

AGREEMENT NUMBER 11-592-550
REGISTRATION NUMBER

1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME

State Water Resources Control Board

CONTRACTOR'S NAME

California Infrastructure and Economic Development Bank

2. The term of this Agreement is: **March 1, 2012** through **March 1, 2015**

3. The maximum amount of this Agreement is: **\$ 300,000**
Three Hundred Thousand Dollars

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement:

- | | | |
|--|---------|-------|
| Exhibit A – Scope of Work | 4 | pages |
| Exhibit B – Budget Detail and Payment Provisions | 2 | pages |
| Exhibit C* – General Terms and Conditions | GIA 610 | |
| Exhibit D – Special Terms and Conditions | 4 | pages |

Items shown with an Asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto. These documents can be viewed at www.ols.dgs.ca.gov/standard+language

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.


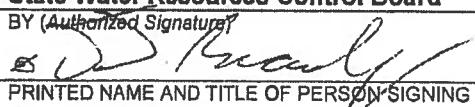
CONTRACTOR		California Department of General Services Use Only 
CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.) California Infrastructure and Economic Development Bank		
BY (Authorized Signature) 	DATE SIGNED (Do not type) 3-1-2012	
PRINTED NAME AND TITLE OF PERSON SIGNING Stanton C. Hazelroth, Executive Director Administration and Program Support		
ADDRESS 980 9 th Street, Suite 900 Sacramento, CA 95814		<div style="border: 2px solid black; padding: 5px; width: fit-content; margin: auto;"> APPROVED <div style="border: 1px solid black; padding: 5px; display: inline-block;"> SEP 26 2012 </div> </div> DEPT OF GENERAL SERVICES <input type="checkbox"/> Exempt per: 
STATE OF CALIFORNIA		
AGENCY NAME State Water Resources Control Board		
BY (Authorized Signature) 	DATE SIGNED (Do not type) 6/13/12	
PRINTED NAME AND TITLE OF PERSON SIGNING David Brady, Manager Procurement and Contracts, Division of Administrative Services		
ADDRESS 1001 I Street, 18th Floor Sacramento, CA 95814		

Exhibit A
Scope of Work

The purpose of this Interagency Agreement (Agreement) is to enable the California Infrastructure and Economic Development Bank (I-Bank) to do any of the following: (i) issue one or more series of bonds (Bonds) to refund outstanding bonds previously issued to leverage the State Water Resources Control Board's (State Water Board) Clean Water State Revolving Fund (CWSRF) Program; (ii) issue Bonds to further leverage the CWSRF Program; and, (iii) perform post-Bond issuance activities related to any outstanding or future series of Bonds. Bond Issuance

1. Bond Issuance

A. Financing Team Selection and Oversight

1. Prepare Request for Qualifications (RFQs), if needed, and oversee the process of selecting financing team members, including but not limited to: bond counsel, financial advisor, trustee/paying agent, arbitrage rebate consultant and investment advisor.
2. Engage financing team members selected.
3. Engage the State Treasurer's Office (STO) to perform Agent of Sale services, including, but not limited to, participating in the solicitation of proposals and the selection of underwriter firm(s).
4. Direct and coordinate the activities of financing team members, including any financing team members directly engaged by State Water Board (State Water Board Direct Advisors) to the extent those State Water Board Direct Advisors differ from the financing team members selected and engaged pursuant to this Agreement. The I-Bank reserves the right to engage financing team members as I-Bank directed advisors (I-Bank Direct Advisors) in connection with the Bond issuance.
5. Direct and coordinate the activities of the STO as Bonds trustee related to Bonds issuance.
6. Review and approve Bonds cost of issuance and other invoices.

B. Program Review

1. Review the CWSRF Program regulations, policies, procedures, and guidelines and make recommendations to the State Water Board for any amendments necessary or desirable for the issuance and sale of Bonds.
2. Review the State Water Board agreement(s) with United States Environmental Protection Agency and make recommendations to the State Water Board for any amendments necessary or desirable for the issuance and sale of Bonds.

C. Loan Documentation

1. Review current forms of the State Water Board's existing loan agreements and related documents and make recommendations for any changes that are necessary or desirable for the issuance and sale of Bonds.

D. Loan Portfolio Due Diligence

1. Review status of existing CWSRF Program loans, such as loan agreements, payment history, and loans in default, as well as the credit quality of current outstanding loans necessary or desirable for the issuance and sale of Bonds.

Exhibit A

Scope of Work

2. Review the CWSRF Program accounting, record keeping and credit underwriting criteria and procedures and make recommendations for any changes that are necessary or desirable for the issuance and sale of Bonds.

E. Demand Analysis

1. Work with the State Water Board to review Project Priority Lists, Intended Use Plan documents and pending applications to evaluate demand and timing for additional CWSRF Program funds.
2. Work with the State Water Board to survey potential loan participants on project funding needs and timing.

F. Financial Modeling and Bond Structuring

1. Work with the financial advisor, and/or underwriter, to create or update applicable financial model(s) of existing and committed program loan repayments to establish the level of bond issuance permitted.
2. Work with the financing team to review, analyze, and recommend Bond structuring options to develop optimal financing approach and multi-year funding plan. The plan will accommodate multiple program variables to support existing and projected applicant loan demand and funding needs.

G. Bond Rating Process

1. Work with the financial advisor and other Bond team members to develop rating agency presentation(s), and seek rating agency input on any changes in Bond structure.
2. Provide a recommendation on whether to seek a rating from none, one or more rating agencies, if needed.
3. Work with the financial advisor and senior managing underwriter to develop rating agency presentation to receive formal Bond rating(s). Coordinate and participate in rating agency presentation(s).

H. Bond Documentation

1. Assist in the development and review of the preliminary and final official statement, indenture/trust agreement, bond purchase agreement, tax regulatory agreement, pledge and payment agreement/loan agreement, continuing disclosure agreement, initial Bond proceeds investment agreements and other Bond-related documents.

I. Approvals

1. Prepare staff reports and resolutions for I-Bank Board to approve the issuance of Bonds.
2. Assist the State Water Board to prepare staff reports and resolutions to facilitate the State Water Board's approval and issuance of Bonds.

J. Bond Issuance

1. Coordinate activities with the STO to facilitate their role as Agent for Sale.
2. Assist in coordinating a "road show" for potential investors, if needed.

Exhibit A

Scope of Work

3. Work with financing team members and STO to complete Bond issuance and to timely issue Bonds and maximize cost savings.
4. Coordinate key aspects of Bond closing, including finalization and execution of documents.
5. Coordinate the activities of the trustee.
6. Oversee transfer and initial distribution of Bond proceeds, including the payment of costs of issuance within six months of Bond issuance.

K. Other

1. Coordinate the preparation of a time and responsibility schedule for the issuance of Bonds.
2. Provide periodic status reports to State Water Board staff on the status of the Bond issuance.
3. Coordinate meetings between State Water Board, I-Bank, financing team members and the STO.
4. Provide such other advice and assistance to State Water Board as requested, including coordination of (current or advance) refunding analysis or defeasance.
5. In the I-Bank's capacity as issuer of the Bonds, complete any and all other tasks, within the I-Bank's control, to complete the issuance of Bonds.

2. Post-Bond Issuance

To the extent requested by the State Water Board and agreed to by the I-Bank, the I-Bank shall perform and/or engage consultants (I-Bank Direct Advisors) to perform any of the following post-Bond issuance services:

State Water Board hereby acknowledges that by providing assistance with any of the following, the I-Bank is in no way accepting the responsibilities of the State Water Board. In all such cases, State Water Board continues to be the obligated party under all relevant documents.

Regardless of whether or not the State Water Board has retained the services of any State Water Board Direct Advisors, the I-Bank reserves the right to engage I-Bank Direct Advisors to perform Post-Bond Issuance services.

- A. Continued compliance with tax law requirements, including but not limited to, private activity issues.
- B. Use of Bond proceeds analysis and compliance verification.
- C. Arbitrage/rebate analysis and reports.
- D. Compliance with special rules for pooled bond issuances, including analysis and Bond redemptions.
- E. Record retention, including but not limited to, analysis of allocations of Bond proceeds to expenditures or records maintenance.
- F. Disclosure requirements pursuant to Continuing Disclosure Agreement including, but not limited to, preparation and/or submittal of annual disclosure reports, audits and preparation and/or submittal of material events notices.
- G. Information required to be filed or submitted with other entities such as trustee, rating agencies, bond insurer, credit enhancer, the State of California or other entity.
- H. Investment of Bond funds.

Exhibit A
 Scope of Work

- I. Development of or updates to Bond-related policies, including but not limited to, debt management, underwriting, investment and auditor selection/retention.
- J. Training of State Water Board staff on issues involving the Bonds, tax-exempt bonds, municipal credit or other Bond-related subject.
- K. Periodic demand analysis, financial modeling, pooled bond structuring and timing of issuances of future Bonds.
- L. Selection, appointment or retention of State Water Board Direct Advisors.
- M. Defeasance or Redemption of Bonds.
- N. Other Bond-related services, directions, consents and undertakings deemed necessary.

3. State Water Board Efforts

State Water Board members and staff shall cooperate in all respects with the I-Bank's requests for information and actions, including, but not limited to, documents, information, meetings and other acts reasonably deemed necessary or desirable by the I-Bank for the issuance and sale of Bonds. In addition, the State Water Board shall provide the I-Bank direct and unrestricted access to all State Water Board Direct Advisors.

4. The State Water Board and I-Bank representatives during the term of this Agreement will be:

Requesting Agency: State Water Resources Control Board Division of Financial Assistance	Providing Agency: California Infrastructure and Economic Development Bank
Name: Doug Wilson, Staff Services Manager III	Name: Joel Tokimitsu
Phone: (916) 341-5745	Phone: (916) 322-1498
Fax: (916) 341-5296	Fax: (916) 319-7779

In the event Doug Wilson is no longer at the State Water Board the Contract Manager shall be his replacement at the State Water Board.
 Direct all inquiries to:

Requesting Agency: State Water Resources Control Board	Providing Agency: California Infrastructure and Economic Development Bank
Section/Unit: CWSRF/Administration Division of Financial Assistance	Section/Unit: Bond Financing Programs
Attention: Kelly Valine, Contract Manager	Attention: Joel Tokimitsu
Address: 1001 I Street Sacramento, CA 95814	Address: 980 9 th Street, Suite 900 Sacramento, CA 95814
Phone: (916) 327-6976	Phone: (916) 322-1498
Fax: (916) 327-7469	Fax: (916) 319-7779

Representative and inquiries recipients may be amended upon written notice.

Exhibit B
Budget Detail and Payment Provisions

1. Maximum I-Bank Fees

- A. Bond Issuance. The contingency amount to be paid from bond proceeds to the I-Bank for completion of the services detailed in Exhibit A, 1., Bond Issuance shall, inclusive of I-Bank Direct Advisors and STO Agent for Sale fees, not exceed two (2%) percent of the total Bond proceeds.
- B. Post-Bond Issuance. The contingency amount to be paid to the I-Bank on completion of the services detailed in Exhibit A, 2., Post-Bond Issuance on as needed basis shall not exceed \$300,000.
- C. No increases to contingency amounts shall occur until and unless this Agreement is amended to incorporate any such change.

2. Cost Breakdown:

- A. The State Water Board shall reimburse the I-Bank for I-Bank staff costs at a blended hourly rate of \$138.00 per hour for the period of November 1, 2012 through June 30, 2013. Thereafter, the blended hourly rate will be computed in accordance with Exhibit B, Section 4—Payment.
- B. The State Water Board shall reimburse the I-Bank for I-Bank Direct Advisor fees as charged to the I-Bank by the I-Bank Direct Advisors pursuant to separate contracts, if any, between the I-Bank and the I-Bank Direct Advisors. Reimbursement shall be invoiced as specified in 3. A. below.
- C. Cost breakdown by fiscal year:

November 1, 2012 to June 30, 2013:	\$50,000
July 1, 2013 to June 30, 2014:	\$100,000
July 1, 2014 to March 1, 2015:	<u>\$150,000</u>
Total:	\$300,000

Reimbursement for I-Bank miscellaneous expenses shall be at the actual costs incurred by I-Bank or at reimbursement rates for costs agreed upon between the I-Bank and the State Water Board, provided that travel expenses shall not be reimbursed at rates beyond those established for State of California employees.

3. Invoicing

- A. The I-Bank will submit itemized payment invoices to the State Water Board that include: the names and titles of I-Bank staff performing services under the Agreement; date and hours worked in increments of hours or quarterly portions thereof; a brief description of the activity; and, actual travel costs to the extent there are any such costs. Itemized invoices shall also include, to the extent applicable, copies of I-Bank Direct Advisors similarly itemized payment invoices.
- B. For services satisfactorily rendered and upon receipt and approval of an invoice, the State Water Board agrees to compensate the I-Bank for actual staff time and travel incurred in accordance with the rates specified herein or attached hereto.

I-Bank Initials: _____

SWRCB Initials: _____

Exhibit B
Budget Detail and Payment Provisions

- C. Invoices shall include the Agreement Number and shall be submitted not more frequently than monthly in arrears to:

Kelly Valine
CWSRF/Administration
Division of Financial Assistance
1001 I Street, Sacramento, CA 95814
(916) 327-6976
(916) 327-7469 fax
kvaline@waterboards.ca.gov

4. Payment

- A. I-Bank staff costs for this Agreement shall be computed in accordance with State Administrative Manual Sections 8752 and 8752.1.
- B. Nothing herein contained shall preclude advance payments pursuant to Article 1, Chapter 3, Part 1, Division 3, Title 2 of the Government Code of the State of California.

5. Budget Contingency Clause

- A. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the CWSRF Program, this Agreement shall be of no further force and effect. In this event, the State Water Board shall have no liability to pay any funds whatsoever to I-Bank or to furnish any other considerations under this Agreement and I-Bank shall not be obligated to perform any provisions of this Agreement.
- B. If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this Agreement, the State Water Board shall have the option to either cancel this Agreement with no liability occurring to the State Water Board, or offer an agreement amendment to I-Bank to reflect the reduced amount.
- C. The State's obligation to make any payments under this contract shall be suspended during such time as the Budget Act covering that fiscal year has not been approved by the Legislature and signed into law by the Governor.

Bank Initials: _____

SWRCB Initials: _____

EXHIBIT D

Special Terms and Conditions

1. DISPUTE RESOLUTION PROCESS:

Any dispute arising under or relating to the terms of this Agreement, or related to the performance hereunder, which is not disposed of by Agreement shall be decided by the State Water Board Contract Manager, who shall reduce such decision to writing and mail or otherwise furnish a copy thereof to the Contractor. The decision of the Contract Manager shall be final and conclusive unless, within fifteen (15) calendar days from the date of receipt of such copy, the Contractor mails or otherwise delivers a written appeal to the State Water Board's Executive Director. The State Water Board's Executive Director shall consult with the I-Bank's Executive Director in rendering a decision on such appeal. The decision of the Executive Director, or authorized representative, on such appeal shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by any substantial evidence. In connection with any appeal under this Section, the Contractor shall be afforded an opportunity to be heard and to offer evidence and argument in support of the appeal. Pending final decision on any dispute hereunder, the Contractor shall proceed diligently with the performance of the Agreement work as directed by the State Water Board Contract Manager unless the Contractor has received notice of termination. Decisions on any disputes hereunder may include decisions of both fact and law; provided, however, that nothing herein shall be construed as making final any decision on a question of fact or law in the event of any subsequent legal proceeding before a court of competent jurisdiction.

Authority to terminate performance under the terms of this Agreement is not subject to appeal under this Section. All other issues including, but not limited to, the amount of any equitable adjustment and the amount of any compensation or reimbursement which should be paid to the Contractor shall be subject to the disputes process under this Section. (PCC 10240.5, 10381, 22200 et seq, 40 CFR 31.70)

1. PERMITS, WAIVER, REMEDIES AND DEBARMENT:

The Contractor shall procure all permits and licenses necessary to accomplish the work contemplated in this Agreement, pay all charges and fees, and give all notices necessary and incidental to the due and lawful prosecution of the work.

Any waiver of rights with respect to a default or other matter arising under the Agreement at any time by either party shall not be considered a waiver of rights with respect to any other default or matter. Any rights and remedies of the State provided for in this Agreement are in addition to any other rights and remedies provided by law. Contractor shall not subcontract with any party who is debarred or suspended or otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549, "Debarment and Suspension". Contractor shall not subcontract with any individual or organization on USEPA's List of Violating Facilities. (40 CFR, Part 31.35, Gov. Code 4477)

EXHIBIT D

Special Terms and Conditions

3. CANCELLATION / TERMINATION:

- A. This agreement may be cancelled or terminated without cause by either party by giving thirty (30) calendar days advance written notice to the other party. Such notification shall state the effective date of termination or cancellation and include any final performance and/or payment/invoicing instructions/requirements.
- B. Upon receipt of a notice of termination or cancellation from the State Water Board, Contractor shall take immediate steps to stop performance and to cancel or reduce subsequent contract costs.
- C. Contractor shall be entitled to payment for all allowable costs authorized under this agreement, including authorized non-cancelable obligations incurred up to the date of termination or cancellation, provided such expenses do not exceed the stated maximum amounts payable.

4. CONTRACT AMENDMENTS:

Should either party, during the term of this Agreement, desire a change or amendment to the terms of this Agreement, such changes or amendments shall be proposed in writing to the other party, who will respond in writing as to whether the proposed changes/ amendment are accepted or rejected. If accepted and after negotiations are concluded, the agreed upon changes shall be made through the State's official agreement amendment process. No amendment will be considered binding on either party until it is formally approved by both parties and the Department of General Services, if such approval is required.

5. FORCE MAJEURE:

Except for defaults of subcontractors, neither party shall be responsible for delays or failures in performance resulting from acts beyond the control of the offending party. Such acts shall include but shall not be limited to acts of God, fire, flood, earthquake, other natural disaster, nuclear accident, strike, lockout, riot, freight embargo, public regulated utility, or governmental statutes or regulations superimposed after the fact. If a delay or failure in performance by the Contractor arises out of a default of its subcontractor, and if such default of its subcontractor, arises out of causes beyond the control of both the Contractor and subcontractor, and without the fault or negligence of either of them, the Contractor shall not be liable for damages of such delay or failure, unless the supplies or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the Contractor to meet the required performance schedule.

EXHIBIT D

Special Terms and Conditions

6. BUDGET FLEXIBILITY:

- A. Subject to the prior review and approval of the State Water Board Contract Manager, line items shifts of up to \$25,000 or ten percent of the annual contract total, whichever is less, may be made up to a cumulative maximum of \$25,000 or 10%, whichever is less, for all line item shifts over the life of the contract.
- B. There must be a substantial business justification for any shifts made. Fund shifts which increase Indirect, Overhead or General Expense line items are prohibited. Line item shifts may be proposed/requested by either the State Water Board or the Contractor in writing and must not increase or decrease the total contract amount allocated.
- C. Any line item shifts must be approved in writing by the Deputy Director of (managing division), or his or her designee, and must be sent to Contracts Office within 10 days of approval for inclusion in contract folder. If the contract is formally amended, any line item shifts agreed to by the parties must be included in the amendment.

7. TRAVEL AND PER DIEM:

Any reimbursement for necessary travel and per diem shall, unless otherwise specified in this agreement, be at the rates currently in effect, as established by the California Department of Personnel Administration (DPA). If the DPA rates change during the term of the agreement, the new rates shall apply upon their effective date and no amendment to this agreement shall be necessary. Local government agency, education and special districts will pay travel time and per diem according to their respective statutory requirements. No travel outside the state of California shall be reimbursed without prior authorization from the State Water Board. Verbal authorization should be confirmed in writing. Written authorization may be in a form including fax or email confirmation.

8. POTENTIAL SUBCONTRACTORS:

Nothing contained in this Agreement or otherwise, shall create any contractual relation between the State Water Board and any subcontractors, and no subcontract shall relieve the Contractor of his responsibility and obligations hereunder. The Contractor agrees to be as fully responsible to the State Water Board for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by the Contractor. The Contractor's obligation to pay its subcontractors is an independent obligation from the State Water Board's obligation to make payments to the Contractor. As a result, the State Water Board shall have no obligation to pay or to enforce the payment of any moneys to any subcontractor.

EXHIBIT D

Special Terms and Conditions

9. SUBCONTRACTING:

The Contractor is responsible for any work it subcontracts. Subcontracts must include all applicable terms and conditions of this Agreement. Any subcontracts, outside associates, or consultants required by the Contractor in connection with the services covered by this Agreement shall be limited to such individuals or firms as were specifically identified in the bid or agreed to during negotiations for this Agreement, or as are specifically authorized by the State Water Board Contract Manager during the performance of this Agreement. Any substitutions in, or addition to, such subcontractors, associates, or consultants shall be subject to prior written approval of the State Water Board Contract Manager. Contractor warrants, represents and agrees that it and all its subcontractors, employees, and representatives shall at all times comply with all applicable laws, codes, rules, and regulations in the performance of this Agreement. State Water Board determine that the work performed by a subcontractor is substantially unsatisfactory and is not in substantial accordance with the contract terms and conditions, or that the subcontractor is substantially delaying or disrupting the process of work, State Water Board may request substitution of the subcontractor.

10. APPROVAL:

This agreement is not valid until signed by both parties and approved by the Department of General Services, if required.

11. COMPUTER SOFTWARE:

Contractor certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this contract for the acquisition, operation or maintenance of computer software in violation of copyright laws.