

NOVATO SANITARY DISTRICT

Meeting Date: September 14, 2020

The Board of Directors of Novato Sanitary District will hold a regular meeting at 5:30 p.m. Monday, September 14, 2020.

NOTE: Consistent with the Governor’s Executive Orders on the Brown Act, **this Board meeting will be held via Zoom® conferencing.** To participate:

Join Zoom Meeting by clicking the link or copy and paste it into your browser:
<https://us02web.zoom.us/j/86949497869> When prompted, enter meeting ID: 869 4949 7869

If you do not have internet access, you can still join the meeting by phone, dialing by your location:

- +1 669 900 9128 US (San Jose)
- +1 253 215 8782 US (Tacoma)
- +1 346 248 7799 US (Houston)
- +1 646 558 8656 US (New York)
- +1 301 715 8592 US (Germantown)
- +1 312 626 6799 US (Chicago)

When prompted, enter meeting ID: 869 4949 7869

Public comments for this meeting can be submitted via email at info@novatosan.com. The public comment period opens when the agenda is posted online and will close two hours prior to the start of the meeting. Include your name and the item you’d like to provide written comment on. Written comments submitted will be read into the record during the Public Comment period of the Board meeting.

To provide comments during the meeting:

1. If in the Zoom teleconference, use the “raise hand” feature in Zoom. The Host will notify and unmute you when it is your turn to speak.
2. If on a phone, press *9 (“star + 9”), and the Host will notify and unmute you when it is your turn to speak.

If you experience an issue providing comments during the meeting, please email those comments to the District’s Administrative Secretary at julieh@novatosan.com

Materials related to items on this agenda that are public records, are available for public inspection in the District Office, 500 Davidson Street, Novato, during normal business hours. This agenda packet is also available on the District’s website: www.novatosan.com. Note: All times and/or order of consideration for agenda items are for reference only. Times may vary and the Board of Directors may consider item(s) in a different order than set forth herein. ***There is no public access to District facilities currently due to the COVID-19 emergency.***

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AGENDA

1. PLEDGE OF ALLEGIANCE:

2. BOARD ROLL CALL:

3. AGENDA APPROVAL:

4. PUBLIC COMMENT (PLEASE OBSERVE A THREE-MINUTE TIME LIMIT):

This item is to allow anyone present to comment on any subject not on the agenda, or to request consideration to place an item on a future agenda. Each individual will be limited to a three-minute presentation, and comments must be spoken into the microphone set up to receive public comment. No action will be taken by the Board at this time as a result of any public comments made.

5. REVIEW OF MINUTES:

- a. Approve minutes of the August 10, 2020 regular meeting.

6. CONSENT CALENDAR:

The General Manager-Chief Engineer has reviewed the following item(s). To his knowledge, there is no opposition to the consent action. The item(s) can be acted on in one consolidated motion as recommended or may be removed from the Consent Calendar and separately considered at the request of any person.

- a. Approve regular disbursements, August 11 – September 14, 2020.
- b. Ratify payroll and payroll related disbursements, August 2020.
- c. Receive deposit summary, August 2020.
- d. Review and ratify District Statement of Investment Policy, Policy No. 3120 - Investment of District Funds.
- e. Receive notification on receiving the Award of Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for the 9th year in a row.
- f. Receive notification on receiving the Platinum Peak8 Performance Award from the National Association of Clean Water Agencies (NACWA), for 8 years of 100% permit compliance.

7. SOLID/HOUSEHOLD HAZARDOUS WASTE OPERATIONS:

- a. Receive Recology 1st and 2nd Quarter 2020 Operations reports.
- b. Receive 1st and 2nd Quarter 2020 Recology Disposal/Diversion reports.
- c. Receive verbal report on Marin County JPA and Local Task Force (information only).
- d. Receive verbal report on SB 1383 (Lara) regulations (information only).
- e. Receive status update on Household Hazardous Waste (HHW) facility, and 2020 HHW reports (information only).
- f. Receive verbal report on status of Calendar Year (CY) 2021 solid waste rate adjustment request from Recology Sonoma-Marín (RSM), (information only – no action at this time).
- g. Review proposed Schedule, and draft Notice of Intent and Public Hearing, and set public hearing date of November 9, 2020, to consider modifications and establish maximum solid waste service charges for Calendar Year (CY) 2021.

8. ADMINISTRATION/FINANCE:

- a. Receive update presentation titled “2020 Refinancing – CalPERS UAL” from finance team, including bids received from potential lenders, and available refinancing options.

- b. Approve recommended refinancing option with California Bank & Trust (CB&T).
- c. Adopt Resolution No. 3145: "Authorizing the Refinancing of the District's CalPERS Unfunded Actuarial Accrued Liability (UAL) in an amount not to exceed \$6,800,000 and Approving Related Agreements and Actions", which approves the finance team; approves the form of Indenture of Trust; and authorizes the refinancing transaction on the terms set forth therein.

9. WASTEWATER OPERATIONS:

- a. Receive Wastewater Operations Report, August 2020:
 - i. Collection Systems
 - ii. Treatment Facilities
 - iii. Reclamation Facilities

10. CAPITAL PROJECTS:

- a. *Collection System Improvements, Account No. 72706 - Air Release Valve and Vault Rehabilitation Project:* Grant Final Acceptance of the Project and authorize staff to file Notice of Completion.
- b. Receive Capital Projects Update, August 2020 (information only).

11. BOARD MEMBER REPORTS AND REQUESTS:

- a. California Association of Sanitation Agencies (CASA) 2020 Annual Virtual Conference, August 2020.
- b. North Bay Watershed Association (NBWA) meeting, September 2020.
 - https://www.nbwatershed.org/wp-content/uploads/2020/07/ReOaking-North-Bay-SFEI-022620_reduced.pdf

12. INFORMATIONAL ITEMS:

These items are for information only - no action will be taken on these items as a result of any discussion or any comments made.

- a. Receive Marin Independent Journal article dated August 26, 2020, titled "Novato waste maneuver could boost revenues, rates".
- b. Receive Marin Independent Journal editorial dated September 6, 2020, titled "When Novato revamps garbage plan, who pays extra?".

13. GENERAL MANAGER'S REPORT AND ANNOUNCEMENTS:

14. ADJOURN:

Next Resolution No. 3146.

Next regular meeting date: Monday, October 12, 2020, at 5:30p.m.

Meeting location: Novato Sanitary District office, 500 Davidson Street, Novato, CA, (or via Zoom® conferencing, depending on the COVID-19 situation).

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the District at (415) 892-1694 at least 24 hours prior to the meeting. Notification prior to the meeting will enable the District to make reasonable accommodation to help ensure accessibility to this meeting.

NOVATO SANITARY DISTRICT

Board Meeting Minutes

Meeting Date: August 10, 2020

A regular meeting of the Board of Directors of the Novato Sanitary District was held via Zoom® conferencing at 5:30 p.m., Monday, August 10, 2020.

BOARD MEMBERS PRESENT AS NOTED BY ROLL CALL*: President Carole Dillon-Knutson, Directors Tim Fuelle, William Long, Jean Mariani, and Jerry Peters.

STAFF PRESENT AT 500 DAVIDSON STREET*: General Manager-Secretary Sandeep Karkal, Finance Officer Laura Creamer, and Administrative Services Officer Dale Thrasher.

ALSO PRESENT*: John O'Hare, Project Manager, Veolia
Erik Brown, Deputy General Manager, Novato Sanitary District
Jeff Boheim, Field Services Manager, Novato Sanitary District
Rachel Hundley, District Counsel, Senior Associate w/ Meyers/Nave
G. Craig Hill, Principal, NHA Advisors
Mike Meyer, Vice Principal, NHA Advisors
Jeff Land, Executive Director, Brandis-Tallman, a division of Oppenheimer
Steven Gortler, Registered Municipal Advisor

**all via Zoom® conferencing*

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: The agenda was approved as presented.

PUBLIC COMMENT: No public comments were submitted via email prior to the meeting, and no public comments were brought forth during public comment.

CEREMONIAL MATTERS:

- Welcome Ms. Rachel Hundley of the Meyers/Nave law firm as District General Counsel subsequent to the resignation of Ms. Lauren Quint from the Meyers/Nave firm. The General Manager introduced Ms. Rachel Hundley as District Legal Counsel, replacing Ms. Lauren Quint. Ms. Hundley stated that she was pleased to be working with the District and looked forward to meeting the Board in person at a future date. The Board warmly welcomed Ms. Hundley as District Legal Counsel. (Ms. Hundley left the meeting at 5:37 p.m.)

REVIEW OF MINUTES:

- Consider approval of minutes of the June 8, 2020 regular meeting.

On motion of Director Peters, seconded by Director Fuelle, and carried unanimously by roll call, the June 8, 2020 Regular Board meeting minutes were approved.

CONSENT CALENDAR:

President Dillon-Knutson called for a motion on the Consent Calendar items as follows:

- a. Approve Board member disbursements in the amount of \$1,948.30, capital project disbursements in the amount of \$9,180.55, and regular disbursements in the amount of \$299,801.81. Ratification of June 22 through July 27, 2020 capital project disbursements in the amount of \$1,582,870.48, and regular disbursements in the amount of \$1,272,049.88.
- b. Ratification of June payroll and payroll related disbursements in the amount of \$229,479.38, and ratification of July payroll and payroll related disbursements in the amount of \$292,420.87.
- c. Receive deposit summary, June and July 2020.
- d. Receive 4th Quarter Investment Report, Fiscal Year (FY) 19-20.
- e. Receive 4th Quarter Financial Report, FY 19-20.
- f. Receive Accounts Receivable (A/R) Summary Report as of June 30, 2020.
- g. Approve transfer of \$175,000 from unspent funds in the "Salaries and Benefits" categories of the FY 19-20 Operating Budget as of June 30, 2020, to the District's Public Agency Retirement Services (PARS) Trust account.
- h. Approve transfer of \$110,506 from the Capital Fund to the Operating Fund for staff time spent on Capital Fund projects in FY 19-20.
- i. Receive and accept Hamilton Parkway Sewer Main Extension (SME) – Hamilton Cottages Subdivision.
- j. Authorize General Manager-Chief Engineer to approve Project Plans for a Sewer Main Extension (SME) – Springbrook Homes, Vallejo Avenue.

On motion of Director Peters, seconded by Director Mariani, and carried unanimously by roll call, the Board approved the above listed Consent Calendar items.

LOW-INCOME SEWER RATE ASSISTANCE PROGRAM (LISRAP):

- Initiate a Low-Income Sewer Rate Assistance Program (LISRAP), and delegate its implementation and oversight to the General Manager-Chief Engineer (or designee). The General Manager stated that various Marin County water and wastewater agencies have historically had, or have recently implemented, Low Income Rate Assistance (LIRA) programs, with North Marin Water District being the latest to do so. He stated that staff suggests the Board consider a Low-Income Sewer Rate Assistance Program (LISRAP) to provide a flat ten percent (10%) rate discount to low-income single-family residential (SFR) ratepayer households of the District who are already enrolled in PG&E's California Alternate Rates for Energy (CARE) Program. He stated that the SFR ratepayer household applying for the program must be (or include) a District ratepayer of record. The General Manager also suggested that the Board delegate implementation and oversight of the LISRAP to the General Manager-Chief Engineer, or designee, so that staff can timely verify the eligibility of applicants.

The General Manager stated that a LISRAP allowance of \$90,000 was provisioned under a newly created Account No. 69201 (Property Tax Allocation to LISRAP) of the final fiscal year (FY) 20-21 budget. He stated that this allowance was estimated upon reviewing the District's rate base; and is comparable to NMWD's FY 20-21 LIRA budget amount of \$80,000. He stated that this allowance will be adjusted in future budget years based on the District's ongoing experience, and that if the Board adopts the Final Budget as scheduled, staff can incorporate program implementation with the FY 20-21 SSC collection on the County Tax Rolls.

On motion of Director Peters, seconded by Director Long, and carried unanimously by roll call, the Board initiated a Low-Income Sewer Rate Assistance Program (LISRAP) to provide a flat ten

percent (10%) rate discount to low-income single-family residential (SFR) ratepayer households of the District who are already enrolled in PG&E's California Alternate Rates for Energy (CARE) Program, and delegated Program implementation and oversight to the General Manager-Chief Engineer or designee.

ANNUAL BUDGET – FINAL FISCAL YEAR (FY) 20-21 BUDGET:

- Receive and adopt the Final FY 20-21 District Annual Budget, subject to minor edits. The General Manager stated that the Final Budget for FY 20-21 and Preliminary Budget for FY 21-22 was being presented for Board adoption. He stated that this Final Budget was quite similar to the preliminary budget adopted in June, except for the following changes, which he reviewed with the Board:

- Sewer Service Charge (SSC) revenue allocation changed from 59% Operating and 41% Capital, to 55% Operating and 45% Capital.
- Property tax revenue allocation changed from 0% Operating and 100% Capital to 33% Operating and 67% Capital.
- FY 20-21 and FY 21-22 now included provisions of \$90,000 for a Low-Income Sewer Rate Assistance Program (LISRAP).
- Provisions were included for \$625,000 as a placeholder for COVID-19 related expenses for the FY 21-22 proposed budget. He noted that this expense may go up significantly in FY 21-22 if the ongoing COVID-19 related closures persist late into FY 20-21.

The General Manager continued, stating that there were also minor changes to the budget document, as presented in the Board packet. He reviewed these changes with the Board, stating that the Final Fiscal Year 20-21 Budget would include the following changes:

- Election expenses were budgeted at \$60,000 for FY 20-21, but he stated that it appears will not be needed, based on unopposed election results in FY 20-21. He stated therefore, with Board approval, staff will redistribute this allocation to other operating cost centers/accounts in the final published FY 20-21 budget.
- Account No. 51040 – Special Equalization Charges, currently shows FY 19-20 revenue of \$78,270. He stated that this is prior to a refund of approximately \$68,000 to the beneficiary of the Special Equalization Charge for Special Benefit Zone (SBZ-18). He stated that the revenue amount and refund will be trued up into the final published FY 20-21 budget document.

On motion of Director Mariani, seconded by Director Peters, and carried unanimously by roll call, the Board received and adopted the Final FY 20-21 Budget and Preliminary Budget for FY 21-22, with inclusion of the changes listed above.

- Adopt Resolution No. 3144 establishing Appropriations Limit for FY 20-21. The General Manager stated that under the Gann Spending-Limitation Initiative, the District is required to annually adopt a resolution setting an appropriations limit for the upcoming year. He stated that based on growth factors provided by the State Department of Finance, staff recommends the appropriations limit be set at \$7,057,724.

On motion of Director Peters, seconded by Director Mariani, and carried unanimously by roll call, the Board adopted Resolution No. 3144: A Resolution of the Novato Sanitary District Correcting and Amending Prior Calculations and Making Determination and Establishing the 2020-21 Appropriation Limit.

ADMINISTRATION/FINANCE:

- Receive presentation from NHA Advisors (San Rafael, CA) and Brandis-Tallman (San Francisco, CA), on potentially reducing the District's Pension and Other Post-Employment Benefits (OPEB) Unfunded Accrued Liabilities (UALs) by restructuring them at lower interest rates, and provide direction, if any. The General Manager stated that while working with the California Special Districts Association (CSDA) on COVID-19 impacts to special district finances, staff reached out to the underwriting firm of Brandis-Tallman (Brandis). While Brandis was unable to identify attractive COVID-19 related funding options for the District, they introduced staff to NHA Advisors (NHA), a municipal advisory firm specializing in pension/OPEB cost management strategies in addition to traditional municipal bond financings. He stated that in discussions with both firms, staff was informed that with the recent decline in interest rates, the District could potentially restructure its current pension (and OPEB) UALs at lower interest rates and realize significant savings. The General Manager stated that as of June 30, 2020, the District's current CalPERS pension liability was estimated at \$6.5 million and its OPEB liability was estimated at about \$4.7 million, before offsets of \$1.77 million (pension) and \$1.61 million (OPEB) from balances in its PARS Section 115 Trust account.

The General Manager continued, stating that staff had requested and received a presentation from the NHA/Brandis team: "UAL Restructuring Strategies", presented as Attachment 1 to agenda item 9.a. He stated that Mike Meyer of NHA and Jeff Land of Brandis-Tallman would be providing the presentation to discuss the potential restructuring options.

Mr. Meyer began the presentation and stated that considering the current low interest rates, unfunded accrued liabilities (UAL) restructuring would be a favorable strategy for the District to address its rising pension costs. During his presentation, Mr. Meyer presented savings analysis information, and discussed UAL restructuring considerations. He summarized the key benefits versus the risks/considerations of a UAL restructuring, and at the conclusion of the presentation, discussion followed with Board members and the General Manager. The Board agreed that a UAL restructuring would be advantageous for the District at this time.

The General Manager suggested that the Board consider Option 1 of the Base Case scenario (slide nos. 6 and 7 of the presentation), with a 16-year maturity using the private placement sale method, with the ability to make modifications as the process moved forward.

On motion of Director Peters, seconded by Director Mariani, and carried unanimously by roll call, the Board directed the General Manager-Chief Engineer to move forward with UAL restructuring, initially with a 16-year maturity, using the private placement sale method.

The General Manager thanked the Board and noted that the Board will be asked at a subsequent Board meeting to approve a Resolution that will include authorizing the General Manager-Chief Engineer to execute engagement agreements with financing team members, and to execute Financing Documents for the UAL restructuring.

WASTEWATER OPERATIONS (INFORMATION ONLY):

- Receive Wastewater Operations Reports, June and July 2020. The General Manager stated that the June 2020 reports would be presented in their entirety first, then followed by the presentation of the July 2020 reports.

- Receive Wastewater Operations Reports, June 2020.

Collection System Report: Deputy General Manager Erik Brown provided the June 2020 Collections System Report. He noted that the Collection Department cleaned 93,157 lineal feet of sewer pipelines and televised 5,480 feet of sewer main. He noted that CCTV (closed circuit TV) identified one new structural issue, a broken lateral connection, and stated that it had been placed on the repair list. He stated that staff completed 496 maintenance work orders, leaving zero work orders outstanding. Further, he noted that staff conducted 187 lift station inspections and completed maintenance inspections on twelve (12) air relief/vacuum valves.

The Deputy General Manager then outlined the training provided in June, noting that Collection Department staff attended eleven (11) safety tailgate meetings. He stated that due to the COVID-19 social distancing guidelines, staff continues to work a modified split shift, and practices appropriate measures for COVID-19 prevention. He concluded the report, stating that there were no lost time accidents, and no sanitary sewer overflows in June.

Treatment Facilities Report: Veolia Project Manager John O'Hare provided the June 2020 Treatment Facilities Monthly Operations Report (MOR). He reviewed the treatment plant performance, stating that June's average flow remained low at 3.64 MGD (million gallons per day), and that treatment efficiency was very good with BOD and TSS removal at 99%. He stated that the demand for recycled water was very high and that the Recycled Water Facility (RWF) produced 34.612 million gallons in June.

The Project Manager then reviewed the monthly routine inspections, maintenance activities, and key events for the Novato treatment facility, the Ignacio transfer pump station, and the Recycled Water Facility. He noted that significant maintenance activities and repairs were performed on the standby generators at the Novato wastewater treatment plant in anticipation of PG&E planned/unplanned power shutdowns. He stated that due to the continuing COVID-19 situation, Operations staff has remained working in two groups, with John Bailey supervising one group, and himself supervising the second group. He concluded his report, stating that no odor contacts were received in June.

Director Long commended Mr. O'Hare and Veolia Water for their current record of twelve (12) months with no odor contacts.

Reclamation Facilities Report: The Deputy General Manager summarized the Reclamation Facilities report for June 2020. He stated that the treatment plant was in reclamation discharge mode in June and that approximately 66.5 million gallons of treated water flowed to storage ponds 1 and 2. He continued, stating that 56 million gallons of reclaimed water was applied to Site 3 and Site 7 pastures; and that approximately 400 cows and calves grazed these sites. He concluded his report, stating that no biosolids activities occurred, and that drainage pump stations at Sites 3 and 7 did not pump any water during June.

- Receive Wastewater Operations Reports, July 2020.

Collection System Report: Deputy General Manager Erik Brown provided the Collections System Report for July 2020. He stated that the Collection Department cleaned 48,001 lineal feet of sewer pipelines and televised 28,731 feet of sewer main. He noted that CCTV (closed circuit TV) work did not identify any new structural damages or areas that would require a change in sewer line maintenance operations. He stated that staff completed 276 of the 279 maintenance work orders that were generated and noted that the remaining three (3) work orders were postponed due to the required wait time after root treatment. Further, he noted that staff conducted 150 lift station inspections and completed maintenance inspections on six (6) air relief/vacuum valves.

The Deputy General Manager then outlined the training provided in July, noting that the Collection Department staff attended ten (10) safety tailgate meetings. He stated that the new Vactor sewer cleaning truck delivery date was scheduled for August. He concluded the report, stating that there were no lost time accidents and no sanitary sewer overflows in July.

Treatment Facilities Report: Veolia Project Manager John O'Hare provided the July 2020 Treatment Facilities Monthly Operations Report (MOR). He reviewed the treatment plant performance, stating that July's average flow was 3.53 MGD (million gallons per day), and that the Recycled Water Facility (RWF) produced 37.591 million gallons of recycled water. He stated that there were no violations or excursions. He continued, stating that there were no lost time incidents in July, and that the monthly safety topic (on-line training) was Heat Stress. He reported that there were no power outages recorded in July.

The Project Manager then reviewed the monthly routine inspections, maintenance activities, and key events for the Novato treatment facility, the Ignacio transfer pump station, and the Recycled Water Facility. He stated that the anaerobic digester #2 cleaning project was completed very efficiently, being initiated on July 27th and completed on July 31st. He outlined the environmental services activities, and pretreatment program reports which were submitted during the month. He concluded his report, stating that no odor contacts were received in July.

The General Manager commended Project Manager John O'Hare and Veolia staff on the proficiency of cleaning digester #2. He noted that the pictures the Project Manager provided in his report showed very little debris in the digester and speaks to a well-designed treatment facility.

Reclamation Facilities Report: The Deputy General Manager summarized the July 2020 Reclamation Facilities report. He stated that approximately 65.2 million gallons of treated water flowed to storage ponds 1 and 2. He stated that approximately 6.8 million gallons of reclaimed water was provided to the Bel Marin Keys V levee construction project, and that about 68 million gallons of reclaimed water was used for irrigation on the pastures in Site 3 and Site 7. He concluded his report, stating that no biosolids activities occurred in July.

RECLAMATION: SLUDGE DISPOSAL, ACCOUNT NO. 63115:

- Approve contract with Custom Tractor Services (CTS) for biosolids disposal and sludge lagoons cleaning in a not-to-exceed amount of \$222,000; and authorize the General Manager-Chief Engineer to execute it. The General Manager stated that for the past several years, the District has contracted with Custom Tractor Service (CTS) of Petaluma to perform biosolid

disposal to the District's dedicated land disposal (DLD) site off Highway 37. He stated that staff requested and received a proposal from CTS to perform these services for 2020 for a lump sum amount of \$149,300. The General Manager stated that additionally, the District requested a proposal from CTS to excavate and spread accumulated biosolids from the bottom of the lagoons to the DLD using a manure spreader. He stated that CTS proposes to clean out the District's six lagoons for a lump sum amount of \$72,700. He stated that both work items will be funded from Account No. 63115 – Sludge Disposal.

On motion of Director Peters, seconded by Director Mariani, and carried unanimously by roll call, the Board approved a contract with Custom Tractor Services (CTS) for biosolids disposal and sludge lagoons cleaning in a not-to-exceed amount of \$222,000; and authorized the General Manager-Chief Engineer to execute it.

CAPITAL PROJECTS:

- Collection System Improvements, Account No. 72706-Vineyard Creek Bank Stabilization Project: Receive update and make California Environmental Quality Act (CEQA) findings that the project is categorically exempt – Vineyard Creek Bank Stabilization; Project No. 72706-2019-08. The Deputy General Manager stated that the project is located in Vineyard Creek behind 9 Angelica Court and will address existing stream bank failure. He stated that the project will correct ongoing erosive conditions and will stabilize the existing sanitary sewer pipeline by installing a concrete jacket around the existing 8" sewer main. He stated that the project will also bolster the exposed area of the creek bank with riprap boulders and restore the section of the creek bank with native plant species where non-native species currently exist. The Deputy General Manager stated that the Engineer's Estimate for the work was \$115,000, and that ESA & Associates had completed the California Environmental Quality Act (CEQA) documentation and determined that the project is categorically exempt.

On motion of Director Mariani, seconded by Director Peters, and carried unanimously by roll call, the Board approved CEQA findings for the Vineyard Creek Bank Stabilization Project; Account No. 72706.

- Receive Capital Projects Update through July 2020 (information only). The Deputy General Manager provided an update of the Capital Improvement Program capital projects.

STAFF REPORTS: (INFORMATION ONLY):

- Receive report on CalPERS Health Plan Premium Rates for 2021. The General Manager stated that this item was for information only. He stated that the CalPERS Health Plan rates for calendar year 2021 will increase by 5.87% for regular health coverage and that the Medicare rates will decrease by 4.40%. He stated that the Final FY 20-21 budget has been revised to reflect the actual rates.

- Receive report on Fiscal Year (FY) 19-20 Capacity Charges, California Government Code (CGC) §66013. The General Manager stated that this report was prepared to comply with California Government Code 66013, detailing the amount of capacity charges received by the District in FY 19-20, and how those charges were used to fund wastewater facilities capital-related projects.

- Receive report on Uniform Public Construction Cost Accounting Act (UPCCAA) implementation for Fiscal Year (FY) 19-20. The General Manager stated that the District has historically utilized the relevant provisions of the Act to allow the District to complete projects with less administrative effort while maintaining work quality. He stated that the total amount of work performed under the Act provisions in FY 19-20 was \$467,830. The General Manager commended District staff for their efforts in completing the multitude of projects cost-effectively and efficiently. Board member Mariani also commended staff on their efforts and commented on the high level of attention and effort required to execute these smaller but equally important projects as compared to the larger capital improvement projects

BOARD MEMBER REPORTS AND REQUESTS:

- North Bay Watershed Association (NBWA), special meeting, July 29, 2020. Director Mariani stated that there was a Closed Session of the NBWA Board to discuss the selection of a new Executive Director, due to Judy Kelly's retirement in September. She stated that the selection of a new Executive Director would be announced at the September 10th NBWA meeting.

GENERAL MANAGER'S REPORT AND ANNOUNCEMENTS:

- Reports:

- The District has begun participation in a project through the Berkeley Water Center that analyzes wastewater to detect the presence of the COVID-19 virus. He stated that the Berkeley Water Center invited a number of agencies from around the Bay Area to participate in their study, and that the District was designated as one of the North Bay representative agencies, along with the Central Marin Sanitation Agency. He stated that the District has begun sampling wastewater as per the Project's protocols, and all funding for the additional testing is currently being provided by the Berkeley Water Center Project.
- COVID-19 update:
 - The District's Safety Officer and senior staff continue to maintain situational awareness on this issue. The District Safety Officer and the joint CMSA/NSD Safety Program Manager are in communication with the County Health Department and will continue to stay current on the situation. The General Manager stated that other than switching the Team A/Team B schedules in July there have been no major changes in the District's protocols.
 - Administratively, the General Manager will continue to review and modify District operations as needed, based on best available information, as the COVID-19 situation continues to evolve.

- Announcements:

- The CASA Conference is being held virtually August 11th and 12th, 2020.
- The next regular Board meeting is currently scheduled for Monday, September 14th, at 5:30 p.m. Current events will dictate if the meeting will be conducted by remote conference calling.

ADJOURNMENT: There being no further business to come before the Board, President Dillon-Knutson adjourned the meeting at 7:59 p.m.

Respectfully submitted,

Sandeep Karkal
Secretary

Julie Hoover, Recording

DRAFT

**Novato Sanitary District
Board Fees
For August 2020**

Item 6.a..
(Pages 13 to 19)

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Credit</u>
Sep 11, 20			
09/11/2020	6824	Dillon-Knutson-, Carole	407.79
09/11/2020	6825	Fuette, Timothy G	207.78
09/11/2020	6826	Long, William C	306.78
09/11/2020	6827	Mariani, Jean M	307.79
09/11/2020	6828	Peters, Arthur Gerald	107.78
Sep 11, 20			<u>1,337.92</u>

Novato Sanitary District Board Check Register

For July 2020

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Credit</u>
Aug 7, 20			
08/07/2020	6773	Dillon-Knutson-, Carole	200.00
08/07/2020	6774	Long, William C	99.00
08/07/2020	6775	Mariani, Jean M	307.79
			<hr/>
Aug 7, 20			606.79
			<hr/> <hr/>

**Novato Sanitary District
Safety Recognition Checks**

For FY19/20

Date	Num	Description	Credit
08/11/2020	6776-82	Safety Recognition Checks	344.94
		Total for FY19/20	<u>344.94</u>

Novato Sanitary District Operating Check Register

August 24, 2020

Date	Num	Name	Credit
Aug 24, 20			
08/24/2020	64357	PARS-OPEB-Post Employment...	175,000.00
08/24/2020	64367	U.S. Bank Corporate	147,506.25
08/24/2020	64356	Pacific, Gas & Electric	95,574.26
08/24/2020	64336	CleanEarth formally Stericycle	60,945.76
08/24/2020	64360	Redwood Properties	40,742.62
08/24/2020	64354	Novato Days Inn	27,161.75
08/24/2020	64328	Bay Area Air Quality (2)	21,205.00
08/24/2020	64334	Central Marin Sanitation District	15,027.62
08/24/2020	64352	North Marin Water District	9,792.67
08/24/2020	64372	Woodard & Curran formerly RMC	5,326.00
08/24/2020	64370	United Rentals	3,822.71
08/24/2020	64329	Bay Area Air Quality (3)	3,275.00
08/24/2020	64332	Caltest Analytical Lab Inc.	3,201.40
08/24/2020	64350	Mennekes Electrical Products	2,786.59
08/24/2020	64366	U.S. Bank	2,585.00
08/24/2020	64371	WaterSavers Irrigation Inc.	2,517.01
08/24/2020	64333	Cappstone, Inc	2,500.00
08/24/2020	64325	Bank of New York Mellon-fee	2,475.00
08/24/2020	64363	SiteOne Landscape Supply,LLC	1,931.30
08/24/2020	64335	Cereske Electric Cable Co.	1,867.90
08/24/2020	64338	ERA	1,407.32
08/24/2020	64324	Alpha Analytical Lab,Inc.	1,394.00
08/24/2020	64343	IEDA, INC	1,312.00
08/24/2020	64345	Johnson Controls, Inc.	1,250.00
08/24/2020	64347	Linscott Engineering Contracto...	1,050.00
08/24/2020	64337	EEC	1,035.94
08/24/2020	64330	BoundTree Medical, LLC	915.78
08/24/2020	64365	Treemasters	900.00
08/24/2020	64341	GoTrack/RSC Communications	800.00
08/24/2020	64348	MCC Building Maintenance	715.00
08/24/2020	64353	North Marin Water District - Lab	668.25
08/24/2020	64340	Frontier California Inc EQ	561.66
08/24/2020	64349	McMaster-Carr Supply Co.	540.74
08/24/2020	64361	Rice Lake, formerly Heusser N...	490.00
08/24/2020	64327	Bay Area Air Quality	483.00
08/24/2020	64331	Cagwin & Dorward Inc.	475.00
08/24/2020	64369	UniFirst Corporation	453.48
08/24/2020	64362	Rotary Club of Novato Sunrise	324.00
08/24/2020	64359	Recology Sonoma Marin	293.53
08/24/2020	64368	U.S. Bank Equipment Finance	219.06
08/24/2020	64364	Staples Advantage	213.14
08/24/2020	64358	Ray Morgan LLC	200.70
08/24/2020	64346	JRL Machine Drivelin	140.73
08/24/2020	64323	Alliant Insurance Services, Inc	139.00
08/24/2020	64326	Barnett Medical LLC	135.00
08/24/2020	64351	NAPA Auto Parts	131.74
08/24/2020	64342	Grainger	69.39
08/24/2020	64344	Integrity Shred LLC	50.00
08/24/2020	64339	First Alarm	42.34
08/24/2020	64322	Able Tire & Brake Inc.	35.40
08/24/2020	64355	O'Reilly Auto Parts	7.86
Aug 24, 20			641,697.90

Novato Sanitary District
Operating Check Register for September 14, 2020

Date	Num	Name	Credit
Sep 14, 20			
09/14/2020	64405	Veolia Water North America, Inc.	188,951.50
09/14/2020	64406	Veolia Water North America, Lab	33,384.41
09/14/2020	64407	Veolia Water Recycled Water ...	25,872.06
09/14/2020	64395	PARS-PSRP-Post Employment...	17,358.46
09/14/2020	64388	Marin IT	10,907.85
09/14/2020	64386	Johnson, Dee	9,540.00
09/14/2020	64380	Citi Visa (Costco)	8,969.49
09/14/2020	64379	Central Marin Sanitation District	8,354.82
09/14/2020	64409	WaterSavers Irrigation Inc.	7,163.79
09/14/2020	64397	Rauch Communication Consult...	6,337.75
09/14/2020	64394	PARS-OPEB-Post Employment...	5,356.84
09/14/2020	64392	North Marin Water District - Lab	3,952.00
09/14/2020	64404	United Rentals	3,518.81
09/14/2020	64390	North Bay Petroleum	3,444.23
09/14/2020	64383	Dearborn Life	2,849.13
09/14/2020	64377	Cappstone, Inc	2,588.44
09/14/2020	64378	CDW Government, Inc.	2,434.75
09/14/2020	64389	Meyers, Nave, Riback, Silver &...	1,444.83
09/14/2020	64399	SC Barns	1,258.60
09/14/2020	64391	North Marin Water District	1,229.01
09/14/2020	64387	Leete Generators	1,221.34
09/14/2020	DD	CalPers Health2	1,050.00
09/14/2020	64396	Pini Hardware	864.33
09/14/2020	64373	Able Tire & Brake Inc.	737.34
09/14/2020	64408	Vision Service Plan	548.83
09/14/2020	64375	B.W.S. Distributors, Inc.	534.09
09/14/2020	64384	EEC	457.61
09/14/2020	64382	CWEAmembers	384.00
09/14/2020	64381	Claremont EAP, Inc.	250.00
09/14/2020	64385	Frontier Communications 897-3...	243.45
09/14/2020	64398	Rotary Club of Ignacio	235.00
09/14/2020	64402	UniFirst Corporation	226.74
09/14/2020	64401	U.S. Bank Equipment Finance	219.06
09/14/2020	64393	Orkin Pest Control, Inc.	153.36
09/14/2020	64374	American Messaging	136.21
09/14/2020	64376	Barnett Medical LLC	135.00
09/14/2020	64400	Staples Advantage	92.90
09/14/2020	64403	United Parcel Service	12.81
Sep 14, 20			<u>352,418.84</u>

Novato Sanitary District Capital Projects Check Register

August 24, 2020

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Credit</u>
Aug 24, 20			
08/24/2020	3686	Environmental Science As...	12,790.03
08/24/2020	3688	Lateral-Johnson Aaron	2,000.00
08/24/2020	3689	Recology Sonoma Marin	498.25
08/24/2020	3687	Jim-n-i Rentals Inc.	195.30
Aug 24, 20			<u>15,483.58</u>

Novato Sanitary District Capital Projects Check Register

September 14, 2020

Date	Num	Name	Credit
Sep 14, 20			
09/14/2020	3692	Owen Equipment, Inc	442,478.79
09/14/2020	3690	Glosage Engineering, Inc.	131,678.96
09/14/2020	3691	Nute Engineering Inc.	21,200.50
09/14/2020	3693	SiteOne Landscape Supply...	4,850.50
Sep 14, 20			<u>600,208.75</u>

**Novato Sanitary District
Payroll and Payroll Related Disbursements
August - 2020**

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Date	Description	Amount
08/31/2020	Payroll for August	128,505.25
08/21/2020	Retirees Health Reimbursement	12,584.62
08/31/2020	Eft-Federal P/R Taxes	26,977.48
08/31/2020	Eft-State P/R Taxes	8,669.41
08/21/2020	Expert Pay	571.00
08/21/2020	CalPERS 457 Plan	4,575.00
08/21/2020	CALPERS Retirement	30,611.19
08/21/2020	CalPers Health	30,066.54
08/21/2020	Lincoln Financial Group	10,194.90
08/21/2020	Lincoln Financial Group-401a Plan	5,333.90
08/21/2020	Local Union 315	480.00
08/21/2020	PARS Trust - OPEB Account	5,356.84
08/21/2020	PARS Trust - Pension Account	17,358.46
08/21/2020	Delta Dental	2,922.44
08/21/2020	ICMA-RC-Vantagepoint	1,714.27
08/21/2020	Lincoln Financial Group-401a Plan	4,104.20
Total for August 2020		290,025.50

Novato Sanitary District Deposit Detail August 2020

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Type	Date	Name	Account	Amount
			11113 · Westamerica - Operations	
Deposit	08/17/2020	Marin H2O Inc	41040 · Permit & Inspection Fee	40.00
		Marin H2O Inc	41040 · Permit & Inspection Fee	40.00
		Maggiora & Ghilotti	72706 · Collection System Improv	20.00
		Argonaut Constructors Corp.	72706 · Collection System Improv	20.00
		Ghilotti Bros. Inc.	72706 · Collection System Improv	20.00
		Team Ghilotti, Inc.	72806 · Annual Pump Station Improv	20.00
		County of Marin	51015 · Property Taxes	152.00
		Gopher It	41040 · Permit & Inspection Fee	40.00
		Arcadis, U.S.	11200 · Accounts Receivable	312.50
		North Marin Water District-	11200 · Accounts Receivable	368.63
		Roy's Sewer Service, Inc.-	11200 · Accounts Receivable	(1) 2,331.75
TOTAL				3,364.88
Deposit	08/17/2020	Auburn Ravine Ranch	11200 · Accounts Receivable	(2) 13,145.46
TOTAL				13,145.46
Deposit	08/18/2020	OSL Construction	41040 · Permit & Inspection Fee	(3) 60.00
		OSL Construction	51020 · Connection Charges	(3) 516,055.00
		State of California	41140 · Other Revenue	446.02
		Redwood - Novato	51020 · Connection Charges	6,732.00
		Redwood - Novato	41040 · Permit & Inspection Fee	60.00
		CSRMA	11200 · Accounts Receivable	(4) 2,484.35
TOTAL				525,837.37
Deposit	08/19/2020	Hamilton Cottages LLC	41040 · Permit & Inspection Fee	80.00
		Hamilton Cottages LLC	51020 · Connection Charges	20,136.00
TOTAL				20,216.00
Deposit	08/21/2020	USCG	11200 · Accounts Receivable	16,975.10
TOTAL				16,975.10
Deposit	08/31/2020	Northwest General Eng	72706 · Collection System Improv	20.00
		Pipe Spy Marin	41040 · Permit & Inspection Fee	40.00
		County of Marin	51015 · Property Taxes	80.87
		Amesos Plumbing	41040 · Permit & Inspection Fee	40.00
		Novak, Katherine	41040 · Permit & Inspection Fee	40.00
		Novak, Katherine	51020 · Connection Charges	8,517.00
TOTAL				8,737.87
Total Deposits for August 2020				588,276.68
(1)	Collection of septic hauler charges for Roy's Sewer.			
(2)	Collection of fourth quarterly billing for Auburn Ravine Ranch.			
(3)	Collection of connection and related fees for - Oakmont Senior Living Facility.			
(4)	Received reimbursements for Safety expenditures through CSRMA Safety Grant program.			

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Consent Calendar: District Statement of Investment Policy – Policy No. 3120: Investment of District Funds	MEETING DATE: September 14, 2020 AGENDA ITEM NO.: 6.d.
RECOMMENDED ACTION: Review and ratify District Statement of Investment Policy, Policy No. 3120 - Investment of District Funds.	
SUMMARY AND DISCUSSION: <p>The District Board periodically reviews and adopts, (or ratifies), the District's Statement of Investment Policy in accordance with Government Code Section 53600. The policy was adopted in its current form as Policy No. 3120 – Investment of District Funds, in December 2012, and updated in March 2014 and May 2019.</p> <p>There are no proposed updates to the Policy at this time. It is recommended that the Board review and ratify the policy as presented.</p>	
ATTACHMENTS: 1. District Statement of Investment Policy, Policy 3120 - Investment of Public Funds.	
STRATEGIC PLAN INFORMATION: This item addresses Goal 4 (Well Planned Finances with a Long-Range Outlook) of the latest Strategic Plan Update.	
Prepared by: lc, ssk	Reviewed by General Manager: SSK

Novato Sanitary District

POLICY HANDBOOK

POLICY TITLE: Investment of District Funds
POLICY NUMBER: 3120
ADOPTED/REVISED: December 10, 2012; March 24, 2014; July 9, 2018; May 13, 2019

3120.1 PREMISE

The legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (California Government Code (CGC) 53600.6 and 53630.1)

CGC Sections 5921 and 53601, et seq., allow the legislative body of a local agency to invest surplus monies not required for the immediate necessities of the local agency; and,

The fiscal officer of a local agency is required to annually prepare and submit a statement of investment policy and such policy, and any changes thereto, is to be considered by the local agency's legislative body at a public meeting (CGC 53646(a))

For these reasons, and to ensure prudent and responsible management of the public's funds, it is the policy of the Novato Sanitary District (District) to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of District funds.

3120.2 SCOPE

This investment policy applies to all financial assets of Novato Sanitary District, including Operating Funds, Capital Improvement Funds and Bond Funds.

3120.2.1 Regular Warrants Account: As cash is received, it is deposited in the District's Money Market Checking Account with Westamerica Bank. Cash on hand is reviewed daily and all inactive or reserve funds above the minimum balance are wire transferred periodically to the State Local Agency Investment Fund (LAIF), or invested locally in certificates of deposit. When the District writes checks, for whatever purpose, funds are withdrawn from LAIF to cover the checks written.

3120.2.2 Payroll Account: The District's payroll is prepared in-house. All pay checks and pay vouchers (for direct deposit) are processed through the District's Payroll Account with Westamerica Bank. After the checks and vouchers are reconciled, funds to cover payroll are transferred from the Operating Account to the Payroll Account.

3120.2.3 Petty Cash Account: The District maintains a Petty Cash account with a balance not to exceed \$1,000.00. This account is for small purchases.

3120.2.4 Capital Projects Account: This account is used to track capital project expenditures throughout the year. Any excess balance above the minimum balance is wire transferred to LAIF. When the District writes checks for project expenses funds are withdrawn from LAIF to cover the checks written. Funds are transferred from the regular warrants account after this account has been funded by LAIF, for operating and project expenses.

3120.2.5 ARRA Grant Project Account: This account is closed.

3120.2.6 Local Agency Investment Account: Operating, Cash flow, and Capital reserves are invested in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The balance is available for withdrawal on demand.

3120.2.7 Certificates of Participation (COP) Bond Fund: . This account is closed.

3120.2.8 Debt Service Fund: Includes the District's State Revolving Fund (SRF) Loan debt account and the 2017 Wastewater Revenue Refunding Bonds debt account.

3120.2.8.1: The SRF debt account tracks debt repayment on the District's 2009 SRF loan, and is administered by the District. Funds in this account are intended solely for SRF loan principal and debt service payments twice per fiscal year, and the District does not maintain any reserve balance(s) in this account.

3120.2.8.2: The 2017 Wastewater Revenue Refunding Bonds account tracks debt payment on the 2017 Wastewater Revenue Refunding Bonds. These bonds were issued to refinance the 2011 Certificates of Participation (COPs) with cost savings to the District. Funds in this account are administered by the Bank of New York Mellon Trust Co. NA., as Trustee of Indenture (Trustee) for the issuance. Funds in this account are intended solely for bond principal and interest debt service payments twice per fiscal year, and the District does not maintain any reserve balance(s) in this account.

3120.2.9 Excluded investments: Funds not included in the policy include deferred compensation funds since the assets of the plan are held for the exclusive benefit of plan participants and their beneficiaries and the individual plan participants are responsible for the investment of these accounts.

3120.3 PRUDENCE

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard as stated in CGC Section 53600.3 and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

3120.4 OBJECTIVES

As specified in CGC Section 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

3120.4.1 Safety: Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

3120.4.2 Liquidity: The investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.

3120.4.3 Return on Investments: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

3120.5 DELEGATION OF AUTHORITY

Authority to manage the investment program is derived from CGC Sections 53600, et seq. Management

responsibility for the investment program is hereby delegated to the Treasurer, Sandeep S. Karkal, who shall establish written procedures for the operation of the investment program consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. The following employees are authorized to telephone instructions for deposits and withdrawals from the District bank account to the State Treasurer and vice versa:

Sandeep S. Karkal, General Manager-Chief Engineer, Treasurer
Laura M. Creamer, Finance Officer

No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. Under the provisions of CGC 53600.3, the Treasurer is a trustee and a fiduciary subject to the prudent investor standard. The District maintains a public officials' surety bond in the amount of \$200,000.

3120.6 ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

3120.7 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Treasurer will maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the Treasurer shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the Treasurer shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for the District's account with that firm has reviewed the District's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to the District that are appropriate under the terms and conditions of the Investment Policy.

3120.8 AUTHORIZED AND SUITABLE

It is the practice of the District to invest inactive operating and capital improvement funds only with the State Treasurer's Local Agency Investment Fund and/or with local banks and savings and loans. *Prohibited Investments.* Under the provisions of CGC Section 53601.6 and 53631.5, the District shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity.

3120.9 COLLATERALIZATION

All certificates of deposit must be collateralized by U.S. Treasury Obligations. Collateral must be held by a third party trustee and valued on a monthly basis. The percentage of collateralization on repurchase and reverse repurchase agreements will adhere to the amount required under CGC Section 53601(i)(2).

3120.10 SAFEKEEPING AND CUSTODY

All security transactions entered into by the District shall be conducted on delivery-versus-payment

(DVP) basis. All securities purchased or acquired shall be delivered to the District by book entry, physical delivery or by third party custodial agreement as required by CGC Section 53601.

3120.11 DIVERSIFICATION

The District will diversify its investments by security type and institution. It is the policy of the District to remit money not required for immediate needs to LAIF for purposes of investment. Assets in the pooled money account are diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities.

3120.12 REPORTING

In accordance with CGC Section 53646(b)(1), Treasurer shall submit to each member of the Board of Directors a quarterly investment report. The report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed for the District by third party contracted managers. The report will also include the source of the portfolio valuation. As specified in CGC Section 53646(e), if all funds are placed in LAIF, FDIC-insured accounts and/or in a county investment pool, the foregoing report elements may be replaced by copies of the latest statements from such institutions.

The report must also include a certification that (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy and, (2) the District will meet its expenditure obligations for the next six months as required by CGC Section 53646(b)(2) and (3) respectively. The Treasurer shall maintain a complete and timely record of all investment transactions.

3120.13 INVESTMENT POLICY REVIEW

The Policy shall be reviewed on an annual basis, and modifications must be approved by the Board of Directors.

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Staff Report: Comprehensive Annual Financial Report (CAFR).	MEETING DATE: September 14, 2020 AGENDA ITEM NO.: 6.e.
RECOMMENDED ACTION: Receive notification on receiving the Award of Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for the 9th year in a row.	
SUMMARY AND DISCUSSION: <p>The District submitted its Comprehensive Annual Financial Report (CAFR) for Fiscal Year ended June 30, 2019 to the Government Finance Officers Association (GFOA) of the United States and Canada for review against the qualification requirements for a Certificate of Achievement for Excellence in Financial Reporting. The Certificate is the highest form of recognition in the area of government accounting and financial reporting.</p> <p>By letter dated July 24, 2020, GFOA awarded the Certificate of Achievement for Excellence in Financial Reporting to the District for the <u>ninth year</u> in a row. In addition, GFOA recognized District Finance Officer Laura Creamer as the individual primarily responsible for preparing the award-winning report and presented her an Award of Financial Reporting Achievement (AFRA). This will also be the ninth year in a row that Ms. Creamer has achieved this Award.</p>	
ATTACHMENT: 1. GFOA Award letter.	
STRATEGIC PLAN INFORMATION: This item addresses Goal 1 (Operational Excellence), Goal 3 (Alignment and Communications), and Goal 4 (Well Planned Finances with a Long Range Outlook) of the latest Strategic Plan Update.	
Prepared by: lmc, ssk	Reviewed by General Manager: SSK



Government Finance Officers Association
203 North LaSalle Street, Suite 2700
Chicago, Illinois 60601-1210
312.977.9700 Fax: 312.977.4806

7/24/2020

Sandeep Karkal
General Manager / Chief Engineer
Novato Sanitary District, California

Dear Mr. Karkal:

Congratulations!

We are pleased to notify you that your CAFR for the fiscal year ended June 30, 2019 has met the requirements to be awarded GFOA's Certificate of Achievement for Excellence in Financial Reporting. The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program (CAFR Program) in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting. Congratulations, again, for having satisfied the high standards of the program.

Your electronic award packet contains the following:

- **A "Summary of Grading" form and a confidential list of comments and suggestions for possible improvements.** We strongly encourage you to implement the recommended improvements in your next report. Certificate of Achievement Program policy requires that written responses to these comments and suggestions for improvement be included with your 2020 fiscal year end submission. If a comment is unclear or there appears to be a discrepancy, please contact the Technical Services Center at (312) 977-9700 and ask to speak with a Certificate of Achievement Program in-house reviewer.
- **Certificate of Achievement.** A Certificate of Achievement is valid for a period of one year. A current holder of a Certificate of Achievement may reproduce the Certificate in its immediately subsequent CAFR. Please refer to the instructions for reproducing your Certificate in your next report.
- **Award of Financial Reporting Achievement.** When GFOA awards a government the Certificate of Achievement for Excellence in Financial Reporting, we also present an Award of Financial Reporting Achievement (AFRA) to the department identified in the application as primarily responsible for achievement of the Certificate.
- **Sample press release.** Attaining this award is a significant accomplishment. Attached is a sample news release that you may use to give appropriate publicity to this notable achievement.

In addition, award recipients will receive via mail either a plaque (if first-time recipients or if the government has received the Certificate ten times since it received its last plaque) or a brass medallion to affix to the plaque (if the government currently has a plaque with space to affix the medallion). If receiving a plaque, it should arrive in approximately ten weeks; if receiving a medallion, it should arrive in approximately two weeks.

As an award-winning government, we would like to invite one or more appropriate members of your CAFR team to apply to join the Special Review Committee. As members of the Special Review Committee, peer reviewers get exposure to a variety of reports from around the country; gain insight into how to improve their own comprehensive annual financial reports; achieve professional recognition; and provide valuable input that helps other local

governments improve their reports. Please see our website for [eligibility requirements](#) and [information on completing an application](#).

Thank you for participating in and supporting the Certificate of Achievement Program. If we may be of any further assistance, please contact the Technical Services Center at (312) 977-9700.

Sincerely,

A handwritten signature in black ink that reads "Michele Mark Levine". The signature is written in a cursive, flowing style.

Michele Mark Levine
Director, Technical Services

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Consent Calendar: National Association of Clean Water Agencies (NACWA) Peak Platinum8 Performance Award.	MEETING DATE: September 14, 2020. AGENDA ITEM NO.: 6.f.
RECOMMENDED ACTION: Receive notification and congratulatory letter on receiving the 2019 Platinum Peak8 Performance Award from the National Association of Clean Water Agencies (NACWA), for 8 years of 100% permit compliance.	
SUMMARY AND DISCUSSION: The District timely submitted its application to the National Association of Clean Water Agencies (NACWA) for NACWA's 2019 Peak Platinum8 Performance Award in April 2020. By letter dated September 10, 2020, NACWA has informed the District that it has won the Award. This is the fourth year in a row that the District has received this award. As a reminder, only treatment facilities that have no (zero) violations of their National Pollution Discharge Elimination System (NPDES) permits for five (5) years or greater, are eligible to be considered for NACWA's Platinum Awards.	
STRATEGIC PLAN INFORMATION: This item addresses Goal 1 (Operational Excellence) and Goal 5 (Effective Governance and Administration) of the latest Strategic Plan Update.	
Prepared by: eb	Reviewed by General Manager: SSK

EXECUTIVE COMMITTEE

PRESIDENT

Terry Leeds
Director
KC Water
Kansas City, MO

VICE PRESIDENT

Kishia L. Powell
Chief Operating Officer and
Executive Vice President
DC Water
Washington, DC

TREASURER

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NEW Water
Green Bay, WI

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Director and General Manager
City of Los Angeles -
LA Sanitation & Environment
Los Angeles, CA

PAST PRESIDENT

John P. Sullivan
Chief Engineer
Boston Water & Sewer Commission
Boston, MA

CHIEF EXECUTIVE OFFICER

Adam Krantz

1130 Connecticut Ave NW
Suite 1050
Washington DC 20036

T (202) 833-2672
F (888) 267-9505

www.nacwa.org

September 10, 2020

Erik Brown
Deputy General Manager
Novato Sanitary District
500 Davidson ST
Novato, CA 94945-3399

Dear Erik:

It gives us immense pleasure to inform you that the Novato Sanitary District's Novato Wastewater Treatment Plant has earned a *Platinum Peak Performance Award* for 8 years of 100% compliance. Congratulations on this great accomplishment!

This year we will be holding a Virtual Awards Ceremony on Wednesday, October 28, 2020. We hope that you and your staff will be able to attend our celebration.

As part of our recognition of our Platinum Peak Performance honorees, we will be honoring our award-winning facilities with a multi-media presentation. Information and key deadlines regarding the presentation are included on the *Essential Information for Award Recipients* included with this correspondence.

Additional honors that your utility may have been awarded, such as Gold or Silver Awards, will be mailed to you following the Utility Leadership Conference.

Again, congratulations on a job well done.

Sincerely,



Laura Briefer
Chair, NACWA Awards Committee
Director of Public Works
Salt Lake City Corporation, UT



Adam Krantz
NACWA CEO

Enclosures: Essential Information for Award Recipients

Recology Sonoma Marin
Quarterly Report - Novato
Service Period: 01/01/2020 to 03/31/2020

7.2.3 (a&d) Garbage Collection (Tons)	January	February	March	Total
Commercial	924.72	784.92	790.01	2,499.65
Multi Family	299.87	256.75	263.68	820.29
Residential	900.43	724.76	849.95	2,475.14
Roll Off (Debris Box)	98.48	79.36	90.42	268.26
Totals	2,223.50	1,845.79	1,994.06	6,063.34

7.2.3 (b) Recyclable Material Collection (Tons)	January	February	March	Total
Commercial	249.53	214.44	192.51	656.48
Multi Family	39.78	33.56	37.05	110.39
Residential	694.95	533.09	580.34	1,808.38
Roll Off (Debris Box)	299.28	299.51	308.59	907.38
Buy-back Center	19.61	21.40	10.49	51.50
Totals	1,303.15	1,102.00	1,128.98	3,534.13

C&D Material (included above)	232.83	221.71	230.89	685.43
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Recyclables and Processed	Curbside	Roll Off	Buyback	Total	
Single Stream	406.52	2.93	-	409.45	
Paper	415.78	2.72	-	418.51	
Metal	-	3.05	-	3.05	
Cardboard	815.90	131.40	-	947.30	
Glass	412.23	2.97	29.64	444.84	
Mixed Plastic	474.99	4.19	-	479.18	
Plastic-PET	-	-	10.87	10.87	
Plastic-HDPE	-	-	0.25	0.25	
Plastic-CHDPE	-	-	-	-	
Tin	39.94	7.85	10.74	58.53	
Tires & Trucks	7.06	-	-	7.06	
Other RCY	2.83	16.82	-	19.65	
Dry Waste	-	-	-	-	
C&D	-	685.43	-	685.43	
Concrete	-	35.97	-	35.97	
Wood Waste	-	8.66	-	8.66	
Dirt	-	14.04	-	14.04	
Yard Waste	2,901.51	443.57	-	3,345.08	
Food Waste	211.46	-	-	211.46	
Total Collected	5,688.22	1,359.61	51.50	7,099.33	
Residual	373.51	490.38	-	863.89	Diversion
Total Diverted	5,314.71	869.23	51.50	6,235.44	47.4%

*Single Stream recycling and residuals calculated based on Q2 2019 Characterization study by Recology and Novato Sanitary District.

Recology Sonoma Marin
Quarterly Report - Novato
Service Period: 01/01/2020 to 03/31/2020

7.2.3 (c) Green Waste Collection (Tons)	January	February	March	Total
Commercial	104.36	95.28	87.92	287.56
Multi Family	14.54	11.84	12.52	38.90
Residential	1,033.86	821.18	931.47	2,786.51
Roll Off (Debris Box)	206.48	119.01	126.74	452.23
Totals	1,359.24	1,047.31	1,158.65	3,565.20
Food Waste (included above)	73.70	70.59	67.17	211.46
Wood Waste (included above)	2.83	4.8	1.03	8.66

Organic waste was processed at Redwood Landfill, W. Contra Costa Sanitary Landfill, and Napa Recycling and Waste Services.

7.2.3 (e) MSW Accounts by Receptacle Size	Number of Receptacles*						
	Commercial	MFU	Residential	Roll Off	MSW	RCY	OW
20 Gallon	3	1	2,732		2,744		
32 Gallon	121	18	10,456		11,470	1,509	141
64 Gallon	133	19	3,260		3,562	1,073	402
95 Gallon	113	13	426		634	15,724	16,920
1.5 yard						3	1
2 yard	114	20			138	82	26
3 yard	295	62			461	300	11
4 yard	61	4			71	132	3
6 yard	23	6			36	30	4
15 yard				14	15		
20 yard				54	68		
30 yard				24	37		
40 yard							
Compactors				16	25		
Total Receptacles	863	143	16,874	108	19,261	18,853	17,508

* RO Bins all listed in MSW and exclude on call boxes.

7.2.3 (f) Bulky Waste	January	February	March	Total
No Charge Bulky Item Pick Ups	331	273	298	902
Charge Bulky Item Pick Ups	15	9	12	36
Total Bulky Item Pick Ups	346	282	310	938

Bulky Items are included with rear loader routes. Recology does not have separate weights and diversion information. Bulky items are included with overall tonnage.

Community Outreach

See the following Attachments:

RSM-Novato Q1 2020-Education & Outreach

Novato Spring 2020

Q1 2020 Novato WZ Summary

2020	Total Accounts Touched	Site Audit	Presentation/ Training	Host Table	Gave Outreach Materials	Started Recycling	Increased Recycling	Started Compost	Increased Compost
January	24	24	2	0	17	0	1	4	2
February	16	16	0	1	9	0	0	5	0
March	23	23	0	0	10	0	0	0	0
	63	63	2	1	36	0	1	9	2

Novato Waste Zero Q1 2020 Highlights

Date		Organization	Highlight	WZ Employees(s)
January-20	Novato	Novato Chamber	Chamber Board Orientation	Garen
January-20	Novato	Conservation Corps/Novato Chamber	Attended mixer at Conservation Corps North Bay Novato location	Garen
February	Novato	Recology Sonoma Marin	Plastic bag recycling analysis for local grocery stores and markets	Garen
March-20	Novato	CalRecycle	Annual CalRecycle conference call with NSD + city staff	Garen, Celia
March-20	Novato	Novato Chamber of Commerce	Gave educational presentation to Leadership Novato class	Garen
March-20	Novato	Recology Sonoma Marin	Finalized and mailed out Novato Spring 2020 newsletters	Casey, Celia
March-20	Novato	Recology Sonoma Marin	Delivered compost kitchen pails to residents who requested them (promoted in Spring newsletter)	Garen
March-20	Novato	Novato Chamber of Commerce	Presented on Q4 2019 at NSD virtual Board Meeting	Garen

Novato Waste Zero Q1 2020 Report

Date(s)	Account Name	Address	City	FRAN Code	Account Type (MFD/ COM/ SCH/ GOV)	Notes	Site Audit/ Visit	Present / Training	Gave Outreach Materials/ Tools	Start Recycle	Increase Recycle	Start Compost	Increase Compost
1/6/2020	Professional Financial	1510 Grant Ave	Novato	NOV	COM	Follow up on contamination	1						
1/6/2020	Rockport Healthcare Services	1565 Hill Rd	Novato	NOV	COM	Follow up on contamination	1		1				
1/7/2020	Inn Marin and Suites	250 Entrada Dr	Novato	NOV	COM	Follow up on contamination	1		1				
1/7/2020	Ross Dress for Less	116 Vintage Way	Novato	NOV	COM	Follow up on contamination	1		1				
1/8/2020	Pacheco Plaza Center	416 Ignacio Blvd	Novato	NOV	COM	Interested in compost	1						
1/8/2020	City of Novato - Senior Center	1560 Hill Rd	Novato	NOV	GOV	Presentation	1	1	1				
1/9/2020	Active Auto Sales	399 Entrada Dr	Novato	NOV	COM	Follow up on contamination	1		1				
1/9/2020	Saffron Grill and Market	469 Entrada Dr	Novato	NOV	COM	Follow up on contamination	1		1				
1/9/2020	Professional Financial Invest	300 Entrada Dr	Novato	NOV	COM	Follow up on contamination	1						
1/10/2020	Unity in Marin	600 Palm Dr	Novato	NOV	COM	Increase Compost	1						1
1/10/2020	Hilltop 1892	850 Lamont Ave 002	Novato	NOV	COM	Start Compost	1		1			1	
1/10/2020	William Bradley Electric	90 Hill Rd	Novato	NOV	COM	Presentation, start compost	1	1	1			1	
1/13/2020	Baldwin German Autoworks	400 Enfrente Rd	Novato	NOV	COM	Follow up on contamination	1		1				
1/13/2020	North Bay Center	7200 Redwood Blvd	Novato	NOV	COM	Follow up on contamination	1		1				
1/16/20	Buck Institute for Research	8001 Redwood Blvd	Novato	NOV	COM	Operations meeting	1						
1/16/2020	School - Hamilton	1 Main Gate Rd	Novato	NOV	SCHOOL	Follow up on contamination	1		1				
1/17/2020	El Rey Mexican Bar and Grill	940 7th St	Novato	NOV	COM	Start compost	1		1			1	
1/21/2020	Benjamin Franklin Plumbing	22 Digital Dr	Novato	NOV	COM	Follow up on contamination	1		1				

RSM-Novato Q1 2020 - Education and Outreach - Detail

Date(s)	Account Name	Address	City	FRAN Code	Account Type (MFD/ COM/ SCH/ GOV)	Notes	Site Audit/ Visit	Present / Training	Gave Outreach Materials/ Tools	Start Recycle	Increase Recycle	Start Compost	Increase Compost
1/21/2020	DPW Woodside Novato	7250 Redwood Blvd	Novato	NOV	COM	Follow up on contamination	1		1				
1/21/2020	James Campbell Comp	208 Vintage Way	Novato	NOV	COM	Follow up on contamination	1		1				
1/22/2020	Northbay Childrens Center	932 C St	Novato	NOV	SCHOOL	Re Start compost	1					1	
1/22/2020	School - Loma Verde	399 Alameda de la Loma	Novato	NOV	SCHOOL	Increase Compost and recycle	1		1		1		1
1/29/2020	Marinwood Inn and Suites	275 Alameda Del Prado	Novato	NOV	COM	Follow up on contamination	1						
1/29/2020	City of Novato - Gym Center	950 7th St	Novato	NOV	GOV	Follow up on contamination	1		1				
2/3/2020	North Bay Center	7200 Redwood Blvd	Novato	NOV	COM	Followed up on new compost service	1						
2/3/2020	William Bradley Electric	90 Hill Road	Novato	NOV	COM	Followed up on new compost service	1						
2/3/2020	Inn Marin & Suites	250 Entrada Blvd	Novato	NOV	COM	Followed up on contamination, requested locking bin	1						
2/4/2020	Costco Wholesale	300 Vintage Way	Novato	NOV	COM	Follow up on contamination, circling back around in March to finalize	1		1				
2/7/2020	Forks & Fingers	372 Bel Marin Keys Blvd M	Novato	NOV	COM	Agreed to compost, delivery and education in March	1		1			1	

RSM-Novato Q1 2020 - Education and Outreach - Detail

Date(s)	Account Name	Address	City	FRAN Code	Account Type (MFD/ COM/ SCH/ GOV)	Notes	Site Audit/ Visit	Present / Training	Gave Outreach Materials/ Tools	Start Recycle	Increase Recycle	Start Compost	Increase Compost
2/7/2020	Taquireia Real	354 Bel Marin Keys Blvd A	Novato	NOV	COM	Agreed to compost, delivery and education in March	1		1			1	
2/7/2020	Michael's Sourdough Sandwiches	42 Digital Dr 08	Novato	NOV	COM	Begrudgingly agreed to compost, delivery and education in March	1		1			1	
2/10/2020	Ray's Catering	118 Hamilton Dr A	Novato	NOV	COM	Agreed to compost, delivery and education in March	1		1			1	
2/12/2020	St Anthony Church	1000 Cambridge St	Novato	NOV	COM	Site audit, gave outreach material	1		1				
2/14/20	Nordby Construction (Marin Country Club)	500 Country Club Dr	Novato	NOV	COM	AB 1826 Compliance, have not received permission to place	1		1				
2/14/20	Creekside Bakery	1719 Grant Ave	Novato	NOV	COM	AB 1826 compliance, I have followed up but he is waiting for owner permission	1		1				

RSM-Novato Q1 2020 - Education and Outreach - Detail

Date(s)	Account Name	Address	City	FRAN Code	Account Type (MFD/ COM/ SCH/ GOV)	Notes	Site Audit/ Visit	Present / Training	Gave Outreach Materials/ Tools	Start Recycle	Increase Recycle	Start Compost	Increase Compost
2/18/2020	Pacheco Plaza Center LLC	416 Ignacio Blvd	Novato	NOV	COM	AB 1826 compliance, I have followed up but he is waiting for owner permission	1						
2/18/2020	El Rey Mexican Bar and Grill	940 7th St	Novato	NOV	COM	Following up on new service	1						
2/19/2020	Hilltop 1892	850 Lamont Ave	Novato	NOV	COM	Followed up on new compost service, no carts delivered	1						
2/19/2020	Bay Club Stonetree	9 Sone Tree Ln	Novato	NOV	COM	Agreed to compost, delivery and education in March	1		1			1	
2/24/2020	Aviosly Delicious Catering	41 Hamilton Dr G	Novato	NOV	COM	Could not contact correct person, will follow up in March	1						
3/3/2020	Mc Donald's Restaurant	5600 Nave Dr	Novato	NOV	COM	Follow up from complaint	1						
3/4/2020	Taqueria Mi Pueblo	905 Grant Ave	Novato	NOV	COM	AB 1826	1						
3/4/2020	Aviosly Delicious Catering	41 Hamilton Dr D	Novato	NOV	COM	AB 1826	1						
3/4/2020	Creekside Bakery	1719 Grant Ave	Novato	NOV	COM	AB 1826	1						
3/4/2020	Hilltop 1892	850 Lamont Ave	Novato	NOV	COM	Follow up on new start	1						
3/9/2020	Ray's Catering	118 Hamilton Drive	Novato	NOV	COM	Follow up on new start	1		1				
3/9/2020	Forks & Fingers	372 Bel Marin Keys Blvd	Novato	NOV	COM	Follow up on new start	1		1				
3/9/2020	Taqueria Real	354 Bel Marin Keys Blvd	Novato	NOV	COM	Follow up on new start	1		1				

RSM-Novato Q1 2020 - Education and Outreach - Detail

Date(s)	Account Name	Address	City	FRAN Code	Account Type (MFD/ COM/ SCH/ GOV)	Notes	Site Audit/ Visit	Present / Training	Gave Outreach Materials/ Tools	Start Recycle	Increase Recycle	Start Compost	Increase Compost
3/9/2020	Michaels Sourdough Sandwiches	42 Digital Drive	Novato	NOV	COM	Follow up on new start	1		1				
3/11/2020	BioMarin Pharmaceutical	46 Galii Dr	Novato	NOV	COM	Compactor	1						
3/11/2020	Canyon Manor	646 Canyon Rd	Novato	NOV	COM	Contamination	1		1				
3/16/2020	Lynwood School	1320 Lynwood Drive	Novato	NOV	SCHOOL	Want Compost	1		1				
3/17/2020	The Square Shopping Center	2005 Novato Blvd	Novato	NOV	COM	Contamination (call)	1						
3/19/2020	Baldwin German Auto Works	400 Enfrente Rd	Novato	NOV	COM	Contamination (call)	1						
3/23/2020	Captains Landing Owners	Mariner Way	Novato	NOV	MFD	AB 1826 Form (email)	1						
3/23/2020	Captains Landing Owners	Seagull Row	Novato	NOV	MFD	AB 1826 Form (email)	1						
3/23/2020	Skylark Meadows HOA	4 Cielo Ln	Novato	NOV	MFD	AB 1826 Form (email)	1						
3/24/2020	Carter, Joan	2 Commercial Blvd	Novato	NOV	COM	Contamination (call)	1						
3/24/2020	Novato Mobile Home Park	1530 Armstrong Ave	Novato	NOV	MFD	Contamination (call)	1						
3/31/2020	Heath, Thayr & Lia	134 Rockrose Way	Novato	NOV	RES	Delivered kitchen compost pail & educational materials	1		1				
3/31/2020	Whyte, Jacki	171 San Andreas Dr	Novato	NOV	RES	Delivered kitchen compost pail & educational materials	1		1				
3/31/2020	Vitorelo, Daniel	22 Sylvia Cir	Novato	NOV	RES	Delivered kitchen compost pail & educational materials	1		1				

RSM-Novato Q1 2020 - Education and Outreach - Detail

Date(s)	Account Name	Address	City	FRAN Code	Account Type (MFD/ COM/ SCH/ GOV)	Notes	Site Audit/ Visit	Present / Training	Gave Outreach Materials/ Tools	Start Recycle	Increase Recycle	Start Compost	Increase Compost
3/31/2020	Lesley, Joann	16 Dorothy Way	Novato	NOV	RES	Delivered kitchen compost pail & educational materials	1		1				

The Recology® RESOURCE

NOVATO | SPRING 2020



Our climate is changing. According to the Scientific American, the past six years (2014 - 2019) have been the warmest in recorded history. The reality of climate change is especially apparent locally, with devastating wild fires becoming the new normal.

Did you know that compost can combat climate change? In the U.S., landfills are the third largest source of methane – a potent greenhouse gas. Composting your food scraps **prevents this material from producing methane in landfills.** The benefits don't stop there. Not only does compost help plants grow, but it also **stores carbon from the atmosphere in the soil.**

Participating in a compost program is as simple as placing your food scraps in your Recology green compost cart instead of your gray garbage cart at home. We also offer free kitchen compost pails for pick-up at our recycling buyback center in Novato (7576 Redwood Boulevard). These pails make collecting food scraps in your kitchen a breeze!



Step 1: Put your food scraps in a pail in the kitchen.



Step 2: Empty your food scraps into your green bin at home or work.



Step 3: Recology will service your green bin and take your material to a compost facility!



DISPELLING THE MYTHS!

-  **YES! We do recycle plastics.**
While China & Southeast Asia have clamped down on what plastics they will accept, we have found markets for plastic containers as long as they are **clean and dry**.
-  **No one sorts the garbage.**
Everything you place in your garbage bin goes directly to the landfill. This is why it is important to **put your compostable and recyclable materials in the correct bin**.
-  **"Compostable" isn't always compostable.**
Plastics labeled "compostable" are not accepted at any of the compost facilities where we take your material.
"Bio Bags" are not accepted in residential compost.
-  **Symbols like this  do not always mean "recyclable".**
These symbols were created by the plastics industry to identify the resin in the material. #6 for example is most commonly seen in Styrofoam form, and is not accepted in our recycling program.



BULKY ITEM COLLECTION RECOLECCIÓN DE ARTÍCULOS VOLUMINOSOS



- ✓ **Four (4) free pick-ups per year for residents**
4 recolecciones gratuitas por año para residentes
- ✓ **Set out approximately three (3) cubic yards of material**
Ponga aproximadamente 3 yardas cúbicas de material
- ✓ **No liquid waste or hazardous materials**
No desechos líquidos ni materiales peligrosos

Visit [Recology.com/SonomaMarin](https://www.recology.com/SonomaMarin) for more information on bulky item pick-ups.
Call **800.243.0291** or email RecologySonomaMarin@Recology.com for appointments.

WASTE ZERO SERVICES

State laws AB341 and AB1826 require accounts with 4 cubic yards or more of solid waste per week to have recycle and compost service. Let our Waste Zero Team help your school, business, or multi-family dwelling recycle and compost more, while saving money on your monthly bill!



WHAT GOES WHERE? ¿A DÓNDE VA CADA COSA?



COMPOST



- ✓ **Food scraps**
Restos de comida



- ✓ **Plant trimmings**
Recortes de plantas



- ✓ **Food soiled or wet paper**
Papel sucio



- ✓ **Wooden utensils, chop sticks, & stir sticks**
Palillos chinos y palitos de madera

- ✓ **YES, you can put food scraps & soiled paper in your yard trimmings cart (AKA compost cart)!**
- ✓ Keeping food scraps and yard trimmings out of the landfill reduces methane (a potent greenhouse gas).



RECYCLE



- ✓ **Aluminum & steel cans**
Latas de aluminio y acero
- ✓ **Aluminum foil & trays**
Papel y charolas de aluminio



- ✓ **Plastic containers**
Contenedores de plástico



- ✓ **Glass bottles & jars**
(metal caps & lids on)
Botellas y frascos de vidrio (incluya las tapas de metal)



- ✓ **Paper & cardboard**
Papel y cartón

- ♻️ **Recyclables must be empty & dry. No food or liquids.**
- ♻️ When it comes to plastics, think containers. Plastic bottles, tubs, jugs, and cups are accepted. **No plastic bags please.**

MEET THE TEAM



Meet Elsa! Elsa has been a recycling sort-line worker since 2004. She and the rest of our team of 56 sorters go through over 300 tons of your recyclables every day!

NOTORIOUS RECYCLING OFFENDERS



Plastic bags and film plastic get wrapped around our recycling sorting equipment and an employee has to physically cut them out. This is a dangerous job, and can cause delays on the sort line.



Food and beverage containers need to be clean and dry in order to be recycled, as do paper and cardboard. When this material is contaminated with food residue, like pasta sauce, it ends up in the landfill.



DO NOT dispose of needles, syringes, or lancets in garbage, recycle, or compost bins. They are extremely dangerous to sanitation workers and **must** be disposed of as hazardous waste. Go to novatosan.com for a list of disposal locations in Novato.

Recology Sonoma Marin Quarterly Report - Novato Service Period: 04/01/2020 to 06/30/2020

7.2.3 (a&d) Garbage Collection (Tons)	April	May	June	Total
Commercial	671.83	697.60	774.89	2,144.32
Multi Family	267.07	277.31	308.04	852.41
Residential	944.21	889.06	918.74	2,752.01
Roll Off (Debris Box)	75.26	97.10	121.83	294.19
Totals	1,958.37	1,961.07	2,123.50	6,042.93

7.2.3 (b) Recyclable Material Collection (Tons)	April	May	June	Total
Commercial	223.82	231.61	250.79	706.22
Multi Family	37.04	38.33	41.50	116.86
Residential	551.23	570.43	617.65	1,739.31
Roll Off (Debris Box)	404.00	393.71	512.18	1,309.89
Buy-back Center	-	-	-	-
Totals	1,216.09	1,234.08	1,422.11	3,872.28

C&D Material (included above)	248.73	269.68	274.82	793.23
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Despite ongoing difficult markets, RSM continues to process and move recycled material. Plastic, aluminum and metal pricing are continuing to fall. Glass processing charges are rising with some mitigation from higher than expected State CRV payment for 2019. Paper and cardboard prices have begun to rise compared with late 2019. Contamination in recycling inflows remains an ongoing challenge. RSM is utilizing contamination notices and non-collection tags on residential and commercial routes, and increasing collection of food waste on commercial routes to decrease contamination and increase overall landfill diversion. Education and outreach from the Waste Zero team help in this effort as well. RSM dry mixed waste pilot is focusing on select garbage compactor customers with some success. Operations continues to evaluate new opportunities to expand the dry waste program and increase diversion. The Waste Zero team is continuing to work with Zero Waste Sonoma and Zero Waste Marin to prepare for SB1383.

Recology Sonoma Marin
Quarterly Report - Novato
Service Period: 04/01/2020 to 06/30/2020

Recyclables and Processed	Curbside	Roll Off	Buyback	Total	
Single Stream	666.08	6.21	-	672.29	
Paper	906.68	8.17	-	914.85	
Metal	-	-	-	-	
Cardboard	348.33	266.61	-	614.94	
Glass	476.75	4.44	-	481.19	
Mixed Plastic	118.55	1.76	-	120.32	
Plastic-PET	-	-	-	-	
Plastic-HDPE	Buyback closed for Q2	-	-	-	
Plastic-CHDPE	-	-	-	-	
Tin	41.71	7.89	-	49.60	
Tires & Trucks	-	-	-	-	
Other RCY	4.28	9.25	-	13.53	
Dry Waste	-	-	-	-	
C&D	-	793.23	-	793.23	
Concrete	-	148.24	-	148.24	
Wood Waste	-	5.97	-	5.97	
Dirt	-	64.09	-	64.09	
Yard Waste	3,930.91	208.24	-	4,139.15	
Food Waste	191.94	-	-	191.94	
Total Collected	6,685.23	1,524.10	-	8,209.33	
Residual	660.20	519.05	-	1,179.26	Diversion
Total Diverted	6,025.03	1,005.05	-	7,030.08	49.3%

7.2.3 (c) Green Waste Collection (Tons)	April	May	June	Total
Commercial	81.79	77.10	70.23	229.12
Multi Family	35.14	33.13	30.17	98.45
Residential	1,375.68	1,247.78	1,171.82	3,795.29
Roll Off (Debris Box)	48.53	71.43	94.25	214.21
Totals	1,541.14	1,429.44	1,366.47	4,337.06
Food Waste (included above)	61.56	62.96	67.42	191.94
Wood Waste (included above)	0.85	2.42	2.70	5.97

Organic waste was processed at Redwood Landfill, W. Contra Costa Sanitary Landfill, and Napa Recycling and Waste Services.

Recology Sonoma Marin
Quarterly Report - Novato
Service Period: 04/01/2020 to 06/30/2020

7.2.3 (e) MSW Accounts by Receptacle Size	Number of Receptacles*						
	Commercial	MFU	Residential	Roll Off	MSW	RCY	OW
20 Gallon	3	1	2,733		2,738		
32 Gallon	117	19	10,384		11,393	1,517	171
64 Gallon	127	19	3,314		3,613	1,090	419
95 Gallon	117	12	451		666	15,751	17,073
1.5 yard						2	
2 yard	112	20			136	82	26
3 yard	293	61			469	300	11
4 yard	61	4			69	133	3
6 yard	24	5			36	29	4
10 yard							
15 yard				11	12		
20 yard				76	88		
30 yard				27	42		
40 yard							
Compactors				16	25		
Total	854	141	16,882	130	19,287	18,904	17,707

* RO Bins all listed in MSW and exclude on call boxes.

7.2.3 (f) Bulky Waste	April	May	June	Total
No Charge Bulky Item Pick Ups	385	432	471	1,288
Charge Bulky Item Pick Ups	12	8	11	31
Total Bulky Item Pick Ups	397	440	482	1,319

Bulky Items are included with rear loader routes. Recology does not have separate weights and diversion information. Bulky items are included with overall tonnage.

Community Outreach

See Attached:

- RSM-Novato Q2 2020 - Education & Outreach
- Novato-New Svc Schedule Proof
- Novato Zoom Presentation Flyer
- Novato Zoom Presentation Flyer Round 2
- Recology Educational Resources for Remote Recycling Learning - Grades 7 - 12
- RSM Educational Resource for Elementary

Q2 2020 Novato Waste Zero Summary

2020	Total Accounts Touched	Site Audit	Presentation/ Training	Host Table	Gave Outreach Materials	Started Recycling	Increased Recycling	Started Compost	Increased Compost
April	20	1	0	0	7	0	0	0	0
May	31	5	1	0	10	0	1	0	0
June	20	19	1	0	11	0	0	4	0
	71	25	2	0	28	0	1	4	0

Q2 2020 Novato Waste Zero Highlights

Date	Jurisdiction	Organization	Highlight	WZ Employees(s)
May 2020	Novato	Recology Sonoma Marin	Novato service day change cart tagging	Emily, Garen
May 8, 2020	Novato	Recology Sonoma Marin	Created Zoom presentation flyer	Casey
May 13, 2020	Novato	Recology Sonoma Marin	Mailed service day change letters	Casey
May 15, 2020	Novato	Recology Sonoma Marin	Email to Novato customers RE: Zoom Presentation	Casey
May 20, 2020	Novato	Recology Sonoma Marin & Novato Sanitary District	Hosted and provided Zoom general waste zero public education presentation with Dee	Garen, Celia
June 15, 2020	Novato	Recology Sonoma Marin	Created Zoom meeting series flyer	Casey
June 24, 2020	Novato	Recology Sonoma Marin	Prepared remote learning educational resources for grades 7-12 and elementary school	Casey
June 30, 2020	Novato	Recology Sonoma Marin & Novato Sanitary District	Hosted and provided Zoom HHW public education presentation with Dee	Garen, Celia

Q2 2020 Novato Waste Zero Details

Date(s)	Account Name	Address	City	FRAN Code	Account Type (MFD/ COM / SCH/ GOV)	Notes	Site Audit/ Visit	Present / Training	Gave Outreach Materials/ Tools	Start Recycle	Increase Recycle	Start Compost	Increase Compost
4/6/20	Thayer, Debra	24 Mather Court	Novato	NOV	RES	Delivered kitchen compost pail & educational materials			1				
4/6/20	Whyte, Jacki	171 San Andreas Dr	Novato	NOV	RES	Delivered kitchen compost pail & educational materials			1				
4/8/20	Burton, Alan	476 Wilson Ave	Novato	NOV	RES	Delivered kitchen compost pail & educational materials			1				
4/8/20	Orellana, Patricia	1052 6th St	Novato	NOV	RES	Delivered kitchen compost pail & educational materials			1				
4/8/20	Curry, Richard	1124 7th St	Novato	NOV	RES	Delivered kitchen compost pail & educational materials			1				
4/9/20	Nugget Market	470 Ignacio Blvd	Novato	NOV	COM	Contamination Call							
4/9/20	Inn Marin & Suites	250 Entrada Dr	Novato	NOV	COM	Contamination Call							
4/14/20	Sheehan, Robert V	1946 Benton Ln	Novato	NOV	RES	Delivered kitchen compost pail & educational materials			1				
4/20/20	ROIC California LLC/Trader Joe	7514 Redwood Blvd	Novato	NOV	COM	Contamination Call							
4/20/20	Academic Therapy Publications	20 Leveroni Ct	Novato	NOV	COM	Contamination Call							
4/20/20	CSW Stuber-Stroeh	45 Leveroni Ct	Novato	NOV	COM	Contamination Call							
4/20/20	Rojas Market	1221 Grant Ave	Novato	NOV	COM	Contamination Call							
4/20/20	Scozzafava, Marianne	1337 Denlyn St	Novato	NOV	RES	Delivered kitchen compost pail & educational materials			1				
4/21/20	Marinwood Inn & Suites	275 Alameda del Prado	Novato	NOV	COM	Service issues	1						
4/22/20	The Square Shopping Center	2049 Novato Blvd	Novato	NOV	COM	Contamination Call							

Date(s)	Account Name	Address	City	FRAN Code	Account Type (MFD/ COM / SCH/ GOV)	Notes	Site Audit/ Visit	Present / Training	Gave Outreach Materials/ Tools	Start Recycle	Increase Recycle	Start Compost	Increase Compost
4/23/20	201 G D J D Trust	201 Alameda del Prado	Novato	NOV	COM	Contamination Call							
4/28/20	DSP Vet Inc	833 Vallejo Ave	Novato	NOV	COM	Contamination Call							
4/28/20	Pet Food Express	912 Diablo Ave	Novato	NOV	COM	Contamination Call							
4/30/20	White Wave Financial	150 Ford Way	Novato	NOV	COM	Contamination Call							
4/30/20	Hopmonk Tavern	224 Vintage Way	Novato	NOV	COM	Contamination Call							
5/5/20	Roth, Sam	2700 Topaz Dr	Novato	NOV	RES	Delivered kitchen compost pail & educational materials			1				
5/5/20	Wright, Lawrence	200 Apollo Dr	Novato	NOV	RES	Delivered kitchen compost pail & educational materials			1				
5/5/20	Lasalandra, Lynda	23 Arnold Dr	Novato	NOV	RES	Delivered kitchen compost pail & educational materials			1				
5/5/20	Hopmonk Tavern	224 Vintage Way	Novato	NOV	COM	Contamination Call							
5/7/20	Wyndover Apartments *Target Account*	805 Diablo Ave	Novato	NOV	MFD	Offer service changes since more people are at home due to COVID	1						
5/7/20	Homeward Bound of Marin *Target Account*	1399 N Hamilton Pkwy	Novato	NOV	MFD	Offer service changes since more people are at home due to COVID	1						
5/7/20	Novato Mobile Home Park *Target Account*	1530 Armstrong Ave	Novato	NOV	MFD	Offer service changes since more people are at home due to COVID	1				1		
5/7/20	Marion Park Assoc *Target Account*	1725 Marion Ave	Novato	NOV	MFD	Offer service changes since more people are at home due to COVID	1						
5/7/20	Ignacio Hills Apartment *Target Account*	431 Ignacio Blvd	Novato	NOV	MFD	Offer service changes since more people are at home due to COVID	1						

RSM-Novato Q2 2020 - Details

Date(s)	Account Name	Address	City	FRAN Code	Account Type (MFD/ COM / SCH/ GOV)	Notes	Site Audit/ Visit	Present / Training	Gave Outreach Materials/ Tools	Start Recycle	Increase Recycle	Start Compost	Increase Compost
5/8/20	Balestreri, Peter & Arlene	527 Stone Dr	Novato	NOV	RES	Delivered kitchen compost pail & educational materials			1				
5/8/20	Forsyth, Robert & Rita	154 Del Oro Lagoon	Novato	NOV	RES	Delivered kitchen compost pail & educational materials			1				
5/8/20	Magee, Michael	150 Pelican Ln	Novato	NOV	RES	Delivered kitchen compost pail & educational materials			1				
5/11/20	CSW Stuber-Stroeh	45 Leveroni Ct	Novato	NOV	COM	Contamination Call							
5/11/20	Marin Head Start	5520 Nave Dr	Novato	NOV	SCHOOL	Contamination Call							
5/12/20	The Square Shopping Center	2005 Novato Blvd	Novato	NOV	COM	Contamination Call							
5/12/20	New Life Christian Center	1370 S Novato Blvd	Novato	NOV	COM	Contamination Call							
5/12/20	Bio Search Technology	51 Digital Dr	Novato	NOV	COM	Contamination Call							
5/13/20	Creekside Apartments *Target Account*	5410 Nave Dr	Novato	NOV	COM	Offer service changes since more people are at home due to COVID							
5/13/20	Silver Penny RV Park *Target Account*	7060 Redwood Blvd	Novato	NOV	COM	Offer service changes since more people are at home due to COVID							
5/13/20	Novato Park Apartments *Target Account*	1725 Novato Blvd	Novato	NOV	COM	Offer service changes since more people are at home due to COVID							
5/13/20	Cedar Creek Homeowners *Target Account*	1755 Novato Blvd	Novato	NOV	COM	Offer service changes since more people are at home due to COVID							
5/14/20	Rojas Market	1221 Grant Ave	Novato	NOV	COM	Contamination Call							
5/14/20	Pacheco Plaza *Target Account*	416 Ignacio Blvd	Novato	NOV	COM	Contamination Call							
5/14/20	Marin H2O	8001 Binford Rd	Novato	NOV	COM	Would like compost, refuse due to cost							

Date(s)	Account Name	Address	City	FRAN Code	Account Type (MFD/ COM / SCH/ GOV)	Notes	Site Audit/ Visit	Present / Training	Gave Outreach Materials/ Tools	Start Recycle	Increase Recycle	Start Compost	Increase Compost
5/19/20	Indian Valley Golf Club *Target Account*	3035 Novato Blvd	Novato	NOV	COM	Contamination Call							
5/21/20	Saber, Richard	150 Indian Hills Dr	Novato	NOV	RES	Delivered kitchen compost pail & educational materials			1				
5/21/20	Hirschmugl, James	619 Louise Ave	Novato	NOV	RES	Delivered kitchen compost pail & educational materials			1				
5/26/20	Novato Market	350 Rowland Dr	Novato	NOV	COM	Contamination Call							
5/26/20	Best Western	215 Alameda Del Prado	Novato	NOV	COM	Discussed diversion							
5/28/20	Finnegan's Marin	877 Grant Ave	Novato	NOV	COM	Contamination Call			1				
5/28/20	Novato Community Hospital *Target Account*	180 Rowland Way	Novato	NOV	COM	Interested in Compost			1				
6/3/2020	Meier, Robert	42 Shields Lane	Novato	NOV	RES	Delivered kitchen compost pail & educational materials			1				
6/3/2020	Novato Community Hospital *Target Account*	180 Rowland Way	Novato	NOV	COM	Compost follow up, will call next month	1		1				
6/3/2020	Novato Dermatology	867 Diablo Ave	Novato	NOV	COM	Contamination	1						
6/5/2020	Buck Institute	8001 Redwood Blvd	Novato	NOV	COM	Contamination	1						
6/5/2020	Gilardi Properties	9 Commercial Blvd	Novato	NOV	COM	Contamination	1						
6/5/2020	Ghiringelli's Pizzeria	1535 S Novato Blvd E	Novato	NOV	COM	Contamination	1						
6/5/2020	Sam's Place	1545 S Novato Blvd	Novato	NOV	COM	Contamination. Discussed compost.	1						
6/8/2020	(Nordby Construction) Marin Country Club	500 Country Club Drive	Novato	NOV	COM	Compost follow up	1		1				
6/8/2020	Creekside Bakery	1719 Grant Ave	Novato	NOV	COM	Compost follow up	1		1				

RSM-Novato Q2 2020 - Details

Date(s)	Account Name	Address	City	FRAN Code	Account Type (MFD/ COM / SCH/ GOV)	Notes	Site Audit/ Visit	Present / Training	Gave Outreach Materials/ Tools	Start Recycle	Increase Recycle	Start Compost	Increase Compost
6/10/2020	Aaero	860 Sweetser ave	Novato	NOV	COM	Reduce Garbage	1						
6/10/2020	Deer Island Storage	282 Deer Island Rd	Novato	NOV	COM	Contamination	1						
6/16/2020	James Campbell Comp *Target Account*	208 Vintage Way	Novato	NOV	COM	4 business compost start (Starbucks, Panera, Extreme Pizza, NY Deli)	4		4			4	
6/16/2020	Western Oaks Village	1291 Maple Court	Novato	NOV	MFD	Request increase compost, decided on debris box due to cost	1						
6/17/2020	Maya Palenque Restaurant	349 Enfrente Rd	Novato	NOV	COM	Contamination. Discussed compost.	1						
6/19/2020	Arnold, Michael	15 Fairway Drive	Novato	NOV	RES	Delivered kitchen compost pail & educational materials			1				
6/19/2020	Schmitz, Edward	108 San Carlos Way	Novato	NOV	RES	Delivered kitchen compost pail & educational materials			1				
6/22/2020	Inn Marin	250 Entrada Ave	Novato	NOV	COM	Contamination	1						
6/22/2020	New Life Christian Center	1370 S Novato Blvd	Novato	NOV	COM	Contamination	1						
6/23/2020	Pacheco Plaza Center *Target Account*	416 Ignacio Blvd	Novato	NOV	COM	Contamination, AB 1826	1						
6/24/2020	Milliner, James	5 Dow Lane	Novato	NOV	RES	Delivered kitchen compost pail & educational materials			1				



Novato Waste Zero Programs

Join us for three informative virtual presentations about household hazardous waste, recycle, and compost programs in Novato!

Household Hazardous Waste

Tuesday June 30th
10am -11am

Multifamily Dwelling Programs

Thursday July 30th
10am -11am

Restaurant Programs

Wednesday August 26th
10am -11am

SPEAKERS:

Garen Kazanjian

Waste Zero Specialist
Recology Sonoma Marin
www.Recology.com/Novato

Dee Johnson

Solid and Hazardous Waste
Program Coordinator
Novato Sanitary District
www.novatosan.com

Zoom Meeting ID

422 722 0072

Password

WasteZero

Call In

1.669.900.6833





Novato Waste Reduction Programs

Join us for an informative virtual presentation about recycle, compost, and household hazardous waste programs for residents, businesses, and schools in Novato. Learn how you can reduce your waste in the age of COVID-19!

There will be time for questions at the end.

More information on these topics can be found at www.Recology.com/Novato

Zoom Meeting ID: 834 7953 5949
Password: 003969
Call In: 1.669.900.6833

WEDNESDAY
MAY 20, 2020
11AM - 12PM

SPEAKERS:

Garen Kazanjian
Waste Zero Specialist
Recology Sonoma Marin

Dee Johnson
Solid and Hazardous Waste
Program Coordinator
Novato Sanitary District





Dear Valued Customer,

In order to provide you with continued quality collection services at 100 Black John Rd, we need to adjust your service day(s). Your new service schedule will be:

Recycle	Monday
Compost	Monday
Garbage	Monday

Effective
May 25, 2020

Please remember to leave 3 feet of spacing between each of your carts on service day.

We apologize for any inconvenience. Contact us at [800.243.0291](tel:800.243.0291) or RecologySonomaMarin@Recology.com with questions.

Thank you!

The Recology Team

Recycle



- **Unsoiled Cardboard,** Paper, Newspaper, Magazines, Mail, Cartons
- **Clean Glass** Bottles & Jars with Lids on
- **Clean Metal** Cans, Aluminum, Small Scrap Metal
- **Clean Plastic** Containers with Lids on

- NO...**
- Batteries, cell phones & electronics
 - Ceramics, mirrors, windows & glassware
 - Clothing hangers (all types)
 - Condomint packets
 - Construction & demolition material
 - Fluorescent lights, tubes & CFLs
 - Food & food wrappers
 - Garden hoses
 - Liquids
 - Napkins & paper towels
 - Paper coffee cups & plates
 - Pizza boxes
 - Plastic bags & film plastics
 - Plastic cutlery & straws
 - Styrofoam
 - Toys
 - Wires, chains & cables
 - Wood

Compost



- **Food Scraps (including** Meat, Shells, Bones, Fruit, Vegetables, Bread & Dairy)
- **Plant Trimmings & Untreated Wood** no larger than 4 ft. x 4 in.
- **Food Soiled Paper & Cardboard,** Wooden Utensils

- NO...**
- Aluminum foil, trays, metal
 - Animal waste
 - BBQ ashes
 - Cartons
 - Condiment packets
 - Cooking oil & grease
 - Diapers
 - Glass
 - Gloves
 - Liquids
 - Paper coffee cups
 - Palm fronds, poison oak, cactus, bamboo
 - Plastics
 - Plywood, treated & painted wood
 - Styrofoam
 - Waxed cardboard

Garbage



- **Coffee Cups,** Snack Wrappers, Juice Pouches, Condiment Packets
- **Styrofoam**
- **Plastic Bags & Film** Plastics, Hangers, Hoses, Gloves
- **Bagged Animal Waste,** Diapers
- **Ceramics,** Glassware, Mirrors

- NO...**
- Batteries & cell phones*
 - Concrete, stones & bricks
 - Cooking oil & grease*
 - Fluorescent lights, tubes & CFLs*
 - Hazardous Waste*
 - Liquids
 - Motor oil & filters*
 - Prescription medicine*
 - Sharps, needles & lancets*
 - TVs, computers & other electronics*
- *These materials are considered hazardous waste, and will need to be disposed of by a specialized vendor or facility. Learn more by visiting RecycleNow.org, MarinHWM.com, or NevadaSan.com

800.243.0291 - RecologySonomaMarin@recology.com



www.recology.com/SonomaMarin



Waste Zero Educational Resources for Grades 7-12



These resources have been compiled to teach students about reducing, reusing, recycling, and composting in conjunction with a unit on natural resources, conservation, or environmental science. We hope to help spark a meaningful discussion and inspire students to make a positive environmental impact at home and at school.



Recommended Activity: Material Life Cycle Analysis

- Ask students to pick a material that they frequently encounter (i.e. cardboard delivery boxes, plastic bottles, aluminum cans, plastic bags, paperboard pasta boxes, etc.). Ask them to complete a Life Cycle Analysis on this material.
 - How was this item made?
 - What natural resource is this material made from? (i.e. oil, ore, trees, etc.)
 - What is the extraction and production process like? What effect do these processes have on the environment?
 - Can this item be recycled or composted? You can refer students to our website www.Recology.com/RSMWhatbin.
 - What are the environmental impacts of recycling, composting, or landfilling this item?
 - What is the environmental impact of this item being littered or escaping into the natural environment?

Recommended Activity: Visual Waste Assessment

- Have students complete a “waste log” for one week, where they keep track of:
 - What they are disposing of
 - How they are sorting each material
 - Connected to the life cycle analysis activity: what happens once they put their items in the garbage, recycling, or compost?
 - A visual estimation of what percent of their waste is garbage, recycling, and compost
 - Reflect on the experience:
 - Were they surprised by how much they threw away?
 - Were they surprised by the amount of garbage, recycling, or compost they had?
 - Have their observations led them to think of ways to change their behaviors?
 - Does this visual waste assessment have any applications to their regular daily life?

Waste Zero Educational Resources for Grades 7-12

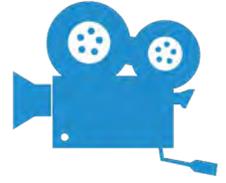
Short Films & Documentaries:



- “Takeout creates a lot of trash. It doesn’t have to.” from The University of California Climate Lab series of videos. (7 minutes)
 - This video dives into how pervasive single-use plastic items are, especially in takeout, and how we can be more mindful about this problem.
 - https://www.universityofcalifornia.edu/climate-lab?utm_source=August+2019+Newsletter&utm_campaign=August+2019+newsletter&utm_medium=email
- “What really happens to the plastic you throw away?” from a TED Talk (4 minutes)
 - Describes what can happen to plastic water bottles after they are used.
 - Note: If you show this video, encourage students to think about the products that recycled plastics make – are any of them recyclable? Usually not.
 - https://www.ted.com/talks/emma_bryce_what_really_happens_to_the_plastic_you_throw_away?utm_campaign=tedsread&utm_medium=referral&utm_source=tedcomshare
- “The Story of Plastic” from The Story of Stuff Project (4 minutes)
 - Details what is going on behind the scenes with our plastics, and what happens to them after we put them in the recycling bin.
 - https://youtu.be/urFZ5o0az_4
- “The Story of Stuff” from The Story of Stuff Project (20 minutes)
 - Focuses on how our linear “stuff” economy can’t work on our finite planet with finite resources.
 - <https://youtu.be/9GorqroigqM>
- “The Story of Bottled Water” from the Story of Stuff Project (8 minutes)
 - Explores how the water bottle industry created demand for a product we do not need, and why we should opt for refillable water bottles.
 - <https://youtu.be/Se12y9hSOM0>
- “We can recycle plastic” from a TED Talk (10 minutes)
 - Talks about the issues with recycling plastic and how one business owner innovated a way to process plastic for reuse.
 - Note: If you show this video, encourage students to think about the products that recycled plastics make – are any of them recyclable in curbside recycling programs? Usually not.
 - https://www.ted.com/talks/mike_biddle

Waste Zero Educational Resources for Grades 7-12

Short Films & Documentaries Continued:



- “Garbage Dreams” from PBS - (79 minutes)
 - This film follows residents of a community outside of Cairo, Egypt that survives by handling waste, and recycling 80% of the material they handle.
 - Lesson plan and resources here: https://www-tc.pbs.org/independentlens/garbage-dreams/classroom/04_garbage-dreams_lesson.pdf
 - <https://www.pbs.org/independentlens/garbage-dreams/film.html>
- “Plasticized” from Lutman Films (48 minutes)
 - Documentation of the 5 Gyres Institute’s research on ocean plastic pollution, and their research cruise to collect data. Illustrates the scale of the issue of small pieces of plastic in virtually all parts of the ocean.
 - Note that they do use 1-2 swear words when interviewing the scientists. Probably best for a high school audience.
 - <https://www.youtube.com/watch?v=dfcRW7sIrPI>

Reading Resources:



- *The Guardian* has an entire series of articles called “The United States of Plastic” that explore the depth and breadth of our plastic problem.
 - <https://www.theguardian.com/us-news/series/united-states-of-plastic>
- *National Geographic* also ran an entire issue of their magazine called “Planet or Plastic?” and they keep a page on their website updated with recent articles, actions people have taken, and various pledges and ways to get involved.
 - <https://www.nationalgeographic.com/environment/planetorplastic/>



Waste Zero Educational Resources for Elementary School



These resources have been compiled to teach students about reducing, reusing, recycling, and composting in conjunction with a unit on natural resources, conservation, or environmental science. We hope to help spark a meaningful discussion and inspire students to make a positive environmental impact at home and at school.



Recommended Activity: Material Life Cycle Analysis

- Ask students to pick a material that they frequently encounter (i.e. cardboard delivery boxes, plastic bottles, aluminum cans, plastic bags, paperboard pasta boxes, etc.). Ask them to complete a Life Cycle Analysis on this material.
 - How was this item made? What natural resources were used?
 - What happens to this item when they are done using it?
 - Can this item be recycled or composted? You can refer students to our website www.Recology.com/RSMWhatBin.

Recommended Activity: Visual Waste Assessment

- Have students complete a “waste log” for one week, where they keep track of:
 - What they are disposing of
 - How they are sorting each material
 - Connected to the life cycle analysis activity: what happens once they put their items in the garbage, recycling, or compost?
 - A visual estimation of what percent of their waste is garbage, recycling, and compost (this can be a good opportunity to connect to fractions or percentages, if students are learning those concepts)
 - Reflect on the experience:
 - Were they surprised by how much they threw away?
 - Were they surprised by the amount of garbage, recycling, or compost they had?
 - Have their observations led them to think of ways to change their behaviors?

Recology envisions a world without waste.

Waste Zero Educational Resources for Elementary School

Games:



- “Recycle Round Up” from National Geographic
 - This game has students prevent waste from being littered at the park – they need to sort it into garbage, recycling, or compost.
 - <https://kids.nationalgeographic.com/games/action-and-adventure/recycle-roundup-new/>
 - Recommended follow-up:
 - Do you ever notice litter at the park or in other public places?
 - Why is it important to prevent litter? What harm can it do?
 - Why is correct sorting important?

Songs:



- Jack Johnson’s “The 3Rs” song talks about reducing, reusing, and recycling. Don’t forget to talk about the 4th R: rot!
 - Link to sing-along video: https://www.youtube.com/watch?v=USo_vH1Jz7E

Video Resources:



- “How Recycling Works!” (4 minutes)
 - Gives a good high level overview of what happens to different kinds of waste after they are disposed of.
 - <https://www.youtube.com/watch?v=VIRVPum9cp4>
- “Composting for Kids” (2 minutes)
 - This video is meant for elementary school students and gives a good, concise overview of the benefits of composting and how it works.
 - <https://www.youtube.com/watch?v=qHYzRaepMw>
- “The Story of Plastic” from The Story of Stuff Project (4 minutes)
 - Details what is going on behind the scenes with our plastics, and what happens to them after we put them in the recycling bin.
 - https://youtu.be/urFZ5o0az_4
- “The Story of Stuff” from The Story of Stuff Project (20 minutes)
 - Focuses on how our linear “stuff” economy can’t work on our finite planet with finite resources.
 - <https://youtu.be/9GorqroigqM>
- “The Story of Bottled Water” from the Story of Stuff Project (8 minutes)
 - Explores how the water bottle industry created demand for a product we do not need, and why we should opt for refillable water bottles.
 - <https://youtu.be/Se12y9hSOM0>

<u>RECOLOGY 2020 DISPOSAL/DIVERSION(TONS)</u>	<u>1stQ</u>	<u>2ndQ</u>	<u>3rdQ</u>	<u>4thQ</u>	<u>TOTAL</u>
Recology Recycled Collected (Curbside & Buyback)(1)	2,849	2,867			
Recology C&D, Wood, Inerts	694	1,012			
Recology Green waste & residential food waste for compost	3,345	4,139			
Recology Commercial Food Waste for compost	211	192			
TOTAL TONS COLLECTED AND PROCESSED FOR RECYCLING	7,100	8,209			
RECYCLING RESIDUALS DISPOSED	-864	-1,179			
RESIDUALS DISPOSED AS PERCENT OF RECYCLING	12.18%	14.30%			
TOTAL TONS DIVERTED	6,236	7,030			
GARBAGE DISPOSAL					
MSW & Debris Box	6,063	6,043			
TOTAL GARBAGE TONS DISPOSED	6,063	6,043			
TOTAL DISPOSAL (GARBAGE + RESIDUALS)	6,927	7,222			
TOTAL WASTE GENERATED(DISPOSAL + RESIDUALS + DIVERTED)	13,163	14,252			
PERCENT DIVERTED	47.38%	49.33%			

(1) Novato Recycling Center/Buyback was closed entire 2nd quarter

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: 2020 Household Hazardous Waste (HHW) facility status and 2020 HHW reports – <u>information only</u>.	MEETING DATE: September 14, 2020 AGENDA ITEM NO.: 7.e.
RECOMMENDED ACTION: Receive status update on Household Hazardous Waste (HHW) facility, and 2020 HHW reports – <u>information only</u>.	
SUMMARY AND DISCUSSION: <u>Update on HHW facility</u> <p>On March 17, 2020, the HHW Facility shut down and remained shut-down for 2 months due to the COVID-19 pandemic. Subsequently, in order to reopen safely for both residents and HHW facility workers, it was decided to reopen the facility to the public by appointment only. Staff was able to have an appointment system set up on the District’s website in a week and the system was enabled to start accepting appointments by the end of May. The appointment system has worked very well, and as of September 1, 2020 has processed over 1,415 appointments.</p> <p>In summary:</p> <ul style="list-style-type: none"> • All state and county protocols are in place. All workers are in total PPE at all times and practicing social distancing as much as possible. The facility office, restroom and control room are cleaned regularly. • Residents served by the HHW facility can make an appoint online at www.novatosan.com or by calling the hotline at (415)892-7344. At the facility, all customers are required to follow safety precautions – wear a mask; stay in their vehicle; keep all waste in the trunk. • The facility does accept “walk-ins”, although these have been decreasing as more residents become aware of the appointment system. • Most residents are thankful the facility has reopened and appreciate the appointment system. <p>The appointment system is expected to stay in place at least through year end and possibly longer. The system was designed to be flexible and may be modified to accept more appointments on a daily basis or accommodate the facility to be open more days on a monthly basis, if necessary. Staff will continue to monitor the situation and modify operations as needed.</p> <p><u>2020 HHW Reports</u></p> <p>The 2020 HHW reports are provided as Attachment 1. Staff will be available to answer any questions.</p>	
ATTACHMENTS: 1. 2020 HHW reports.	
STRATEGIC PLAN INFORMATION: This item addresses Goal 1 (Operational Excellence) of the latest Strategic Plan Update.	
Prepared by: dlj	Reviewed by General Manager: SSK

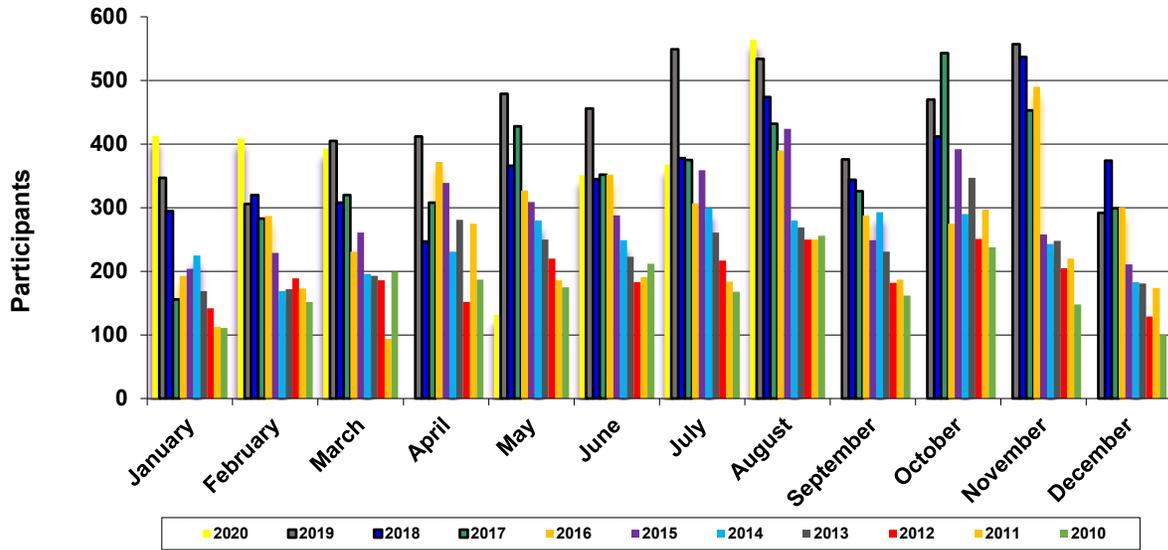
HHW PARTICIPANTS 2006 - 2020

	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Totals</u>	
2020	413	409	393	<u>N/A</u>	132	351	368	564						open 2 days in May;5 days in June;6 days in August
2019	347	306	405	412	479	456	549	534	376	470	557	292	5,183	
2018	295	320	308	247	366	345	378	474	344	412	537	374	4,400	
2017	156	283	320	308	428	352	375	432	326	543	453	299	4,275	
2016	193	287	231	372	327	352	307	390	288	275	490	300	3,812	
2015	204	229	261	339	309	288	359	424	249	392	258	211	3,523	open 3 days in April, 6 days in August
2014	225	169	196	231	280	249	299	280	293	290	262	183	2,957	open 3 days in April
2013	169	172	193	281	250	223	261	269	231	347	248	181	2,825	
2012	142	189	186	152	220	183	217	250	182	251	205	129	2,306	
2011	113	173	94	275	186	191	184	250	187	297	220	174	2,344	
2010	111	152	199	187	175	212	168	256	162	238	148	100	2,108	August 6 days
2009	138	102	117	184	146	201	179	237	189	183	170	188	2,034	August 6 days
2008	101	118	155	198	147	132	186	156	187	205	130	121	1,836	
2007	96	90	111	110	113	98	129	136	152	133	131	117	1,416	
2006	57	118	115	112	140	111	145	120	119	95	106	73	1,311	
% Change from 2019	19.02%	33.66%	-2.96%		-72.44%	-23.03%	-32.97%	5.62%						

HHW FACILITY SUMMARY 2020	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
Total Participants	413	409	393		132	351	368	564					
Been to events before?(Yes)	361	343	319			51	36	56					
Permanent facility?	329	311	293										
Temporary events?	66	52	34										
First time user?	52	66	74			8	2	10					
Type of waste brought in?													
Antifreeze	20	21	20			4	2	4					
Asbestos	0	5	2			0	0	2					
Auto products	43	49	43			6	0	8					
Batteries, household	150	139	105			31	21	46					
Car batteries	6	8	6			3	1	1					
Computer monitors	21	31	30			5	2	3					
Cements, sealers	39	45	40			8	4	10					
E-Waste	212	201	175			28	24	29					
Fluorescent tubes& bulbs	71	76	68			17	13	20					
Fuels(gas, kerosene, diesel)	29	36	20			6	4	6					
Household cleaners, polishes	84	91	72			18	10	23					
Latex paint	116	116	140			29	23	27					
Motor oil/filters	60	63	58			7	4	8					
Oil base paint	69	74	97			13	6	9					
Paint thinners, solvents	63	67	65			17	5	10					
Pesticides, herbicides, insecticides	54	53	51			16	12	15					
Pet care products	8	7	3			2	0	2					
Photo chemicals	3	2	1			0	0	0					
Pool Chemicals	8	5	8			3	0	2					
Propane/helium tanks/fire extinguishers	26	34	31			8	4	8					
Sharps	4	5	1			1	0	2					
Spray paints	41	57	46			17	9	12					
Television	30	33	29			4	3	3					
Thermometers/Thermostats	6	5	4			2	1	1					
Wood preservatives, stains	36	39	34			12	6	8					
Other	3	3	8			3	0	1					
Hear about program?													
Recycling Center flier	128	134	145			14	13	22					
Sanitary District newsletter	84	72	41			18	2	4					
Sanitary District website	67	52	54			11	17	13					
Recology newsletter	169	164	128			31	19	30					
Word of mouth	69	89	50			8	6	15					
Other	34	38	38			7	0	8					
Change your own motor oil?													
Yes	69	54	37			5	5	7					
Novato Recycling Center	44	40	27			2	4	3					
O'Reilly's	32	20	15			3	0	4					
Pennzoil	1	1	1			0	0	0					
Other	1	0	1			0	1	0					
If yes, want curbside pickup?	22	16	9			5	2	3					
No	344	355	356			52	31	58					
Comments													
Compliments/Good	130	123	83			20	15	32					
Open more Often	4	4	3			1	1	2					
Wait too long	0	0	0			0	0	0					
Wanted walk-up or curbside service	0	0	0			0	0	0					
More publicity		1	0			0	0	1					
E-Waste ONLY	138	117	81			0	0	0					

** Beginning with appointments in May, questionnaires are submitted voluntarily online

HHW Facility Monthly Participation 2010- 2020



NOVATO SANITARY DISTRICT

PROPOSED SCHEDULE TO CONSIDER MODIFICATIONS AND ESTABLISH MAXIMUM SOLID WASTE SERVICE CHARGES FOR CALENDAR YEAR (CY) 2021

September 14, 2020	Regular Board meeting - set Public Hearing date for November 9, 2020.
Week of September 28 to October 5, 2020	Solid Waste Committee meeting to consider rate review report and make recommendation to Board of Directors (date to be finalized).
October 12, 2020	Regular Board meeting. Board receives report and recommendation from Solid Waste Committee.
October 15, 2020	1st Public Hearing legal notice published in Marin Independent Journal.
October 29, 2020	2 nd Public Hearing legal notice published in Marin Independent Journal.
November 9, 2020	Regular Board meeting. Public Hearing to hear public comments and consider adoption of Resolution Setting Maximum Refuse Charges for Recology Sonoma Marin (RSM).
November 12, 2020 (or first available publication date).	Publication of Resolution and Refuse Disposal Charges in Marin Independent Journal, to be effective January 1, 2021.

Public Hearing Noticing Procedures:

- Hearing Notice published once a week for two successive weeks with at least 5 days intervening between the respective publication dates. First publication to be at least 14 days prior to the date set for hearing. (Publish in Marin IJ).
- Resolution with new rates to be published once in the IJ to be effective on January 1, 2021.

NOVATO SANITARY DISTRICT

**NOTICE OF INTENT AND PUBLIC NOTICE
TO CONSIDER MODIFICATIONS AND ESTABLISH MAXIMUM SOLID
WASTE SERVICE CHARGES FOR CALENDAR YEAR (CY) 2021**

NOTICE IS HEREBY GIVEN that it is the intention of the Board of Directors of the Novato Sanitary District to consider modification of the maximum solid waste service charges.

NOTICE IS FURTHER GIVEN that on Monday, November 9, 2020, at 5:30 PM at the regular meeting of Novato Sanitary District, 500 Davidson Street, Novato, CA 94945, held via Zoom® teleconferencing, said Board will hear all persons desiring to be heard and shall consider adoption of the maximum solid waste service charges applying within the Novato Sanitary District for Calendar Year (CY) 2021.

BY ORDER OF THE BOARD OF DIRECTORS OF THE NOVATO SANITARY DISTRICT

Dated: September 14, 2020

/s/ Sandeep Karkal
Sandeep Karkal, Secretary
Novato Sanitary District

Publish October 15 and 29, 2020

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Administration/Finance: Refinance and Extinguish the District’s current CalPERS Pension Unfunded Actuarial Liability (UAL).	MEETING DATE: September 14, 2020 AGENDA ITEM NO.: 8.a.,b.,&c.
RECOMMENDED ACTIONS: <ul style="list-style-type: none"> a. Receive update presentation titled “2020 Refinancing – CalPERS UAL” from finance team, including bids received from potential lenders, and available refinancing options. b. Approve recommended refinancing option with California Bank & Trust (CB&T). c. Adopt Resolution No. 3145: “<i>Authorizing the Refinancing of the District’s CalPERS Unfunded Actuarial Accrued Liability (UAL) in an amount not to exceed \$6,800,000 and Approving Related Agreements and Actions</i>”, which approves the finance team; approves the form of Indenture of Trust; and authorizes the refinancing transaction on the terms set forth therein. 	
SUMMARY AND DISCUSSION: <p>The District has a current CalPERS unfunded accrued liability (UAL) of about \$6.65 million, which CalPERS will amortize at an interest rate of 7% through 2045. In other words, the District has an outstanding debt/loan balance with CalPERS of \$6.65 million which it is currently paying off over a 25-year term at a CalPERS imposed interest rate of 7%.</p> <p>At the August 10, 2020 Board meeting, NHA Advisors LLC (NHA) advised that the Board could refinance this CalPERS UAL/loan balance with a lower interest rate and a shorter term and realize considerable savings. For example, NHA noted that refinancing with a 16-year term (through about 2037), at a current market interest rate of around 3%, would result in a cumulative savings to the District of about \$3.4 million relative to the current 25 year (through 2045) CalPERS UAL/loan balance. Following NHA’s presentation, the Board unanimously directed staff and NHA to proceed with the UAL refinancing, to be initially modeled on a 16-year maturity, and through a private placement bank sale.</p> <p>Accordingly, the NHA team prepared and distributed a Request for Proposals (RFP) to 26 potential bank lenders on August 28, 2020. An update presentation including bid results and a recommended refinancing option with California Bank and Trust (CB&T) is provided (Attachment 1). Repayment of the refinanced amount to CB&T would be payable by the District from net revenues of the Wastewater System, on a parity basis with amounts owed to holders of the District’s 2017 and 2019 Revenue Bonds.</p> <p>At this time, Board direction is required as to proceed with the refinancing. If the Board wishes to proceed, it is recommended that the Board approve the recommended option, and also adopt Resolution No. 3145: “<i>Authorizing the Refinancing of the District’s CalPERS Unfunded Actuarial Accrued Liability (UAL) in an amount not to exceed \$6,800,000 and Approving Related Agreements and Actions</i>”, (Attachment 2).</p> <p>If adopted, the Resolution will have the effect of approving the finance team, approving the form of an Indenture of Trust (Attachment 3), and authorizing the refinancing transaction. The financing team includes NHA, which is serving as financial advisor to the District; Brandis Tallman LLC, a division of Oppenheimer & Co, as placement agent; and Jones Hall, as bond counsel to the District. The adopted Resolution will also authorize the Board President and the General Manager-Chief Engineer to execute various agreements, and actions as required to complete the refinancing.</p>	
ATTACHMENTS: 1. Presentation titled “Novato Sanitary District 2020 Refinancing - CalPERS UAL”. 2. Draft Resolution No. 3145: <i>Authorizing the Refinancing of the District’s CalPERS Unfunded Actuarial Liability (UAL) in an amount not to exceed \$6,800,000 and Approving Related Agreements and Actions</i> ”. 3. Draft Indenture of Trust. 4. Government Code Section 5852.1 Good-Faith Estimates Prepared by NHA. 5. Information sheet on California Bank and Trust (CB&T) from their website. 6. E-mail from Director Long - “PERS Payoff loan”.	
STRATEGIC PLAN INFORMATION: This item addresses Goal 4 (Well Planned Finances with a Long Range Outlook), and Goal 3 (Alignment and Communications), of the latest Strategic Plan Update.	
Prepared by: lmc, ssk	Reviewed by General Manager: SSK

NOVATO SANITARY DISTRICT

2020 REFINANCING – CALPERS UAL



Recap of August 10th Board Meeting

- ▶ Staff and NHA Advisors presented information on CalPERS cost trends and cost management strategies for District's pension Unfunded Accrued Liability (or UAL) and OPEB UAL, at Aug 10th, 2020 Board meeting
 - ▶ Benefits and risks and various options for a UAL Restructuring were discussed
 - ▶ Board unanimously provided direction to move forward with UAL restructuring, initially with a 16-year maturity, and using the private placement sale method
- ▶ Since that time, staff and its financing team has further refined options per Board guidance, drafted financing documents, and distributed a Lender RFP
 - ▶ Analysis was also updated with new actuarial reports just released by CalPERS
- ▶ Lender RFP was distributed to 26 banks on August 27th
 - ▶ 3 Options were presented (15, 18- and 21-year maturities) along with a request for a short "call feature" to allow District to pay off debt in as early as 5 years
 - ▶ Indicative bids due COB Wednesday, September 9th with final term sheets due Monday, September 14th



Revisiting Objectives of UAL Refinancing

- ▶ District has a current UAL/debt/loan outstanding with CalPERS of \$6.65M
 - ▶ Interest rate on this debt is 7% and amortizes over 25 years
 - ▶ Repayment shape of debt is uneven (rapidly escalating then declining)
- ▶ Objectives of refinancing the UAL Debt:
 1. Eliminate 7% CalPERS UAL/debt/loan and replace with < 3% debt
 2. Create a payment shape that is more predictable/smooth and at a lower level
 - ▶ Projected cash flow savings enhance financial position and improve budget predictability/rate management
 3. New debt should have increased flexibility to prepay early if District desires
 - ▶ Standard prepayment terms are 10 years (like District's other bond issuances)
 - Through Lender RFP, financing team sought more aggressive prepayment terms (< 5 years for lockout period)



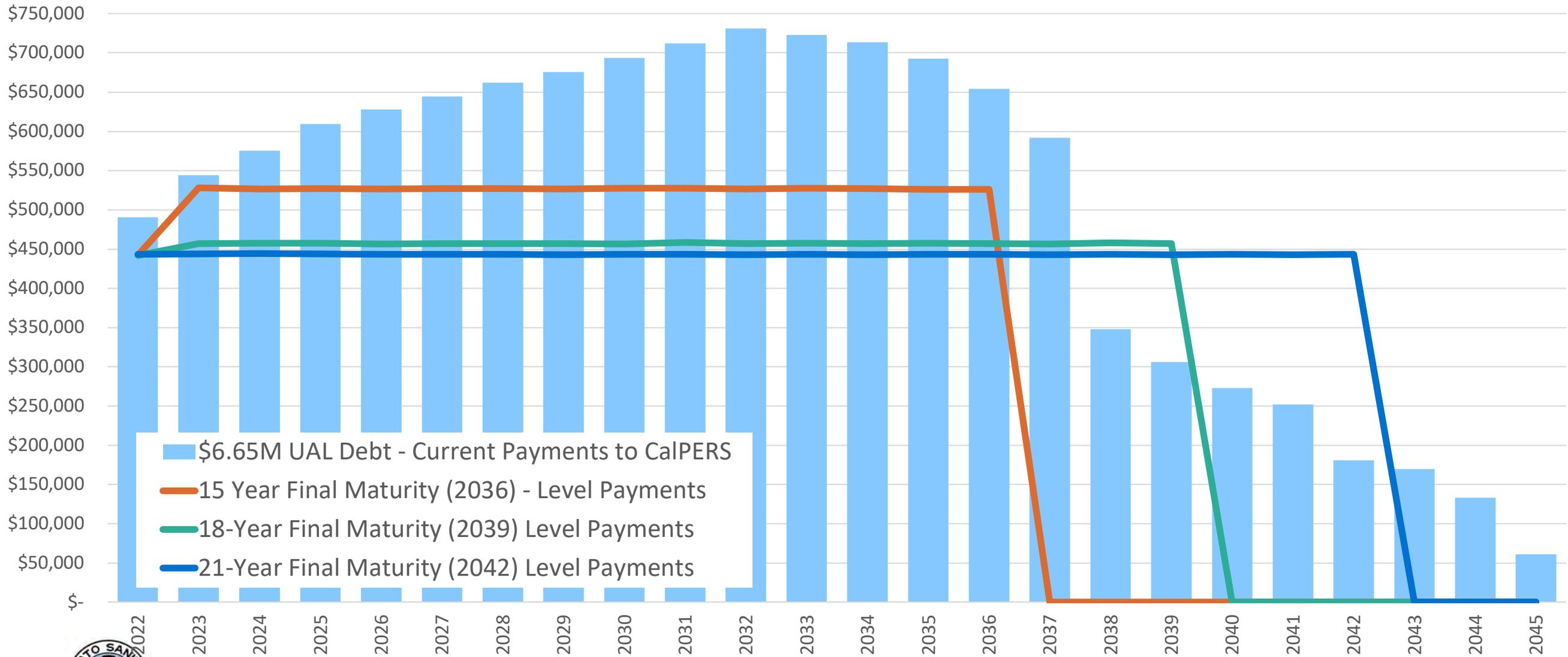
Banks Solicited through Lender RFP

- ▶ American River Bank
- ▶ Banc of California
- ▶ Branch Banking & Trust
- ▶ BBVA Compass Bank
- ▶ BCI Bank
- ▶ Bank of America
- ▶ Bank of Marin
- ▶ Bank of the West
- ▶ Banner Bank
- ▶ California Bank & Trust
- ▶ Capital One Bank
- ▶ Chase
- ▶ CoBank
- ▶ F&M Bank
- ▶ Five Star Bank
- ▶ First Foundation Bank
- ▶ Flagstar Bank
- ▶ Municipal Finance Corporation
- ▶ Pacific Western Bank
- ▶ Pinnacle Bank
- ▶ River City Bank
- ▶ Signature Bank
- ▶ Sterling National Bank
- ▶ US Bank
- ▶ Wells Fargo Bank
- ▶ Western Alliance Bank



3 Options Presented in Lender RFP

15, 18- and 21-Year Maturities (All Shorter Than Current 24 Year UAL Maturity)



Indicative Bids – Lowest Bid By Option and Est. Savings Comparison

- ▶ 7 bidders, 14 bids received - ranged from 2.37% to 3.07% for the 15-year, 2.38%* to 4.25% for the 18-year and 3.50% to 4.30% for the 21 year

Metrics	15 Year Final Maturity (2036) - Level Payments	18-Year Final Maturity (2039) Level Payments	21-Year Final Maturity (2042) Level Payments
UAL Funded (\$) - June 30, 2021	\$6,645,174	\$6,645,174	\$6,645,174
Discounted Pay Off Amount on 11/1/2020	\$6,355,040	\$6,355,040	\$6,355,040
UAL Funded (%)	100%	100%	100.0%
Avg. Life (Avg. Weighted Maturity)	8.579 Years	10.227 Years	12.359 Years
Final Maturity	15 Years	18 Years	21 Years
Lowest Interest Rate Bid	2.37%	2.38% (first 15 years); Var Last 3 years. Blended Est. = 2.57%*	3.50%
All-In Rate w/Costs)	2.67%	2.83%	3.73%
Bank with Lowest Bid	California Bank & Trust	California Bank & Trust	Pacific Western Bank
Prior UAL Payments	\$12,065,021	\$12,065,021	\$12,065,021
New Pension Bond Payments	<u>(\$7,821,559)</u>	<u>(\$8,215,252)</u>	<u>\$9,311,603</u>
Cumulative Savings	\$4,243,462	\$3,849,769	\$2,753,419
Present Value Savings (% of UAL)	44.75%	42.03%	30.41%
Present Value Savings (\$)	\$2,973,467	\$2,792,777	\$2,020,507
Average Annual Savings (2022-2037)	\$157,421	\$190,008	\$202,805
Est. Debt Service Coverage After Issuance	2.06x	2.09x	2.09x

* 2.38% is fixed for first 15 years of principal; 2.98% rate on last 3 years of principal is fixed for first 15 years. Rate on last 3 years of principal is re-set in year 16.



Annual Savings Comparison

15 Year Final Maturity (2036) - Level Payments					
FY	Current UAL Payment	Bond Debt Service	Total Payments	Savings	PV Savings
2022	490,560	442,306	442,306	48,254	46,046
2023	544,030	527,850	527,850	16,180	15,083
2024	575,609	526,749	526,749	48,860	44,491
2025	609,722	527,447	527,447	82,275	73,185
2026	628,088	526,919	526,919	101,169	87,908
2027	644,815	527,167	527,167	117,648	99,861
2028	662,000	527,177	527,177	134,823	111,790
2029	675,254	526,951	526,951	148,303	120,122
2030	693,277	527,475	527,475	165,802	131,187
2031	711,794	527,751	527,751	184,043	142,250
2032	730,821	526,766	526,766	204,055	154,067
2033	722,466	527,532	527,532	194,934	143,774
2034	713,109	527,014	527,014	186,095	134,078
2035	692,179	526,247	526,247	165,932	116,784
2036	654,393	526,207	526,207	128,186	88,130
2037	592,182	0	0	592,182	397,712
2038	348,149	0	0	348,149	228,407
2039	305,919	0	0	305,919	196,056
2040	273,178	0	0	273,178	171,021
2041	252,252	0	0	252,252	154,265
2042	181,095	0	0	181,095	108,186
2043	169,939	0	0	169,939	99,172
2044	133,047	0	0	133,047	75,846
2045	61,143	0	0	61,143	34,049
Total	12,065,021	7,821,559	7,821,559	4,243,462	2,973,467

18-Year Final Maturity (2039) Level Payments					
FY	Current UAL Payment	Bond Debt Service	Total Payments	Savings	PV Savings
2022	490,560	441,969	441,969	48,591	46,187
2023	544,030	457,021	457,021	87,009	80,633
2024	575,609	457,786	457,786	117,823	106,454
2025	609,722	457,360	457,360	152,362	134,212
2026	628,088	456,780	456,780	171,308	147,121
2027	644,815	457,021	457,021	187,794	157,240
2028	662,000	457,072	457,072	204,928	167,288
2029	675,254	456,932	456,932	218,322	173,758
2030	693,277	456,602	456,602	236,675	183,646
2031	711,794	458,070	458,070	253,724	191,944
2032	730,821	457,312	457,312	273,509	201,729
2033	722,466	457,363	457,363	265,103	190,631
2034	713,109	457,188	457,188	255,921	179,419
2035	692,179	457,799	457,799	234,380	160,201
2036	654,393	457,184	457,184	197,209	131,418
2037	592,182	456,715	456,715	135,467	88,012
2038	348,149	458,065	458,065	(109,916)	(69,623)
2039	305,919	457,013	457,013	(151,094)	(93,309)
2040	273,178	0	0	273,178	164,477
2041	252,252	0	0	252,252	148,073
2042	181,095	0	0	181,095	103,641
2043	169,939	0	0	169,939	94,820
2044	133,047	0	0	133,047	72,376
2045	61,143	0	0	61,143	32,428
Total	12,065,021	8,215,252	8,215,252	3,849,769	2,792,777

21-Year Final Maturity (2042) Level Payments					
FY	Current UAL Payment	Bond Debt Service	Total Payments	Savings	PV Savings
2022	490,560	443,483	443,483	47,078	43,948
2023	544,030	443,958	443,958	100,073	90,263
2024	575,609	444,048	444,048	131,562	114,653
2025	609,722	443,858	443,858	165,865	139,661
2026	628,088	443,388	443,388	184,701	150,264
2027	644,815	443,638	443,638	201,178	158,136
2028	662,000	443,555	443,555	218,445	165,905
2029	675,254	443,175	443,175	232,079	170,301
2030	693,277	443,463	443,463	249,815	177,118
2031	711,794	443,400	443,400	268,394	183,858
2032	730,821	442,988	442,988	287,834	190,509
2033	722,466	443,208	443,208	279,259	178,585
2034	713,109	443,060	443,060	270,049	166,858
2035	692,179	443,510	443,510	248,669	148,453
2036	654,393	443,540	443,540	210,853	121,622
2037	592,182	443,150	443,150	149,032	83,057
2038	348,149	443,340	443,340	(95,191)	(51,258)
2039	305,919	443,058	443,058	(137,139)	(71,349)
2040	273,178	443,320	443,320	(170,142)	(85,527)
2041	252,252	443,093	443,093	(190,841)	(92,689)
2042	181,095	443,375	443,375	(262,280)	(123,079)
2043	169,939	0	0	169,939	77,051
2044	133,047	0	0	133,047	58,285
2045	61,143	0	0	61,143	25,880
Total	12,065,021	9,311,603	9,311,603	2,753,419	2,020,507



Initial Takeaways

- ▶ The 21-year option was not desired by most banks (*3.50% lowest bid*)
- ▶ California Bank & Trust (CB&T) was very aggressive on the 15 year and 18-year options
 - ▶ Cumulative savings estimated at \$3.85M to \$4.24M; \$2.8M to \$3M on a present value basis
 - ▶ First 15 years of loan for 18-year option fixed at 2.38%; last 3 years of loan fixed at 2.98% for first 15 years (rate is re-set in year 16 for remaining portion of loan)
- ▶ Importantly, CB&T requires no legal fees, and the loan is callable anytime* with 30-day notice (*i.e. no prepayment penalties)
 - ▶ Only bank with no “lock out period”; loan maturities can be partially or fully called
 - ▶ Applies to both the 15- and 18-year option



15 Year vs. 18 Year

▶ 15 Year Option

- ▶ **Pros:** Lowest rate (2.67% all-in) and highest projected savings (\$3M PV)
 - ▶ Pays off pension debt 9 years earlier than currently scheduled with CalPERS
- ▶ **Cons:** Higher annual debt payment provides less annual cash flow savings for first 15 years
 - ▶ Slightly lower debt service coverage

▶ 18 Year Option

- ▶ **Pros:** Higher annual cash flow savings for first 15 years (\$1M more)
 - ▶ Pays off pension debt 6 years earlier than currently scheduled with CalPERS
- ▶ **Cons:** Slightly higher rate (2.83% all-in estimated) and slightly lower savings (\$2.8M PV)
 - ▶ Variable rate for last 3 years of loan (\$1.3M subject to variable rate and only for 3 years; this portion is fixed at 2.98% for first 15 years)



Recommendation/Rationale

- ▶ **Summary:** District has two great bids from CB&T at rates significantly lower than projected initially
 - ▶ Lower rate than ALL other UAL restructuring bonds issued in last several years
 - ▶ Most others between 3.50% and 4.25%; AAA Larkspur was 3.12% and AAA Glendora was 2.85%
 - ▶ Ability to pay off debt (with no prepayment penalties) at any time provides great flexibility for the District
- ▶ **Recommended Option:** 18-year maturity
 - ▶ Very small penalty on interest rates/savings vs. the 15-year option
 - ▶ Savings through 2036 is \$1M higher than 15-year option
 - ▶ Better resiliency, debt service coverage and rate management
 - ▶ Addressing variable rate portion of loan (\$1.3M of loan principal)
 - ▶ Only a small portion of loan subject to variable rate, and only for 3 years
 - ▶ No lockout prepayment provisions allow District to partially or fully pay off anytime, for any reason, if desired
 - ▶ District has over \$1.8M (not including future investment earnings) in PARS Pension 115 Trust that can be used in future to pay off



Next Steps

- ▶ That the Board provide Staff guidance to execute the 18 year with CB&T
 - ▶ Alternative #1: 15-year option
 - ▶ Alternative #2: Don't execute any option
- ▶ That the Board:
 - ▶ Approve the financing team (NHA Advisors, Brandis Tallman, and Jones Hall)
 - ▶ Approve the form of financing documents (Resolution No. 3145 and Indenture),
 - ▶ Grant authority to the Board President and General Manager to execute final documents
- ▶ Once preferred lender and option is identified, documents will be finalized, and financing will be closed
 - ▶ Proceeds wired to CalPERS in late September/early October to extinguish the pension UAL



NOVATO SANITARY DISTRICT

RESOLUTION NO. 3145

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE NOVATO
SANITARY DISTRICT AUTHORIZING THE REFINANCING OF
OUTSTANDING WASTEWATER SYSTEM OBLIGATIONS IN AN
AMOUNT NOT TO EXCEED \$_____, AND APPROVING
RELATED AGREEMENTS AND ACTIONS**

WHEREAS, the Novato Sanitary District (the “District”) owns and operates facilities and property for the collection, treatment and disposal of wastewater within the service area of the District (the “Wastewater System”); and

WHEREAS, the District has previously elected to become a contracting member of the California Public Employees’ Retirement System (“PERS”), and as such the District is obligated by Sections 20000 *et seq.* of the California Government Code (the “Retirement Law”), to make payments to PERS for pension benefits accruing to current and former District employees who are PERS members, including retired employees (the “PERS Obligations”); and

WHEREAS, the District currently has an unfunded actuarial accrued liability in respect of the PERS Obligations in the amount of approximately \$_____; and

WHEREAS, at current market interest rates, the District can refinance the unfunded actuarial accrued liability in respect of the PERS Obligations via issuance of a refunding bond, loan, note or other instrument (the “2020 Refunding Obligation”) to realize interest savings, cash flow flexibility and/or accomplish a more prudent repayment schedule; and

WHEREAS, the Board of Directors wishes at this time to authorize the execution and delivery of the 2020 Refunding Obligation under the Bond Law (as herein defined) to provide funds to refinance some or all of the District’s unfunded actuarial accrued liability in respect of the PERS Obligations and to pay the costs of the refinancing, such obligation to be secured by a pledge of the net revenues of the Wastewater System on a parity with the District’s outstanding wastewater revenue refunding bonds that were issued in 2017 and 2019; and

WHEREAS, the information required to be obtained and disclosed with respect to the refinancing by the Board of Directors in accordance with Government Code Section 5852.1 is set forth in the staff report accompanying this Resolution; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Novato Sanitary District as follows:

Section 1. Refinancing of PERS Obligations. The Board of Directors hereby authorizes the execution and delivery of the 2020 Refunding Obligation under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the “Bond Law”), for the purpose of providing funds to refinance some or all of the District’s unfunded

actuarial accrued liability in respect of the PERS Obligations and to pay the costs of the refinancing, such obligation to be secured by a pledge of the net revenues of the Wastewater System on a parity with the District's outstanding wastewater revenue refunding bonds that were issued in 2017 and 2019.

Section 2. Sale of 2020 Refunding Obligation via Private Placement. The Board of Directors hereby authorizes the sale of the 2020 Refunding Obligation to the lowest qualified bidder selected by the President of the Board of Directors or the General Manager-Chief Engineer/Secretary (each an "Authorized Officer"), following a request for proposals process undertaken with respect to private placement banks and other financial institutions; provided, however, that the principal amount of the 2020 Refunding Obligation shall not exceed \$ _____, and the net present value savings from such refinancing shall equal not less than _____%.

Section 3. Approval of Indenture or Similar Legal Instrument. The 2020 Refunding Obligation shall be issued pursuant to an Indenture of Trust (the "Indenture") between the District and The Bank of New York Mellon Trust Company, N.A., as trustee, a loan agreement, or other instrument evidencing the pledge of the net revenues of the Wastewater System to the repayment of the 2020 Refunding Obligation. The Indenture in substantially the form on file with the Secretary is hereby approved, together with any changes therein or additions thereto deemed advisable by an Authorized Officer, and the execution thereof by an Authorized Officer shall be conclusive evidence of the approval of such changes and additions.

In lieu of the Indenture, a loan agreement or similar instrument may be executed and delivered by an Authorized Officer to evidence the terms of the 2020 Refunding Obligation, as deemed necessary or appropriate by an Authorized Officer, in consultation with Jones Hall, A Professional Law Corporation, as bond counsel to the District, and NHA Advisors, LLC, as municipal advisor to the District, without any further approval or action required by the Board of Directors, so long as the parameters in Section 2 are met.

The Board of Directors hereby authorizes and directs an Authorized Officer to execute, and the Secretary to attest, said form of the Indenture, loan agreement or similar instrument for and in the name of the District.

Section 4. Parameters Resolution; Further Authority. This resolution is intended to be a "parameters resolution," in which the Board of Directors approves execution and delivery of the 2020 Refunding Obligation in accordance with a not-to-exceed principal amount and a minimum savings threshold, payable solely from the net revenues of the Wastewater System. The Authorized Officers are authorized and directed to execute a term sheet and any other additional financing documents and instruments that may be required by the private placement investor selected pursuant to Section 2, and the execution thereof by an Authorized Officer shall be conclusive evidence of approval of any such additional documents.

Section 5. Engagement of Professional Services. In connection with the execution and delivery of the 2020 Refunding Obligation, the Board of Directors hereby authorizes NHA Advisors, LLC to act as registered municipal advisor to the District, the firm of Jones Hall, A Professional Law Corporation, to act as bond counsel to the District, and the firm of Brandis Tallman LLC, a division of Oppenheimer & Co., to act as placement agent to the District. Each of the Authorized Officers is hereby authorized and directed to

execute an agreement with each of the foregoing firms in substantially the forms on file with the Secretary.

Section 6. Official Actions. The President of the Board and the General Manager-Chief Engineer/Secretary, or a written designee, are hereby authorized and directed, for and in the name and on behalf of the District, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to refinance the unfunded actuarial accrued liability in respect of the PERS Obligations and consummate the transaction described in this Resolution, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

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

The foregoing resolution was adopted at a regular meeting of the Board of Directors of the Novato Sanitary District held on the 14th day of September, 2020, by the following vote:

AYES

NOES

ABSENT:

Carole Dillon-Knutson, President
Board of Directors, Novato Sanitary District

ATTEST:

Sandeep Karkal, Secretary
Board of Directors, Novato Sanitary District

INDENTURE OF TRUST

between the

NOVATO SANITARY DISTRICT

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee

Dated as of October 1, 2020

Relating to

\$ _____
Novato Sanitary District
2020 Wastewater Revenue Refunding Bonds
(Federally Taxable)

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APPENDIX A: DEFINITIONS
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DRAFT

INDENTURE OF TRUST

This INDENTURE OF TRUST, dated as of October 1, 2020, is between the NOVATO SANITARY DISTRICT, a sanitary district duly organized and existing under the Constitution and laws of the State of California (the "District"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, with a corporate trust office in Los Angeles, California, and being qualified to accept and administer the trusts hereby created (the "Trustee").

BACKGROUND:

1. The District has previously elected to become a contracting member of the California Public Employees' Retirement System ("PERS"), and as such the District is obligated by Sections 20000 et seq. of the California Government Code (the "Retirement Law"), to make payments to PERS for pension benefits accruing to current and former District employees who are PERS members, including retired employees (the "PERS Obligations");

2. The District currently has an unfunded actuarial accrued liability in respect of the PERS Obligations in the amount of approximately \$_____.

3. The District has decided to refinance a portion of the unfunded actuarial accrued liability in respect of the PERS Obligations, and in order to provide funds for that purpose, the Board of Directors of the District has authorized the issuance of the Novato Sanitary District 2020 Wastewater Revenue Refunding Bonds (Federally Taxable) in the aggregate principal amount of \$_____ (the "Bonds") under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the "Bond Law").

4. The District previously issued its 2017 Bonds pursuant to the 2017 Indenture and the 2019 Bonds pursuant to the 2019 Indenture (as such terms are defined herein).

5. Section 3.04 of the 2017 Indenture and Section 3.04 of the 2019 Indenture permits the issuance of Parity Debt (as defined therein) secured by a first pledge of and lien on Net Revenues on a parity basis with the 2017 Bonds and 2019 Bonds, respectively, provided certain conditions are met, and, in connection with the issuance of the Bonds, the District has certified that the conditions set forth in said section 3.04 have been met.

6. The Bonds will be secured by a first pledge of and lien on the Net Revenues derived by the District from the operation of its Wastewater System, on parity with the 2017 Bonds and the 2019 Bonds.

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

AGREEMENT:

In order to secure the payment of the principal of and the interest on all the Bonds under this Indenture according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the District and the Trustee hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

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

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

SECTION 1.03. *Interpretation.*

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

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

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

ARTICLE II

ISSUANCE OF BONDS

SECTION 2.01. *Authorization and Purpose of Bonds.* The District has reviewed all proceedings heretofore taken and has found, as a result of such review, and hereby finds

and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the District is now duly empowered, under each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture.

The District hereby authorizes the issuance of Bonds in the aggregate principal amount of \$_____ under the Bond Law for the purposes of providing funds to refinance a portion of its unfunded actuarial accrued liability in respect of the PERS Obligations. The Bonds are authorized and issued under, and are subject to the terms of, this Indenture and the Bond Law. The Bonds are designated the "Novato Sanitary District 2020 Wastewater Revenue Refunding Bonds (Federally Taxable)".

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

Maturity Date (February 1)	Principal Amount	Interest Rate
20__	\$ _____	_____ %

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

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

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

The Trustee will pay interest on the Bonds by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the Registration Books as of the close of business

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

SECTION 2.03. *Redemption of Bonds.*

(a) Optional Redemption. The Bonds maturing on or after February 1, 20__ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after February 1, 20__, at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the date fixed for redemption, without premium. The District shall give written notice of any redemption of Bonds under this subsection (a) to the Trustee at least 45 days prior to the date of redemption or such shorter time as shall be acceptable to the Trustee.

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

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

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

- (i) the redemption date,
- (ii) the redemption price of the Bonds being redeemed (the "Redemption Price"),
- (iii) if fewer than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed, including (A) the CUSIP numbers of all

Bonds being redeemed; (B) the stated interest rate with respect to each Bond being redeemed; (C) the maturity date of each Bond being redeemed; and (D) any other descriptive information needed to identify accurately the Bonds being redeemed,

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

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

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

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

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

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

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

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

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

SECTION 2.04. *[Reserved]*.

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

The President of the Board of Directors of the District (or his or her designee) shall execute, and the Secretary of the District shall attest each Bond. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on any Bond ceases to be such officer before the Closing Date, such signature will nevertheless be as effective as if the officer had remained in office until the Closing Date. Any Bond may be signed and attested on behalf of the District by such persons as at the actual date of the execution of such Bond are the proper officers of the District, duly authorized to execute debt instruments on behalf of the District, although on the date of such Bond any such person was not an officer of the District.

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

SECTION 2.06. *Transfer and Exchange of Bonds.*

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

(b) Exchange. The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of the

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

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

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

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

ARTICLE III

ISSUE OF BONDS; PARITY DEBT

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

SECTION 3.02. *Deposit and Application of Proceeds.* On the Closing Date, the Trustee shall receive proceeds of the Bonds from the Original Purchaser in the amount of \$_____, and apply such amounts as follows:

(a) The Trustee shall deposit the amount of \$_____ to the Costs of Issuance Fund.

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

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

(a) *Costs of Issuance Fund.* There is hereby established a separate fund to be known as the "Costs of Issuance Fund", to be held by the Trustee in trust. The Trustee shall disburse moneys in the Costs of Issuance Fund from time to time to pay Costs of Issuance upon submission of a Request of the District stating (i) the person to whom payment is to be made, (ii) the amounts to be paid, and (iii) the purpose for which the obligation was incurred; in each case together with a statement or invoice for each amount requested thereunder. Each such Request of the District shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On _____ 1, 2021, the Trustee shall transfer any amounts remaining in the Costs of Issuance Fund to the Debt Service Fund to be applied to pay a portion of the interest next coming due and payable on the Bonds.

(b) *Refunding Fund.* There is hereby established a separate fund to be known as the "Refunding Fund", to be held by the Trustee in trust for the District and PERS. Into the Refunding Fund, the Trustee shall deposit \$_____, consisting of the following: (i) from the proceeds of the Bonds deposited pursuant to Section 3.02(b), \$_____ and (ii) from amounts available for such purpose and transferred to the Trustee from the District on or before the Closing Date of the Bonds, \$_____. Immediately following the deposit of such amount into the Refunding Fund on the Closing Date, the Trustee shall withdraw the entire amount on deposit in the Refunding Fund for transfer to PERS, in accordance with the instructions set forth in paragraph (x) of the Officer's Certificate of the District dated the Closing Date, and shall thereupon close the Refunding Fund.

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

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

- (b) The amount of Net Revenues, as shown by the books of the District for the most recent completed Fiscal Year for which audited financial statements of the District are available, or for any more recent consecutive 12-month period selected by the District, in either case verified by an Independent Accountant or a Financial Consultant or shown in the audited financial statements of the District, plus, at the option of the District any Additional Revenues, are at least equal to 125% of the maximum amount of Debt Service coming due and payable in the current or any future Fiscal Year with respect to (i) the Bonds and all Parity Debt then outstanding and (ii) the Parity Debt then proposed to be issued; and
- (c) The District shall deliver to the Trustee a Certificate of the District certifying, that the conditions precedent to the issuance of such Parity Debt set forth in the foregoing subsections of this Section 3.04 have been satisfied.

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

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

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

ARTICLE IV

REVENUES; FLOW OF FUNDS

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

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

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

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

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

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

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

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

- (i) the payment of any subordinate obligations or any unsecured obligations;
- (ii) the acquisition and construction of extensions and improvements to the Wastewater System;

- (iii) the payment or retirement of any of the Bonds or any other obligations of the District relating to the Wastewater System; or
- (iv) any other lawful purpose of the District relating to the Wastewater System.

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

The District may, but is not required to, withdraw from any amounts on deposit in the Rate Stabilization Fund and deposit such amounts in the Wastewater Fund in any Fiscal Year for the purpose of paying Debt Service coming due and payable in such Fiscal Year. Amounts so transferred from the Rate Stabilization Fund to the Wastewater Fund shall constitute Revenues for such Fiscal Year (except as otherwise provided herein), and shall be applied for the purposes of the Wastewater Fund. Amounts on deposit in the Rate Stabilization Fund shall not be pledged to or otherwise secure the Bonds or any Parity Debt. The District has the right at any time to withdraw any or all amounts on deposit in the Rate Stabilization Fund and apply such amounts for any lawful purposes of the District relating to the Wastewater System.

SECTION 4.04. *Investments.*

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

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

(c) General Investment Provisions. Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account. Whenever in this Indenture the District is required to transfer any moneys to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder shall be retained in the respective fund

or account from which such investment was made. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder upon receipt by the Trustee of the Request of the District. The Trustee or an affiliate may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee has no liability for losses arising from any investments made under this Section.

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

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

SECTION 4.05. *Valuation and Disposition of Investments.*

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

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

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

(d) For purposes of this Section 4.05, the term "Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona

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

ARTICLE V

FINANCIAL COVENANTS

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

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

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

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

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

SECTION 5.05. *Insurance.* The District will at all times maintain with responsible insurers all such insurance on the Wastewater System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Wastewater System. The District shall also maintain, with responsible insurers, worker's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect the District, the Trustee and the Owners of the Bonds. The Trustee has no liability to determine whether the District is in compliance with the provisions of this Section 5.05.

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

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

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

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

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

otherwise payable from, the Revenues or the Net Revenues during such Fiscal Year.

In addition, the District shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Wastewater System during each Fiscal Year which are sufficient to yield Net Revenues which are at least equal to 120% of the amount described in the preceding clause (b) for such Fiscal Year. For purposes of this paragraph, the amount of Net Revenues for a Fiscal Year will be computed on the basis that (a) any transfers from the Rate Stabilization Fund into the Wastewater Fund in such Fiscal Year are included in the calculation of Net Revenues, as provided in Section 4.03, (b) any transfers from the Wastewater Fund into the Rate Stabilization Fund in such Fiscal Year are deducted from the amount of Net Revenues to the extent such deposits are made from Revenues received by the District during that Fiscal Year, and (c) Revenues shall not include connection fees or interest income expected to be received in such Fiscal Year.

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

SECTION 5.09. *[Reserved].*

SECTION 5.10. *Continuing Disclosure.* The District will provide the following information to the Original Purchaser: _____.

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

ARTICLE VI

THE TRUSTEE

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

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

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

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

(d) Appointment of Successor Trustee. Any removal or resignation of the Trustee and appointment of a successor Trustee becomes effective upon acceptance of appointment by the successor Trustee. If no successor Trustee has been appointed and accepted appointment within 45 days following giving notice of removal or notice of resignation as aforesaid, the retiring Trustee, any Owner (on behalf of such Owner and all other Owners) may petition any federal or state court for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the District and to its predecessor Trustee a written acceptance thereof, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless, upon the receipt by the predecessor Trustee of the Request of the District or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the District will execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the District shall mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then maintains a rating on the Bonds, and to the Owners at the addresses shown on the Registration Books. If the District fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the District.

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

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

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

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

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

SECTION 6.03. *Rights and Liabilities of Trustee*.

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

the Owners of a majority in principal amount of the Bonds then Outstanding. The Trustee, either as principal or agent, may engage in or be entrusted in any financial or other transaction with the District.

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

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

(d) The Trustee will not be deemed to have knowledge of any Event of Default hereunder unless and until a responsible officer of the Trustee has actual knowledge thereof, or unless and until a responsible officer of the Trustee has received written notice thereof at its Office. Except as otherwise expressly provided herein, the Trustee is not bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default hereunder or thereunder. The Trustee is not responsible for the District's payment of principal and interest on the Bonds, the District's observance or performance of any other covenants, conditions or terms contained herein, or the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, and notwithstanding anything herein to the contrary, the Trustee is not responsible for reviewing the contents of any financial statements furnished to the Trustee under Section 5.06 and may rely conclusively on a Certificate of the District (if any) to establish the District's compliance with its financial covenants hereunder, including, without limitation, its covenants regarding the deposit of Revenues into the Wastewater Fund and the investment and application of moneys on deposit in the Wastewater Fund (other than its covenants to transfer such moneys to the Trustee when due hereunder).

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

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

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

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

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

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

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

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

(m) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

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

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

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and

established by a Certificate of the District, which shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may (but has no duty to), in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable. The Trustee may conclusively rely on any certificate or report of any Independent Accountant appointed by the District.

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means ("Electronic Means" means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the District shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the District, whenever a person is to be added or deleted from the listing. If the District elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The District understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The District shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the District and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the District. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The District agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

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

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

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

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

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

ARTICLE VII

MODIFICATION AND AMENDMENT OF THIS INDENTURE

SECTION 7.01. *Amendments Permitted.*

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

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

(b) Amendment Without Bond Owner Consent. This Indenture and the rights and obligations of the District and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Owners of the Bonds, for any one or more of the following purposes:

- (i) to add to the covenants and agreements of the District contained in this Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the District;
- (ii) to cure any ambiguity, or to cure, correct or supplement any defective provision contained in this Indenture, or in any other respect whatsoever as the District deems necessary or desirable, provided under any circumstances that such modifications or amendments do not materially adversely affect the interests of the Owners in the opinion of Bond Counsel filed with the District and the Trustee;

- (iii) to provide for the issuance of Parity Debt under Section 3.04, and to provide the terms and conditions under which such Parity Debt may be issued, including but not limited to the establishment of special funds and accounts relating thereto and any other provisions relating solely thereto, subject to and in accordance with the provisions of Section 3.04; and
- (iv) to amend any provision hereof to assure the exclusion from gross income of interest on the Bonds for federal income tax purposes under the Tax Code, in the opinion of Bond Counsel filed with the District and the Trustee.

(c) Notice of Amendments. The District shall deliver or cause to be delivered a draft of any Supplemental Indenture to Moody's and/or S&P, if and only if such rating agency is then providing a rating on the Bonds, at least 10 days prior to the effective date of such Supplemental Indenture under this Section 7.01.

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

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

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

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

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

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

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

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

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

the Bonds to become due and payable under the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

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

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

- (a) *First*, to the payment of any fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the Bonds; payment of the fees, costs and expenses of the Trustee (including fees and expenses of its counsel, including any allocated costs of internal counsel) incurred in and about the performance of its powers and duties under this Indenture and the payment of all fees, costs and expenses owing to the Trustee under Section 6.06, together with interest on all such amounts advanced by the Trustee at the maximum rate permitted by law.
- (b) *Second*, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with interest on such overdue amounts at the respective rates of interest borne by those Bonds, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably to the aggregate of such interest, principal and interest on overdue amounts.

SECTION 8.03. *Power of Trustee to Control Proceedings.* If the Trustee, upon the happening of an Event of Default, takes any action, by judicial proceedings or otherwise, in the performance of its duties hereunder, whether upon its own discretion, upon the request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, it has full power, in the exercise of its discretion for the best interests of the

Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action and the Trustee has been indemnified to its satisfaction. The Trustee may not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation. Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

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

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

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

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

SECTION 8.05. *Non-waiver.* Nothing in this Article VIII or in any other provision of this Indenture or in the Bonds, affects or impairs the obligation of the District, which is absolute and unconditional, to pay from the Net Revenues and other amounts pledged hereunder, the principal of and interest on the Bonds to the Bond Owners when due and

payable as herein provided, or affects or impairs the right of action, which is also absolute and unconditional, of the Bond Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

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

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

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

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

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. *Limited Liability of the District.* Notwithstanding anything in this Indenture contained, the District is not required to advance any moneys derived from any source of income other than the Net Revenues for the payment of the principal of or interest on the Bonds, or for the performance of any covenants herein contained (except to the extent any such covenants are expressly payable hereunder from the Net Revenues). The District may, however, advance funds for any such purpose, provided

that such funds are derived from a source legally available for such purpose and may be used by the District for such purpose without incurring indebtedness.

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

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

SECTION 9.03. *Defeasance of Bonds.*

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

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

then, at the election of the District, and notwithstanding that any such Bonds have not been surrendered for payment, the pledge of the Net Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the District under this Indenture with respect to such Bonds shall cease and terminate, except only: the

obligations of the District under Section 5.09 (Tax Covenants), the obligation of the Trustee to transfer and exchange Bonds hereunder, the obligation of the District to pay or cause to be paid to the Owners of such Bonds, from the amounts so deposited with the Trustee, all sums due thereon, and the obligations of the District to compensate and indemnify the Trustee under Section 6.06.

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

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

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

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

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

SECTION 9.07. *Destruction of Canceled Bonds.* Whenever in this Indenture provision is made for the surrender to the District of any Bonds which have been paid or canceled under the provisions of this Indenture, a certificate of destruction duly executed

by the Trustee, upon request, shall be deemed to be the equivalent of the surrender of such canceled Bonds and the District shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to. The District shall pay all costs of any microfilming of Bonds to be destroyed.

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

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

If to the District: Novato Sanitary District
500 Davidson Street
Novato, California 94945
Attn: General Manager-Chief Engineer/Secretary-Treasurer

If to the Trustee: The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite #500
Los Angeles, California 90071
Attn: Corporate Trust

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

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

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

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

DRAFT

IN WITNESS WHEREOF, the Novato Sanitary District has caused this Indenture to be signed in its name by the President of the Board of Directors and attested by the Secretary, and The Bank of New York Mellon Trust Company, N.A., in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

NOVATO SANITARY DISTRICT

By _____
President, Board of Directors

Attest:

General Manager-Chief
Engineer/Secretary-Treasurer

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee**

By _____
Vice President

DRAFT

APPENDIX A

DEFINITIONS

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

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

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

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

“Bonds” means the Novato Sanitary District 2020 Wastewater Revenue Refunding Bonds (Federally Taxable) issued and at any time Outstanding hereunder.

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

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

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

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the District relating to the authorization, issuance, sale and delivery of the Bonds and the refinancing of the unfunded actuarial accrued liability with respect to the PERS Obligations, including but not limited to filing and recording fees, initial fees, expenses and charges of the Trustee and its counsel, fees, charges and disbursements of attorneys, financial advisor, placement agent, accounting firms, consultants and other professionals, and any other cost, charge or fee in connection with the original issuance of the Bonds.

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

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

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

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

“District” means the Novato Sanitary District, a sanitary district duly organized and existing under the Constitution and laws of the State of California, and any successor thereto.

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

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

of the United States of America when such obligations are backed by the full faith and credit of the United States of America.

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

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

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

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

“Interest Payment Date” means February 1 and August 1 in each year, commencing February 1, 2021, and continuing so long as any Bonds remain Outstanding.

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

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

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

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

“Operation and Maintenance Costs” means the reasonable and necessary costs paid or incurred by the District for maintaining and operating the Wastewater System, determined in accordance with generally accepted accounting principles, including all reasonable expenses of management and repair and all other expenses necessary to

maintain and preserve the Wastewater System in good repair and working order, and including all reasonable and necessary administrative costs of the District that are charged directly or apportioned to the operation of the Wastewater System, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits, licenses and charges to operate the Wastewater System and insurance premiums; but excluding, in all cases, depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles.

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

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

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

“Parity Debt” means the 2017 Bonds, the 2019 Bonds, and all other bonds, notes, loan agreements, installment sale agreements, leases or other obligations of the District payable from and secured by a pledge of and lien on any of the Net Revenues issued or incurred on a parity with the Bonds under Section 3.04 or 3.05.

“Parity Debt Documents” means the 2017 Indenture, the 2019 Indenture and each other agreement, indenture of trust, resolution or other instrument authorizing the issuance of Parity Debt.

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

- (a) Federal Securities;
- (b) obligations of any federal agency which either (a) represent full faith and credit of the United States of America, or (b) are rated “AA” or better by S&P and “Aa” by Moody’s;
- (c) Bank deposit products, trust funds, trust accounts, certificates of deposit (including those placed by a third party pursuant to an agreement between the District and the Trustee), overnight bank deposits, interest bearing deposits, interest bearing money market accounts, U.S. dollar denominated deposit accounts, federal funds and banker’s acceptances with domestic commercial banks, which may include the Trustee, its parent holding company, if any, and their affiliates, which (i) have a rating on their short term certificates of deposit on the date of purchase of “A” or better by S&P and Moody’s,

maturing no more than 360 days after the date of purchase, provided that ratings on holding companies are not considered as the rating of the bank or (ii) are fully insured by the Federal Deposit Insurance Corporation;

- (d) commercial paper which is rated at the time of purchase in the single highest classification, "A" or better by S&P and Moody's, and which matures not more than 270 calendar days after the date of purchase;
- (e) investments in a money market mutual fund, including those of an affiliate of the Trustee, rated in the highest short-term rating category by S&P and Moody's, including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee or such holding company receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise;
- (f) investment agreements with financial institutions whose long-term general credit rating is "AA-" or better from S&P, by the terms of which the Trustee may withdraw funds if such rating falls below "AA-"; and
- (g) the Local Agency Investment Fund of the State of California, created under Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

"Rate Stabilization Fund" means the fund by that name established and held by the District under Section 4.03.

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

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

"Request of the District" means a request in writing signed by the President of the Board of Directors of the District, the General Manager-Chief Engineer/Secretary-Treasurer of the District, or any other officer of the District duly authorized by the Board of Directors for that purpose.

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

For clarity, "Revenues" does not include (i) customers' deposits or any other deposits subject to refund until such deposits have become the property of the District, (ii) the proceeds of any *ad valorem* property taxes levied to pay general obligation bond indebtedness of the District with respect to the Wastewater System, (iii) special assessments or special taxes levied for the purpose of paying special assessment bonds or special tax obligations of the District relating to the Wastewater System, and (iv) amounts in the Rate Stabilization Fund unless and until such amounts are deposited to the Wastewater Fund.

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

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

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

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

"Trustee" means The Bank of New York Mellon Trust Company, N.A., as Trustee hereunder, or any successor thereto appointed as Trustee under Article VI.

"2017 Bonds" means the Novato Sanitary District 2017 Wastewater Revenue Refunding Bonds issued in the initial principal amount of \$14,355,000.

"2017 Indenture" means the Indenture of Trust, dated as of November 1, 2017, by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee, pursuant to which the 2017 Bonds were issued.

"2019 Bonds" means the Novato Sanitary District 2019 Wastewater Revenue Refunding Bonds issued in the initial principal amount of \$46,145,000.

"2019 Indenture" means the Indenture of Trust, dated as of August 1, 2019, by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee, pursuant to which the 2019 Bonds were issued.

"Wastewater Fund" means the fund established and held by the District with respect to the Wastewater System for the deposit of Revenues.

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

APPENDIX B
FORM OF BOND

No. R-__

\$ _____

NOVATO SANITARY DISTRICT
2020 WASTEWATER REVENUE REFUNDING BOND
(FEDERALLY TAXABLE)

INTEREST RATE: _____% **MATURITY DATE:** February 1, _____ **ISSUE DATE:** _____, 2020 **CUSIP:**

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The Novato Sanitary District, a sanitary district duly organized and existing under the Constitution and laws of the State of California (the "District"), for value received, hereby promises to pay (but only out of the Net Revenues and other assets pledged therefor as hereinafter mentioned) to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, in lawful money of the United States of America; and to pay interest thereon in like lawful money from the Interest Payment Date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of a day during the period commencing after the 15th day of the month preceding an Interest Payment Date and ending on or before such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or before January 15, 2021, in which event it shall bear interest from the Issue Date stated above) until payment of such principal sum shall be discharged as provided in the Indenture hereinafter mentioned, at the Interest Rate per annum stated above, payable semiannually on each February 1 and August 1, commencing February 1, 2021 (each, an "Interest Payment Date").

The principal hereof is payable by check at the Office (as defined in the Indenture referred to below) of The Bank of New York Mellon Trust Company, N.A. (together with any successor trustee under the Indenture, the "Trustee"). Interest hereon is payable by check of the Trustee mailed on each Interest Payment Date to the Registered Owner as of the 15th day of the month preceding each Interest Payment Date (except with respect to payment of defaulted interest as provided in the Indenture hereinafter referred to) at the address shown on the registration books maintained by the Trustee. Payment of interest will be made by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of \$1,000,000

or more who shall furnish written wire instructions to the Trustee before the 15th day of the month preceding the applicable Interest Payment Date.

This Bond is one of a duly authorized issue of bonds of the District designated as its "Novato Sanitary District 2020 Wastewater Revenue Refunding Bonds (Federally Taxable)" (the "Bonds"), in the aggregate principal amount of \$ _____ authorized under Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the "Bond Law"), and issued under an Indenture of Trust, dated as of October 1, 2020 (the "Indenture"), between the District and the Trustee. The Bonds have been issued for the purpose of refinancing certain obligations of the District previously incurred by the District with respect to its wastewater collection, treatment and disposal system (as defined in the Indenture, the "Wastewater System").

Reference is hereby made to the Indenture (a copy of which is on file at said Office of the Trustee) and all indentures supplemental thereto and to the Bond Law for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and of the rights and obligations of the District thereunder. The Registered Owner of this Bond, by acceptance hereof, assents and agrees to all the provisions of the Indenture.

The Bonds and the interest thereon are payable from Net Revenues (as such term is defined in the Indenture) of the Wastewater System, and are secured by a pledge of, and lien on, said Net Revenues and amounts held in certain funds and accounts established under the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The District has the right under the Indenture to issue additional obligations on a parity with the Bonds, subject to the specific conditions set forth in the Indenture. The Bonds are special obligations of the District and are not a lien or charge upon the funds or property of the District, except to the extent of the aforesaid pledge and lien.

The Bonds maturing are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after February 1, 20____, at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the date fixed for redemption, without premium.

The Bonds are subject to extraordinary redemption prior to their respective stated maturities, as a whole or in part on any date, as determined by the District, from Net Proceeds (as such term is defined in the Indenture), upon the terms and conditions of, and as provided for in the Indenture, at a redemption price equal to the principal amount of the Bonds to be redeemed, without premium, plus accrued interest thereon to the date fixed for redemption.

Unless waived by any Owner of Bonds to be redeemed, notice of any redemption of Bonds shall be given, at the expense of the District, by the Trustee by mailing a copy of a redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Registration Books; provided, that neither the failure to receive such notice nor any immaterial defect in any notice shall affect the sufficiency of the proceedings for the redemption of the Bonds.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

The Bonds are issuable as fully registered Bonds in denominations of \$5,000 and any integral multiple thereof. Subject to the limitations provided in the Indenture, Bonds may be exchanged, at said Office of the Trustee, for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said office of the Trustee, but only in the manner, subject to the limitations provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond or Bonds, of authorized denomination or denominations, of the same maturity and for the same aggregate principal amount, will be issued to the transferee in exchange herefor. The District and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the District and the Trustee shall not be affected by any notice to the contrary.

The Indenture and the rights and obligations of the District and of the owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the District to pay the principal or interest at the time and place and at the rate and in the currency provided therein of any Bond, without the written consent of the owner of such Bond, (b) permit the creation by the District of any mortgage, pledge or lien upon the Revenues or Net Revenues superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as expressly permitted by the Indenture), (c) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (d) without its written consent thereto, modify any of the rights or obligations of the Trustee, all as more fully set forth in the Indenture.

It is hereby certified and recited that any and all things, conditions and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Bond Law, and by the constitution and laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the District, does not exceed any limit prescribed by the Bond Law and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond is not entitled to any benefit under the Indenture, or is not valid or obligatory for any purpose, until the certificate of authentication hereon endorsed has been signed by the Trustee.

IN WITNESS WHEREOF, Novato Sanitary District has caused this Bond to be executed in its name and on its behalf by the facsimile signature of the President of the Board of Directors of the District and attested to by the facsimile signature of the Secretary of the District, all as of the Issue Date stated above.

NOVATO SANITARY DISTRICT

By _____
President, Board of Directors

Attest:

General Manager-Chief
Engineer/Secretary-Treasurer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

Dated: _____

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.,**
as Trustee

By _____
Authorized Signatory

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto _____ whose address and social security or other tax identifying number is _____, the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor institution.

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

DRAFT

**Government Code Section 5852.1 Disclosure
Good Faith Estimates
2020 Refinancing - CalPERS UAL**

The following information consists of estimates that have been provided in good faith by the District's Municipal Advisor, NHA Advisors LLC, assuming an aggregate principal amount of \$6,500,000.00:

- (A) True Interest Cost of the Bonds: 2.5692116%
- (B) Finance Charge of the Bonds (Sum of all fees/charges paid to third parties): \$144,500.00
- (C) Net Proceeds of the Bonds to be Received (net of finance charges, reserves and capitalized interest, if any): \$6,355,500.00
- (D) Total Payment Amount on the Bonds Through Maturity: \$8,215,251.90

The foregoing estimates constitute good faith estimates only. The principal amount of the Bonds, the true interest cost of the Bonds, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Bonds sold being different from the estimated amount used for purposes of such estimates, (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the financing plan, or a combination of such factors. The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the District based on the timing of the need for proceeds of the Bonds and other factors. The actual interest rates borne by the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the District.



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Item 8.a.,b.,&c.
Attachment 5
(Page 135)



Brand Story

Local Commitment. Global Capabilities. Universal Respect.

California Bank & Trust has been helping Californians and their businesses grow and prosper for more than 60 years. Today, we're among California's leading banks with more than \$11 billion in assets and nearly 90 branch offices located throughout the state.

Deeply committed to the communities we serve, we're dedicated to providing financial solutions for our clients and their businesses. And our local roots extend around the world through the services of our renowned international banking group.

Taken together, this local commitment with local decision-making, combined with global reach and capabilities, has helped CB&T earn and maintain the acclaim of both our clients and the larger financial community.

It doesn't come down to relationships. It starts there.

Relationships are everything in business. And in life. So, having them built on trust and respect is paramount. Particularly with your finances.

With CB&T, you have a bank that provides financial solutions based on customized solutions to meet your goals. That understanding is gained by working and collaborating with you and providing guidance to help you make informed financial decisions.

Offering you global resources with local solutions.

Just as California has grown and evolved over the years, so has CB&T.

We began as a group of individual banks (/about/brand-story/heritage/) throughout the state, and then continued to grow by combining the responsiveness of a local bank with the comprehensive services of a major financial institution.

Today, we're a division of Zions Bancorporation, N.A., which operates in nearly 500 local financial centers across 11 Western states and is included in the S&P 500 and NASDAQ Financial 100 indices (NASDAQ: ZION). And we're here to offer a diverse array of financial products and services for California businesses and families.

It's the result of priding ourselves on being at the forefront of serving financial needs, and being enabled to provide solutions that are timely and responsive. We hope you'll check out our banking and wealth management options here today. And we further encourage you to meet with one of our professional bankers to start building a banking relationship built on trust, experience and insight.

Award-winning banking. It's an honor we take seriously.

Delivering an exceptional banking experience is our standard. We're proud to play a valuable role for a growing number of California business, families and communities.

In fact, it seems like we've been recognized for just about everything you can win an award for in financial services, including Best Bank. And that's a win for each and every client we serve. Read about our bankwide, regional and local awards. (/about/brand-story/awards/)

Sandeep Karkal

From: Bill Long <wclo88@comcast.net>
Sent: Thursday, September 10, 2020 12:22 PM
To: Sandeep Karkal
Subject: PERS Payoff Loan

To the Board of Directors

I support paying off our PERS liability but will not support borrowing to do so. Our reserves have grown every year by millions more than previous year despite the fact that every budget has projected a decrease in the fund balances the following year. At the end of 2013-14 our fund balances totaled \$16.8 million; last year's final balances totaled \$30.2 million. During 2019-20 our minimum reserves were \$22.1 million. In my opinion no obvious interpretation of NSD's policies or plans can justify this growing level of reserves which earn only a modest rate of return.

I believe the funds collected from past ratepayers should be used to cover the liability incurred on their behalf. We have more than enough in reserves to cover a PERS payoff while avoiding the setup and interest costs of a loan. I recommend we have an in-depth discussion of our reserve policies and financial needs before proceeding on the proposed course.

Bill

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Wastewater Operations Report, August 2020.	MEETING DATE: September 14, 2020 AGENDA ITEM NO.: 9.a.
RECOMMENDED ACTIONS: Receive Wastewater Operations Report for August 2020: <ul style="list-style-type: none">• Collection System• Treatment Facilities• Reclamation Facilities	
SUMMARY AND DISCUSSION: <p>The August 2020 Wastewater Operations Report incorporating operations reports for collections system, wastewater treatment facilities, and the reclamation facilities is attached.</p> <p>District and Veolia staff will be present at the meeting to provide overviews of the reports for their operational areas, and be available to discuss the reports or respond to any questions.</p>	
ATTACHMENTS: 1. Wastewater Operations Reports for the month of August 2020.	
STRATEGIC PLAN INFORMATION: This item addresses Goal 1 (Operational Excellence) and Goal 2 (Reliable and Efficient Facilities) of the latest Strategic Plan Update.	
DEPT. MGR.: JO (Veolia), JA, JJB	GENERAL MANAGER: SSK

**Novato Sanitary District
Wastewater Operations - Collection System Operations Report
August 2020**

1.0 General:

The equivalent of about seven (7) full time employees (FTEs) worked on collection system maintenance activities during the month. The breakdown of staff time for the month in terms of equivalent FTE hours utilized, works out approximately as follows:

- 1.3 FTE field workers for Sewer Maintenance (main line cleaning)
- 1.9 FTE field workers for Pump Station Maintenance
- 0.9 FTE field workers for Closed Circuit Television (CCTV) work
- 0.0 FTE field workers for Underground Service Alert Mark and Locate (USA)
- 2.0 FTE field workers for time spent on data input, training, service calls, overflow response, or any other activity that does not directly relate to the activities listed above, or special activities (for e.g. smoke testing of mainlines), and
- 0.9 FTE field workers for vacation, holiday or sick leave.

2.0 Collection System Maintenance:

Performance metrics are presented in the attached graphs showing the length of line cleaned/month, footage cleaned/hour worked, overflows/month, and the CCTV footage achieved. A brief discussion is also provided below.

Line Cleaning Performance:

The sewer system ICOM3 Computerized Maintenance Management System (CMMS) generated 269 work orders for the month. Collections staff completed 269 work orders, 19 of these were videoed in lieu of cleaning, leaving zero (0) work orders outstanding. The completed work orders resulted in the effective cleaning of 53,473 feet of sewer pipelines by staff (2,766 feet videoed).

Closed Circuit Television (CCTV) Performance:

The District's CCTV equipment was in the field for Twelve (12) working days and televised a total of 22,588 feet of sewer main.

CCTV Findings:

- Infrastructure-related: CCTV work did not identify any new structural issues.
- O&M related: CCTV work did not identify any area that would require a change in sewer line maintenance operations.

3.0 Pump Station Maintenance:

Collections staff conducted 189 lift station inspections this month. Of these, 50 inspections were generated through the District's JobsCal Plus CMMS system. There are 0 outstanding work orders for the month. A Pump Stations' Work Order Statistics summary is attached.

New Vactor Sewer Cleaning Truck



**Novato Sanitary District
Wastewater Operations - Collection System Operations Report
August 2020**

4.0 Air Relief/Vacuum Valves (ARVs):

Staff completed maintenance inspections on six (6) air relief/vacuum valves this month; no issues were identified.

5.0 Safety and Training:

General:

Collections staff attended ten (10) safety tailgate meetings in August.

New Vactor sewer cleaning truck was delivered on August 28th, 2020. Manufacturer training in progress.

Specialized Training:

No reports for August.

Safety performance:

There were no lost time accidents for the month of August.

COVID-19:

Due to COVID-19 social distancing guidelines issued by the State and County of Marin, the collections and field services staff continue to work a temporary modified split shift (A/B teams). Other measures include (but not limited to): use of face coverings, social distancing during shifts, increased disinfection of commonly touched surfaces at the beginning and end of each shift, limiting vehicle occupation to one person per vehicle, etc.

6.0 Miscellaneous Projects:

- 200 Fats, Oils & Grease (FOG) information packets handed out in a few neighborhoods that showed signs of FOG at the nearest pump stations.
- New Yeti “Gasless” generators purchased.
- Tire inspection on all portable generators conducted. Tires replaced on one unit.
- Annual Ignacio Force Main pig launch completed.
- Collections staff responded to multiple PG&E outages in August due to heat wave events.

7.0 Sanitary Sewer Overflows (SSOs):

There were zero (0) sanitary sewer overflows (SSO) in August. The No Spills certification ID is # **2579330**.

Novato Sanitary District
Collection System Monthly Report For August 2020 (as of August 31, 2020)

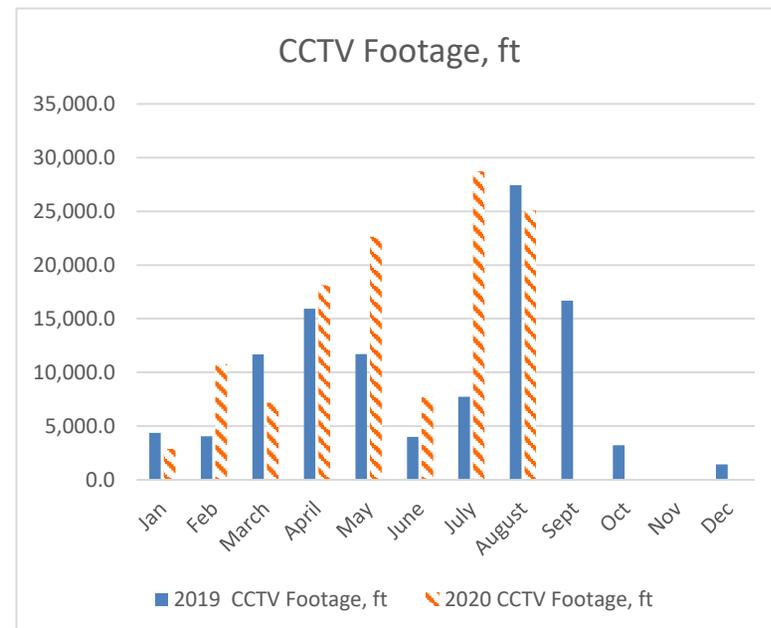
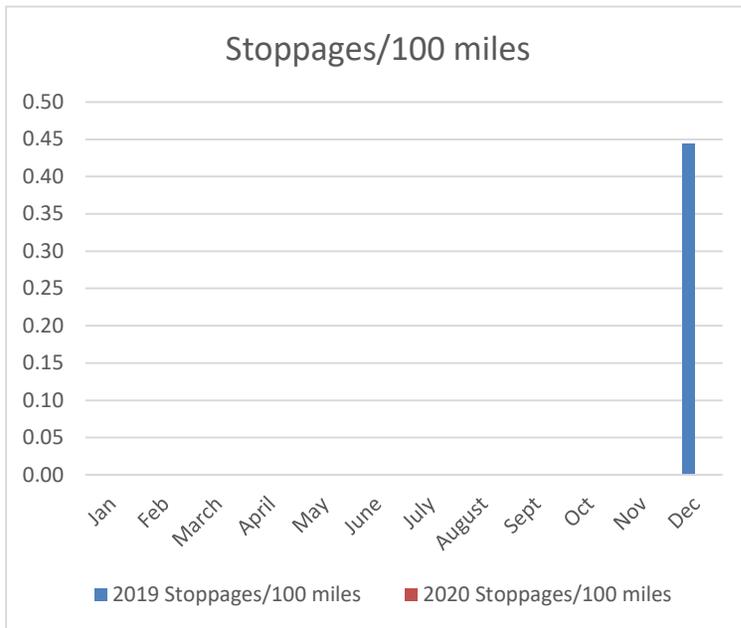
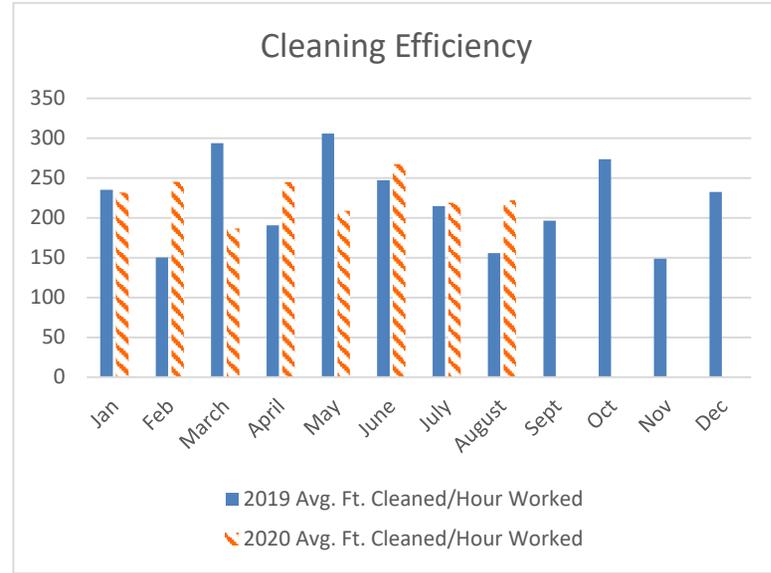
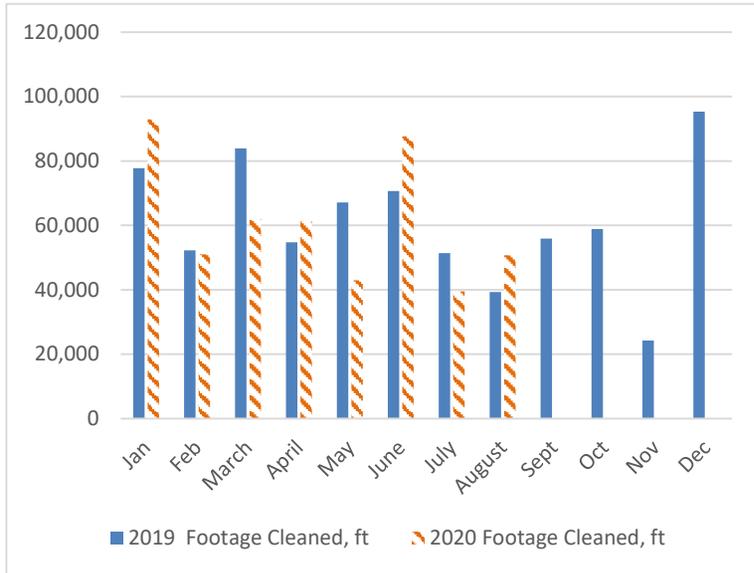
	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Total Year to Date	Average Year to Date
A. Employee Hours Worked														
Number of FTEs (main line cleaning)	2.2	1.3	2.0	1.5	1.2	1.9	1.0	1.3	0.0	0.0	0.0	0.0	NA	1.0
Number of FTEs (other)	1.3	1.2	1.4	2.0	1.8	2.4	1.7	2.0	0.0	0.0	0.0	0.0	NA	1.1
Number of FTEs (USAs)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NA	0.0
Number of FTEs (CCTV)	0.2	0.5	0.6	0.7	1.0	0.2	0.9	0.9	0.0	0.0	0.0	0.0	NA	0.4
Total, FTEs	3.8	3.0	4.0	4.2	3.9	4.4	3.6	4.2	0.0	0.0	0.0	0.0	NA	2.6
Regular Time Worked, (main line cleaning), hrs	401	208	332	250	206	328	181	229					2,133	267
Regular Time Worked on Other, hrs ⁽¹⁾	228	194	235	340	314	404	314	339					2,366	296
Regular Time Worked on USAs	20	0	0	0	0	0	0	0					20	3
Regular Time Worked on CCTV (2)	39	77	106	114	169	27	169	154					854	107
Total Regular time, worked, hrs	687	479	673	703	689	759	663	722	0	0	0	0	5,373	448
Total Vacation/Sick Leave/Holiday, hrs	319	386	220	13	124	110	250	161					1,583	198
Vacation/Sick Leave/Holiday, FTEs	1.8	2.4	1.3	0.1	0.7	0.6	1.4	0.9	0.0	0.0	0.0	0.0	9.2	0.8
Overtime Worked on Coll. Sys., hrs	12	0	5	0	0	0	0	0					17	2
Overtime Worked on Other, hrs (1)	7	2	5	0	0	2	3	6					24	3
Overtime Worked on USAs, hrs	0	0	0	0	0	0	0	0					0	0
Overtime Worked on CCTV ⁽²⁾	0	0	0	0	0	0	0	0					0	0
Total Overtime, hrs	19	2	9	NA	NA	2	3	6	NA	NA	NA	NA	40	7
B. Productivity														
1. Line Cleaning														
Rodder Work Orders generated	36	40	54	50	31	61	39	42					353	44
Rodder 3208 ft. cleaned	6,810	4,994	5,006	4,842	1,625	1,838	0	1,228					26,343	3,293
Rodder - outside services, ft cleaned	0	0	0	0	0	0	0	0					0	0
Flusher Work Orders generated	427	232	263	259	207	435	237	269					2,329	291
Truck 3205V ft. cleaned	4,329	0	0	0	0	0	0	0					4,329	541
Truck 3206V ft. cleaned	36,952	20,521	12,180	17,640	0	7,446	10,800	783					106,322	13,290
Truck 3209F ft. cleaned	44,800	25,523	44,760	38,792	41,325	78,393	28,715	48,693					351,001	43,875
Flusher - outside services, ft. cleaned	0	0	0	0	0	0	0	0					0	0
Total Footage cleaned ⁽³⁾	92,891	51,038	61,946	61,274	42,950	87,677	39,515	50,704	NA	NA	NA	NA	487,995	60,999
Work Orders completed	451	272	317	315	238	496	276	269					2,634	329
Work Orders backlog	12	0	0	0	0	0	3	0					15	2
2. Closed Circuit Television (CCTV)														
Camera Work Orders generated	0	0	0	0	0	0	0	0					0	0
CCTV Truck 3126T, ft. videoed	2,876	10,401	7,195	14,780	17,179	2,227	24,399	22,588					101,645	12,706
CCTV (hand cam), ft. videoed	0	385	0	3,347	5,470	5,480	4,332	2,480					21,494	2,687
CCTV Inspection - outside services, ft. videoed	0	0	0	0	0	0	0	0					0	0
Total CCTV footage ⁽³⁾	2,876	10,786	7,195	18,127	22,649	7,707	28,731	25,068	NA	NA	NA	NA	123,139	15,392
C. Sanitary Sewer Overflows (SSOs)														
Minor (Category III)	0	0	0	0	0	0	0	0					0	NA
Major (Category II)	0	0	0	0	0	0	0	0					0	NA
Major (Category I)	0	0	0	0	0	0	0	0					0	NA
Overflow Gallons	0	0	0	0	0	0	0	0					0	NA
Volume Recovered	0	0	0	0	0	0	0	0					0	NA
Percent Recovered	NA	NA	NA	NA	NA	NA	NA							
D. Service Calls (non-SSO related)														
Service calls, normal hours, #	6	2	5	4	3	1	4	8					33	4
Normal hours S.C. response time, mins (avg.)	11.7	12.5	29.6	19.25	11.6	25	103	22.8					235	29
Service Callouts, after hours, #	1	0	1	0	0	0	0	1					3	0
After Hours S.C. response time, mins (avg.)	3	0	30	NA	NA	NA	NA	35	NA	NA	NA	NA	68	17
E. Benchmarks														
Average Ft. Cleaned/Hour Worked	232	245	187	245	209	267	219	222	NA	NA	NA	NA	NA	228
Total Stoppages/100 Miles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NA
Average spill response time (mins)	0	0	0	NA	NA	NA	0	NA	NA	NA	0	NA	NA	0
Callouts/100 Miles	0.4	0.0	0.4	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	1.3	0.1
Overtime hours/100 Miles	5	0	2	0	0	0	0	0	0	0	0	0	7.33	1
Overflow Gallons/100 Miles	0	0	0	0	0	0	0	0	0	0	0	0	0	0

⁽¹⁾This category includes time spent on: Data input, Training, Service Calls, Overflow Response, as well as any other activity that does not directly relate to main line cleaning or CCTV work.

⁽²⁾This category separates time spent on CCTV from other Collection System maintenance activities.

⁽³⁾Does not include outside services (tracked separately)

Collection System: 2019 & 2020 Graphs



Novato Sanitary District

Pump Station Monthly Report For August 2020 (as of August 31, 2020)

	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Total Year to Date	Average Year to Date
Employee Hours Worked													0	
Number of Employees (FTEs)	1.4	1.6	1.8	2.8	2.4	1.9	2.0	1.9	0.0	0.0	0.0	0.0		1.3
Regular Time Worked on Pump Sta	264	249	298	467	413	329	370	330					2,718	
Overtime Worked on Pump Sta	46	36	39	14	27	47	15	37					260	
After Hours Callouts	0	1	1	0	0	1	0	2	0	0	0	0	5	
Average Callout response time (mins)	0	15	30	0	0	32	0	18	0	0	0	0	95	8
Work Orders														
Number generated in month	39	38	46	38	38	46	39	50					334	42
Number closed in month	39	38	46	38	38	46	39	50					334	42
Backlog	0	0	0	0	0	0	0	0	0	0	0	0	0	0

**PUMP STATIONS
WORK ORDER STATISTICS
August 1, 2020-August 31, 2020**

	Open Work Orders Due Prior to 8/1/2020	Open Work Orders 8/1/2020-8/31/2020	Total Open Work Orders
Preventive	0	50	50
Corrective	0	0	0
Total	0	50	50

	Closed Work Orders 8/1/2020 -8/31/2020
Preventive	50
Corrective	0
Total	50

Total Outstanding Work Orders as of 8/31/2020	0
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September 8, 2020

Mr. Sandeep Karkal
General Manager – Chief Engineer
Novato Sanitary District
500 Davidson Street
Novato, CA 94545

Subject: Veolia Water Operations Report – August 2020

Dear Mr. Karkal:

I am pleased to provide the Monthly Operations report for August 2020.

As always, please give me a call at 707-292-3022 should you have any questions.

Best regards,

A handwritten signature in blue ink that reads "John P. O'Hare".

John P. O'Hare
Project Manager, Veolia



**MONTHLY OPERATIONS REPORT
August 2020**

Prepared for

**NOVATO SANITARY DISTRICT (NSD)
WASTEWATER TREATMENT PLANT
500 Davidson Street
Novato, CA 94945**

Prepared by

Veolia Water West Operating Services, Inc. (VWWOS)

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- A: TREATMENT PLANT PERFORMANCE SUMMARY
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- E: ADMINISTRATION
- F: ODORS & LANDSCAPING
- G: MISCELLANEOUS

ATTACHMENTS

- 1) Photos
 - 2) Laboratory Data
 - 3) Recycled Water Report
 - 4) Annual Performance Summary - Graphs
 - 5) Process Control Data / Graphs
 - 6) Neighborhood Complaints Received
 - 7) Jerome Meter Readings and Locations
-

A: TREATMENT PLANT PERFORMANCE SUMMARY – Discharge to Reclamation – August 1 – 31, 2020

National Pollution Discharge Elimination System Permit – Table 1.0

Parameter	Value		Limits	
	Ave	Max		
Flow, MGD (monthly ave/max)	3.40	3.73	N/A	
Influent				
BOD ₅ , lb/day (month ave/max)	12,604	14,011	N/A	
TSS, lb/day (monthly ave/max)	8,337	9,472	N/A	
Effluent				
BOD ₅ , mg/L (monthly ave/max weekly ave)	<5	<5	15	30
TSS, mg/L (monthly ave/max weekly ave)	<5	10	10	20
BOD ₅ - % Removal, Average	99		85 minimum	
TSS - % Removal, Average	98		85 minimum	
Ammonia, mg/L – (monthly ave/daily max)	N/A	N/A	5.9	21
pH, su (min / max)	7.2	7.7	6.5	8.5
Enterococcus, MPN/100 ml (30 day geo mean)	1.73		35	
Fecal Coliform, MPN/100 ml (monthly median)	N/A		140	
Fecal Coliform, MPN/100 ml (90 th PCTL)	N/A		430	
Total Coliform, MPN/100 ml (5 sample median)	49		240	
Total Coliform, MPN/100 ml (monthly maximum)	79		10,000	

Total Rainfall = 0.0 inches

Title 22 - Recycled Water Production and Quality – Table 2.0

Description	Units	Value	Limit
Potable Water Provided	Million Gallons	0	N/A
Volume Produced	Million Gallons	33.995	N/A
Average Turbidity	NTU	0.7	2.0
Turbidity > 5 NTU (in 24 hour)	Minutes	57	72
Minimum CT (disinfection)	mg-min/L	>450	450 minimum
Minimum Dissolved Oxygen (DO)	mg/L	7.2	2 mg/L minimum
Maximum Total Coliform	MPN/100 ml	<1	240
Maximum Total Coliform 2 Samples 30 days	MPN/100 ml	<1	23
Total Coliform 7 Sample Median	MPN/100 ml	<1	2.2

Discussion of Violations / Excursions

- National Pollutant Discharge Elimination System Permit (NPDES) Limits - None
- Reclaimed (Recycle) Water - None
- Recycled Water Permit – None
- Bay Area Air Quality Management District – None

B: SAFETY AND TRAINING:

- Alternative Staffing Schedule – Continued to utilize two separate crews throughout the month with



the administrative assistant working with one of the two teams and the remainder of the time from home.

- Monthly plant safety inspections for Novato Wastewater Treatment Plant and Ignacio Transfer Pump Station completed.
- No safety incidents for the month of August 2020.
- Monthly Safety Topics: On Line Training August 2020 – Ladder Safety for General Industry

C: OPERATIONS & MAINTENANCE STATUS / REVIEW:**Key events for the period:****Wastewater Treatment Plant Power Outages**

- No power outages to report in August 2020.

Novato Wastewater Treatment Plant

- Routine rounds, readings and preventative maintenance.
- High Voltage Electrical System - maintenance performed
- Wet Weather Pump #2 Diesel Engine – repaired a small coolant leak
- Ferric Pump #1 – replaced the pump head assembly
- Digester #2 Recirculation Pumps #3 & #4 – removed the 90° elbows and installed 45° elbows
- Gravity Belt Thickeners Filtrate Pump – replaced the pump motor starters
- Odor Bed # 1 Fan # 2 – fan assembly replaced
- Overhead Cranes – annual certifications performed
- Forklift – annual maintenance service
- Portable Compressor – annual maintenance service

Equipment Out of Service – Due to Planned Servicing, Maintenance, Replacement, Standby

- Primary Clarifier #1 (standby)
- Aeration Basin #1 & #3 (standby)
- Secondary Clarifier #2 (standby)

Ignacio Pump Station Power Outages

- No power outages to report in August 2020.

Ignacio Transfer Pump Station

- Routine rounds, readings and preventative maintenance.

Equipment Out of Service – Due to Planned Servicing, Maintenance, or Replacement

- None

Recycled Water Plant (RWP)

- Routine rounds, readings and preventative maintenance.

Equipment Out of Service – Due to Planned Servicing, Maintenance, or Replacement

- None

Sludge Lagoons (and Reclamation Area)

- Conducted routine checks.



- Exercised the sludge lagoons inlet and outlet valves.

D: ENVIRONMENTAL SERVICES ACTIVITIES SUMMARY**Regulatory Programs:****Laboratory Program****Total Coliforms**

When effluent is discharged to the reclamation, the requirement is for Total Coliform. Three samples were analyzed each week in August. All results were below the regulatory limits.

Enterococcus

The recycled water use agreement with the California State Coastal Conservancy requires that Enterococcus data be provided, which continued through August 2020.

Retrospective Screening for SARS-CoV-2 in the Bay Area

Sampling of influent composite samples began in July and continued through August at the request of the Berkeley Water Center (BWC) at the University of California, Berkeley. BWC provided all the supplies necessary for the weekly (at present) sampling events, including sample bottles, packaging and return labels for delivery back to their laboratory.

Pretreatment Program**Inspections and Sampling**

- Inspected two separate locations for compliance with groundwater discharge permit conditions.

Fats, Oils and Grease Program**Compliance Reporting**

- Received confirmations from two Food Service Establishments for continued compliance with maintenance of their grease removal devices.
- Received one confirmation of continued compliance for maintenance of an oil and sand separator.

E: ADMINISTRATION:

- July 2020 Electronic Discharge Monitoring Report (EDMR-US EPA) and July 2020 Self-Monitoring Report (SMR-State of California) submitted on August 30th.

F: ODORS & LANDSCAPING:

- Jerome meter (H₂S) parts per million (ppm) readings performed in adjacent neighborhood.
- Values reported averaged 0.000-0.0005 ppm which is below the odor threshold.

G: MISCELLANEOUS

- Process Control Management Plan (PCMP) meetings held weekly with the Veolia staff.
- Sonoma Marin Mosquito & Vector Control District conducted a site visit on August 26th.

Veolia Support Staff On/Off Site (Various Times)

Art Fagerström, PE, BCEE, Veolia Technical Manager, Corporate Technical Support

Melissa Sandvold, Veolia West Region VP of Operations

James Loven, Veolia Central/West Technical Director

Joe Hart, Veolia Regional Asset Manager

1) PHOTOS

PLANT OPERATION AND MAINTENANCE AUGUST 2020



Above Left – Alejo Cuntapay, Veolia Mechanic maintaining #1 final clarifier drive.
Above Center - Alejo Cuntapay, Veolia Mechanic servicing a ferric chloride pump.
Above Right – Paul Bailey conducting online Veolia training for Ladder Safety for General Industry
Below Left – Wildfire smoke lingering in the early morning hours.
Below Right – White pelicans at reclamation pond #2 .

2) *LABORATORY DATA*

Novato Sanitary District
BOD/TSS Report



August, 2020

Date	Flow MGD	Influent				Effluent				BOD % Removal PERCENT	TSS % Removal %
		BOD		TSS		BOD		TSS			
		mg/l	lb/d	mg/l	lb/d	mg/l	lb/d	mg/l	lb/d		
08/01/20	2.87										
08/02/20	3.38										
08/03/20	3.60										
08/04/20	3.73										
08/05/20	3.42	480	13,691	266	7,587	<5	<95	10	190	99.0	96.2
08/06/20	3.59					<5	<114	5	114		
08/07/20	3.45					<5	<92	6	110		
08/08/20	3.09										
08/09/20	3.50										
08/10/20	3.40										
08/11/20	3.35										
08/12/20	3.29					<5	<92	4	74		
08/13/20	3.19	380	10,110	314	8,354	<5	<84	4	68	98.7	98.7
08/14/20	3.48					<5	<96	4	76		
08/15/20	3.20										
08/16/20	3.47										
08/17/20	3.59										
08/18/20	3.46										
08/19/20	3.44					<5	<98	6	118		
08/20/20	3.36	500	14,011	338	9,472	<5	<88	<3	<53	99.0	99.1
08/21/20	3.44					<5	<141	<3	<85		
08/22/20	3.44										
08/23/20	3.46										
08/24/20	3.59										
08/25/20	3.25										
08/26/20	3.54					<5	<102	4	82		
08/27/20	3.12			305	7,936			3	54		99.0
08/28/20	3.51							<3	<70		
08/29/20	3.30										
08/30/20	3.28										
08/31/20	3.46										
Weekly Averages											
08/01/20	Week 1	620	18,615	273	8,197	6		3	61		
08/08/20	Week 2	480	13,691	266	7,587	5	100	7	138		
08/15/20	Week 3	380	10,110	314	8,354	5	91	4	73		
08/22/20	Week 4	500	14,011	338	9,472	5	109	4	85		
08/29/20	Week 5			305	7,936	5	102	3	69		
Monthly											
Minimum	2.87	380	10,110	266	7,587	<5	<84	<3	<53	99	96
Maximum	3.73	500	14,011	338	9,472	<5	<141	10	190	99	99
Total	105.25										
Average	3.40	453	12,604	306	8,337	<5	<100	<5	<91	99	98

Novato Sanitary District
Conventional Pollutants Report



August, 2020

Date	INFLUENT - A001			Effluent - E002							
	Flow	pH	Ammonia	Coliform / Bacteria			pH	Ammonia	Oil & Grease	Temp	Rainfall
	Total			Fecal	Entero	Total					
	MGD	su	mg/L	MPN/100 mL			su	mg/L	mg/L	Deg C	Inches
08/01/20	2.87										0.00
08/02/20	3.38										0.00
08/03/20	3.60	7.5			1.0	33	6.9			24.5	0.00
08/04/20	3.73	7.3			1.0	17	6.9			24.3	0.00
08/05/20	3.42	7.4			4.1	60	7.0			24.6	0.00
08/06/20	3.59	7.3					6.9			24.3	0.00
08/07/20	3.45	7.3					7.0			24.4	0.00
08/08/20	3.09										0.00
08/09/20	3.50										0.00
08/10/20	3.40	7.5			4.1	49	7.0			24.7	0.00
08/11/20	3.35	7.2			1.4	13	7.0			24.1	0.00
08/12/20	3.29	7.4			1.0	62	7.0			24.3	0.00
08/13/20	3.19	7.5					7.1			25.5	0.00
08/14/20	3.48	7.4					7.1			25.4	0.00
08/15/20	3.20										0.00
08/16/20	3.47										0.00
08/17/20	3.59	7.4			3.1	9	7.0			25.9	0.00
08/18/20	3.46	7.3			<1.0	33	7.0			25.8	0.00
08/19/20	3.44	7.2			2.3	13	7.0			25.0	0.00
08/20/20	3.36	7.3					7.0			25.1	0.00
08/21/20	3.44	7.4					7.0			25.7	0.00
08/22/20	3.44										0.00
08/23/20	3.46										0.00
08/24/20	3.59	7.7			4.4	27	7.0			25.3	0.00
08/25/20	3.25				<1.0	40	7.0			25.2	0.00
08/26/20	3.54				<1.0	2	6.9			24.7	0.00
08/27/20	3.12	7.4					7.0			25.4	0.00
08/28/20	3.51						7.0			25.0	0.00
08/29/20	3.30										0.00
08/30/20	3.28					29					0.00
08/31/20	3.46	7.2				79	7.0			24.7	0.00
Monthly											
Minimum	2.87	7.2			<1.0	2	6.9			24.1	0.00
Maximum	3.73	7.7			4.4	79	7.1			25.9	0.00
Total	105.25										0.00
Average	3.40	7.4					7.0			24.9	0.00
Geomean					1.73						

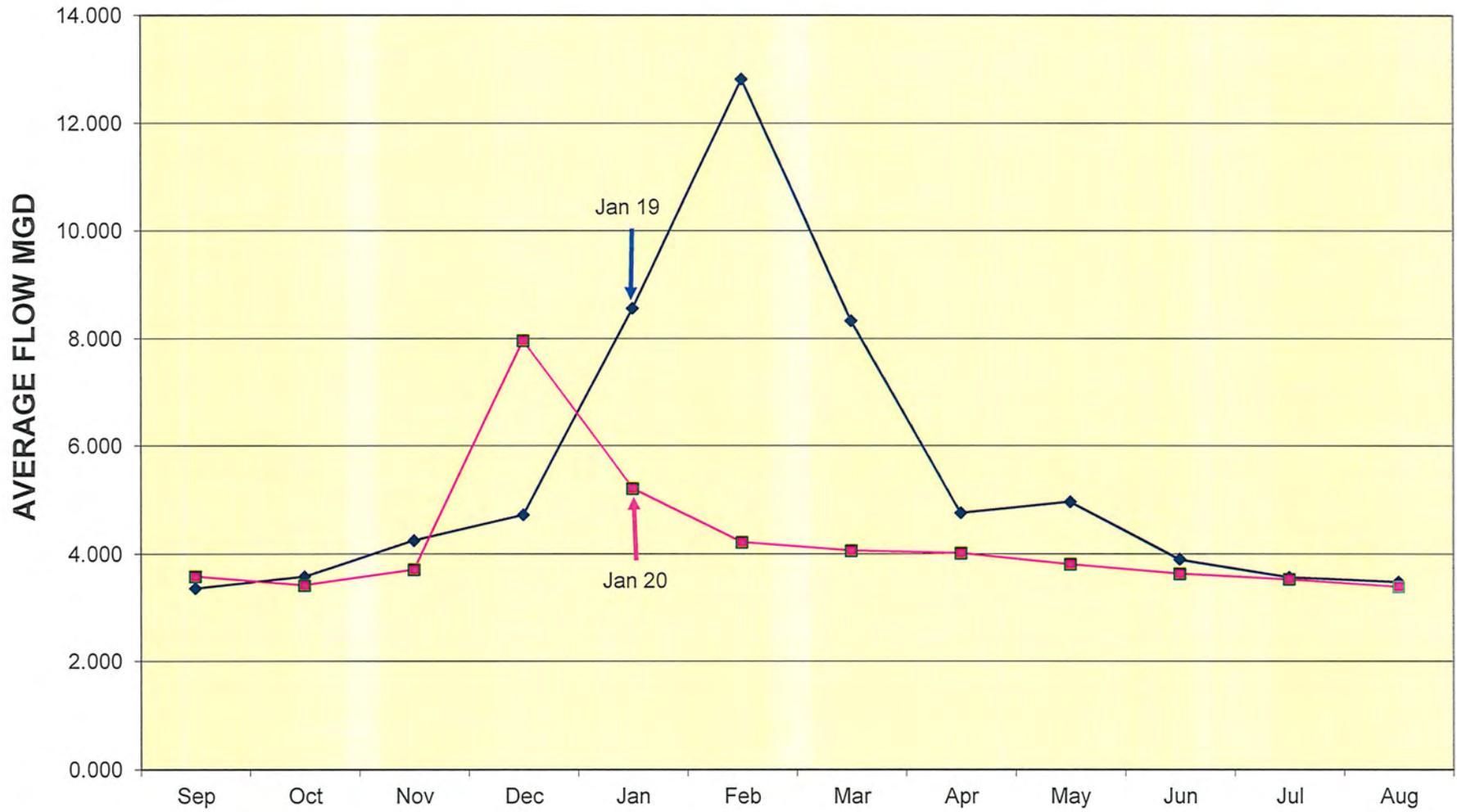
3) *RECYCLED WATER REPORT*

NOVATO SANITARY DISTRICT
RECYCLED WATER
COMPLIANCE SUMMARY REPORT

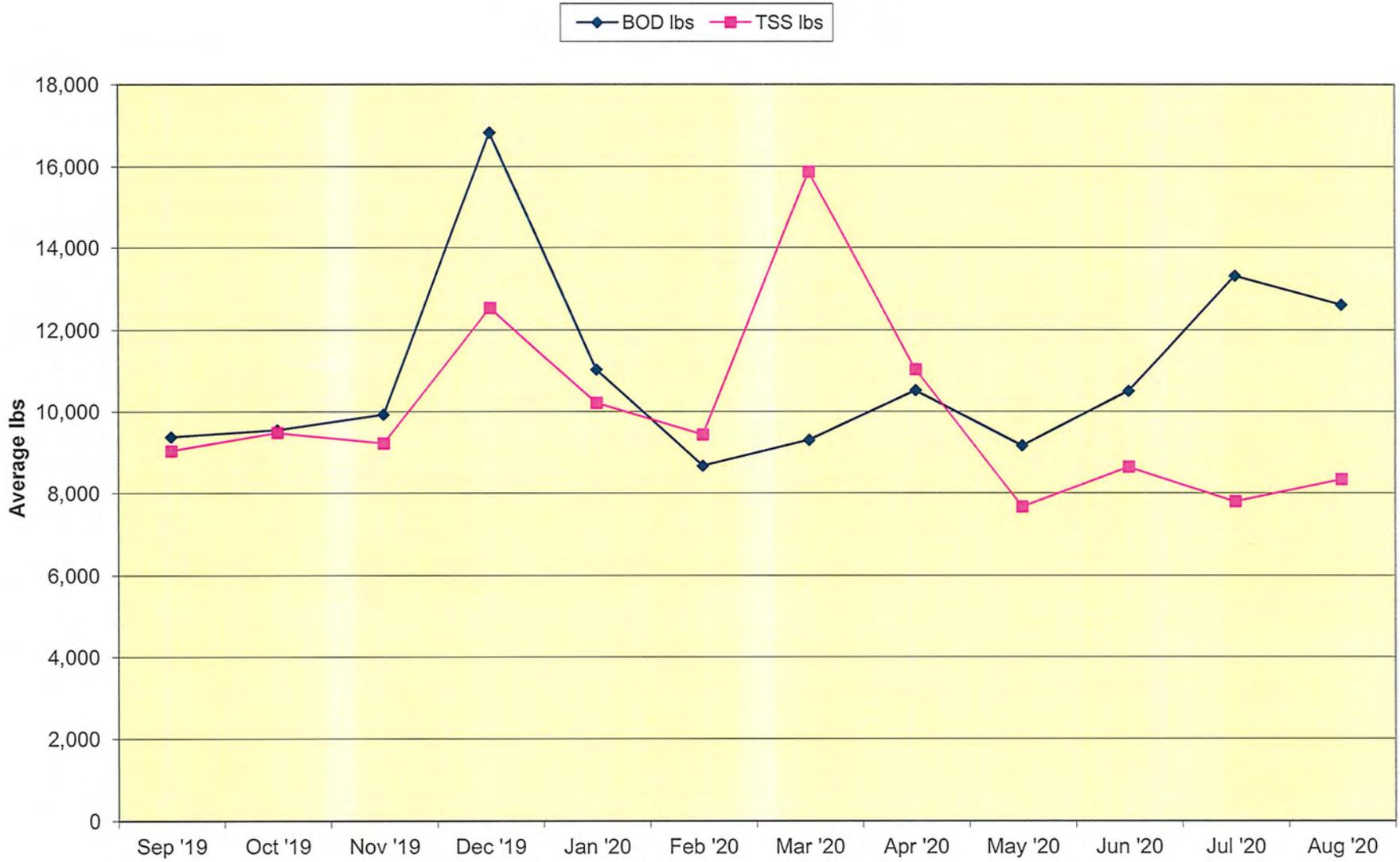
	Filter Influent Flow	Recycled Water Flow to Plum Street Tank	Banked Water To Plum Street Tank	Potable Water To Plum St Tank	Recycled Water Influent Turbidity Ave.	Minutes Over 5 NTU Turbidity	Filter Effluent 24 Hr Average Turbidity	Filter Effluent Dissolved Oxygen	Filter Effluent Total Coliform	Disinfection CT Value
Date	MGD	MGD	MG	MGD	NTU	(m)	NTU	(mg/l)	MPN/100ml	mg-min/l
8/1/2020	1.060	0.989			1.4	0	0.6		<1	>450.000
8/2/2020	0.880	0.829			1.6	0	0.6	7.4	<1	>450.000
8/3/2020	1.310	1.249			2.4	24	1.2	7.5	<1	>450.000
8/4/2020	1.500	1.393			1.8	0	0.5	7.6	<1	>450.000
8/5/2020	1.340	1.147			2.7	0	0.9		<1	>450.000
8/6/2020	0.920	0.856			2.9	0	0.9		<1	>450.000
8/7/2020	1.240	1.254			4.4	11	1.2		<1	>450.000
8/8/2020	1.340	1.310			3.7	0	0.8		<1	>450.000
8/9/2020	1.290	1.148			3.5	0	0.3	7.4	<1	>450.000
8/10/2020	1.360	1.306			2.7	0	0.2	7.4	<1	>450.000
8/11/2020	1.480	1.589			2.0	0	0.1	7.4	<1	>450.000
8/12/2020	0.860	1.075			3.8	0	0.8		<1	>450.000
8/13/2020	1.140	1.165			2.4	24	1.4		<1	>450.000
8/14/2020	1.160	1.187			2.2	57	1.5		<1	>450.000
8/15/2020	1.520	1.406			6.6	7	1.3		<1	>450.000
8/16/2020	1.250	1.144			2.0	0	1.1	7.4	<1	>450.000
8/17/2020	1.550	1.792			2.4	0	0.6	7.3	<1	>450.000
8/18/2020	1.020	0.741			2.1	0	0.5	7.3	<1	>450.000
8/19/2020	1.350	1.084			2.2	8	0.7		<1	>450.000
8/20/2020	1.470	1.241			3.1	5	0.6		<1	>450.000
8/21/2020	0.960	0.047			2.2	6	0.2		<1	>450.000
8/22/2020	1.370	1.077			2.2	0	0.5		<1	>450.000
8/23/2020	0.740	0.321			2.0	0	0.1	7.3	<1	>450.000
8/24/2020	1.040	1.149			1.9	0	1.0	7.3	<1	>450.000
8/25/2020	1.500	1.441			1.6	1	1.0	7.4	<1	>450.000
8/26/2020	1.160	1.087			1.7	7	0.9	7.2	<1	>450.000
8/27/2020	1.360	0.943			1.8	0	0.4		<1	>450.000
8/28/2020	1.230	0.714			2.5	0	0.3		<1	>450.000
8/29/2020	1.770	1.529			2.0	0	0.6		<1	>450.000
8/30/2020	0.940	1.017			1.1	0	0.9	7.3	<1	>450.000
8/31/2020	1.190	0.765			1.5	0	0.7	7.2	<1	>450.000
Total	38.300	33.995								
Minimum	0.740	0.047			1.1	0	0.1	7.2	<1	>450.0
Maximum	1.770	1.792			6.6	57	1.5	7.6	<1	>450.0
Average	1.235	1.097			2.5	5	0.7	7.4	<1	>450.0

4) ANNUAL PERFORMANCE SUMMARY – GRAPHS

WASTEWATER INFLUENT FLOW COMPARISON



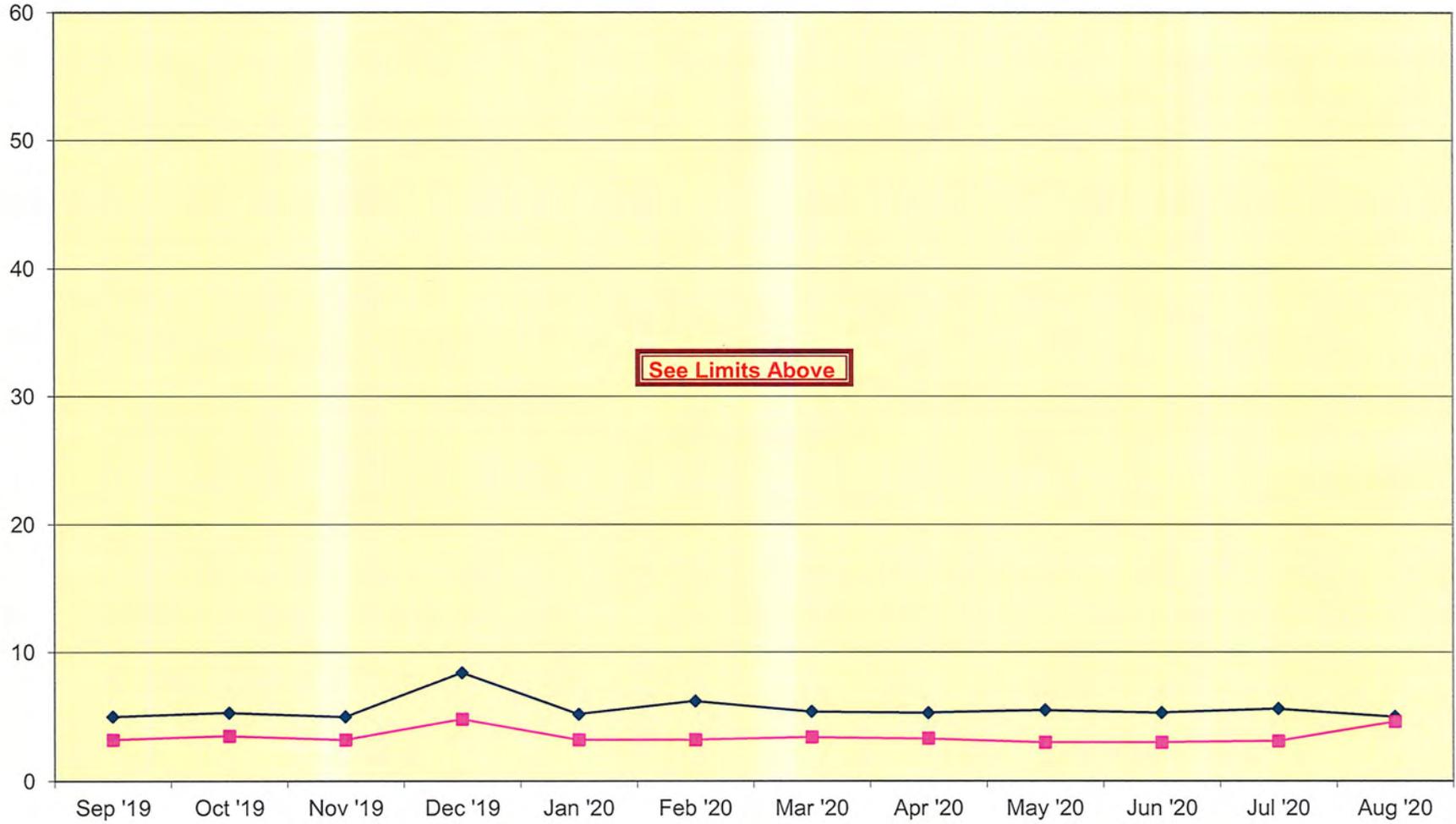
Influent Load BOD / TSS lbs



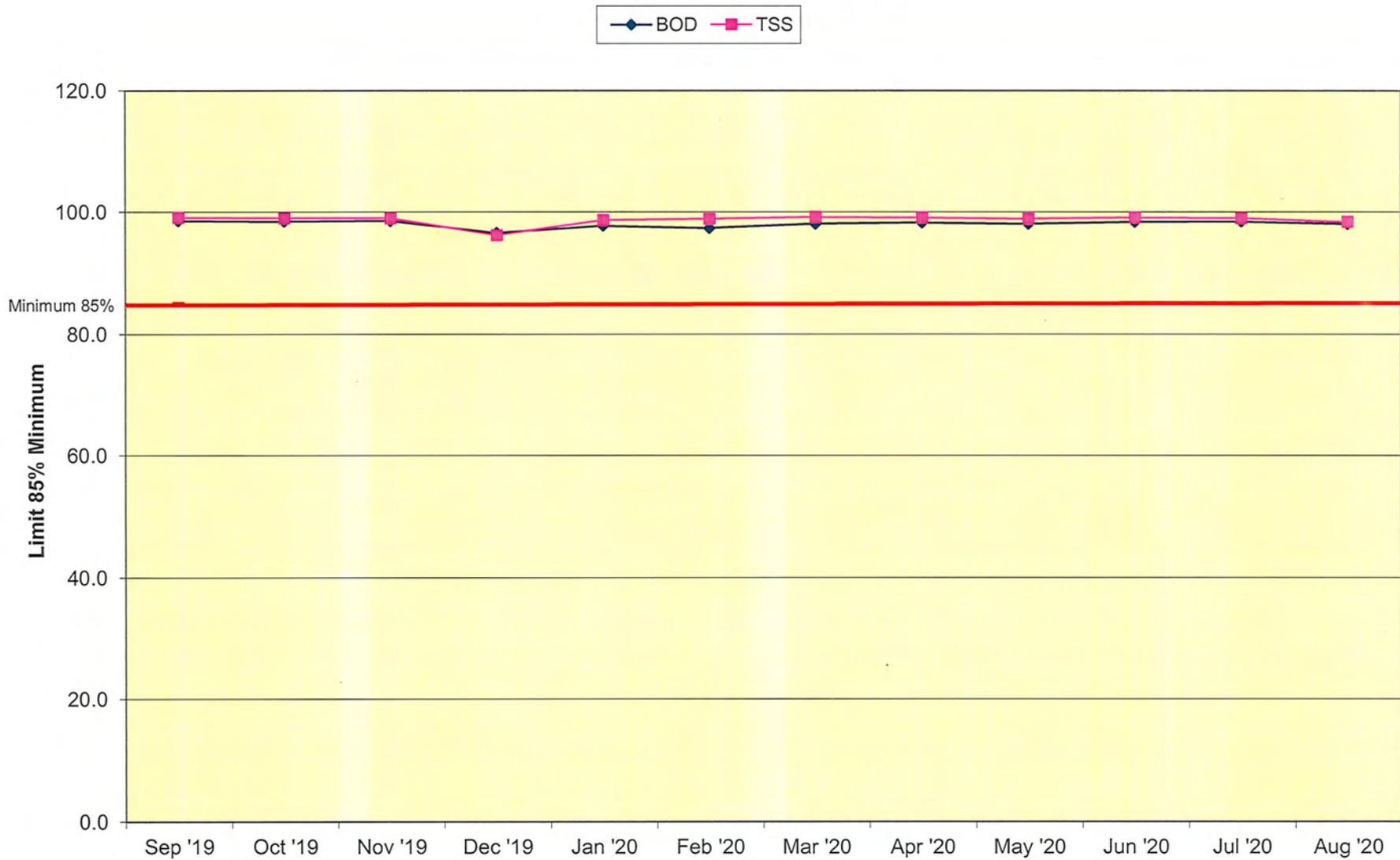
Effluent BOD / TSS Concentration

◆ BOD ■ TSS

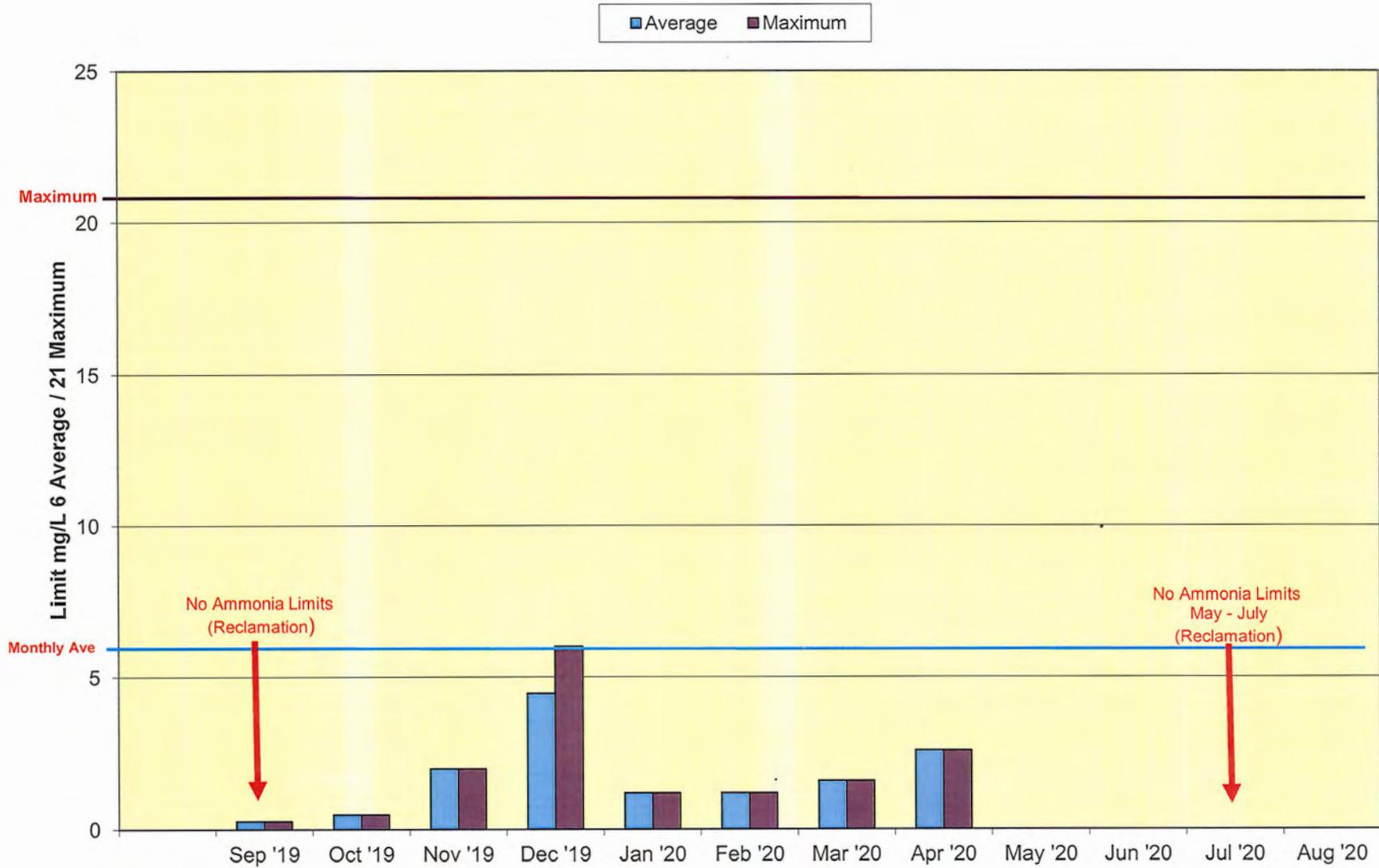
NPDES LIMITS DRY SEASON
BOD - 15 mg/L Monthly Ave. 30 mg/L Weekly Ave
TSS - 10 mg/L Monthly Ave. 20 mg/L Weekly Ave
WDR (Waste Discharge Requirements) RECLAMATION
BOD - 40 mg/L



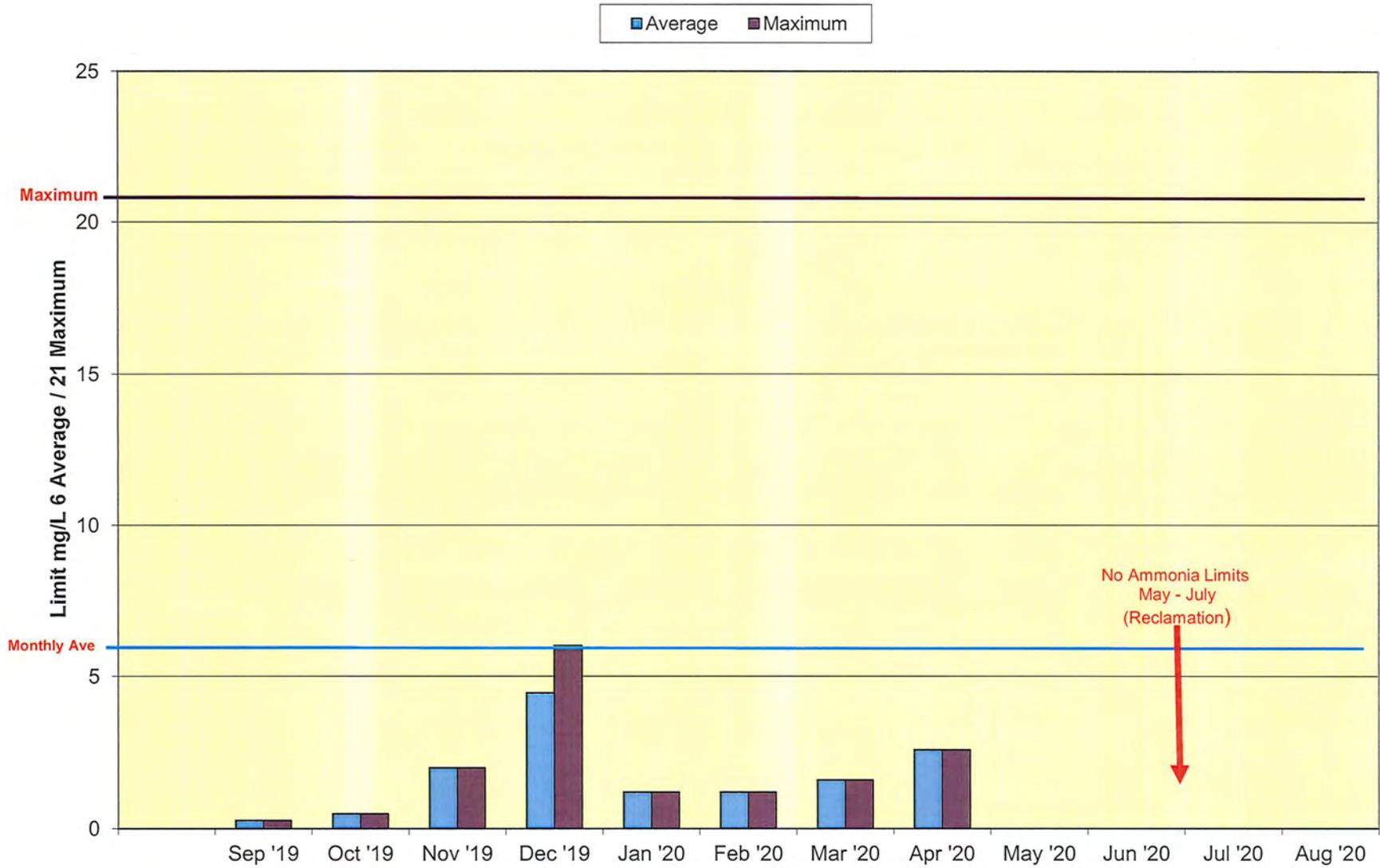
BOD / TSS Percent Removal



Effluent Ammonia

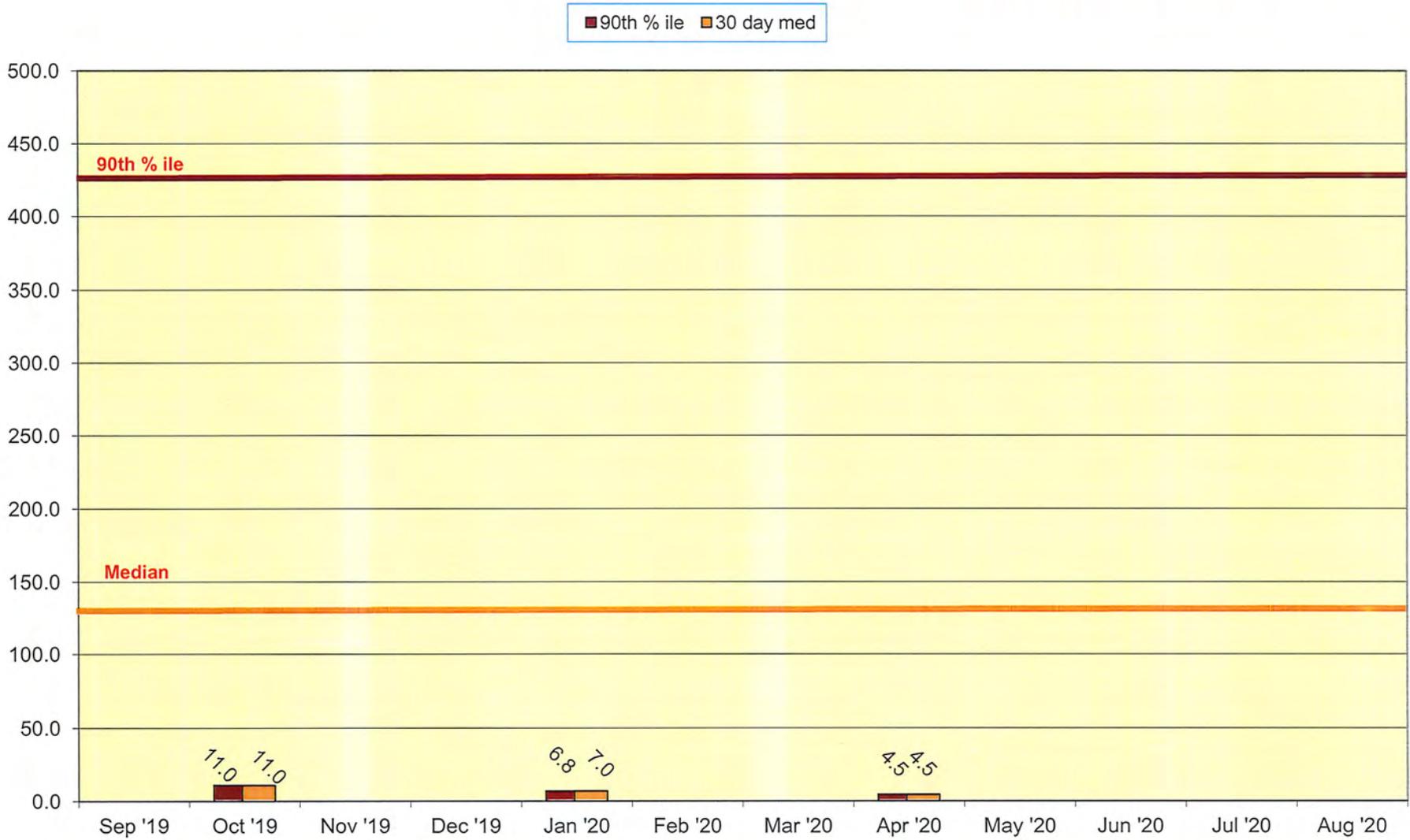


Effluent Ammonia



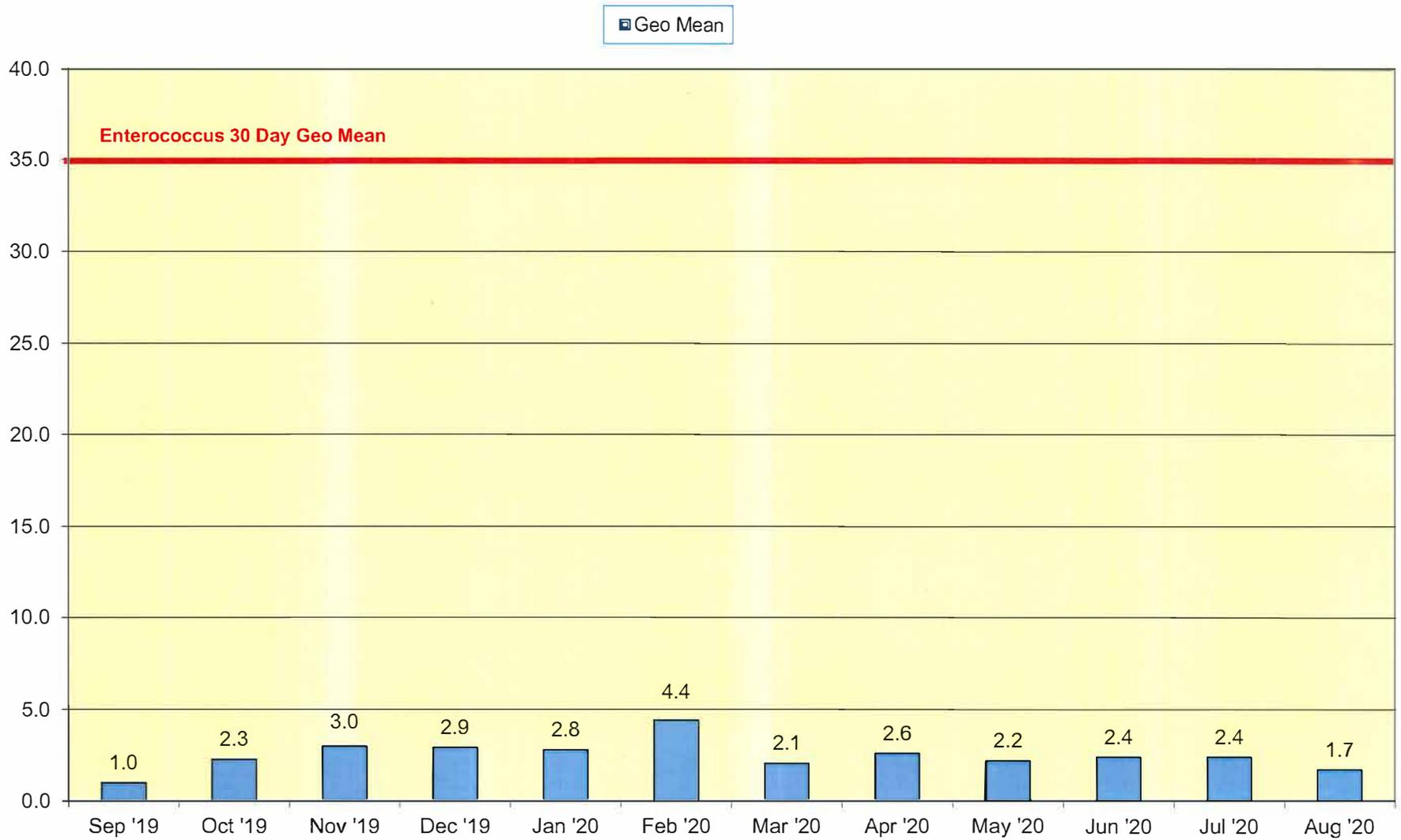
Disinfection - Fecal Coliform

LIMITS - NPDES
 Fecal 140 mpn monthly median
 Fecal 430 mpn 90th percentile 30 day



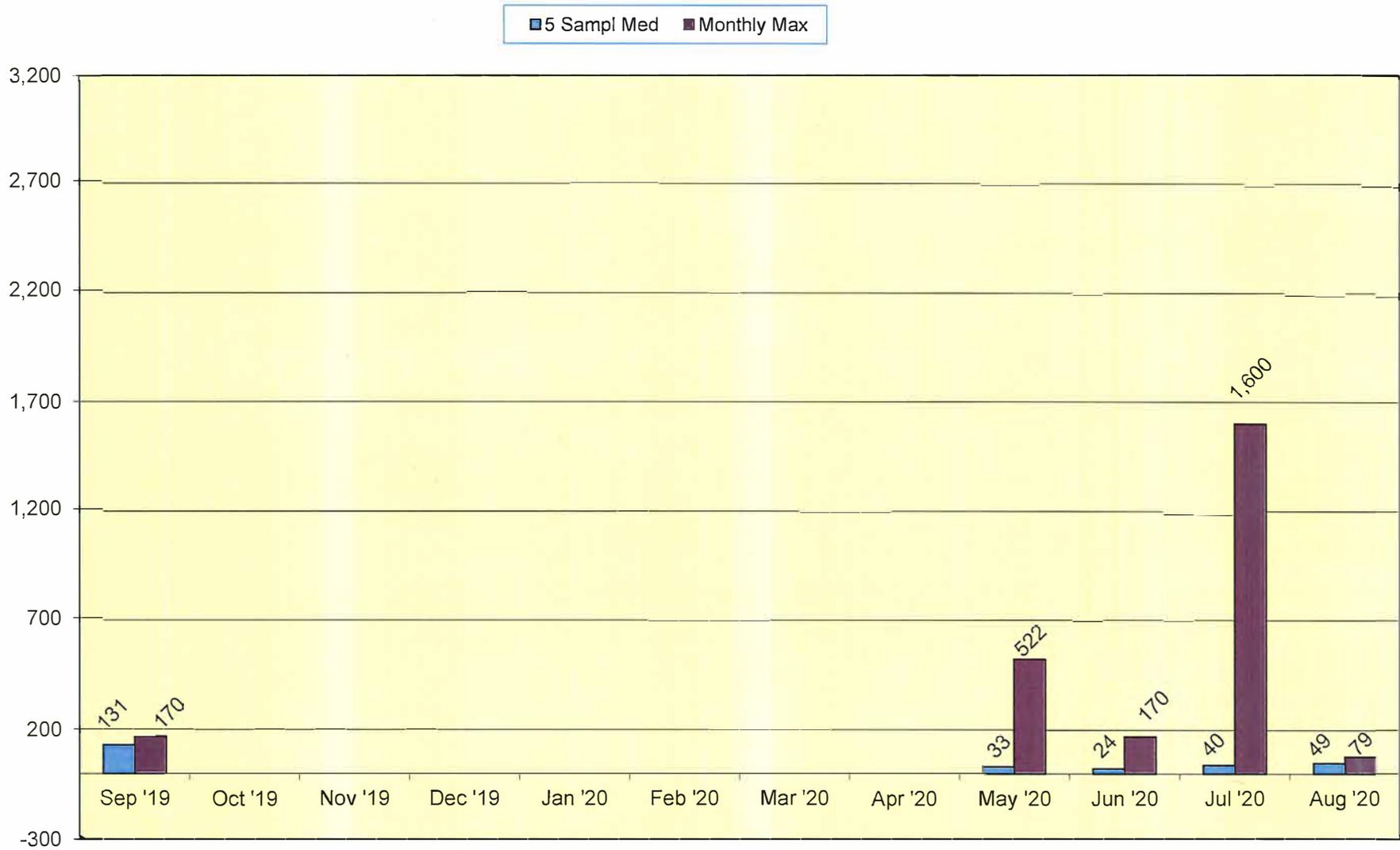
Disinfection - Enterococcus

LIMITS - NPDES
Enterococcus 30 day geo mean 35 mpn /100ml

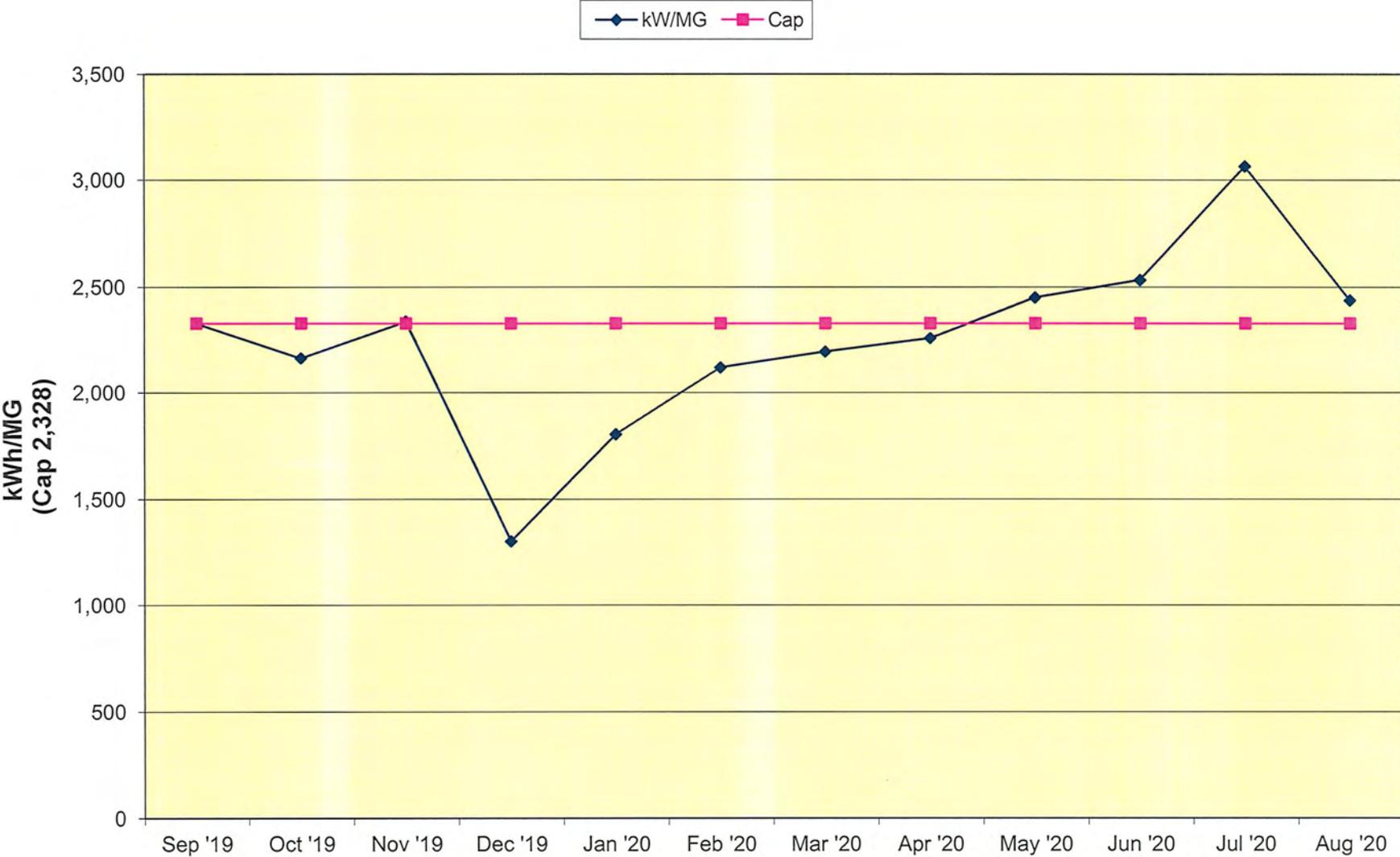


Disinfection - Total Coliform

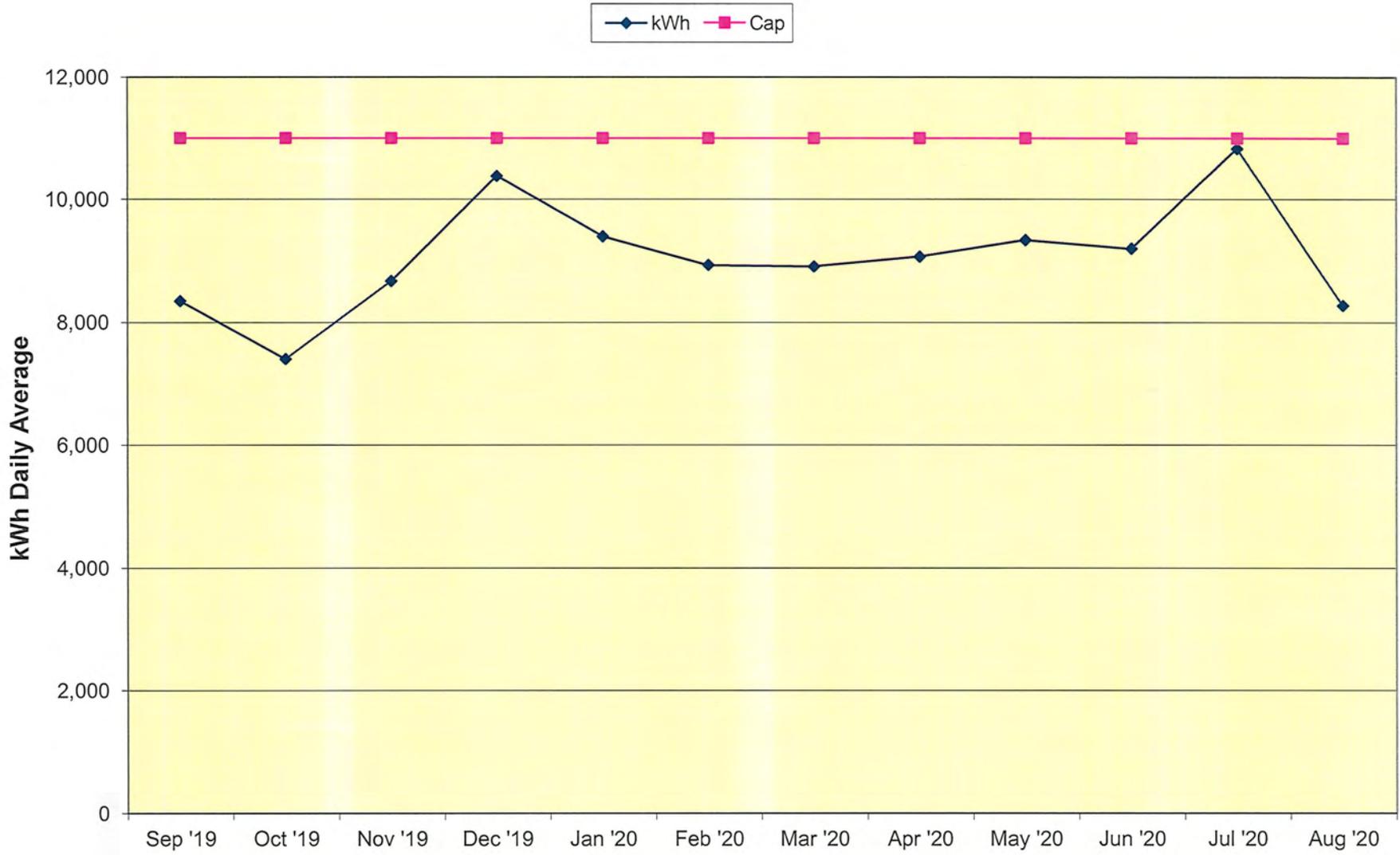
TOTAL COLIFORM LIMITS - WDR
5 Sample Median - 240 mpn /100 ml
Maximum - 10,000 mpn/100 ml



Energy kWh/MG

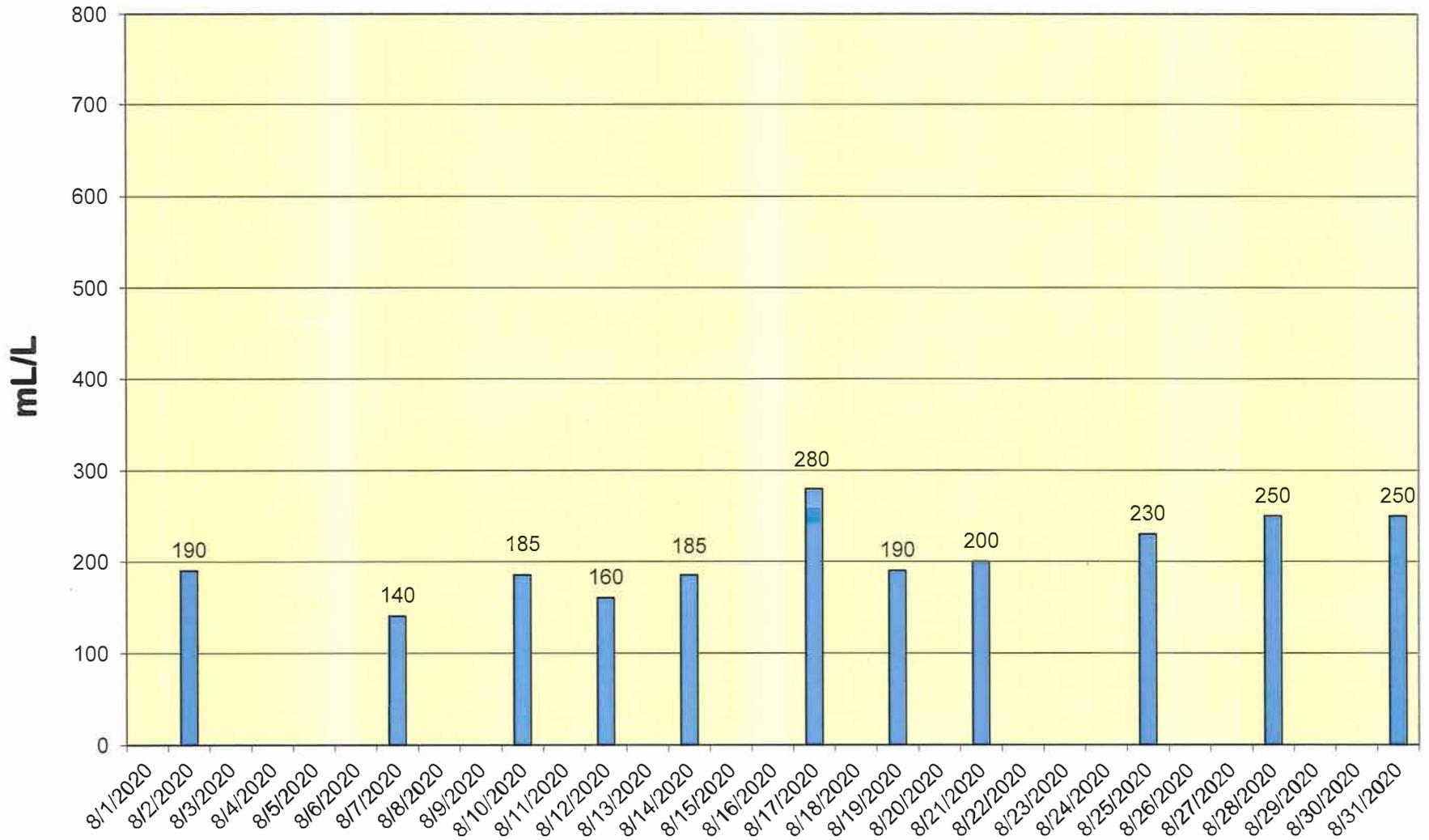


Energy kWh

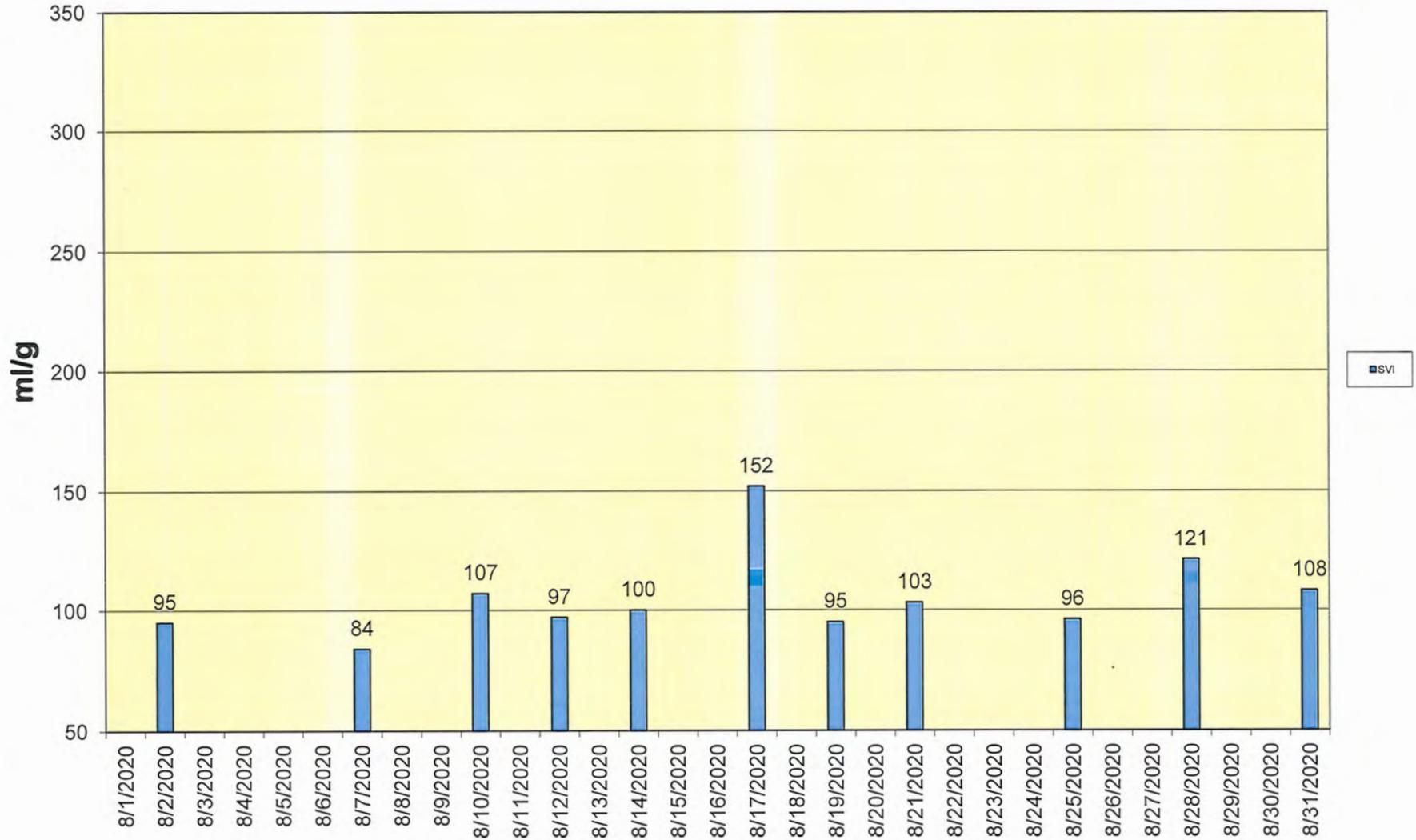


5) PROCESS CONTROL DATA / GRAPHS

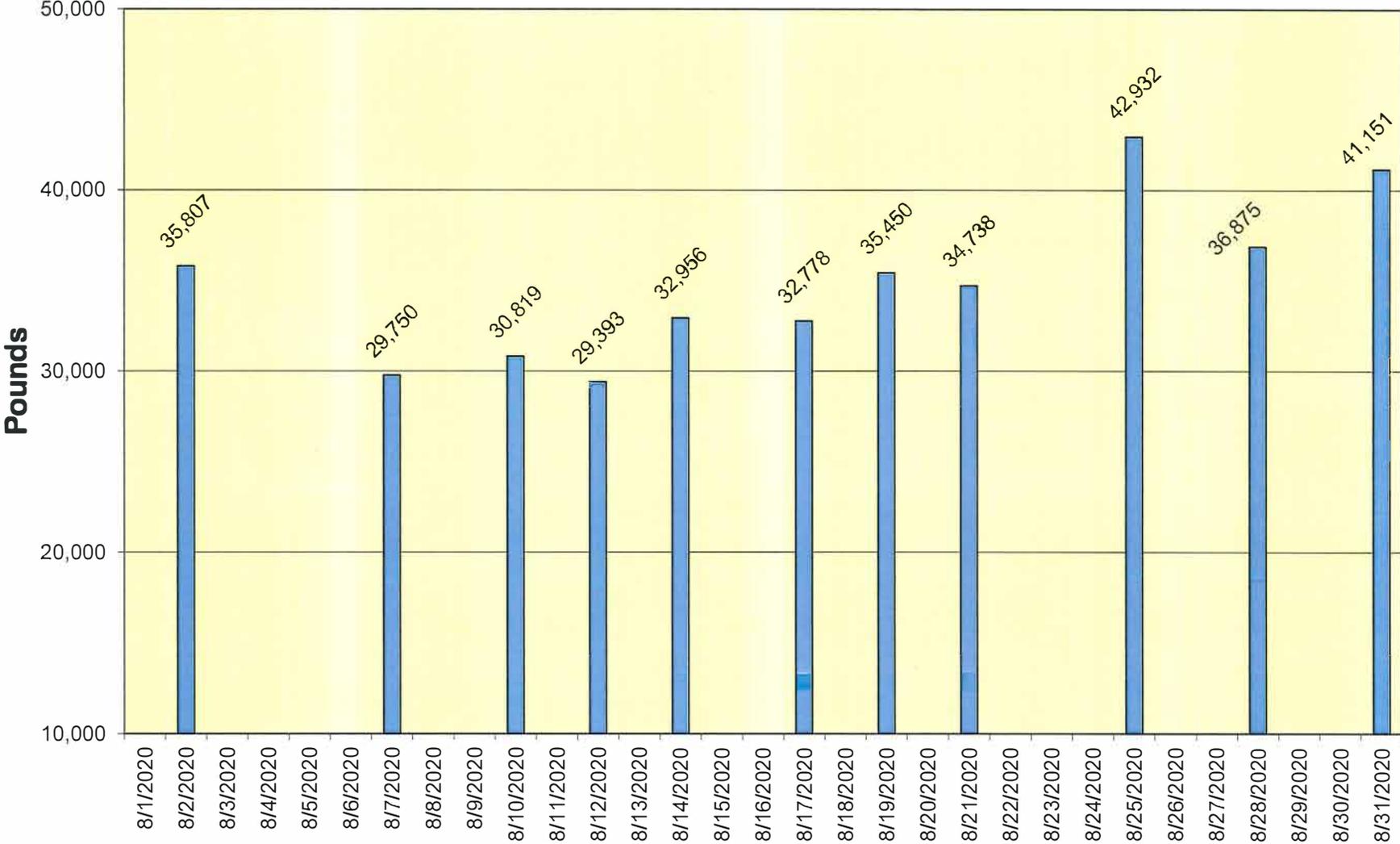
Settleability



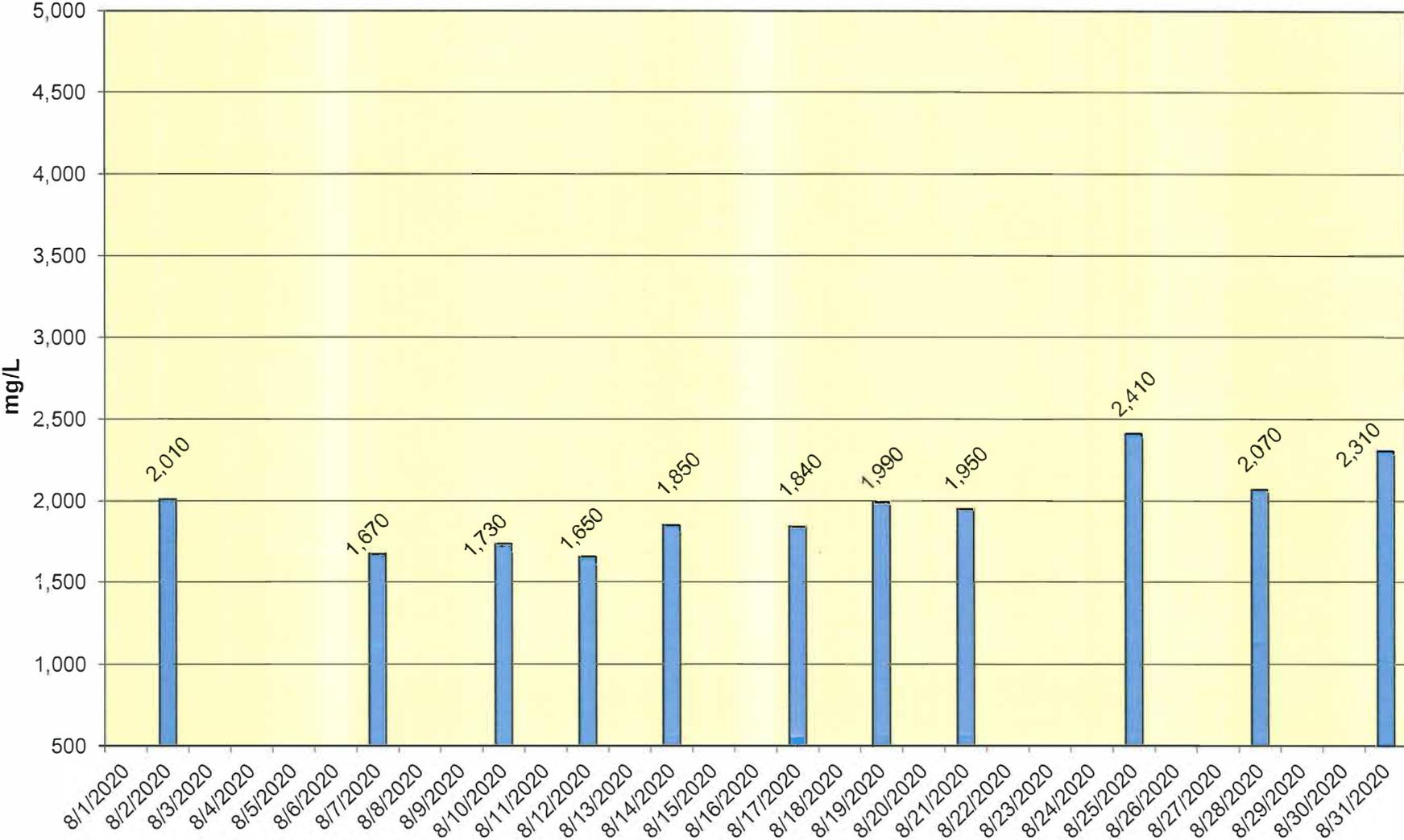
Sludge Volume Index



MLSS Inventory

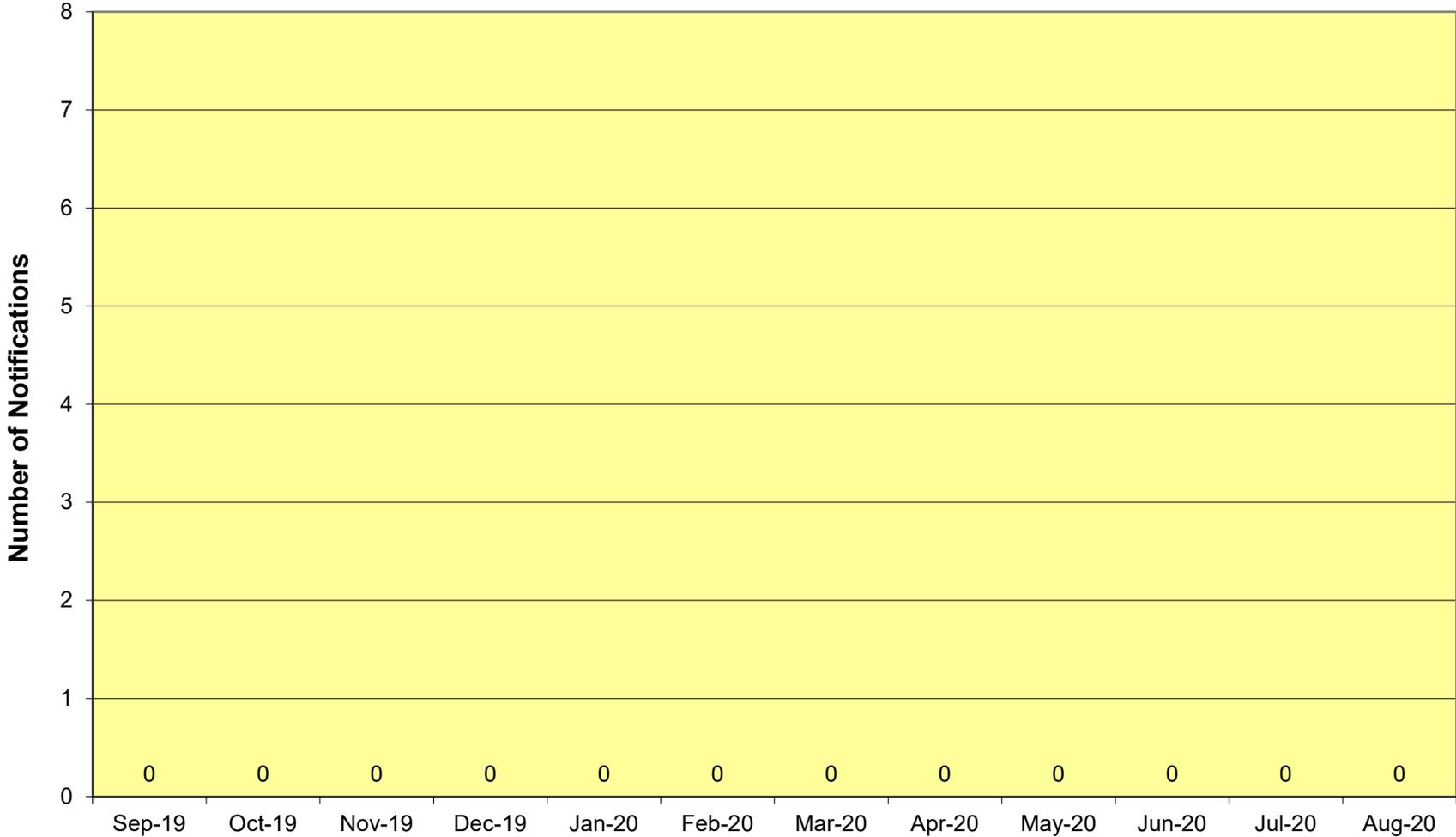


MLSS Concentration



6) NEIGHBORHOOD COMPLAINTS RECEIVED

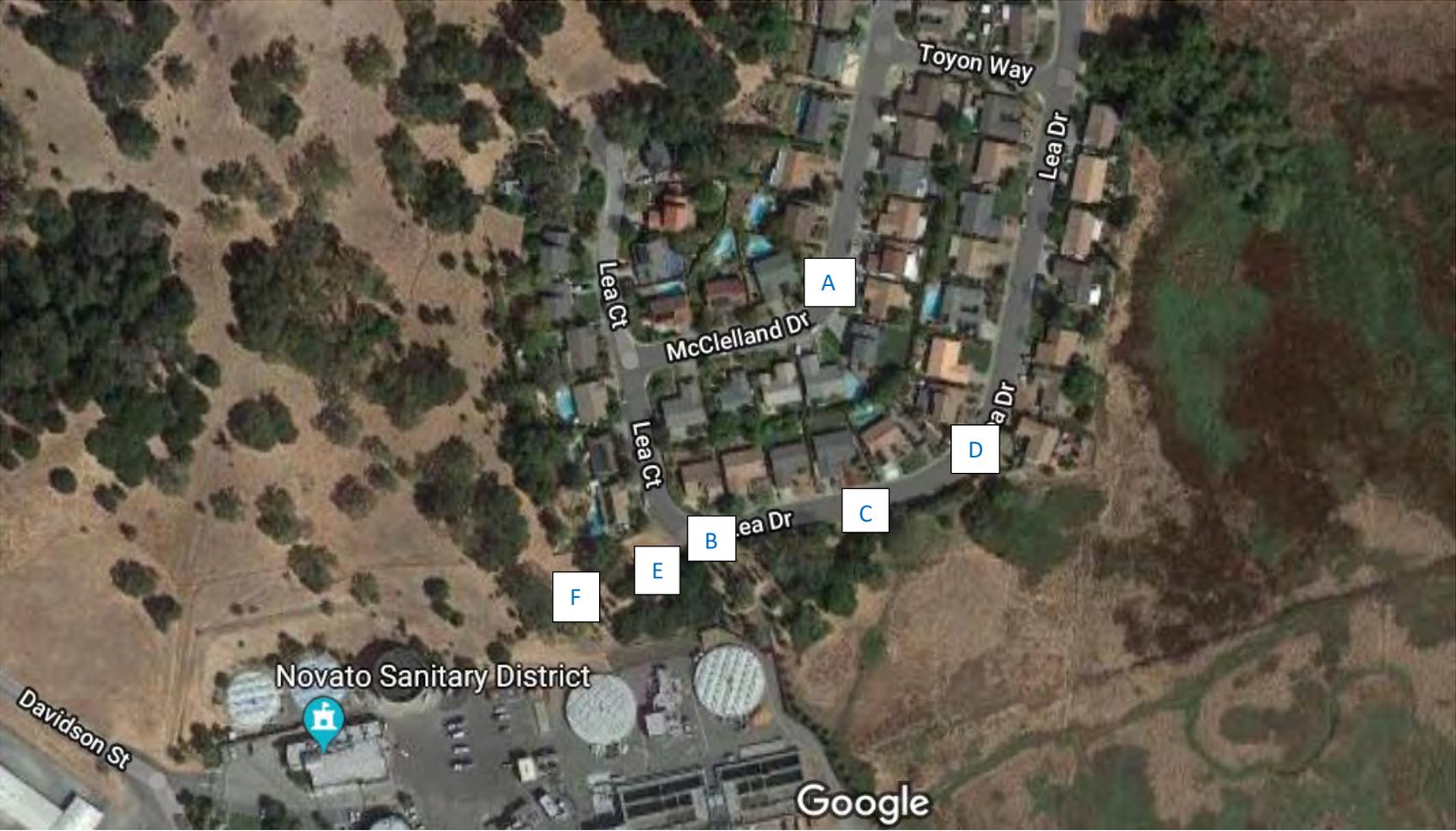
Neighborhood Complaints Received



JEROME METER READINGS - AUGUST 2020				
Sample Location	Min	Max	Ave	NOTES / COMMENTS
A: McLelland	0.000	0.000	0.000	Neighborhood
B: Lea 1	0.000	0.001	0.0005	Neighborhood
C: Lea 2	0.000	0.005	0.0025	Neighborhood
D: Lea 3	0.000	0.003	0.0015	Neighborhood
E: Lea 4	0.000	0.000	0.000	Neighborhood
F: Lea 5	0.000	0.000	0.000	Neighborhood

7) JEROME METER READINGS & LOCATIONS

NEIGHBORHOOD JEROME METER LOCATIONS – Lea Drive and McClelland Drive



NOVATO SANITARY DISTRICT
Wastewater Operations - Reclamation Facilities Report
August 2020

1.0 Summary:

1.1 During August 2020:

- The treatment plant was in reclamation mode throughout all of August 2020.
- Approximately 70.15 million gallons of treated water flowed to storage ponds 1 and 2 during August 2020.
- Approximately 1.1 million gallons of reclaimed water was utilized by the California State Coastal Conservancy's Bel Marin Keys (BMK) V levee construction project during August 2020.

2.0 Ranch Operations:

- 2.1 Drainage Pump Stations 3 and 7 did not pump any water during August 2020.
2.2 Approximately 220 cows and calves grazed Sites 2, 3, and 7 throughout August.

3.0 Irrigation Parcels:

- 3.1 Irrigation continued throughout August. Approximately 51 million gallons of reclaimed water were applied to the Site 3 and Site 7 pastures.
3.2 Repairs were made to the motor operated valves at Sites 3 and 7 August 2020.
3.3 District staff worked with staff from Marin County Flood Control to coordinate aspects of the Simmons Drainage Improvement Project.

4.0 Irrigation Pump Station:

- 4.1 The Wildlife Pond was maintained at 6 feet throughout August.
4.2 The water level in storage ponds 1 and 2 was raised from 5.3 feet to 5.6 feet during August.
4.3 The Reclamation Facility Monthly Statistics spreadsheet for August 2020 is attached.

5.0 Biosolids (sludge) Handling & Disposal:

- 5.1 No biosolids activities occurred in August.



Pasture Irrigation on the morning of August 18, 2020 at Site 3.

NOVATO SANITARY DISTRICT														
Reclamation Facility - Monthly Statistics/Estimates for Calendar Year 2020, as of August 31, 2020														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year to Date	Annualized Monthly Average
Irrigation Pump Station														
Plant flow to ponds (MG)	0	0	0	0	86.95	66.53	65.15	70.15					288.8	
Irrigation (MG)	0	0	0	0	5.33	56.11	67.82	51.11					180.4	
Irrigation Pump 1 Hours	0	0	0	0	20.8	126.1	117.6	99.8					364.3	
Irrigation Pump 2 Hours	0	0	0	0	0.9	62.6	79.9	48.6					192.0	
Irrigation Pump 3 Hours	0	0	0	0	19.7	130.9	123.5	101.7					375.8	
Washdown Water Pump Hours	0	0	0	0	0	0	0	0					-	
Wildlife Feed Pump Hours	0	0	0	720	648	720	720	720					3,528.0	
Water Circulated through Wildlife Pond (MG)	0	0	0	45.4	40.8	45.4	45.4	45.4					222.4	
Strainer No. 1 Hours	0	0	0	0	4	40.4	39.5	31.2					115.1	
Strainer No. 2 Hours	0	0	0	0	4.1	40.2	39.9	31.3					115.5	
Pond 1 Gauge @ Beginning of Month (feet)	3.5	3.5	3.4	3	2.8	6.7	6.5	5.3					34.7	
Pond 1 Gauge @ End of Month (feet)	3.5	3.4	3	2.8	6.8	6.5	5.3	5.6					36.9	
Pond 1 Gallons Stored @ End of Month(MG)	24	23	20	18	51	49	38	41					264.0	
Pond 2 Gauge @ Beginning of Month (feet)	3.5	3.5	3.4	3	2.8	6.7	6.5	5.3						
Pond 2 Gauge @ End of Month (feet)	3.5	3.4	3	2.8	6.8	6.5	5.3	5.6						
Pond 2 Gallons Stored @ End of Month(MG)	31	30	25	23	66	63	50	53						
Total Irrigation Water Stored (MG)	55	53	45	41	117	112	88	94						
Drainage Pump Station No. 3														
Drainage Pump No. 1 Hours	0	61.8	2.2	0	0	0	0	0					64	
Drainage Pump No. 2 Hours	266.6	0	0.4	0	0	0	0	0					267	
Drainage Pump No. 3 Hours	0	0	5.2	0	0	0	0	0					5.2	
Total Gallons Stormwater Pumped (MG)	79.98	18.54	2.34	0	0	0	0	0					100.86	33.62
Drainage Pump Station No. 7														
Drainage Pump No. 1 Hours	0	9.6	2.1	0	0	0	0	0					11.7	--
Drainage Pump No. 2 Hours	0	0	0	0	0	0	0	0					0	--
Drainage Pump No. 3 Hours	85.6	0	3.3	2.5	0	0	0	0					91.4	--
Total Gallons Stormwater Pumped (MG)	38.52	4.32	2.43	1.13	0	0	0	0					46.4	11.6

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Capital Projects: Collection System Improvements, Account No. 72706: Air Release Valve and Vault Rehabilitation Project	MEETING DATE: September 14, 2020 AGENDA ITEM NO.: 10.a.						
RECOMMENDED ACTIONS: Grant Final Acceptance of the Project and authorize staff to file Notice of Completion.							
SUMMARY AND DISCUSSION: <p>On January 13, 2020, the District’s Board of Directors awarded the Contract for the Air Release Valve and Vault Rehabilitation Project to Glosage Engineering, Inc. (Contractor) for a low bid of \$410,212.50. The Notice to Proceed was issued on March 2, 2020 and work achieved substantial completion about July 12, 2020.</p> <p>During the course of the work a few unforeseen conditions were found that resulted in minor change orders that were paid out of the Bid Item for Changed Conditions and are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="padding: 5px;">Unforeseen Condition</th> <th style="padding: 5px;">Amount</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">Additional cost to move the vault due to conflicting pipework within the vault:</td> <td style="padding: 5px;">\$1,601.94</td> </tr> <tr> <td style="padding: 5px;">Additional cost to reconfigure pipework and valves to lower the top of vault elevations along Atherton Avenue:</td> <td style="padding: 5px;">\$1,666.93</td> </tr> </tbody> </table> <p>In addition to the above, during the course of the work it was determined that concrete slabs were necessary around five (5) of the vault covers to provide a safe working area and accommodate sleeves for confined space equipment where District vehicles could not easily access. District staff negotiated a change order in the amount of \$21,000.00 to add the slabs. This change order was within the General Manager – Chief Engineer’s signing authority and subsequently approved.</p> <p>At this time, the Contractor has completed the Contract work and the project is ready for final acceptance. The final cost of the project is \$412,073.87 or \$1,861.37 (0.4%) above the bid amount. The total amount of change orders for unforeseen conditions as well as the change order to add the slabs is \$24,268.87 or 5.9% of the bid amount. The minor impact of the change orders to the final contract cost was the result of lower quantities used on quantity-based bid items and the unused balance (\$16,731.13) of the Changed Condition Allowance.</p> <p>It is recommended that the Board grant final acceptance and authorize staff to file the Notice of Completion (NoC).</p>		Unforeseen Condition	Amount	Additional cost to move the vault due to conflicting pipework within the vault:	\$1,601.94	Additional cost to reconfigure pipework and valves to lower the top of vault elevations along Atherton Avenue:	\$1,666.93
Unforeseen Condition	Amount						
Additional cost to move the vault due to conflicting pipework within the vault:	\$1,601.94						
Additional cost to reconfigure pipework and valves to lower the top of vault elevations along Atherton Avenue:	\$1,666.93						
STRATEGIC PLAN INFORMATION: This item addresses Goal 1 (Operational Excellence) and Goal 2 (Reliable and Efficient Facilities) of the latest Strategic Plan Update.							
Prepared by: EB	Reviewed by General Manager: SSK						

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Capital Projects Update,
August 2020.

MEETING DATE: August 10, 2020

AGENDA ITEM NO.: 10.b.

RECOMMENDED ACTIONS: Receive Capital Projects Update, August 2020 (information only).

SUMMARY AND DISCUSSION:

The August 2020 Capital Projects Update is attached.

District staff will be present at the meeting to provide an overview of the memo and be available to discuss the status of the various projects or respond to any questions.

ATTACHMENTS: 1. Capital Projects Update, August 2020.

STRATEGIC PLAN INFORMATION: This item addresses Goal 1 (Operational Excellence) and Goal 2 (Reliable and Efficient Facilities) of the latest Strategic Plan Update.

Prepared by: eb

Reviewed by General Manager: SSK

**Novato Sanitary District
Capital Improvement Program (CIP)
Capital Projects Update
August 2020**

Account No. 72403: Pump Station Improvements

This ongoing, long-term account provides for replacing the District's underground-type pump stations with submersible pump-type pump stations.

1. Rowland Plaza Pump Station: Project to convert the Gorman Rupp style wet well/dry well pump station to submersible pump-type station and new emergency generator.
 - Staff attended a field meeting with PG&E representatives to discuss the electrical service.
 - Estimated start of construction, Spring of 2021.
2. Marin Village Pump Station: Project to replace the existing wetwell/drypit type pump station with new submersible pump-type station.
 - 85% design plans received for review.
 - Construction sequencing reviewed by staff and comments returned to consultant.
 - Estimated start of construction, Summer 2021.
3. Olive Pump Station: Project to replace the existing natural gas generator with a new diesel generator, and upgrade electrical switchgear and related electrical equipment.
 - Project currently in design.
 - Estimated start of construction, FY 21-22.

Account No. 72508: North Bay Water Reuse Authority (NBWRA)

The District is a member agency of the North Bay Water Reuse Authority (NBWRA). Fiscal Year (FY) 19-20 is the sixth year of the multi-year Phase 2 program, including continuing environmental work for currently over \$75 million in recycled water projects across all NBWRA agencies for funding under the US Bureau of Reclamation Title XVI (WaterSMART) program.

- No update this period.

Account No. 72706: Collection System Improvements

2. Redwood Blvd/Golden Gate Pavement Restoration: Final paving for the Redwood Blvd. and Golden Gate Place sewer rehab projects.
 - Informal bids received August 25, 2020. Project awarded to Ghilotti Bros., Inc. of San Rafael, in the amount of \$128,257.50.
 - Notice to proceed will be issued in September.
3. Bel Marin Keys Blvd. Sewer Rehab Project: Replacement of approximately 310 feet of 10-inch sewer main in Bel Marin Keys Blvd.
 - Project currently in design.
 - Estimated construction, Spring 2021.

4. Collection System Master Plan (CSMP): Continuing work associated with the CSMP currently underway by the District's consultant Woodard and Curran (W&C):
 - The District has executed an agreement for professional services for project implementation planning with W&C.
 - Kickoff meeting planned for September.
5. ARV Replacement Project: Replacement of Air Relief Valves (ARV) and modifications of their maintenance vaults at 11 separate locations throughout the system.
 - A request to grant final acceptance of the Project and file a notice of completion (NOC) is presented to the Board under a separate agenda item.
6. Vineyard Creek at Angelica Court Bank Repair:
 - Consultants preparing final plans and specifications.
 - Estimated construction, Spring/Summer 2021.
7. Del Mar Sewer Replacement: Realignment/replacement of approximately 1,400 lineal feet of 8-inch sewer main with new 10-inch PVC sewer main and appurtenances.
 - 90% Design review complete.
 - Construction start anticipated, Spring 2021.

Account No. 72706-1: Lateral Replacement Program

The District established this program as a sub-account within Account No. 72706, as part of a long-term approach to reducing infiltration and inflow from private residential laterals into the District's collection system.

- The FY 20-21 preliminary budget for this account is \$60,000. One grant in the amount of \$2,000 has been distributed this FY.

Account No. 72707: Hamilton Wetlands/Outfall Integration

As noted in prior years, the State Coastal Conservancy's (SCC) goal for their project is to utilize the District's highly treated effluent as a reliable, long-term fresh water source to establish and maintain a brackish marsh habitat at the SCC's Wetlands project.

- The District will continue to supply secondary treated effluent to the Project per the Interagency Agreement between the District and SCC for use of reclaimed water executed on September 23, 2019.
- SCC's contractor removed the inflatable plug in the District's outfall at Junction Box 6 on August 31. The plug had been employed to "charge" the line while the District was in reclamation mode and allow SCC's contractor to still draw water from the outfall at Junction Box 5.
- District staff have been working with SCC's team to refine workplans and timelines associated with the relocation of a portion of the District's outfall pipeline. SCC is aware that the District has returned to Bay discharge on September 1. Any relocation of the District's pipeline and subsequent tie-in to existing pipeline would require a system outage request.

Account No. 72708: Cogeneration/Alt. Energy

- The Board received a presentation from District's consultant, Woodard & Curran (W&C) on a recommended option for a cogeneration project at the June 8, 2020 Board meeting and authorized staff to implement the recommendation. The recommended option is to negotiate a Power Purchase Agreement (PPA) with a fuel cell company.
 - Update: Discussions with fuel cell company have revealed that due to COVID-19, their investors are not currently willing to fund projects utilizing biogas as fuel.
 - W&C will be evaluating whether a straight natural gas fuel cell in the near term would be a viable option, with potential to use biogas at a later date, or another technology.

- At the November 2019 Board meeting, TerraVerde Energy, LLC (TerraVerde) presented on opportunities in energy saving, use-optimization, and generation, through the deployment of Distributed Energy Resources (DERs) to the District Board. Per the California Energy Commission (CEC) grant administered by MCE, and per direction from the District Board, TerraVerde is developing Requests for Proposals (RFPs) for the DERs selected by the District including:
 - Solar PV arrays with Battery Storage
 - Replacing Interior Lighting w/ LED Lighting and Occupancy Sensors
 - Replacing Exterior Lighting w/ LED Lighting
 - Virtual Power Plant

District staff received a proposal in August from an MCE approved contractor to for lighting upgrades. Staff and MCE rebate program representatives are evaluating the proposal.

NTP Solar/Battery Storage Project-

- On hold due to oversubscription of the California Energy Commission (CEC)/PGE funded Small Generator Incentive Program (SGIP).

Account No. 72803: Annual Collection System Repairs

Collection system repairs are generally reported monthly in the Collection System Operations report, and annually in the Uniform Public Construction Cost Accounting Act (UPCAA) staff report. The 2019-20 UPCCAA staff report is being presented to the Board under a separate Agenda item.

Account 72804: Annual Reclamation Facilities Improvements

Reclamation facilities improvements are generally reported monthly in the Reclamation Facilities Operations report, and annually in the UPCAA staff report.

- A repair to the 54-inch outfall just south of Bel Marin Keys Blvd and east of Pacheco Pond will be funded from this account. The informal contract was awarded to W.R. Forde Construction who performed the repair work in mid-August. The Contractor will also be repairing a leak in the outfall further downstream near the new levee being constructed by the State Coastal Conservancy. This work commenced in August and will be completed in early September.

Account No. 72805: Annual Treatment Plant Improvements

Treatment Plant Improvements are generally reported monthly as part of the Wastewater Operations report and reported annually in the UPCA staff report.

Account No. 72806: Annual Pump Station Improvements

Pump station repairs are generally reported monthly as part of the Collection System Operations report, and annually in the UPCA staff report.

Account No. 72807: Annual Ignacio Facility Improvements

Annual Ignacio Facility Improvements are generally reported monthly as part of the Collection System Operations report, and annually in the UPCA staff report.

Account No. 72808: Strategic Plan Update:

- No update this month.

Account No. 72809: Novato Creek Watershed

This account and its budget was established as a result of an agreement with the Marin County Flood Control District (MCFCD).

Under this agreement, the District participates in a program with the County of Marin, the City of Novato, and the North Marin Water District to explore alternatives to reduce flooding potential in the lower Novato Creek portion where all of these agencies have facilities that are prone to flood damage.

- No update this period.

Account No. 73003: Administration Building Upgrades/Maintenance Building

This account includes allowances for minor improvements to the Administration Building and work associated with providing a new temporary Maintenance Building.

- No update this month.

Account No. 73004: Odor and Landscaping Improvements

This account budgets for further work by District and operations staff and the District's Odor Specialist consultant(s) to address and manage any odor issues raised by the District's neighbors. It also includes an allowance to address any landscaping items.

- No update this month.

Account No. 73005: RWF Expansion

This account funds the design and construction of an incremental capacity expansion to the existing Recycled Water Facility (RWF) at the Novato Treatment Plant site. This first expansion was necessitated by the planned expansion by the North Marin Water District (NMWD) of its Central Area Project, which will push NMWD's recycled water distribution pipelines into the Central Novato/Ignacio geographic areas.

- Project complete.

Account No. 73006: NTP Corrosion Control

This account includes funds for corrosion control projects at the Novato Treatment Plant site. As the recently constructed facilities age, the effects of the aggressive nature of wastewater corrosion start to appear and need to be addressed.

- Headworks Protective Coating Project – The Board rejected all bids at their June 8th regular meeting. Staff plan to rebid the project in Spring, 2021.

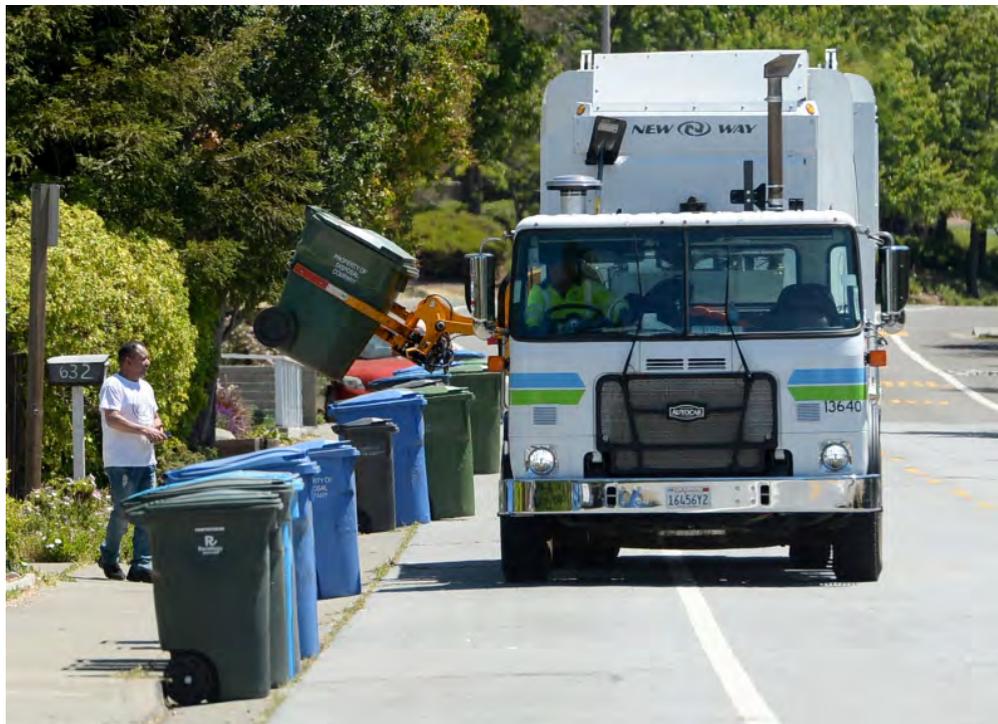
Account No. 73090: Vehicle Replacement

This account includes a FY 20-21 preliminary budget amount of \$330,000 for the purchase of one new portable generator, one new portable pump, two new light-medium duty pickup trucks, one SUV, and includes an allotment of \$40,000 to overhaul one of the District's existing sewer combo units.

Item 12.a.
(Pages 188-191)

NEWS > LOCAL NEWS

Novato waste maneuver could boost revenues, rates



A Recology truck runs a route along Olive Avenue in Novato on Tuesday, April 28, 2020. (Alan Dep/Marin Independent Journal)

By **WILL HOUSTON** | whouston@marinij.com |

PUBLISHED: August 26, 2020 at 5:59 p.m. | UPDATED: August 26, 2020 at 6:10 p.m.



The Novato City Council is exploring a waste franchise fee that could bolster revenues but also raise city costs and residential rates.

Garth Schultz of R3 Consulting told the council on Tuesday that the city is an outlier in Marin County in that it does not hold the waste franchise agreement.

The franchise has been held by the Novato Sanitary District with Recology Sonoma Marin since 2017 and with the Ratto Group before that. Under the current agreement, which expires in 2024, Recology pays the sanitary district a \$45,000 annual fee.

If the city takes control of the franchise, it could increase the fee to \$500,000 or \$1 million to recover costs it incurs from waste collection such as wear on city roads, while also providing revenue for the city general fund. But it would come with new responsibilities.

“Not surprisingly, in taking on these new responsibilities and obligations, the city would incur some new expenses,” Schultz said.

These obligations would include reviewing annual collection rates; complying and enforcing recent state laws meant to divert organic waste from landfills; and ensuring the fee doesn’t exceed the value of the solid waste expenses and franchise rights conveyed to Recology.

The city would also need to maintain the sanitary district’s hazardous waste dropoff program, Schultz said.

The sanitary district would have to agree to give the city control of the franchise, which the district is open to considering, according to Schultz.

Recology Sonoma Marin also serves four unincorporated areas near the city, so the city will likely need to negotiate with the county and the Marin County Local Agency Formation Commission, Schultz said.

“What we do know is in assigning the agreement over to the city, Novato Sanitary would not wish to continue maintaining a franchise for those limited service areas,” Schultz said.

It’s also unclear how much the city would receive in fee revenues until a fee study is completed, which is expected to cost about \$15,000 to \$25,000, according to City Manager Adam McGill. If the city decides to shelve the idea, it would have to eat those costs.

While Novato has some of the lowest waste collection rates in the county, rates are expected to rise by about 4% if the city raises the fee to \$500,000, or by 8% if the city charges a \$1 million fee.



This would be in addition to an expected 7% to 15% rate increase in the next couple of years caused by new state mandates, cost-of-living adjustments and changes in the recycling market, Schultz said. These increases are expected regardless of whether the city takes over the franchise.

Mayor Pro Tem Pat Eklund opposed moving forward with exploring the fee.

"I'm hesitant because if prices are going to go up anyway and the sanitary district wants to get rid of it because they don't want to have to take heat for that, then it'll say the prices are going up because the city took it over," Eklund said. "I can just see that argument right now."

The other four council members said the city should at least explore the idea given the city's revenue shortfalls that were projected even before the coronavirus pandemic began.

"We're facing budget shortfalls and I don't think we should be passing up opportunities to grab revenues that clearly other cities are acquiring," Councilwoman Susan Wernick said.

Councilman Eric Lucan said the city has been "shortchanged for years" by not holding the franchise agreement. Adopting the fee, he said, would be a way to avoid having to pursue other options such as a sales tax increase.

"I do realize this is a difficult time to be taking on an undertaking of this magnitude," Lucan said. "But this is one of those multiyear decisions that I think we make as a council for the next council and the next generation after us and setting up our city for the future."

Rather than begin the fee study, the council instead directed staff and Schultz to begin negotiating with Recology Sonoma Marin, the Novato Sanitary District and the county to determine whether the franchise fee is a feasible option.

The council is next set to meet on Sept. 22.

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By InsHunter

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Will Houston



Item 12.b.
(Pages 192 to 194)

OPINION

Editorial: When Novato revamps garbage plan, who pays extra?



A Recology truck runs a route along Olive Avenue in Novato on Tuesday, April 28, 2020. (Alan Dep/Marin Independent Journal)

By **MARIN IJ EDITORIAL BOARD** |

September 6, 2020 at 10:41 a.m.



That Novato City Hall is looking for more revenue, especially given the cost of the pandemic on local sales tax income, is not a big surprise.

But a proposal to take over the local garbage franchise, long-controlled by the Novato Sanitary District, has the look of, borrowing from an old saying, “robbing Peter to pay Paul.”

In short, the city can legally take control of the franchise within the city's boundaries, possibly leaving the district to oversee the franchise in unincorporated parts of Novato.

Currently, the district's Novato-wide franchise raises about \$45,000 for the district's general fund.

State law allows for municipalities to charge more to cover the cost of garbage trucks' wear and tear on public streets. That could generate \$500,000 to \$1 million for the city's budget, according to the city's rough estimates.

San Rafael made a similar move nearly 20 years ago when it took over the franchise for Terra Linda and the Northgate areas, which the Las Gallinas Valley Sanitary District had historically overseen.

Before the Novato City Council makes that move, it needs to ask who is going to pay that difference in revenue?

We know the answer: Novato households who are due to see their rates rise.

What are ratepayers getting for paying higher rates?

The district apparently is open to transfer the job to the city and there is the question of whether that would include unincorporated areas, as well.

The council has already told city staff to begin negotiations with the district, the franchisee, Recology Sonoma Marin, and the county, which could take over oversight for unincorporated areas.

Does this proposed transfer make sense, other than as a vehicle for generating more money for the city?

Councilwoman Pat Eklund is already expressing reservations, displeased that the council could take criticism for increased rates. Rates are already expected to rise — an estimated 7% to 15% over the next few years — in response to state mandates and to make up for the downturn in demand and prices for recyclables.

The city takeover could likely bring with it an additional increase, another 4% to 8% to generate money for repairing local streets and managing the franchise and solid waste responsibilities.



Councilman Eric Lucan says the city has been “shortchanged for years” by passing up the opportunity to take over the franchise. He says the city needs to take a long-term look at the option.

Lucan is right. But in doing so, the city also needs to bring ratepayers into the discussion. Letting them know, for instance, what the proposed change means to their garbage bills and what the city will do with the additional cash and responsibilities.

Would there be any changes in the local recycling or hazardous waste dropoff programs? What local programs and services would be pared or eliminated if the budget-strapped city doesn’t generate more revenue?

The city is smart to look at enhancing its revenue, but it also needs to look at who will be paying more to increase that income.

And those who will be paying more deserve to know, upfront and ahead of any decisions, what they will be paying and getting from their important role in this civic shuffle the city is now pursuing.

Tags: [editorial](#), [newsletter](#), [Novato City Council](#), [Novato Sanitary District](#), [Waste management](#)



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