreement on behalf of Agency have the full right and authority to execute this Agreement on behalf of Agency and to bind Agency to the obligations in this Agreement (subject to the conditions precedent in section 6).

(b) This Agreement and all documents to be executed by Agency and delivered to Agency upon Close of Escrow are, or at the time of the Close of Escrow will be (i) duly authorized, properly executed, and delivered by Agency, and (ii) legal, valid, and binding obligations of Agency enforceable in accordance with their terms.

(c) The execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement will not conflict with or constitute a default under any of the terms, conditions, or provisions of any other agreement or judicial order to which Agency is a party or by which Agency is bound.

(d) Agency is or will be as of the Close of Escrow vested with fee simple title to the Area A Lot, Area A-1 Lot, and Area C Easement area, subject only to the Approved Real Property Exceptions.

(e) Except for the School District lease referred to in section 3.6 and as otherwise disclosed in the Title Policy, there are no leases, rental agreements, licenses, or other agreements or occupancies allowing any third-party rights to use all or any portion of the Area A Lot, Area A-1 Lot, or Area C Easement area.

(f) Except for the representations and warranties of District contained in Section 7.1, Agency acknowledges that it will be acquiring the Area B Lot as is, where is, and with all faults, and without any representation or warranty of Agency as to the nature or condition of title to the property, the physical condition of the property, the uses of the property, or any use limitations.

(g) Agency has no knowledge of any pending or threatened litigation, administrative proceeding or other legal or governmental action affecting the Area A Lot, Area A-1 Lot, or Area C Easement area against Agency and related to or arising from Agency’s interest in the Area A Lot, Area A-1 Lot, or Area C Easement area.

(h) Agency has not used or stored Hazardous Materials on the Area A Lot, Area A-1 Lot, or Area C Easement area in any manner that violates federal, state or local laws, ordinances, rules or regulations governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials. To the best of Agency's knowledge, no prior owner, tenant, subtenant, or occupant has used or stored Hazardous Materials on the Area A Lot, Area A-1 Lot, or Area C Easement area in any manner that violates federal, state or local laws, ordinances, rules or regulations governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials. Agency has not received any notice concerning any violation or alleged violation of federal, state or local laws, ordinances, rules or regulations governing the use, storage, treatment, transportation, manufacture, handling, production or disposal of Hazardous Materials on the Area A Lot, Area A-1 Lot, or Area C Easement area.

7.3. Agency Indemnification. Agency shall indemnify, defend, and hold harmless District from all loss, cost, liability, expense, damage, or other injury, including without limitation, attorney fees and expenses, incurred by reason of or in any manner resulting from the breach of a warranty or representation in this section 7 or any third-party claim or lawsuit relating to the Area B Lot and arising out of or related to an occurrence or incident that occurred prior to the Close of Escrow.

7.4. District Indemnification. District shall indemnify, defend, and hold harmless Agency from all loss, cost, liability, expense, damage, or other injury, including without limitation, attorney fees and expenses, incurred by reason of or in any manner resulting from the breach of a warranty or representation in this section 7 or any third-party claim or lawsuit relating to the Area A Lot, Area A-1 Lot, or Area C Easement area and arising out of or related to an occurrence or incident that occurred prior to the Close of Escrow.

8. RISK OF LOSS. Each party shall bear the risk of loss of or damage to its real property from fire or other casualty until Close of Escrow. In the event of any material damage to or destruction of the Area A, Area A-1, Area B or Area C property by fire or other casualty, whether or not insured, or the taking of all or part of such property by power of eminent domain, prior to Close of Escrow, a grantee party may, at its option, at any time prior to the Close of Escrow, either:

8.1. Terminate this Agreement; or

8.2. Elect to proceed with the Close of Escrow, in which event the grantor party shall do the following: deliver to the grantee party at Close of Escrow (a) any insurance proceeds received by the grantor party and related to the damage to or destruction of the property (but excluding monies that have been spent or incurred by the grantor party in the repair of the property), (b) any eminent domain proceeds, and (c) a written assignment of all rights and claims of the grantor party under any applicable insurance policy; and, fully cooperate with and assist the grantee party in adjusting any loss and perfecting and pursuing any claim under any applicable insurance policy. In the event of any non-material damage or destruction, the parties shall proceed under this section 8.2.

9. GENERAL PROVISIONS

9.1. Brokers. In the event any broker, salesperson or other person perfects a claim for a real estate commission or other similar fee based upon the sale and transfer to District of the Property, the party through whom the broker, salesperson or other person makes its claim shall be solely responsible for the commission or other fee and shall indemnify and hold harmless the other party from the claim and all liabilities, costs and expenses related to such claim.

9.2. Survival. The parties' representations and warranties contained in this Agreement shall survive the Close of Escrow and continue for a period of one year thereafter and shall thereupon expire and be of no further force and effect; except that parties' representation and warranties set forth in sections 7.1(f) and 7.2(f) shall survive the Close of Escrow indefinitely. Any claim for breach of any such representation and warranty must be made in writing within 30 days from the date of the breach or shall be waived. However, if any such claim is timely initiated within the one-year and 30 days period, it may be pursued to completion by the claiming party. The waivers of claims or rights, the releases, and the indemnification obligations of the parties shall survive the Close of Escrow or the earlier termination of this Agreement.

9.3. Entire Agreement. The parties intend this document to be the sole, final, complete, exclusive and integrated expression and statement of the terms of their Agreement concerning the subject matter of this document. This Agreement supersedes all prior oral or written negotiations, representations, contracts, or other documents that may be related to the subject matter of this Agreement, except those other documents that may be expressly referenced in this Agreement.

9.4. 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.

9.5. 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.

9.6. Remedies Not Exclusive. The remedies provided in this Agreement are cumulative and not exclusive, and are in addition to any other remedies that may be provided by law or equity. The exercise by either party of any remedy under this Agreement shall be without prejudice to the enforcement of any other remedy.

9.7. Severability. If any part of this Agreement is held to be void, invalid, illegal or unenforceable, then the remaining parts will continue in full force and effect and be fully binding, so long as the rights and obligations of the parties are not materially and adversely affected.

9.8. Successors and Assigns. This Agreement shall bind and inure to the benefit of the respective successors and assigns of the parties.

9.9. Amendment. This Agreement may be modified or amended only by a subsequent written agreement approved and executed by both parties. Amendment by Agency requires approval by its Board of Directors.

9.10. Further Assurances and Cooperation. In order to carry out and give full effect to this Agreement, each party will use all reasonable efforts to provide such information, sign and deliver such further instruments and documents, and take such actions as may be reasonably requested by the other party, so long as not inconsistent with the provisions of this Agreement and not involving the assumption of obligations or liabilities different from, in excess of, or in addition to those expressly provided for in this Agreement. The parties will reasonably cooperate with each other to carry out the purpose and intent of this Agreement, including providing assistance in obtaining approvals and permits from regulatory agencies required to perform the obligations under this Agreement.

9.11. Headings. Headings are inserted for convenience of reference only and shall not be utilized to construe, limit, or otherwise interpret this Agreement.

9.12. Notices. Any notice, consent, approval, or other communication (collectively “Notice”) required or permitted to be given under this Agreement shall be in writing and delivered or sent either (a) in person, (b) by prepaid, first class U.S. mail, (c) by a nationally-recognized commercial overnight courier service that guarantees next day delivery and provides a receipt, or (d) by email with a confirmed receipt. Any Notice so delivered or sent will be deemed given (a) when delivered in person, (b) three days after deposited in prepaid, first class U.S. mail, (c) on the date of delivery as shown on the overnight courier service receipt, or (d) upon the sender’s receipt of an email from the other party confirming the receipt of the emailed Notice. Notices required or permitted to be given under this Agreement shall be addressed as follows:

Agency: General Manager Tahoe-Truckee Sanitation Agency 13720 Butterfield Drive Truckee, CA 96161 lgriffin@ttsa.net	District: General Manager Tahoe-Truckee Airport District 10356 Truckee Airport Road Truckee, CA 96161 kevin.smith@truckeetahoeairport.com
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Any party may change its contact information by notifying the other party in writing of the change of address.

TAHOE-TRUCKEE SANITATION AGENCY

TAHOE-TRUCKEE AIRPORT DISTRICT

Dated: _____, 2020

Dated: _____, 2020

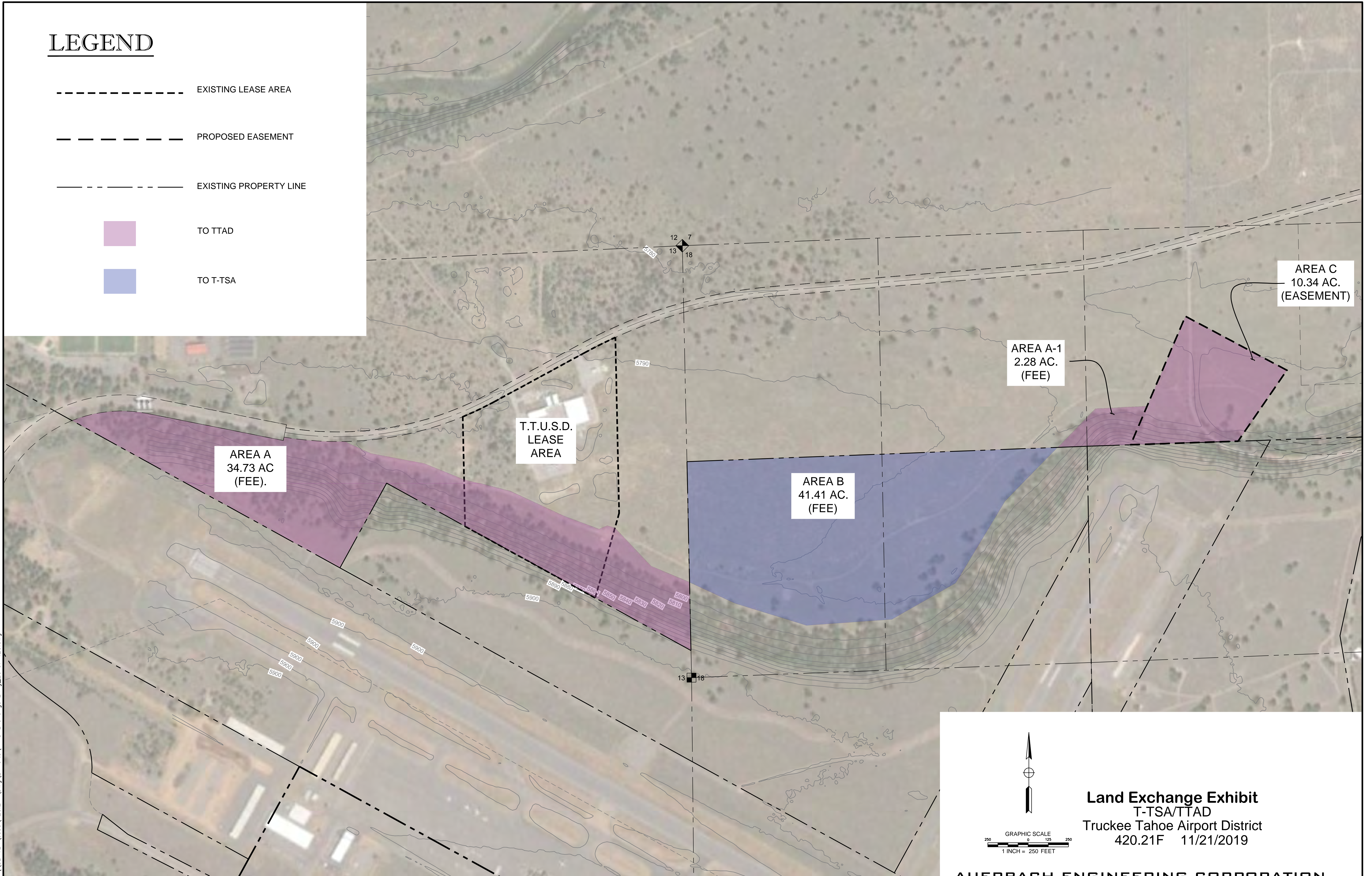
By: _____
LaRue Griffin, General Manager

By: _____
Kevin Smith, General Manager

EXHIBIT A

LEGEND

- EXISTING LEASE AREA
- PROPOSED EASEMENT
- EXISTING PROPERTY LINE
- TO TTAD
- TO T-TSA



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Land Exchange Exhibit
T-TSA/TTAD
Truckee Tahoe Airport District
420.21F 11/21/2019

TTSA/TTAD REAL PROPERTY EXCHANGE AGREEMENT

THIS AGREEMENT is made this 22 day of May, 2019 by and between Tahoe-Truckee Sanitation Agency, a local government agency ("**Agency**"), and Tahoe-Truckee Airport District, a local government agency ("**District**"). This Agreement will become effective on the date that it is signed by the last party to sign as indicated by the date associated with that party's signature on the signature page below. The parties agree as follows:

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

1.1. Agency is presently the owner in fee simple of that certain unimproved real property located in the County of Nevada, State of California, as shown on the attached Exhibit A as "**Area A**" (approximately 53 acres) and "**Area C**" (approximately 14 acres). Area A is located within the Town of Truckee and Area C is located partially in the Town of Truckee and partially in the unincorporated area of the County of Nevada.

1.2. District is presently the owner in fee simple of that certain unimproved real property located in the unincorporated area of the County of Nevada, State of California, as shown on the attached Exhibit A as "**Area B**" (approximately 68 acres).

1.3. Agency desires to acquire Area B for certain Agency purposes. District desires to acquire Area A for certain District purposes and it desires to acquire a surface and overhead avigation easement (i.e., an easement allowing overflight in the airspace above property and restricting the construction of buildings or structures or planting of trees on the property) over Area C. The parties therefore desire to exchange real property interests with (a) Agency conveying to District fee simple title to Area A and a surface and overhead avigation easement on and over Area C, and (b) District conveying to Agency fee simple title to Area B, on and subject to the terms and conditions of this Agreement.

1.4. In planning for and negotiating this real property exchange, the parties cooperated on the preparation of an appraisal of the three property interests (Area A fee, Area B fee, and Area C easement). An appraisal firm, Johnson Perkins Griffin, prepared and provided to each party two appraisal reports (one for the Agency property (Area A fee and Area C easement) and one for the District property (Area B fee)) each dated January 30, 2019 (the reports are on file with each party). The appraisal reports concluded that the combined value of the Agency property is \$2,585,000 and that the value of the District Property is \$3,100,000.

2. EXCHANGE AND TRANSFER OF PROPERTY AND EASEMENTS

2.1. Exchange of Property. Agency agrees to sell, grant, and convey to District, and District agrees to purchase, acquire, and accept from Agency, fee title to Area A and a surface and overhead avigation easement on and over Area C, on and subject to the terms and conditions of this Agreement (including the modification of the Area A boundaries as provided in section 3.1). District agrees to sell, grant, and convey to Agency, and Agency agrees to purchase, acquire, and accept from District, fee title to Area B, on and subject to the terms and conditions of this Agreement (including the modification of the Area B boundaries as provided in section 3.1).

2.2. Consideration. The parties intend to exchange real property interests of roughly the same approximate value. Prior to the Close of Escrow (as defined at section 5.1) and as provided in section 3.1, the parties shall prepare and agree upon an increased Area A boundary and a decreased Area B boundary such that the approximate values of the Area A fee and Area C avigation easement interests will roughly equal the approximate value of the Area B fee interest. Consequently, at the Close of Escrow neither party will pay any purchase price to the other party.

3. PRE-CLOSING ACTIONS

3.1. Prepare Lot and Easement Plats. Upon approval of this Agreement, the parties shall agree upon jointly retaining an engineer or surveyor to prepare lot and easement plats pursuant to this section and to assist with processing the lot line adjustments pursuant to section 3.3. The parties shall split the fees and costs of the engineer or surveyor. The engineer or surveyor, in coordination with the parties, shall prepare recordable plats showing (a) the Area A lot with the increased boundary (as generally shown in the hatched area on Exhibit A), (b) the Area B lot with the decreased boundary (as generally shown in the hatched area on Exhibit A), and (c) the Area C easement area. The engineer or surveyor shall collaborate with the parties to ensure that the final lot sizes are such that the approximate values of the Area A lot and Area C easement are roughly the same as the approximate value of the Area B lot. The final plats as prepared by the engineer or surveyor and approved by the parties shall be referred to as the "Area A Lot," "Area B Lot" and "Area C Easement Drawing."

3.2. Prepare Easement. Upon approval of this Agreement, the parties shall cooperate and coordinate on the preparation of a recordable surface and overhead avigation easement on mutually satisfactory terms that will accompany the Area C Easement Drawing to be prepared under section 3.1. The final easement together with the Area C Easement Drawing as approved by the parties shall be referred to as the "Area C Easement."

3.3. Apply for Lot Line Adjustments. At the Close of Escrow, the real property lots to be conveyed to each party must comply with the California Subdivision Map Act (Government Code section 66410, et seq.) and applicable Town of Truckee and County of Nevada subdivision ordinances. Upon completed preparation of the Area A Lot, Area B Lot, and Area C Easement Drawing, the parties shall cooperate and coordinate on the preparation and filing of parcel map applications with the Town of Truckee and the County of Nevada to create the new Area A Lot and Area B Lot described above and as finally determined pursuant to section 3.1. Since Area A is located within the Town of Truckee, it shall be created and conveyed as a new separate parcel, rather than being merged with and added to the District parcel to the south that is located in the unincorporated area. Since Area B is located within the unincorporated area, it shall be created and conveyed as a new separate parcel, rather than being merged with and added to the Agency parcel to the north that is located within the Town of Truckee. The parties shall split the costs (e.g., Town and County fees and costs, title company fees and costs, engineering or surveyor fees) incurred in preparing, filing, and processing the parcel map applications.

3.4. Request 65402(c) Review. Upon completed preparation of the Area A Lot, Area B Lot, and Area C Easement Drawing, and concurrent with the parcel map applications, the parties jointly shall request the Town of Truckee Community Development Department

and Nevada County Planning Department to review this proposed real property exchange transaction and report on it as to conformity with the Truckee General Plan (for the Town with respect to the subject real property located within the Town of Truckee) and the Nevada County General Plan (for the County with respect to the subject real property located within the unincorporated area) pursuant to California Government Code section 65402(c).

3.5. Request FAA Approval. Upon completed preparation of the Area A Lot, Area B Lot, and Area C Easement Drawing, District shall apply to the Federal Aviation Administration ("FAA") for approval of the real property exchange transactions under this Agreement. District shall bear all costs and expenses associated with applying for and obtaining FAA approval.

3.6. Request TTUSD Consent. A portion of Area A is subject to a Lease Agreement dated December 12, 2001 between Agency and the Tahoe Truckee Unified School District ("**School District**") and located within lease area. As such, prior to transferring the Area A Lot to District, Agency must obtain the written consent of the School District. (See Lease Agreement section 37.) The portion of Area A within the leased area is not used by the School District. Upon completed preparation of the Area A Lot, Area B Lot, and Area C Easement Drawing, Agency shall request School District consent pursuant to section 37. Agency shall bear all costs and expenses associated with requesting and obtaining School District consent.

4. TITLE REVIEW; CONDITION OF PROPERTY

4.1. Title Review Period. No later than 45 days prior to the expected date for the closing, each party shall obtain from the Title Company (as defined at section 5.1) a current preliminary report (the "**Title Report**") for a California Land Title Association (CLTA) or American Land Title Association (ALTA) title insurance policy (at the party's choice) for the real property to be acquired by the party and showing the status of title to the property and all recorded liens, encumbrances, and other exceptions to the title. Each party shall have 20 days following its receipt of the Title Report to object to other party in writing regarding those title matters that are unacceptable to the party. If a party fails to object in writing to the other party within the 20-day period, then the party shall be deemed to have waived any right to object to the title. If a party timely objects, then the grantor party shall use commercially reasonable efforts to remove or otherwise cure the objection(s) prior to the closing. If the grantor party is unable or unwilling to cure such objection(s), and if the Title Company does not agree to insure over any such objection(s), then the objecting party may elect by written notice to the other party to either accept title subject to the objection(s) or terminate this Agreement.

4.2. Title Insurance. At the Close of Escrow, the Title Company shall issue to each grantee party a CLTA or ALTA title insurance policy (at the party's choice) in an amount determined by the party (the "**Title Policy**"), subject only to (a) the lien of real property taxes, bonds, and assessments not then due, and (b) those exceptions (if any) shown by the Title Report that are accepted by party pursuant to section 4.1 (collectively the "**Approved Real Property Exceptions**").

4.3. As-Is Condition. Each party has been advised to investigate the condition and suitability of all aspects of the property it will acquire under this Agreement and all matters affecting the value, desirability, or usability of the property, including potential environmental hazards arising from the presence in, on, under, around or about the property of toxic materials or hazardous substances. Except as otherwise expressly in section 7, neither party, nor its officers, directors, employees, or agents, makes or has made any representations or warranties of any kind, express or implied, written or oral, as to the physical condition of its property; condition of the property soils or groundwater; permissible uses of the property or limitations on use (including matters pertaining to zoning, environmental, or other laws, regulations or governmental requirements); utilities on or near the property; costs of operating or managing the property; presence or absence of toxic materials or hazardous substances in, on, under, around or about the property; condition of title to the property; or any other matter bearing on the use, value, or condition of the property.

5. ESCROW AND CLOSING

5.1. Escrow. Upon completed preparation of the Area A Lot, Area B Lot, and Area C Easement Drawing pursuant to section 3.1, a fully executed copy of this Agreement shall be deposited with _____ Title Company, at Truckee, California (the "**Title Company**"), and such delivery shall constitute the opening of an escrow (the "**Escrow**") for consummating the exchange and transfer of the real property interests under this Agreement. The Escrow shall be subject to the standard conditions for acceptance of escrow and standard escrow instructions, but only to the extent that the standard conditions and instructions impose no additional obligations or liabilities on the parties, and further subject to the terms and conditions of this Agreement. In the case of any conflict between this Agreement and any standard escrow conditions or instructions, this Agreement shall govern. The close of Escrow shall take place at the offices of the Title Company as soon as convenient after satisfaction or waiver of the conditions precedent set forth in section 6, unless extended by mutual agreement of the parties (the "**Close of Escrow**").

5.2. Agency Documents. At least one business day prior to the Close of Escrow, Agency shall deposit with the Title Company the following documents:

(a) Grant deed in recordable form and duly approved, executed, and notarized by Agency conveying good, marketable, and insurable fee simple title to the Area A Lot to District;

(b) Area C Easement in recordable form and duly approved, executed, and notarized by Agency conveying the easement to District;

(c) Resolution or certificate of acceptance accepting and authorizing the recording of the Area B Lot grant deed;

(d) Agency's share of the fees and costs described in section 5.5; and,

(e) Such other instruments or documents as are reasonably required by the terms of this Agreement or by the Title Company in order to consummate the closing.

5.3. District Documents. At least one business day prior to the Close of Escrow, District shall deposit with the Title Company the following documents:

(a) Grant deed in recordable form and duly approved, executed, and notarized by District conveying good, marketable, and insurable fee simple title to the Area B Lot to Agency;

(b) Resolution or certificate of acceptance accepting and authorizing the recording of the Area A Lot grant deed and the Area C Easement;

(c) District's share of the fees and costs described in section 5.5; and,

(d) Such other instruments or documents as are reasonably required by the terms of this Agreement or by the Title Company in order to consummate the closing.

5.4. Close of Escrow. After all the requirements of section 3 have been satisfied and all conditions precedent set forth in section 6 have been satisfied or waived, the parties shall instruct the Title Company to close Escrow by taking the following actions:

(a) Good, marketable and insurable fee simple title to the Area A Lot shall be transferred and conveyed to District by recording with the county recorder the grant deed (marked to return to District);

(b) The Area C Easement shall be transferred and conveyed to District by recording the easement with the county recorder (marked to return to District);

(c) Good, marketable and insurable fee simple title to the Area B Lot shall be transferred and conveyed to Agency by recording with the county recorder the grant deed (marked to return to Agency);

(d) Each Title Policy, subject only to the Approved Real Property Exceptions, shall be delivered to the appropriate party; and,

(e) Expenses of Escrow, prorated items and other adjustments provided for in this Agreement shall be charged or credited, as the case may be, to Agency and District as provided in sections 3 and 5.5.

Following Close of Escrow, possession of the Area A Lot shall be delivered to District, free and clear of all occupancies and uses, and possession of the Area B Lot shall be delivered to Agency, free and clear of all occupancies and uses.

5.5. Prorations and Expenses. Non-delinquent real property taxes and assessments (if any; Area A, Area B, and Area C currently are tax-exempt) shall be prorated on the basis of actual days elapsed and a 365-day year, between Agency and District as of the Close of Escrow. Any delinquent real property taxes, assessments and other charges collected on the tax roll shall be brought current by grantor party prior to Close of Escrow. The parties shall split 50%/50% the closing and related costs, including real estate transfer taxes, recording fees, and Escrow fees. Each party shall pay the title insurance fees and costs for its Title Policy. Following Close of Escrow, each grantee party shall be responsible for any real

property taxes, assessments, or other charges levied against the real property it acquires under this Agreement.

5.6. Agreement and Escrow Termination. Should this Agreement be terminated according to its terms or by mutual consent of the parties prior to Close of Escrow, then all documents in Escrow shall be returned by the Title Company to the party having deposited the same and each party shall be released from all further obligations and liabilities under this Agreement (except that a party shall retain its breach of contract rights and remedies in the event of an Agreement default by the other party). If the Title Company charges any cancellation fees or charges or other customary escrow or title fees or charges, such fees and charges shall be borne equally between the parties.

6. CONDITIONS PRECEDENT TO CLOSING; FAILURE OF CONDITIONS

6.1. Mutual Conditions Precedent. Each party's obligations under this Agreement are subject to the satisfaction (or waiver by both parties) prior to Close of Escrow of the following mutual conditions precedent:

(a) The parties shall have approved the final Area A Lot, Area B Lot, Area C Easement Drawing, and Area C Easement pursuant to sections 3.1 and 3.2.

(b) The Town of Truckee and County of Nevada shall have approved the parcel map applications pursuant to section 3.3 and the parcel maps shall have been recorded in the Nevada County Recorder's Office.

(c) The Town of Truckee Community Development Department and Nevada County Planning Department have approved the proposed real property exchange transaction pursuant to California Government Code section 65402(c) or Town or County disapproval have been overruled by Agency and District.

(d) The FAA shall have approved the real property exchange transactions pursuant to section 3.5.

6.2. District Conditions Precedent. District's obligations under this Agreement are subject to satisfaction (or waiver by District in its sole discretion) prior to Close of Escrow of the following conditions precedent:

(a) District shall have approved the status of the title to the Area A Lot and Area C Easement area pursuant to section 3.1, and the Title Company is prepared to issue the Title Policy to District.

(b) Agency shall have delivered to the Title Company the documents and other deliverables listed in section 5.2.

(c) There shall have been no material damage to the Area A Lot or Area C Easement area, nor any proceeding in eminent domain threatened or commenced in respect of such property or any part of it.

(d) All representations and warranties of Agency under this Agreement shall be true and correct in all material respects as of the Close of Escrow.

(e) Agency shall have performed or complied in all material respects with all covenants, agreements, and conditions set forth in this Agreement on its part to be performed or complied with at or prior to Close of Escrow.

6.3. Agency Conditions Precedent. Agency's obligations under this Agreement are subject to satisfaction (or waiver by Agency in its sole discretion) prior to Close of Escrow of the following conditions precedent:

(a) School District has given its written consent pursuant to section 3.6.

(b) Agency shall have approved the status of the title to the Area B Lot pursuant to section 3.1, and the Title Company is prepared to issue the Title Policy to Agency.

(c) District shall have delivered to the Title Company the documents and other deliverables listed in section 5.3.

(d) There shall have been no material damage to the Area B Lot, nor any proceeding in eminent domain threatened or commenced in respect of such property or any part of it.

(e) All representations and warranties of District under this Agreement shall be true and correct in all material respects as of the Close of Escrow.

(f) District shall have performed or complied in all material respects with all covenants, agreements, and conditions set forth in this Agreement on its part to be performed or complied with at or prior to Close of Escrow.

6.4. Failure of Conditions. Should any of the conditions set forth in sections 6.1 to 6.3 not be satisfied or waived prior to the Close of Escrow, then the party entitled to the benefit of the condition shall have the option to either waive the condition and close Escrow or terminate this Agreement. Nothing in this section shall be construed to limit a party's breach of contract rights and remedies in the event of an Agreement default by the other party.

7. REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION

7.1. District Representations. In consideration of Agency entering into this Agreement and as an inducement to Agency to sell and convey property to District, District represents and warrants to Agency that as of the date of this Agreement and the Close of Escrow:

(a) District is duly organized, validly existing, and in good standing under the laws of California and the person(s) executing this Agreement on behalf of District have the full right and authority to execute this Agreement on behalf of District and to bind District to the obligations in this Agreement (subject to the conditions precedent in section 6).

(b) This Agreement and all documents to be executed by District and delivered to Agency upon Close of Escrow are, or at the time of the Close of Escrow will be (i) duly authorized, properly executed, and delivered by District, and (ii) legal, valid, and binding obligations of District enforceable in accordance with their terms.

(c) The execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement will not conflict with or constitute a default under any of the terms, conditions, or provisions of any other agreement or judicial order to which District is a party or by which District is bound.

(d) District is or will be as of the Close of Escrow vested with fee simple title to the Area B Lot, subject only to the Approved Real Property Exceptions.

(e) Except as disclosed in the Title Policy, there are no leases, rental agreements, licenses, or other agreements or occupancies allowing any third-party rights to use all or any portion of the Area B Lot.

(f) Except for the representations and warranties of Agency contained in Section 7.2, District acknowledges that it will be acquiring the Area A Lot and Area C Easement as is, where is, and with all faults, and without any representation or warranty of Agency as to the nature or condition of title to the property, the physical condition of the property, the uses of the property, or any use limitations.

(g) District has no knowledge of any pending or threatened litigation, administrative proceeding or other legal or governmental action affecting the Area B Lot or against District and related to or arising from District's interest in the Area B Lot.

(h) District has not used or stored Hazardous Materials on the Area B Lot in any manner that violates federal, state or local laws, ordinances, rules or regulations governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials. To the best of District's knowledge, no prior owner, tenant, subtenant, or occupant has used or stored Hazardous Materials on the Area B Lot in any manner that violates federal, state or local laws, ordinances, rules or regulations governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials. District has not received any notice concerning any violation or alleged violation of federal, state or local laws, ordinances, rules or regulations governing the use, storage, treatment, transportation, manufacture, handling, production or disposal of Hazardous Materials on the Area B Lot. For purposes of this Agreement, "**Hazardous Materials**" means any hazardous or toxic substances or related materials defined as such in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. section 9601 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. section 1801 et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. section 9601 et seq.), and in the regulations promulgated pursuant to those acts, or any other federal or state statute or regulation.

7.2. Agency Representations. In consideration of District entering into this Agreement and as an inducement to District to sell and convey property to Agency, Agency represents and warrants to District that as of the date of this Agreement and the Close of Escrow:

(a) Agency is duly organized, validly existing, and in good standing under the laws of California and the person(s) executing this Agreement on behalf of Agency have the full

right and authority to execute this Agreement on behalf of Agency and to bind Agency to the obligations in this Agreement (subject to the conditions precedent in section 6).

(b) This Agreement and all documents to be executed by Agency and delivered to Agency upon Close of Escrow are, or at the time of the Close of Escrow will be (i) duly authorized, properly executed, and delivered by Agency, and (ii) legal, valid, and binding obligations of Agency enforceable in accordance with their terms.

(c) The execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement will not conflict with or constitute a default under any of the terms, conditions, or provisions of any other agreement or judicial order to which Agency is a party or by which Agency is bound.

(d) Agency is or will be as of the Close of Escrow vested with fee simple title to the Area A Lot and Area C Easement area, subject only to the Approved Real Property Exceptions.

(e) Except for the School District lease referred to in section 3.6 and as otherwise disclosed in the Title Policy, there are no leases, rental agreements, licenses, or other agreements or occupancies allowing any third-party rights to use all or any portion of the Area A Lot or Area C Easement area.

(f) Except for the representations and warranties of District contained in Section 7.1, Agency acknowledges that it will be acquiring the Area B Lot as is, where is, and with all faults, and without any representation or warranty of Agency as to the nature or condition of title to the property, the physical condition of the property, the uses of the property, or any use limitations.

(g) Agency has no knowledge of any pending or threatened litigation, administrative proceeding or other legal or governmental action affecting the Area A Lot or Area C Easement area against Agency and related to or arising from Agency's interest in the Area A Lot or Area C Easement area.

(h) Agency has not used or stored Hazardous Materials on the Area A Lot or Area C Easement area in any manner that violates federal, state or local laws, ordinances, rules or regulations governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials. To the best of Agency's knowledge, no prior owner, tenant, subtenant, or occupant has used or stored Hazardous Materials on the Area A Lot or Area C Easement area in any manner that violates federal, state or local laws, ordinances, rules or regulations governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials. Agency has not received any notice concerning any violation or alleged violation of federal, state or local laws, ordinances, rules or regulations governing the use, storage, treatment, transportation, manufacture, handling, production or disposal of Hazardous Materials on the Area A Lot or Area C Easement area.

7.3. Agency Indemnification. Agency shall indemnify, defend, and hold harmless District from all loss, cost, liability, expense, damage, or other injury, including without limitation, attorney fees and expenses, incurred by reason of or in any manner resulting

from the breach of a warranty or representation in this section 7 or any third-party claim or lawsuit relating to the Area B Lot and arising out of or related to an occurrence or incident that occurred prior to the Close of Escrow.

7.4. District Indemnification. District shall indemnify, defend, and hold harmless Agency from all loss, cost, liability, expense, damage, or other injury, including without limitation, attorney fees and expenses, incurred by reason of or in any manner resulting from the breach of a warranty or representation in this section 7 or any third-party claim or lawsuit relating to the Area A Lot or Area C Easement area and arising out of or related to an occurrence or incident that occurred prior to the Close of Escrow.

8. RISK OF LOSS. Each party shall bear the risk of loss of or damage to its real property from fire or other casualty until Close of Escrow. In the event of any material damage to or destruction of the Area A, Area B or Area C property by fire or other casualty, whether or not insured, or the taking of all or part of such property by power of eminent domain, prior to Close of Escrow, a grantee party may, at its option, at any time prior to the Close of Escrow, either:

8.1. Terminate this Agreement; or

8.2. Elect to proceed with the Close of Escrow, in which event the grantor party shall do the following: deliver to the grantee party at Close of Escrow (a) any insurance proceeds received by the grantor party and related to the damage to or destruction of the property (but excluding monies that have been spent or incurred by the grantor party in the repair of the property), (b) any eminent domain proceeds, and (c) a written assignment of all rights and claims of the grantor party under any applicable insurance policy; and, fully cooperate with and assist the grantee party in adjusting any loss and perfecting and pursuing any claim under any applicable insurance policy. In the event of any non-material damage or destruction, the parties shall proceed under this section 8.2.

9. GENERAL PROVISIONS

9.1. Brokers. In the event any broker, salesperson or other person perfects a claim for a real estate commission or other similar fee based upon the sale and transfer to District of the Property, the party through whom the broker, salesperson or other person makes its claim shall be solely responsible for the commission or other fee and shall indemnify and hold harmless the other party from the claim and all liabilities, costs and expenses related to such claim.

9.2. Survival. The parties' representations and warranties contained in this Agreement shall survive the Close of Escrow and continue for a period of one year thereafter and shall thereupon expire and be of no further force and effect; except that parties' representation and warranties set forth in sections 7.1(f) and 7.2(f) shall survive the Close of Escrow indefinitely. Any claim for breach of any such representation and warranty must be made in writing within 30 days from the date of the breach or shall be waived. However, if any such claim is timely initiated within the one-year and 30 days period, it may be pursued to completion by the claiming party. The waivers of claims or rights, the releases, and the indemnification obligations of the parties shall survive the Close of Escrow or the earlier termination of this Agreement.

9.3. Entire Agreement. The parties intend this document to be the sole, final, complete, exclusive and integrated expression and statement of the terms of their Agreement concerning the subject matter of this document. This Agreement supersedes all prior oral or written negotiations, representations, contracts, or other documents that may be related to the subject matter of this Agreement, except those other documents that may be expressly referenced in this Agreement.

9.4. 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.

9.5. 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.

9.6. Remedies Not Exclusive. The remedies provided in this Agreement are cumulative and not exclusive, and are in addition to any other remedies that may be provided by law or equity. The exercise by either party of any remedy under this Agreement shall be without prejudice to the enforcement of any other remedy.

9.7. Severability. If any part of this Agreement is held to be void, invalid, illegal or unenforceable, then the remaining parts will continue in full force and effect and be fully binding, so long as the rights and obligations of the parties are not materially and adversely affected.

9.8. Successors and Assigns. This Agreement shall bind and inure to the benefit of the respective successors and assigns of the parties.

9.9. Amendment. This Agreement may be modified or amended only by a subsequent written agreement approved and executed by both parties. Amendment by Agency requires approval by its Board of Directors.

9.10. Further Assurances and Cooperation. In order to carry out and give full effect to this Agreement, each party will use all reasonable efforts to provide such information, sign and deliver such further instruments and documents, and take such actions as may be reasonably requested by the other party, so long as not inconsistent with the provisions of this Agreement and not involving the assumption of obligations or liabilities different from, in excess of, or in addition to those expressly provided for in this Agreement. The parties will reasonably cooperate with each other to carry out the purpose and intent of this Agreement, including providing assistance in obtaining approvals and permits from regulatory agencies required to perform the obligations under this Agreement.

9.11. Headings. Headings are inserted for convenience of reference only and shall not be utilized to construe, limit, or otherwise interpret this Agreement.

9.12. Notices. Any notice, consent, approval, or other communication (collectively "Notice") required or permitted to be given under this Agreement shall be in writing and

delivered or sent either (a) in person, (b) by prepaid, first class U.S. mail, (c) by a nationally-recognized commercial overnight courier service that guarantees next day delivery and provides a receipt, or (d) by email with a confirmed receipt. Any Notice so delivered or sent will be deemed given (a) when delivered in person, (b) three days after deposited in prepaid, first class U.S. mail, (c) on the date of delivery as shown on the overnight courier service receipt, or (d) upon the sender's receipt of an email from the other party confirming the receipt of the emailed Notice. Notices required or permitted to be given under this Agreement shall be addressed as follows:

<p>Agency:</p> <p>General Manager Tahoe-Truckee Sanitation Agency 13720 Butterfield Drive Truckee, CA 96161 lgriffin@ttsa.net</p>	<p>District:</p> <p>General Manager Tahoe-Truckee Airport District 10356 Truckee Airport Road Truckee, CA 96161 kevin.smith@truckeetahoeairport.com</p>
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Any party may change its contact information by notifying the other party in writing of the change of address.

TAHOE-TRUCKEE SANITATION AGENCY

TAHOE-TRUCKEE AIRPORT DISTRICT

Dated: MAY 15, 2019

Dated: May 22, 2019

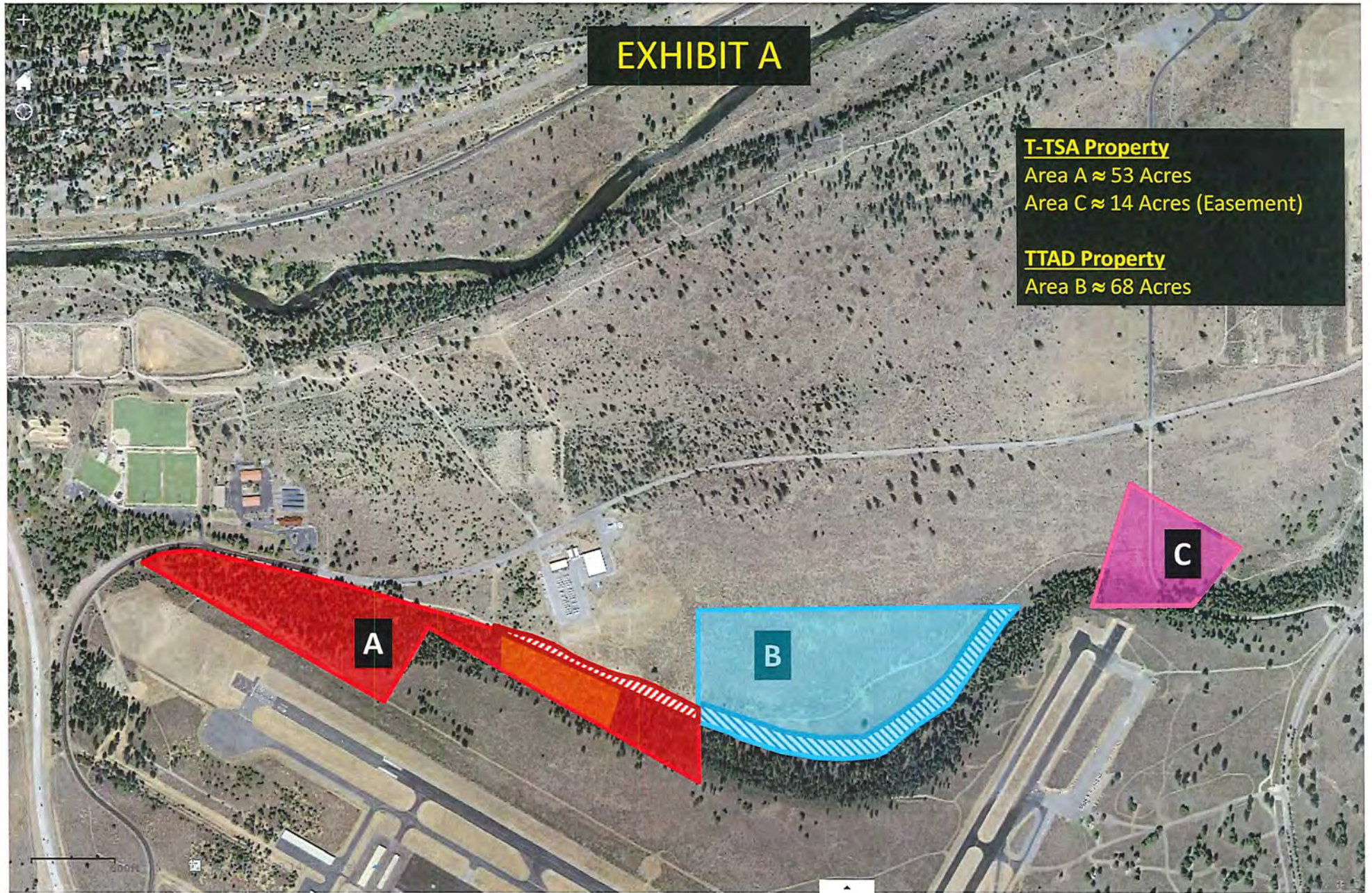
By: 
LaRue Griffin, General Manager

By: 
Kevin Smith, General Manager

EXHIBIT A

T-TSA Property
Area A ≈ 53 Acres
Area C ≈ 14 Acres (Easement)

TTAD Property
Area B ≈ 68 Acres





TAHOE-TRUCKEE SANITATION AGENCY

MEMORANDUM

Date: January 8, 2020
To: Board of Directors
From: Jay Parker, Engineering Manager
Item: V-4
Subject: Approval to solicit bids for the 2020 Plant Painting project

Background

The engineering department has developed a new project entitled the 2020 Plant Painting project (Project). This work builds on the recent painting projects of 2016 and 2018. These projects entail repairing areas of the water reclamation plant that are corroding using a strategic phased approach to extend the expected service life of the various facilities involved. The focus of this phase, as shown in the accompanying plans, is to rehabilitate and recoat Primary Clarifier No. 66, Secondary Clarifier No. 54, Secondary Distribution Box No. 56, and Digester No. 31.

The construction work contemplated would be performed by a general contractor with field work slated to occur between April 13, 2020 and September 25, 2020.

Fiscal Impact

The engineer's estimate for this Project is \$600,000, which exceeds the original budgeted amount of \$450,000. This increase is due to unforeseen conditions that were discovered in Digester 31 when it was emptied after development of the initial budget. Significantly more rehabilitation and recoating work will be required than originally envisioned. Depending on the value of bids received, the project budget for Fiscal Year 2020-2021 may need to be increased.


Attachments

2020 Plant Painting project contract drawings.

Recommendation

Management and staff recommend approval to solicit bids for the 2020 Plant Painting project.

Review Tracking

Submitted By: 
Jay Parker
Engineering Manager

Approved By: 
LaRue Griffin
General Manager

TAHOE-TRUCKEE SANITATION AGENCY



REGIONAL WATER RECLAMATION PLANT

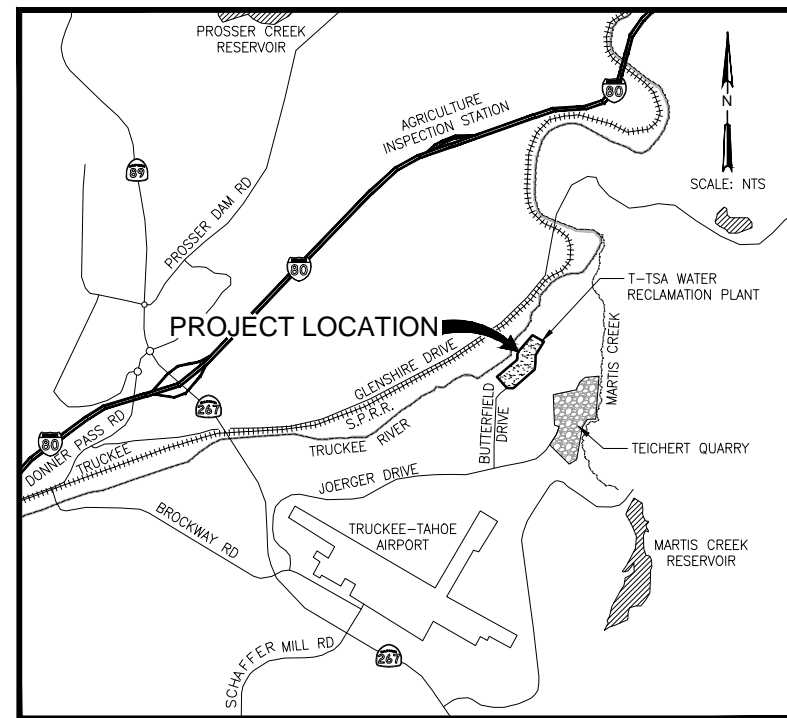
2020 PLANT PAINTING PROJECT

JANUARY 2020

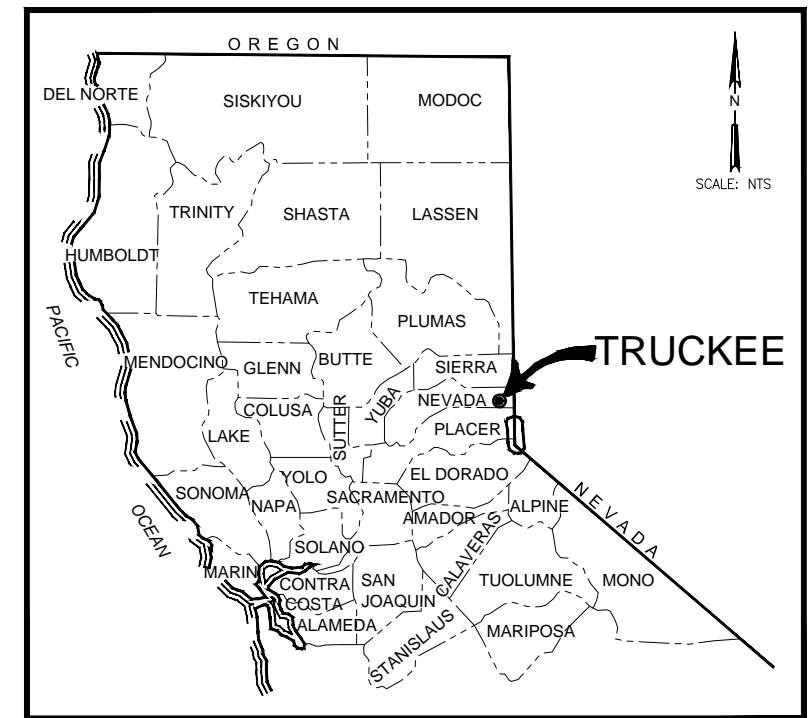
BOARD OF DIRECTORS

PRESIDENT	DALE COX
VICE PRESIDENT	DAN WILKINS
DIRECTOR	BLAKE TRESAN
DIRECTOR	JON NORTHROP
DIRECTOR	S. LANE LEWIS

APPROVED: _____
GENERAL MANAGER
LARUE GRIFFIN



LOCATION MAP



VICINITY MAP



Tahoe - Truckee Sanitation Agency
13720 Butterfield Drive
Truckee, California 96161
(530) 587-2525



1/8/2020

2020 PLANT PAINTING PROJECT

TITLE SHEET

VERIFY SCALE

BAR IS ONE INCH ON ORIGINAL DRAWING
0 1"
IF NOT ONE INCH ON THIS SHEET, ADJUST SCALES ACCORDINGLY

Designed By: SF
Drawn By: SF
Checked By: JP/AC
Approved By: LG

SYM	REVISIONS	DATE	BY

SHEET 1 OF 9
DWG NO. G-1
DATE JAN 2020




Tahoe - Truckee Sanitation Agency
 13720 Butterfield Drive
 Truckee, California 96161
 (530) 587-2525



1/8/2020

2020 PLANT PAINTING PROJECT

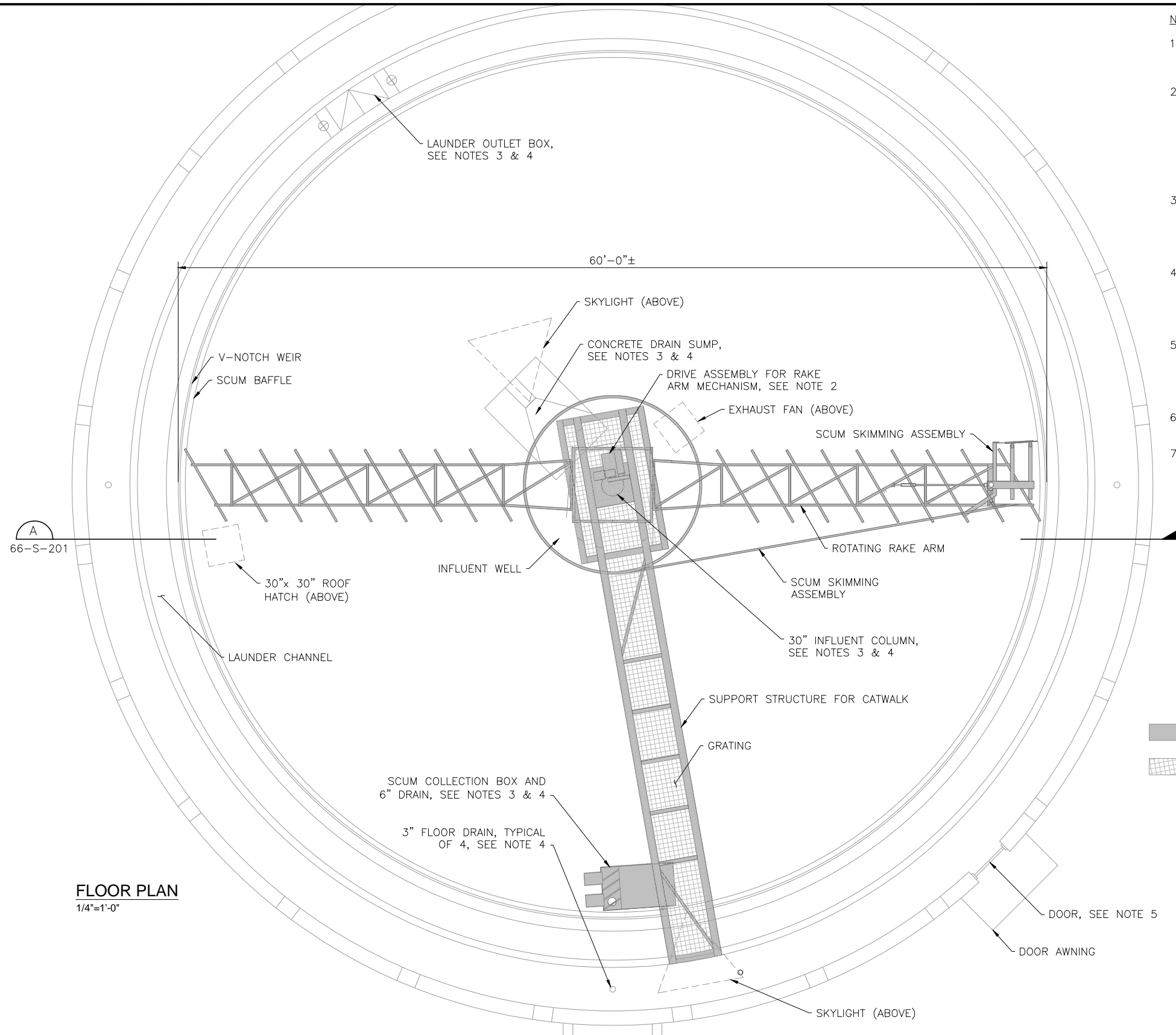
SITE MAP

VERIFY SCALE
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 IF NOT ONE INCH ON THIS SHEET, ADJUST SCALES ACCORDINGLY

Designed By: SF
Drawn By: SF
Checked By: JP/AC
Approved By: LG

SYM	REVISIONS	DATE	BY

SHEET 2 OF 9
 DWG NO. G-2
 DATE JAN 2020



NOTES:

1. PRIOR TO BIDDING, CONTRACTOR SHALL ASSESS EXISTING CONDITIONS AND PERFORM ALL MEASUREMENTS NECESSARY FOR THE PREPARATION OF THE BID.
2. AGENCY WILL DRAIN OIL FROM CLARIFIER MECHANISM DRIVE ASSEMBLY AND REMOVE GUARD RAIL AND CHAIN, BUT WILL LEAVE OTHER COMPONENTS IN PLACE. CONTRACTOR SHALL PAINT ALL METALLIC PARTS AND SHALL PREVENT BLAST MATERIAL AND PAINT FROM CONTAMINATING INTERNAL COMPARTMENTS, MACHINED PARTS, AND CLARIFIER MECHANISM SEALS. CONTRACTOR SHALL REPAIR ANY CONTAMINATION TO THE SATISFACTION OF THE AGENCY.
3. CONTRACTOR SHALL MITIGATE MOISTURE FROM EXISTING DRAINS AND PIPES TO PREVENT MOISTURE FROM ENTERING THE WORK AREA. CONTRACTOR SHALL REMOVE ACCUMULATED MATTER AND THEN REMOVE PLUGS, IF USED, PRIOR TO WORK AREA COMPLETION.
4. CONTRACTOR SHALL ENSURE DURING THE COURSE OF WORK THAT NO DELETERIOUS MATERIAL ENTERS EXISTING OPENINGS IN THE CLARIFIER; INCLUDING BUT NOT LIMITED TO, CONCRETE SUMP, DRAIN PIPES, FLOOR DRAINS INFLUENT COLUMN, LAUNDER OUTLET BOX, AND SCUM COLLECTION BOX.
5. CONTRACTOR IS ALLOWED TO REMOVE DOOR DURING THE COURSE OF THE WORK, BUT CONTRACTOR SHALL FULLY CONTAIN ABRASIVE BLAST MEDIA AND EXISTING PAINT REMOVAL AT DOOR OPENING AND SHALL RE-INSTALL DOOR PRIOR TO STARTING WORK IN THE NEXT WORK AREA.
6. CONTRACTOR SHALL CAULK FOLLOWING APPLICATION AND CURE OF FINAL COAT WHERE DIRECTED BY THE AGENCY.
7. ORIENTATION OF RAKE ARM MAY BE DIFFERENT THAN SHOWN.

LEGEND

- COATING SYSTEM, SEE SPECIFICATIONS
- GRATING

FLOOR PLAN
1/4"=1'-0"



Tahoe - Truckee Sanitation Agency
13720 Butterfield Drive
Truckee, California 96161
(530) 587-2525



1/8/2020

2020 PLANT PAINTING PROJECT
PRIMARY CLARIFIER STRUCTURE NO. 66 - PLAN

VERIFY SCALE

BAR IS ONE INCH ON ORIGINAL DRAWING
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IF NOT ONE INCH ON THIS SHEET, ADJUST SCALES ACCORDINGLY

Designed By: SF

Drawn By: SF

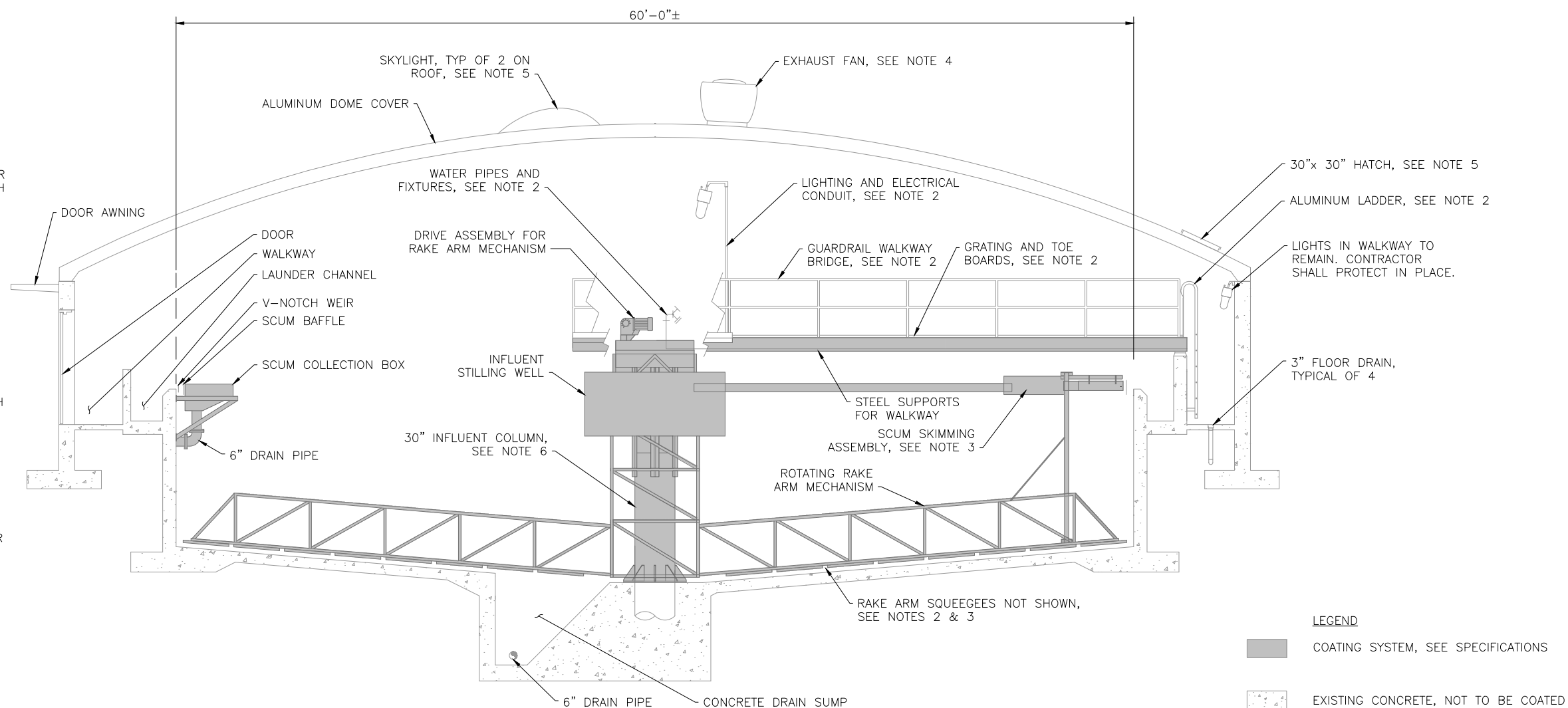
Checked By: JP/AC

Approved By: LG

				SHEET 3 OF 9
				DWG NO. 66-S-141
				DATE JAN 2020
SYM	REVISIONS	DATE	BY	

NOTES:

1. THIS COMPOSITE SECTION IS NOT A TRUE SECTION CUT AND IS FOR PURPOSES OF SHOWING MAJOR CLARIFIER FEATURES AND SCOPE OF WORK. SEE PLAN VIEW FOR ORIENTATION OF FEATURES.
2. AGENCY WILL REMOVE ITEMS THAT REFER TO NOTE 2, PRIOR TO CONTRACTOR STARTING WORK IN THE WORK AREA. AGENCY WILL REINSTALL AFTER WORK IS COMPLETE IN THE WORK AREA.
3. THE NON-METALLIC PARTS OF THE SCUM SKIMMING ASSEMBLY, THE RAKE ARM SQUEEGEES, AND THEIR RELATED FASTENERS AND APPURTENANCES WILL BE REMOVED BY THE AGENCY PRIOR TO CONTRACTOR STARTING WORK IN THE WORK AREA. AGENCY WILL REINSTALL SAID ITEMS AFTER WORK IN THE WORK AREA IS COMPLETE. CONTRACTOR SHALL ENSURE PLACEMENT OF COATINGS AT AND NEAR FASTENER OPENINGS DOES NOT INTERFERE WITH THE OWNER'S REPLACEMENT OF FASTENERS OR CAUSE DAMAGE TO THE COATINGS DURING FASTENER REPLACEMENT.
4. EXHAUST FAN WILL REMAIN IN PLACE BUT WILL BE ELECTRICALLY LOCKED-OUT BY AGENCY PRIOR TO THE CONTRACTOR STARTING WORK IN THE WORK AREA. CONTRACTOR SHALL PROVIDE ALL LABOR, EQUIPMENT, AND MATERIALS NECESSARY TO PROTECT EXHAUST FAN. CONTRACTOR SHALL SEAL EXHAUST FAN OPENING TO FULLY CONTAIN ABRASIVE BLAST MEDIA AND EXISTING PAINT REMOVAL.
5. THE CONTRACTOR SHALL NOTIFY THE AGENCY PRIOR TO REMOVING THE EXISTING ROOF HATCH OR SKYLIGHT(S) IF THE CONTRACTOR DETERMINES IT IS NECESSARY. IF ANY ROOF HATCHES OR SKYLIGHTS ARE REMOVED, THE CONTRACTOR SHALL PROVIDE ALL NECESSARY LABOR, EQUIPMENT, AND MATERIALS TO PROPERLY SEAL THE OPENINGS CREATED BY THE REMOVED HATCH OR SKYLIGHT(S) IN ORDER TO FULLY CONTAIN ABRASIVE BLAST MEDIA AND EXISTING PAINT REMOVAL. CONTRACTOR SHALL REINSTALL ROOF HATCH OR SKYLIGHT(S) AT THE COMPLETION OF WORK IN THE WORK AREA.
6. THE CONTRACTOR IS NOT RESPONSIBLE FOR COATING THE INTERIOR OF THE 30" INFLUENT COLUMN. CONTRACTOR SHALL COAT PIPE EXTERIOR NOT EMBEDDED IN CONCRETE AND COLUMN SUPPORT FEATURES THAT EXTEND UP FROM TOP OF PIPING.



SECTION A
1/4"=1'-0" 66-S-141






2020 PLANT PAINTING PROJECT
PRIMARY CLARIFIER STRUCTURE NO. 66 - SECTION

VERIFY SCALE
BAR IS ONE INCH ON ORIGINAL DRAWING
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IF NOT ONE INCH ON THIS SHEET, ADJUST SCALES ACCORDINGLY

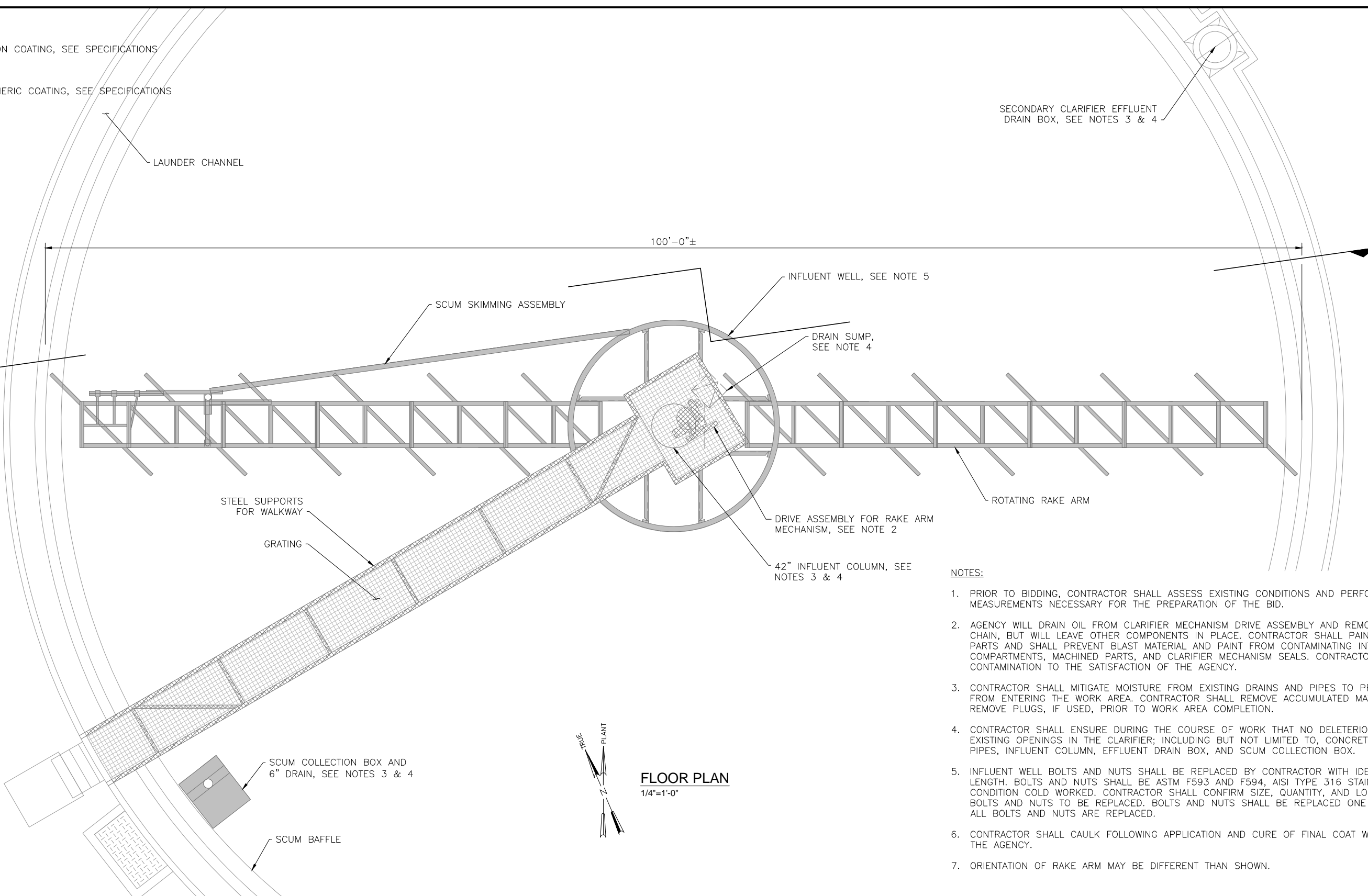
Designed By: SF
Drawn By: SF
Checked By: JP/AC
Approved By: LG

				SHEET	4 OF 9
				DWG NO.	66-S-201
				DATE	JAN 2020
SYM	REVISIONS	DATE	BY		

LEGEND

-  IMMERSION COATING, SEE SPECIFICATIONS
-  ATMOSPHERIC COATING, SEE SPECIFICATIONS
-  GRATING

A
54-S-201



SECONDARY CLARIFIER EFFLUENT
DRAIN BOX, SEE NOTES 3 & 4

100'-0"±

STEEL SUPPORTS
FOR WALKWAY
GRATING

SCUM COLLECTION BOX AND
6" DRAIN, SEE NOTES 3 & 4

SCUM BAFFLE



FLOOR PLAN
1/4"=1'-0"

NOTES:

1. PRIOR TO BIDDING, CONTRACTOR SHALL ASSESS EXISTING CONDITIONS AND PERFORM ALL MEASUREMENTS NECESSARY FOR THE PREPARATION OF THE BID.
2. AGENCY WILL DRAIN OIL FROM CLARIFIER MECHANISM DRIVE ASSEMBLY AND REMOVE GUARD RAIL AND CHAIN, BUT WILL LEAVE OTHER COMPONENTS IN PLACE. CONTRACTOR SHALL PAINT ALL METALLIC PARTS AND SHALL PREVENT BLAST MATERIAL AND PAINT FROM CONTAMINATING INTERNAL COMPARTMENTS, MACHINED PARTS, AND CLARIFIER MECHANISM SEALS. CONTRACTOR SHALL REPAIR ANY CONTAMINATION TO THE SATISFACTION OF THE AGENCY.
3. CONTRACTOR SHALL MITIGATE MOISTURE FROM EXISTING DRAINS AND PIPES TO PREVENT MOISTURE FROM ENTERING THE WORK AREA. CONTRACTOR SHALL REMOVE ACCUMULATED MATTER AND THEN REMOVE PLUGS, IF USED, PRIOR TO WORK AREA COMPLETION.
4. CONTRACTOR SHALL ENSURE DURING THE COURSE OF WORK THAT NO DELETERIOUS MATERIAL ENTERS EXISTING OPENINGS IN THE CLARIFIER; INCLUDING BUT NOT LIMITED TO, CONCRETE SUMP, DRAIN PIPES, INFLUENT COLUMN, EFFLUENT DRAIN BOX, AND SCUM COLLECTION BOX.
5. INFLUENT WELL BOLTS AND NUTS SHALL BE REPLACED BY CONTRACTOR WITH IDENTICAL SIZE AND LENGTH. BOLTS AND NUTS SHALL BE ASTM F593 AND F594, AISI TYPE 316 STAINLESS STEEL, CONDITION COLD WORKED. CONTRACTOR SHALL CONFIRM SIZE, QUANTITY, AND LOCATION OF ALL BOLTS AND NUTS TO BE REPLACED. BOLTS AND NUTS SHALL BE REPLACED ONE AT A TIME UNTIL ALL BOLTS AND NUTS ARE REPLACED.
6. CONTRACTOR SHALL CAULK FOLLOWING APPLICATION AND CURE OF FINAL COAT WHERE DIRECTED BY THE AGENCY.
7. ORIENTATION OF RAKE ARM MAY BE DIFFERENT THAN SHOWN.



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1/8/2020

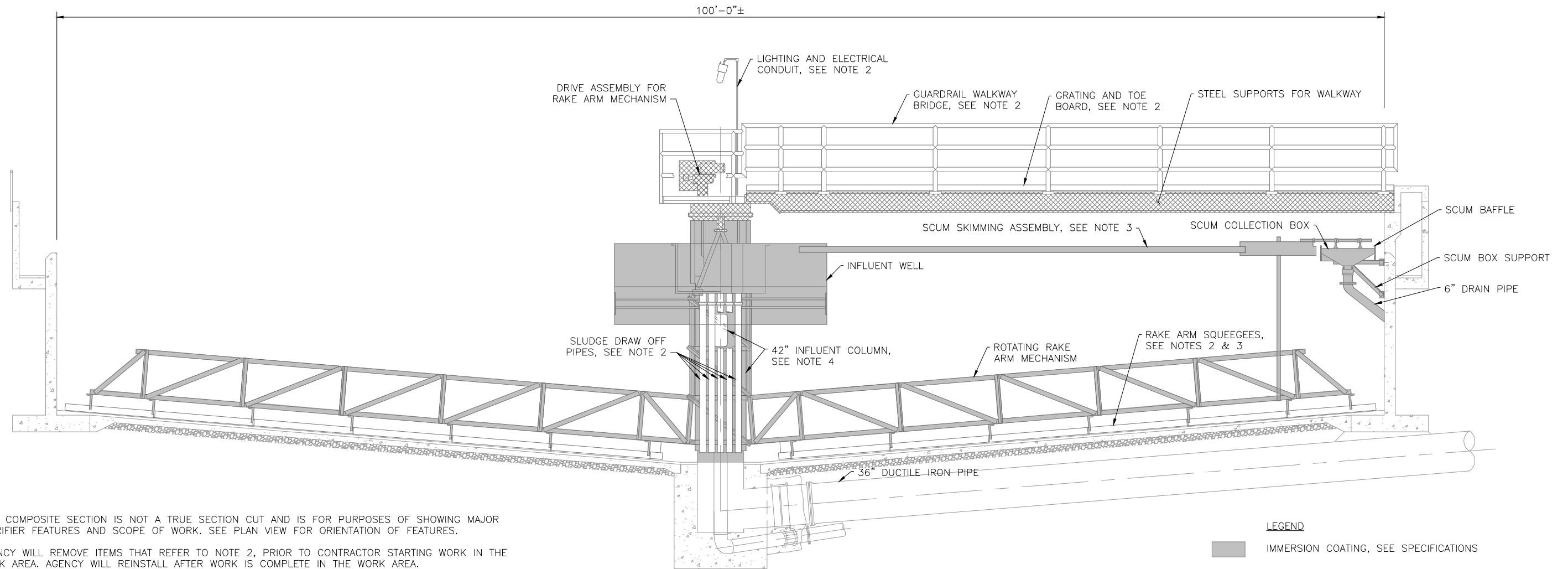
2020 PLANT PAINTING PROJECT
SECONDARY CLARIFIER STRUCTURE NO. 54 - PLAN

VERIFY SCALE
BAR IS ONE INCH ON ORIGINAL DRAWING
0 1"
IF NOT ONE INCH ON THIS SHEET, ADJUST SCALES ACCORDINGLY

Designed By: SF
Drawn By: SF
Checked By: JP/AC
Approved By: LG

SYM	REVISIONS	DATE	BY

SHEET 5 OF 9
DWG NO. 54-S-141
DATE JAN 2020



NOTES:

1. THIS COMPOSITE SECTION IS NOT A TRUE SECTION CUT AND IS FOR PURPOSES OF SHOWING MAJOR CLARIFIER FEATURES AND SCOPE OF WORK. SEE PLAN VIEW FOR ORIENTATION OF FEATURES.
2. AGENCY WILL REMOVE ITEMS THAT REFER TO NOTE 2, PRIOR TO CONTRACTOR STARTING WORK IN THE WORK AREA. AGENCY WILL REINSTALL AFTER WORK IS COMPLETE IN THE WORK AREA.
3. THE NON-METALLIC PARTS OF THE SCUM SKIMMING ASSEMBLY, THE RAKE ARM SQUEEGEES, AND THEIR RELATED FASTENERS AND APPURTENANCES WILL BE REMOVED BY THE AGENCY PRIOR TO CONTRACTOR STARTING WORK IN THE WORK AREA. AGENCY WILL REINSTALL SAID ITEMS AFTER WORK IN THE WORK AREA IS COMPLETE. CONTRACTOR SHALL ENSURE PLACEMENT OF COATINGS AT AND NEAR FASTENER OPENINGS DOES NOT INTERFERE WITH THE OWNER'S REPLACEMENT OF FASTENERS OR CAUSE DAMAGE TO THE COATINGS DURING FASTENER REPLACEMENT.
4. THE CONTRACTOR IS NOT RESPONSIBLE FOR COATING THE INTERIOR OF THE 42" INFLUENT COLUMN. CONTRACTOR SHALL COAT PIPE EXTERIOR NOT EMBEDDED IN CONCRETE AND COLUMN SUPPORT FEATURES THAT EXTEND UP FROM TOP OF PIPING.

LEGEND

- IMMERSION COATING, SEE SPECIFICATIONS
- ▨ ATMOSPHERIC COATING, SEE SPECIFICATIONS
- EXISTING CONCRETE, NOT TO BE COATED

SECTION A
1/4"=1'-0" 54-S-141



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1/8/2020

2020 PLANT PAINTING PROJECT
SECONDARY CLARIFIER STRUCTURE NO. 54 - SECTION

VERIFY SCALE

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Designed By: SF

Drawn By: SF

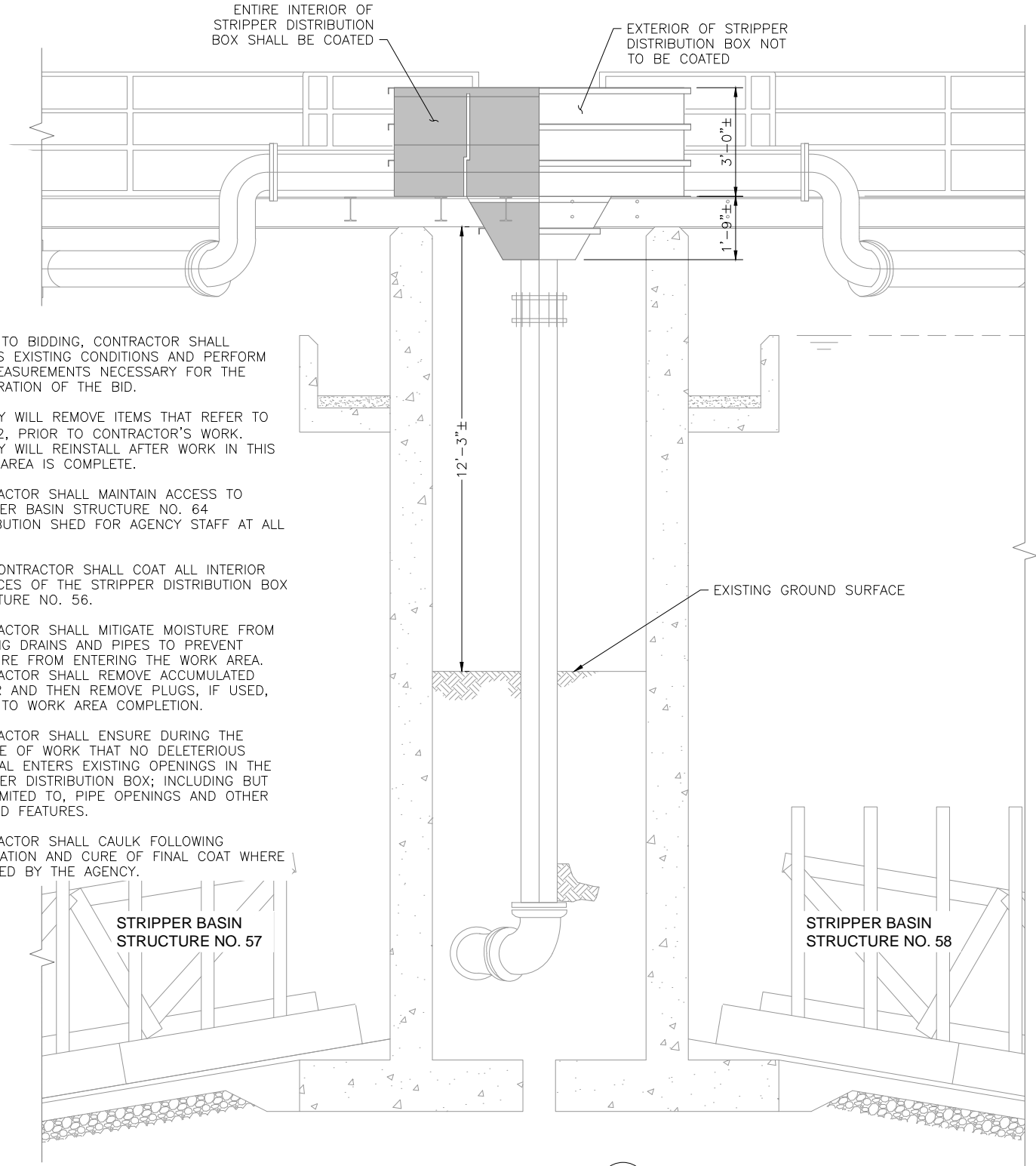
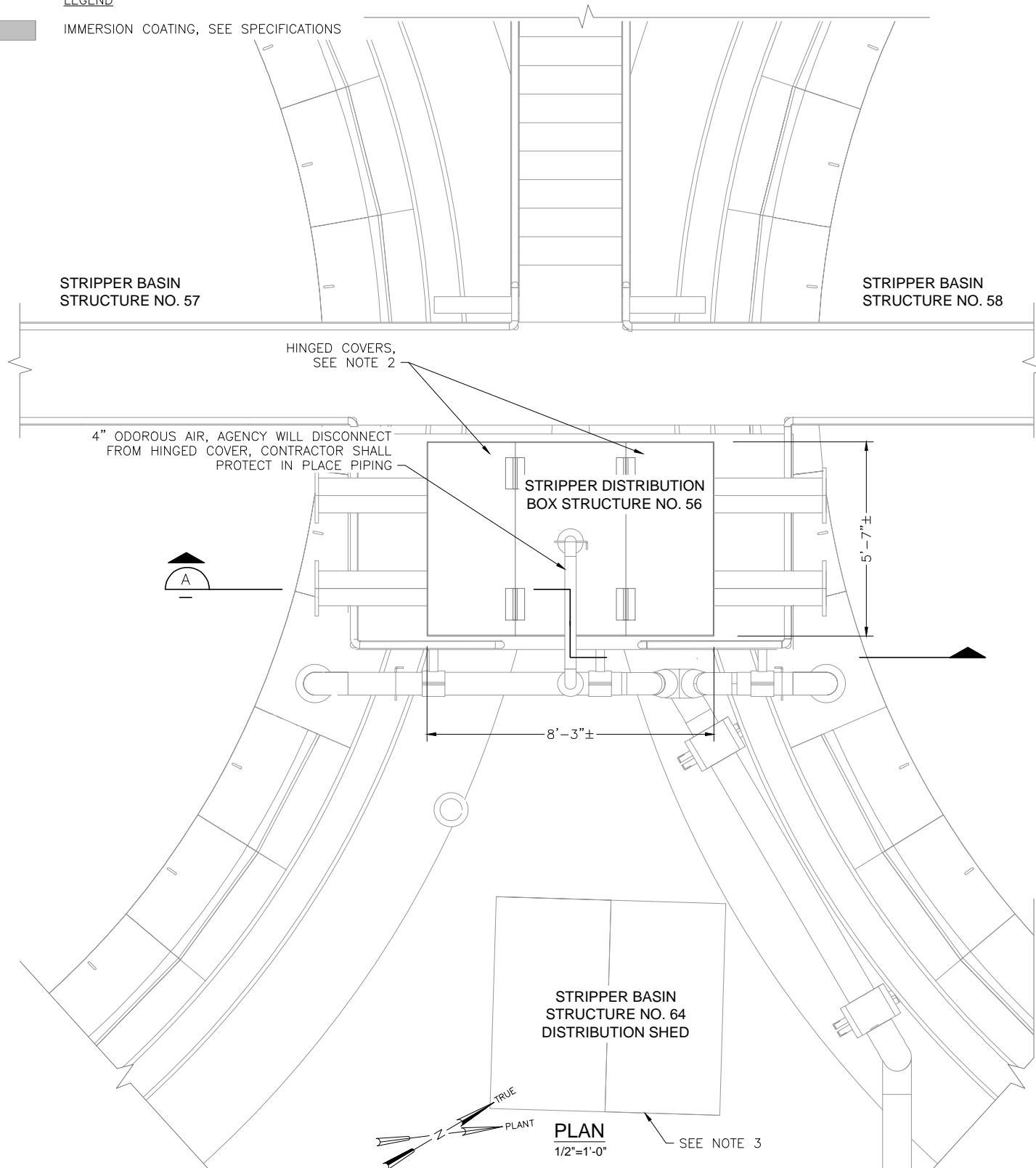
Checked By: JP/AC

Approved By: LG

						SHEET	6 OF 9
						DWG NO.	54-S-201
						DATE	JAN 2020
SYM	REVISIONS	DATE	BY				

LEGEND

■ IMMERSION COATING, SEE SPECIFICATIONS



NOTES:

1. PRIOR TO BIDDING, CONTRACTOR SHALL ASSESS EXISTING CONDITIONS AND PERFORM ALL MEASUREMENTS NECESSARY FOR THE PREPARATION OF THE BID.
2. AGENCY WILL REMOVE ITEMS THAT REFER TO NOTE 2, PRIOR TO CONTRACTOR'S WORK. AGENCY WILL REINSTALL AFTER WORK IN THIS WORK AREA IS COMPLETE.
3. CONTRACTOR SHALL MAINTAIN ACCESS TO STRIPPER BASIN STRUCTURE NO. 64 DISTRIBUTION SHED FOR AGENCY STAFF AT ALL TIMES.
4. THE CONTRACTOR SHALL COAT ALL INTERIOR SURFACES OF THE STRIPPER DISTRIBUTION BOX STRUCTURE NO. 56.
5. CONTRACTOR SHALL MITIGATE MOISTURE FROM EXISTING DRAINS AND PIPES TO PREVENT MOISTURE FROM ENTERING THE WORK AREA. CONTRACTOR SHALL REMOVE ACCUMULATED MATTER AND THEN REMOVE PLUGS, IF USED, PRIOR TO WORK AREA COMPLETION.
6. CONTRACTOR SHALL ENSURE DURING THE COURSE OF WORK THAT NO DELETERIOUS MATERIAL ENTERS EXISTING OPENINGS IN THE STRIPPER DISTRIBUTION BOX; INCLUDING BUT NOT LIMITED TO, PIPE OPENINGS AND OTHER RELATED FEATURES.
3. CONTRACTOR SHALL CAULK FOLLOWING APPLICATION AND CURE OF FINAL COAT WHERE DIRECTED BY THE AGENCY.



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1/8/2020

2020 PLANT PAINTING PROJECT
STRIPPER DISTRIBUTION BOX
STRUCTURE NO. 56 - PLAN AND SECTION

VERIFY SCALE

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 IF NOT ONE INCH ON THIS SHEET, ADJUST SCALES ACCORDINGLY

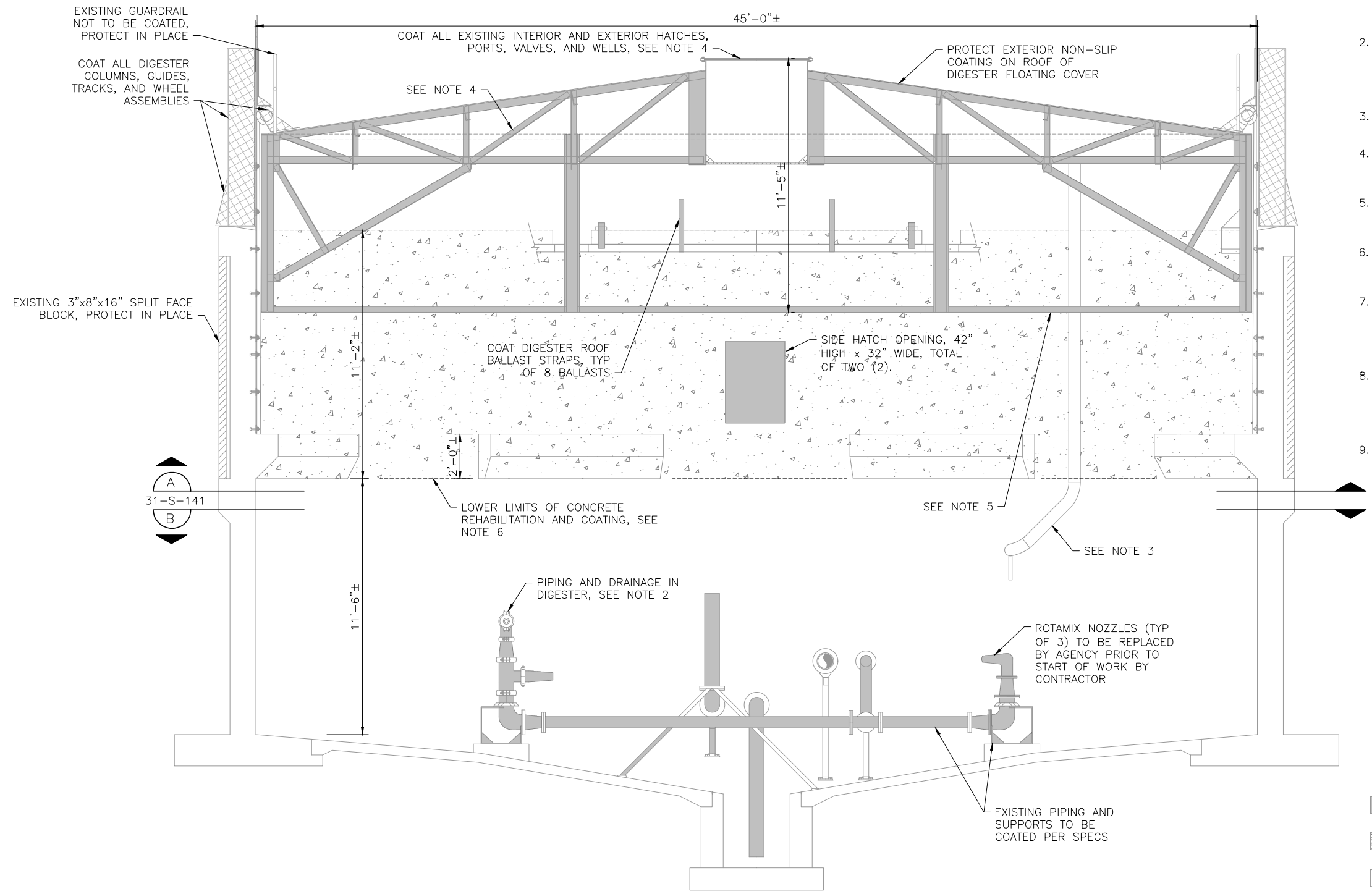
Designed By: SF

Drawn By: SF

Checked By: JP/AC

Approved By: LG

SHEET	7 OF 9
DWG NO.	56-S-141
DATE	JAN 2020
SYM	REVISIONS
DATE	BY



- NOTES:**
1. PRIOR TO BIDDING, CONTRACTOR SHALL ASSESS EXISTING CONDITIONS AND PERFORM ALL MEASUREMENTS NECESSARY FOR THE PREPARATION OF THE BID.
 2. THE CONTRACTOR SHALL COAT ALL EXTERIOR SURFACES OF PIPING, PIPE SUPPORTS, SIDE HATCH OPENINGS, AND RELATED METALLIC APPURTENANCES INSIDE THE DIGESTER, UNLESS OTHERWISE SPECIFIED. THE CONTRACTOR IS NOT RESPONSIBLE FOR PAINTING THE INTERIOR OF THE PIPES.
 3. CONTRACTOR SHALL NOT COAT ANY STAINLESS STEEL OR ALUMINUM FEATURES UNLESS SPECIFIED BY THE AGENCY.
 4. CONTRACTOR SHALL COAT ALL INTERIOR AND EXTERIOR METAL SURFACES OF THE DIGESTER FLOATING COVER ROOF, PER THE SPECIFICATIONS.
 5. FOR CLARITY, DIGESTER FLOATING COVER IS SHOWN IN AN ELEVATED POSITION ABOVE RESTING POSITION ON THE CONCRETE CORBELS.
 6. CONTRACTOR SHALL REHABILITATE ALL CONCRETE SURFACES FROM THE BOTTOM OF CONCRETE CORBELS TO THE TOP OF THE WALL PER THE SPECIFICATIONS.
 7. CONTRACTOR SHALL MITIGATE MOISTURE FROM EXISTING DRAINS AND PIPES TO PREVENT MOISTURE FROM ENTERING THE WORK AREA. CONTRACTOR SHALL REMOVE ACCUMULATED MATTER AND THEN REMOVE PLUGS, IF USED, PRIOR TO WORK AREA COMPLETION.
 8. CONTRACTOR SHALL ENSURE DURING THE COURSE OF WORK THAT NO DELETERIOUS MATERIAL ENTERS EXISTING OPENINGS IN THE DIGESTER; INCLUDING BUT NOT LIMITED TO, PIPE OPENINGS, ROTAMIX NOZZLES, CONCRETE SUMP, SIDE HATCH OPENING, AND OTHER RELATED FEATURES.
 9. CONTRACTOR SHALL CAULK FOLLOWING APPLICATION AND CURE OF FINAL COAT WHERE DIRECTED BY THE AGENCY.

LEGEND

	INTERIOR STEEL COATING, SEE SPECIFICATIONS
	ATMOSPHERIC COATING, SEE SPECIFICATIONS
	CONCRETE COATING, SEE SPECIFICATIONS

SECTION
3/8"=1'-0"

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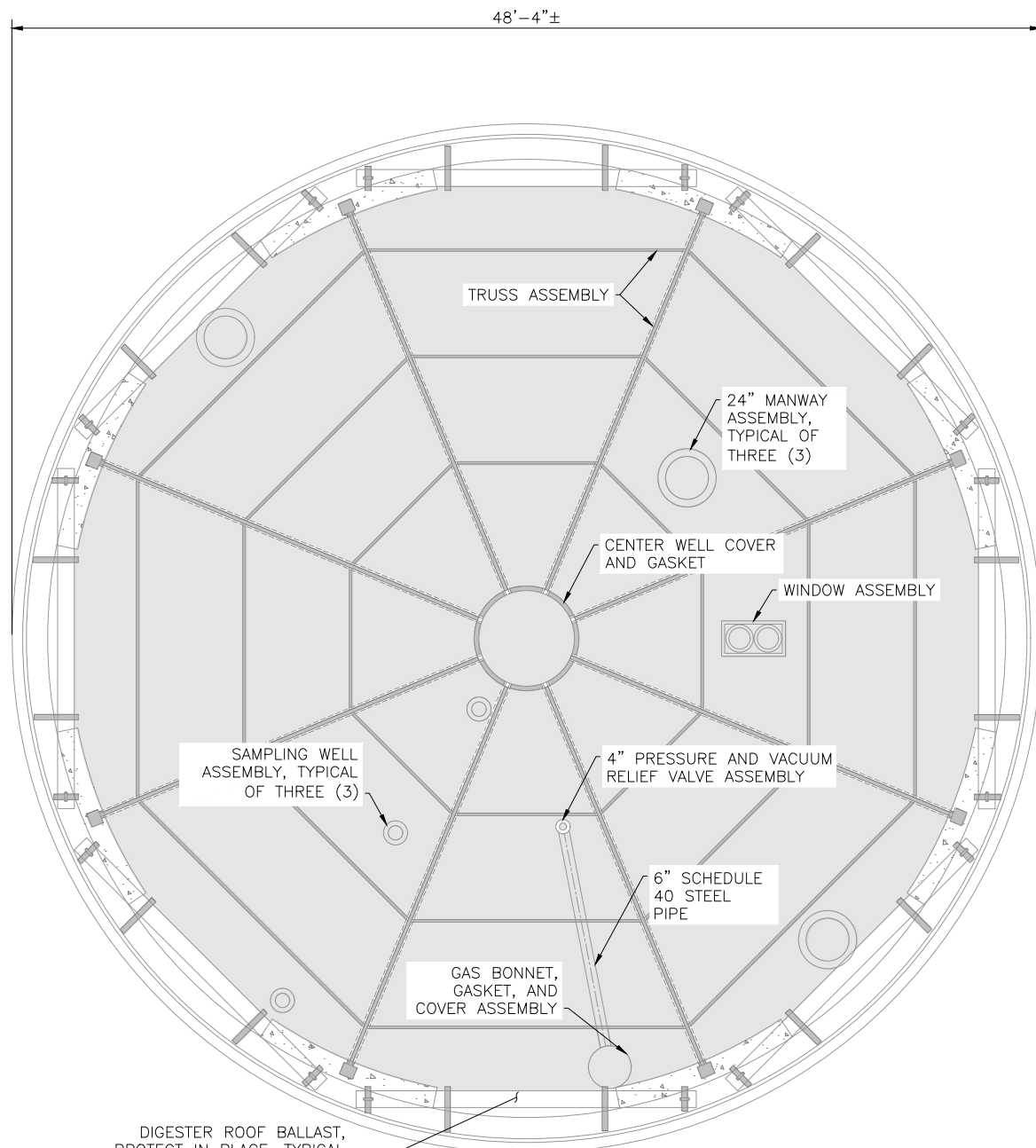
2020 PLANT PAINTING PROJECT
DIGESTER STRUCTURE NO. 31 - SECTION

VERIFY SCALE
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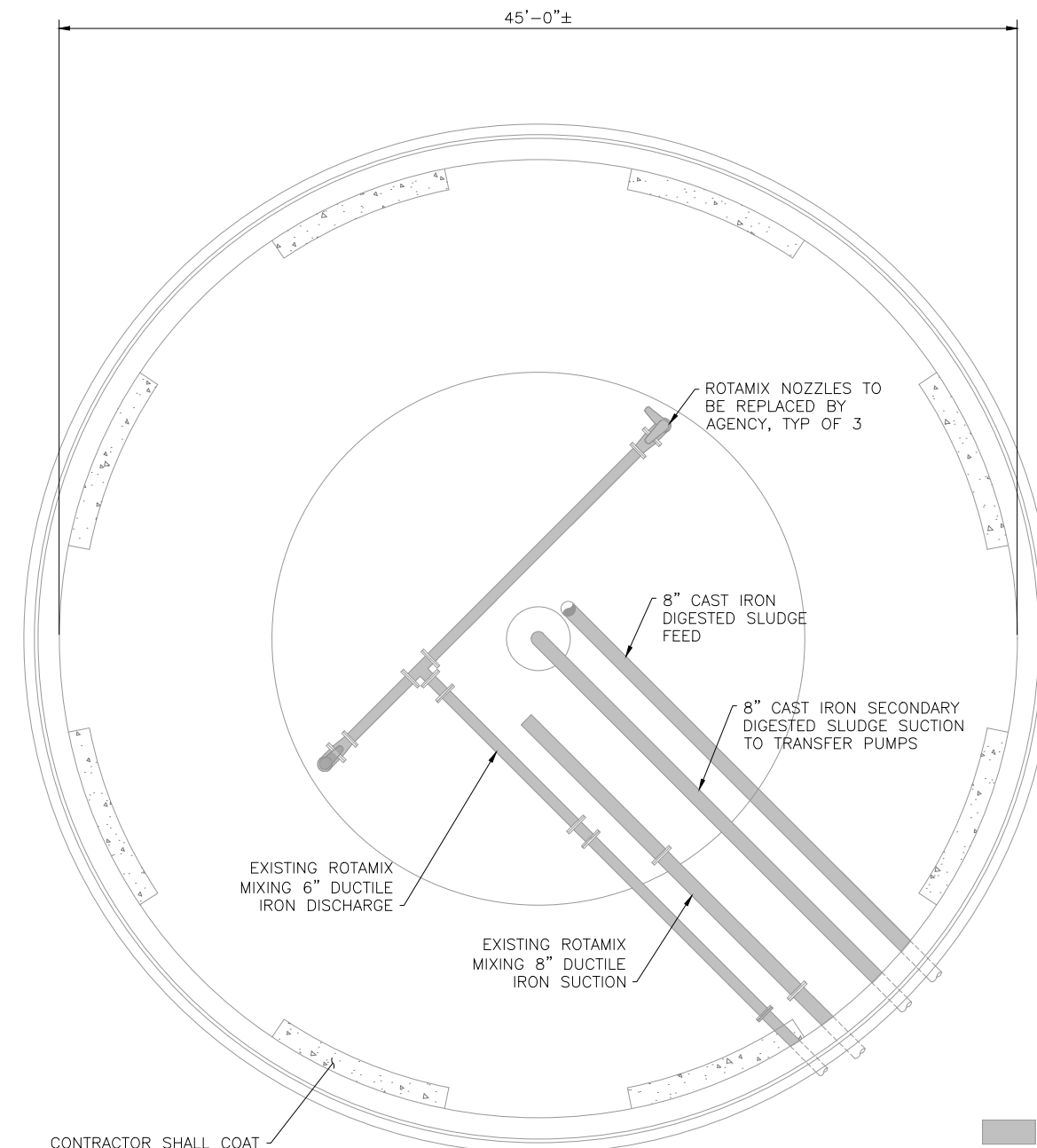
Designed By: SF
Drawn By: SF
Checked By: JP/AC
Approved By: LG

				SHEET 8 OF 9
				DWG NO. 31-S-201
				DATE JAN 2020
SYM	REVISIONS	DATE	BY	

1/8/2020



REFLECTED ROOF PLAN A
1/4"=1'-0" 31-S-201



FLOOR PLAN B
1/4"=1'-0" 31-S-201

LEGEND

	INTERIOR STEEL COATING, SEE SPECIFICATIONS
	CONCRETE COATING, SEE SPECIFICATIONS



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1/8/2020

2020 PLANT PAINTING PROJECT
DIGESTER STRUCTURE NO. 31 - PLANS

VERIFY SCALE
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Checked By: JP/AC
Approved By: LG

SHEET	9 OF 9
DWG NO.	31-S-141
DATE	JAN 2020
SYM	REVISIONS
DATE	BY



TAHOE-TRUCKEE SANITATION AGENCY

MEMORANDUM

Date: January 8, 2020
To: Board of Directors
From: LaRue Griffin, General Manager
Item: VI-1
Subject: Department Reports

Background

Department reports for previous and current month(s).

Fiscal Impact

None.

Attachments

1. Operations Department Report.
2. Maintenance Department Report.
3. Engineering Department Report.
4. Information Technology (IT) Department Report.
5. Administration Department Report.

Recommendation

No action required.

Review Tracking

Submitted By: _____


LaRue Griffin
General Manager



TAHOE-TRUCKEE SANITATION AGENCY OPERATIONS DEPARTMENT REPORT

Date: January 8, 2020
To: Board of Directors
From: Michael Peak, Operations Manager
Subject: Operations Report

All plant waste discharge requirements were met for the month.

Operations Report:

- Overall, the plant performed well through the month.

Laboratory Report:

- Staff performed necessary laboratory testing per WDR requirements and operational needs.

Work Orders:

- Completed this month: 3
- Pending: 14


Plant Data:

Influent Flow Description	MG
Monthly average daily ⁽¹⁾	3.89
Monthly maximum instantaneous ⁽¹⁾	8.26
Maximum 7- day average	5.00

Effluent Limitation Description ⁽²⁾	WDR Monthly Average		WDR Daily Maximum	
	<i>Recorded</i>	<i>Limit</i>	<i>Recorded</i>	<i>Limit</i>
Suspended Solids (mg/l)	1.5	10.0	2.9	20.0
Turbidity (NTU)	NA	NA	3.3	10.0
Total Phosphorus (mg/l)	0.52	0.80	1.10	1.50
Chemical Oxygen Demand (mg/l)	36.0	45.0	47.0	60.0

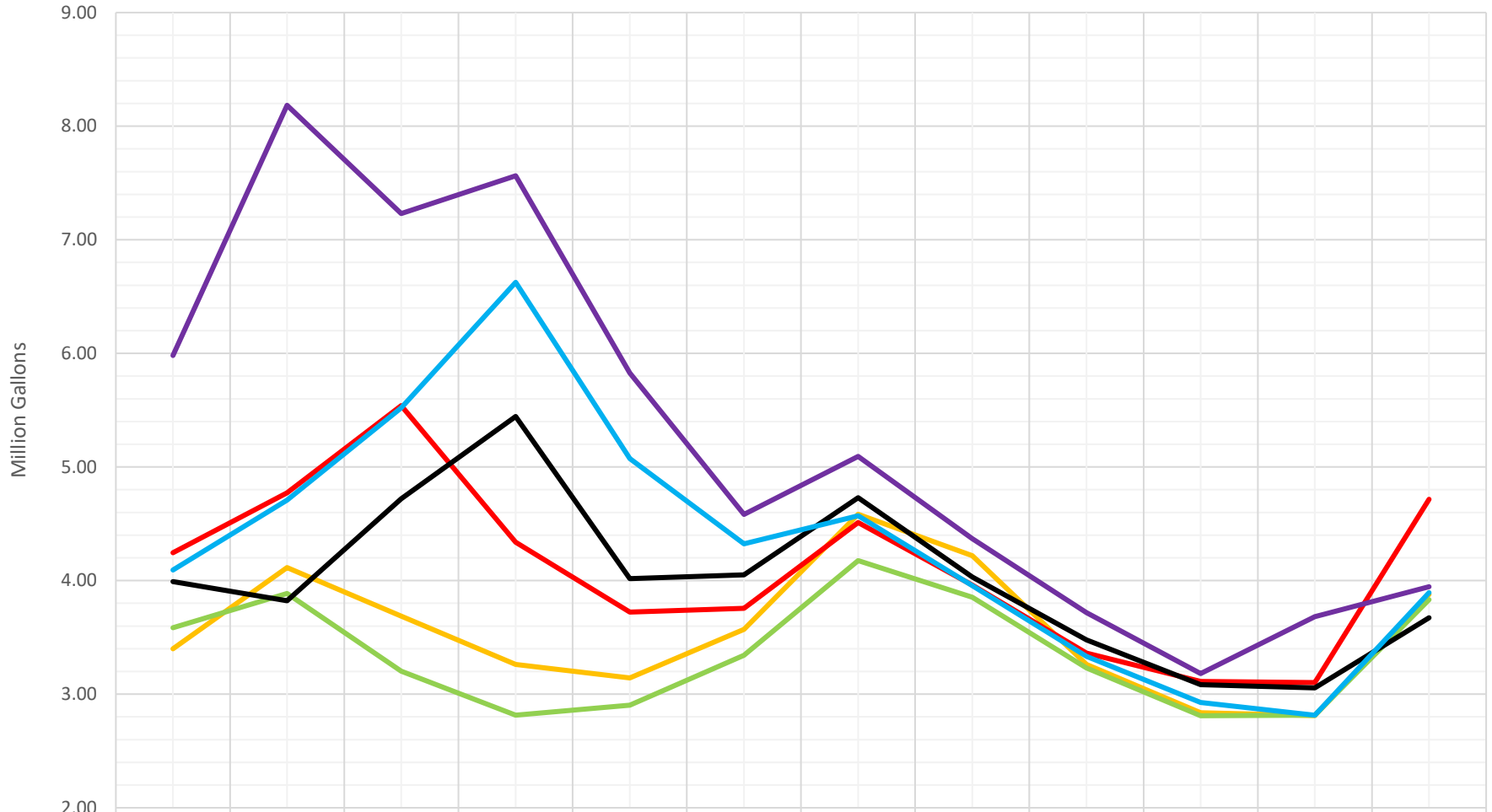
Notes: 1. Flows are depicted in the attached graph.
2. Effluent table data per WDR reportable frequency. Attached graphs depict all recorded data.

Review Tracking:

Submitted By: 
Michael Peak
Operations Manager

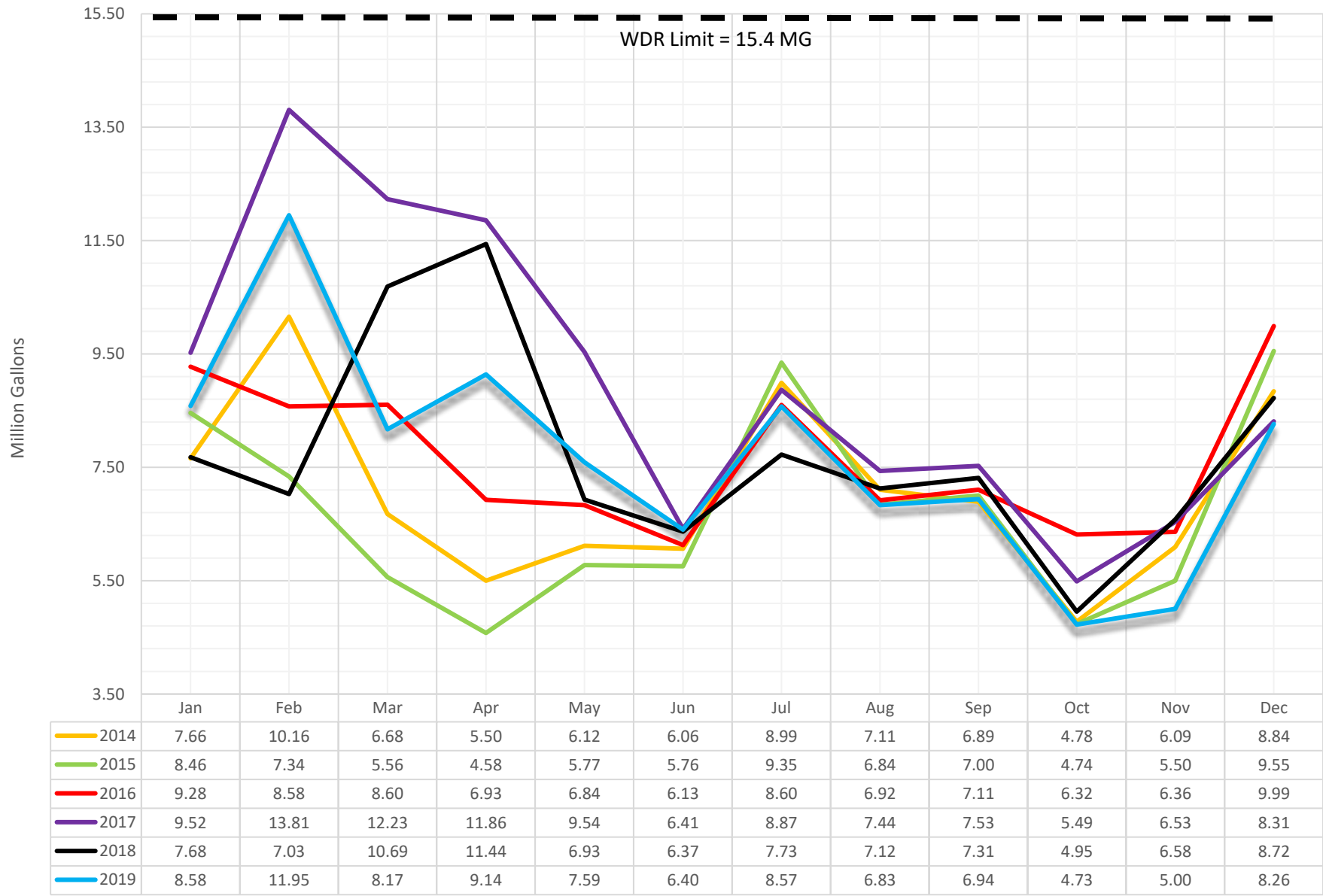
Approved By: 
LaRue Griffin
General Manager

Monthly Average Daily Flow (Influent)

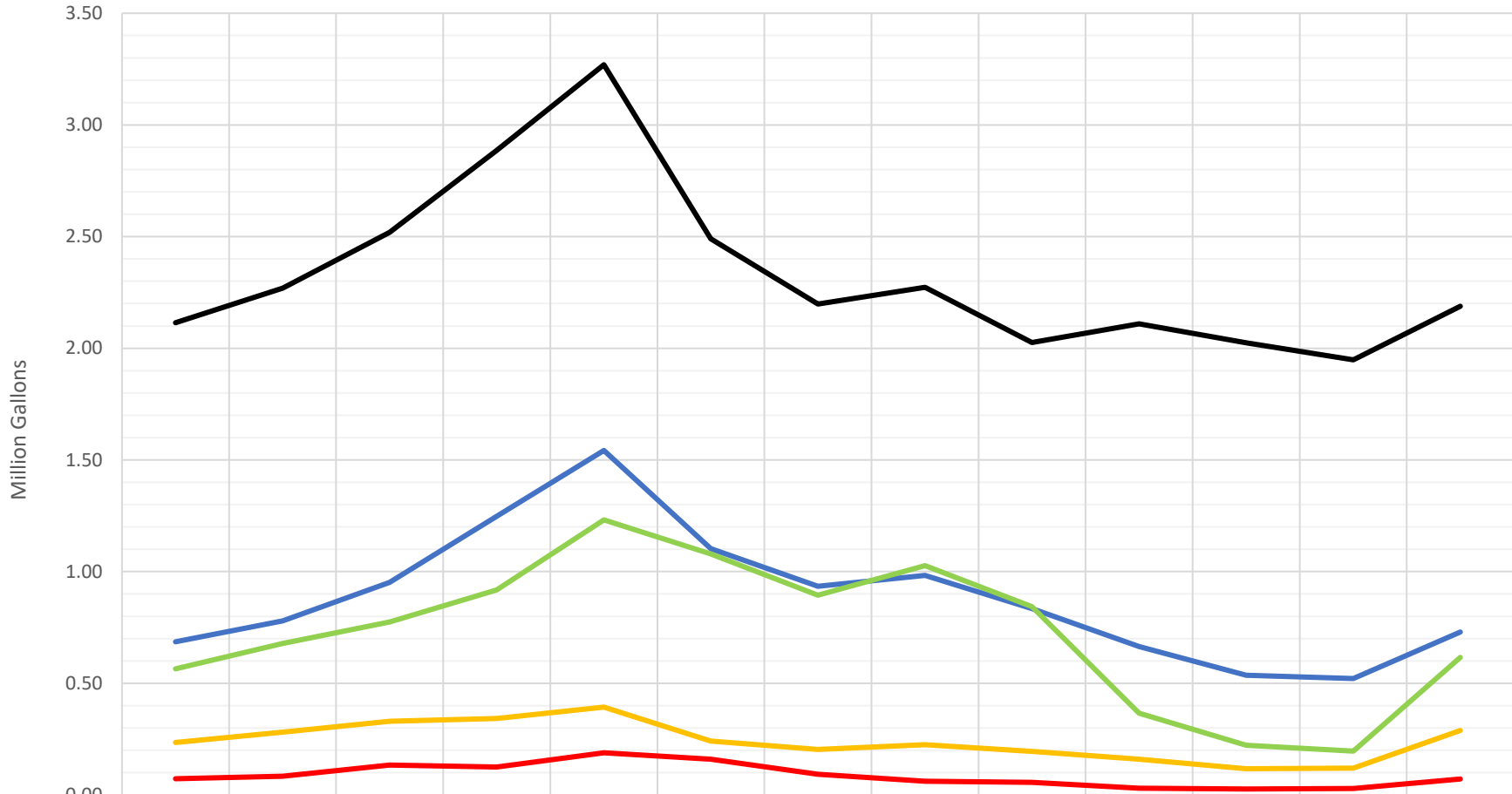


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014	3.40	4.11	3.69	3.26	3.14	3.57	4.58	4.22	3.26	2.84	2.81	3.88
2015	3.58	3.89	3.20	2.82	2.90	3.34	4.18	3.85	3.23	2.81	2.81	3.83
2016	4.24	4.77	5.54	4.34	3.72	3.76	4.51	3.96	3.36	3.11	3.10	4.72
2017	5.98	8.18	7.23	7.56	5.83	4.58	5.09	4.37	3.72	3.18	3.68	3.95
2018	3.99	3.82	4.72	5.44	4.02	4.05	4.73	4.03	3.48	3.08	3.06	3.67
2019	4.09	4.71	5.52	6.63	5.07	4.32	4.57	3.96	3.33	2.93	2.81	3.89

Monthly Maximum Instantaneous Flow (Influent)

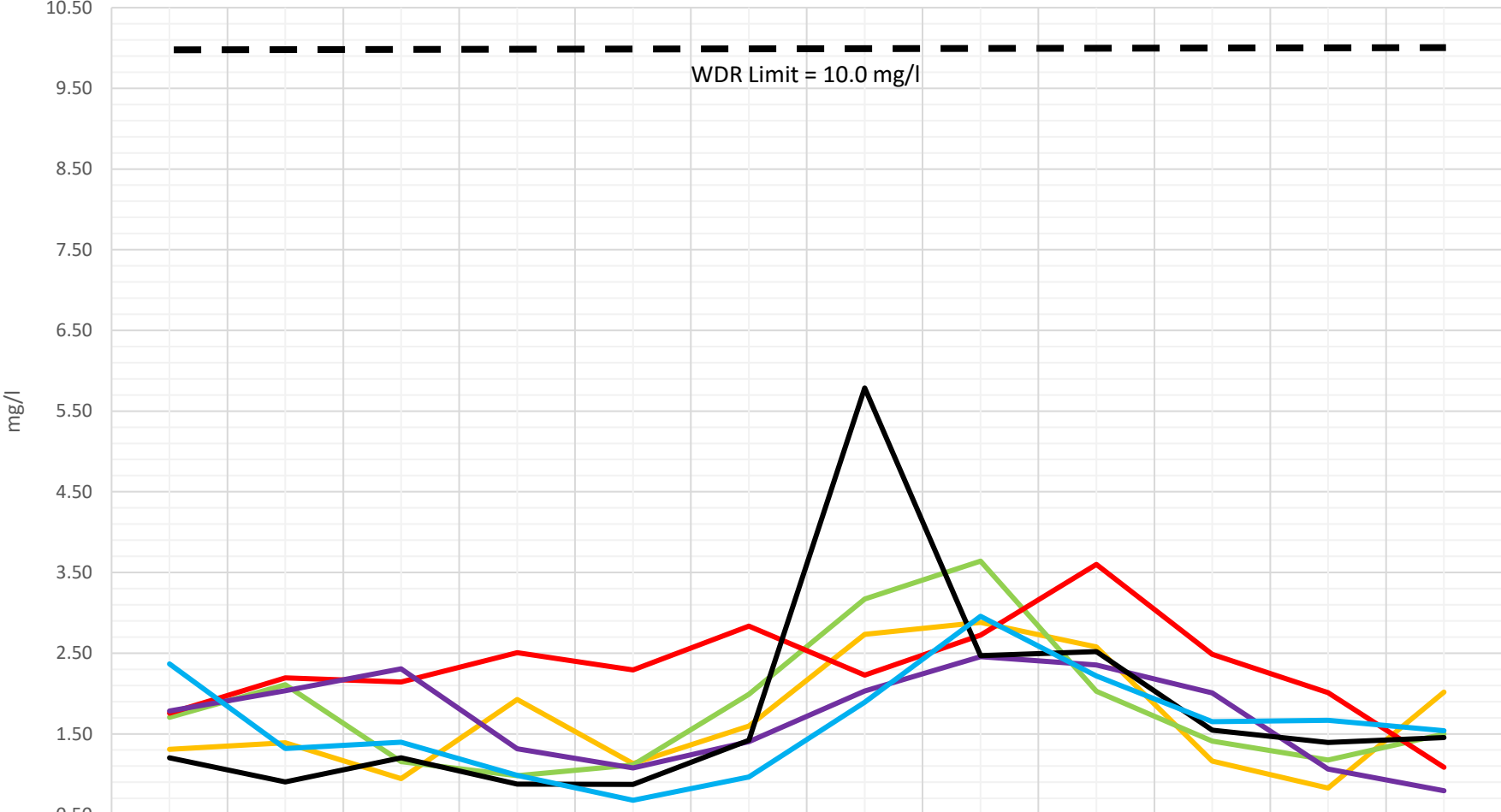


Monthly Average Daily Flow (Districts)



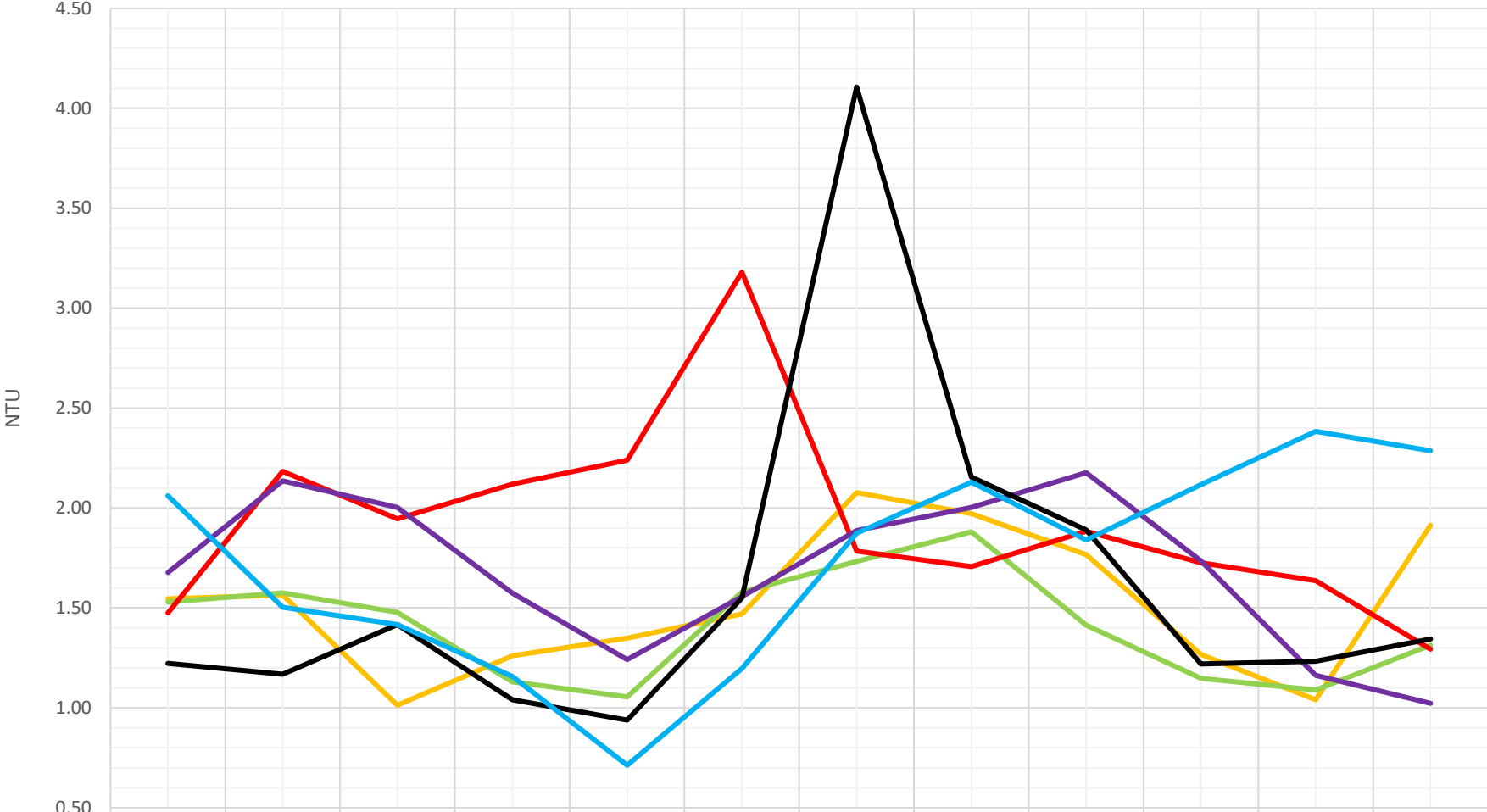
	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
NTPUD	0.69	0.78	0.95	1.25	1.54	1.10	0.93	0.98	0.83	0.66	0.54	0.52	0.73
TCPUD	0.56	0.68	0.77	0.92	1.23	1.08	0.89	1.03	0.84	0.37	0.22	0.20	0.62
ASCWD	0.07	0.08	0.13	0.13	0.19	0.16	0.09	0.06	0.06	0.03	0.03	0.03	0.07
SVPSD	0.23	0.28	0.33	0.34	0.39	0.24	0.20	0.23	0.19	0.16	0.12	0.12	0.29
TSD	2.11	2.27	2.52	2.89	3.27	2.49	2.20	2.27	2.03	2.11	2.02	1.95	2.19

Monthly Average Daily Suspended Solids (Effluent)



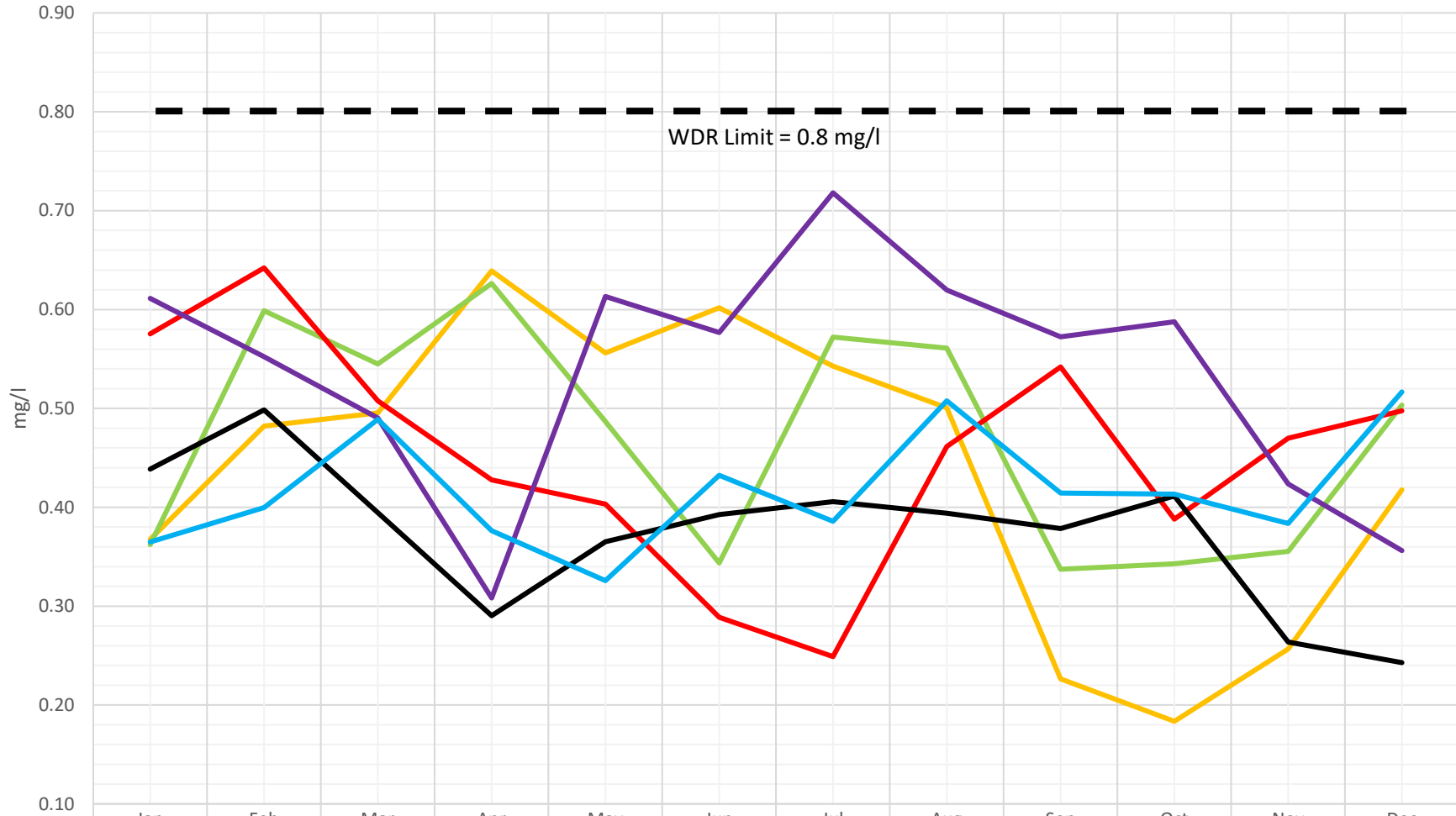
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014	1.31	1.39	0.95	1.93	1.13	1.60	2.73	2.88	2.58	1.16	0.83	2.02
2015	1.70	2.11	1.16	0.98	1.11	1.99	3.17	3.64	2.03	1.41	1.18	1.50
2016	1.76	2.20	2.14	2.51	2.29	2.84	2.23	2.72	3.60	2.49	2.01	1.09
2017	1.78	2.04	2.30	1.31	1.08	1.40	2.03	2.46	2.36	2.01	1.06	0.80
2018	1.20	0.91	1.20	0.88	0.87	1.42	5.79	2.47	2.52	1.55	1.39	1.45
2019	2.37	1.32	1.40	0.99	0.68	0.97	1.89	2.96	2.22	1.65	1.67	1.54

Monthly Average Daily Turbidity (Effluent)



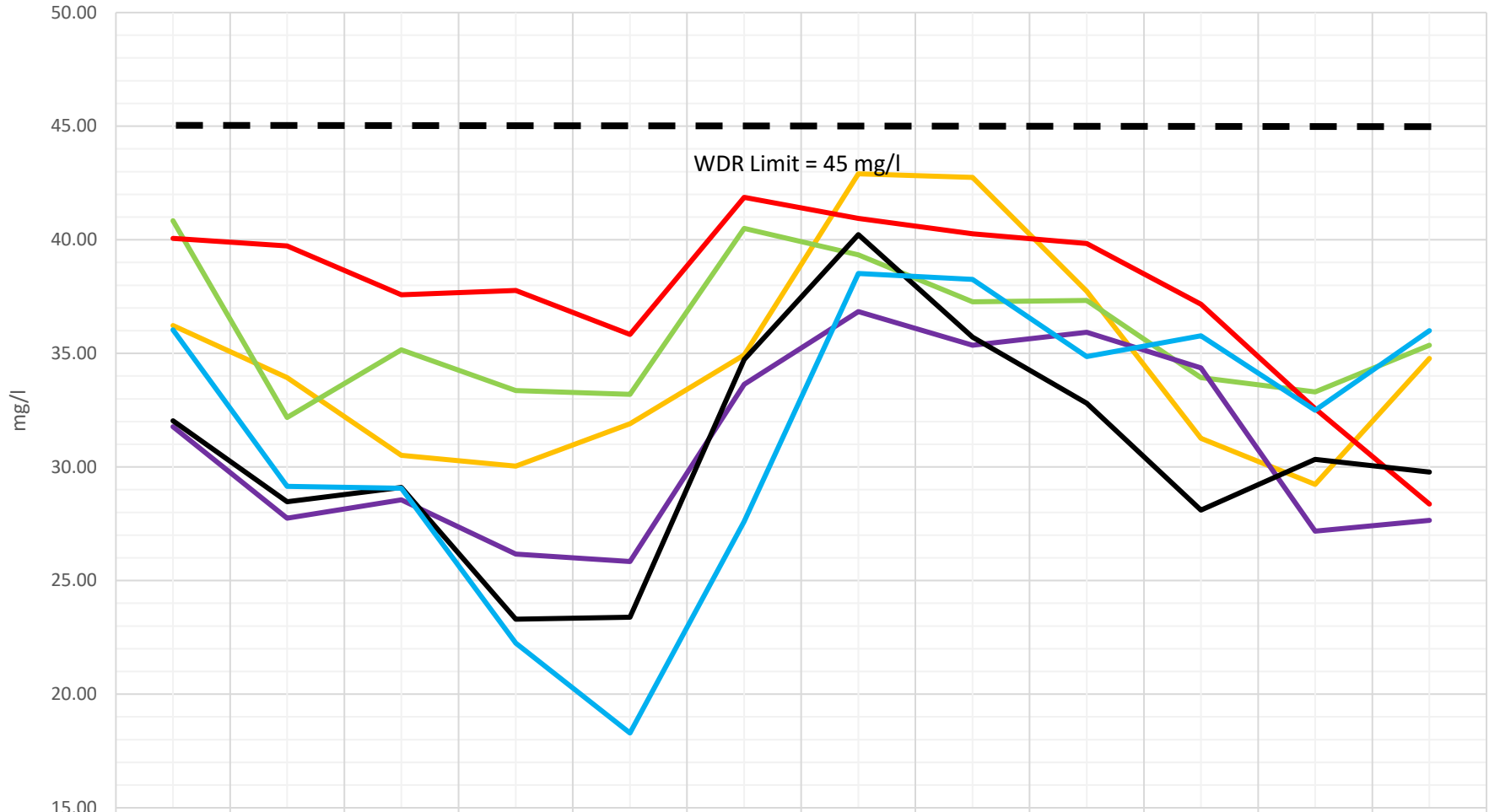
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014	1.55	1.56	1.01	1.26	1.35	1.47	2.08	1.97	1.77	1.27	1.04	1.91
2015	1.53	1.58	1.48	1.13	1.05	1.58	1.73	1.88	1.41	1.15	1.09	1.31
2016	1.47	2.18	1.95	2.12	2.24	3.18	1.78	1.71	1.88	1.73	1.64	1.29
2017	1.68	2.14	2.00	1.57	1.24	1.56	1.89	2.00	2.18	1.74	1.16	1.02
2018	1.22	1.17	1.42	1.04	0.94	1.55	4.11	2.15	1.89	1.22	1.23	1.35
2019	2.06	1.50	1.42	1.16	0.71	1.20	1.87	2.13	1.84	2.12	2.38	2.29

Monthly Average Daily Total Phosphorus (Effluent)



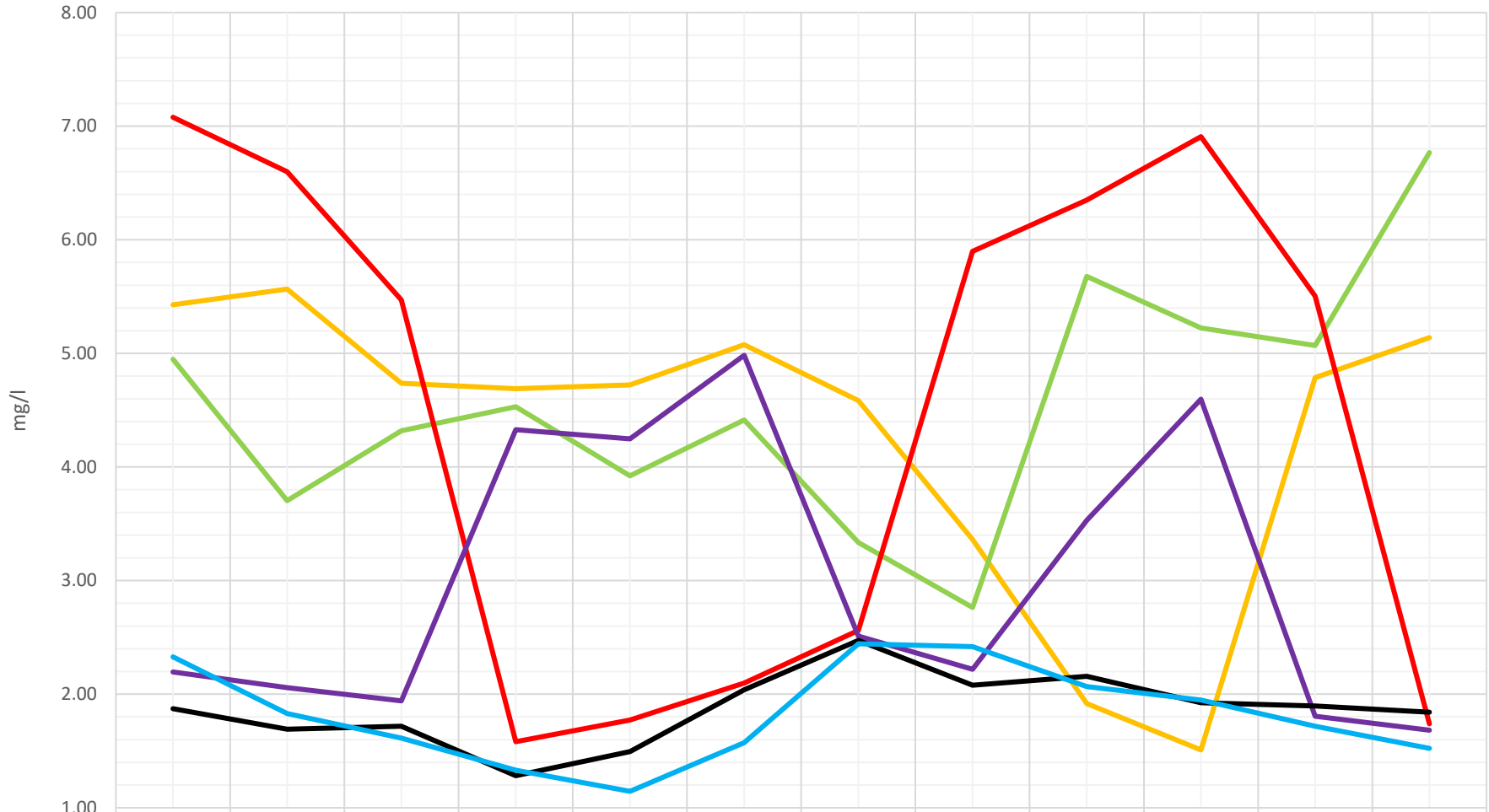
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014	0.37	0.48	0.50	0.64	0.56	0.60	0.54	0.50	0.23	0.18	0.26	0.42
2015	0.36	0.60	0.54	0.63	0.49	0.34	0.57	0.56	0.34	0.34	0.36	0.50
2016	0.58	0.64	0.51	0.43	0.40	0.29	0.25	0.46	0.54	0.39	0.47	0.50
2017	0.61	0.55	0.49	0.31	0.61	0.58	0.72	0.62	0.57	0.59	0.42	0.36
2018	0.44	0.50	0.39	0.29	0.37	0.39	0.41	0.39	0.38	0.41	0.26	0.24
2019	0.36	0.40	0.49	0.38	0.33	0.43	0.39	0.51	0.41	0.41	0.38	0.52

Monthly Average Daily Chemical Oxygen Demand (Effluent)



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014	36.23	33.93	30.52	30.03	31.90	34.93	42.90	42.74	37.73	31.26	29.23	34.77
2015	40.84	32.18	35.16	33.37	33.20	40.50	39.33	37.27	37.33	33.94	33.30	35.35
2016	40.06	39.72	37.58	37.77	35.84	41.87	40.94	40.27	39.83	37.16	32.57	28.37
2017	31.77	27.75	28.55	26.17	25.84	33.63	36.84	35.35	35.93	34.35	27.17	27.65
2018	32.03	28.46	29.10	23.30	23.39	34.73	40.23	35.71	32.80	28.10	30.33	29.77
2019	36.03	29.14	29.06	22.24	18.29	27.60	38.52	38.26	34.86	35.78	32.50	36.00

Monthly Average Daily Total Nitrogen (Effluent)



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014	5.43	5.57	4.74	4.69	4.72	5.08	4.58	3.36	1.92	1.51	4.79	5.14
2015	4.95	3.70	4.32	4.53	3.92	4.41	3.34	2.76	5.68	5.22	5.07	6.77
2016	7.08	6.60	5.47	1.58	1.77	2.10	2.56	5.90	6.35	6.91	5.50	1.74
2017	2.20	2.06	1.94	4.33	4.25	4.98	2.51	2.22	3.53	4.60	1.81	1.68
2018	1.87	1.69	1.72	1.28	1.50	2.04	2.47	2.08	2.16	1.92	1.90	1.84
2019	2.33	1.83	1.61	1.33	1.14	1.57	2.44	2.42	2.07	1.95	1.72	1.52



TAHOE-TRUCKEE SANITATION AGENCY MAINTENANCE DEPARTMENT REPORT


Date: January 8, 2020
To: Board of Directors
From: Richard Pallante, Maintenance Manager
Subject: Maintenance Report

- ◆ **Project support:** In the month of December, Maintenance staff provided support for the following projects:
 - Headworks Barscreen/Compactor Upgrade Project.
 - Master Plan.

- ◆ **Plant Maintenance projects:** Maintenance staff performed tasks on the following ongoing projects:
 - Installation of 200 H.P. variable frequency drive at the Multi-Purpose Pump Station.
 - Installation of 15 H.P. variable frequency drive for BNR ventilation fan.
 - BNR blower overhaul.
 - Re-siding of Pond “A” electrical building.
 - Flush system at Oxygen basin influent and effluent channels.

- ◆ **Work Orders**
 - Completed this month: Mechanical-35, Facilities-26, Electrical & Instrumentation-64.
 - Pending: Mechanical-84, Facilities-15, Electrical & Instrumentation-70.

Review Tracking:

Submitted By: 
Richard Pallante
Maintenance Manager

Approved By: 
LaRue Griffin
General Manager



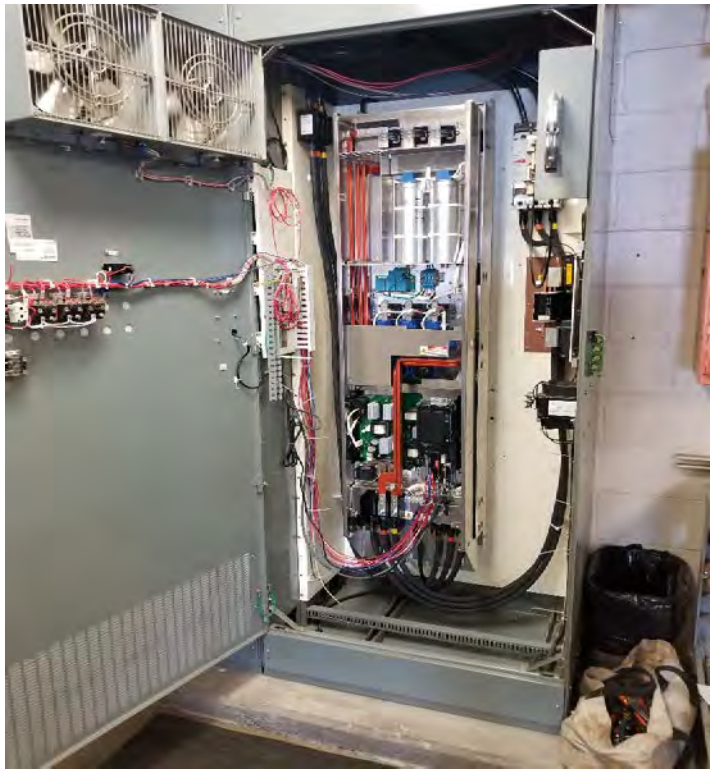
BNR Fan VFD Replacement



BNR Blower Overhaul



MPPS VFD Replacement



MPPS VFD Replacement- New Drive Installed



TAHOE-TRUCKEE SANITATION AGENCY ENGINEERING DEPARTMENT REPORT

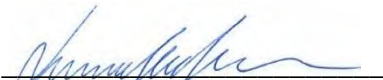
Date: January 8, 2020
To: Board of Directors
From: Jay Parker, Engineering Manager
Subject: Engineering Report

- ◆ **Projects:** In the month of December, Engineering staff continued working on the following projects:
 - Digital Scanning of Sewer Lines
 - Headworks Improvements Project
 - Master Sewer Plan
 - 2020 Plant Painting Project
 - 2020 Corten Wall Additions Project

- ◆ **Project Planning Meetings:** Engineering staff assisted in review of construction documents and/or attended coordination meetings for the following projects:
 - SVPSD Truckee River Siphon Replacement Project (Punchlists)

- ◆ **Work Orders**
 - Engineering:
 - Completed this month: 1
 - Pending: 1
 - Safety:
 - Completed this month: 1
 - Pending: 13

Review Tracking:

Submitted By: 
Jay Parker
Engineering Manager

Approved By: 
LaRue Griffin
General Manager




TAHOE-TRUCKEE SANITATION AGENCY IT DEPARTMENT REPORT

Date: Jan 8, 2020
To: Board of Directors
From: Bob Gray, IT Department Manager
Subject: Information Technology (IT) Report

- T-TSA Plant Information System (PIS)
 - Integration with SIS and SCADA ongoing
 - Finished new reporting module that allows for automatic transfer of aggregate operations data
 - Connection Permit Portal
 - Finished code that allows for voiding permits with transaction recording and automatic PDF permit watermark canceling
 - Job Hazard Analysis (JHA) Safety Permit Portal
 - Database configured
 - Active software development
- SCADA HMI Virtual Machine Development and Software Upgrade
 - Virtual Machine (SCADAMAIN10)
 - Current tagname server application loaded and running
 - Virtual Machine (SCADAMAIN11B)
 - Wonderware software ready for Application Server development
- SCADA Developments
 - Replacement of Remote IO Racks in building 80 (BNR Influent Pump Station) due to rodent nesting
 - Equipment on order
 - Replacement of PLC system from unsupported legacy equipment in Chlorine Building
 - Equipment on order
- Computer Hardware Upgrades
 - (VMHOST4) Virtual Machine Host Installation
 - 9 Virtual Machines installed
 - Configuration of Network Attached Storage device NAS3
 - NAS3 Drive in service and operating for a month
 - NAS2 is incremental backup system
 - NAS1 is decommissioned and getting set up for new role
- BNR Blower Cabinet Environment Monitoring and Logging
 - PLC Installed in Blower 8 Cabinet
 - PLC Installed in Blower 5 Cabinet
 - Differential pressure and cabinet temperature sensors are connected into PLC
 - Ready to bring into SCADA
- Buildout of PLC Test Rack in AWT Panel

- Equipment rack mounted and installed in cabinet
 - Network configured
- Remounting of PLC and Network Rack in CCT 53 to Provide Access to IO
 - Designing and assessing equipment needs
- Work Orders
 - Completed in an.: 41
 - Outstanding: 140

Submitted By: 
Robert Gray
IT Department Manger

Approved By: 
LaRue Griffin
General Manager



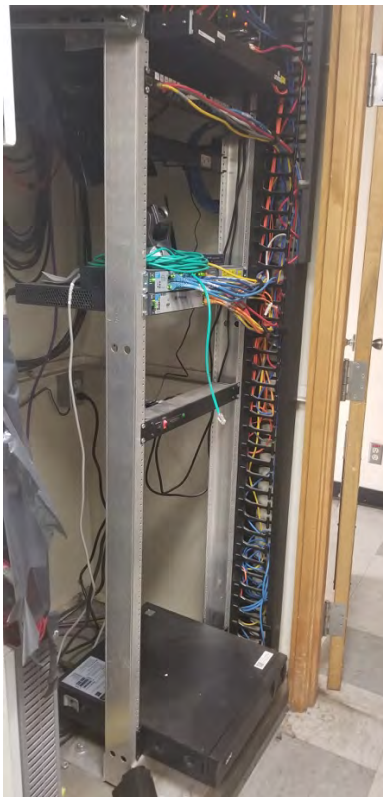
PLC Test Rack (Out)



PLC Test Rack (In)



53 PLC Rack to be remounted



53 Network Rack to be remounted



TAHOE-TRUCKEE SANITATION AGENCY ADMINISTRATION DEPARTMENT REPORT

Date: January 8, 2020
To: Board of Directors
From: Roshelle Chavez, Administrative Services Manager
Subject: Administration Report

Accounting

- Completed monthly A/P, A/R, payroll, general ledger processes, and bank reconciliations.
- Continued coordination with Damore, Hamric & Schneider, Inc. for Financial Audit review.
- Began Caselle Implementation on the Payroll Module week of 12/09/19.

Billing/Customer Service

- General assistance with customer accounts, adjustments, and plan review.
- Performed inspections and prepared associated letters, reports and invoices.
- Continued preparation for Implementation on Utility Billing Module to begin week of 12/23/19.

Purchasing


- Coordinated purchase of plant O&M supplies and performed various tasks to assist the department.
- Coordinated with all departments regarding Agency contracts and bids.

General Administration

- All departments continued to work with Caselle Software preparing for full implementation.
- Continued coordination with Steven Gortler in preparation for the SRF loan refinancing.
- Continued coordination AIMS Team GIS, LLC for Agency GIS structuring.
- Completed coordination of Annual Employee Appreciation Dinner.
- Completed distribution of Agency staff Longevity Awards.
- Performed various administrative duties to assist GM and Board of Directors.
- Performed miscellaneous public records requests.

Review Tracking

Submitted By: 
Roshelle Chavez
Administrative Services Manager

Approved By: 
LaRue Griffin
General Manager

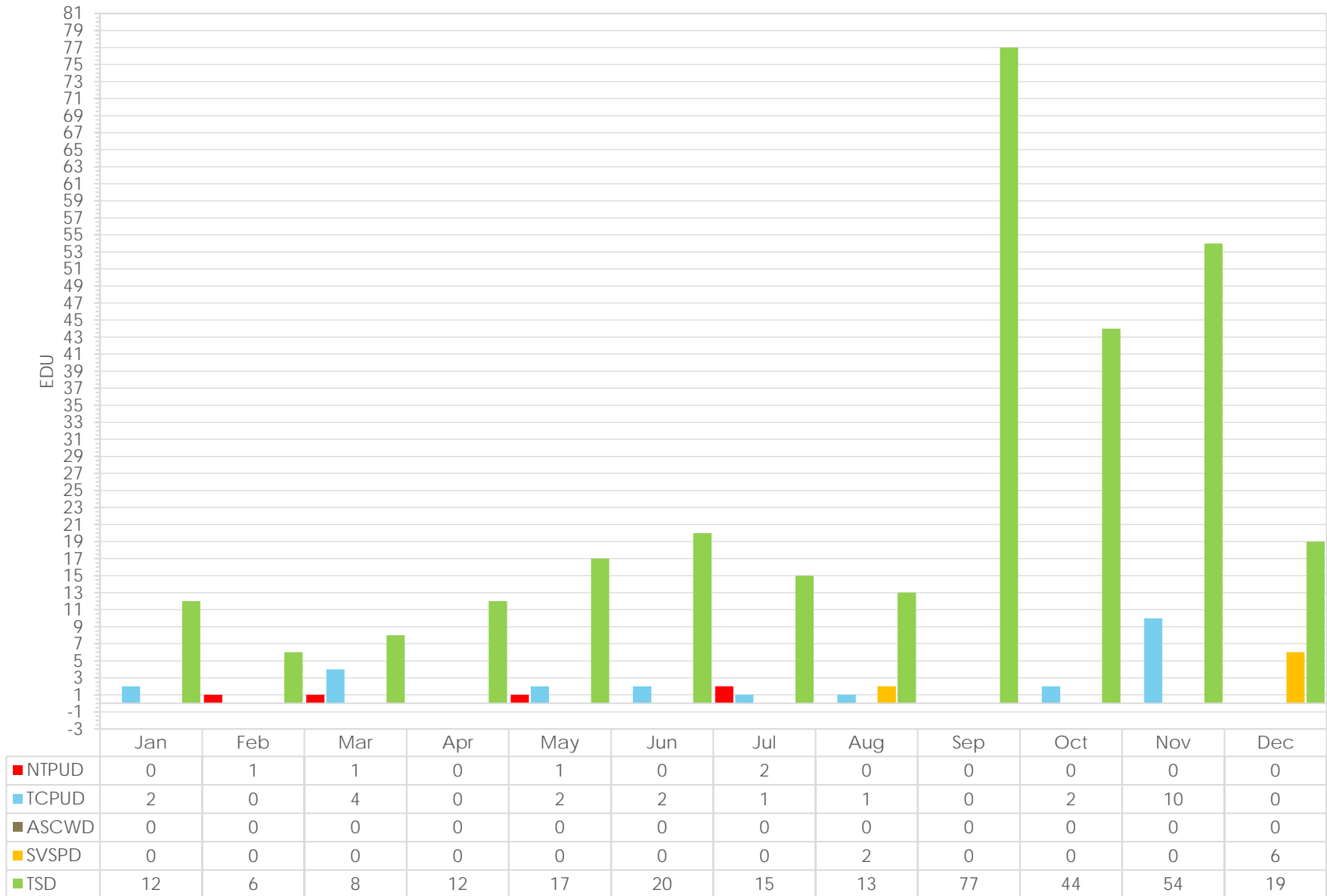
CONNECTION FEES - DECEMBER 2019

Connection Fee Type	MTD Count (#)	MTD Total Ft ²	MTD Total \$	YTD Count (#)	YTD Total Ft ²	YTD Total \$
Residential	11	30,843	\$ 70,489.25	165	317,698	\$ 801,485.50
Residential Ft ² Additions	1	520	\$ 910.00	18	28,580	\$ 50,015.00
Residential Ft ² Additions - Exempt	6	1,476	N/A	6	1,476	N/A
Accessory Dwelling Unit (ADU)	0	0	\$ -	3	2,137	\$ 8,239.75
Accessory Dwelling Unit (ADU) - Exempt	0	0	N/A	0	0	N/A
Commercial	6	N/A	\$ 23,975.00	27	N/A	\$ 185,250.00
Industrial	0	N/A	\$ -	0	N/A	\$ -
Grand Total	24	32,839	\$ 95,374.25	219	349,891	\$ 1,044,990.25

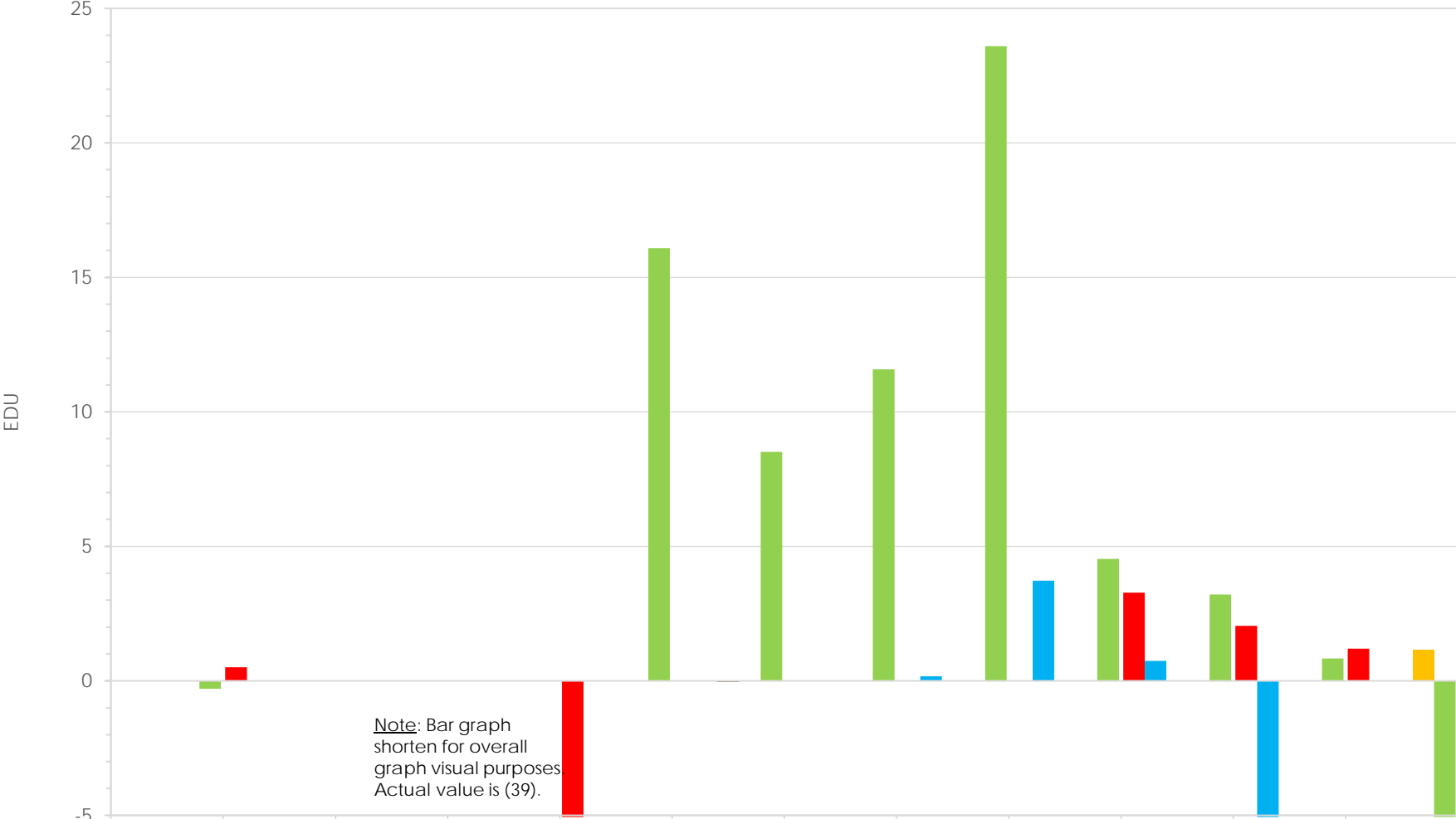
INSPECTIONS - DECEMBER 2019

Inspection Type	MTD Count #	MTD Total	YTD Count #	YTD Total
Commercial	18	28	186	223
Residential (Drive-by of Suspended Accounts)	10		37	

Residential EDU Summary

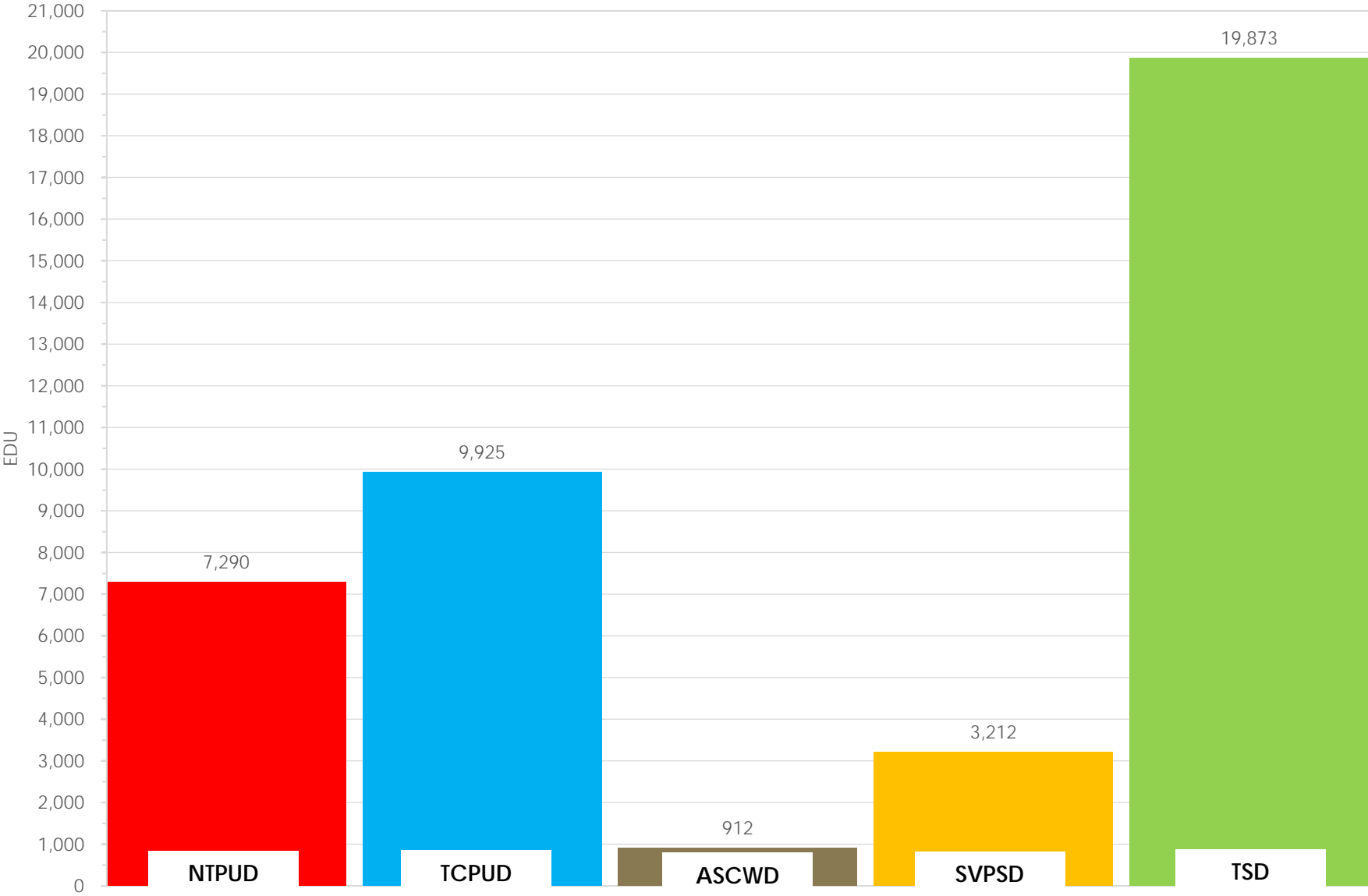


Other EDU Summary

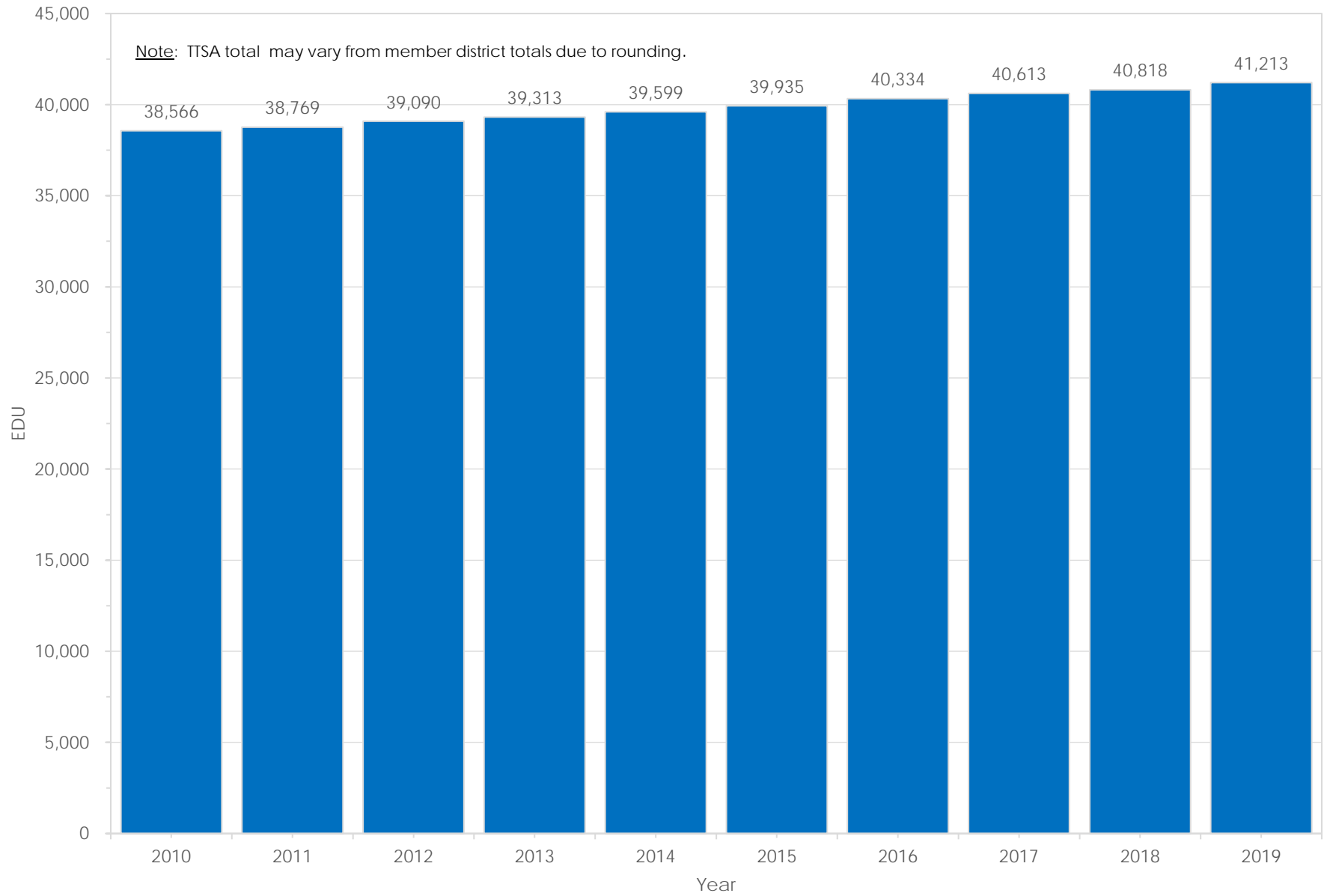


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
■ NTPUD	0.0	0.5	0.0	0.0	(5.2)	0.0	0.0	0.0	0.0	3.3	2.0	1.2
■ TCPUD	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	3.7	0.7	(7.6)	0.0
■ ASCWD	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0
■ SVSPD	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2
■ TSD	(0.3)	0.0	0.0	0.0	16.1	8.5	11.6	23.6	4.5	3.2	0.8	(6.9)

Current EDU Summary By Member District



Historical TTSA EDU Summary





TAHOE-TRUCKEE SANITATION AGENCY

MEMORANDUM

Date: January 8, 2020
To: Board of Directors
From: LaRue Griffin, General Manager
Item: VI-2
Subject: General Manager Report


Continuing Projects/Work

- Management and staff continued revision of the employee handbook.
- Management and staff continued to investigate options to become more efficient.
- Management and staff continued implementation of the new software programs.
- Management and staff continued progress on CIP projects.
- Management and staff continued leadership training.

Past Month Projects/Work

- Management and staff reviewed the annual financial audit.
- Management and staff implemented Resolution No. 12-2019.
- Management held meetings with staff to discuss salary schedule, salary schedule implementation guide and employee benefits.
- Staff provided a plant tour to Truckee Sanitary District staff.
- Management and staff participated in the bond rating presentation for the wastewater revenue refunding bonds.
- Management and staff assisted in the preparation of the refinancing documents for the wastewater revenue refunding bonds.

Review Tracking

Submitted By: 
LaRue Griffin
General Manager



TAHOE-TRUCKEE SANITATION AGENCY

MEMORANDUM

Date: January 8, 2020
To: Board of Directors
From: LaRue Griffin, General Manager
Item: VII
Subject: Board of Director Comment

Background

Opportunity for directors to ask questions for clarification, make brief announcements and reports, provide information to staff, request staff to report back on a matter, or direct staff to place a matter on a subsequent agenda.