

NOTICE OF MEETING

**A Meeting
of the**

**CHINO BASIN
REGIONAL FINANCING AUTHORITY**

will be held at the

INLAND EMPIRE UTILITIES AGENCY*

***A Municipal Water District**

**Office of the Agency
6075 Kimball Ave., Bldg. A
Chino, CA 91708**

**Wednesday, November 18, 2015
9:45 a.m.**

AGENDA
MEETING
OF THE CHINO BASIN REGIONAL FINANCING AUTHORITY
IEUA AGENCY HEADQUARTERS, CHINO CALIFORNIA
WEDNESDAY, NOVEMBER 18, 2015
9:45 A.M.

CALL TO ORDER

FLAG SALUTE

PUBLIC COMMENT

Members of the public may address the Board on any item that is within the jurisdiction of the Board; however, no action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of Section 54954.2 of the Government Code.

ADDITIONS TO THE AGENDA

In accordance with section 54954.2 of the Government Code (Brown Act), additions to the agenda require two-thirds vote of the legislative body, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action can be the attention of the local agency subsequent to the agenda being posted.

1. CONSENT ITEMS

A. MINUTES

The Commission will be asked to approve the October 14, 2015, minutes from the Special Chino Basin Regional Financing Authority meeting.

2. ACTION ITEMS

A. ADOPTION OF RESOLUTION NOS. 2015-1 THROUGH 3 FOR THE REGIONAL WATER RECYCLING PROGRAM

It is recommended that the Board of Commissioners:

1. Adopt Resolution No. 2015-1, authorizing IEUA's General Manager, or his designee, to sign and file application and agreement with the State Water Resources Control Board (SWRCB), for the design and construction of the Joint Inland Empire Utilities Agency (IEUA)-Jurupa Community Services District (JCSD) Regional Water Recycling Program (Project) on behalf of the Chino Basin Regional Financing Authority (CBRFA);
2. Adopt Resolution No. 2015-2, dedicating net revenues for the repayment of State Revolving Fund (SRF) loan from the SWRCB for the Project;

3. Adopt Resolution No. 2015-3, establishing its intention to apply for and be reimbursed for expenditures related to the construction of the Project; and
4. Authorize the CBRFA to enter into Reimbursement Agreements with IEUA and the Jurupa Community Services District (JCSD) for the repayment of the SRF loan and administering the grant /loan agreements on behalf of the CBRFA for the Project.

B. ADOPTION OF RESOLUTION NOS. 2015-4 THROUGH 6 FOR THE REGIONAL WATER INTERTIE PROJECT

It is recommended that the Board of Commissioners:

1. Adopt Resolution No. 2015-4, authorizing IEUA's General Manager, or his designee, to sign and file application and agreement with the State Water Resources Control Board (SWRCB), for the design and construction of the Project on behalf of the Chino Basin Regional Financing Authority (CBRFA);
2. Adopt Resolution No. 2015-5, dedicating net revenues for the repayment of State Revolving Fund (SRF) loan from the SWRCB for the Project;
3. Adopt Resolution No. 2015-6, establishing its intention to apply for and be reimbursed for expenditures related to the construction of the Project; and
4. Authorize the CBRFA to enter into agreements with IEUA, the City of Pomona, and Monte Vista Water District (MVWD) for the repayment of the SRF loan and administering the grant/loan agreements on behalf of the CBRFA for the Project.

3. ADJOURN

DECLARATION OF POSTING

I, April Woodruff, Commission Secretary of the Chino Basin Regional Financing Authority, hereby certify that a copy of this Agenda has been posted by 5:00 p.m. in the foyer at IEUA's main office, 6075 Kimball Avenue, Building A, Chino, CA 91708, on November 12, 2015.



April Woodruff, Commission Secretary

**CONSENT ITEM
1A**

**MINUTES
OF THE
SPECIAL
COMMISSION MEETING OF
THE CHINO BASIN REGIONAL FINANCING AUTHORITY
OCTOBER 14, 2015**

COMMISSIONERS PRESENT:

Michael Camacho
Terry Catlin, President
Steven J. Elie, Secretary

COMMISSIONERS ABSENT:

Jasmin Hall
Gene Koopman, Vice President

STAFF PRESENT:

P. Joseph Grindstaff, General Manager
Christina Valencia, Chief Financial Officer/Assistant General Manager
Jason Gu, Grants Officer
April Woodruff, Board Secretary/Office Manager

OTHERS PRESENT:

Jean Cihigoyenetché, Cihigoyenetché, Grossberg & Clouse

A special commission meeting of the Chino Basin Regional Financing Authority was held at the office of the Inland Empire Utilities Agency, *A Municipal Water District, 6075 Kimball Avenue Chino, California on the above date.

President Catlin called the meeting to order at 11:30 a.m., and he dispensed the pledge of allegiance. A quorum was present.

President Catlin stated that members of the public may address the Commission. There were no persons desiring to do so.

President Catlin asked if there were any additions/deletions to the agenda. There were no additions/deletions to the agenda.

ACTION ITEM

MINUTES

Upon motion by Commissioner Elie, seconded by Commissioner Camacho, and unanimously carried:

M2015-10-1
MOVED, approval of the minutes from the regular Commission meeting of January 21, 2015.

INFORMATION ITEM

2008B VARIABLE REVENUE DEMAND BONDS EXTENSION OF LETTER OF CREDIT UPDATE

Chief Financial Officer/Assistant General Manager Christina Valencia reported that the 2008B Variable Revenue Bonds letter of credit (LOC) with Union Bank is set to expire on November 26, 2015. Agency staff was unsuccessful in securing a renewal with Union Bank. However, Union Bank did agree to extend the term of the existing LOC agreement through the end of January 2016. Please refer to the IEUA October 14, 2016 minutes for details on the terms of the LOC extension and future Board approvals needed in the substitution of the LOC. Ms. Valencia noted that she also informed the IEUA Board at the October 14, Special Board meeting.

With no further business, President Catlin adjourned the meeting at 11:32 a.m.

Steven J. Elie, CBRFA Secretary


APPROVED: NOVEMBER 18, 2015

**ACTION ITEM
2A**

CHINO BASIN REGIONAL FINANCING AUTHORITY

Date: November 18, 2015

To: The Honorable Commissioners

From: P. Joseph Grindstaff 
General Manager

Subject: Adoption of Resolution Nos. 2015-1 through 3 for the Regional Water Recycling Program

RECOMMENDATION

It is recommended that the Board of Commissioners:

1. Adopt Resolution No. 2015-1, authorizing IEUA's General Manager, or his designee, to sign and file application and agreement with the State Water Resources Control Board (SWRCB), for the design and construction of the Joint Inland Empire Utilities Agency (IEUA)-Jurupa Community Services District (JCSD) Regional Water Recycling Program (Project) on behalf of the Chino Basin Regional Financing Authority (CBRFA);
2. Adopt Resolution No. 2015-2, dedicating net revenues for the repayment of State Revolving Fund (SRF) loan from the SWRCB for the Project;
3. Adopt Resolution No. 2015-3, establishing its intention to apply for and be reimbursed for expenditures related to the construction of the Project; and
4. Authorize the CBRFA to enter into Reimbursement Agreements with IEUA and the Jurupa Community Services District (JCSD) for the repayment of the SRF loan and administering the grant /loan agreements on behalf of the CBRFA for the Project.

BACKGROUND

The SWRCB administers a program for planning or design funding through the Clean Water State Revolving Fund (CWSRF) Program.

In April 2015, the SWRCB announced the Proposition 1 (Prop 1) grant funding opportunity for Water Recycling projects, which will provide 35% in Prop 1 grant funds up to a maximum of \$15,000,000 for each project in addition to a 1% interest, 30-year SRF loan.

IEUA filed a pre-application in October 2015 on behalf of the CBRFA. The subject project is a collaboration of IEUA, JCSD, and Western Municipal Water District (WMWD). This project will initially deliver 3,000 AFY of recycled water for groundwater recharge and provide direct use for multiple public lands that currently use potable water. Further, the project will provide

additional non-potable water for private agricultural enterprises throughout the region. This project has a total cost of approximately \$52 million.

Specifically, the project entails the planning, design, and construction of the following: 750 horsepower (HP) booster station at the Western Riverside County Regional Wastewater Authority's Treatment Plant; 31,600 lineal feet (LF) of 24-inch diameter transmission pipeline; an "in-line" 750 HP booster station; 47,800 LF of 18-inch and 12-inch distribution pipeline system; and pressure reducing stations.

This project demonstrates the integrated regional approach of recycled water supply optimization. It is consistent with the Agency's Business Goal of increasing Water Supply Reliability by meeting the region's need to develop reliable, drought-proof and diverse local water resources in order to reduce dependence on imported water supplies.

PRIOR BOARD ACTION

On August 20, 2014, the Board approved the MOU with JCSD and WMWD for the RW Interconnection project.

On October 16, 2013, the Board adopted Resolution No. 2013-10-2 to sign and file the grant application and agreement with the Metropolitan Water District of Southern California (MWD) for the Foundational Actions Funding Program for a Recycled Water Intertie Permit Study.

IMPACT ON BUDGET

The Joint IEUA-JCSD Regional Water Recycling Program project has a total cost of \$52,460,000. IEUA's total project share will be \$13,000,000. JCSD's cost share will be \$39,460,000. The application would request \$52,460,000 in CWSRF and Proposition 1 grant funding. IEUA has a total project budget of \$10,000,000 in the Ten-Year Capital Improvement Plan (TYCIP). JCSD has pledged net revenues for the repayment of its \$39,460,000 cost share.

Upon approval by SWRCB, both agencies will revise their budgets to align with the new SRF loan, grants, and total project costs.

Attachments:

Resolution No. 2015-1

Resolution No. 2015-2

Resolution No. 2015-3

Agreement with the CBRFA

RESOLUTION NO. 2015-1

**RESOLUTION OF THE BOARD OF COMMISSIONERS OF
THE CHINO BASIN REGIONAL FINANCING
AUTHORITY, SAN BERNARDINO COUNTY,
CALIFORNIA, AUTHORIZING THE GENERAL
MANAGER TO SIGN AND FILE ON BEHALF OF THE
AUTHORITY, FINANCIAL ASSISTANCE APPLICATIONS
AND AGREEMENTS WITH THE STATE WATER
RESOURCES CONTROL BOARD, FOR THE JOINT IEUA -
JCSO REGIONAL WATER RECYCLING PROGRAM**

BE IT RESOLVED, by the Board of Commissioners of the Chino Basin Regional Financial Authority (the "Authority") that the Inland Empire Utilities Agency's (IEUA's) General Manager or in his absence, his designee, is hereby authorized and directed to sign and file, on behalf of the Authority, a Financial Assistance Application for financing agreements from the State Water Resources Control Board for the planning, design and construction of all projects related to the Joint IEUA-JCSO Regional Water Recycling Program (the Project); and

BE IT RESOLVED, that the Authority hereby agrees and further does authorize the IEUA's General Manager or in his absence, his designees to provide the assurances, certifications and commitments required for the financial assistance applications, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto,

BE IT FURTHER RESOLVED, that the IEUA's General Manager or in his absence his designees is authorized to represent the Authority in carrying out the Authority's responsibilities under the financing agreement, including certifying disbursement requests on behalf of the Authority and compliance with applicable state and federal laws.

ADOPTED this 18th day of November, 2015.

Terry Catlin, President of the Chino Basin
Regional Financing Authority and the
Board of Commissioners thereof

ATTEST:

Steven J. Elie, Secretary of the Chino Basin
Regional Financing Authority and the
Board of Commissioners thereof

STATE OF CALIFORNIA)
)SS
 COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary of the Chino Basin Regional Financial Authority, DO
 HEREBY CERTIFY that the foregoing Resolution No. 2015-1 was adopted at a regular meeting
 on November 18, 2015 of said Authority by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Steven J. Elie, Secretary

RESOLUTION NO. 2015-2

**RESOLUTION OF THE BOARD OF COMMISSIONERS OF
THE CHINO BASIN REGIONAL FINANCING AUTHORITY,
SAN BERNARDINO COUNTY, CALIFORNIA, DEDICATING
CERTAIN REVENUES FOR THE REPAYMENT OF STATE
REVOLVING FUND (SRF) FINANCING FROM THE STATE
WATER RESOURCES CONTROL BOARD FOR THE JOINT
IEUA-JCSD REGIONAL WATER RECYCLING PROGRAMS
PROJECT**

WHEREAS, The State Water Resources Control Board (SWRCB) offers funding to assist local agencies with the design and construction of the Joint IEUA-JCSD Regional Water Recycling Program;

WHEREAS, The Board of Directors of the Chino Basin Regional Financing Authority (CBRFA) has authorized the General Manager or his designees to apply for and execute the State Revolving Fund (SRF) loan and grant contracts with the SWRCB;

WHEREAS, CBRFA has applied for SRF loan and grant from SWRCB for the Joint IEUA-JCSD Regional Water Recycling Programs Project (Project); and

WHEREAS, the SWRCB's SRF loan program requires CBRFA the recipient to establish one or more dedicated sources of revenue for repayment of the SRF loan.

NOW THEREFORE, BE IT RESOLVED, by the Board of Commissioners, that the CBRFA hereby dedicates and pledges revenues to be received from financing agreements with Inland Empire Utilities Agency and Jurupa Community Services District attached hereto as 2015 Financing Agreements, for payment of any and all of the SRF Loan. The CBRFA commits to collecting such revenues and maintaining such funds(s) throughout the term of such financing and until the CBRFA has satisfied its repayment obligation thereunder, unless modification or change is approved in writing by the SWRCB. So long as the financing agreements are outstanding, the CBRFA's pledge hereunder shall constitute a lien in favor of the SWRCB on the foregoing fund(s) and revenue(s) without any further action necessary. So long as the financing agreements are outstanding, the CBRFA commits to maintaining the funds and revenues at levels sufficient to meet its obligations under the financing agreements.

ADOPTED this 18th day of November, 2015.

Terry Catlin
President of the Chino Basin Regional
Financing Authority

ATTEST:

Steven J. Elie
Secretary of the Chino Basin Regional
Financing Authority

STATE OF CALIFORNIA)

)SS

COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary of the Chino Basin Regional Financing Authority, DO HEREBY CERTIFY that the foregoing Resolution No. 2015-2 was adopted at a regular meeting on November 18, 2015 of said Authority by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Steven J. Elie
Secretary

(Seal)

**2015 FINANCING AGREEMENT
(JCSD Recycled Water Project)**

by and between

INLAND EMPIRE UTILITIES AGENCY*

and

CHINO BASIN REGIONAL FINANCING AUTHORITY

Dated as of November 18, 2015

* *A Municipal Water District.*

Table of Contents

Page

ARTICLE I

DEFINITIONS¹

Section 1.01.	Definitions.....	1
Section 1.02.	Terms Not Defined Herein.....	4

ARTICLE II

FINANCING OF THE 2015 JCSD RECYCLED WATER PROJECT4

Section 2.01.	Purpose, Financing and Construction	4
Section 2.02.	Recycled Water Facilities	4
Section 2.03.	No Authority Responsibility for Recycled Water.....	4
Section 2.04.	Charges to IEUA.....	4
Section 2.05.	Annual Capital Budget and Billing Statement.....	6
Section 2.06.	Obligation in the Event of Default.....	6

ARTICLE III

COVENANTS OF IEUA7

Section 3.01.	Compliance with Financing Agreement.....	7
Section 3.02.	Protection of Security and Rights of the Issuer and the Trustee	8
Section 3.03.	Further Assurances.....	8
Section 3.04.	Amount of Rates and Charges	8
Section 3.05.	Additional Contracts and Bonds	8
Section 3.06.	Maintenance of Tax Exempt Status of Authority Bonds	8

ARTICLE IV

COVENANTS OF THE ISSUER..... 8

Section 4.01.	Accounting Records and Financial Statements.....	8
Section 4.02.	Compliance with Law	9
Section 4.03.	Use of Funds for Project	9

ARTICLE V

MISCELLANEOUS9

Section 5.01.	Liability of IEUA Limited to Pledged Revenues.....	9
Section 5.02.	Benefits of Financing Agreement Limited to Parties.....	9
Section 5.03.	Successor Is Deemed Included in all References to Predecessor	9
Section 5.04.	Waiver of Personal Liability	9

Section 5.05.	Article and Section Headings, Gender and References	10
Section 5.06.	Partial Invalidity.....	10
Section 5.07.	CALIFORNIA LAW	10
Section 5.08.	Notices	10
Section 5.09.	Effective Date	10
Section 5.10.	Execution in Counterparts.....	11
Section 5.11.	Term	11
Section 5.12.	Amendment.....	11
Section 5.13.	Merger of Prior Agreements	11
Section 5.14.	Time of the Essence	11
Section 5.15.	Appointment of Agent	11

EXHIBITS

Exhibit A – Description of the Project.....	A-1
---	-----

Exhibit B – Allocation of Capital Costs.....	B-1
--	-----

**2015 FINANCING AGREEMENT
(JCSD Recycled Water Project)**

This 2015 FINANCING AGREEMENT (JCSD Recycled Water Project) (the "Financing Agreement"), dated as of December 1, 2015, by and between the INLAND EMPIRE UTILITIES AGENCY, a municipal water district duly organized and existing under and by virtue of the laws of the State of California ("IEUA"), and CHINO BASIN REGIONAL FINANCING AUTHORITY, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California (the "Issuer");

WITNESSETH

WHEREAS, pursuant to Section 71722 of the Water Code of the State of California, IEUA desires to pay a portion of the costs of certain recycled water facilities as more particularly described in Exhibit A hereto (the "Project"); and

WHEREAS, the Issuer desires to assist IEUA in financing IEUA's share of the cost of the acquisition and construction of the Project; and

WHEREAS, the Jurupa Community Services District ("JCSD") has provided for the financing of JCSD's share of the Project pursuant to that certain 2015 Recycled Facilities Financing Agreement (JCSD Recycled Water Project) dated as of December 1, 2015 by and between JCSD and the Issuer (the "2015 Recycled Water Facilities Financing Agreement"); and

WHEREAS, in order to provide the funds for the design, acquisition and construction of the Project, the Issuer currently expects to enter into a loan or similar agreement with the State Water Resources Control Board or other department or agency of the State of California secured in part by the payments to be made by IEUA to the Issuer under this Financing Agreement; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of the Financing Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into the Financing Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Resolution. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any opinion or report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

Bond Resolution. The term “Bond Resolutions” means the resolution or resolutions providing for the issuance of Issuer Bonds and the terms thereof, and any indenture, trust agreement, or similar loan agreement related thereto.

Debt Service. The term “Debt Service” means, as of the date of calculation and with respect to Issuer Bonds, an amount equal to the sum of (i) interest payable during such Issuer Fiscal Year on Issuer Bonds, except to the extent that such interest is to be paid from capitalized interest, (ii) that portion of principal of Issuer Bonds payable during such Issuer Fiscal Year, (iii) amounts necessary to replenish any reserve fund created pursuant to a Bond Resolution, and (iv) all letters of credit, remarketing and other financing costs payable on a periodic basis. Such interest, principal and financing costs for Issuer Bonds shall be calculated on the assumption that no Issuer Bonds outstanding at the date of calculation will cease to be outstanding except by reason of the payment of principal on the due date thereof;

provided further that, as to any such Issuer Bonds bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall be one hundred ten percent (110%) of the greater of (a) the daily average interest rate on such Issuer Bonds during the twelve (12) calendar months preceding the date of calculation (or the portion of the then current Issuer Fiscal Year that such Issuer Bonds have borne interest) or (b) the most recent effective interest rate on such Issuer Bonds prior to the date of calculation; and

provided further that, as to any such Issuer Bonds or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Issuer Bonds or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service; and

provided further that the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Issuer Bonds for which such debt service reserve fund was established and in each preceding Issuer Fiscal Year until such amount is exhausted.

Fixed Project Costs. The term “Fixed Project Costs” means the IEUA Share of capital costs of the Project as set forth in Exhibit B hereto, including but not limited to (i) Debt Service, (ii) reserves for repair and replacement and improvement to the Project and (iii) reserves for payment of Debt Service.

IEUA Share. The term “IEUA Share” means the share of capital costs of the Project allocated to IEUA as set forth in Exhibit B hereto.

Independent Certified Public Accountant. The term “Independent Certified Public Accountant” means any firm of certified public accountants appointed by IEUA, or the Issuer, as the case may be, and each of whom is independent pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

Issuer. The term “Issuer” means the Chino Basin Regional Financing Authority, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California.

Issuer Bonds. The term “Issuer Bonds” means bonds, notes or other evidences of indebtedness issued by or on behalf of the Issuer to finance or refinance the Project, including but not limited to loans or similar agreements from the State Water Resources Control Board or other department or agency of the State.

Issuer Fiscal Year. The term “Issuer Fiscal Year” means the twelve month period commencing on July 1 of each calendar year and ending on the following June 30 or such other twelve month period which may be designated by the Issuer as its fiscal year.

Joint Powers Agreement. The term “Joint Powers Agreement” means the Joint Exercise of Powers Agreement creating the Chino Basin Regional Financing Authority, as such agreement may be amended or supplemented from time to time.

Master Resolution. The term “Master Resolution” means the Resolution of the Board of Directors of the Chino Basin Municipal Water District Providing for the Allocation of Sewer System Revenues and Establishing Covenants to Secure the Payment of Obligations Payable from Sewer Revenues, adopted by the Board of Directors of IEUA on March 30, 1994, as it is from time to time modified, amended or supplemented.

Pledged Revenues. The term “Pledged Revenues” means ad valorem property taxes received by IEUA pursuant to Section 97 *et seq.* of the Revenue and Taxation Code of the State of California, water connection fees received by IEUA and all recycled water sales revenues received by IEUA.

Project. The term “Project” means certain recycled water facilities [a description of which is attached as Exhibit A hereto.] The Issuer and IEUA acknowledge that portions of the Project are currently being designed and that the definition of the Project may be revised from time-to-time without amendment to this Financing Agreement.

State. The term “State” means the State of California.

Trustee. The term “Trustee” means the entity or entities designated by the Issuer pursuant to any Bond Resolution to administer any funds or accounts required by such Bond Resolution or otherwise.

2002 Financing Agreement. The term “2002 Financing Agreement” means the 2002 Financing Agreement, dated as of June 1, 2002, by and between the Authority and IEUA as such 2002 Financing Agreement may be supplemental or amended from time-to-time as accordance therewith.

2015 Recycled Water Facilities Financing Agreement. The term “2015 Recycled Water Facilities Financing Agreement” shall have the meaning assigned thereto in the preamble hereto.

Section 1.02. Terms Not Defined Herein. Unless the context otherwise requires, the terms not defined herein shall have the meanings set forth in Section 1.01 of the Master Resolution.

ARTICLE II

FINANCING OF THE PROJECT

Section 2.01. Purpose, Financing and Construction.

The purpose of this Financing Agreement is for the Authority to provide for the financing of the Fixed Project Costs of the Project. All other aspects of the Project, including the obtaining of all necessary authority and rights, consents and approvals, and the performance of all things necessary and convenient therefor, subject to compliance with all necessary federal and state laws, including but not

limited to the California Environmental Quality Act (“CEQA”), and all other agreements relating thereto, shall be provided for by separate agreements.

Section 2.02. Recycled Water Facilities.

Pursuant to the terms of this Financing Agreement, the Authority shall provide to IEUA, and IEUA shall utilize, the components of the Project identified in Exhibit A hereto for recycled water purposes of offsetting potable water demands within the Chino Groundwater Basin. Subject to IEUA’s payment obligations hereunder, the Authority agrees to use its best efforts to finance such components of the Project pursuant to this Financing Agreement. IEUA shall be responsible for the operation of such components of the Project so designated in Exhibit B hereto, and the Authority shall have no responsibility to pay any operation and maintenance costs with respect to such components of the Project. Title to such components of the Project shall be held by the Authority or IEUA.

Section 2.03. No Authority Responsibility for Recycled Water.

Neither the Authority nor any of its officers or agents shall be liable for the control, carriage, handling, use, disposal, or distribution of recycled water; nor for claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal or distribution of such recycled water and including attorneys fees and other costs of defense in connection therewith. IEUA shall indemnify and hold harmless the Authority and its officers, agents, and employees from any such damages or claims of damages.

Section 2.04. Charges to IEUA.

(a) Establishment of Charges. The Issuer shall fix charges to IEUA under this Financing Agreement equal to the amounts anticipated to be needed by the Issuer to pay Fixed Project Costs.

(b) Insufficiency of Funds. IEUA acknowledges that Fixed Project Costs will vary from time-to-time and within any Issuer Fiscal Year. If Fixed Project Costs collected by the Issuer in any Issuer Fiscal Year are insufficient to pay Fixed Costs of the Project in such Issuer Fiscal Year, the Issuer shall promptly notify IEUA of such insufficiency and IEUA shall pay to the Issuer an amount equal to such insufficiency. The obligation of IEUA to pay Fixed Project Costs shall commence upon execution and delivery of this Financing Agreement.

(c) Source of Payments. All Pledged Revenues are hereby irrevocably pledged to the payment of Fixed Project Costs as provided herein and the Pledged Revenues shall not be used for any other purpose while any of the Fixed Project Costs remain unpaid; provided that out of the Pledged Revenues there may be apportioned such sums for such purposes as are expressly permitted herein. Payments by IEUA to the Issuer hereunder are obligations of IEUA payable from Pledged Revenues. Subject to Section 3.04 hereof, the obligation of IEUA to use Pledged Revenues to make payments hereunder from property taxes described in the definition of Pledged Revenues is subordinate to the obligation of IEUA to make payment of all other Contracts and Bonds and on a parity with the obligation to pay amounts under the 2002 Financing Agreement. IEUA shall make such payments in accordance with the provisions of this Financing Agreement and from the Subordinate Obligation Payment Fund under the Master Resolution, as the case may be. IEUA shall not make payment on Contracts or Bonds from amounts in the Subordinate Obligation Payment Fund if other amounts are

available therefor. Nothing herein shall be construed as prohibiting IEUA from using any other funds and revenues for purposes of satisfying any provisions of this Financing Agreement.

(d) Obligation Is Not Subject To Reduction. IEUA shall make payments of Fixed Project Costs under this Financing Agreement whether or not the Project is completed, operable, operated or retired and notwithstanding the suspension, interruption, interference, reduction or curtailment of operation of the Project in whole or in part for any reason whatsoever. Such payments are not subject to any reduction, whether offset or otherwise, and are not conditioned upon performance by the Issuer under this Financing Agreement or any other agreement.

(e) Allocation of Costs and Expenses.

(i) Adjustments. The Issuer shall update the values and amounts of Fixed Project Costs on a quarterly basis, including year-to-date comparisons, in order that the costs and expenses to IEUA may accurately reflect increases or decreases from Issuer Fiscal Year to Issuer Fiscal Year in Fixed Project Costs. In addition, each such determination shall include an adjustment to be paid or received by IEUA for succeeding Issuer Fiscal Years which shall account for the differences, if any, between projections of Fixed Project Costs used by the Issuer in determining the amounts of said Fixed Project Costs for all preceding Issuer Fiscal Years and actual Fixed Project Costs incurred by the Issuer to IEUA during such Issuer Fiscal Years.

(ii) Credits. Interest earnings on all amounts paid by IEUA to the Issuer shall be credited to IEUA through the budgeting process.

(f) Time and Method of Payment.

(i) Fixed Project Costs. For the Issuer Fiscal Year ending June 30, 2016, IEUA shall pay to the Authority within 15 days of receiving an invoice in an amount equal to the Fixed Project Costs as provided in the initial budget described in Section 2.02 hereof. Thereafter IEUA shall pay to the Issuer, on or before July 15 of each Issuer Fiscal Year, 100% of such Fixed Project Costs for such Issuer Fiscal Year.

(ii) Statement of Charges. The Issuer shall furnish IEUA with a written statement of the estimated Fixed Project Costs for the next succeeding Issuer Fiscal Year on or prior to June 1 of the prior Issuer Fiscal Year. Such written statements shall take into account applicable credits received by the Issuer and estimated investment earnings on moneys related to the Project held by the Issuer.

(iii) Contest of Accuracy of Charges. If IEUA questions or disputes the correctness of any billing statement by the Issuer, it shall pay the Issuer the amount claimed when due and shall, within thirty (30) days of the completion and delivery of the Issuer's annual audit, request an explanation from the Issuer. If the bill is determined to be incorrect, the Issuer will adjust the bill to IEUA in the next Issuer Fiscal Year, including an adjustment equal to the interest actually earned by the Issuer on its general reserves during such period. If the Issuer and IEUA fail to agree on the correctness of a bill within thirty (30) days after IEUA has requested an explanation, the parties shall promptly submit the dispute to arbitration under Section 1280 et seq. of the Code of Civil Procedure.

Section 2.05. Annual Capital Budget and Billing Statement. The Issuer will prepare and approve a capital budget for the period from the date of this Financing Agreement through June 30,

2016 on or prior to execution and delivery of this Financing Agreement. Such initial capital budget shall include all Fixed Project Costs. Thereafter, the Issuer will prepare a preliminary annual capital budget for each applicable Issuer Fiscal Year for credits, costs and expenses relating to the Project. The Issuer shall submit a draft of such budget to IEUA on or prior to each April 1 for review and comment. Issuer staff shall use its best efforts to resolve any questions or concerns of IEUA during such review. The Board of Directors of the Issuer will adopt a final annual capital budget for the applicable Issuer Fiscal Year on or before June 1 of each Issuer Fiscal Year. The Issuer shall supply a copy of said final annual capital budget to IEUA on or before June 15 of each Issuer Fiscal Year. Any amendment to the capital budget shall be submitted to IEUA for review and comment at least 30 days prior to action thereon by the Issuer Board of Directors.

Section 2.06. Obligation in the Event of Default.

(a) Written Demand. Upon failure of IEUA to (i) make any payment in full when due under this Financing Agreement or (ii) to perform any other obligation hereunder, the Issuer shall make written demand upon IEUA. If a failure described in clause (i) above is not remedied within thirty (30) days from the date of such demand or, if Issuer Bonds are outstanding, for such additional time as is reasonably required, in the sole discretion of the Trustee, to correct the same, such failure shall constitute a default at the expiration of such period. If a failure described in clause (ii) cannot be remedied within thirty (30) days from the date of such demand but IEUA commences remedial action within such thirty (30) day period, such failure shall not constitute a default hereunder. Notice of any such demand shall be provided to IEUA by the Issuer. Upon failure of the Issuer to perform any obligation of the Issuer hereunder, IEUA shall make written demand upon the Issuer, and if said failure is not remedied within thirty (30) days from the date of such demand or, if Issuer Bonds are outstanding, for such additional time as is reasonably required, in the sole discretion of the Trustee, to correct the same, such failure shall constitute a default at the expiration of such period. Notice of such demand shall be provided to IEUA.

In addition to any default resulting from breach by the Issuer or IEUA of any agreement, condition, covenant or term hereof, if the Issuer or IEUA shall file any petition or institute any proceedings under any act or acts, state or federal, dealing with or relating to the subject of bankruptcy or insolvency or under any amendment of such act or acts, either as a bankrupt or as an insolvent or as a debtor or in any similar capacity, wherein or whereby the Issuer or IEUA asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of its debts or obligations, or offers to its creditors to effect a composition or extension of time to pay its debts, or asks, seeks or prays for a reorganization or to effect a plan of reorganization or for a readjustment of its debts or for any other similar relief, or if the Issuer or IEUA shall make a general or any assignment for the benefit of its creditors, then in each and every such case the Issuer or IEUA, as the case may be, shall be deemed to be in default hereunder.

(b) Termination of Agreement; Continuing Obligations. Upon the failure of IEUA to make any payment which failure constitutes a default under this Financing Agreement and causes the Issuer to be in default under any Bond Resolution or related agreement, the Issuer may (in addition to the remedy provided by subsection (a) of this Section) give notice of termination of the provisions of this Financing Agreement insofar as the same entitle IEUA to use the Project which notice shall be effective within 30 days thereof unless such termination shall be enjoined, stayed or otherwise delayed by judicial action. Irrespective of such termination, IEUA shall remain liable to the Issuer to pay the full amount of costs hereunder.

(c) Enforcement of Remedies. In addition to the remedies set forth in this Section, upon the occurrence of an Event of Default as defined herein, the Issuer or IEUA, as the case may be, shall be entitled to proceed to protect and enforce the rights vested in such party by this Financing Agreement by such appropriate judicial proceeding as such party shall deem most effectual, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained herein or to enforce any other legal or equitable right vested in such party by this Financing Agreement or by law. The provisions of this Financing Agreement and the duties of each party hereof, their respective boards, officers or employees shall be enforceable by the other party hereto by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction, with the losing party paying all costs and attorney fees.

(d) Trustee is Third Party Beneficiary. Any Trustee for Issuer Bonds shall have the right, as a third party beneficiary, to initiate and maintain suit to enforce this Financing Agreement to the extent provided in any Bond Resolution.

ARTICLE III

COVENANTS OF IEUA

Section 3.01. Compliance with Financing Agreement. IEUA will punctually pay the Fixed Project Costs in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate this Financing Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Issuer to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Issuer or any force majeure, including Acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lockouts, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

Section 3.02. Protection of Security and Rights of the Issuer and the Trustee. IEUA will preserve and protect the security hereof and the rights of the Issuer and the Trustee to the payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 3.03. Further Assurances. IEUA will adopt, deliver, execute and make any and all further assurances, instruments and resolutions and provide legal opinions of IEUA general or special counsel as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Issuer of the rights and benefits provided to it herein.

Section 3.04. Amount of Rates and Charges. To the fullest extent permitted by law, IEUA shall fix, prescribe and collect rates and charges for recycled water service which, along with other Pledged Revenues, will be at least sufficient to yield during each Fiscal Year an amount equal to debt service on all Authority Bonds for such Fiscal Year. IEUA may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not

reduce the rates and charges then in effect unless the revenues resulting from such reduced rates and charges will at all times be sufficient to meet the requirements of this section.

Section 3.05. Additional Contracts and Bonds. IEUA may at any time issue or incur any Subordinate Obligation; provided the estimated Pledged Revenues available to pay Fixed Project Costs for the then current Fiscal Year and each subsequent Fiscal Year, as evidenced by a certificate of the General Manager of IEUA, shall equal a sum equal to at least the Fixed Project Costs due hereunder for such Fiscal Years.

Section 3.06. Maintenance of Tax Exempt Status of Authority Bonds. Notwithstanding any other provision of this Financing Agreement, IEUA shall not take any action or omit to take any action, directly or indirectly, in any manner, which would result in any of the Authority Bonds being treated as an obligation not described in Section 103(a) of the Internal Revenue Code of 1986, as amended, by reason of classification of such Authority Bond as a "private activity bond" within the meaning of Section 141 of said Code or for any other reason.

ARTICLE IV

COVENANTS OF THE ISSUER

Section 4.01. Accounting Records and Financial Statements.

(a) The Issuer will keep appropriate accounting records in which complete and correct entries shall be made of all Issuer transactions relating to the Project, which records shall be available for inspection, copying and audit by IEUA and its accountants, attorneys and agents at reasonable hours and under reasonable conditions.

(b) The Issuer will prepare annually within two hundred ten (210) days after the close of each Issuer Fiscal Year (commencing with the Issuer Fiscal Year ending June 30, 2016) financial statements of the Issuer for the preceding Issuer Fiscal Year prepared in accordance with generally accepted accounting principles, together with a report of an Independent Certified Public Accountant thereof. The Issuer will promptly furnish a copy of such report to IEUA and to the Trustee.

Section 4.02. Compliance with Law. The Issuer shall comply with all local, state and federal laws applicable to the Project.

Section 4.03. Use of Funds for Project. The Authority shall not allow the portion of the proceeds of Authority Bonds allocated to the Project to be used for any purpose other than to pay for costs associated with financing or refinancing the Project.

ARTICLE V

MISCELLANEOUS

Section 5.01. Liability of IEUA Limited to Pledged Revenues. Notwithstanding anything contained herein, IEUA shall not be required to advance any moneys derived from any source of income other than that portion of the Pledged Revenues for the payment of the Financing Payments or for the performance of any agreements or covenants required to be performed by it contained herein.

The obligation of IEUA to make the payments due hereunder is a special obligation of IEUA payable solely from that portion of the Pledged Revenues, and does not constitute a debt of IEUA or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Section 5.02. Benefits of Financing Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the Issuer, IEUA or the Trustee any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the Issuer or IEUA or the Trustee shall be for the sole and exclusive benefit of the other parties.

Section 5.03. Successor Is Deemed Included in all References to Predecessor. Whenever either the Issuer or IEUA or the Trustee is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Issuer or IEUA or the Trustee, and all agreements and covenants required hereby to be performed by or on behalf of the Issuer or IEUA or the Trustee shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 5.04. Waiver of Personal Liability. No member of the Board of Directors, officer or employee of IEUA shall be individually or personally liable for the payment of the Financing Payments, but nothing contained herein shall relieve any member of the Board of Directors, officer or employee of IEUA from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 5.05. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections," "Exhibits" and other subdivisions or clauses are to the corresponding articles, sections, exhibits, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof" "hereto," "herewith" and other words of similar import refer to the Financing Agreement as a whole and not to any particular article, section, exhibit, subdivision or clause hereof.

Section 5.06. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Issuer or IEUA shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The Issuer and IEUA hereby declare that they would have executed the Financing Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 5.07. CALIFORNIA LAW. THIS FINANCING AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 5.08. Notices. All written notices to be given hereunder shall be given by mail, overnight courier or facsimile to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to IEUA:

Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91708
Attention: Chief Financial Officer
Facsimile: 909/993-1985

If to the Issuer:

Chino Basin Regional Financing Authority
6075 Kimball Avenue
Chino, CA 91708
Attention: Treasurer
Facsimile: 909/993-1985

Section 5.09. Effective Date. This Financing Agreement shall become effective upon its execution and delivery.

Section 5.10. Execution in Counterparts. This Financing Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 5.11. Term. (a) Either party may terminate this Financing Agreement on any date on and prior to the date Authority Bonds are first issued by providing written notice of such termination to the other party 30 days prior to the effective date of such termination.

(b) The term of this Financing Agreement shall continue until the later of December 31, 2045 or the final maturity of Authority Bonds. The parties hereto agree to negotiate in good faith to amend this Financing Agreement on or prior to such date to extend the term hereof and to include terms and conditions as are mutually agreeable to the parties.

Section 5.12. Amendment. This Financing Agreement may only be otherwise amended, modified, changed or rescinded in writing by each of the parties hereto. The parties acknowledge that the Authority currently expects to finance the Project from grants and a loan or other agreements from the State Water Resource Control Board or other department or agency of the State and will negotiate in good faith to amend this Financing Agreement to conform to the terms and conditions of such grants or loan. In the event that such grants and such loans or other agreements are not sufficient to fund all of the capital costs of the Project, the Authority shall use its best efforts to finance such remaining capital costs from the proceeds of Authority Bonds in a timely and cost-effective manner.

Section 5.13. Merger of Prior Agreements. This Financing Agreement and the exhibits hereto constitute the entire agreement between the parties and supersede all prior agreements and understandings between the parties relating to the subject matter hereof.

Section 5.14. Time of the Essence. Time is of the essence in the performance of this Financing Agreement.

Section 5.15. Appointment of Agent. In order to facilitate the administration of this Financing Agreement, the Authority may appoint IEUA to act as its agent in carrying out the Authority's obligations under this Financing Agreement.

IN WITNESS WHEREOF, the parties hereto have executed and attested the Financing Agreement by their officers thereunto duly authorized as of the day and year first written above.

INLAND EMPIRE UTILITIES AGENCY

By: _____
General Manager

CHINO BASIN REGIONAL FINANCING
AUTHORITY

By: _____
President of the Commission

EXHIBIT A

CWSRF Project No. 8167-110

EXHIBIT B

CWSRF Project No. 8167-110

SWRCB Form 259 and 260

2015 FINANCING AGREEMENT
(JCSD Recycled Water Project)

by and between

△

JURUPA COMMUNITY SERVICES DISTRICT

and

CHINO BASIN REGIONAL FINANCING AUTHORITY

Dated as of November 23, 2015

△

△

△

Table of Contents

Page

ARTICLE I

DEFINITIONS1

Section 1.01.	Definitions.....	1
Section 1.02.	Terms Not Defined Herein.....	<u>Δ3</u>

ARTICLE II

FINANCING OF THE <u>ΔPROJECT</u>		<u>Δ3</u>
Section 2.01.	Purpose, Financing and Construction	<u>Δ3</u>
Section 2.02.	<u>ΔRecycled Water</u> Facilities	4
Section 2.03.	No Authority Responsibility for <u>ΔRecycled Water</u>	4
Section 2.04.	Charges to <u>ΔJCS D</u>	4
Section 2.05.	Annual Capital Budget and Billing Statement	6
Section 2.06.	Obligation in the Event of Default.....	6

ARTICLE III

COVENANTS OF <u>ΔJCS D</u>		7
Section 3.01.	Compliance with Financing Agreement.....	7
Section 3.02.	Protection of Security and Rights of the Issuer and the Trustee	<u>Δ7</u>
Section 3.03.	Further Assurances.....	<u>Δ7</u>
Section 3.04.	Amount of Rates and Charges	8
Section 3.05.	Δ	
<u>ΔMaintenance</u> of Tax Exempt Status of Authority Bonds		8

ARTICLE IV

COVENANTS OF THE ISSUER.....		<u>Δ8</u>
Section 4.01.	Accounting Records and Financial Statements.....	<u>Δ8</u>
Section 4.02.	Compliance with Law	<u>Δ8</u>
Section 4.03.	Use of Funds for Project	<u>Δ8</u>

ARTICLE V

MISCELLANEOUS		<u>Δ8</u>
Section 5.01.	Liability of <u>ΔJCS D</u> Limited to Pledged Revenues.....	<u>Δ8</u>
Section 5.02.	Benefits of Financing Agreement Limited to Parties.....	9
Section 5.03.	Successor Is Deemed Included in all References to Predecessor	9
Section 5.04.	Waiver of Personal Liability	<u>Δ9</u>

Section 5.05.	Article and Section Headings, Gender and References	<u>Δ9</u>
Section 5.06.	Partial Invalidity.....	<u>Δ9</u>
Section 5.07.	CALIFORNIA LAW	<u>Δ9</u>
Section 5.08.	Notices	10
Section 5.09.	Effective Date	<u>Δ10</u>
Section 5.10.	Execution in Counterparts.....	<u>Δ10</u>
Section 5.11.	Term	<u>Δ10</u>
Section 5.12.	Amendment.....	<u>Δ10</u>
Section 5.13.	Merger of Prior Agreements	11
Section 5.14.	Time of the Essence	11
Section 5.15.	Appointment of Agent	<u>11</u>

EXHIBITS

Exhibit A – Description of the Project.....	A-1
---	-----

Exhibit B – Allocation of Capital Costs.....	B-1
--	-----

<u>Exhibit C – Form of Opinion of JCSD Counsel.....</u>	<u>C-1</u>
--	-------------------

<u>Exhibit D – Form of Opinion of Authority Special Counsel.....</u>	<u>D-1</u>
---	-------------------

**2015 FINANCING AGREEMENT
(JCSD Recycled Water Project)**

This 2015 FINANCING AGREEMENT (JCSD Recycled Water Project) (the "Financing Agreement"), dated as of December 1, 2015, by and between the JURUPA COMMUNITY SERVICES DISTRICT, a community services district duly organized and existing under and by virtue of the laws of the State of California ("JCSD"), and CHINO BASIN REGIONAL FINANCING AUTHORITY, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California (the "Issuer");

WITNESSETH

WHEREAS, pursuant to Section 61100 of the Government Code of the State of California, JCSD desires to pay a portion of the costs of certain recycled water facilities as more particularly described in Exhibit A hereto (the "Project"); and

WHEREAS, the Issuer desires to assist JCSD in financing JCSD's share of the cost of the acquisition and construction of the Project; and

WHEREAS, the Inland Empire Utilities Agency ("IEUA") has provided for the financing of IEUA's share of the Project pursuant to that certain 2015 Financing Agreement (JCSD Recycled Water Project) dated as of December 1, 2015 by and between IEUA and the Issuer (the "2015 Financing Agreement"); and

WHEREAS, in order to provide the funds for the design, acquisition and construction of the Project, the Issuer currently expects to enter into a loan or similar agreement with the State Water Resources Control Board or other department or agency of the State of California secured in part by the payments to be made by JCSD to the Issuer under this Financing Agreement; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of the Financing Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into the Financing Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed to such terms in the 2010 Installment Sale Agreements. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any opinion or report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

Bond Resolution. The term “Bond Resolutions” means the resolution or resolutions providing for the issuance of Issuer Bonds and the terms thereof, and any indenture, trust agreement, or similar loan agreement related thereto.

Debt Service. The term “Debt Service” means, as of the date of calculation and with respect to Issuer Bonds, an amount equal to the sum of (i) interest payable during such Issuer Fiscal Year on Issuer Bonds, except to the extent that such interest is to be paid from capitalized interest, (ii) that portion of principal of Issuer Bonds payable during such Issuer Fiscal Year, (iii) amounts necessary to replenish any reserve fund created pursuant to a Bond Resolution, and (iv) all letters of credit, remarketing and other financing costs payable on a periodic basis. Such interest, principal and financing costs for Issuer Bonds shall be calculated on the assumption that no Issuer Bonds outstanding at the date of calculation will cease to be outstanding except by reason of the payment of principal on the due date thereof;

provided further that, as to any such Issuer Bonds bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall be one hundred ten percent (110%) of the greater of (a) the daily average interest rate on such Issuer Bonds during the twelve (12) calendar months preceding the date of calculation (or the portion of the then current Issuer Fiscal Year that such Issuer Bonds have borne interest) or (b) the most recent effective interest rate on such Issuer Bonds prior to the date of calculation; and

provided further that, as to any such Issuer Bonds or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Issuer Bonds or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service; and

provided further that the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Issuer Bonds for which such debt service reserve fund was established and in each preceding Issuer Fiscal Year until such amount is exhausted.

Fixed Project Costs. The term “Fixed Project Costs” means[△] **the JCSD share of** capital costs of the Project as set forth in Exhibit B hereto, including but not limited to (i) Debt Service, (ii) reserves for repair and replacement and improvement to the Project and (iii) reserves for payment of Debt Service.

Independent Certified Public Accountant. The term “Independent Certified Public Accountant” means any firm of certified public accountants appointed by [△]**JCSD**, or the Issuer, as the case may be, and each of whom is independent pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

△JCSD Share. The term “[△]**JCSD Share**” means the share of capital costs of the Project allocated to [△]**JCSD** as set forth in Exhibit B hereto.

Issuer. The term “Issuer” means the Chino Basin Regional Financing Authority, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California.

Issuer Bonds. The term “Issuer Bonds” means bonds, notes or other evidences of indebtedness issued by or on behalf of the Issuer to finance or refinance the Project, including but not limited to

loans or similar agreements from the State Water Resources Control Board or other department or agency of the State.

Issuer Fiscal Year. The term “Issuer Fiscal Year” means the twelve month period commencing on July 1 of each calendar year and ending on the following June 30 or such other twelve month period which may be designated by the Issuer as its fiscal year.

Joint Powers Agreement. The term “Joint Powers Agreement” means the Joint Exercise of Powers Agreement creating the Chino Basin Regional Financing Authority, as such agreement may be amended or supplemented from time to time.

△

Pledged Revenues. The term “Pledged Revenues” means △Net Revenues as defined in the 2010 Installment Sale Agreements.

Project. The term “Project” means certain △recycled water facilities [a description of which is attached as Exhibit A hereto.] The Issuer and △JCSD acknowledge that portions of the Project are currently being designed and that the definition of the Project may be revised from time-to-time without amendment to this Financing Agreement.

△

State. The term “State” means the State of California.

Trustee. The term “Trustee” means the entity or entities designated by the Issuer pursuant to any Bond Resolution to administer any funds or accounts required by such Bond Resolution or otherwise.

△

2010 Installment Sale Agreements. The term “2010 Installment Sale Agreements” means, collectively, the Installment Sale Agreements, each dated as of February 1, △

△2016, by and between JCSD and the Jurupa Public Facilities Corporation, as such agreements may be amended or supplemented from time[△] to[△] time.

△

Section 1.02. Terms Not Defined Herein. Unless the context otherwise requires, the terms not defined herein shall have the meanings set forth in △the 2010 Installment Sale Agreements.

ARTICLE II

FINANCING OF THE △PROJECT

Section 2.01. Purpose, Financing and Construction.

The purpose of this Financing Agreement is for the Authority to provide for the financing of the Fixed Project Costs of the Project. All other aspects of the Project, including the obtaining of all

necessary authority and rights, consents and approvals, and the performance of all things necessary and convenient therefor, subject to compliance with all necessary federal and state laws, including but not limited to the California Environmental Quality Act ("CEQA"), and all other agreements relating thereto, shall be provided for by separate agreements.

Section 2.02. Recycled Water Facilities.

Pursuant to the terms of this Financing Agreement, the Authority shall provide to JCSD, and JCSD shall utilize, the components of the Project identified in Exhibit A hereto for recycled water purposes of offsetting potable water demands within the Chino Groundwater Basin. Subject to JCSD's payment obligations hereunder, the Authority agrees to use its best efforts to finance such components of the Project pursuant to this Financing Agreement. JCSD shall be responsible for the operation of the components of the Project so designated in Exhibit B hereto, including the payment of all operation and maintenance costs with respect to such components of the Project, and the Authority shall have no responsibility to pay any operation and maintenance costs with respect to such components of the Project. Title to such components of the Project shall be held by [the Authority or JCSD].

Section 2.03. No Authority Responsibility for Recycled Water.

Neither the Authority nor any of its officers or agents shall be liable for the control, carriage, handling, use, disposal, or distribution of recycled water; nor for claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal or distribution of such recycled water and including attorneys fees and other costs of defense in connection therewith. JCSD shall indemnify and hold harmless the Authority and its officers, agents, and employees from any such damages or claims of damages.

Section 2.04. Charges to JCSD.

(a) Establishment of Charges. The Issuer shall fix charges to JCSD under this Financing Agreement equal to the amounts anticipated to be needed by the Issuer to pay Fixed Project Costs.

(b) Insufficiency of Funds. JCSD acknowledges that Fixed Project Costs will vary from time-to-time and within any Issuer Fiscal Year. If Fixed Project Costs collected by the Issuer in any Issuer Fiscal Year are insufficient to pay Fixed Costs of the Project in such Issuer Fiscal Year, the Issuer shall promptly notify JCSD of such insufficiency and JCSD shall pay to the Issuer an amount equal to such insufficiency. The obligation of JCSD to pay Fixed Project Costs shall commence upon execution and delivery of this Financing Agreement.

(c) Source of Payments. All Pledged Revenues are hereby irrevocably pledged to the payment of Fixed Project Costs as provided herein and the Pledged Revenues shall not be used for any other purpose while any of the Fixed Project Costs remain unpaid; provided that out of the Pledged Revenues there may be apportioned such sums for such purposes as are expressly permitted herein. Payments by JCSD to the Issuer hereunder are obligations of JCSD payable from Pledged Revenues. Subject to Section 3.04 hereof, the obligation of JCSD to use Pledged Revenues to make payments hereunder from Pledged Revenues and the pledge by JCSD herewith is on a parity with the obligation of JCSD to make payments under the 2010 Installment Sale Agreements. JCSD

shall make such payments ^Δin accordance with the provisions of this Financing Agreement and ^Δfrom the revenue fund created under the 2010 Installment Sale Agreements. Nothing herein shall be construed as prohibiting ^ΔJCSD from using any other funds and revenues for purposes of satisfying any provisions of this Financing Agreement.

(d) Obligation Is Not Subject To Reduction. ^ΔJCSD shall make payments of Fixed Project Costs under this Financing Agreement whether or not the Project is completed, operable, operated or retired and notwithstanding the suspension, interruption, interference, reduction or curtailment of operation of the Project in whole or in part for any reason whatsoever. Such payments are not subject to any reduction, whether offset or otherwise, and are not conditioned upon performance by the Issuer under this Financing Agreement or any other agreement.

(e) Allocation of Costs and Expenses.

(i) Adjustments. The Issuer shall update the values and amounts of Fixed Project Costs on a quarterly basis, including year-to-date comparisons, in order that the costs and expenses to ^ΔJCSD may accurately reflect increases or decreases from Issuer Fiscal Year to Issuer Fiscal Year in Fixed Project Costs. In addition, each such determination shall include an adjustment to be paid or received by ^ΔJCSD for succeeding Issuer Fiscal Years which shall account for the differences, if any, between projections of Fixed Project Costs used by the Issuer in determining the amounts of said Fixed Project Costs for all preceding Issuer Fiscal Years and actual Fixed Project Costs incurred by the Issuer to ^ΔJCSD during such Issuer Fiscal Years.

(ii) Credits. Interest earnings on all amounts paid by ^ΔJCSD to the Issuer shall be credited to ^ΔJCSD through the budgeting process.

(f) Time and Method of Payment.

(i) Fixed Project Costs. ^ΔFor the Issuer Fiscal Year ending June 30, 2016, ^ΔJCSD shall pay to the Authority within 15 days of receiving an invoice in amount equal to the JSCD of the Fixed Project Costs as provided in the initial budget described in Section 2.02 hereof. Thereafter, ^ΔJCSD shall pay to the Issuer, on or before July 15 of each Issuer Fiscal Year, 100% of ^Δsuch Fixed Project Costs for such Issuer Fiscal Year.

(ii) Statement of Charges. The Issuer shall furnish ^ΔJCSD with a written statement of the estimated Fixed Project Costs for the next succeeding Issuer Fiscal Year on or prior to June 1 of the prior Issuer Fiscal Year. Such written statements shall take into account applicable credits received by the Issuer and estimated investment earnings on moneys related to the Project held by the Issuer.

(iii) Contest of Accuracy of Charges. If ^ΔJCSD questions or disputes the correctness of any billing statement by the Issuer, it shall pay the Issuer the amount claimed when due and shall, within thirty (30) days of the completion and delivery of the Issuer's annual audit, request an explanation from the Issuer. If the bill is determined to be incorrect, the Issuer will adjust the bill to ^ΔJCSD in the next Issuer Fiscal Year, including an adjustment equal to the interest actually earned by the Issuer on its general reserves during such period. If the Issuer and ^ΔJCSD fail to agree on the correctness of a bill within thirty (30) days after ^ΔJCSD has requested an explanation, the parties shall promptly submit the dispute to arbitration under Section 1280 et seq. of the Code of Civil Procedure.

Section 2.05. Annual Capital Budget and Billing Statement. The Issuer will prepare and approve a capital budget for the period from the date of this Financing Agreement through June 30, 2016 on or prior to execution and delivery of this Financing Agreement. Such initial capital budget shall include all Fixed Project Costs. Thereafter, the Issuer will prepare a preliminary annual capital budget for each applicable Issuer Fiscal Year for credits, costs and expenses relating to the Project. The Issuer shall submit a draft of such budget to ΔJCSD on or prior to each April 1 for review and comment. Issuer staff shall use its best efforts to resolve any questions or concerns of ΔJCSD during such review. The Board of Directors of the Issuer will adopt a final annual capital budget for the applicable Issuer Fiscal Year on or before June 1 of each Issuer Fiscal Year. The Issuer shall supply a copy of said final annual capital budget to ΔJCSD on or before June 15 of each Issuer Fiscal Year. Any amendment to the capital budget shall be submitted to ΔJCSD for review and comment at least 30 days prior to action thereon by the Issuer Board of Directors.

Section 2.06. Obligation in the Event of Default.

(a) **Written Demand.** Upon failure of ΔJCSD to (i) make any payment in full when due under this Financing Agreement or (ii) to perform any other obligation hereunder, the Issuer shall make written demand upon ΔJCSD. If a failure described in clause (i) above is not remedied within thirty (30) days from the date of such demand or, if Issuer Bonds are outstanding, for such additional time as is reasonably required, in the sole discretion of the Trustee, to correct the same, such failure shall constitute a default at the expiration of such period. If a failure described in clause (ii) cannot be remedied within thirty (30) days from the date of such demand but ΔJCSD commences remedial action within such thirty (30) day period, such failure shall not constitute a default hereunder. Notice of any such demand shall be provided to ΔJCSD by the Issuer. Upon failure of the Issuer to perform any obligation of the Issuer hereunder, ΔJCSD shall make written demand upon the Issuer, and if said failure is not remedied within thirty (30) days from the date of such demand or, if Issuer Bonds are outstanding, for such additional time as is reasonably required, in the sole discretion of the Trustee, to correct the same, such failure shall constitute a default at the expiration of such period. Notice of such demand shall be provided to ΔJCSD.

In addition to any default resulting from breach by the Issuer or ΔJCSD of any agreement, condition, covenant or term hereof, if the Issuer or ΔJCSD shall file any petition or institute any proceedings under any act or acts, state or federal, dealing with or relating to the subject of bankruptcy or insolvency or under any amendment of such act or acts, either as a bankrupt or as an insolvent or as a debtor or in any similar capacity, wherein or whereby the Issuer or ΔJCSD asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of its debts or obligations, or offers to its creditors to effect a composition or extension of time to pay its debts, or asks, seeks or prays for a reorganization or to effect a plan of reorganization or for a readjustment of its debts or for any other similar relief, or if the Issuer or ΔJCSD shall make a general or any assignment for the benefit of its creditors, then in each and every such case the Issuer or ΔJCSD, as the case may be, shall be deemed to be in default hereunder.

(b) **Termination of Agreement; Continuing Obligations.** Upon the failure of ΔJCSD to make any payment which failure constitutes a default under this Financing Agreement and causes the Issuer to be in default under any Bond Resolution or related agreement, the Issuer may (in addition to the remedy provided by subsection (a) of this Section) give notice of termination of the provisions of this Financing Agreement insofar as the same entitle ΔJCSD to use the Project which notice shall be effective within 30 days thereof unless such termination shall be enjoined, stayed or

otherwise delayed by judicial action. Irrespective of such termination, △JCS D shall remain liable to the Issuer to pay the full amount of costs hereunder.

(c) Enforcement of Remedies. In addition to the remedies set forth in this Section, upon the occurrence of an Event of Default as defined herein, the Issuer or △JCS D, as the case may be, shall be entitled to proceed to protect and enforce the rights vested in such party by this Financing Agreement by such appropriate judicial proceeding as such party shall deem most effectual, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained herein or to enforce any other legal or equitable right vested in such party by this Financing Agreement or by law. The provisions of this Financing Agreement and the duties of each party hereof, their respective boards, officers or employees shall be enforceable by the other party hereto by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction, with the losing party paying all costs and attorney fees.

(d) Trustee is Third Party Beneficiary. Any Trustee for Issuer Bonds shall have the right, as a third party beneficiary, to initiate and maintain suit to enforce this Financing Agreement to the extent provided in any Bond Resolution.

ARTICLE III

COVENANTS OF △JCS D

Section 3.01. Compliance with Financing Agreement. △JCS D will punctually pay the Fixed Project Costs in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate this Financing Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project[△], commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Issuer to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Issuer or any force majeure, including Acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lockouts, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

Section 3.02. Protection of Security and Rights of the Issuer and the Trustee. △JCS D will preserve and protect the security hereof and the rights of the Issuer and the Trustee to the payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 3.03. Further Assurances. △JCS D will adopt, deliver, execute and make any and all further assurances, instruments and resolutions and provide legal opinions of △JCS D general or special counsel as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Issuer of the rights and benefits provided to it herein.

Section 3.04. Amount of Rates and Charges. To the fullest extent permitted by law, △JCS D shall fix, prescribe and collect rates and charges △for recycled water service which, along

with Pledged Revenues, will be at least sufficient to yield during each Fiscal Year an amount equal to debt service on all Parity Debt (as such term is defined in the 2010 Installment Sale Agreements) for such Fiscal Year. JCSD may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the revenues resulting from such reduced rates and charges will at all times be sufficient to meet the requirements of this section.

△△

Section 3.05. Maintenance of Tax Exempt Status of Authority Bonds. Notwithstanding any other provision of this Financing Agreement, JCSD shall not take any action or omit to take any action, directly or indirectly, in any manner, which would result in any of the Authority Bonds being treated as an obligation not described in Section 103(a) of the Internal Revenue Code of 1986, as amended, by reason of classification of such Authority Bond as a “private activity bond” within the meaning of Section 141 of said Code or for any other reason.

ARTICLE IV

COVENANTS OF THE ISSUER

Section 4.01. Accounting Records and Financial Statements.

(a) The Issuer will keep appropriate accounting records in which complete and correct entries shall be made of all Issuer transactions relating to the Project, which records shall be available for inspection, copying and audit by JCSD and its accountants, attorneys and agents at reasonable hours and under reasonable conditions.

(b) The Issuer will prepare annually within two hundred ten (210) days after the close of each Issuer Fiscal Year (commencing with the Issuer Fiscal Year ending June 30, 2016) financial statements of the Issuer for the preceding Issuer Fiscal Year prepared in accordance with generally accepted accounting principles, together with a report of an Independent Certified Public Accountant thereof. The Issuer will promptly furnish a copy of such report to JCSD and to the Trustee.

Section 4.02. Compliance with Law. The Issuer shall comply with all local, state and federal laws applicable to the Project.

Section 4.03. Use of Funds for Project. The Authority shall not allow the portion of the proceeds of Authority Bonds allocated to the Project to be used for any purpose other than to pay for costs associated with financing or refinancing the Project.

ARTICLE V

MISCELLANEOUS

Section 5.01. Liability of JCSD Limited to Pledged Revenues. Notwithstanding anything contained herein, JCSD shall not be required to advance any moneys derived from any source of income other than that Pledged Revenues for the payment of the Financing Payments or for the performance of any agreements or covenants required to be performed by it contained herein.

The obligation of △JCSD to make the payments due hereunder is a special obligation of △JCSD payable solely from that portion of the Pledged Revenues, and does not constitute a debt of △JCSD or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Section 5.02. Benefits of Financing Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the Issuer, △JCSD or the Trustee any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the Issuer or △JCSD or the Trustee shall be for the sole and exclusive benefit of the other parties.

Section 5.03. Successor Is Deemed Included in all References to Predecessor. Whenever either the Issuer or △JCSD or the Trustee is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Issuer or △JCSD or the Trustee, and all agreements and covenants required hereby to be performed by or on behalf of the Issuer or △JCSD or the Trustee shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 5.04. Waiver of Personal Liability. No member of the Board of Directors, officer or employee of △JCSD shall be individually or personally liable for the payment of the Financing Payments, but nothing contained herein shall relieve any member of the Board of Directors, officer or employee of △JCSD from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 5.05. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections," "Exhibits" and other subdivisions or clauses are to the corresponding articles, sections, exhibits, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof" "hereto," "herewith" and other words of similar import refer to the △Financing Agreement as a whole and not to any particular article, section, exhibit, subdivision or clause hereof.

Section 5.06. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Issuer or △JCSD shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The Issuer and △JCSD hereby declare that they would have executed the Financing Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 5.07. CALIFORNIA LAW. THIS △FINANCING AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 5.08. Notices. All written notices to be given hereunder shall be given by mail, overnight courier or facsimile to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to △JCS D:

△

△

Jurupa Community Service District

11201 Harrel Street

△Jurupa Valley, CA 91752

Attention: △ _____

Facsimile: △ _____

If to the Issuer:

Chino Basin Regional Financing Authority

6075 Kimball Avenue

Chino, CA 91708

Attention: Treasurer

Facsimile: 909/993-1985

Section 5.09. Effective Date. This Financing Agreement shall become effective upon its execution and delivery.

Section 5.10. Execution in Counterparts. This Financing Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 5.11. Term. (a) No provision of this Financing Agreement shall take effect until (i) this Financing Agreement has been duly executed and delivered by JCS D to the Authority together with an opinion of Best Best & Krieger LLP, General Counsel to JCS D, in substantially the form attached hereto as Exhibit C, and (ii) this Financing Agreement has been duly executed and delivered by the Authority to JCS D with an opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Special Counsel to the Authority, in substantially the form attached hereto as Exhibit D.

(b) Either party may terminate this Financing Agreement on any date on and prior to the date Authority Bonds are first issued by providing written notice of such termination to the other party 30 days prior to the effective date of such termination.

(c) The term of this Financing Agreement shall continue until the later of December 31, 20__ or the final maturity of Authority Bonds. The parties hereto agree to negotiate in good faith to amend this Financing Agreement on or prior to such date to extend the term hereof and to include terms and conditions as are mutually agreeable to the parties.

Section 5.12. Amendment. This Financing Agreement may only be otherwise amended, modified, changed or rescinded in writing by each of the parties hereto. The parties acknowledge that the Authority currently expects to finance the Project from grants and a loan or other agreements from

the State Water Resource Control Board or other department or agency of the State and will negotiate in good faith to amend this Financing Agreement to conform to the terms and conditions of such grants or loan. In the event that such grants and such loans or other agreements are not sufficient to fund all of the capital costs of the Project, the Authority shall use its best efforts to finance such remaining capital costs from the proceeds of Authority Bonds in a timely and cost-effective manner.

Section 5.13. Merger of Prior Agreements. This Financing Agreement and the exhibits hereto constitute the entire agreement between the parties and supersede all prior agreements and understandings between the parties relating to the subject matter hereof.

Section 5.14. Time of the Essence. Time is of the essence in the performance of this Financing Agreement.

Section 5.15. Appointment of Agent. In order to facilitate the administration of this Financing Agreement, the Authority may appoint IEUA to act as its agent in carrying out the Authority's obligations under this Financing Agreement.

IN WITNESS WHEREOF, the parties hereto have executed and attested the Financing Agreement by their officers thereunto duly authorized as of the day and year first written above.

△

JURUPA COMMUNITY SERVICES DISTRICT

By: _____

△

President

**CHINO BASIN REGIONAL FINANCING
AUTHORITY**

By: _____

President of the Commission

EXHIBIT A

CWSRF Project No. 8167-110

EXHIBIT B

CWSRF Project No. 8167-110

SWRCB Form 259 and 260

EXHIBIT C

[This opinion shall be delivered upon execution of the Financing Agreement]

December __, 2015

Chino Basin Regional Financing Authority
c/o Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91708

Jurupa Community Services District
11201 Harrel Street
Jurupa Valley, CA 91752

Ladies and Gentlemen:

We are acting as general counsel to the Jurupa Community Services District (“JCSD”) in connection with the execution and delivery of the 2015 Financing Agreement (JCSD Recycled Water Project), dated as of December 1, 2015 (the “Agreement”), between the Chino Basin Regional Financing Authority (the “Authority”) and JCSD. As such counsel we have examined and are familiar with (i) documents relating to the existence, organization and operation of JCSD provided to us by JCSD, (ii) certifications by officers of JCSD, (iii) all necessary documentation of JCSD relating to the authorization, execution and delivery of the Agreement, and (iv) an executed counterpart of the Agreement. Terms used herein and not otherwise defined have the respective meanings set forth in the Agreement.

Based upon the foregoing and such examination of law and such other information, papers and documents as we deem necessary or advisable to enable us to render this opinion, including the Constitution and laws of the State of California, together with the resolutions, ordinances and public proceedings of JCSD, we are of the opinion that:

1. JCSD is a community services district, duly created, organized and existing under the laws of the State of California and duly qualified to undertake recycled water projects.
2. JCSD has legal right, power and authority to enter into the Agreement and to carry out and consummate all transactions reasonably contemplated thereby, and JCSD has complied with the provisions of applicable law relating to such transactions.
3. The Agreement has been duly authorized, executed and delivered by JCSD, is in full force and effect as to JCSD in accordance with its terms and, subject to the qualifications set forth in the second to the last paragraph hereof, and assuming that the Authority has all requisite power and authority, and has taken all necessary action, to authorize, execute and deliver such Agreement, the Agreement constitutes the valid and binding obligation of JCSD.

4. The obligations of JCSD to make payments under the Agreement as a general obligation of JCSD as provided in Section 5 of the Agreement is a valid, legal and binding obligation of JCSD enforceable in accordance with its terms.

5. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by JCSD of the Agreement.

6. The authorization, execution and delivery of the Agreement and compliance with the provisions thereof will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of JCSD, any commitment, agreement or other instrument to which JCSD is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which JCSD (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to JCSD and its affairs.

7. There is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body, pending or, to our knowledge, threatened against or affecting JCSD or any entity affiliated with JCSD or any of its officers in their respective capacities as such, which questions the powers of JCSD referred to in paragraph 2 above or the validity of the proceedings taken by JCSD in connection with the authorization, execution or delivery of the Agreement, or wherein any unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Agreement, or which would adversely affect the validity or enforceability of the Agreement.

The opinion expressed in paragraphs 3 and 4 above are qualified to the extent that the enforceability of the Agreement may be limited by any applicable bankruptcy, insolvency, reorganization, arrangement, moratorium, or other laws affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California and provided that no opinion is expressed with respect to any indemnification or contribution provisions contained therein.

This opinion is rendered only with respect to the laws of the State of California and the United States of America and is addressed only to the Chino Basin Regional Financing Authority and JCSD. No other person is entitled to rely on this opinion, nor may you rely on it in connection with any transactions other than those described herein.

Very truly yours,

EXHIBIT D

[This opinion shall be delivered upon execution of the Financing Agreement]

December , 2015

Chino Basin Regional Financing Authority
c/o Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91708

Jurupa Community Services District
11201 Harrel Street
Jurupa Valley, CA 91752

Ladies and Gentlemen:

We are acting as special counsel to the Chino Basin Regional Financing Authority (the "Authority") in connection with the execution and delivery of the 2015 Financing Agreement (JCSD Recycled Water Project), dated as of December 1, 2015 (the "Agreement"), between the Authority and the Jurupa Community Services District ("JCSD"). As special counsel we have examined and are familiar with (i) documents relating to the existence, organization and operation of the Authority provided to us by the Authority, (ii) certifications by officers of the Authority, (iii) all necessary documentation of the Authority relating to the authorization, execution and delivery of the Agreement, and (iv) an executed counterpart of the Agreement. Terms used herein and not otherwise defined have the respective meanings set forth in the Agreement.

Based upon the foregoing and such examination of law and such other information, papers and documents as we deem necessary or advisable to enable us to render this opinion, including the Constitution and laws of the State of California, together with the resolutions, ordinances and public proceedings of the Authority, we are of the opinion that:

1. The Authority is a joint exercise of powers agency duly created, organized and existing under the laws of the State of California.

2. The Authority has legal right, power and authority to enter into the Agreement and to carry out and consummate all transactions reasonably contemplated thereby, and the Authority has complied with the provisions of applicable law relating to such transactions.

3. The Agreement has been duly authorized, executed and delivered by the Authority, is in full force and effect as to the Authority in accordance with its terms and, subject to the qualifications set forth in the second to the last paragraph hereof, and assuming that JCSD has all requisite power and authority, and has taken all necessary action, to authorize, execute and deliver such Agreement, the Agreement constitutes the valid and binding obligation of the Authority.

4. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the Authority of the Agreement.

5. The authorization, execution and delivery of the Agreement and compliance with the provisions thereof will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the Authority, any commitment, agreement or other instrument to which the Authority is a party or by which it or its property is bound or affected, or, to the best of our knowledge, any ruling, regulation, ordinance, judgment, order or decree to which the Authority (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the Authority and its affairs.

6. There is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body, pending or, to our knowledge, threatened against or affecting the Authority or any of its officers in their respective capacities as such, which questions the powers of the Authority referred to in paragraph 2 above or the validity of the proceedings taken by the Authority in connection with the authorization, execution or delivery of the Agreement, or wherein any unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Agreement, or which, in any way, would adversely affect the validity or enforceability of the Agreement.

The opinion expressed in paragraph 3 above is qualified to the extent that the enforceability of the Agreement may be limited by any applicable bankruptcy, insolvency, reorganization, arrangement, moratorium, or other laws affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California and provided that no opinion is expressed with respect to any indemnification or contribution provisions contained therein.

This opinion is rendered only with respect to the laws of the State of California and the United States of America and is addressed only to the Authority and JCSD. No other person is entitled to rely on this opinion, nor may you rely on it in connection with any transactions other than those described herein.

Respectfully submitted,

RESOLUTION NO. 2015-3

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE CHINO BASIN REGIONAL FINANCING AUTHORITY, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING ITS INTENTION TO BE REIMBURSED FOR EXPENDITURES RELATED TO THE CONSTRUCTION OF PUBLIC FACILITIES AND IMPROVEMENT RELATED TO THE JOINT IEUA - JCSD REGIONAL WATER RECYCLING PROGRAM

WHEREAS, the Chino Basin Regional Financing Authority (the "Authority") desires to finance the costs of constructing and/or reconstructing certain public facilities and improvements relating to its water and wastewater system, including certain treatment facilities, pipelines and other infrastructure (the "Project"); and

WHEREAS, the Authority intends to finance the construction and/or reconstruction of the Project or portions of the Project with moneys (Project Funds) provided by the State of California, acting by and through the State Water Resources Control Board (SWRCB); and

WHEREAS, the SWRCB may fund the Project Funds with proceeds from the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"), and

WHEREAS, prior to either the issuance of the Obligations or the approval by the SWRCB of the Project Funds the Authority desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available monies of the Authority; and

WHEREAS, the Authority has determined that those monies to be advanced on and after the date hereof to pay the expenditures are available only for a temporary period and it is necessary to reimburse the Authority for the Expenditures from the proceeds of the Obligations.

NOW, THEREFORE, the Board of Commissioners of the Chino Basin Regional Financing Authority does hereby **RESOLVE, DETERMINE AND ORDER AS FOLLOWS**:

SECTION 1. The Authority hereby states its intention and reasonably expects to reimburse Expenditures paid prior to the issuance of the obligations or the approval by the SWRCB of the Project Funds.

SECTION 2. The reasonably expected maximum principal amount of the Project Funds is \$52,460,000.

SECTION 3. This Resolution is being adopted no later than 60 days after the date on which the Authority will expend monies for the construction portion of the Project costs to be reimbursed with Project Funds.

SECTION 4. Each Authority expenditure will be of a type properly chargeable to a capital account under general federal income tax principles.

SECTION 5. To the best of our knowledge, this Authority is not aware of the previous adoption of official intents by the Authority that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 6. This Resolution is adopted as official intent of the Authority in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Project costs.

SECTION 7. All the recitals in this Resolution are true and correct and this Authority so finds, determines and represents.

ADOPTED this 18th day of November, 2015.

Terry Catlin, President of the Chino Basin
Regional Financing Authority and the
Board of Commissioners thereof

ATTEST:

Steven J. Elie, Secretary of the Chino Basin
Regional Financing Authority and the
Board of Commissioners thereof

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary of the Chino Basin Regional Financing Authority, DO
HEREBY CERTIFY that the foregoing Resolution No. 2015-3 was adopted at a regular meeting
on November 18, 2015 of said Authority by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:


Steven J. Elie, Secretary

**ACTION ITEM
2B**

CHINO BASIN REGIONAL FINANCING AUTHORITY

Date: November 18, 2015

To: The Honorable Commissioners

From: P. Joseph Grindstaff
General Manager 

Subject: Adoption of Resolution Nos. 2015-4 through 6 for the Recycled Water Intertie Project (Project)

RECOMMENDATION

It is recommended that the Board of Commissioners:

1. Adopt Resolution No. 2015-4, authorizing IEUA's General Manager, or his designee, to sign and file application and agreement with the State Water Resources Control Board (SWRCB), for the design and construction of the Project on behalf of the Chino Basin Regional Financing Authority (CBRFA);
2. Adopt Resolution No. 2015-5, dedicating net revenues for the repayment of State Revolving Fund (SRF) loan from the SWRCB for the Project;
3. Adopt Resolution No. 2015-6, establishing its intention to apply for and be reimbursed for expenditures related to the construction of the Project; and
4. Authorize the CBRFA to enter into agreements with IEUA, the City of Pomona, and Monte Vista Water District (MVWD) for the repayment of the SRF loan and administering the grant/loan agreements on behalf of the CBRFA for the Project.

BACKGROUND

The SWRCB administers a program for planning or design funding through the Clean Water State Revolving Fund (CWSRF) Program.

In April 2015, the SWRCB announced the Proposition 1 (Prop 1) grant funding opportunity for Water Recycling projects, which will provide 35% in Prop 1 grant funds up to a maximum of \$15,000,000 for each project in addition to a 1% interest, 30-year SRF loan.

IEUA filed a pre-application for the Project in October 2015 on behalf of the CBRFA. The Project is a collaborative effort between the Inland Empire Utilities Agency (IEUA), the City of Pomona (Pomona), and Monte Vista Water District (MVWD). The application will include the construction of approximately 38,000 lineal feet (LF) of 12-inch pipeline, a booster station and a three million gallon per day (MGD) advanced treatment plant facility. The recycled water and

groundwater will be transmitted from Pomona to the advanced water treatment facility. Treated water will be conveyed to IEUA's groundwater recharge basin to replenish the aquifer.

This Project will deliver 1,100 acre-feet per year (AFY) of recycled water to recharge groundwater basins, address land subsidence concerns, and provide a direct use irrigation source for industries in the region. This project demonstrates the integrated regional approach of recycled water supply optimization.

This Water Recycling Grant and SRF loan application for the Prop 1 funding is consistent with the Agency's Business Goal of increasing Water Supply Reliability by meeting the region's need to develop reliable, drought-proof and diverse local water resources in order to reduce dependence on imported water supplies.

PRIOR BOARD ACTION

On September 16, 2015, IEUA's Board adopted Resolution No. 2015-09-1 to sign and file a grant application to the State Water Resources Control Board for the development of a Feasibility Study of a Recycled Water Interconnection with MVWD and Pomona.

On July 15, 2015, IEUA's Board approved an MOU with Pomona and MVWD to develop a feasibility study to refine the project scope, initiate planning activities and determine the long-term costs and benefits for the region in developing an intertie project with the City and potential for utilizing non-reclaimable system brine for injection into the MZ-1.

IMPACT ON BUDGET

The Project has a total estimated cost of \$51,896,000. The application would request \$51,896,000 in Clean Water SRF and Prop 1 grant funding.

IEUA currently has a total budget of \$10,000,000 in its Ten-Year Capital Improvement Plan (TYCIP).

Pending an agreement with all parties, the total project costs will be shared according to the benefits among IEUA, Pomona, and MVWD at about \$17.3 million each.

Upon approval by SWRCB, all participating agencies will revise their budget to align with the new SRF loan, grants, and total project costs.

Attachments:

Resolution No. 2015-4

Resolution No. 2015-5

Resolution No. 2015-6

Agreement with the CBRFA

RESOLUTION NO. 2015-4

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE CHINO BASIN REGIONAL FINANCING AUTHORITY, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING THE INLAND EMPIRE UTILITIES AGENCY'S GENERAL MANAGER TO SIGN AND FILE ON BEHALF OF THE AUTHORITY, FINANCIAL ASSISTANCE APPLICATIONS AND AGREEMENTS WITH THE STATE WATER RESOURCES CONTROL BOARD, FOR THE CONSTRUCTION OF PUBLIC FACILITIES AND IMPROVEMENTS RELATED TO THE CITY OF POMONA, MONTE VISTA WATER DISTRICT, AND INLAND EMPIRE UTILITIES AGENCY RECYCLED WATER INTERTIE PROJECT

BE IT RESOLVED, by the Board of Commissioners of the Chino Basin Regional Financial Authority (the "Authority") that the Inland Empire Utilities Agency's (IEUA's) General Manager or in his absence, his designee, is hereby authorized and directed to sign and file, on behalf of the Authority, a Financial Assistance Application for financing agreements from the State Water Resources Control Board for the planning, design and construction of all projects related to the City of Pomona, Monte Vista water District, and IEUA Recycled Water Intertie Project (the Project); and

BE IT RESOLVED, that the Authority hereby agrees and further does authorize IEUA's General Manager or in his absence, his designees to provide the assurances, certifications, and commitments required for the financial assistance applications, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto,

BE IT FURTHER RESOLVED, that the IEUA's General Manager or in his absence his designees is authorized to represent the Authority in carrying out the Authority's responsibilities under the financing agreement, including certifying disbursement requests on behalf of the Authority and compliance with applicable state and federal laws.

ADOPTED this 18th day of November, 2015.

Terry Catlin, President of the Chino Basin
Regional Financing Authority and the
Board of Commissioners thereof

ATTEST:

Steven J. Elie, Secretary of the Chino Basin
Regional Financing Authority and the
Board of Commissioners thereof

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary of the Chino Basin Regional Financial Authority, DO
HEREBY CERTIFY that the foregoing Resolution No. 2015-4 was adopted at a regular meeting
on November 18, 2015 of said Authority by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Steven J. Elie, Secretary

RESOLUTION NO. 2015-5

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE CHINO BASIN REGIONAL FINANCING AUTHORITY, SAN BERNARDINO COUNTY, CALIFORNIA, DEDICATING CERTAIN REVENUES IN CONNECTION WITH A STATE REVOLVING FUND (SRF) FINANCING FROM THE STATE WATER RESOURCES CONTROL BOARD FOR THE CITY OF POMONA, MONTE VISTA WATER DISTRICT, AND INLAND EMPIRE UTILITIES AGENCY RECYCLED WATER INTERTIE PROJECT

WHEREAS, The State Water Resources Control Board (SWRCB) offers funding to assist local agencies with the design and construction of the City of Pomona, Monte Vista Water District, and Inland Empire Utilities Agency (IEUA) Recycled Water Intertie Project;

WHEREAS, the Chino Basin Regional Financing Authority (CBRFA) has applied for a SRF loan and grant from SWRCB for the City of Pomona, Monte Vista Water District, and Inland Empire Utilities Agency Recycled Water Intertie Project; and

WHEREAS, The Board of Commissioners of the CBRFA has authorized the IEUA's General Manager to execute a financing agreement with the Chino Basin Regional Financing Authority;

WHEREAS, The SWRCB's SRF loan program requires CBRFA the recipient to establish one or more dedicated sources of revenue for repayment of the SRF loan.

NOW THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the CBRFA, that the financing agreement attached hereto as 2015 Financing Agreement is hereby approved in substantial form, and the IEUA's General Manager is authorized to execute and deliver the financing agreement with such changes as may be approved by General Counsel. CBRFA hereby dedicates and pledges the revenues described in Section 2.04 of the 2015 Financing Agreement to payments thereunder. CBRFA commits to collecting such revenues and maintaining such funds(s) throughout the term of such financing and until the CBRFA has satisfied its repayment obligation thereunder, unless modification or change is approved in writing by the SWRCB. So long as the financing agreement is outstanding, the CBRFA pledge hereunder shall constitute a lien in favor of the SWRCB on the foregoing fund(s) and revenue(s) without any further action necessary. So long as the financing agreement is outstanding, the CBRFA commits to maintaining the funds and revenues at levels sufficient to meet its obligations under the financing agreements.

ADOPTED this 18th day of November, 2015.

Terry Catlin
President of the Chino Basin Regional
Financing Authority

ATTEST:

Steven J. Elie
Secretary the Chino Basin Regional
Financing Authority

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary of the Chino Basin Financing Authority, DO HEREBY CERTIFY that the foregoing Resolution No. 2015-5 was adopted at a regular meeting on November 18, 2015 of said Authority by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Steven J. Elie, Secretary the Chino Basin
Regional Financing Authority

(Seal)

**2015 FINANCING AGREEMENT
(Pomona Recycled Water Project)**

by and between

INLAND EMPIRE UTILITIES AGENCY*

and

CHINO BASIN REGIONAL FINANCING AUTHORITY

Dated as of November 18, 2015

*** *A Municipal Water District.***

Table of Contents

Page

ARTICLE I

DEFINITIONS1

Section 1.01.	Definitions.....	1
Section 1.02.	Terms Not Defined Herein.....	3

ARTICLE II

FINANCING OF THE 2015 GROUNDWATER RECHARGE PROJECT4

Section 2.01.	Purpose, Financing and Construction	4
Section 2.02.	Recycled Water Facilities	4
Section 2.03.	No Authority Responsibility for Recycled Water.....	4
Section 2.04.	Charges to IEUA.....	4
Section 2.05.	Annual Capital Budget and Billing Statement.....	6
Section 2.06.	Obligation in the Event of Default.....	6

ARTICLE III

COVENANTS OF IEUA 7

Section 3.01.	Compliance with Financing Agreement.....	7
Section 3.02.	Protection of Security and Rights of the Issuer and the Trustee	8
Section 3.03.	Further Assurances.....	8
Section 3.04.	Amount of Rates and Charges	8
Section 3.05.	Additional Contracts and Bonds	8
Section 3.06.	Maintenance of Tax Exempt Status of Authority Bonds	8

ARTICLE IV

COVENANTS OF THE ISSUER 8

Section 4.01.	Accounting Records and Financial Statements.....	8
Section 4.02.	Compliance with Law	9
Section 4.03.	Use of Funds for Project	9

ARTICLE V

MISCELLANEOUS9

Section 5.01.	Liability of IEUA Limited to Pledged Revenues.....	9
Section 5.02.	Benefits of Financing Agreement Limited to Parties.....	9
Section 5.03.	Successor Is Deemed Included in all References to Predecessor	9
Section 5.04.	Waiver of Personal Liability	9

Section 5.05.	Article and Section Headings, Gender and References	9
Section 5.06.	Partial Invalidity.....	10
Section 5.07.	CALIFORNIA LAW	10
Section 5.08.	Notices	10
Section 5.09.	Effective Date	10
Section 5.10.	Execution in Counterparts.....	10
Section 5.11.	Term	10
Section 5.12.	Amendment.....	10
Section 5.13.	Merger of Prior Agreements	11
Section 5.14.	Time of the Essence	11

EXHIBITS

Exhibit A – Description of the Project.....	A-1
---	-----

Exhibit B – Allocation of Capital Costs.....	B-1
--	-----

2015 FINANCING AGREEMENT
(Pomona Recycled Water Project)

This 2015 FINANCING AGREEMENT (Pomona Recycled Water Project) (the “Financing Agreement”), dated as of December 1, 2015, by and between the INLAND EMPIRE UTILITIES AGENCY, a municipal water district duly organized and existing under and by virtue of the laws of the State of California (“IEUA”), and CHINO BASIN REGIONAL FINANCING AUTHORITY, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California (the “Issuer”);

W I T N E S S E T H

WHEREAS, pursuant to Section 71722 of the Water Code of the State of California, IEUA desires to pay a portion of the costs of certain recycled water facilities as more particularly described in Exhibit A hereto (the “Project”); and

WHEREAS, the Issuer desires to assist IEUA in financing the cost of the acquisition and construction of the Project; and

WHEREAS, in order to provide the funds for the design, acquisition and construction of the Project, the Issuer currently expects to enter into a loan or similar agreement with the State Water Resources Control Board or other department or agency of the State of California secured in part by the payments to be made by IEUA to the Issuer under this Financing Agreement; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of the Financing Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into the Financing Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Resolution. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any opinion or report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

Bond Resolution. The term “Bond Resolutions” means the resolution or resolutions providing for the issuance of Issuer Bonds and the terms thereof, and any indenture, trust agreement, or similar loan agreement related thereto.

Debt Service. The term “Debt Service” means, as of the date of calculation and with respect to Issuer Bonds, an amount equal to the sum of (i) interest payable during such Issuer Fiscal Year on Issuer Bonds, except to the extent that such interest is to be paid from capitalized interest, (ii) that portion of principal of Issuer Bonds payable during such Issuer Fiscal Year, (iii) amounts necessary to replenish any reserve fund created pursuant to a Bond Resolution, and (iv) all letters of credit, remarketing and other financing costs payable on a periodic basis. Such interest, principal and financing costs for Issuer Bonds shall be calculated on the assumption that no Issuer Bonds outstanding at the date of calculation will cease to be outstanding except by reason of the payment of principal on the due date thereof;

provided further that, as to any such Issuer Bonds bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall be one hundred ten percent (110%) of the greater of (a) the daily average interest rate on such Issuer Bonds during the twelve (12) calendar months preceding the date of calculation (or the portion of the then current Issuer Fiscal Year that such Issuer Bonds have borne interest) or (b) the most recent effective interest rate on such Issuer Bonds prior to the date of calculation; and

provided further that, as to any such Issuer Bonds or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Issuer Bonds or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service; and

provided further that the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Issuer Bonds for which such debt service reserve fund was established and in each preceding Issuer Fiscal Year until such amount is exhausted.

Fixed Project Costs. The term “Fixed Project Costs” means, subject to Section 2.04(e), all capital costs of the Project as set forth in Exhibit B hereto, including but not limited to (i) Debt Service, (ii) reserves for repair and replacement and improvement to the Project and (iii) reserves for payment of Debt Service.

Independent Certified Public Accountant. The term “Independent Certified Public Accountant” means any firm of certified public accountants appointed by IEUA, or the Issuer, as the case may be, and each of whom is independent pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

Issuer. The term “Issuer” means the Chino Basin Regional Financing Authority, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California.

Issuer Bonds. The term “Issuer Bonds” means bonds, notes or other evidences of indebtedness issued by or on behalf of the Issuer to finance or refinance the Project, including but not limited to loans or similar agreements from the State Water Resources Control Board or other department or agency of the State.

Issuer Fiscal Year. The term “Issuer Fiscal Year” means the twelve month period commencing on July 1 of each calendar year and ending on the following June 30 or such other twelve month period which may be designated by the Issuer as its fiscal year.

Joint Powers Agreement. The term “Joint Powers Agreement” means the Joint Exercise of Powers Agreement creating the Chino Basin Regional Financing Authority, as such agreement may be amended or supplemented from time to time.

Master Resolution. The term “Master Resolution” means the Resolution of the Board of Directors of the Chino Basin Municipal Water District Providing for the Allocation of Sewer System Revenues and Establishing Covenants to Secure the Payment of Obligations Payable from Sewer Revenues, adopted by the Board of Directors of IEUA on March 30, 1994, as it is from time to time modified, amended or supplemented.

Pledged Revenues. The term “Pledged Revenues” means ad valorem property taxes received by IEUA pursuant to Section 97 *et seq.* of the Revenue and Taxation Code of the State of California, water connection fees received by IEUA and all recycled water sales revenues received by IEUA.

Project. The term “Project” means certain recycled water facilities [a description of which is attached as Exhibit A hereto.] The Issuer and IEUA acknowledge that portions of the Project are currently being designed and that the definition of the Project may be revised from time-to-time without amendment to this Financing Agreement.

State. The term “State” means the State of California.

Trustee. The term “Trustee” means the entity or entities designated by the Issuer pursuant to any Bond Resolution to administer any funds or accounts required by such Bond Resolution or otherwise.

2002 Financing Agreement. The term “2002 Financing Agreement” means the 2002 Financing Agreement, dated as of June 1, 2002, by and between the Authority and IEUA as such 2002 Financing Agreement may be supplemental or amended from time-to-time as accordance therewith.

Terms Not Defined Herein. Unless the context otherwise requires, the terms not defined herein shall have the meanings set forth in Section 1.01 of the Master Resolution.

ARTICLE II

FINANCING OF THE PROJECT

Section 2.01. Purpose, Financing and Construction.

The purpose of this Financing Agreement is for the Authority to provide for the financing of the Fixed Project Costs of the Project. All other aspects of the Project, including the obtaining of all necessary authority and rights, consents and approvals, and the performance of all things necessary and convenient therefor, subject to compliance with all necessary federal and state laws, including but not limited to the California Environmental Quality Act (“CEQA”), and all other agreements relating thereto, shall be provided for by separate agreements.

Section 2.02. Recycled Water Facilities.

Pursuant to the terms of this Financing Agreement, the Authority shall provide to IEUA, and IEUA shall utilize, the Project for recycled water purposes of augmenting or offsetting potable water demands within the Chino Groundwater Basin. Subject to IEUA's payment obligations hereunder, the Authority agrees to use its best efforts to finance the Project pursuant to this Financing Agreement. IEUA shall be responsible for the operation of the components of the Project so designated in Exhibit B hereto, including the payment of all operation and maintenance costs with respect to such components of the Project, and the Authority shall have no responsibility to pay any operation and maintenance costs with respect to such components of the Project. Title to the Project shall be held by the Authority or IEUA.

Section 2.03. No Authority Responsibility for Recycled Water.

Neither the Authority nor any of its officers or agents shall be liable for the control, carriage, handling, use, disposal, or distribution of recycled water; nor for claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal or distribution of such recycled water and including attorneys fees and other costs of defense in connection therewith. IEUA shall indemnify and hold harmless the Authority and its officers, agents, and employees from any such damages or claims of damages.

Section 2.04. Charges to IEUA.

(a) Establishment of Charges. Subject to Section 2.04(e)(ii), the Issuer shall fix charges to IEUA under this Financing Agreement equal to the amounts anticipated to be needed by the Issuer to pay Fixed Project Costs.

(b) Insufficiency of Funds. IEUA acknowledges that Fixed Project Costs will vary from time-to-time and within any Issuer Fiscal Year. If Fixed Project Costs collected by the Issuer in any Issuer Fiscal Year are insufficient to pay Fixed Costs of the Project in such Issuer Fiscal Year, the Issuer shall promptly notify IEUA of such insufficiency and IEUA shall pay to the Issuer an amount equal to such insufficiency. The obligation of IEUA to pay Fixed Project Costs shall commence upon execution and delivery of this Financing Agreement.

(c) Source of Payments. All Pledged Revenues are hereby irrevocably pledged to the payment of Fixed Project Costs as provided herein and the Pledged Revenues shall not be used for any other purpose while any of the Fixed Project Costs remain unpaid; provided that out of the Pledged Revenues there may be apportioned such sums for such purposes as are expressly permitted herein. Payments by IEUA to the Issuer hereunder are obligations of IEUA payable from Pledged Revenues. Subject to Section 3.04 hereof, the obligation of IEUA to use Pledged Revenues to make payments hereunder from property taxes described in the definition of Pledged Revenues is subordinate to the obligation of IEUA to make payment of all other Contracts and Bonds and on a parity with the obligation to pay amounts under the 2002 Financing Agreement. IEUA shall make such payments in accordance with the provisions of this Financing Agreement and from the Subordinate Obligation Payment Fund under the Master Resolution, as the case may be. IEUA shall not make payment on Contracts or Bonds from amounts in the Subordinate Obligation Payment Fund if other amounts are available therefor. Nothing herein shall be construed as prohibiting IEUA from using any other funds and revenues for purposes of satisfying any provisions of this Financing Agreement.

(d) Obligation Is Not Subject To Reduction. IEUA shall make payments of Fixed Project Costs under this Financing Agreement whether or not the Project is completed, operable, operated or retired and notwithstanding the suspension, interruption, interference, reduction or curtailment of operation of the Project in whole or in part for any reason whatsoever. Such payments are not subject to any reduction, whether offset or otherwise, and are not conditioned upon performance by the Issuer under this Financing Agreement or any other agreement.

(e) Allocation of Costs and Expenses.

(i) Adjustments. The Issuer shall update the values and amounts of Fixed Project Costs on a quarterly basis, including year-to-date comparisons, in order that the costs and expenses to IEUA may accurately reflect increases or decreases from Issuer Fiscal Year to Issuer Fiscal Year in Fixed Project Costs. In addition, each such determination shall include an adjustment to be paid or received by IEUA for succeeding Issuer Fiscal Years which shall account for the differences, if any, between projections of Fixed Project Costs used by the Issuer in determining the amounts of said Fixed Project Costs for all preceding Issuer Fiscal Years and actual Fixed Project Costs incurred by the Issuer to IEUA during such Issuer Fiscal Years.

(ii) Credits. Interest earnings on all amounts paid by IEUA to the Issuer and all amounts paid by any other public agencies which may participate in the Project shall be credited to IEUA through the budgeting process.

(f) Time and Method of Payment.

(i) Fixed Project Costs. Subject to Section 2.04(e), for the Issuer Fiscal Year ending June 30, 2016, IEUA shall pay to the Authority within 15 days of receiving an invoice in an amount equal to the Fixed Project Costs as provided in the initial budget described in Section 2.02 hereof. Thereafter, subject to Section 2.04(e), IEUA shall pay to the Issuer, on or before July 15 of each Issuer Fiscal Year, 100% of the Fixed Project Costs for such Issuer Fiscal Year.

(ii) Statement of Charges. The Issuer shall furnish IEUA with a written statement of the estimated Fixed Project Costs for the next succeeding Issuer Fiscal Year on or prior to June 1 of the prior Issuer Fiscal Year. Such written statements shall take into account applicable credits received by the Issuer and estimated investment earnings on moneys related to the Project held by the Issuer.

(iii) Contest of Accuracy of Charges. If IEUA questions or disputes the correctness of any billing statement by the Issuer, it shall pay the Issuer the amount claimed when due and shall, within thirty (30) days of the completion and delivery of the Issuer's annual audit, request an explanation from the Issuer. If the bill is determined to be incorrect, the Issuer will adjust the bill to IEUA in the next Issuer Fiscal Year, including an adjustment equal to the interest actually earned by the Issuer on its general reserves during such period. If the Issuer and IEUA fail to agree on the correctness of a bill within thirty (30) days after IEUA has requested an explanation, the parties shall promptly submit the dispute to arbitration under Section 1280 et seq. of the Code of Civil Procedure.

Section 2.05. Annual Capital Budget and Billing Statement. The Issuer will prepare and approve a capital budget for the period from the date of this Financing Agreement through June 30, 2016 on or prior to execution and delivery of this Financing Agreement. Such initial capital budget shall include all Fixed Project Costs. Thereafter, the Issuer will prepare a preliminary annual capital

budget for each applicable Issuer Fiscal Year for credits, costs and expenses relating to the Project. The Issuer shall submit a draft of such budget to IEUA on or prior to each April 1 for review and comment. Issuer staff shall use its best efforts to resolve any questions or concerns of IEUA during such review. The Board of Directors of the Issuer will adopt a final annual capital budget for the applicable Issuer Fiscal Year on or before June 1 of each Issuer Fiscal Year. The Issuer shall supply a copy of said final annual capital budget to IEUA on or before June 15 of each Issuer Fiscal Year. Any amendment to the capital budget shall be submitted to IEUA for review and comment at least 30 days prior to action thereon by the Issuer Board of Directors.

Section 2.06. Obligation in the Event of Default.

(a) Written Demand. Upon failure of IEUA to (i) make any payment in full when due under this Financing Agreement or (ii) to perform any other obligation hereunder, the Issuer shall make written demand upon IEUA. If a failure described in clause (i) above is not remedied within thirty (30) days from the date of such demand or, if Issuer Bonds are outstanding, for such additional time as is reasonably required, in the sole discretion of the Trustee, to correct the same, such failure shall constitute a default at the expiration of such period. If a failure described in clause (ii) cannot be remedied within thirty (30) days from the date of such demand but IEUA commences remedial action within such thirty (30) day period, such failure shall not constitute a default hereunder. Notice of any such demand shall be provided to IEUA by the Issuer. Upon failure of the Issuer to perform any obligation of the Issuer hereunder, IEUA shall make written demand upon the Issuer, and if said failure is not remedied within thirty (30) days from the date of such demand or, if Issuer Bonds are outstanding, for such additional time as is reasonably required, in the sole discretion of the Trustee, to correct the same, such failure shall constitute a default at the expiration of such period. Notice of such demand shall be provided to IEUA.

In addition to any default resulting from breach by the Issuer or IEUA of any agreement, condition, covenant or term hereof, if the Issuer or IEUA shall file any petition or institute any proceedings under any act or acts, state or federal, dealing with or relating to the subject of bankruptcy or insolvency or under any amendment of such act or acts, either as a bankrupt or as an insolvent or as a debtor or in any similar capacity, wherein or whereby the Issuer or IEUA asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of its debts or obligations, or offers to its creditors to effect a composition or extension of time to pay its debts, or asks, seeks or prays for a reorganization or to effect a plan of reorganization or for a readjustment of its debts or for any other similar relief, or if the Issuer or IEUA shall make a general or any assignment for the benefit of its creditors, then in each and every such case the Issuer or IEUA, as the case may be, shall be deemed to be in default hereunder.

(b) Termination of Agreement; Continuing Obligations. Upon the failure of IEUA to make any payment which failure constitutes a default under this Financing Agreement and causes the Issuer to be in default under any Bond Resolution or related agreement, the Issuer may (in addition to the remedy provided by subsection (a) of this Section) give notice of termination of the provisions of this Financing Agreement insofar as the same entitle IEUA to use the Project which notice shall be effective within 30 days thereof unless such termination shall be enjoined, stayed or otherwise delayed by judicial action. Irrespective of such termination, IEUA shall remain liable to the Issuer to pay the full amount of costs hereunder.

(c) Enforcement of Remedies. In addition to the remedies set forth in this Section, upon the occurrence of an Event of Default as defined herein, the Issuer or IEUA, as the case may be,

shall be entitled to proceed to protect and enforce the rights vested in such party by this Financing Agreement by such appropriate judicial proceeding as such party shall deem most effectual, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained herein or to enforce any other legal or equitable right vested in such party by this Financing Agreement or by law. The provisions of this Financing Agreement and the duties of each party hereof, their respective boards, officers or employees shall be enforceable by the other party hereto by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction, with the losing party paying all costs and attorney fees.

(d) Trustee is Third Party Beneficiary. Any Trustee for Issuer Bonds shall have the right, as a third party beneficiary, to initiate and maintain suit to enforce this Financing Agreement to the extent provided in any Bond Resolution.

ARTICLE III

COVENANTS OF IEUA

Section 3.01. Compliance with Financing Agreement. IEUA will punctually pay the Fixed Project Costs in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate this Financing Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Issuer to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Issuer or any force majeure, including Acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lockouts, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

Section 3.02. Protection of Security and Rights of the Issuer and the Trustee. IEUA will preserve and protect the security hereof and the rights of the Issuer and the Trustee to the payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 3.03. Further Assurances. IEUA will adopt, deliver, execute and make any and all further assurances, instruments and resolutions and provide legal opinions of IEUA general or special counsel as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Issuer of the rights and benefits provided to it herein.

Section 3.04. Amount of Rates and Charges. To the fullest extent permitted by law, IEUA shall fix, prescribe and collect rates and charges for recycled water service which, along with other Pledged Revenues, will be at least sufficient to yield during each Fiscal Year an amount equal to debt service on all Authority Bonds for such Fiscal Year. IEUA may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the revenues resulting from such reduced rates and charges will at all times be sufficient to meet the requirements of this section.

Section 3.05. Additional Contracts and Bonds. IEUA may at any time issue or incur any Subordinate Obligation; provided the estimated Pledged Revenues available to pay Fixed Project Costs for the then current Fiscal Year and each subsequent Fiscal Year, as evidenced by a certificate of the General Manager of IEUA, shall equal a sum equal to at least the Fixed Project Costs due hereunder for such Fiscal Years.

Section 3.06. Maintenance of Tax Exempt Status of Authority Bonds. Notwithstanding any other provision of this Financing Agreement, IEUA shall not take any action or omit to take any action, directly or indirectly, in any manner, which would result in any of the Authority Bonds being treated as an obligation not described in Section 103(a) of the Internal Revenue Code of 1986, as amended, by reason of classification of such Authority Bond as a “private activity bond” within the meaning of Section 141 of said Code or for any other reason.

ARTICLE IV

COVENANTS OF THE ISSUER

Section 4.01. Accounting Records and Financial Statements.

(a) The Issuer will keep appropriate accounting records in which complete and correct entries shall be made of all Issuer transactions relating to the Project, which records shall be available for inspection, copying and audit by IEUA and its accountants, attorneys and agents at reasonable hours and under reasonable conditions.

(b) The Issuer will prepare annually within two hundred ten (210) days after the close of each Issuer Fiscal Year (commencing with the Issuer Fiscal Year ending June 30, 2016) financial statements of the Issuer for the preceding Issuer Fiscal Year prepared in accordance with generally accepted accounting principles, together with a report of an Independent Certified Public Accountant thereof. The Issuer will promptly furnish a copy of such report to IEUA and to the Trustee.

Section 4.02. Compliance with Law. The Issuer shall comply with all local, state and federal laws applicable to the Project.

Section 4.03. Use of Funds for Project. The Authority shall not allow the portion of the proceeds of Authority Bonds allocated to the Project to be used for any purpose other than to pay for costs associated with financing or refinancing the Project.

ARTICLE V

MISCELLANEOUS

Section 5.01. Liability of IEUA Limited to Pledged Revenues. Notwithstanding anything contained herein, IEUA shall not be required to advance any moneys derived from any source of income other than that portion of the Pledged Revenues for the payment of the Financing Payments or for the performance of any agreements or covenants required to be performed by it contained herein.

The obligation of IEUA to make the payments due hereunder is a special obligation of IEUA payable solely from that portion of the Pledged Revenues, and does not constitute a debt of IEUA or of

the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Section 5.02. Benefits of Financing Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the Issuer, IEUA or the Trustee any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the Issuer or IEUA or the Trustee shall be for the sole and exclusive benefit of the other parties.

Section 5.03. Successor Is Deemed Included in all References to Predecessor. Whenever either the Issuer or IEUA or the Trustee is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Issuer or IEUA or the Trustee, and all agreements and covenants required hereby to be performed by or on behalf of the Issuer or IEUA or the Trustee shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 5.04. Waiver of Personal Liability. No member of the Board of Directors, officer or employee of IEUA shall be individually or personally liable for the payment of the Financing Payments, but nothing contained herein shall relieve any member of the Board of Directors, officer or employee of IEUA from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 5.05. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections," "Exhibits" and other subdivisions or clauses are to the corresponding articles, sections, exhibits, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof" "hereto," "herewith" and other words of similar import refer to the Financing Agreement as a whole and not to any particular article, section, exhibit, subdivision or clause hereof.

Section 5.06. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Issuer or IEUA shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The Issuer and IEUA hereby declare that they would have executed the Financing Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 5.07. CALIFORNIA LAW. THIS FINANCING AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 5.08. Notices. All written notices to be given hereunder shall be given by mail, overnight courier or facsimile to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to IEUA:

Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91708
Attention: Chief Financial Officer
Facsimile: 909/993-1985

If to the Issuer:

Chino Basin Regional Financing Authority
6075 Kimball Avenue
Chino, CA 91708
Attention: Treasurer
Facsimile: 909/993-1985

Section 5.09. Effective Date. This Financing Agreement shall become effective upon its execution and delivery.

Section 5.10. Execution in Counterparts. This Financing Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 5.11. Term. The term of this Financing Agreement shall continue until the later of December 31, 2040 or the final maturity of Authority Bonds. The parties hereto agree to negotiate in good faith to amend this Financing Agreement on or prior to such date to extend the term hereof and to include terms and conditions as are mutually agreeable to the parties.

Section 5.12. Amendment. This Financing Agreement may only be otherwise amended, modified, changed or rescinded in writing by each of the parties hereto. The parties acknowledge that the Authority currently expects to finance the Project from grants and a loan or other agreements from the State Water Resource Control Board or other department or agency of the State and will negotiate in good faith to amend this Financing Agreement to conform to the terms and conditions of such grants or loan. In the event that such grants and such loans or other agreements are not sufficient to fund all of the capital costs of the Project, the Authority shall use its best efforts to finance such remaining capital costs from the proceeds of Authority Bonds in a timely and cost-effective manner.

Section 5.13. Merger of Prior Agreements. This Financing Agreement and the exhibits hereto constitute the entire agreement between the parties and supersede all prior agreements and understandings between the parties relating to the subject matter hereof.

Section 5.14. Time of the Essence. Time is of the essence in the performance of this Financing Agreement.

Section 5.15. Appointment of Agent. In order to facilitate the administration of this Financing Agreement, the Authority may appoint IEUA to act as its agent in carrying out the Authority's obligations under this Financing Agreement.

Section 5.16. Additional Project Participants. The parties acknowledge that other public agencies may participate in the Project. The parties agree to negotiate in good faith to amend this Financing Agreement to reflect the participation of such other public agencies in the Project, consistent with the terms and conditions of any Authority Bonds the proceeds of which were used to finance the Project.

IN WITNESS WHEREOF, the parties hereto have executed and attested the Financing Agreement by their officers thereunto duly authorized as of the day and year first written above.

INLAND EMPIRE UTILITIES AGENCY

By: _____
General Manager

**CHINO BASIN REGIONAL FINANCING
AUTHORITY**

By: _____
President of the Commission

EXHIBIT A

CWSRF Project No. 8170-110

EXHIBIT B

CWSRF Project No. 8170-110

SWRCB Form 259 and 260

RESOLUTION NO. 2015-6

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE CHINO BASIN REGIONAL FINANCING AUTHORITY, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING ITS INTENTION TO BE REIMBURSED FOR EXPENDITURES RELATED TO THE CONSTRUCTION OF PUBLIC FACILITIES AND IMPROVEMENT RELATED TO THE CITY OF POMONA, MONTE VISTA WATER DISTRICT, AND INLAND EMPIRE UTILITIES AGENCY RECYCLED WATER INTERTIE PROJECT

WHEREAS, the Chino Basin Regional Financial Authority (CBRFA) desires to finance the costs of constructing and/or reconstructing certain public facilities and improvements relating to its water and wastewater system, including certain treatment facilities, pipelines and other infrastructure (the "Project"); and

WHEREAS, the CBRFA intends to finance the construction and/or reconstruction of the Project or portions of the Project with monies (Project Funds) provided by the State of California, acting by and through the State Water Resources Control Board (SWRCB); and

WHEREAS, the SWRCB may fund the Project Funds with proceeds from the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations");

WHEREAS, prior to either the issuance of the Obligations or the approval by the SWRCB of the Project Funds the CBRFA desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available monies of the CBRFA; and

WHEREAS, the CBRFA has determined that those monies to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the CBRFA for the Expenditures from the proceeds of the Obligations.

NOW, THEREFORE, the Board of Commissioners of the Chino Basin Regional Financial Authority does hereby **RESOLVE, ORDER AND DETERMINE AS FOLLOWS**:

SECTION 1. The CBRFA hereby states its intention and reasonably expects to reimburse Expenditures paid prior to the issuance of the Obligations or the approval by the SWRCB of the Project Funds.

SECTION 2. The reasonably expected maximum principal amount of the Project Funds is \$51,896,000.

SECTION 3. This Resolution is being adopted no later than 60 days after the date on which the Authority will expend monies for the construction portion of the Project costs to be reimbursed with Project Funds.

SECTION 4. Each CBRFA Expenditure will be of a type properly chargeable to a capital account under general federal income tax principles.

SECTION 5. To the best of our knowledge, CBRFA is not aware of the previous adoption of official intents by the CBRFA that have been made as a matter of course for the purpose of reimbursing Expenditures and for which tax-exempt obligations have not been issued.

SECTION 6. This Resolution is adopted as official intent of the CBRFA in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Project costs.

SECTION 7. All the recitals in this Resolution are true and correct and this CBRFA so finds, determines and represents.

ADOPTED this 18th day of November, 2015.

Terry Catlin, President of the Chino Basin
Regional Financing Authority and the
Board of Commissioners thereof

ATTEST:

Steven J. Elie, Secretary of the Chino Basin
Regional Financing Authority and the
Board of Commissioners thereof

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary of the Chino Basin Regional Financial Authority, DO
HEREBY CERTIFY that the foregoing Resolution No. 2015-6 was adopted at a regular
Commission meeting on November 18, 2015 of said Authority by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Steven J. Elie, Secretary of the Chino
Basin Regional Financing Authority
and the Board of Commissioners
thereof