

**FUNDING AND BRIDGE LOAN AGREEMENT
BETWEEN THE OLIVEHURST PUBLIC UTILITY DISTRICT
AND THE CITY OF WHEATLAND
RELATING TO THE FUNDING OF THE
SOUTH COUNTY INFRASTRUCTURE PROJECT**

THIS FUNDING AND BRIDGE LOAN AGREEMENT (this "Agreement") is made effective as of the [REDACTED] day of [REDACTED], 2026 (the "Effective Date"), by and between the **CITY OF WHEATLAND**, a municipal corporation duly organized and existing under the laws of the State of California (the "City"), and the **OLIVEHURST PUBLIC UTILITY DISTRICT**, a public utility district duly organized and existing under the laws of the State of California (the "District"). The District and the City may be referred to together herein as the "Parties" and individually as a "Party."

RECITALS

WHEREAS, the Parties, together with the County of Yuba, are participating in the South County Regional Wastewater Infrastructure Program (the "Infrastructure Project"), which includes the regional conveyance facilities constructed under Construction Contract No. 1 and Construction Contract No. 2 ("Contracts 1 and 2"); and

WHEREAS, the Infrastructure Project is funded in part by a grant of approximately \$75,000,000 from the California State Water Resources Control Board (the "SWRCB Grant"), by the Parties' respective cash contributions, and by loans, and, based on a comparison of each Party's respective costs undertaken for the Infrastructure Project, the Parties' respective shares of the total costs of Contracts 1 and 2 are presently estimated to be approximately seventy-six percent (76%) borne by the City and twenty-four percent (24%) borne by the District (the "Proportional Cost Share"); and

WHEREAS, the City has applied for a loan from the United States Department of Agriculture (the "USDA Loan") to fund a portion of the City's proportional share of the Infrastructure Project, but acknowledges that the timely receipt of the USDA Loan is uncertain; and

WHEREAS, to ensure that the Infrastructure Project can proceed on schedule notwithstanding any delay in the receipt of the USDA Loan, the District has agreed to provide a bridge loan to the City, if needed, to assist in funding the City's proportional share of the Infrastructure Project pending receipt of the USDA Loan, on the terms and conditions set forth herein (the "Bridge Loan"); and

WHEREAS, the County of Yuba has committed, pursuant to a Memorandum of Understanding among the County, the City, and the District, to a loan of up to \$10,000,000 to the Infrastructure Project (the "County Loan"), and the Parties desire that their respective access to and allocation of the County Loan proceeds match the Proportional Cost Share; and

WHEREAS, the Estom Yumeka Maidu Tribe of the Enterprise Rancheria (the "Tribe") has committed, pursuant to a Memorandum of Understanding among it, the City, and the District, to a loan of up to \$10,000,000 (the "Tribe Loan"), which the Parties understand to have a higher interest

rate than the USDA Loan and the County Loan, and which the Parties prefer not to utilize except as a source of last resort; and

WHEREAS, the Parties desire to establish by this Agreement the hierarchy of funding sources for the City's proportional share of the Infrastructure Project, the circumstances under which the Bridge Loan would be triggered, and the terms and conditions of repayment.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Proportional Cost Share; Allocation of Shared Funding Sources.

- (A) **Allocation of County Loan Proceeds.** The Parties' access to, and allocation of, the proceeds of the County Loan shall match the Proportional Cost Share, such that the City shall be entitled to and responsible for its proportional cost share (presently estimated at seventy-six percent (76%)), and the District shall be entitled to and responsible for its proportional cost share (presently estimated at twenty-four percent (24%)), of the County Loan proceeds drawn for the Infrastructure Project, together with the corresponding repayment obligations on the County Loan.
- (B) **Allocation of Grant Funding.** The same Proportional Cost Share methodology shall apply to the division between the Parties of grant funding received for the Infrastructure Project, including the SWRCB Grant and any other grant funds obtained for Contracts 1 and 2, except where a grant agreement or grantor expressly directs a different allocation; provided that any such allocation of grant funding shall be reconciled with the eligible, allowable, and allocable Project costs and the Division's applicable Final Budget Approval under the Grant Agreement.
- (C) **WWTP Fees Excluded.** Nothing in this Agreement applies to, pledges, or encumbers the District's wastewater treatment plant capacity fees, connection fees, or WWTP Capital Connection Fee Fund, which are reserved for Contract 3 and WWTP capital purposes and are addressed in the Contract 3 Funding and Financing Agreement between the Parties.

2. Hierarchy of Funding Sources. The City's proportional share of the Infrastructure Project shall be funded from the following sources, in the following order of preference:

- (A) **First: Existing City Funds.** Existing City funds earmarked for the Infrastructure Project is the first preferred source of funding for the City's proportional share.
- (B) **Second: USDA Loan.** The USDA Loan is the second preferred source of funding for the City's proportional share. Subject to the final terms and availability of the

USDA Loan, the City anticipates using USDA Loan proceeds as a preferred source to fund its proportional share of the Infrastructure Project.

- (C) **Third: County Loan.** If the USDA Loan is not received in time or in an amount sufficient to fund the City's proportional share when due, the Parties shall rely on the County Loan, allocated in accordance with the Proportional Cost Share under Section 1(B).
- (D) **Fourth: Tribe Loan.** The Tribe Loan is not a preferred funding source and shall be drawn upon only to the extent the USDA Loan and the County Loan are insufficient or unavailable to fund the City's proportional share, in recognition of the Tribe Loan's greater cost. The Parties shall endeavor to avoid drawing on the Tribe Loan unless no other committed source is reasonably available. Should the Parties draw down the Tribe Loan, each Party shall owe its proportional cost share of that amount used and debt incurred for the Project.
- (E) **Bridge Loan.** The Bridge Loan described in Section 3 is intended as a timing mechanism to bridge a temporary delay in the availability of another anticipated funding source. Use of the Bridge Loan shall not require the City to exhaust or use the funding sources identified above in any particular order, except as expressly provided in Section 3. For the avoidance of doubt, the District's obligation to advance the Bridge Loan is subject to the terms and conditions of Section 3.

3. District Bridge Loan to the City.

- (A) **Commitment.** Subject to the terms and conditions of this Agreement and to the District's Board of Directors' authorization of each advance, the District agrees to provide the Bridge Loan to the City, if needed, to fund the City's proportional share of the Infrastructure Project pending receipt of the USDA Loan.
- (B) **Trigger.** The Bridge Loan may be drawn only if, and to the extent that: (i) a payment obligation for the City's proportional share of the Infrastructure Project has become due or will become due; (ii) Existing City funds earmarked for the Infrastructure Project are inadequate to meet the payment obligation then due; (iii) the City's USDA Loan has not then been received, or USDA Loan proceeds are not then immediately available for disbursement in an amount sufficient to fund the City's proportional share of such obligation; and (iv) the City has delivered to the District a written request for a Bridge Loan advance, certifying the amount needed, the obligation to be funded, and the status of the USDA Loan. The District shall not be obligated to advance Bridge Loan funds in any amount exceeding the City's proportional share then due. Bridge Loan advances remain subject to Section 3(E).
- (C) **Interest and Fees.** From the date of each advance until repaid, Bridge Loan advances drawn from District reserves shall bear simple interest at a rate equal to the then current rate of return of the Local Agency Investment Fund, or the District's actual cost of funds for the advanced amounts if drawn from other pre-existing

District investment funds. The Bridge Loan shall be documented by a promissory note or equivalent instrument reasonably acceptable to the Parties and authorized by their respective governing bodies.

- (D) **Repayment.** The City shall repay the outstanding principal of, and accrued interest on, the Bridge Loan upon the earlier of: (i) the City's funds earmarked for the Project become available; (ii) the City's receipt of USDA Loan proceeds, from which the City shall first repay the Bridge Loan; (iii) if the USDA Loan is not received, the City's receipt of its allocable share of County Loan proceeds under Section 1(B); or (iv) the maturity date agreed by the Parties in the Bridge Loan instrument. Repayment from USDA Loan or County Loan proceeds shall be made promptly upon the City's receipt of such proceeds, to the extent permitted by the applicable USDA Loan and County Loan documents.
- (E) **No Impairment of WWTP Funds.** In no event shall the Bridge Loan, its advance, or its repayment be funded from, pledged against, or impair the District's WWTP capacity fees, connection fees, or WWTP Capital Connection Fee Fund, or require existing District ratepayers to bear the City's proportional share of the Infrastructure Project without the express written consent of the District's Board of Directors.

4. Coordination with County and Tribe Loans. The Parties shall coordinate in good faith with the County of Yuba and the Tribe regarding the drawdown, allocation, and repayment of the County Loan and the Tribe Loan consistent with the Proportional Cost Share and preferences established in Section 2. If the USDA Loan is not received, the Parties shall meet and confer promptly to implement the County Loan as the fallback source and, only if necessary, the Tribe Loan as the last resort.

5. Term. This Agreement shall be effective as of the Effective Date and shall continue until the City's proportional share of the Infrastructure Project has been fully funded and all Bridge Loan advances and accrued interest have been repaid in full, unless earlier terminated by mutual written agreement of the Parties.

6. Miscellaneous.

- (A) **No Ratepayer Funding Without Consent.** No Party shall be required to fund any cost, cost overrun, or funding shortfall from its existing operating revenues, reserves, or ratepayer charges without the approval of that Party's governing body.
- (B) **Amendment.** This Agreement may be modified or amended only by a writing duly authorized and executed by both Parties.
- (C) **Governing Law; Venue.** This Agreement shall be governed by the laws of the State of California. Any action to interpret or enforce this Agreement shall be brought in the Superior Court of the State of California in the County of Yuba.

- (D) **No Third-Party Beneficiaries.** This Agreement does not create, and shall not be construed to create, any rights enforceable by any person or entity that is not a Party, including the County of Yuba, the Tribe, the USDA, or the State Water Resources Control Board.
- (E) **Counterparts.** This Agreement may be signed in any number of counterparts, and electronic signatures shall be binding in the same manner as originals.

IN WITNESS WHEREOF, the Parties have executed this Agreement to be effective as of the Effective Date.

OLIVEHURST PUBLIC UTILITY
DISTRICT

By: _____
Board President

Date Signed: _____

ATTEST:

By: _____
Secretary

APPROVED AS TO FORM:

By: _____
Counsel for the District
CITY OF WHEATLAND

By: _____
Mayor

Date Signed: _____

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
Counsel to the City