AGRICULTURAL DRAINAGE WATER MANAGEMENT LOAN PROGRAM
WATER CONSERVATION AND WATER QUALITY BOND LAW OF 1986
LOAN CONTRACT
BETWEEN
THE STATE WATER RESOURCES CONTROL BOARD
AND
CITY OF REDLANDS

This loan contract is made this 15 day of April, 1989, between the State of California, acting by and through the State Water Resources Control Board, hereinafter referred to as "State Board," and City of Redlands, a local agency of the State of California, hereinafter referred to as "Agency":

WHEREAS:

1. The Water Conservation and Water Quality Bond Law of 1986 (Chapter 6.1, Division 7, Water Code) authorizes the State Board to enter into contracts with local agencies to provide loans for design and construction of eligible agricultural drainage water management projects, hereinafter referred to as "Project"; and

2. The Agency has made application for a loan for the Project hereinafter described and said Project has been determined by the State Board to be eligible for an Agricultural Drainage Water Management loan pursuant to the Water Conservation and Water Quality Bond Law of 1986; and

3. The State Board has authorized loan funding of the Project hereinafter described.

NOW, THEREFORE, the parties agree as follows:

SECTION 1. PROJECT DESCRIPTION.

The Project shall be known as the City of Redlands DBCP Removal Project.

The Project generally consists of the design and construction of wellhead treatment facilities for DBCP removal to restore ground water, degraded by past agricultural practices, to potable quality, as more particularly described in the Loan Application of the Agency and the Concept Approval Letter, Exhibit A of this contract.

SECTION 2. INCORPORATION OF DOCUMENTS AND AGENCY COMMITMENTS.

This contract incorporates the following documents:

(a) Exhibit A, Concept Approval Letter and any amendments thereto;

(b) Exhibit B, Loan Contract Standard Conditions;

(c) Exhibit C, Loan Contract Special Conditions;

(d) Exhibit D, Nondiscrimination Clause;

(e) Exhibit E, Loan Repayment Schedule and any amendments thereto;

(f) Upon their completion, final plans and specifications approved by the State Board are incorporated herein and made a part of this contract.

In the event of any inconsistency in the contract documents, except as otherwise provided herein, the inconsistency shall be resolved by giving precedence in the following order: (1) The Loan Contract: (2) Exhibit C, Loan Contract Special Conditions: (3) Exhibit A, Concept Approval Letter: (4) Exhibit B, Loan Contract Standard Conditions: (5) Exhibit E, Loan Repayment Schedule: (6) Exhibit D, Nondiscrimination Clause.

The Agency accepts and agrees to comply with all terms, provisions, conditions and commitments of this contract, including all incorporated documents and to fulfill all assurances, declarations, representations and statements made by the Agency in the application, documents, amendments and communications filed in support of its request for an agricultural drainage water management loan.

SECTION 3. REASONABLE ELIGIBLE PROJECT COST.

The reasonable eligible Project cost, for loan purposes, is estimated to be two million seven hundred and fifty thousand dollars ($2,750,000).

SECTION 4. LOAN AMOUNT.

Subject to all terms, provisions, conditions and commitments of this contract, the State Board agrees to loan the Agency an amount which equals 100 percent of the eligible cost of the Project, or $2,750,000, whichever is less.

SECTION 5. INTEREST RATE.

The loan interest rate is 3.6 percent per annum. The interest rate is set at fifty (50) percent of the interest rate computed by the true interest cost method on the most recently issued state general obligation bonds.

SECTION 6. COMPLETION OF PROJECT.

The Agency agrees to proceed expeditiously with, and complete, the Project in substantial accordance with plans and specifications approved by the State Board.

SECTION 7. AGENCY'S PAYMENT OF PROJECT COSTS.

The Agency agrees to pay any and all costs connected with the Project, including, without limitation, any and all Project costs exceeding the State Board approved loan amount.

SECTION 8. LOAN REPAYMENT.

The Agency agrees to accept this loan upon the terms and conditions set forth in this contract, and to repay such loan in full no later than twenty (20) years from the date of first disbursement of loan funds under this contract. The Agency also agrees that the first annual loan payment is to be made not later than the last day of the month which follows a twelve month period after the date of Project completion of construction or a twenty-four month period after loan contract execution, whichever occurs first.

SECTION 9. INDEMNIFICATION.

The Agency agrees to indemnify the State of California, the State Board, and their officers, agents and employees against, and to hold the same free and harmless from, any and all claims, demands, damages, losses, costs, expenses, or liability due to, or incident to, the design, construction, operation, repair, maintenance, existence or failure of the Project.

SECTION 10. OPERATION AND MAINTENANCE.

The Agency agrees to commence operation of the Project upon completion of construction and to properly staff, operate, and maintain all portions of the Project during its useful life in accordance with all applicable state and federal laws, rules and regulations.

SECTION 11. FEDERAL ASSISTANCE.

The Agency agrees, if appropriate, to apply for and make reasonable efforts to secure federal assistance for Project costs. If such federal assistance for Project costs is made available to the Agency, the Agency may retain all federal funds received up to an amount which equals the Agency's local share of Project costs. Any excess federal funds received in excess of the amount which equals the Agency's local share of project costs, up to the remaining amount due on account of the State Board loan, shall be remitted to the State Board to apply against the loan balance to the extent not prohibited by federal requirements. Any residue shall be the property of the Agency.

SECTION 12. USEFUL LIFE.

For purposes of this contract, the parties agree that the useful life of the Project is equal to the term of the loan repayment schedule shown in Exhibit E or twenty (20) years, whichever is longer.

SECTION 13. TERM.

This contract shall take effect on April 15, 1989 after due execution by the parties hereto and approval by the State Department of General Services. This contract shall remain in effect until April 15, 2010 unless sooner terminated pursuant to applicable provisions of this contract. Under no circumstances shall the loan repayment period exceed 20 years from the date of first disbursement of loan funds.

SECTION 14. PROJECT OFFICIALS.

A. The State Board Project Manager shall be Farouk T. Ismail of the Division of Loans and Grants.

B. The State Board Project Manager shall be the State Board's representative for administration of the contract and shall have authority to make determinations and findings with respect to each controversy arising under or in connection with the interpretation, performance, or payment for work performed under the contract. Disputes shall be resolved in accordance with Article 13 of Exhibit B.

C. The Agency Project Director shall be Richard W. Corneille, Utilities Director. The Agency Project Director shall be the Agency's representative for the administration of the contract and shall have full authority to act on behalf of the Agency, including authority to execute all payment requests. All communications given to the Project Director shall be as binding as if given to the Agency.

D. Either party may change its Project Manager or Director upon written notice to the other party.

IN WITNESS THEREOF, the parties have executed this contract on the dates set forth below:

STATE WATER RESOURCES CONTROL BOARD

By: ______________________________
James Baetge, Executive Director

Date: ______________________________

CITY OF REDLANDS

By: ______________________________
Richard W. Corneille, Utilities Director

Date: ______________________________

EXHIBIT B

LOAN CONTRACT STANDARD CONDITIONS

ARTICLE 1. DEFINITIONS.

The following terms shall have the meaning hereinafter ascribed to them unless the context clearly requires another meaning:

A. "Eligible Project cost" means, except as otherwise provided, reasonable and necessary Project costs actually incurred by the Agency in construction of the Project which are otherwise eligible for loan funds pursuant to state laws, rules, regulations, guidelines and this contract. Such costs may include, but are not limited to:

(1) Design and construction costs,

(2) Project-related engineering, legal and administrative costs, and

(3) Project-related right-of-way costs, including land purchase costs.

B. "Ineligible Project cost" means all costs which are not eligible for loan funds pursuant to this contract, or to state laws, rules, regulations, or guidelines, even though incurred by the Agency, including those that are deemed by the State Board to be unreasonable or unnecessary. Such costs include, but are not limited to:

(1) Facilities planning costs.

(2) Costs of applying for a loan, and

(3) Indirect costs of the Agency.

C. "Completion of construction" means either actual completion of construction of the Project and written acceptance of the Project by the Agency, or termination of this loan contract for failure of the Agency to fulfill or to comply with the terms, conditions, or provisions of this loan contract or any applicable state or federal law or regulation.

D. "Loan funds" means any and all funds disbursed to the Agency under this contract and all interest earned by the Agency upon such funds.

E. "Construction Financing Plan" means arrangements made by the Agency to finance its portion of the Project cost, including reserves for cash flow during the construction period.

F. "Force Account" means use of the Agency's own employees for design, construction or construction-related activities on the Project.

G. "Drainage Water Management Unit" means land and facilities for treatment, storage or disposal of agricultural drainage water which, if discharged untreated, would pollute or threaten to pollute the waters of the State.

H. "Revenue Program" means arrangements made by the Agency which will, through user service charges and connection fees or other appropriate means approved by the State Board, recover appropriate capital costs and costs of operation and maintenance and fund reasonable future expansion and improvements, as needed.

I. "Subcontract" means a written agreement between the Agency and another party and any tier of agreement thereunder for the furnishing of services, supplies, or equipment necessary to complete the Project for which this loan was made, including contracts and subcontracts for personal and professional services, agreements with consultants and purchase orders.

J. "Subcontractor" means a party to whom a subcontract is awarded.

ARTICLE 2. AGENCY'S GENERAL RESPONSIBILITY.

The Agency is solely responsible for design, construction, operation and maintenance of the Project. Review or approval of plans, specifications, bid documents or other construction documents by the State Board is solely for the purpose of proper administration of loan funds by the State Board and shall not be deemed to relieve or restrict the Agency's responsibility.

ARTICLE 3. AGENCY ASSURANCES AND COMMITMENTS.

Without limiting Article 2 above, Agency agrees that:

A. Compliance With Laws, Regulations, Etc.

The Agency shall at all times comply with, and require its subcontractors to comply with, all applicable federal and state laws, rules and regulations, and all applicable local ordinances, specifically including, but not limited to, environmental, procurement and safety laws, rules, regulations and ordinances.

B. Minority and Small Business Participation.

Positive efforts shall be made by the Agency to utilize small business and minority owned business sources of supplies, services and work for the Project. Any subcontracts let by the Agency for Project work shall require similar positive efforts by the subcontractor. Positive efforts should be such as to allow such sources the maximum feasible opportunity to compete for all Project work.

C. Pre-bid Requirements and Approval to Advertise.

(1) Site Assurances. Prior to the advertisement for bids for construction work, the Agency agrees to certify that the Agency has an estate or interest in the site of the Project and rights of access sufficient to assure undisturbed use and possession of the site for the useful life of the Project.

(2) Construction Financing Plan, Revenue Program. Prior to advertisement for bids for construction work, the Agency agrees to submit for approval a Construction Financing Plan and Revenue Program reasonably acceptable to the State Board Project Manager.

D. Compliance With Plans and Specifications.

The Agency agrees to submit plans and specifications to the State Board for approval, and agrees that plans and specifications upon which bids are solicited for construction work on the Project shall be substantially the same as the final plans and specifications submitted to and approved by the State Board.

E. Approval to Advertise and Notice of Intent to Award.

The Agency shall not advertise for construction of the Project without prior written approval of the State Board Project Manager. Promptly upon determination to award the construction contract or subcontracts, the Agency shall notify the Project Manager of its intent to award. Such notice shall be accompanied by a tabulation of bids received, the most recent engineer's estimate of project cost available, a copy of the lowest acceptable bid proposal, a description of any bid protest received together with a description of how the protest was resolved, a copy of any project changes or addenda issued since approval to advertise was given, and any other documentation or explanation required by the State Board Project Manager for evaluation of the project or for determination of current estimated eligible costs for the project. If the Agency proposes to award to anyone other than the apparent low bidder, a full explanation shall be provided.

F. Notice of Award.

The Agency may award construction contracts at any time after notification of intent to award. The Agency shall promptly notify the State Board Project Manager of award of construction contracts.

G. Construction Activities.

(1) Archeological or Historical Resources. Should a potential archeo-logical or historical resource be discovered during construction, the Agency agrees that all work in the area of the find shall cease until a qualified archeologist has evaluated the situation and made recommendations to the State Board Cultural Resources Officer, and the State Board Project Manager has determined appropriate actions regarding preservation of the resource. The Agency agrees to implement appropriate actions as directed by the State Board Project Manager.

(2) Supervision and Inspection. The Agency shall assure that adequate supervision and inspection of Project construction activities are maintained.

(3) Notification of Completion of Construction. The Agency shall immediately notify the State Board, in writing, of completion of construction.

H. Duration.

The Agency shall not abandon or dispose of the Project facilities prior to the end of the useful life of the facilities without prior written approval of the State Board.

ARTICLE 4. PROJECT ACCESS.

The Agency shall ensure that the State Board, or any authorized representative, will have suitable access to the Project site at all reasonable times during Project construction and for the useful life of the Project and shall include provisions assuring such access in all subcontracts.

ARTICLE 5. RECORDS.

A. The Agency shall establish an official file for this Project. The file shall contain adequate documentation of all actions taken with respect to the Project.

B. The Agency shall establish separate accounting records for deposit and disbursement of all loan funds.

C. The Agency shall maintain books, records, documents and other evidence sufficient to reflect properly the amount, receipt and disposition of all Project funds, including State Board loan funds and any matching funds of the Agency, and the total cost of the Project. The Agency shall require its subcontractors to maintain books, records, and other evidence pertinent to the subcontractors' work in accordance with generally accepted accounting procedures. All Agency and subcontractor records relevant to the Project shall be preserved until three years after Project completion or final audit, whichever is later, and shall be subject at all reasonable times to inspection, copying and audit by the Auditor General, the State Board, or any authorized representative.

D. If Force Account is used by the Agency for any phase of the Project, the Agency shall notify the State Board prior to its use and shall maintain records to reasonably document all employee hours charged to the project and the associated tasks performed.

ARTICLE 6. ACCOUNTING AND AUDIT REQUIREMENTS.

The Agency agrees that its audit and accounting procedures shall be in accordance with generally accepted accounting principles and practices, consistently applied, and will provide sufficient and effective accountability and control of all Project funds. The Agency further agrees to the following requirements:

A. Pre-Payment Certification.

Prior to request for disbursement, the Agency shall certify to the State Board that its accounting system is:

(1) In accordance with generally accepted accounting principles and practices, consistently applied;

(2) Capable of identifying all eligible and ineligible Project costs; and

(3) Capable of identifying all interest earned by the Agency upon state loan funds.

B. Interim Audit.

The State Board reserves the right to call for an audit at any time between the execution of this loan contract and the completion of construction of the Project.

C. Final Audit.

After completion of construction of the Project, the State Board may call for a final audit report prepared by a Certified Public Accountant independent of the Agency. The costs of such audit shall be borne by the Agency and the audit shall be in such form as required by the State Board.

ARTICLE 7. REPORTS.

The Agency agrees to submit progress reports as required by the State Board Project Manager during and after Project construction. In addition, Agency shall immediately advise the State Board Project Manager of any significant problems arising during the course of construction. Without limitation of the foregoing:

A. Monthly Status Report.

The Agency agrees to submit monthly progress reports during construction in a form acceptable to the State Board Project Manager. The reports shall indicate the status of construction, percent complete, and estimated date of completion. In addition, a brief financial report should be included indicating the status of the Special Account (Article 11), and showing the beginning and ending balance, interest earned, and disbursements for project expenses. The purpose of each disbursement must be identified.

B. Final Project Summary Report.

The Agency agrees to submit to the State Board Project Manager a copy of a Final Project Summary Report within 60 days following completion of construction. The report shall briefly describe the finished Project.

C. Annual Report.

The Agency agrees to submit annual progress reports to the State Board Project Manager for a period of five years following completion of construction. The reports shall briefly review the operation of the Project during the preceding year, identify current users and User Contracts, indicate current plans and programs for use of any Project capacity not under contract, summarize Project financial experience, and provide such other information as may be reasonably required to evaluate Project benefits and use of Project facilities.

ARTICLE 8. CHANGES.

The Agency agrees that no substantial change in the scope of the Project will be permitted without prior written approval of the State Board Project

Manager. The Agency shall immediately notify the State Board Project Manager of all changes in project work.

ARTICLE 9. WITHHOLDING OF LOAN FUNDS.

A. Subject to the provisions of Article 13 of this Exhibit, the State Board may withhold all or any portion of the loan funds provided for by this contract in the event that:

(1) Contract Violations. The Agency has substantially violated any of the terms, provisions, conditions or commitments of this contract.

(2) Unsatisfactory Project Progress. The Agency is unable to demonstrate, to the satisfaction of the State Board Project Manager, the ability to complete the Project or to maintain adequate progress toward completion thereof.

B. In the event that loan funds are withheld from the Agency, the State Board Project Manager shall notify the Agency of the reasons for withholding the funds, advise the Agency of the time within which the Agency may remedy the failure or violation leading to the withholding of funds.

ARTICLE 10. DISBURSEMENT.

A. Disbursement to Agency.

After approval of this loan contract by the State Department of General Services, and after eligible project expenses have been incurred by the Agency, the State Board will disburse loan funds to the Agency. Disbursement may take place as a lump sum advance payment of all loan funds due under this contract, a monthly advance payment based on expected need for funds, a monthly reimbursement of eligible project expenses, or in any other manner deemed by the State Board Project Manager as being in the best interest of the State of California.

B. Disbursements from Special Account.

The Agency may not disburse funds from the special account established pursuant to paragraph A, Article 11, except when necessary to pay for eligible project costs. It is the intent of the Agency and the State Board that the Agency disburse funds only when necessary for the completion of the project as specified in the Concept Approval Letter (Exhibit A).

ARTICLE 11. GENERAL LOAN PROVISIONS.

The Agency agrees to the following requirements:

A. Special Account Requirements.

All loan funds shall be deposited into a special account entitled "State Agricultural Drainage Water Management Loan Account" which shall be established by the Agency and which shall be maintained separate and distinct from all other accounts of the Agency. To the extent practicable, such account shall be an interest-bearing account. All interest earned shall be returned to the State Board in accordance with Paragraph C. The Agency shall keep complete and accurate records of all deposits into such account, all interest accruing thereto, and all expenditures made from the account and the purpose thereof. Such records shall be open to inspection by the State Board or its agents at all reasonable times. Loan funds may be disbursed from the account to reimburse the Agency for all incurred Project costs which have been approved by the State Board Project Manager.

B. Financial Report.

Within 60 days after completion of construction, the Agency shall transmit to the State Board a written statement setting forth the date of receipt and the amount of all funds disbursed by the State Board pursuant to this contract, the date of deposit of all such funds into the special account required by this contract, and the date and amount of any interest accruing to such account. Such statement shall also set forth the date, amount, and purpose of withdrawals from the special account, the amount of any unexpended funds remaining in the special account, the estimated total cost of the Project to the Agency, and the estimated total eligible Project cost. The statement shall be accompanied by such other financial information as may be reasonably requested by the State Board Project Manager. Any change in the information supplied shall be promptly reported to the State Board. The report shall include certification by the Agency Project Director that to his or her knowledge, the amount of the loan funds received does not exceed the State approved eligible Project cost.

C. Excess Loan Funds.

Interest earned on state loan funds in the Special Account shall be considered to be excess principal distributed under this contract. Such excess interest and any unexpended funds remaining in the Special Account shall be remitted to the State Board within 60 days after the completion of construction. These amounts will be used to reduce the total principal balance.

D. Principal Amount and Determination Thereof.

Upon receipt of the financial report provided for in paragraph B above, the State Board will calculate the principal amount of loan funds due from the Agency. Such principal amount shall be the total loan funds disbursed to the Agency pursuant to this contract, less all remittances received by the State Board from the Agency pursuant to this contract. The State Board will advise the Agency in writing of the principal amount determined. The principal amount so determined shall be subsequently adjusted to properly reflect actual amounts due to the State Board. Interest on unpaid principal shall accrue and accumulate beginning from the time of actual disbursement of loan funds. The interest shall be compounded annually. The interest rate used to calculate accrued interest shall be the loan interest rate.

E. Repayment by the Agency.

The Agency shall pay to the State Board, on or before the due dates, appropriate installments of principal and interest pursuant to this contract until all principal and interest due to the State Board have been paid in full. Installments of principal and interest shall be paid in accordance with the Loan Repayment Schedule attached hereto and incorporated herein. The Loan Repayment Schedule shall, from time to time, be revised as necessary to accurately reflect actual amounts due to the State Board. A revised Loan Repayment Schedule will be prepared by the State Board and furnished to the Agency.

F. Taxes and Assessments.

The Agency as a whole is obligated to make the payments required by this contract to the State Board, notwithstanding any individual default by its constituents or others in the payment to the Agency of taxes, assessments, tolls, or other charges levied by the Agency. The Agency shall provide for the punctual payment to the State Board of all amounts which become due under this contract received from constituents or others in the payment to the Agency of taxes, assessments, tolls, or other charges levied by the Agency. In the event of failure, neglect or refusal of any officer of the Agency to levy or cause to be levied any tax or assessment necessary to provide payment by the Agency under this contract, to enforce or to collect the tax or assessment, or to pay over to the State Board any money collected on the tax or assessment necessary to satisfy any amount due under this contract, the State Board may take such action in a court of competent jurisdiction as it deems necessary to compel the performance of all duties relating to the levying and collection of the taxes or assessments and the payment of the money collected therefrom to the State Board. Action taken pursuant hereto shall not deprive the State Board of, or limit the application of, any other remedy provided by law or by this contract.

G. Delinquency of Repayment.

The installments of principal and interest are due and payable on the dates shown on the Loan Repayment Schedule. For installment amounts which are unpaid thirty (30) days after becoming due and payable, a late charge equal to 6 percent of the repayment due will be levied and shall be due and payable immediately.

ARTICLE 12. TERMINATION.

A. This contract may be terminated, prior to award of construction subcontract(s) for the Project, by the State Board, acting through its Project Manager, at its option, where it appears that there will be lack of state funds available to fulfill this contract, provided that after such termination, the Agency shall be entitled to an amount which equals the eligible Project costs which were actually incurred by the Agency prior to such termination.

B. Subject to provisions of Article 13 below, this loan contract may be terminated prior to completion or during the useful life of the Project by the State Board, acting through its Project Manager, at its option, upon failure of the Agency, after written notice from the State Board Project Manager of the nature of the failure, to comply with the terms, provisions, or conditions of this loan contract, or failure thereafter to properly operate or maintain project facilities.

C. In the event of such termination, the Agency shall, upon demand, immediately refund to the State Board an amount equal to the current balance due on the loan, including all late charges due.

ARTICLE 13. DISPUTES.

Except as otherwise provided in this contract, any dispute arising concerning a question of fact arising under or relating to the performance of this contract which is not disposed of by agreement shall be decided by the State Board Project Manager, who shall reduce his or her decision to writing and mail or otherwise furnish a copy thereof to the Agency and to the State Board's Executive Director. The decision of the State Board Project Manager shall be final and conclusive unless, within thirty (30) calendar days from the date of receipt of such copy, the Agency mails or otherwise furnishes a written appeal thereof to the State Board's Executive Director. The decision of the State Board's Executive Director, or his or her duly authorized representative for determination of such appeals, shall be final and conclusive unless reviewed by a court of competent jurisdiction. In connection with any appeal under this clause, the Agency shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, both parties shall proceed diligently with the performance of this contract and in accordance with the written decision of the State Board Project Manager.

ARTICLE 14. OPINIONS AND DECISIONS.

Where the terms of this contract provide for action to be based upon the opinion, judgment, approval, review, determination or decision of the State Board or any representative thereof, such terms are not intended to be and shall not be construed as permitting such opinion, judgment, approval, review, determination or decision to be arbitrary, capricious or unreasonable.

ARTICLE 15. REMEDIES.

The Agency agrees that any remedy provided in this contract is in addition to and not in derogation of any other legal or equitable remedy available to the State Board as a result of breach of this contract by either party, whether such breach occurs before or after completion of the Project. In the event of litigation between the parties hereto arising from this contract, each party will pay its own litigation expenses.

ARTICLE 16. WAIVER.

The parties hereto may, from time to time, waive any of its rights under this contract unless such waiver is contrary to law, provided that any such waiver shall be in writing and signed by the party making such waiver.

ARTICLE 17. CONTINGENCIES.

The State Board's obligation to pay sums to the Agency under any provision of this contract is contingent upon the availability of sufficient funds to permit the payments provided for herein. In the event that sufficient funds, as determined by the State Board, do not become available for any reason, the State Board shall not be obligated to make any payments to the Agency under this contract. This provision shall be construed as a condition precedent to the obligation of the State Board to make any payments under this contract. Nothing herein shall be construed to provide the Agency with a right of priority for payment over any other agency, or to provide the Agency with the right to claim payment from the proceeds of any particular sale of bonds or series thereof.

ARTICLE 18. AMENDMENT.

This contract may be amended at any time by mutual written agreement of the parties.

ARTICLE 19. ASSIGNMENT CLAUSE.

This contract and all or the provisions hereof shall apply to and bind the successors and assigns of the parties hereto. No assignment or transfer of this contract or any part thereof or interest therein shall be valid unless and until approved in writing by the State Board and any such assignment or transfer shall be made subject to such reasonable terms and conditions as the State Board may impose.

EXHIBIT C

LOAN CONTRACT SPECIAL CONDITIONS

ARTICLE 1. CONCEPT APPROVAL LETTER CONDITIONS.

Special conditions for this loan contract are contained in the Concept Approval letter, Exhibit A of this loan contract, and shall be construed as special conditions as though contained herein.

EXHIBIT D

NONDISCRIMINATION CLAUSE

1. During the performance of this contract, the recipient, contractor and its subcontractors shall not deny the contract's benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age or sex. Contractor shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination.

2. Contractor shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12900 et seq.), the regulations promulgated thereunder (California Administrative Code, Title 2, Section 7285.0 et seq.) the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Government Code, Sections 11135-11139.5) and the regulations or standards adopted by the awarding State agency to implement such article.

3. Recipient, contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

4. The contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the contract.

City of Redlands

EXHIBIT E

LOAN REPAYMENT SCHEDULE

RESOLUTION NO. 4504

A RESOLUTION OF THE CITY OF REDLANDS, AUTHORIZING ACCEPTANCE AND EXECUTION OF A GRANT AGREEMENT WITH THE STATE OF CALIFORNIA DEPARTMENT OF HEALTH SERVICES FOR THE DESIGN OF GRANULAR ACTIVATED CARBON TREATMENT FACILITIES FOR REMOVING TCE AND DBCP AT WELL 31A

WHEREAS, the City of Redlands recognizes that portions of the Bunker Hill Ground Water Basin has been contaminated with organic chemicals including TCE and DBCP, and

WHEREAS, the City of Redlands has lost nine domestic water wells due to TCE and DBCP contamination and will lose another three wells due to the lowering of the DBCP standard by the State Department of Health Services, and

WHEREAS, the Regional Water Quality Control Board has determined that the TCE plume is moving westerly toward other domestic water supply wells of the City and constitutes a major threat to the aquifer and the water supply to other downstream Cities including Loma Linda and Riverside, and

WHEREAS, the State of California Department of Health Services has made a determination of Imminent and Substantial Endangerment in accordance with the Health and Safety Code and,

WHEREAS, the State of California Department of Health Services has funds available from the Department of Health Services Hazardous Substance Clean-up Fund for the clean-up of volatile organic contaminants and had identified this project for funding and,

WHEREAS, the City of Redlands has performed engineering studies to determine that a granular activated carbon treatment system for Well 31A is the most cost-effective, environmentally safe and reliable ground water treatment system for the removal of both TCE and DBCP,

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of Redlands does hereby accept a grant from the State of California Department of Health Services Hazardous Substance Clean-Up Fund, Contract 88-TO320 in the amount of $101,399 for the design of granular activated carbon treatment facilities for removing TCE and DBCP from the ground water at Well 31A, which represents 70 per cent of the cost of the design services for the facility, and authorizes the Utilities Director to execute said Agreement with the Department of Health Services and any amendments, thereto.

ADOPTED, SIGNED AND APPROVED the 18th Day of April, 1989.

SIGNED:

Carole Beswick

Mayor, City of Redlands

ATTEST:

Lorrie Poyzer

City Clerk
City of Redlands, California

I Lorrie Poyzer, City Clerk of the City of Redlands, hereby certify that the foregoing Resolution was adopted by the City Council at a regular meeting thereof held on the 18th day of April, 1989 by the following vote:

Ayes: Councilmember Wormser, DeMirjyn, Cunningham, Larson; Mayor Beswick
Noes: None

ABSENT: None

Lorrie Poyzer

City Clerk