



AGENDA

1960 Elgin Street
Oroville, CA 95966
530-533-2000
www.loapud.com

Board of Directors
Regular Meeting
December 13, 2022 – 2:00 PM

Materials related to an item on the open meeting agenda that are provided to the Board of Directors, including those provided to the Board after distribution of the agenda packet, are available on the District website.

During this difficult time, we invite you to join today's scheduled meeting via Zoom by using your phone or computer to attend this meeting. Please call our District office at **(530)533-2000** for assistance in participating in the teleconference.

Dial in: 1-669-900-9128
Meeting ID: 817 8773 8519
Passcode: 068588

To ensure that our meetings are as orderly as possible, and to enable public participation at the proper times during the meeting, we are asking that everyone take a moment to ensure your line stays muted until public comment is invited. When it comes time for public comment, we will leave enough time for participants to unmute and speak to the entire group and our Board. Because attendees cannot see each other's mute status, we will simply need to be patient as we wait in between comments, and do our best not to speak over each other. Please state your name for the record before sharing comments. We are committed to keeping the public engaged throughout this crisis and appreciate your help in making that happen.

1. **CALL TO ORDER**

- 1.1 Roll Call
- 1.2 Flag Salute
- 1.3 Moment of Silence

2. **CONSENT AGENDA**

All items listed under the Consent Agenda are considered routine and will be enacted by one motion unless an item is removed. Consent Agenda items will be read by title only. There will be no separate discussion of these items unless members of the Board or person in the audience request a specific item to be removed from the Consent Agenda to the Regular Agenda for separate discussion, prior to the time the Board votes on the motion to adopt the Consent Agenda. If any item(s) is removed from the Consent Agenda, the item(s) will be considered immediately following action on the Consent Agenda.

- 2.1 Regular Board Meeting Minutes of November 8, 2022 and Special Board Meeting Minutes of November 30, 2022.
- 2.2 Financial Reports for Month Ending November 30, 2022
- 2.3 Claims Report for Month Ending November 30, 2022
- 2.4 Adoption of "Resolution No. 16-2022 Authorizing Remote Meetings Consistent With AB 361"

3. **ITEMS REMOVED FROM THE CONSENT AGENDA (IF ANY)**

4. **PRESENTATION OF THE 2021-22 INDEPENDENT AUDIT REPORT**

The Board will review and consider approving the Independent Audit Report prepared by SingletonAuman for the fiscal year ending June 30, 2022.

Discussion with possible action

5. **REVIEW AND APPROVE THE AMENDMENT TO BOARD POLICY #1020 – CONFLICT OF INTEREST**

The Board will review and consider approving the Amendment to Board Policy #1020 – Conflict of Interest.

Discussion with Possible Action

6. **ANNUAL BOARD REORGANIZATION**

The Board will elect a President and Vice President for the 2023 calendar year.

Discussion with Possible Action

7. **2023 REGULAR BOARD MEETING SCHEDULE**

The Board will review and consider approving the 2023 Regular Board Meeting Schedule.

Discussion with Possible Action

8. **REVIEW AND APPROVE XiO CLOUD SCADA SYSTEM QUOTATIONS FOR THE MOORETOWN AND L2 LIFT STATIONS**

The Board will review and consider approving the quotations for the XiO Cloud SCADA System to be installed at the Mooretown and L2 lift stations.

Discussion with Possible Action

REPORTS AND CONSULTATIONS

9. **LAFCO & SC-OR COMMISSIONER'S REPORT**

10. **BOARD MEMBERS', MANAGER, AND STAFF COMMENTS**

- FIELD OPERATIONS SUPERVISOR REPORT
- MANAGERS REPORT

11. **FUTURE AGENDA ITEMS**

12. **ADJOURNMENT**



Manager's Report

To: Board of Directors

From: David Goyer, General Manager

Date: December 13, 2022

RE: Item No. 1 – CALL TO ORDER

1.1 Roll call

1.2 Flag Salute

1.3 Moment of Silence



Manager's Report

To: Board of Directors
From: David Goyer, General Manager
Date: December 13, 2022
RE: Item No. 2 – Consent Agenda

Item No. 2.1 **Board Meeting Minutes** - Minutes from the November 8, 2022 Regular Board meeting and minutes from the November 30, 2022 Special Board Meeting are included for the Board's review and approval.

Item No. 2.2 **Financial Reports** – Cash Report and Income Statement through November 30, 2022 is attached for the Board's review and approval.

Item No. 2.3 **Payment of Claims** - The November 30, 2022 Claims report is attached for the Board's review and approval.

Item No. 2.4 **Adoption of "Resolution No. 16-2022 Authorizing Remote Meeting Consistent With AB 361"** - Resolution No. 16-2022 is attached for the Board's review and approval.

Attachments for each item included.

Recommended Action:

A motion to approve the minutes from the Regular Board meeting of November 8, 2022 and Special Board meeting of November 30, 2022, approve the Financial Reports and Payment of Claims from November 30, 2022 as presented, adoption of "Resolution No. 16-2022 Authorizing Remote Meeting Consistent With AB 361".

Roll call vote.

**UNADOPTED
LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS MEETING
NOVEMBER 8, 2022**

CALL TO ORDER

President Mastelotto called the meeting to order at 2:00 P.M. Directors present were Fairbanks, Marciniak, Salvucci and Sharman. General Manager (GM) Goyer, Field Operations Supervisor (FOS) Victorino, Board Clerk (BC) Hamblin and Engineer Knibb represented the District in person.

SALUTE TO THE FLAG

President Mastelotto led the meeting with the salute to the flag.

MOMENT OF SILENCE

President Mastelotto requested a moment of silence.

CONSENT AGENDA

The Board reviewed the minutes of the Regular Board Meeting of October 11, 2022, the Financial Reports and the Claims List for month ending October 31, 2022, and Resolution No. 15-2022 Authorizing Remote Meeting Consistent with AB 361. After discussion, it was moved by Director Salvucci and seconded by Director Marciniak that the items on the consent agenda be approved as presented. The motion passed with the following roll call vote:

Ayes: Directors Fairbanks, Marciniak, Mastelotto, Salvucci and Sharman.

APPOINTMENT OF AD HOC COMMITTEE TO CONDUCT FACILITY ANALYSIS AND SUITABILITY.

President Mastelotto appointed herself and Director Marciniak to serve on the Ad Hoc committee to conduct a facility analysis and suitability study.

CLOSED SESSION – GOVERNMENT CODE §54957- GENERAL MANAGER

President Mastelotto moved the meeting into closed session at 2:06 P.M.

President Mastelotto returned the meeting to open sessions at 2:15 P.M. stating no action was taken during the closed session.

LAFCo REPORT

No report made.

SC-OR COMMISSIONERS' REPORT

Director Mastelotto reported that SC-OR is doing a usage study for single family vs multi family residence. Director Salvucci reported that he toured the new influence pumps at the SC-OR plant and reported on the status of the new line at the Stateline project.

BOARD MEMBERS', MANAGER, AND STAFF REPORTS**Engineer Knibb reported:**

The Mt Ida plans are ready for review.

LEAP / REAP Grant work is moving forward and updates were given on the alignment and future work.

FOS Victorino presented the Field Operations Report

Reported there were no SSO's for the month of October.

Report given on the status of the CCTV, status of the SCADA system and the meeting with XiO Water Systems.

Updated the Board on the status of the Royal Oaks and Vista Del Cerro pump stations.

GM Goyer presented the Manager's Report

Report on the XiO Water Systems and presented the quotation for services.

Report on the status of the pending purchase of the ECO 900 Combo truck and suggested alternatives to expedite the delivery.

Updated the Board on the office lobby opening.

Updated the Board on the District Dinner on December 16, 2022.

Updated the Board on future projects.

ADJOURNMENT

There being no further business to come before the Board the meeting was adjourned at 3:05 P.M.

Respectfully submitted,

Kelly Hamblin,
Clerk of the Board

**UNADOPTED
LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS SPECIAL MEETING
NOVEMBER 30, 2022**

CALL TO ORDER

President Mastelotto called the meeting to order at 4:15 P.M. Directors present were Fairbanks, Salvucci and Sharman. General Manager (GM) Goyer, and Board Clerk (BC) Hamblin represented the District in person. Engineer Knibb represented the District via Zoom. Director Marciniak was absent.

SALUTE TO THE FLAG

President Mastelotto led the meeting with the salute to the flag.

MOMENT OF SILENCE

President Mastelotto requested a moment of silence.

DISCUSSION AND APPROVAL TO AMEND PURCHASE ORDER #1000900C TO NIXON EGLI FOR THE PURCHASE OF AN AVAILABLE 12 YARD ECO 900 COMBO TRUCK TO BE DELIVERED BEFORE MARCH 2023.

After discussion, it was moved by Director Mastelotto and seconded by Director Fairbanks to accept the new quotation and amend the purchase order #1000900C for the purchase of the 12 yard ECO 900 Combo Truck from Nixon Egli in an amount to not exceed \$459,500.00. The motion passed with the following roll call vote:

Ayes: Directors Fairbanks, Mastelotto, Salvucci and Sharman. Director Marciniak was absent.

DISCUSSION AND APPROVAL OF THE PURCHASE AND INSTALLATION OF THE XiO CLOUD SCADA SYSTEM AT THE VISTA DEL CERRO LIFT STATION.

After discussion, it was moved by Director Mastelotto and seconded by Director Salvucci to accept the quotation from XiO Cloud SCADA System and issue a purchase order for the software, hardware and monthly maintenance. Installation will be done by utilizing a local licensed electrician and in-house techs in an amount not to exceed \$30,500.00. The motion passed with the following roll call vote:

Ayes: Directors Fairbanks, Mastelotto, Salvucci and Sharman. Director Marciniak was absent.

APPOINTMENT OF REAL PROPERTY NEGOTIATORS

After discussion, it was moved by Director Sharman and seconded by Director Salvucci to appoint GM Goyer and District Engineer Knibb as the “Real Property Negotiators” to represent the District with the legal representatives of the former El Medio Fire District with regards to APN#’s 035-106-003, 035-106-004 and 035-106-008 (3515 Myers Street, Oroville, CA). The motion passed with the following vote:

Ayes: Directors Fairbanks, Mastelotto, Salvucci and Sharman. Director Marciniak was absent.

CLOSED SESSION – GOVERNMENT CODE §54956.8 – CONFERENCE WITH REAL PROPERTY NEGOTIATORS

President Mastelotto moved the meeting into closed session at 4:25 P.M.

President Mastelotto returned the meeting to open sessions at 4:40 P.M. stating direction was given to the real property negotiators and no action was taken during the closed session.

ADJOURNMENT

There being no further business to come before the Board the meeting was adjourned at 4:41 P.M.

Respectfully submitted,

Kelly Hamblin,
Clerk of the Board

LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT
Cash Report
For the Accounting Period: 11/22

Fund/Account	Beginning Balance	Received	Transfers In	Disbursed	Transfers Out	Ending Balance
53 Sewer						
10001 Five Star Bank - General Acct.	172,030.76	90,900.89	3,621.63	507.47	85,837.51	180,208.30
10021 Five Star USDA	67,518.80	0.00	0.00	0.00	0.00	67,518.80
10031 Five Star Money Market	1,888,345.16	0.00	0.00	0.00	0.00	1,888,345.16
10400 LAIF 10401 Series A Bond Debt	2,722,343.63	0.00	0.00	0.00	0.00	2,722,343.63
10401 LAIF ACCOUNT SERIES A BOND DEPT	107,048.00	0.00	0.00	0.00	0.00	107,048.00
10500 Petty Cash	500.00	0.00	0.00	0.00	0.00	500.00
Total Fund	4,957,786.35	90,900.89	3,621.63	507.47	85,837.51	4,965,963.89
55 RIVER RANCH OROVILLE LLC						
10001 Five Star Bank - General Acct.	-10,209.77	0.00	0.00	0.00	0.00	-10,209.77
57 LEAP GRANT						
10001 Five Star Bank - General Acct.	-39,872.14	0.00	0.00	0.00	4,276.82	-44,148.96
58 REAP GRANT						
10001 Five Star Bank - General Acct.	-33,225.60	0.00	0.00	0.00	3,616.82	-36,842.42
62 PALERMO WASTEWATER CONSOLIDATION						
10001 Five Star Bank - General Acct.	-15,525.00	0.00	0.00	0.00	0.00	-15,525.00
71 Payroll Clearing						
10001 Five Star Bank - General Acct.	8,286.99	0.00	30,715.49	27,685.65	0.00	11,316.83
73 Claims Clearing						
10001 Five Star Bank - General Acct.	729,839.73	0.00	63,545.00	16,256.49	0.00	777,128.24
Totals	5,597,080.56	90,900.89	97,882.12	44,449.61	93,731.15	5,647,682.81

*** Transfers In and Transfers Out columns should match, with the following exceptions:

- 1) Cancelled electronic checks increase the Transfers In column. Disbursed column will be overstated by the same amount and will not balance to the Redeemed Checks List.
- 2) Payroll Journal Vouchers including local deductions with receipt accounting will reduce the Transfers Out column by the total amount of these checks.

LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT
Income Statement
For the Accounting Period: 11 / 22

Combined Funds

Account Object	Description	Current Year				%
		Current Month	Current YTD	Budget	Variance	
Revenue						
41100	Sewer Service Charge		416,828.92	1,668,489.00	-1,251,660.08	25
41150	Pumping Charge		31,839.10	127,462.00	-95,622.90	25
41200	Kelly Ridge Pumping Chg (Taxes)			45,000.00	-45,000.00	
41300	Connection Fee		200.00		200.00	
41350	Other Services		6,525.52		6,525.52	
						25
	Total Revenue	0.00	455,393.54	1,840,951.00	-1,385,557.46	25
Expenses						
51000	Administration					
60100	Salaries & Wages	9,969.34	108,535.71	250,981.00	142,445.29	43
60200	Sick Time Buy Back			3,000.00	3,000.00	
62100	Health Insurance	2,632.07	28,745.50	72,000.00	43,254.50	40
62150	HSA PAYABLE		1,666.64	5,000.00	3,333.36	33
62200	Dental Insurance	146.22	1,608.42	4,116.00	2,507.58	39
62250	Life Insurance	16.89	185.79	435.00	249.21	43
62300	Vision Insurance		314.00	3,000.00	2,686.00	10
62400	Deferred Comp 457	195.54	2,128.40	5,020.00	2,891.60	42
62450	CALPERS Contribution	10,018.09	56,822.19	110,718.00	53,895.81	51
62500	Workers Comp Ins.		-465.42	2,930.00	3,395.42	-16
62550	Payroll Taxes/Ins.	737.00	8,022.54	20,275.00	12,252.46	40
	Total Account	23,715.15	207,563.77	477,475.00	269,911.23	43
51100	Director					
60100	Salaries & Wages	2,000.00	10,000.00	24,000.00	14,000.00	42
62300	Vision Insurance	672.45	672.45	5,000.00	4,327.55	13
62550	Payroll Taxes/Ins.	185.00	925.00	1,836.00	911.00	50
	Total Account	2,857.45	11,597.45	30,836.00	19,238.55	38
55100	LEAP GRANT					
64100	Engineering Services	3,960.00	7,837.50	41,587.00	33,749.50	19
64152	SURVEYING SERVICES		9,121.44	59,737.00	50,615.56	15
67450	Environmental			160,000.00	160,000.00	
	Total Account	3,960.00	16,958.94	261,324.00	244,365.06	6
55200	REAP GRANT					
64100	Engineering Services	3,300.00	5,692.50	30,957.00	25,264.50	18
64152	SURVEYING SERVICES		5,590.56	47,917.00	42,326.44	12
67450	Environmental			120,960.00	120,960.00	
	Total Account	3,300.00	11,283.06	199,834.00	188,550.94	6
57000	General Operating					
64100	Engineering Services	1,072.50	2,722.50	40,000.00	37,277.50	7
64150	Legal Services	1,001.00	8,123.50	24,000.00	15,876.50	34

LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT
Income Statement
For the Accounting Period: 11 / 22

Combined Funds

Account Object	Description	----- Current Year -----				%
		Current Month	Current YTD	Budget	Variance	
64200	Accounting/Audit Services	2,675.00	16,775.00	26,600.00	9,825.00	63
64250	Insurance		16,486.64	49,955.00	33,468.36	33
64300	Software Licenses, Annual Fees and Tech Support	398.00	16,387.05	20,000.00	3,612.95	82
65100	Office Utilities	1,070.99	5,695.21	15,600.00	9,904.79	37
65150	Shop/Yard Utilities	417.63	3,212.02	9,920.00	6,707.98	32
66100	Office Supplies & Expenses	861.92	2,166.06	7,500.00	5,333.94	29
66102	BILLING AND PAYMENT PROCESSING	124.20	9,478.57	29,000.00	19,521.43	33
66150	Office Equipment	255.63	1,958.47	20,000.00	18,041.53	10
66200	Building & Yard Repairs / Maintenance		238.13	13,000.00	12,761.87	2
66250	Small Tools & Consumables	70.04	175.04	22,700.00	22,524.96	1
66350	Outside services	935.00	3,899.26	9,155.00	5,255.74	43
67100	Education & Training		5,164.48	12,000.00	6,835.52	43
67150	Membership/Subscriptions	164.61	9,819.33	9,000.00	-819.33	109
67200	Permits & Licenses	2,104.45	2,104.45	14,150.00	12,045.55	15
67250	Travel, Meals & Entertainment	48.76	2,337.38	3,000.00	662.62	78
67300	Elections			5,000.00	5,000.00	
67350	Bank and collection fees		22.75	10,800.00	10,777.25	
67400	Safety Training			500.00	500.00	
67450	Environmental			3,000.00	3,000.00	
67550	LAFCo Operating Fees		2,656.94	2,500.00	-156.94	106
69155	Propane			200.00	200.00	
	Total Account	11,199.73	109,422.78	347,580.00	238,157.22	31
58000	Field					
60100	Salaries & Wages	9,875.22	102,081.36	322,319.00	220,237.64	32
60200	Sick Time Buy Back			1,500.00	1,500.00	
61150	Standby Wages	228.43	2,667.75	6,500.00	3,832.25	41
61200	Reoccurring Overtime Wages	719.36	7,830.15	16,640.00	8,809.85	47
61250	Call-Out OT - Not VV	115.02	1,557.65	3,000.00	1,442.35	52
61351	Villa Verona Overtime		437.52	2,500.00	2,062.48	18
62100	Health Insurance	780.06	8,460.33	47,000.00	38,539.67	18
62150	HSA PAYABLE		1,666.64	2,500.00	833.36	67
62200	Dental Insurance	54.18	595.80	3,500.00	2,904.20	17
62250	Life Insurance	14.98	164.78	700.00	535.22	24
62300	Vision Insurance		159.99	5,000.00	4,840.01	3
62400	Deferred Comp 457	214.91	2,249.15	6,890.00	4,640.85	33
62450	CALPERS Contribution	5,390.95	32,071.11	110,500.00	78,428.89	29
62500	Workers Comp Ins.		-1,819.29	23,705.00	25,524.29	-8
62550	Payroll Taxes/Ins.	821.06	8,593.12	31,500.00	22,906.88	27
63500	Boots and Uniforms	119.57	119.57	4,500.00	4,380.43	3
63502	Boots& Uniforms-Broderson			550.00	550.00	
63506	Boots & Uniforms - VICTORINO			550.00	550.00	
63507	Boots & Uniforms - PETERSON		229.17	550.00	320.83	42
63508	Boots & Uniforms - DAVIS	233.76	233.76	550.00	316.24	43
64100	Engineering Services	6,765.00	13,777.50		-13,777.50	
64300	Software Licenses, Annual Fees and Tech Support	2,000.00	6,532.50	20,000.00	13,467.50	33
65175	PUMP STATION UTILITIES	1,166.74	21,115.65	63,805.00	42,689.35	33
66200	Building & Yard Repairs / Maintenance	-18.12	-18.12		18.12	
66250	Small Tools & Consumables		2,125.78	25,000.00	22,874.22	9
66300	Safety Supplies	285.35	548.75	10,000.00	9,451.25	5

LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT
Income Statement
For the Accounting Period: 11 / 22

Combined Funds

Account Object	Description	----- Current Year -----				
		Current Month	Current YTD	Budget	Variance	%
66350	Outside services	1,000.64	1,188.59	10,000.00	8,811.41	12
67150	Membership/Subscriptions		4,000.00	5,000.00	1,000.00	80
67400	Safety Training		3,049.00	12,000.00	8,951.00	25
68100	Routine Operations & Maintenance - Sewer System	2,979.03	8,087.17	9,000.00	912.83	90
68125	REPAIRS AND MAINTENANCE ON PUMP STATIONS	2,238.97	13,863.74	75,000.00	61,136.26	18
68150	I & I Operations & Maintenance	15.13	15.13	30,000.00	29,984.87	
68650	VV Operations & Maintenance		19,989.82		-19,989.82	
68900	PSPS Operations & Maintenance			5,000.00	5,000.00	
69100	Diesel Fuel		4,013.13	17,500.00	13,486.87	23
69150	Gasoline	4,401.68	10,089.98	16,500.00	6,410.02	61
69155	Propane		38.59		-38.59	
69250	Heavy Equipment Repairs & Maintenance		215.81	12,000.00	11,784.19	2
69300	Auto Repairs & Maintenance	374.55	4,504.90	12,000.00	7,495.10	38
	Total Account	39,776.47	280,436.48	913,259.00	632,822.52	31
	Total Expenses	84,808.80	637,262.48	2,230,308.00	1,593,045.52	29
	Net Income from Operations	-84,808.80	-181,868.94			
Other Revenue						
47100	Capacity Charge		4,777.00		4,777.00	
47150	Sewer Service Late Fees	17,663.93	38,055.00		38,055.00	
47200	Interest		22,767.85	10,000.00	12,767.85	228
47250	RD Surcharge		90,532.40	362,620.00	-272,087.60	25
47350	Current Sec Taxes		21,777.39	342,403.00	-320,625.61	6
47400	Current Unsec Tax		17,001.17	17,000.00	1.17	100
47450	Prior Unsec Tax		315.03	1,000.00	-684.97	32
47475	SUPPLEMENTAL APPORTIONMENT		1,768.05	3,000.00	-1,231.95	59
47500	Other Taxes		570.16	3,000.00	-2,429.84	19
49000	Other Income	30.00	4,650.00		4,650.00	
	Total Other Revenue	17,693.93	202,214.05	739,023.00	-536,808.95	27

LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT
Income Statement
For the Accounting Period: 11 / 22

Combined Funds

Account Object	Description	----- Current Year -----				%
		Current Month	Current YTD	Budget	Variance	
Other Expenses						
81000	Capital Outlay					
81110	Equipment Purchase		320,045.82	630,220.00	310,174.18	51
81200	District Projects-CIP			619,280.00	619,280.00	
	Total Account		320,045.82	1,249,500.00	929,454.18	26
85000	Debt Service					
85200	Loan Principal			65,000.00	65,000.00	
85250	Loan Interest Expense		50,107.50	98,834.00	48,726.50	51
	Total Account		50,107.50	163,834.00	113,726.50	31
87000	Other Expense					
74400	Depreciation			556,000.00	556,000.00	
	Total Account			556,000.00	556,000.00	
	Total Other Expenses	0.00	370,153.32	1,969,334.00	1,599,180.68	19
	Net Income	-67,114.87	-349,808.21			

LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT
Combined Check Register
For the Accounting Period: 11/22

Claims

Check #	Check Type	Vendor/Employee/Payee Number/Name	Check Amount	Period	Date Issued	Notes
-99823	Clm E	172 STRATTI	2857.66	11/22	11/04/22	
-99822	Clm E	30 CA PUBLIC EMPLOYERS' RETIREMENT S	13303.25	11/22	11/04/22	
-99821	Clm E	30 CA PUBLIC EMPLOYERS' RETIREMENT S	95.58	11/22	11/04/22	
-89374*	Pay P	2 ROBERT L BRODERSON	1814.59	11/22	11/18/22	
-89373	Pay P	22 COOPER DAVIS	1630.86	11/22	11/18/22	
-89372	Pay P	21 DAVID GOYER	2568.83	11/22	11/18/22	
-89371	Pay P	4 KELLY J HAMBLIN	1765.98	11/22	11/18/22	
-89370	Pay P	16 ROBERT MARCINIAK	365.00	11/22	11/18/22	
-89369	Pay P	9 ANGELA D MASTELOTTO	365.00	11/22	11/18/22	
-89368	Pay P	15 SHAWN PETERSON	2045.74	11/22	11/18/22	
-89367	Pay P	11 ANNELYN A RACKLEY	488.88	11/22	11/18/22	
-89366	Pay P	19 VINCENT M VICTORINO	1911.04	11/22	11/18/22	
-89365	Pay P	CALPERS 457 CAL 457	1067.36	11/22	11/18/22	
-89364	Pay P	PERS CLASS CAL PERS CLASSIC	2102.61	11/22	11/18/22	
-89363	Pay P	PEPRA CAL PERS PEPRA	1258.24	11/22	11/18/22	
-89362	Pay P	CA TRAIN (ETT) EDD	978.12	11/22	11/18/22	
-89361	Pay P	FIT EFTPS	5172.43	11/22	11/18/22	
-89360	Pay P	HEALTH INS LAKE OROVILLE AREA PUD	3534.10	11/22	11/18/22	
-89359	Pay P	AD&D LOPUD	616.87	11/22	11/18/22	
23094*	Clm SC	7 ALHAMBRA	86.89	11/22	11/04/22	
23095	Clm SC	12 AT & T	210.92	11/22	11/04/22	
23096	Clm SC	14 BETTER DEAL EXCHANGE	25.94	11/22	11/04/22	
23097	Clm SC	38 COMCAST	467.02	11/22	11/04/22	
23098	Clm SC	46 DATATREE	99.00	11/22	11/04/22	
23099	Clm SC	102 QUADIENT LEASING USA, INC	344.31	11/22	11/04/22	
23100	Clm SC	115 SOUTH FEATHER WATER	33.11	11/22	11/04/22	
23101	Clm SC	119 STREAMLINE	200.00	11/22	11/04/22	
23102	Clm SC	139 VERIZON WIRELESS	395.17	11/22	11/04/22	
23103	Clm SC	14 BETTER DEAL EXCHANGE	19.84	11/22	11/11/22	
23104	Clm SC	79 MIRY'S CLEANING SERVICES	295.00	11/22	11/11/22	
23105	Clm SC	108 NAPA AUTO PARTS	126.63	11/22	11/11/22	
23106	Clm SC	85 NORTHERN CA GLOVES	119.57	11/22	11/11/22	
23107	Clm SC	86 O'REILLY AUTOMOTIVE, INC	166.12	11/22	11/11/22	
23108	Clm SC	88 OROVILLE CABLE & EQUIPMENT	50.18	11/22	11/11/22	
23109	Clm SC	92 PACE SUPPLY CORP	2740.50	11/22	11/11/22	
23110	Clm SC	93 PACIFIC GAS & ELECTRIC	1232.05	11/22	11/11/22	
23111	Clm SC	106 RECOLOGY BUTTE COLUSA COUNTIES	97.51	11/22	11/11/22	
23112	Clm SC	109 SAUERS ENGINEERING INC	15097.50	11/22	11/11/22	
23113	Clm SC	114 SINGLETONAUMAN	2675.00	11/22	11/11/22	
23114	Clm SC	131 TRACTORS SUPPLY	233.76	11/22	11/11/22	
23115	Clm SC	166 VALLI INFORMATION SYSTEMS, INC	124.20	11/22	11/11/22	
23116	Clm SC	11 ANSWERLINE COMMUNICATIONS	240.00	11/22	11/18/22	
23117	Clm SC	85 NORTHERN CA GLOVES	285.35	11/22	11/18/22	
23118	Clm SC	86 O'REILLY AUTOMOTIVE, INC	93.48	11/22	11/18/22	
23119	Clm SC	92 PACE SUPPLY CORP	245.11	11/22	11/18/22	
23120	Clm SC	95 PARAMEX	189.00	11/22	11/18/22	
23121	Clm SC	99 POSM SOFTWARE LLC	2000.00	11/22	11/18/22	
23122	Clm SC	124 TESCO CONTROLS	240.00	11/22	11/18/22	

Check Types: MC=Manual Claim, SC=System Claim, V=Void (never in system), E=ACH
P=Payroll, C=Cancelled (cancelled in system), R=Reissued, D=Deleted (deleted in system)

LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT
Combined Check Register
For the Accounting Period: 11/22

Claims

Check #	Check		Check Amount	Date		Notes
	Type	Vendor/Employee/Payee Number/Name		Period	Issued	
23123	Clm SC	133 UMPQUA BANK	2714.30	11/22	11/18/22	
23124	Clm SC	14 BETTER DEAL EXCHANGE	19.43	11/22	11/25/22	
23125	Clm SC	17 BLUE SHIELD OF CA	7578.30	11/22	11/25/22	
23126	Clm SC	175 GIESE ELECTRIC	600.00	11/22	11/25/22	
23127	Clm SC	86 O'REILLY AUTOMOTIVE, INC	35.90	11/22	11/25/22	
23128	Clm SC	88 OROVILLE CABLE & EQUIPMENT	12.77	11/22	11/25/22	
23129	Clm SC	115 SOUTH FEATHER WATER	73.92	11/22	11/25/22	
23130	Clm SC	174 TIMIOS TITLE, A CALIFORNIA CORPOR	400.00	11/22	11/25/22	
23131	Clm SC	145 XEROX CORPORATION	255.63	11/22	11/25/22	
23132	Clm SC	999998 RICHARD SALVUCCI	672.45	11/22	11/23/22	
23133	Clm SC	14 BETTER DEAL EXCHANGE	15.13	11/22	12/02/22	
23134	Clm SC	32 CA WATER SERVICE	61.89	11/22	12/02/22	
23135	Clm SC	38 COMCAST	528.66	11/22	12/02/22	
23136	Clm SC	48 DEL MAR EQUIPMENT	185.84	11/22	12/02/22	
23137	Clm SC	70 LAKEVIEW PETROLEUM CO	4401.68	11/22	12/02/22	
23138	Clm SC	78 MINASIAN LAW FIRM	1001.00	11/22	12/02/22	
23139	Clm SC	95 PARAMEX	178.00	11/22	12/02/22	
23140	Clm SC	115 SOUTH FEATHER WATER	25.26	11/22	12/02/22	
23141	Clm SC	139 VERIZON WIRELESS	395.19	11/22	12/02/22	
88171*	Pay P	6 DEE G FAIRBANKS	365.00	11/22	11/18/22	
88172	Pay P	5 DARIN K KAHALEKULU	1850.84	11/22	11/18/22	
88173	Pay P	17 RICHARD SALVUCCI	365.00	11/22	11/18/22	
88174	Pay P	13 WILLIAM P SHARMAN	365.00	11/22	11/18/22	
88175	Pay P	AFLAC 125 AFLAC	68.00	11/22	11/18/22	
88176	Pay P	FRANCHISE TAX B FRANCHISE TAX BOARD	50.00	11/22	11/18/22	
Grand Total # of Checks:		73	Total: 94294.49	Total Claims	63545.00	Total Payroll 30749.49

Check Types: MC=Manual Claim, SC=System Claim, V=Void (never in system), E=ACH
P=Payroll, C=Cancelled (cancelled in system), R=Reissued, D=Deleted (deleted in system)

RESOLUTION NO. 16-2022 (**SUBSEQUENT**)

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT RE-AUTHORIZING REMOTE MEETINGS CONSISTENT WITH AB 361

WHEREAS, the Lake Oroville Area Public Utility District (“District”) is committed to preserving and nurturing public access and participation in meetings of the Board of Directors; and

WHEREAS, all meetings of Lake Oroville Area Public Utility District’s legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and watch the District’s legislative bodies conduct their business; and

WHEREAS, the Brown Act, Government Code section 54953(e), makes provisions for remote participation in meetings by members of a legislative body by audio or video or both, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition of remote meetings is a declaration of a state of emergency by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, the Board of Directors previously adopted a Resolution, Number 07-2021 on November 9, 2021, finding that the requisite conditions exist for the District’s legislative bodies to conduct remote meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, as a condition of extending the use of the provisions found in section 54953(e), the Board of Directors must reconsider the circumstances of the state of emergency; and the Board of Directors has done so; and

WHEREAS, emergency conditions persist in the District, specifically, on March 4, 2020 the Governor proclaimed State of Emergency to exist in California due to the COVID-19 pandemic, which proclamation is still active; and

WHEREAS, state and local officials have recommended social distancing measures, including masks, to slow the spread of COVID-19 and the contagious Delta variant, and to protect the vulnerable and immunocompromised members of the community; and

WHEREAS, the Board of Directors does hereby find that the state of emergency continues to directly impact the ability of members to meet in-person; and

WHEREAS, as a consequence of the State of Emergency and recommended social distancing measures, the Board of Directors does hereby find that the legislative bodies of Lake Oroville Area Public Utility District shall continue to conduct their meetings without compliance with

paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and that such legislative bodies shall comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953; and

WHEREAS, the public may attend meetings and comment by calling in or by using the Zoom platform as described in meeting agendas.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Re-ratification of Governor's Proclamation of a State of Emergency. The Board hereby ratifies the Governor of the State of California's Proclamation of State of Emergency, effective as of its issuance date of March 4, 2020.

Section 3. Remote Teleconference Meetings. The District's General Manager, Secretary, and legislative bodies are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, continuing to conduct open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Section 4. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) 30 days from adoption of this Resolution or (ii) such time the Board of Directors adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the District's legislative bodies may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

PASSED AND ADOPTED by the Board of Directors of Lake Oroville Area Public Utility District, this 13th day of December 2022, after a motion was made by Director _____ and seconded by Director _____, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Angela Mastelotto,
President of the Board

Kelly Hamblin
Secretary of the Board



Manager's Report

To: Board of Directors

From: David Goyer, General Manager

Date: December 13, 2022

RE: Item No. 3 – Items Removed From Consent Agenda



Manager's Report

To: Board of Directors
From: David Goyer, General Manager
Date: December 13, 2022

RE: Item No. 4 – Presentation of the 2021-22 Independent Audit Report

SingletonAuman PC has completed the 2021-22 District audit.

A representative from SingletonAuman PC will be presenting the audit report for Board consideration and approval.

Attachment Included

Recommended Action: A motion to approve the Independent Audit Report prepared by SingletonAuman PC for the fiscal year ending June 30, 2022.

Roll Call Vote

**LAKE OROVILLE AREA
PUBLIC UTILITY DISTRICT**

Financial Statements, Management Discussion and Analysis,
and Independent Auditor's Report

As of and for the Year Ended June 30, 2022

LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT
Audit Report
June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lake Oroville Area Public Utility District
Oroville, California

Opinions

We have audited the accompanying financial statements of the business-type activities, the major fund, and the aggregate remaining fund information of the Lake Oroville Area Public Utility District (District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the major fund, and the aggregate remaining fund information of the Lake Oroville Area Public Utility District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Susanville:

1740 Main Street, Suite A, Susanville, CA 96130
530.257.1040 Fax: 530.257.8876

Chester:

PO Box 795, Chester, CA 96020
530.258.2272 Fax: 530.258.2282

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the schedule of proportionate share of the net pension liability, and the schedule of pension contributions be presented to supplement the basic financial statements. Such information, although not a basic part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Budgetary Comparison Information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Singleton Auman, PC". The signature is fluid and cursive, with a large initial "S" and "A".

SingletonAuman, PC

Susanville, California

October 26, 2022

LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT
Management's Discussion and Analysis (MD&A)
June 30, 2022

INTRODUCTION

Lake Oroville Area Public Utility District's present operations include providing sewage collection and transmission services to residents of the District.

Our discussion and analysis of Lake Oroville Area Public Utility District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2022. It should be read in conjunction with the District's financial statements, including notes and supplementary information, which follow this section.

FINANCIAL HIGHLIGHTS

- The net position was \$10,229,698 at June 30, 2022. This was an decrease of \$141,855 from the prior year.
- Overall revenues were \$2,671,175 which were less than expenses of \$2,813,029 by \$141,854.
- Deferred Inflows – Pension Plan was \$1,167,572, an increase of \$1,130,000 over the prior year, which is the result of the most recent actuarial valuation.

OVERVIEW OF FINANCIAL STATEMENTS

The District's basic financial statements include five components:

- Statement of Net Position – Proprietary Fund
- Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund
- Statement of Cash Flows – Proprietary Fund
- Statement of Fiduciary Net Position – Custodial Fund
- Statement of Changes in Net Position – Custodial Fund
- Notes to the Financial Statements

The **Statement of Net Position** includes all the District's assets and liabilities, with the difference between the two reported as Net Position. Net Position is displayed in three categories:

- Net investment in capital assets
- Restricted
- Unrestricted

This statement provides the basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility.

The **Statement of Revenues, Expenses, and Changes in Net Position** presents information which shows how the District's equity changed during each year. All of the year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statement of revenues, expenses, and changes in net position measures the success of the District's operations during the year and determines whether the District has recovered its costs through user fees and other charges.

The **Statement of Cash Flows** provides information regarding the District's cash receipts and cash disbursements during the year. This statement reports cash activity in four categories:

- Operating Activities
- Noncapital Financing Activities
- Capital and Related Financing Activities
- Investing Activities

The **Statement of Fiduciary Net Position, and Changes in Net Position – Custodial Fund** includes all of the District's Villa Verona Assessment District assets and liabilities. This statement differs from the statements of revenues, expenses, and changes in equity by only accounting for transactions that result in cash receipts or cash disbursements.

The **Notes to Financial Statements** provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was \$10,229,698 at June 30, 2022. See Table 1. The significant changes in Table 1 line items for fiscal 2022 vs. 2021 are:

Cash increased as a result of careful budgeting, which resulted in an operating surplus.

Table 1: Net Position

	Business-Type Activities		Total %
	2022	2021	Change
			2022-2021
Assets			
Cash	\$ 3,424,259	\$ 2,302,510	48.72%
Accounts Receivable	1,190,626	1,060,675	12.25%
Other Current Assets	174,207	164,220	6.08%
Restricted Cash	1,636,739	1,710,046	-4.29%
Investment in Sewer Treatment Association	41,982	41,982	0.00%
Capital Assets, Net of Accumulated Depreciation	8,607,695	8,820,203	-2.41%
Total Assets	\$ 15,075,508	\$ 14,099,636	
Deferred Outflows of Resources			
Deferred Recognition of Contributions to Pension Plan	\$ 435,998	\$ 404,576	7.77%
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 438,177	\$ 24,542	1685.42%
Due to Other Funds		1,402	-100.00%
Accrued Compensated Absences	60,365	60,365	0.00%
Amounts payable from restricted assets:			
Bond Interest Payable	50,108	51,425	-2.56%
Current Portion of Bonds Payable	65,000	62,000	4.84%
Total Current Liabilities	613,650	199,734	
Long Term Liabilities:			
Bonds Payable	1,207,586	2,358,000	-48.79%
Net Pension Liability	2,293,000	1,537,423	49.15%
Total Long Term Liabilities	3,500,586	3,895,423	
Total Liabilities	\$ 4,114,236	\$ 4,095,157	
Deferred Inflows of Resources			
Deferred Recognition of Pension Plan Earnings	\$ 1,167,572	\$ 37,502	3013.36%
Net Position			
Net Investment in Capital Assets	\$ 6,249,695	\$ 6,400,203	-2.35%
Restricted	1,529,691	1,710,046	-10.55%
Unrestricted	2,450,312	2,261,304	8.36%
Total Net Position	\$ 10,229,698	\$ 10,371,553	

Changes in Net Position

The District's total revenues were \$2,671,175. A majority of the revenue comes from Service Charges (65%). The Rural Development Loan Surcharge accounted for 14% of the total revenues. The total cost of all services was \$2,813,029. Charges for Services increased due to an increase in utility rates.

Table 2:
Changes in Net Position

	Business-Type Activities		Total Percentage
	2022	2021	Change 2022-2021
Revenues			
Operation Revenues:			
Charges for Services	\$ 1,747,122	\$ 1,647,220	6.06%
Special Assessment	42,011	44,951	-6.54%
General Revenues			
Taxes	380,880	347,112	9.73%
Interest Income and Late Fees	74,151	53,459	38.71%
Capacity Charges	26,560	4,777	456.00%
Rural Development Loan Surcharge	362,326	361,821	0.14%
Miscellaneous	38,125	9,466	302.76%
TOTAL REVENUES	<u>2,671,175</u>	<u>2,468,806</u>	
Operation Expenses:			
Administration and General	1,119,947	699,080	60.20%
Sewage Collection Services	1,068,838	693,173	54.19%
Depreciation	522,711	526,875	-0.79%
Other Expenses			
Bond Interest Expense	101,533	102,850	-1.28%
TOTAL EXPENSES	<u>2,813,029</u>	<u>2,021,978</u>	
INCREASE (DECREASE) IN NET POSITION	<u>\$ (141,854)</u>	<u>\$ 446,828</u>	-131.75%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The overall financial performance of the District as a whole is reflected in the communication between the Board of Directors and the District employees as they all work together in providing the best quality of service to its customers.

Budgetary Highlights

The District prepares a preliminary budget in May or June of each fiscal year. A final budget is adopted by the Board in August. A schedule of the District's original and final budget amounts compared with actual revenues and expenses is provided in the supplemental information section of the audited financial report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the District had invested \$8,607,695 in a broad range of capital assets, including land and surface lines. See Table 4. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Table 4
Capital Assets

	Business-Type Activities		Total Percentage
	2022	2021	Change 2022-2021
Land	\$ 107,174	\$ 107,174	0.00%
Work in Progress	370,714	227,319	63.08%
Subsurface Lines	13,865,710	13,865,710	0.00%
General Plant and Admin. Facilities	4,375,885	4,209,077	3.96%
Sewer Collection Facility	4,434,824	4,434,824	0.00%
Totals at Historical Cost	23,154,307	22,844,104	
Total Accumulated Depreciation	(14,546,612)	(14,023,901)	3.73%
NET CAPITAL ASSETS	\$ 8,607,695	\$ 8,820,203	

Long-Term Debt

At year end, the District had \$3,500,586 in long-term debt, consisting of Series A - Sewer Revenue Bonds and Net Pension Liability, as shown in Table 5. More detailed information about the District's debt is presented in the notes to the financial statements.

Table 5
Long-Term Debt

	Business-Type Activities		Total Percentage
	2022	2021	Change 2022-2021
Net Pension Liability	\$ 1,207,586	\$ 1,537,423	-21.45%
Sewer Revenue Bonds-Series A	2,293,000	2,358,000	-2.76%
TOTAL LONG-TERM DEBT	\$ 3,500,586	\$ 3,895,423	-10.14%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At the time these financial statements were prepared and audited, the District was aware of circumstances that could affect its future financial health, specifically:

- The State of California PERS unfunded liability will most likely result in retirement benefit cost increases in future years.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact:

David Goyer
General Manager
Lake Oroville Area Public Utility District
1960 Elgin Street
Oroville, CA 95966
(530) 533-2000

LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2022

	Utility Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 3,424,259
Accounts Receivable	1,190,626
Taxes Receivable	85,351
Inventory	15,583
Prepaid Expenses	73,273
Accrued Interest	-
Total Current Assets	4,789,092
Restricted and Noncurrent Assets:	
Restricted Cash and Cash Equivalents	1,636,739
Investment in Sewer Treatment JPA	41,982
Capital assets, net of accumulated depreciation	8,607,695
Total Restricted and Noncurrent Assets	10,286,416
Total Assets	\$ 15,075,508
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Pension Plan	\$ 435,998
LIABILITIES	
Current Liabilities	
Accounts Payable and other current liabilities	\$ 438,177
Due to other fund	
Accrued Compensated absences	60,365
Amounts payable from restricted assets:	
Bond interest payable	50,108
Current portion - bonds payable	65,000
Total Current Liabilities	613,650
Long-Term Liabilities	
Net Pension Liability	1,207,586
Bonds Payable	2,293,000
Total Long-Term Liabilities	3,500,586
Total Liabilities	\$ 4,114,236
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - Pension Plan	\$ 1,167,572
NET POSITION	
Net Investment in Capital Assets	\$ 6,249,695
Restricted	1,529,691
Unrestricted	2,450,312
Total Net Position	\$ 10,229,698

The accompanying notes are an integral part of this statement.

**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Utility Fund
Operating Revenues:	
Sewer service charges	\$ 1,594,319
Pumping charges	127,447
Connection & inspection fees	25,356
Special Assessment - Kelly Ridge	42,011
Total Operating Revenue	1,789,133
 Operating Expenses:	
Administration and general	1,119,947
Sewage collection services	1,068,838
Depreciation	522,711
Total Operating Expense	2,711,496
Net Operating Income (Loss)	(922,363)
 Nonoperating Revenues (Expenses)	
Property Tax	380,880
Interest income and late fees	74,151
Capacity charges	26,560
Rural Development loan surcharges	362,326
Miscellaneous	38,125
Bond Interest Expense	(101,533)
Net Nonoperating Revenue	780,509
Change in Net Position	(141,854)
Net Position Beginning	10,371,553
Net Position Ending	\$ 10,229,698

The accompanying notes are an integral part of this statement.

LAKE OROVILLE AREA PUBLIC UTILTIY DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022

Cash Flows from Operating Activities:	
Cash received from customers	\$ 1,617,171
Other income	42,011
Cash paid to employees for service	(1,936,852)
Cash paid to suppliers	(164,723)
Net Cash Provided (Used) By Operating Activities	<u>(442,393)</u>
Cash Flows from Non-Capital Financing Activities:	
Miscellaneous nonoperational receipts	38,125
Property Taxes	363,797
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>401,922</u>
Cash Flows from Capital and Related Financing Activities:	
Additions to property, plant and equipment	(310,204)
Capacity charges received	26,560
Principal paid on Capital Debt	(62,000)
Interest Paid on Capital Debt	(100,568)
Rural development loan surcharges	362,326
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(83,886)</u>
Cash Flows from Investing Activities:	
Deferred Outflows/Inflows	1,098,648
Interest on investments and customer late fees	74,151
Net Cash Provided (Used) by Investing Activities	<u>1,172,799</u>
Net Increase (Decrease) in Cash	<u>1,048,442</u>
Cash Balance - July 1, 2021	<u>4,012,556</u>
Cash Balance - June 30, 2022	<u>\$ 5,060,998</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (922,363)
Adjustments to reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	522,711
Change in Assets and Liabilities:	
(Increase)/decrease in receivables	(129,951)
(Increase)/decrease in prepaid assets	4,814
Increase/(decrease) in payables	412,233
Increase/(decrease) in net pension liabilities	(329,837)
Net Cash Provided/(Used) by Operating Activities	<u>\$ (442,393)</u>

The accompanying notes are an integral part of this statement.

**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION
CUSTODIAL FUND
JUNE 30, 2022**

	Villa Verona Assessment District Custodial Fund
ASSETS	
Cash and cash equivalents	\$ 33,175
Due from other fund	425
Assessments receivable - current	20,083
Assessments receivable - delinquent	3,381
Assessments receivable - deferred	157,961
Total Assets	\$ 215,025
 LIABILITIES	
Current Liabilities:	
Unearned Revenues	\$ 157,961
Easements payable	2,703
Due to bondholders	148,000
Total Current Liabilities	\$ 308,664
 NET POSITION	
Restricted for Other Purposes	\$ (93,639)
Total Net Position	\$ (93,639)

The accompanying notes are an integral part of this statement.

**LAKE OROVILLE PUBLIC UTILITY DISTRICT
STATEMENT OF CHANGES IN NET POSITION
CUSTODIAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Villa Verona Assessment District Custodial Fund
ADDITIONS:	
Special Assessments	\$ 20,083
Interest Income	28
Penalties	110
Total Additions	20,221
DEDUCTIONS:	
Collections Fees	598
Bond Interest Expense	7,675
	481
Total Deductions	8,754
Change in Custodial Fund Net Position	11,467
Total Net Position, Beginning	(105,106)
Total Net Position, Ending	\$ (93,639)

The accompanying notes are an integral part of this statement.

Lake Oroville Area Public Utility District
Notes to Financial Statements
June 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lake Oroville Area Public Utility District (District) is a California Public Utility District that was organized on June 27, 1938. It provides sewage collection and transmission services to residents of the Kelly Ridge and other eastern Oroville areas.

A. Definition of the Reporting Entity

The District's financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Governmental Accounting Standards Board (GASB) Statement 39, include:

- The organization is legally separate (can sue and be sued in their own name).
- The District holds the corporate powers of the organization.
- The District appoints a majority of the organization's governing board.
- The District is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the District.
- There is fiscal dependency by the organization on the District.

Based on the aforementioned criteria, the Lake Oroville Area Public Utility District has no component units.

B. Basis of Accounting and Financial Statement Presentation

The District accounts for its operations and activities as a utility enterprise fund. The enterprise fund is operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services on a continuing basis be financed or recovered primarily through user service charges.

The District distinguishes *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Principal operating revenues of the District are charges to customers for sales and services including operating charges collected through special assessments on certain property tax rolls. Operating expenses for the District include salaries and benefits, supplies and other services, and insurance premiums.

Revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows actually take place.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

Fiduciary Fund

Custodial Fund - Custodial funds are used to report fiduciary activities that are not required to be reported as another fiduciary fund type.

Lake Oroville Area Public Utility District
Notes to Financial Statements
June 30, 2022

C. Inventory

Inventories are valued at cost using the average cost method.

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

E. Cash, Cash Equivalents, and Investments

For the purposes of the statement of cash flows, the District's proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Investments at June 30, 2022 are stated at fair value.

F. Restricted Assets

The District has presented restricted cash for amounts received from the District's capacity charge and rural development surcharge. In addition, the USDA Bond Reserve is presented as restricted cash. These amounts have been classified as restricted assets on the statement of net position because their use is limited by applicable bond or other covenant.

G. Interfund Receivables and Payables

The purpose of the interfund balance is to reflect the District's collections of Villa Verona special assessments that will be transferred to the Villa Verona bank account at a future date. The amount due to Villa Verona Special Assessment from the District at June 30, 2022 was \$1,402.

H. Bad Debts

It is the District's policy to collect past due accounts by adding such amounts to the County of Butte's property tax rolls. As such, it is management's opinion that past due accounts are, in all material respects, fully collectible, and no allowance for doubtful accounts has been recorded on the accompanying financial statements.

I. Capital Assets

Property and equipment with a life greater than one year are capitalized and stated at cost, except for portions acquired by contribution, which are reported at the agreed upon cost to the donee, which equates fair market value. It is the District's policy to capitalize individual items costing more than \$5,000. Maintenance and repair costs are expensed as incurred unless they extend the asset's useful life. Depreciation is computed using the straight-line method over asset estimated useful lives as presented below:

Subsurface lines	50 years
Sewage collection	10 - 50 years
General plant and Administrative Facilities	3 - 30 years

Lake Oroville Area Public Utility District
Notes to Financial Statements
June 30, 2022

Construction-in-progress – Costs associated with development stage projects are accumulated in the construction-in-progress account until the project is fully developed. Once the project is complete, the entire cost of the project is transferred to a capital asset account and depreciated over the estimated useful life.

J. Accrued Compensated Absences

All probationary and permanent employees of the District earn sick leave at a rate of one eight hour working day per month and can accrue an unlimited number of hours. At the employees' request unused sick leave time may be "bought back" by the District at a rate of one-half (1/2) day for each whole day accrued. Buy back shall be limited only to time over and above thirty (30) days of accrued sick leave. No more than 12 days of accrued sick leave shall be bought back in any given calendar year unless employment is voluntarily terminated, in which case all accrued sick leave may be "bought back" by the District at a rate of one-half day for each whole day accrued. Vacation is based upon the length of service. The District will buy back accumulated vacation of an employee upon termination or retirement from the District.

K. Subsequent Events

Subsequent events were evaluated through October 26, 2022 which is the date the financial statements were available to be issued.

NOTE 2 CASH AND INVESTMENTS

Cash and investments at June 30, 2022 consisted of the following:

Cash on Hand	\$ 500
Deposits with Financial Institutions	2,353,018
Deposit with LAIF	2,707,480
Total Cash and Cash equivalents	\$ 5,060,998

Investment Policies - The District may invest in the following types of investments:

- Passbook savings account demand deposits
- Money market accounts
- Certificates of deposit with commercial banks and/or savings and loan companies
- Local Agency Investment Fund (State Pool) demand deposits
- Mutual funds

The District has, in practice, limited deposits and investments to insured and/or collateralized demand deposit accounts, the State Treasurer's Local Agency Investment Fund (LAIF), and certificates of deposit. The District does not enter into reverse repurchase agreements.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder

Lake Oroville Area Public Utility District
Notes to Financial Statements
June 30, 2022

of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization. The District does not hold direct investments, therefore, there is no concentration of credit risk.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. The amounts in excess of federal depository insurance limits were \$1,725,546 as of June 30, 2022 and the remaining amounts were collateralized as described above.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Investment in State Investment Pool

The District is a voluntary participant in LAIF. LAIF is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the entity's investment in this pool is reported in the accompanying financial statements at amounts based upon the Entity's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE 3 PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on July 1 and are payable in two installments, on December 10 and April 10. The District relies on the competency of the County of Butte for the billing, collection, and distribution of its share of property tax revenues.

Lake Oroville Area Public Utility District
Notes to Financial Statements
June 30, 2022

NOTE 4 CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance <u>06/30/21</u>	<u>Additions</u>	<u>Dispositions</u>	Balance <u>06/30/22</u>
Fixed Assets				
Land	\$ 107,174	\$ -	\$ -	\$ 107,174
Subsurface lines	13,865,710			13,865,710
Sewer collection facilities	4,434,824			4,434,824
General plant and administration facilities	4,209,077	166,808		4,375,885
Work in Progress	227,319	260,000	(116,605)	370,714
	<u>22,844,104</u>	<u>426,808</u>	<u>(116,605)</u>	<u>23,154,307</u>
Accumulated Depreciation				
Subsurface lines	(8,071,866)	(330,953)		(8,402,819)
Sewer collection facilities	(3,615,308)	(86,398)	521,033	(4,222,739)
General plant and administration facilities	(2,487,693)	(626,393)		(3,114,086)
Accumulated Depreciation	<u>(14,023,901)</u>	<u>(1,043,744)</u>	<u>521,033</u>	<u>\$ (14,546,612)</u>
Property and Equipment, Net	<u>\$ 8,820,203</u>	<u>\$ (616,936)</u>	<u>\$ 404,428</u>	<u>\$ 8,607,695</u>

NOTE 5 LONG-TERM DEBT - BONDS

Changes in Long-Term Liabilities – Long-term liability activity, excluding the liability for compensated absences and net pension liability is summarized as follows:

	Balance <u>June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2022</u>	Due Within <u>One Year</u>
Sewer Revenue Bonds - Series A	\$ 2,420,000	-	\$ (62,000)	\$ 2,358,000	\$ 65,000
Total Long-Term Liabilities-Bonds	<u>\$ 2,420,000</u>	<u>-</u>	<u>\$ (62,000)</u>	<u>\$ 2,358,000</u>	<u>\$ 65,000</u>

Sewer Revenue Bonds – The District authorized the issuance of \$5,000,000 in Lake Oroville Area Public Utility District Sewer Revenue Bonds (Bonds). The Bonds were issued in two separate series. All the bonds were purchased by the USDA Rural Development through its Rural Utilities Service. The Bonds are secured by a first lien and a pledge of all revenues of the enterprise fund to repay the Bonds.

The District assessed a “Rural Development Loan Surcharge” for the purpose of making bond principal and interest payments and established required debt service reserves.

The Series A bonds accrue interest at a rate of 4.25% per annum. “Series A” requires annual principal payments ranging from \$29,000 to \$163,000 each July 1 through the year 2043. Interest is paid semi-annually on January 1 and July 1. Total “Series A” bonds outstanding at June 30, 2022, was \$2,358,000

Lake Oroville Area Public Utility District
Notes to Financial Statements
June 30, 2022

Debt service requirements to maturity are as follows:

Year Ended June 30,	Sewer Revenue Bonds		
	Principal	Interest	Total
2023	65,000	100,215	165,215
2024	68,000	97,453	165,453
2025	71,000	94,563	165,563
2026	74,000	91,545	165,545
2027	78,000	88,400	166,400
2028-2032	443,000	389,428	832,428
2033-2037	551,000	286,493	837,493
2038-2042	688,000	158,313	846,313
2043-2044	320,000	20,528	340,528
Totals	<u>\$ 2,358,000</u>	<u>\$ 1,326,938</u>	<u>\$ 3,684,938</u>

NOTE 6 SPECIAL ASSESSMENTS DISTRICT

The District acts as agent for the property owners of the Villa Verona Assessment District in collecting assessments, forwarding the collections to the assessment bond holders, and initiating foreclosure proceedings when required. The District is not obligated in any manner for the repayment of the special assessment debt. At June 30, 2022 the Villa Verona Assessment District had \$148,000 in bonds payable.

NOTE 7 DEFERRED COMPENSATION PLANS

The District offers its full-time employees two deferred compensation plans created in accordance with Internal Revenue Code 457. The plans are available to all District employees, which permits them to defer a portion of their salary until future years. Employees may participate in both plans; however, the District will only contribute to the PERS 457 Plan. This contribution amounts to 2% of the employee's salary only if the employee is matching 2% into the PERS 457 Plan, effective July 1, 2019. The PERS 457 Plan and District match began July 1, 2008. Amounts credited to deferred compensation are deposited in savings or other type of investment accounts with Voya, Nationwide, and PERS. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributed to those amounts, property, or rights are held in trust for the exclusive benefit of the plan participants and their beneficiaries. As required by GASB Statement 32, the District does not meet the criteria for inclusion of plan assets within its financial statements and has, therefore, excluded the plan assets from the accompanying financial statements.

**Lake Oroville Area Public Utility District
Notes to Financial Statements
June 30, 2022**

The following is a summary of plan activity for the year ended June 30, 2022:

	<u>2022</u>
Market Value - July 1	\$ 456,649
Employee Contributions	14,538
Employer Contributions	14,538
Plan Earnings/(Losses)	(65,112)
Withdrawals/Fees	<u>(15,680)</u>
Market Value - June 30	<u>\$ 404,933</u>

NOTE 8 DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plans

Plan Description

The District approved a contract with the Board of Administration, California Public Employees' Retirement System (PERS) on March 16, 2004, which began May 1, 2004. The District is required to make a monthly contribution to PERS to include actuarial valuations of prior and future years of service of each employee. All eligible District employees participate in PERS. The District is required to participate in a PERS cost-sharing, multiple-employer defined benefit retirement plan, since the District had less than 100 active members. PERS acts as a common investment and administrative agent for various local and state governmental agencies within the state.

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple employer defined benefit pension plan (Plan) which is administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and local government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Lake Oroville Area Public Utility District
Notes to Financial Statements
June 30, 2022

The Plan's provisions and benefits in effect at June 30, 2022, are summarized as follows:

Hire Date	Prior to January 1, 2014	On or After January 1, 2014
Benefit formula	2.7 % @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50-55	62-67
Monthly benefits as % of eligible compensation	2.0 to 2.7 %	1.0 to 2.5 %
Required employee contributions	8%	8%
Required employer contributions rates	27.80%	11.40%

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2022, the contributions recognized as part of pension expense for the Plan was as follows:

Contributions-Employer	\$ 193,343
Contributions-Employee	\$ 31,023

As of June 30, 2022, the District reported net pension liability of \$1,207,586 for its share of the net pension liability of the Plan. The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2021 and 2022, were as follows:

Proportion:	June 30, 2021	0.03645%
Proportion:	June 30, 2022	0.06360%
Change-Increase (Decrease)		0.02715%

For the year ended June 30, 2022, the District recognized pension expense of \$193,343. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Lake Oroville Area Public Utility District
Notes to Financial Statements
June 30, 2022

	Deferred Outflows of Resources	Deferred Inflow of Resources
Change in Assumptions		
Difference between Expected and Actual Experience	\$ 135,418	
Difference Between Expected and Actual Investment Earnings		1,054,159
Difference Between Employer's Contributions and Proportionate Share of Contributions	107,237	
Change in Employer's Proportion	-	113,413
Contributions Subsequent to the Measurement Date	193,343	
Total	\$ 435,998	\$ 1,167,572

The \$193,343, which is reported as contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

Measurement Periods Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2023	\$ (183,541)
2024	(207,759)
2025	(242,303)
2026	(291,315)
2027	-
Thereafter	-
Total:	\$ (924,918)

Lake Oroville Area Public Utility District
Notes to Financial Statements
June 30, 2022

Actuarial Assumptions

The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions for the all Plans:

Valuations Date	June 30, 2021
Measurement Date	June 30, 2022
	Entry Age
Actuaial Cost Method	Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3%-14.2% (1)
Investment Rate of Return	7.15% (2)

(1) Depending on entry age and service

(2) Net of pension plan investment expenses, including inflation

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The table below reflects long-term expected real rates of return by asset class. The rate of return was calculated using the capital marked assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10 ¹	Real Return years 11 + ²
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

¹An expected inflation of 2.5% used for this period

²An expected inflation of 3.0% used for this period

**Lake Oroville Area Public Utility District
Notes to Financial Statements
June 30, 2022**

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at the CalPERS' website under the GASB 68 section.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date using the discount rate of 7.15%, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage point higher (8.15%) than the current rate:

	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Net Pension Liability: \$	1,705,252	\$ 1,207,586	\$ 796,173

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of CalPERS which can be located at <https://www.calpers.ca.gov/page/forms-publications>.

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the District's policy to transfer the risks that may arise from these and other events through the purchase of commercial insurance. Over the past three years, no loss settlements have exceeded insurance coverage amounts.

NOTE 10 JOINT POWERS AGREEMENT

On March 29, 1973, the District, the City of Oroville, and the Thermalito Water and Sewer District entered into a Joint Exercise of Powers Agreement that reorganized its governing board and created an independent Agency known as the Sewerage Commission - Oroville Region (SC-OR). SC-OR was created to operate a sewerage treatment plant for the mutual advantage of the member entities. The District presently reports \$41,982 (its original contribution to SC-OR) as an investment. The Fair Market Value is not materially different from cost.

Lake Oroville Area Public Utility District
Notes to Financial Statements
June 30, 2022

Two members (only one with voting powers) of SC-OR's Board of Commissioners are appointed by each member entity. SC-OR's operating and capital budgets are funded by user charges for sewage

treatment services provided to the residents of each member entity. Each member entity is responsible for billing, collecting, and remitting SC-OR's user charges applicable to their separate residents. The District held \$330,529 in unremitted SC-OR service charges at June 30, 2022.

SC-OR's separate financial statements may be obtained by contacting its administrative offices at:

P.O. Box 1350
Oroville, CA 95965

Noted below is the summarized financial information of SC-OR as of June 30, 2021 which is the latest report available at the time these financial statements were prepared:

	June 30, 2021
Total Assets	\$ 2,708,976
Deferred Outflows	512,322
Total Liabilities	(2,579,198)
Deferred Inflows	(65,860)
Net position	\$ 24,886,290
Total Revenues	\$ 5,786,946
Total expenses	(2,783,765)
Change in Net Position	\$ 3,003,181

NOTE 11 RESTRICTED NET POSITION

The District has restricted a portion of its net position to segregate funds restricted for use by external sources as follows:

	2022
Restricted for capacity capital outlay	1,366,340
Restricted for rural development loan surcharge	163,351
Total restricted Net Position	\$ 1,529,691

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
(MISCELLANEOUS PLAN)**

	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
District's Proportion of the Net Pension Liability/(Asset)	0.015690%	0.020923%	0.020923%	0.020130%	0.037684%	0.037060%
Districts Proportionate Share of the Net Pension Liability/(Asset)	\$ 976,118	\$ 1,003,745	\$ 1,158,278	\$ 1,272,892	\$ 1,420,199	\$ 1,484,215
District's Covered-Employee Payroll	\$ 505,421	\$ 475,618	\$ 553,431	\$ 579,643	\$ 574,942	\$ 580,970
District's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	193.13%	211.04%	209.29%	219.60%	247.02%	255.47%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's total Net Pension Liability	81.15%	62.66%	59.79%	71.76%	77.69%	67.91%
	<u>June 30, 2021</u>	<u>June 30, 2022</u>				
District's Proportion of the Net Pension Liability/(Asset)	0.01365%	0.06360%				
Districts Proportionate Share of the Net Pension Liability/(Asset)	\$ 1,537,423	\$ 1,207,586				
District's Covered-Employee Payroll	\$ 555,130	\$ 391,853				
District's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	276.95%	308.17%				
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's total Net Pension Liability	59.41%	57.40%				

Notes to Schedule: Only eight years are presented because 10-year data is not yet available.

LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT
 SCHEDULE OF PENSION CONTRIBUTIONS
 CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
 (MISCELLANEOUS PLAN)

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Actuarially Determined Contribution	\$ 128,957	\$ 137,556	\$ 130,420	\$ 145,114	\$ 150,275	\$ 175,489	\$ 185,178	\$ 193,343
Contributions in Relation to the Actuarially Determined Contribution	(128,957)	(130,422)	(138,431)	(145,114)	(150,275)	(175,489)	(185,178)	(193,343)
Contribution Deficiency (Excess)	\$ -	\$ 7,134	\$ (8,011)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 505,421	\$ 475,618	\$ 553,431	\$ 579,643	\$ 574,942	\$ 580,970	\$ 555,130	\$ 391,853
Contributions as a Percentage of Covered-Employee Payroll	25.51%	27.42%	27.57%	25.04%	26.14%	30.21%	33.36%	49.34%
Valuation date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021

Notes to Schedule:
 Only eight years are presented because 10-year data is not yet available.

OTHER SUPPLEMENTARY INFORMATION

LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:			
Sewer service charges	\$ 1,592,439	\$ 1,594,319	\$ 1,880
Pumping charges	127,322	127,447	125
Connection fees		25,356	25,356
Special Assessment - Kelly Ridge	45,000	42,011	(2,989)
Total Operating Revenue	1,764,761	1,789,133	24,372
Operating Expenses:			
Salaries and wages	664,837	503,295	161,542
Employee benefits	516,872	1,103,720	(586,848)
Professional services	205,400	224,988	(19,588)
Utilities	99,216	73,967	25,249
Services and supplies	104,700	105,491	(791)
Training, memberships, and fees	72,300	30,324	41,976
Operations and maintenance	121,615	124,847	(3,232)
Fuel, oil, grease and auto	65,500	22,153	43,347
Depreciation (non-cash budgeted item)	564,000	522,711	41,289
Total Operating Expenses	2,414,440	2,711,496	(297,056)
Net Operating Income	(649,679)	(922,363)	(272,684)
Nonoperating Revenues (Expenses):			
Taxes	295,600	380,880	85,280
Interest income and late fees	6,377	74,151	67,774
Capacity charges		26,560	26,560
Rural Development loan surcharges	362,149	362,326	177
Miscellaneous		38,125	38,125
Bond Interest Expense	(101,533)	(101,533)	-
Total Non Operating Revenues (Expenses)	562,593	780,509	217,916
Other Budgeted Items:			
Capitalized costs	(802,835)	(426,808)	376,027
Bond principal payments	(62,000)	(62,000)	-
Total Other Budgeted Items	(864,835)	(488,808)	376,027
Net Income (Loss) - Budget Basis	\$ (951,921)	\$ (630,662)	\$ 321,259

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Lake Oroville Area Public Utilities District
Oroville, California

Members of the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States, the financial statements of the business-type activities, and each major fund of the Lake Oroville Area Public Utility as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the district's basic financial statements and have issued our report thereon dated October 26, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses. See Finding 2022-001.

Susanville:

1740 Main Street, Suite A, Susanville, CA 96130
530.257.1040 Fax: 530.257.8876

sa@sa-cpas.com
www.sa3cpas.com

Chester:

PO Box 795, Chester, CA 96020
530.258.2272 Fax: 530.258.2282

Compliance and Other Matters

As part of obtaining reasonable assurance about whether District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of the Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



SingletonAuman, PC
Susanville, California
October 26, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**LAKE OROVILLE ARE PUBLIC UTILITY DISTRICT
COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022**

EXECUTIVE SUMMARY

The District provides sewer services to residential and commercial customers within the boundaries of the District.

The quality of the District's internal controls is dependent upon oversight by the Board Members. Also, due to the limited number of employees of the District, there is an inability to ideally segregate the custody of and accountability for District assets in the manner generally required for model systems of internal accounting controls. A summary of the auditors' results follows:

1. **Type of Auditors' Report on Financial Statements:** Unmodified.
2. **Internal Control Findings:** 1 Material Weakness.
3. **Material Noncompliance Noted:** None.

**LAKE OROVILLE ARE PUBLIC UTILITY DISTRICT
COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021**

**YELLOW BOOK SECTION
Material Weakness**

Finding 2022-001 Financial Reporting

Criteria Upon Which Audit Finding is Based (Legal Citation)

AU-C Section 265: Communicating Internal Control Matters Identified in an Audit

Finding (Condition)

Similar to many other small special districts, the District does not have policies and procedures in place to ensure that complete and accurate financial statements and footnote disclosures are prepared in accordance with GAAP prior to the annual audit. Management relies upon the auditor to recommend footnote disclosures for the financial statements and to prepare adjusting journal entries for approval in order to report financial information in accordance with GAAP.

Amount of Questioned Cost, How Computed and Prevalence

None.

Effect

There is a risk that a material financial statement misstatement may exist and not be prevented or detected by the District's system of internal control.

Cause

This condition has always existed at the District, and is being reported in accordance with AU-C Section 265.

Recommendation

We recommend that the District should consider the cost benefit of hiring an accountant familiar with GAAP or hiring an independent CPA firm to compile financial statements in conformity with GAAP.

District's Response

The District has determined that the costs of correcting this control weakness outweigh the benefits to be received. The District will continue to rely on the independent auditor to prepare its annual financial statements.

**LAKE OROVILLE ARE PUBLIC UTILITY DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2022**

Finding 2021-001

Similar to many other small special districts, the District does not have policies and procedures in place to ensure that complete and accurate financial statements, MD&A and footnote disclosures are prepared in accordance with GAAP prior to the annual audit. Management relies upon the auditor to recommend footnote disclosures for the financial statements and to prepare adjusting journal entries for approval in order to report financial information in accordance with GAAP.

Status

Not Implemented – See current year finding 2022-001.

**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT
CORRECTIVE ACTION PLAN
JUNE 30, 2022**

Person Monitoring Corrective Action Plan
David Goyer, General Manager

Finding 2022-001 Financial Reporting

Finding (Condition)

Similar to many other small special districts, the District does not have policies and procedures in place to ensure that complete and accurate financial statements and footnote disclosures are prepared in accordance with GAAP prior to the annual audit. Management relies upon the auditor to recommend footnote disclosures for the financial statements and to prepare adjusting journal entries for approval in order to report financial information in accordance with GAAP.

Corrective Action Planned

The District has determined that the costs of correcting this control weakness outweigh the benefits to be received. The District will continue to rely on the independent auditor to prepare its annual financial statements.

Expected Completion Date

Ongoing.



Manager's Report

To: Board of Directors

From: David Goyer, General Manager

Date: December 13, 2022

RE: Item # 5 – Review and approval of the amendment to Board Policy #1020
– Conflict of Interest

The Board will review and consider approving the amendment to Board Policy #1020 – Conflict of Interest.

From the California Fair Political Practices Commission:

“It is essential and legally required that an agency’s conflict of interest code reflects the current structure of the agency and properly identifies all officials and employees who should be filing a Form 700. To ensure the codes remain current and accurate, each agency is required to review its conflict of interest code at least every other year.”

Recommended Action: A motion to accept the amendment to Board Policy #1020 – Conflict of Interest as presented.

Roll Call Vote.

BOARD POLICY
Lake Oroville Area Public Utility District

TITLE: CONFLICT OF INTEREST
ADOPTION DATE: February 8, 1984

NUMBER 1020
AMENDMENT DATE: December 13, 2022

CONFLICT OF INTEREST CODE FOR THE
LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT

The Political Reform Act, Government Code Section 81000, *et seq.*, requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation, 2 Cal. Code of Regs. Section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference, and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings. Therefore, the terms of 2 Cal. Code of Regs. Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference and, along with the attached Appendix in which officials and employees are designated and disclosure categories are set forth, constitute the Conflict of Interest Code of the Lake Oroville Area Public Utility District.^{1/}

Designated employees shall file statements of economic interest with their agency. All statements of economic interest shall be retained by the agency.

^{1/} Members of the Board of Directors have been excluded from the list of designated employees because they manage public funds and are therefore required to disclose under Government Code Section 87200.

APPENDIX "A"

General Provisions

1. Employees listed below must disclose investments and business positions in business entities and sources of income which manufacture, distribute, sell, or supply the goods or services listed in Appendix "B".

2. Investments and business positions in any business entity or sources of income which are energy companies or utility companies and interests in real property are disclosable if held, regardless of any contractual relationship with the District at any time.

Designated Employees

Categories Disclosed

Attorney	1, 2
Secretary	1, 2
General Manager	1, 2
Clerk of the Board/Bookkeeper	1
Consultants <u>1</u> '	*

1' With respect to Consultants, the General Manager may determine in writing that a particular consultant is hired to perform a range of duties that are limited in scope and thus is not required to comply with the disclosure requirements described in these categories. Such determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. This written determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code. Nothing herein excuses any such consultant from any other provision of this Conflict of Interest Code.

APPENDIX "B"

DISCLOSURE CATEGORIES

Category 1

Designated positions required to disclose economic interests under Category 1 must report:

Investments and business positions in business entities and sources of income (including receipt of gifts, loans, and travel payments) of the type to provide services, supplies, materials, products, or equipment to the District, including:

- Pipes, valves, fittings, etc.
- Pumps, Motors, etc.
- Meters
- Construction and building materials
- Engineering Services
- Construction contractors
- Safety equipment and facilities
- Hardware tools and supplies
- Freight and hauling
- Motor vehicles, heavy equipment, special vehicles and parts and services thereto
- Petroleum products
- Photographic services, supplies and equipment
- Janitorial services
- Water quality testing
- Chemicals, insecticides and weed killers
- Communications equipment and services
- Travel agencies
- Well drilling
- Electrical equipment
- Computer hardware and software
- Architectural services
- Water treatment equipment, supplies and services
- Custom farming services such as weed abatement, etc.
- Telemetering equipment
- Appraisal services
- Printing, reproduction, recordkeeping, etc.
- Office equipment
- Accounting services
- Real estate agents/brokers and investment firms
- Title companies
- Public utilities
- Private water companies

Category 2

Designated positions required to disclose economic interests under Category 2 must report:

Interests in real property located within the jurisdiction or within two miles of the boundaries of the jurisdiction or within two miles of any land owned or used by the District as well as investments and business positions in business entities and sources of income (including receipt of gifts, loans, and travel payments) that provide real estate services (e.g. consulting, appraisal, development, construction) of the type used by the D

Manager's Report

To: Board of Directors
From: David Goyer, General Manager
Date: December 13, 2022

RE: Item # 6 – Annual Board Reporganization

The Board of Directors shall hold the annual reorganizational meeting at the regular December meeting. At this meeting, the Board will elect among its members a **President** and **Vice-President** to serve during the upcoming 2023 calendar year.

Recommended Action:

- The President will **open the meeting to nominations** for Board President.
- **Accept nominations** from the Board.
- Make **motion to close nominations**.
- **Second to close nominations**.
- **Vote** on the candidate(s).
- Repeat as necessary.
- President to announce newly elected 2022-23 President.

- The President will **open the meeting to nominations** for Board Vice President.
- **Accept nominations** from the Board.
- Make **motion to close nominations**.
- **Second to close nominations**.
- **Vote** on the candidate(s).
- Repeat as necessary.
- President to announce newly elected 2022-23 Vice President.



Manager's Report

To: Board of Directors
From: David Goyer, General Manager
Date: December 13, 2022

RE: Item No. 7 – 2023 Regular Board Meeting Schedule

Included in your packet is a proposed regular board meeting schedule for the upcoming 2023 calendar year. It does not deviate from the normal meeting dates of the second Tuesday of each month at 2:00 pm. With Board approval, the meeting schedule can be set for the upcoming year.

Attachment Included

Recommended Action: A motion to approve the 2023 Regular Board Meeting Schedule as presented.

Roll Call Vote.

Lake Oroville Area Public Utility District

2022-2023 Board Meeting Schedule

January 10, 2023	Tuesday	2:00 PM
February 14, 2023	Tuesday	2:00 PM
March 14, 2023	Tuesday	2:00 PM
April 11, 2023	Tuesday	2:00 PM
May 9, 2023	Tuesday	2:00 PM
June 13, 2023	Tuesday	2:00 PM
July 11, 2023	Tuesday	2:00 PM
August 8, 2023	Tuesday	2:00 PM
September 12, 2023	Tuesday	2:00 PM
October 10, 2023	Tuesday	2:00 PM
November 14, 2023	Tuesday	2:00 PM
December 12, 2023	Tuesday	2:00 PM



Manager's Report

To: Board of Directors
From: David Goyer, General Manager
Date: December 13, 2022

RE: Item No.8 – Review and approve XiO Cloud SCADA System Quotations for the Mooretown and L2 Lift Stations.

FOS Victorino and GM Goyer will update the Board on the technical issues the District is experiencing at the Mooretown and L2 Lift Stations. The Board will review the quotations for XiO Cloud SCADA Systems for the Mooretown and L2 Lift Stations.

Recommended Action: A motion to accept the quotations for the purchase and installation of the XiO Cloud SCADA Systems at the Mooretown and L2 Lift Stations in an amount to not exceed \$30,500.00 for each lift station.

Roll Call Vote.



A Proposal for an XiO Cloud SCADA[®] System for Lake Oroville Area PUD - L2 Lift Station

Version: 1.0

Publish Date: December 6, 2022

1 Acceptance

This pricing is valid for 90 days from the date on this document. XiO will invoice upon shipment, and payment is due 30 days from invoice date.

Subscription Fees Acceptance:	
Print Name	Title
Signature	Date
Email	

Hardware Acceptance:	
Print Name	Title
Signature	Date
Email	

Subscription Fees Bill To:

Hardware Bill To:

Hardware Ship To:

2 Installation Preparation

XiO Systems require an electrician with controls experience for the best installation experience.

1. Does the installing electrician have experience with 4-20mA signals and motor control systems?
 - yes
 - no
2. Is all existing equipment on site ready for connection to XiO hardware and cloud?
 - yes
 - no
3. Is XiO hardware being connected to existing SCADA equipment?
 - yes
 - no
4. Which cellular provider has the best reception at each site?
 - Verizon
 - AT& T
 - Sprint
 - T-Mobile
 - Other:
 - No Cellular Reception
5. Requested date/s for XiO Equipment to be onsite:
6. Expected installation date/s for each site:

Installation Contact:

Company Name

Contact Name

Contact Phone

Contact Email

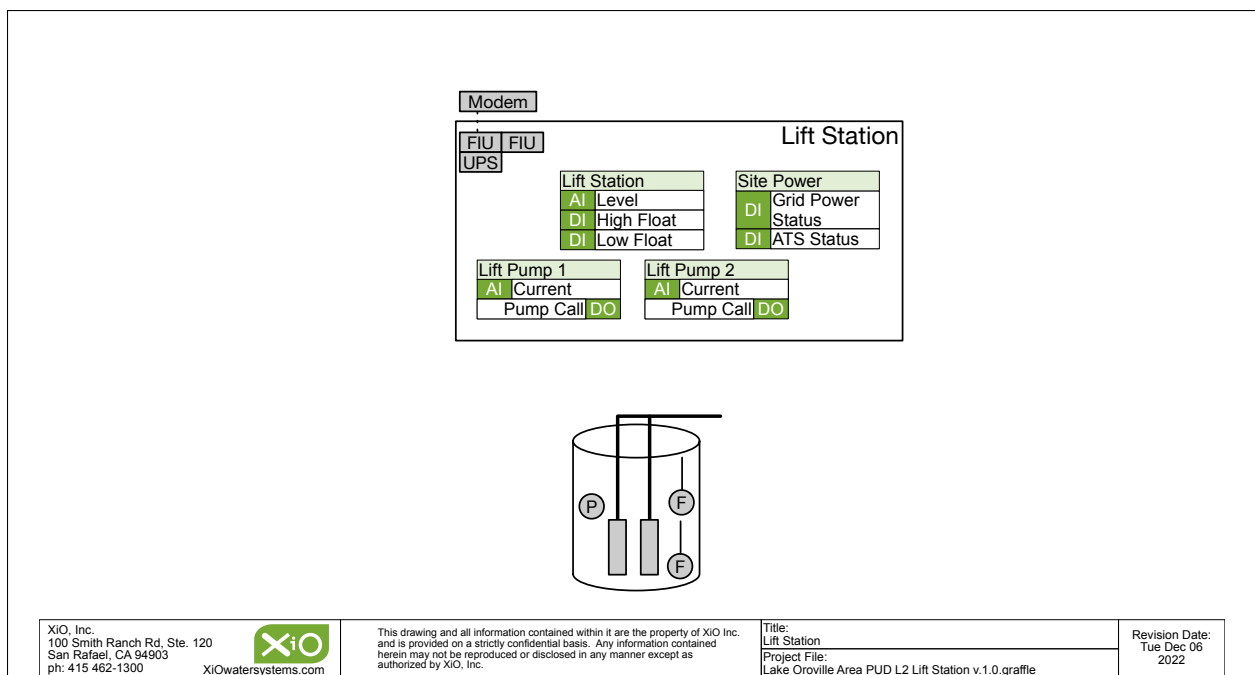
3 Proposed System

XiO, Inc. (XiO) is pleased to supply this proposal to provide a monitoring and control system for Lake Oroville Area PUD - L2 Lift Station.

4 Synopsis

The proposed system consists of one lift station that will be monitored and controlled by XiO. Communications will be via XiO-Supplied cellular modem.

5 System Diagram



XiO, Inc.
100 Smith Ranch Rd, Ste. 120
San Rafael, CA 94903
ph: 415 462-1300



XiOwatersystems.com

This drawing and all information contained within it are the property of XiO Inc. and is provided on a strictly confidential basis. Any information contained herein may not be reproduced or disclosed in any manner except as authorized by XiO, Inc.

Title:
Lift Station
Project File:
Lake Oroville Area PUD L2 Lift Station v.1.0.graffle

Revision Date:
Tue Dec 06
2022

6 Scope of Supply

6.1 Software

Qty	Description	Details
1	XiO Operations Data & View Bundle <i>Data and monitoring services for assets and inputs</i>	2 x Pump 1 x Storage 1 x Generator 2 x Analog Input 4 x Discrete Input 1 x Lift Station Analytics Package
1	XiO Control Services <i>Automated and remote control of devices</i>	2 x Discrete Output

6.2 Edge Devices

Qty	Description
2	Field Installable Unit
1	Cellular Modem

6.3 Sensors and Transducers

Qty	Description
2	Electrical Current Transducer, 1 Phase
1	Submersible Water Level, Large Diaphragm

7 Location Installation Tasks

The XiO Installation Guide is accessible in the Documents tab of the XiO system User Interface. Please review this document before scheduling installation.

7.1 L2 Lift Station

1 x **Cellular Modem-** Site Modem

Install Tasks:

Mount and power according to the XiO Installation Guide. Power, Signal, lights are on.

2 x **Field Installable Unit-** Site FIU's

Install Tasks:

Mount and power according to the XiO Installation Guide. Connect to communications. Verify FIU is reporting to XiO Site.

1 x **Lift Station Analytics Package-** Lift Station Analytics

Verify SaaS Features:

Lift Station Analytics;

ASSET: Lift Pump

2 x **Electrical Current Transducer, 1 Phase-**

Install Tasks:

Mount and connect to the FIU. Verify a valid signal is received on the XiO User Interface.

XiO-Supplied Wiring:

(10) Ft. of 600 V insulated cable for each sensor, with fork terminals on one end and labeled wires on the other.

1 x **Analog Input-** CT INPUT

Verify SaaS Features:

Overview, Status, & Alarms

2 x **Discrete Output-** Lift Pump Control

Verify SaaS Features:

Discrete Control; Lead Lag with Alternation;

Lift Pump Control Detail:

RUN Lead Pump when the level of the Wetwell fills to a user-defined level
RUN Lag Pump when the level of the Wetwell fills to a user-defined level
ALTERNATE Lead and Lag pumps with each run utilizing a software device
STOP Lag Pump when the level of the Wetwell drains to a user-defined level
STOP Lead Pump when the level of the Wetwell drains to a user-defined level
RUN or STOP either or both pumps based on manual user input on the XiO Interface (Virtual HOA)

ASSET: Lift Station Wetwell

1 x **Submersible Water Level, Large Diaphragm-**

Install Tasks:

Mount and connect to the FIU. Verify a valid signal is received on the XiO User Interface.

XiO-Supplied Wiring:

(50) Ft. of submersible cable for each sensor, permanently connected to the sensor on one end and terminated with an M12 connector on the other end.

(6) Ft. of shielded 4 conductor cable for each sensor, terminated with an M12 on one end and labeled wires on the other.

2 x **Discrete Input-** Lift Station Wetwell High and Low floats

Install Tasks:

Connect conductors to labelled FIU terminal blocks. Manually actuate monitored device and hold for more than one minute to simulate signal. Verify on XiO User Interface.

Verify SaaS Features:

Overview, Status, & Alarms

1 x **Analog Input-** LT INPUT

Verify SaaS Features:

Overview, Status, & Alarms

ASSET: Site Power

1 x **Discrete Input-** Grid Power Status

Install Tasks:

Connect conductors to labelled FIU terminal blocks. Manually actuate monitored device and hold for more than one minute to simulate signal. Verify on XiO User Interface.

Verify SaaS Features:

Overview, Status, & Alarms

1 x **Discrete Input-** ATS Status

Install Tasks:

Connect conductors to labelled FIU terminal blocks. Manually actuate monitored device and hold for more than one minute to simulate signal. Verify on XiO User Interface.

Verify SaaS Features:

Overview, Status, & Alarms

1 x **Uninterruptible Power Supply-** Controls and Communications UPS

Verify SaaS Features:

Overview, Status, & Alarms

8 Pricing

8.1 Subscription Fees

Number of Months	Monthly
First 12 Months, each month	\$250

**Minimum term for subscription fees is 12 months, with automatic renewal.*

Subscription Fees include SaaS Features, SLA Tier 2 , and Internet Service

8.2 Hardware

Hardware	Subtotal*
XiO Hardware	\$18,538
3rd Party Hardware	\$3,435
Hardware Total	\$21,973

**Applicable sales tax will be collected upon invoice*

8.3 Payment Terms

Subscription Fees

Payment terms are month to month, Net 30.

Subscription Start Date 01/20/2023

Hardware

Hardware payment terms are Net 30.

8.4 Definitions

XiO Hardware

XiO Cloud SCADA[®] system hardware, including FIUs (Field Installable Units) and communications equipment. This typically represents a one-time revenue event.

3rd Party Hardware

Equipment sourced and shipped by XiO including transducers, analyzers, and sensors. This typically represents a one-time revenue event.

9 XiO General Terms and Conditions

These General Terms and Conditions (these “**General Terms**”) govern the provision by XiO, Inc. (“**Vendor**”) of goods and/or services to Customer as described in one or more Orders and, if any, Statements of Work. All Orders and Statements of Work, together with these General Terms and all attachments to, and ancillary terms incorporated into, the foregoing form a binding master agreement between Vendor and Customer (collectively, the “**Agreement**”). The Agreement is effective as of the effective date of the initial Order or Statement of Work to which these General Terms are attached or that reference being subject to these General Terms. Capitalized terms used in these General Terms, but not defined herein have the meaning given to them elsewhere in the Agreement.

1. **Definitions.**

- 1.1 "**Affiliate**" means, as to a party, an entity that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with that party.
- 1.2 "**Confidential Information**" means all technical, business, financial, and other information, in whatever form (including written, oral, visual, paper, electronic, narrative, and graphic), that a party discloses to the other party in relation to this Agreement except information that (i) is or becomes publicly available other than as a result of disclosure by the receiving party in violation of this Agreement or any other legal, contractual or fiduciary obligation; (ii) is or was independently developed by personnel of the receiving party without access to or use of any Confidential Information of the other party (as defined without regard to this exception); (iii) is or becomes available to the receiving party on a non-confidential basis from a source (other than the disclosing party) that is not prohibited from disclosing such information to the receiving party by any legal, contractual or fiduciary obligation; or (iv) is information that was already known by the receiving party, so long as the receiving party can prove that such information had been in the receiving party's possession prior to receipt of the Confidential Information by the receiving party.
- 1.3 "**Customer**" means the entity or person indicated as the procuring party on the initial Order.
- 1.4 "**Customer Data**" has the meaning given it in Exhibit A – Platform Terms and Conditions.
- 1.5 "**Customer Information**" means information made available to Vendor or its representatives by or on behalf of Customer in connection with this Agreement including in the context of Professional Services and including Customer Data.
- 1.6 "**De-identified Data**" means Customer Information that is aggregated with other information of Vendor's customers or that has been de-identified.
- 1.7 "**Deliverables**" means reports, analyses, and other work product delivered by Vendor pursuant to a Statement of Work for the provision of Professional Services that constitutes Customer Information or that is unique and specific to Customer.
- 1.8 "**Hardware**" means tangible goods sold by Vendor to Customer pursuant to an Order or Statement of Work.
- 1.9 "**Order**" means an initial or any subsequent Vendor proposal, quotation, or similar ordering document prepared by Vendor that is signed by the parties and provides for one or more of the sale of Hardware, the provision of Professional Services, or Subscription(s) and that references these General Terms or is otherwise entered into by the parties in relation to this Agreement.

- 1.10 "**Platform**" has the meaning given it in Exhibit A – Platform Terms and Conditions.
- 1.11 "**Professional Services**" means consulting, design, analysis, assessments, evaluations, verification, installation, commissioning, implementation, management, training, configuration, and other professional services (and excluding for the avoidance of doubt, access or use of the Platform) provided by or on behalf of Vendor to Customer pursuant to the Agreement as further described in the applicable Order, Statements of Work, and other attachments to this Agreement.
- 1.12 "**Professional Services Fees**" mean the fees payable to Vendor in consideration of Professional Services as provided in the applicable Order and/or Statement of Work.
- 1.13 "**Services**" means collectively, Professional Services and access to and use of the Platform in relation to this Agreement.
- 1.14 "**Statement of Work**" means a written proposal or other document prepared by Vendor and executed by the parties (either directly or by its attachment to an Order or this Agreement) that describes the nature and scope of Professional Services and any Hardware and/or Subscriptions to be provided by Vendor to Customer and that may include, as applicable, related compensation, expense reimbursement, and other terms and conditions relating thereto.
- 1.15 "**Vendor**" means XiO, Inc.
- 1.16 "**XiO Hardware**" means Hardware that is proprietary to Vendor or is Vendor-branded Hardware.
2. **General Payment Terms.** Unless as otherwise specified in the applicable Order or Statement of Work, all payments are due net 30 days from the date of invoice. Customer hereby procures the Services and Hardware and shall pay the amounts on the terms set forth in each Order and Statement of Work in accordance with this Agreement. All sales of Services and Hardware are final and related payments are non-refundable except to the extent otherwise expressly provided in the Agreement. Any credit extended by Vendor and the limits of the credit, are at Vendor's sole discretion, and may be reduced or terminated by Vendor at any time, for any reason. A late charge is payable on all overdue balances while outstanding at the rate of the lesser of 1.5% monthly and the highest rate allowed by law. Vendor may defer delivery of Hardware ordered and/or suspend provision of Services until all such overdue amounts are paid. All payments must be paid in U.S. Dollars. Except as otherwise specified in this Agreement, (i) all fees are exclusive of, and Customer is responsible for, applicable foreign, federal, state, and local sales, use, excise, value added, export and all customs, duties and other governmental fees or levies or other applicable taxes, other than taxes on the net income of Vendor, (ii) Customer shall pay or reimburse Vendor for any such taxes and fees paid by Vendor, and (iii) Vendor may add any such taxes to invoices submitted to Customer by Vendor. Vendor shall be entitled to recover from Customer any costs incurred in collecting any amount past due under this Agreement, including reasonable attorneys' fees. Customer may make no offset for any amounts due regardless of the justification for the intended offset. Any good faith invoice disputes must be brought by Customer within thirty (30) days of receipt, otherwise Customer waives the dispute. Additional Hardware and Services not within the scope of an Order or Statement of Work are subject to additional fees at Vendor's then-current rates or as mutually agreed by the parties.
3. **Orders and Ordering Documents.** Any Orders, Statements of Work, and amendments and attachments thereto, are hereby incorporated into this Agreement upon their execution by the parties. Any Customer purchase order or similar purchasing document issued by any entity other than Vendor is subject to and incorporates these General Terms and will be valid only for the purpose of identifying this Agreement and the items and quantities ordered. Any other terms and conditions included in such purchasing document that

conflict with, vary, or supplement the terms in this Agreement are void and will be of no effect, even if Vendor otherwise accepts the purchase order. In the event of a conflict between these General Terms and an Order, Statement of Work or attachment, these General Terms will control. Vendor's failure to object to Customer terms and conditions contained in any Order or other document from Customer will not be construed as a waiver of the foregoing nor an acceptance of any such terms and conditions.

4. **Platform Terms and Conditions.** Access to and use of the Platform is subject to the additional terms and conditions in Exhibit A – Platform Terms and Conditions (also referred to as the “**Platform Terms**”).

5. **Professional Services.**

5.1 **Engagement.** Customer hereby engages Vendor to perform the Professional Services of the scope and on the terms described in the applicable Orders and Statements of Work, as the case may be, specifying the provision of Professional Services.

5.2 **Professional Services Fees and Terms.** Except as otherwise provided in the applicable Order or Statement of Work, (i) Professional Services and related reimbursable expenses will be invoiced monthly in arrears or, for brief engagements, at completion, at Vendor's option, (ii) any total fee amount communicated in connection with a time and materials-based project is an estimate only and not a guarantee that the Professional Services will be completed for such total fee amount, and (iii) Customer shall obtain and pay for all state and local permits and approvals legally required of Customer to receive the Hardware and Services and Vendor may suspend the provision of Professional Services pending receipt of such permits and approvals. In the event of an early termination of Professional Services (to the extent permitted by the Agreement), Vendor shall invoice and Customer shall pay all Professional Services Fees for Professional Services provided up to the effective date of termination of the applicable Statement of Work plus reasonable shutdown fees, if any, incurred by Vendor. Professional Services are limited to the scope and planned Deliverables as are set forth in the applicable Order or Statement of Work, which do not include all design, installation, use, or maintenance considerations for Customer's systems generally.

5.3 **Change Orders.** If Customer or Vendor requests a change in the scope or other terms of Professional Services to be provided, the parties shall promptly meet to discuss the proposed changes. Once any changes are tentatively agreed, if at all, Vendor will prepare and deliver for approval a change order describing the proposed changes including any changes in fees and expenses (each, a “**Change Order**”). Change Orders are not binding unless and until they are executed by both parties. Upon such execution, Change Orders will be deemed part of, and subject to, this Agreement. If the parties disagree about the proposed changes, the parties shall, at the request of either party, promptly escalate the change request to their respective senior management officers for resolution.

5.4 **Professional Services Warranty.** Vendor warrants to Customer that Vendor will perform Professional Services in a professional manner consistent with industry standards and that it will deliver Deliverables substantially conforming to those specified to be delivered in the applicable Statement of Work or Order. Customer's sole and exclusive remedy for Vendor's breach of the foregoing warranty is as follows: Customer shall provide Vendor with a detailed written description of the non-conforming Deliverables within ten (10) days from the date of delivery of the Deliverables or Professional Services claimed to be non-conforming, Vendor shall promptly review and confer with Customer regarding such written claims and, for those claims that Vendor accepts as valid following an inquiry in good faith, Vendor shall promptly and at its

expense, use commercially-reasonable efforts to re-perform the non-conforming Professional Services; if no written rejection is given to Vendor by Customer within ten (10) days following such re-performance, the Deliverables and/or Professional Services as re-performed will be deemed accepted by Customer. If Vendor determines, in its sole discretion, that it is not commercially feasible to re-perform non-conforming Professional Services so as to be conforming, then Vendor shall refund amounts paid by the Customer for the non-conforming Professional Services. To the extent Vendor disagrees with Customer's notice of non-conformance, the parties shall, at the written request of Customer, escalate the matter to their respective senior management. This Section constitutes Customer's sole remedy and Vendor's sole obligation with respect to a breach of the foregoing Professional Services warranty.

5.5 Insurance Coverage. In respect of Professional Services, Vendor shall maintain insurance policies and coverages as follows: Worker's Compensation Insurance insuring Vendor's liability under the worker's compensation and occupational disease laws of the state where Professional Services performed with at least the coverage required by law; Commercial General Liability Insurance with coverage on an "occurrence" basis with a combined single limit of not less than \$1,000,000 per occurrence and \$2,000,000 aggregate; in each case to insure Vendor for Professional Services performed under an Order or Statement of Work; and Insurance for operations of all hired and non-owned vehicles with limits for each accident of \$1,000,000 combined single limit with respect to bodily injury, death and property damage. Vendor shall provide a current certificate of insurance to Customer upon request.

5.6 Termination of Professional Services. Either party may terminate Professional Services (i) in the event of material breach of the other party with notice and thirty (30) days' opportunity to cure (or 10 days for failure to pay Professional Services Fees or reimburse expenses not disputed in good faith) or (ii) in accordance with the termination provisions of the applicable Order or Statement of Work.

6. Sale of Hardware.

6.1 Hardware Purchase Terms. Except as otherwise specified in the applicable Order or Statement of Work, (i) Hardware prices are F.O.B. origin, freight prepaid to the destination specified in the Order and (ii) Vendor will invoice sales of Hardware at the time of their shipment. Title and risk of loss pass to Customer upon tender of shipment to the carrier. Customer must make any good faith claim for shipment shortfall or damage within five (5) days of receipt of shipment, otherwise Customer waives such claim as to such Order or Statement of Work.

6.2 Hardware Warranties. All XiO Hardware is warranted in accordance with and is sold subject to the Hardware limited warranty found on Vendor's website (the "**Limited Warranty**"), currently at <http://xiowatersystems.com/warranty>. The remedies provided in the Limited Warranty constitute Customer's sole remedies and Vendor's sole obligations with respect to a breach of the Limited Warranty. The Limited Warranty is made expressly subject to the terms and conditions of this Agreement including Section 15 below. Hardware other than XiO Hardware sold by XiO to Customer is sold subject to the Hardware manufacturer's applicable warranty, if any, on a pass-through basis and is otherwise sold "AS-IS" by Vendor.

7. Ownership; Proprietary Rights.

7.1 The Services and XiO Hardware. Except as otherwise provided in the applicable Statement of Work, the Services, Deliverables, and all ideas, know-how, processes, software, documentation, information, drawings, documents, designs, models, inventions, copyrightable material, and other tangible and intangible materials authored, prepared, created, made, developed, delivered, conceived, or reduced to

practice, in whole or in part, by Vendor in relation to this Agreement (collectively, the “**Works**”) and all copyrights, patent rights, trade secrets, trademarks, moral rights, and all other proprietary and intellectual property rights throughout the world in each of the foregoing (collectively, “**Intellectual Property Rights**”) are and will remain the sole and exclusive property of Vendor. As between Vendor and Customer, each party retains all of its rights to its trademarks, logos, trade names, and service marks, website(s), technologies, patents, copyrights, trade secrets, and other intellectual property, and proprietary rights. Without limiting the generality of the foregoing, Vendor shall at all times solely and exclusively own (i) all rights, title, and interest in and to the Platform and content therein (excluding Customer Data), the Professional Services, De-identified Data, and any and all improvements, enhancements, derivative works, and extensions thereof, and all Intellectual Property Rights therein and (ii) all Intellectual Property Rights in XiO Hardware. No implied licenses are granted. All rights not expressly granted to Customer in this Agreement are reserved to Vendor.

- 7.2 **Use of Information.** Customer hereby consents to Vendor’s use of Customer Information as required or permitted by this Agreement and for exercising and enforcing Vendor’s rights under this Agreement, including generating De-identified Data from Customer Information.
- 7.3 **Feedback.** Customer hereby grants XiO a perpetual, royalty-free, worldwide right to use any information, suggestions, bug reports or fixes, ideas provided by or on behalf of Customer to XiO for enhancements or modifications, or other feedback regarding the Services, Hardware, or any other XiO product or service.
8. **Customer Cooperation.** Customer shall provide reasonable cooperation to Vendor in Vendor’s performance of Vendor’s obligations under this Agreement.
9. **Customer Obligations Regarding Site Conditions.** Other than as disclosed in writing to Vendor and acknowledged in writing by Vendor in advance of providing Professional Services, Customer represents and warrants that, to Customer’s knowledge after reasonable inquiry, there are no potentially hazardous substances, environmental contamination, or conditions in, on, or near the properties required to be visited by Vendor employees or other representatives in performing Vendor’s obligations under the Agreement that present, within the context of similar facilities, an unreasonable and/or unanticipated danger to human health or the environment. Customer shall immediately notify Vendor if it becomes aware of a change in such circumstances. Vendor shall not be responsible for remedying any pre-existing hazardous materials, pre-existing hazardous conditions or pre-existing violations of laws, or regulations affecting the site where Professional Services are to be performed, and Customer shall indemnify, defend, and hold harmless Vendor from any liability, loss, damages, cost, and expense (including attorneys’ fees) arising out of or relating to a failure or breach of the aforementioned representations and warranties.
10. **Protection and Use of Confidential Information.** Each party shall not use or disclose Confidential Information of the other party without the prior written consent of the other party or as permitted or required by this Agreement. The receiving party may disclose the other party’s Confidential Information to the extent necessary to comply with a lawful order of a court or taxing authority, or government regulation, on condition that the party making the disclosure provides the other party with reasonable advance written notice to the extent legally permissible, and reasonably cooperates with the other party (at the other party’s expense) to seek confidential or protective treatment. In addition, each party shall take at least reasonable measures to protect and maintain in confidence the other party’s Confidential Information. Each party may disclose the terms of this Agreement to (i) its attorneys, accountants, and other professional advisors, or to potential

investors or other third parties conducting due diligence in connection with a potential financing, change of control or other similar transaction of the party, and (ii) in the case of Vendor, to Vendor's independent contractors and service providers for the purpose of performing Vendor's obligations under this Agreement, in each case, so long as the third party is under a duty of confidentiality with respect to the disclosure at least as protective as those in this Agreement. Customer may disclose this Agreement to the extent necessary to comply with applicable laws and regulations that make this Agreement a public document or to otherwise comply with applicable public disclosure laws and regulations; provided, however, that, to the extent permitted by law, Customer shall use commercially reasonable efforts to seek confidential treatment of all pricing information within the Agreement in connection with the disclosure. If Vendor is obligated to respond to a third-party subpoena or other compulsory legal order or process in connection with Customer Information or Customer's use of the Hardware or Services, Customer shall reimburse Vendor for Vendor's reasonable related attorneys' fees, and other reasonable costs and expenses of responding to the legal order or process at Vendor's then-current hourly rates for such Services.

11. **Use of Third-Party Services and Subcontractors.** Vendor may, in the ordinary course of business, utilize third-party services (including third-party hosting and data centers) and may also engage independent contractors and subcontractors in performing its obligations under this Agreement (including for Hardware installation and other Professional Services) and Customer hereby consents to such use provided Vendor is responsible for its subcontractors' compliance with this Agreement in their performance on behalf of Vendor.

12. **Indemnification.**

12.1 **By Vendor.**

12.1.a **General.** Vendor shall defend, indemnify, and hold harmless Customer and its officers, directors, agents, and employees (each a "**Customer Indemnified Party**") from and against any and all third-party claims, demands, losses, liabilities, suits, costs, and expenses (including reasonable attorney's fees and legal expenses) (collectively, "**Claims**") to the extent arising out of death or injury or property damage to the extent caused by Vendor's gross negligence, or willful, reckless, or criminal misconduct in the performance of the Professional Services at Customer's location except to the extent caused by the negligence or misconduct of a Customer Indemnified Party or resulting from Customer's failure to comply with this Agreement.

12.1.b **Infringement.** Vendor shall indemnify, defend and hold Customer Indemnified Parties harmless from all Claims to the extent arising out of or relating to any third-party claims, demands, or suits alleging that one or more of the XIO Hardware, the Platform, or the Services infringe a third-party's United States copyright or trademark rights except to the extent the alleged infringement is caused by: (a) changes or modifications to the Platform made or specified by Customer or any third party; or (b) combinations of the Platform or Professional Services Deliverables with any product or service not supplied or specified by Vendor under this Agreement. If a Claim contemplated under this Section 13.1(b) is brought, Vendor shall, at its sole option and expense, and within a reasonable period, (1) procure for Customer the right to continue using the allegedly infringing item; (2) replace the same with a non-infringing item providing materially equivalent functions and efficiency; (3) modify the same to be non-infringing without material loss of functionality; or (4) if none of the foregoing is, in Vendor's sole discretion, commercially reasonable, at Vendor's notice, Customer shall discontinue use of the allegedly infringing item and Vendor shall refund to Customer the fees paid

by Customer to Vendor corresponding to the period following the effective date of such discontinuance and any pre-paid unused Subscription fees. This Section 10 sets forth Vendor's sole liability, and Customer's sole and exclusive remedy, in lieu of all others, with respect to infringement.

12.2 **By Customer.** Customer shall defend, indemnify and hold harmless Vendor and its Affiliates and their respective officers, directors, agents, and employees (each an "**Vendor Indemnified Party**") from and against any and all Claims to the extent arising out of death or injury or property damage to the extent caused by Customer's gross negligence, or willful, reckless, or criminal misconduct; and except in each case to the extent caused by the negligence or misconduct of a Vendor Indemnified Party or resulting from Vendor's failure to comply with this Agreement.

12.3 **Procedures.** The obligations under this Section 13 are conditioned upon indemnified party (i) giving the indemnifying party prompt written notice of any Claim; (ii) granting the indemnifying party complete control of the defense and (conditioned upon a full release of the indemnified parties) settlement of Claims; and (iii) reasonably cooperating with the indemnifying party in the defense and settlement of the Claims.

13. **Representations and Warranties by Both Parties.** Each party represents and warrants to the other party that (i) it has the right to enter into this Agreement and perform its obligations hereunder in the manner contemplated by this Agreement, (ii) this Agreement does not conflict with any other agreement entered into by it and (iii) that it shall comply with all applicable law in connection with the performance of its obligations and use of the Hardware and Services.

14. **Disclaimers.** Except for the express warranties provided in this Agreement, the Hardware and Services are provided "**AS IS AND WITH ALL FAULTS**" and "**AS AVAILABLE**" and to the fullest extent permissible under applicable law, Vendor disclaims all warranties, express, implied, and statutory, concerning the Hardware and Services, and otherwise related to this Agreement, including, but not limited to, the implied warranties of merchantability, fitness for a particular purpose, and any warranties of non-infringement. Vendor does not warrant (i) that the Hardware or Services will meet Customer's requirements (ii) that the Platform's operation will be error-free or uninterrupted (including due to performance of the Internet, other transmission networks, and customer's local network and equipment, which systems Vendor is not responsible for providing), (iii) that the Services or any Hardware will properly operate when used with equipment, other systems, or configurations, in each case not specified by Vendor in an Order or Statement of Work, or (iv) Vendor's qualification under state licensing provisions. Vendor's express warranties to not apply to failures due to misuse, electrical power line surge damage, improper installation by user, improper power supply attachment, water damage, and physical abuse or where resulting from Customer's failure to reasonably cooperate with Vendor's performance. Vendor does not provide design, installation, or maintenance services for water or other industrial systems generally. Proper installation and use of Vendor Hardware and Services may involve design, installation, and other considerations not provided by Vendor and for which Vendor is not responsible. Vendor is not responsible for (i) errors in data provided by Customer or its users or representatives, (ii) injury or property damage or other damages or losses due to a failure of Hardware or Services or resulting from local or remote management through Hardware and/or Services of Customer's facilities or systems, (iii) use of its Hardware and Services in a manner inconsistent with their specifications and intended use as provided by Vendor, or (iv) defects or problems in Hardware or Services to the extent caused by factors

other than the Hardware or Services, or to the extent a result of tampering with Hardware or Services (including without limitation disconnection, abuse, misuse, accident, alteration, neglect, unauthorized repair, relocation, or interference). Customer acknowledges that the Hardware and Services, like equipment and activities in an industrial operation, have an inherent risk of failure and Customer assumes such general risk. The specific risks disclaimed in this Section 15 are not exhaustive. Procurement of Hardware or Services from Vendor does not limit Customer's obligation to ensure, and is not a replacement for, Customer's on-site monitoring and management of its properties including responding to water leaks, malfunctions, and hazardous conditions. The entire responsibility in connection with the consequences resulting from the use of the Hardware and Services as well as the intended or achieved results resulting from the use of the Hardware and Services lies entirely with Customer. If Customer has acquired the Hardware or Services through an authorized distributor or reseller of Vendor, Vendor shall not be held responsible for any additional promises or warranties made by such distributor or reseller. To the maximum extent permitted by law, this Section shall apply even if any express warranty or limited remedies set forth in this Agreement fails of its essential purpose.

15. **Limitation of Liability.** To the maximum extent permitted by applicable law, in no event will Vendor or its Affiliates, including their respective employees, officers, directors, owners, agents, successors and assigns, be liable to Customer or to any third party for any indirect, incidental, special, exemplary or consequential damages, including, but not limited to, lost profits, loss of data, loss of use, business interruption, loss of good will, or cost of procuring substitute products or services, arising out of or in relation to this Agreement or the Hardware or Services, even if advised of the possibility of such damages or losses. Notwithstanding anything else in this Agreement to the contrary, Vendor's aggregate liability arising from, relating to, based on, or connected with this Agreement including the Hardware and Services, shall in any event and under any theory of recovery, including claims of negligence, be limited to the amount of fees actually received by Vendor under this Agreement relating to the property for which the claim accrued during the twelve month period immediately preceding the date on which Customer's claim first accrued.
16. **Limitations of Disclaimers and Limitations on Liability.** Applicable law in certain jurisdictions relevant to this Agreement may limit the contractual exclusion, limitation or disclaimer of warranties or damages. In such cases, Vendor's liability (and the liability of its Affiliates and agents) will be limited in accordance with this Agreement to the greatest extent permitted by applicable law.
17. **Not a Licensed Contractor.** Customer acknowledges that Vendor is performing services as an independent contractor, and that Vendor is a provider of water facility control systems and services and not a licensed contractor. Customer acknowledges that Vendor may work with a third-party installer (who, if required by applicable law, will be licensed) to perform specified installation services described in the applicable Order or Statement of Work. Customer acknowledges that Vendor is not a licensed contractor under California or other law or regulations or under the law or regulations of the state in which it will perform Professional Services (each are "state licensing provisions"). Customer hereby waives any claim, and shall not raise any defense to enforcement of a contract, on grounds that Vendor (i) is a contractor within the meaning of any state licensing provisions, or (ii) is required under any state licensing provisions or other applicable law to be licensed as a contractor.

18. **Force Majeure.** Vendor shall not be liable to Customer or any other person or entity for any delay or failure in the performance of this Agreement or for loss or damage of any nature whatsoever suffered by Customer or its Affiliates due to (i) disruption or unavailability of communications, utility, hosting, or Internet service not within the reasonable control of Vendor, (ii) acts of war, acts of vandalism, pandemics, terrorism, hacking, lightning, flood, fire, strike, or (iii) any other causes beyond Vendor's reasonable control.
19. **Sale of Real Property.** If Customer sells or otherwise transfers ownership of an individual location or property serviced by Vendor under this Agreement to an unrelated third party in an arms-length transaction, Customer may, with notification to Vendor delivered within 60 days following the transfer of ownership, assign the Services relating to such property to the new property owner only in respect of such individual property and related Services, and only if the new owner agrees with Vendor in writing to be bound by an agreement substantially equivalent to this Agreement as it applies to the transferred Services. Any such assignment shall not relieve Customer of obligations or liabilities under the Agreement occurring and/or accruing prior to the date of the assignment, and Customer shall continue to be bound by the Order or Statement of Work to the extent not assigned. Absent such assignment in accordance with this Section 20, Customer will remain obligated under the Agreement for contracted Services relating to such transferred property.
20. **Publicity.** Customer consents to Vendor's reasonable and limited use of Customer's name, logo, and use case in promotion of Vendor's goods and services on condition that: (i) any public use, such as on a website or press release must first be submitted for approval by Customer and (ii) Customer reserves the right to terminate this use right at any time upon notice to Vendor.
21. **Independent Contractor.** The relationship of Vendor and Customer is solely that of independent contractors. Nothing contained in this Agreement will be construed to make either party the other's partner, joint venturer, co-owner, agent, franchisee, or employee. Neither party is authorized or empowered to transact business, incur obligations, or make representations on behalf of the other party.
22. **Dispute Resolution.** In the event of any dispute arising out of or related in any way to this Agreement (except for non-payment by Customer), the parties shall, at the written request of either party, first attempt, in good faith, to settle such disputes informally through direct discussions and negotiations. If a resolution cannot be reached informally within a reasonable period (not to exceed 15 days), the parties shall, before the filing of any lawsuit, submit such disputes to and participate in good faith in at least one non-binding mediation before a mutually-acceptable mediator. For purposes of the procedures set forth in this paragraph, a "dispute" means any action, dispute, claim or controversy of any kind, whether in contract or tort, statutory or common law, legal or equitable, now existing or hereafter arising under or in connection with, or in any way pertaining to this Agreement. The foregoing does not apply to the seeking of injunctive relief. No formal proceedings for the judicial resolution of any dispute, except for the seeking of injunctive relief, may begin until the foregoing dispute resolution procedure has been completed except as otherwise agreed in writing by the parties.
23. **Miscellaneous.** The Agreement, including all attachments, contains the entire agreement of the parties, and supersedes any and all previous or contemporaneous agreements with respect to the subject matter hereof, whether oral or written. The Agreement shall be binding and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Subject to Section 20, the Agreement may not be assigned by Customer, in whole or in part, without Vendor's prior written consent, such consent not to be unreasonably withheld. Any attempted assignment in violation of the foregoing will be null and void. Vendor may assign, delegate and/or subcontract any or

all of its rights or obligations hereunder. All formal notices, requests, demands, consents and communications under this Agreement must be in writing and delivered by personal delivery, electronic mail, by certified or registered mail, return receipt requested, or by overnight courier and will be deemed given upon personal delivery, five (5) days after deposit in the mail, two (2) days after deposit with an overnight courier or on the date sent by email if sent during normal business hours of the recipient, and on the next day if sent after normal business hours of the recipient, in each case with confirmation of email transmission. Notices will be sent to the party's most recent contact information set forth in the Order or such other contact information as either Party may specify in writing for notification purposes in accordance with the foregoing from time to time. This Agreement is governed in all respects, including validity, interpretation and effect, by the laws of the State of California, without reference to the conflicts of laws rules or any other rules that would result in the application of a different body of law. The UN Convention on Contracts for the International Sale of Goods will not apply to this Agreement. For purposes of enforcement of this Agreement, except to the extent the parties otherwise agree in writing, the parties submit themselves to the exclusive jurisdiction of the courts located in Marin County in the state of California and hereby agree that such courts have exclusive jurisdiction for the enforcement of this Agreement and any rulings or orders associated therewith, and voluntarily waive any right to challenge jurisdiction based on any theory, including inconvenience of forum. Notwithstanding the foregoing, Vendor may seek injunctive or other equitable relief, wherever it deems appropriate, to protect or enforce Vendor's rights under this Agreement. If any part of this Agreement is held to be void or unenforceable, such part will be treated as severable, leaving valid the remainder of this Agreement notwithstanding the part or parts found to be void or unenforceable. No waiver will be effective unless it is in writing and signed by an authorized representative of the waiving party, and any such waiver will only be applicable to the specific instance(s) referenced in such written waiver. This Agreement may be amended only by a writing executed by each of the parties. Headings in this Agreement are for purposes of reference only and will not limit or otherwise affect the meaning hereof. Sections 8, 10, 11, 13 - 18, 21, 23, and 24, Vendor's limited Hardware warranties in Section 7.2 (subject to their terms), and any payment obligations of Customer will survive a termination of this Agreement. The words "including" and "includes" in this Agreement are deemed to be followed by "without limitation".

[End General Terms and Conditions]

EXHIBIT A
PLATFORM TERMS AND CONDITIONS

These Platform Terms and Conditions (these, “**Platform Terms**”) are supplemental terms and conditions governing the provision by XiO, Inc. (“**Vendor**”) of access to and use of the Platform, as defined below, and are attached to the General Terms and made part of the Agreement between Vendor and Customer. These Platform Terms supplement, but do not replace, the General Terms and other terms and conditions of the Agreement. Capitalized terms used, but not defined in this Exhibit have the meaning given them elsewhere in the Agreement.

1. **Definitions.**

- 1.1 “**Customer Data**” means electronic data submitted to and stored in the Platform by or behalf of Customer in using the Platform.
- 1.2 “**Platform**” means, collectively, the software application-based and other electronic services and data provided by Vendor to which Customer procures access and use pursuant to the Agreement via one or more of the Internet, cell and/or other wireless technology, and other telecommunications methods (“**Electronic Communications**”). The Platform may include web-based management and/or monitoring applications, and data feeds and services, and includes those that are accessed by the Customer through Hardware and other equipment. Platform excludes Professional Services.
- 1.3 “**Start Date**” means the date on which a Subscription Term commences as set forth in the applicable Order or Statement of Work procuring the Subscription or if no date is indicated, then the effective date of such Order or Statement of Work.
- 1.4 “**Subscription**” means the right to access and use the Platform for the applicable Subscription Term pursuant to and in accordance with this Agreement.
- 1.5 “**Subscription Fees**” mean the fees owed in consideration of a Subscription.
- 1.6 “**Subscription Term**” means, as to a Subscription, the Initial Term and any Renewal Terms (or until earlier terminated in accordance with this Agreement) commencing on the Start Date.

2. **General; Term of Subscription.** Subject to the terms and conditions of the Agreement (including payment by Customer of applicable Subscription Fees) and for the Subscription Term, Customer hereby subscribes to (and Vendor shall use commercially reasonable efforts to make available) access and use of the Platform via Electronic Communications solely for Customer’s internal business use. Subscriptions commence on the Start Date. The Subscription Term will continue for the initial term of the Subscription (the “**Initial Term**”) indicated on the applicable Order or Statement of Work. If no such Initial Term is indicated, then the Initial Term is one (1) year. Upon expiration of the Initial Term, the Subscription Term will **automatically renew** for successive renewal periods of duration specified in the applicable Order or Statement of Work or if not so specified, successive one-(1) year renewal terms (each, a “**Renewal Term**”) absent written notice by either party of its election to not so renew delivered at least sixty (60) days prior to the renewal.

3. **Restrictions.** Customer shall not, and shall not knowingly permit any third party to, in whole or in part, (i) reverse engineer, decompile, or disassemble the Platform or use similar methods to determine any design structure, concepts and construction method of the Platform including its database, or replicate the functionality of the Platform for any purpose, (ii) copy, translate, resell, distribute, or create a derivative work of the Platform or use the Platform for timesharing, service bureau, or similar purposes (iii) use the Platform for the purpose of building a similar or competitive product or service, (iv) obtain or knowingly assist in obtaining unauthorized access to the Platform including by sharing

log-in credentials to access to Platform, (v) use the Platform in a manner that is contrary to applicable law, in violation of this Agreement or any third party rights of privacy or Intellectual Property Rights, (vi) use the Platform to store, access, distribute or transmit any material that is unlawful, inappropriate, or infringing; facilitates illegal activity; or causes or is reasonably likely to cause damage or injury to any person or property or (vii) transmit viruses or other code intended to harm or surreptitiously intercept data to or from the Platform, or Vendor's or a third party's networks or systems, or adversely affect their operation. Customer shall indemnify, defend, and hold Vendor harmless from claims, demands, liabilities, losses, and costs and expenses (including attorneys' fees) arising out of or relating to Customer's breach of this Section 4. Vendor has the right (but not the obligation) to monitor and review all information and materials transferred to or otherwise stored under Customer's account in the Platform for information, material, or activity that Vendor deems in its sole discretion to violate these Platform Terms or the Agreement generally. Customer shall comply with all applicable laws and regulations in connection with its use of the Platform including export laws and obtain any permits, licenses, and authorizations required to be obtained by Customer in using the Platform; Customer shall not remove, modify, or obscure any Vendor or other copyright, trademark, or other proprietary notices affixed to or displayed on or in the Platform and shall not knowingly allow any third party under Customer's control to take any such action. Customer is responsible under this Agreement for all activities conducted in the Platform under its login credentials and account including those of its independent contractors or any other third party.

4. **Customer Data; Right to Use; Other Customer Responsibilities.** Responsibility for ensuring that Customer Data is accurate and reflects Customer requirements lies solely with Customer. Customer hereby grants Vendor the right and license to use, copy, store, transmit, modify, process, and display Customer Data for the purposes of performing Vendor's obligations under this Agreement. The Platform may require the use of Hardware or other equipment such as transmitting sensors and communications and other hardware and software necessary to access the Internet and the Platform, which are not included in Subscription Fees (collectively, the "**Equipment**") and Customer is responsible for obtaining and maintaining Equipment, at Customer expense. Customer is responsible for maintaining the security of the Equipment, Customer account information, passwords and files, and for all uses of Customer's Platform account or the Equipment with or without Customer's knowledge or consent (excluding uses by Vendor in performing its obligations under this Agreement). Customer consents to Vendor's creation of De-identified Data from Customer Data. Vendor owns all right, title, and interest in and to De-identified Data and nothing herein restricts Vendor's use of De-identified Data in any manner whatsoever.
5. **Subscription Fees.** Customer shall pay all Subscription Fees in the amounts and according to the terms as are set forth in the applicable Orders and Statements of Work procuring the Subscriptions. Except as otherwise specified in the Agreement, (i) Subscription Fees will be invoiced annually in advance and due within thirty (30) days of Customer's receipt of the invoice and (ii) Vendor may increase Subscription Fees at each renewal thereof during the Subscription Term on at least thirty (30) days' prior notice to Customer. If Customer's use of the Platform exceeds the parameters or restrictions set forth on the applicable Order or otherwise requires the payment of additional fees (per the terms of this Agreement), Customer will be billed for such usage and Customer agrees to pay the additional fees in the manner provided herein. **Fees for Platform are not refundable except in accordance with this Agreement.**
6. **Service Level Agreement Terms** . During the Subscription Term, Vendor shall meet the service levels on the terms and conditions indicated in the Service Level Agreement Terms attached as Exhibit B.

7. **Platform Disclaimer.** Without limiting Section 15 (Disclaimers), the Platform provided by Vendor relies upon numerous interconnected communication and other technologies that are inherently not fault-free and may contain errors or become interrupted. Vendor disclaims responsibility for liabilities, losses, claims, and demands resulting from any such errors or interruptions. The Platform should not be used for fault-intolerant applications or where such errors or interruptions would present a high degree of risk. Certain Platform features allow alerts and notifications to be sent to mobile devices. Vendor is not responsible for text or other mobile communications charges resulting from such alerts and notifications or for alert failures due to failures of the mobile device or its connectivity. Vendor is not responsible for Platform errors due to Hardware or other equipment failure.
8. **Improvements to Platform.** Vendor may make enhancements, updates, and other modifications to the functionality, user interface, usability and documentation of the Platform from time to time in its sole discretion as part of its ongoing effort to improve its offerings so long as such modifications do not materially diminish the functionality of the Platform.
9. **Ownership of Platform.** Without limiting Section 8 of the General Terms, as between Vendor and Customer, Vendor owns all right, title and interest in and to the Platform including all Intellectual Property Rights therein. Nothing in this Agreement grants Customer any right, title or interest in or to the Platform other than the limited right to access and use the Platform during the Subscription Term in accordance with the Agreement. All rights not expressly granted to Customer in this Agreement are reserved by Vendor.
10. **Termination of a Subscription for Cause.** Either party may terminate a Subscription during the Subscription Term in the event that the other party has committed a material breach of this Agreement that is not cured within thirty (30) days after the other party's receipt of written notice thereof, which notice must expressly state all of the reasons for the claimed breach in sufficient detail so as to provide the alleged breaching party a meaningful opportunity to cure such alleged breach except that the cure period for failure of Customer to pay fees when due is five (5) days.
11. **Effect of Termination** . Upon termination or expiration of a Subscription, for any reason, Customer shall cease all use of the Platform and Vendor has the right, at any time more than ninety (90) days following such termination or expiration, to permanently delete Customer Data and Customer's account associated with the terminated Subscription.
12. **Export; U.S. Governmental Rights** . Customer shall not remove or export from the United States or knowingly permit the export or re-export of the Platform, or any of its source code, object code, or underlying structure, ideas, know-how or algorithms, documentation or data (the "**Platform Materials**"), or anything related thereto, or any direct product thereof in violation of any restrictions, laws or regulations of the United States Department of Commerce, the United States Department of Treasury Office of Foreign Assets Control, or any other United States or foreign agency or authority. The Platform Materials are "commercial items", "commercial computer software", and "commercial computer software documentation" under U.S. federal acquisition regulations (FAR) and U.S. defense federal acquisition regulations (DFAR). Consistent with such regulations, any use modification, reproduction, release, performance, display, or disclosure of Platform Materials by the U.S. Government will be governed solely by the terms of this Agreement and will be prohibited except to the extent expressly permitted by this Agreement.

[End Platform Terms and Conditions]

EXHIBIT B**SERVICE LEVEL AGREEMENT TERMS**

These Service Level Agreement Terms (“**SLA Terms**”) are provided pursuant to that certain agreement to which these SLA Terms are attached between Vendor and Customer (the “**Agreement**”) and form part of the Agreement. Capitalized terms used in these SLA Terms, but not defined herein have the meaning given to them elsewhere in the Agreement.

Availability Service Levels***Definitions***

For purposes of these SLA Terms, the following terms have the following meanings:

- "Emergency Maintenance" means Vendor’s emergency maintenance for application of hotfixes, security related maintenance activities, and other actions necessary to maintain the integrity or operation of the Platform during which the Platform is unavailable.
- "Scheduled Maintenance" means scheduled maintenance to maintain the integrity or operation of the Platform during which the Platform is unavailable.
- "Total Monthly Time" means the total number of minutes in the applicable calendar month.
- "Unavailable Monthly Time" means the number of minutes in the applicable calendar month during which the Platform was unavailable for use.
- "Uptime Percentage" = $(A-B+C)/A$, where:
 - o A = Total Monthly Time;
 - o B = Unavailable Monthly Time; and
 - o C = Excluded Monthly Time (as defined below)

Availability Commitment Subject to these SLA Terms:

1. During the Subscription Term, Vendor shall use commercially reasonable efforts to ensure that the Platform will have an Uptime Percentage of at least **99.9%**.
2. Vendor shall endeavor to schedule Scheduled Maintenance to occur outside of Vendor’s normal business hours and to provide Customer at least 48 hours’ notice prior to Scheduled Maintenance. No prior notice to Customer is required for Emergency Maintenance; however, Vendor shall use commercially reasonable efforts to notify Customer in advance of Emergency Maintenance.
3. Notwithstanding anything to the contrary in these SLA Terms, no Unavailable Monthly Time will be deemed to have occurred if it: (a) is caused by factors outside of Vendor’s reasonable control, including, without limitation, Internet access or related problems occurring beyond the point in the network where Vendor maintains access and control over the Platform; (b) results from failures or issues in satellite, radio, cellular, or other non-Internet-based telecommunications transmissions used to communicate with or to the Platform, whether procured through Vendor or otherwise; (c) results from any actions or inactions of Customer or any third party (except for Vendor’s agents and subcontractors); (d) results from any Customer third party application(s), Customer’s equipment, software, or other technology, add-on services, or third-party equipment, software, or other technology; (e) occurs during Scheduled Maintenance; (f) occurs during Emergency Maintenance; or (g) is less than five (5) minutes of continuous unavailability in duration (minutes of unavailability in the calendar month resulting from (a)-(g) collectively, “**Excluded Monthly Time**”).

Unavailability Credits

For any calendar month that has an Uptime Percentage indicated in the table below, Customer may request an Unavailability Credit corresponding to the Uptime Percentage, where “**Unavailability Credit**” is calculated as the applicable Unavailability Credit Percentage of the Subscription Fees corresponding to the calendar month at issue. The Unavailability Credit will be credited toward the next invoice for Subscription Fees or refunded if the Subscription Term as expired or terminated. Customer must request the Unavailability Credit by submitting a request to Vendor via email to accounts-receivable@xiowater.com during the first 15 calendar days of the calendar month immediately following the calendar month for which the credit is claimed.

Unavailability Credit Table

Uptime Percentage	Unavailability Credit Percentage (%)
99.5% - <99.9%	[2.0]%
98.5% - <99.5%	[3.0]%
<98.5%	[5.0]%

Chronic Unavailability

If the Platform experiences an Uptime Percentage that is less than **98.5%** for any two consecutive months, or for any four out of 12 consecutive months, then Customer will have the right, upon 10 business days’ notice to Vendor, to terminate the Agreement in which case Vendor shall refund to Customer its prepaid and unused fees corresponding to the period from the effective date of termination to the expiration of the then applicable Subscription Term. The foregoing credits and termination right constitute Vendor’s sole and entire liability to Customer, and Customer’s sole and exclusive remedy with respect to Vendor’s failure to meet Vendor’s commitments regarding availability of the Platform provided in this Exhibit B.

Support

Support Hours

Vendor shall provide general technical support services requested for use of the Platform requested by Customer in accordance with and subject to these SLA Terms (such services, “**Support**”). Support will be available in accordance with the Support Tier procured by Customer as specified in the Agreement as follows (such applicable hours “**Support Hours**”):

Tier	Tier Features
3	Phone, Online Ticketing and Email Support. 24 Hours per Day, 7 Days a week, 365 Days per year.
2	Phone, Online Ticketing and Email Support. 8am – 5pm Pacific time, Monday – Friday, except Vendor holidays.
1	Online Ticketing and Email Support Only, 8am – 5pm Pacific time, Monday – Friday, except Vendor holidays.

Support contacts are as follows:

- Phone Number: (877) 946-0101 (Tier 2 and 3 only)
- Email: support@xiowater.com

Vendor reserves the right to update the contact information for accessing Support from time to time by written notice to Customer.

Support Service Levels

Each request for Support received by Vendor that identifies an Error (defined below) will be assigned a case number (each, a “**Case**”). An “**Error**” means a problem with the Platform as described in the Error Description column below. For each Error, Vendor will prioritize the Case in accordance with the below Severity Levels and will work to provide a temporary or permanent solution, fix, or work-around that resolves the material aspects of the Error with the corresponding Level of Effort as described below.

Severity Level	Error Description	Target Initial Response Time	Level of Effort
“Severity 1 (Critical)”	Critical production issue affecting all users, including Platform unavailability and data integrity issues with no workaround available.	Four (4) hours	Vendor shall use best efforts, applying its resources on a 24 hour per day basis to the exclusion of other priorities, to correct the Error as quickly as possible.
“Severity 2 (High)”	Major functionality is impacted. Issue is persistent and affects many users and/or major functionality. No reasonable workaround available.	Four (4) Hours	Vendor shall use best efforts, applying resources during normal business hours, to correct the Error as quickly as reasonably practicable.
“Severity 3 (Medium)”	Platform performance issue or bug affecting some but not all users. Short-term workaround is available, but not scalable.	Eight (8) hours	Vendor shall use commercially reasonable efforts, applying resources during normal business hours, to correct the Error as quickly as reasonably practicable.
“Severity 4 (Low)”	Inquiry regarding a routine technical issue; bug affecting a small number of users. Reasonable workaround available.	Twenty four (24) hours	Vendor shall use commercially reasonable efforts to correct the Error.

As used above, “**Target Initial Response Time**” means the elapsed time during Support Hours between the moment a request regarding an Error is first submitted to Vendor in accordance with these SLA Terms until Vendor first responds to the request except that, if the request is submitted during the last 30 minutes of Support Hours on a given day, the elapsed time will be measured from the start of the next day on which Support Hours are available (excluding 24/7 Support Hours if applicable).

Under no circumstances does Vendor warrant or represent that Errors can or will be corrected.

Customer Obligations

Vendor’s ability to fulfill its Support obligations is conditioned upon Customer (a) providing all

relevant information necessary for Vendor to respond to a Support request within the applicable response times set forth above; (b) providing all relevant information and any additional requested information and documentation necessary for Vendor to reproduce the Error; (c) designation of Customer's primary and secondary contacts (along with after-hours contact information for such people) who have been trained on the Platform and who can provide Vendor with all requested information; (d) submission of Support requests promptly in response to an Error; (e) using commercially reasonable efforts to diagnose and resolve problems in the operation of the Customer's interface to the Platform prior to contacting Vendor for Support; (f) using commercially reasonable efforts to confirm that reported problems are not due to Customer's systems or third-party systems; (g) consultation of Vendor-supplied documentation before submitting Support requests; and (h) providing Vendor with remote access to Customer's account or environment on the Platform.

Customer acknowledges that if it provides Vendor with erroneous information, or fails to provide all reasonably available information, then Vendor will not be liable for delays in, or improper performance of Support. Customer is responsible for procuring, installing, and maintaining all applications, equipment, telephone lines, communications interfaces, and other hardware necessary to access the Platform and to obtain Support.

Exclusions

Services outside of Support:

Without limiting the foregoing, the following are outside the scope of Support: (a) support provided outside of the Support Hours; (b) support that becomes necessary due to failure of computer hardware, equipment or programs not provided by Vendor, negligence of Customer, error by Customer in operation of the Platform, or improper modification or use of hardware or software by Customer; (c) maintenance and support of hardware, software programs, or data connections owned, operated or developed by Customer and issues resulting from failure to perform such maintenance and support; and (d) development, customization, coding, installation, integration, consulting, and training.

Causes not covered by Support:

Support, including Vendor's Support obligations herein do not apply to issues or failures caused by:

- Customer acts or omissions, including any Customer misuse or abuse of the Vendor system or use in violation of the Agreement;
- Any force majeure event as described in the Agreement;
- Third party or Customer software, content or services;
- Viruses or system attacks not prevented by Vendor's application of industry standard anti-virus software;
- Customer's or its users' violation of the Agreement;
- Malicious attacks on the Platform not prevented by Vendor's application of industry standard intrusion prevention software;
- An increase in service utilization by Customer materially beyond the Platform's standard or mutually agreed hosting capacity.

Chronic Support failures

If Vendor materially fails to meet its Support commitments in this Exhibit B for any two consecutive months, or for any four out of 12 consecutive months as shown by reasonable documentation, then Customer will have the right, upon 10 business days' notice to Vendor, to

terminate the Agreement in which case Vendor shall refund to Customer its prepaid and unused fees corresponding to the period from the effective date of termination to the expiration of the then applicable Subscription Term. The foregoing termination right constitutes Vendor's sole and entire liability to Customer, and Customer's sole and exclusive remedy with respect to Vendor's failure to meet the Support commitments in this Exhibit B.

Changes to these Support Terms

During the Subscription Term, upon reasonable notice, Vendor reserves the right to reasonably modify these SLA Terms, but not in manner that materially, adversely reduces Vendor's commitments herein.

[End Service Level Agreement Terms]



A Proposal for an XiO Cloud SCADA[®] System for Lake Oroville Area PUD - Moortown Station

Version: 1.0

Publish Date: December 6, 2022

1 Acceptance

This pricing is valid for 90 days from the date on this document. XiO will invoice upon shipment, and payment is due 30 days from invoice date.

Subscription Fees Acceptance:

Print Name	Title
Signature	Date
Email	

Hardware Acceptance:

Print Name	Title
Signature	Date
Email	

Subscription Fees Bill To:

Hardware Bill To:

Hardware Ship To:

2 Installation Preparation

XiO Systems require an electrician with controls experience for the best installation experience.

1. Does the installing electrician have experience with 4-20mA signals and motor control systems?
 - yes
 - no
2. Is all existing equipment on site ready for connection to XiO hardware and cloud?
 - yes
 - no
3. Is XiO hardware being connected to existing SCADA equipment?
 - yes
 - no
4. Which cellular provider has the best reception at each site?
 - Verizon
 - AT& T
 - Sprint
 - T-Mobile
 - Other:
 - No Cellular Reception
5. Requested date/s for XiO Equipment to be onsite:
6. Expected installation date/s for each site:

Installation Contact:

Company Name

Contact Name

Contact Phone

Contact Email

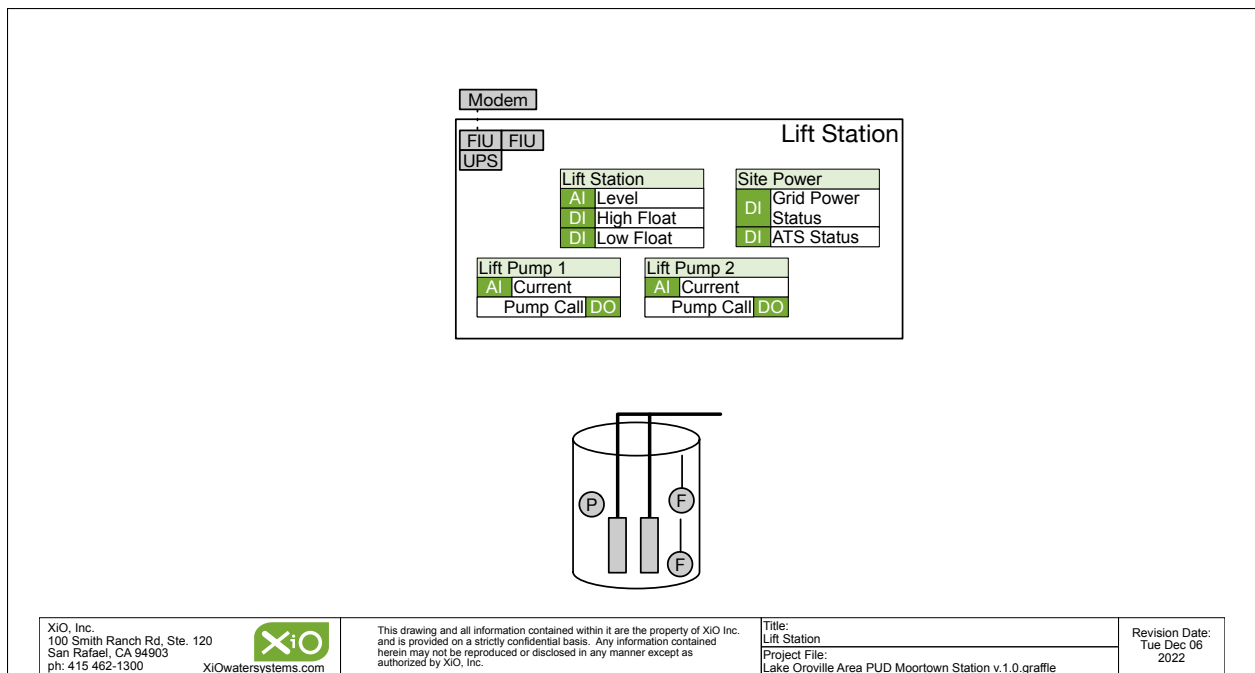
3 Proposed System

XiO, Inc. (XiO) is pleased to supply this proposal to provide a monitoring and control system for Lake Oroville Area PUD - Moortown Station.

4 Synopsis

The proposed system consists of one lift station that will be monitored and controlled by XiO. Communications will be via XiO-Supplied cellular modem.

5 System Diagram



6 Scope of Supply

6.1 Software

Qty	Description	Details
1	XiO Operations Data & View Bundle <i>Data and monitoring services for assets and inputs</i>	2 x Pump 1 x Storage 1 x Generator 2 x Analog Input 4 x Discrete Input 1 x Lift Station Analytics Package
1	XiO Control Services <i>Automated and remote control of devices</i>	2 x Discrete Output

6.2 Edge Devices

Qty	Description
2	Field Installable Unit
1	Cellular Modem

6.3 Sensors and Transducers

Qty	Description
2	Electrical Current Transducer, 1 Phase
1	Submersible Water Level, Large Diaphragm

7 Location Installation Tasks

The XiO Installation Guide is accessible in the Documents tab of the XiO system User Interface. Please review this document before scheduling installation.

7.1 Moortown Station

1 x **Cellular Modem-** Site Modem

Install Tasks:

Mount and power according to the XiO Installation Guide. Power, Signal, lights are on.

2 x **Field Installable Unit-** Site FIU's

Install Tasks:

Mount and power according to the XiO Installation Guide. Connect to communications. Verify FIU is reporting to XiO Site.

1 x **Lift Station Analytics Package-** Lift Station Analytics

Verify SaaS Features:

Lift Station Analytics;

ASSET: Lift Pump

2 x **Electrical Current Transducer, 1 Phase-**

Install Tasks:

Mount and connect to the FIU. Verify a valid signal is received on the XiO User Interface.

XiO-Supplied Wiring:

(10) Ft. of 600 V insulated cable for each sensor, with fork terminals on one end and labeled wires on the other.

1 x **Analog Input-** CT INPUT

Verify SaaS Features:

Overview, Status, & Alarms

2 x **Discrete Output-** Lift Pump Control

Verify SaaS Features:

Discrete Control; Lead Lag with Alternation;

Lift Pump Control Detail:

RUN Lead Pump when the level of the Wetwell fills to a user-defined level
RUN Lag Pump when the level of the Wetwell fills to a user-defined level
ALTERNATE Lead and Lag pumps with each run utilizing a software device
STOP Lag Pump when the level of the Wetwell drains to a user-defined level
STOP Lead Pump when the level of the Wetwell drains to a user-defined level
RUN or STOP either or both pumps based on manual user input on the XiO Interface (Virtual HOA)

ASSET: Lift Station Wetwell

1 x **Submersible Water Level, Large Diaphragm-**

Install Tasks:

Mount and connect to the FIU. Verify a valid signal is received on the XiO User Interface.

XiO-Supplied Wiring:

(50) Ft. of submersible cable for each sensor, permanently connected to the sensor on one end and terminated with an M12 connector on the other end.

(6) Ft. of shielded 4 conductor cable for each sensor, terminated with an M12 on one end and labeled wires on the other.

2 x **Discrete Input-** Lift Station Wetwell High and Low floats

Install Tasks:

Connect conductors to labelled FIU terminal blocks. Manually actuate monitored device and hold for more than one minute to simulate signal. Verify on XiO User Interface.

Verify SaaS Features:

Overview, Status, & Alarms

1 x **Analog Input-** LT INPUT

Verify SaaS Features:

Overview, Status, & Alarms

ASSET: Site Power

1 x **Discrete Input-** Grid Power Status

Install Tasks:

Connect conductors to labelled FIU terminal blocks. Manually actuate monitored device and hold for more than one minute to simulate signal. Verify on XiO User Interface.

Verify SaaS Features:

Overview, Status, & Alarms

1 x **Discrete Input-** ATS Status

Install Tasks:

Connect conductors to labelled FIU terminal blocks. Manually actuate monitored device and hold for more than one minute to simulate signal. Verify on XiO User Interface.

Verify SaaS Features:

Overview, Status, & Alarms

1 x **Uninterruptible Power Supply-** Controls and Communications UPS

Verify SaaS Features:

Overview, Status, & Alarms

8 Pricing

8.1 Subscription Fees

Number of Months	Monthly
First 12 Months, each month	\$250

**Minimum term for subscription fees is 12 months, with automatic renewal.*

Subscription Fees include SaaS Features, SLA Tier 2 , and Internet Service

8.2 Hardware

Hardware	Subtotal*
XiO Hardware	\$18,538
3rd Party Hardware	\$3,435
Hardware Total	\$21,973

**Applicable sales tax will be collected upon invoice*

8.3 Payment Terms

Subscription Fees

Payment terms are month to month, Net 30.

Subscription Start Date 01/20/2023

Hardware

Hardware payment terms are Net 30.

8.4 Definitions

XiO Hardware

XiO Cloud SCADA[®] system hardware, including FIUs (Field Installable Units) and communications equipment. This typically represents a one-time revenue event.

3rd Party Hardware

Equipment sourced and shipped by XiO including transducers, analyzers, and sensors. This typically represents a one-time revenue event.

9 XiO General Terms and Conditions

These General Terms and Conditions (these “**General Terms**”) govern the provision by XiO, Inc. (“**Vendor**”) of goods and/or services to Customer as described in one or more Orders and, if any, Statements of Work. All Orders and Statements of Work, together with these General Terms and all attachments to, and ancillary terms incorporated into, the foregoing form a binding master agreement between Vendor and Customer (collectively, the “**Agreement**”). The Agreement is effective as of the effective date of the initial Order or Statement of Work to which these General Terms are attached or that reference being subject to these General Terms. Capitalized terms used in these General Terms, but not defined herein have the meaning given to them elsewhere in the Agreement.

1. **Definitions.**

- 1.1 "**Affiliate**" means, as to a party, an entity that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with that party.
- 1.2 "**Confidential Information**" means all technical, business, financial, and other information, in whatever form (including written, oral, visual, paper, electronic, narrative, and graphic), that a party discloses to the other party in relation to this Agreement except information that (i) is or becomes publicly available other than as a result of disclosure by the receiving party in violation of this Agreement or any other legal, contractual or fiduciary obligation; (ii) is or was independently developed by personnel of the receiving party without access to or use of any Confidential Information of the other party (as defined without regard to this exception); (iii) is or becomes available to the receiving party on a non-confidential basis from a source (other than the disclosing party) that is not prohibited from disclosing such information to the receiving party by any legal, contractual or fiduciary obligation; or (iv) is information that was already known by the receiving party, so long as the receiving party can prove that such information had been in the receiving party's possession prior to receipt of the Confidential Information by the receiving party.
- 1.3 "**Customer**" means the entity or person indicated as the procuring party on the initial Order.
- 1.4 "**Customer Data**" has the meaning given it in Exhibit A – Platform Terms and Conditions.
- 1.5 "**Customer Information**" means information made available to Vendor or its representatives by or on behalf of Customer in connection with this Agreement including in the context of Professional Services and including Customer Data.
- 1.6 "**De-identified Data**" means Customer Information that is aggregated with other information of Vendor's customers or that has been de-identified.
- 1.7 "**Deliverables**" means reports, analyses, and other work product delivered by Vendor pursuant to a Statement of Work for the provision of Professional Services that constitutes Customer Information or that is unique and specific to Customer.
- 1.8 "**Hardware**" means tangible goods sold by Vendor to Customer pursuant to an Order or Statement of Work.
- 1.9 "**Order**" means an initial or any subsequent Vendor proposal, quotation, or similar ordering document prepared by Vendor that is signed by the parties and provides for one or more of the sale of Hardware, the provision of Professional Services, or Subscription(s) and that references these General Terms or is otherwise entered into by the parties in relation to this Agreement.

- 1.10 "**Platform**" has the meaning given it in Exhibit A – Platform Terms and Conditions.
- 1.11 "**Professional Services**" means consulting, design, analysis, assessments, evaluations, verification, installation, commissioning, implementation, management, training, configuration, and other professional services (and excluding for the avoidance of doubt, access or use of the Platform) provided by or on behalf of Vendor to Customer pursuant to the Agreement as further described in the applicable Order, Statements of Work, and other attachments to this Agreement.
- 1.12 "**Professional Services Fees**" mean the fees payable to Vendor in consideration of Professional Services as provided in the applicable Order and/or Statement of Work.
- 1.13 "**Services**" means collectively, Professional Services and access to and use of the Platform in relation to this Agreement.
- 1.14 "**Statement of Work**" means a written proposal or other document prepared by Vendor and executed by the parties (either directly or by its attachment to an Order or this Agreement) that describes the nature and scope of Professional Services and any Hardware and/or Subscriptions to be provided by Vendor to Customer and that may include, as applicable, related compensation, expense reimbursement, and other terms and conditions relating thereto.
- 1.15 "**Vendor**" means XiO, Inc.
- 1.16 "**XiO Hardware**" means Hardware that is proprietary to Vendor or is Vendor-branded Hardware.
2. **General Payment Terms.** Unless as otherwise specified in the applicable Order or Statement of Work, all payments are due net 30 days from the date of invoice. Customer hereby procures the Services and Hardware and shall pay the amounts on the terms set forth in each Order and Statement of Work in accordance with this Agreement. All sales of Services and Hardware are final and related payments are non-refundable except to the extent otherwise expressly provided in the Agreement. Any credit extended by Vendor and the limits of the credit, are at Vendor's sole discretion, and may be reduced or terminated by Vendor at any time, for any reason. A late charge is payable on all overdue balances while outstanding at the rate of the lesser of 1.5% monthly and the highest rate allowed by law. Vendor may defer delivery of Hardware ordered and/or suspend provision of Services until all such overdue amounts are paid. All payments must be paid in U.S. Dollars. Except as otherwise specified in this Agreement, (i) all fees are exclusive of, and Customer is responsible for, applicable foreign, federal, state, and local sales, use, excise, value added, export and all customs, duties and other governmental fees or levies or other applicable taxes, other than taxes on the net income of Vendor, (ii) Customer shall pay or reimburse Vendor for any such taxes and fees paid by Vendor, and (iii) Vendor may add any such taxes to invoices submitted to Customer by Vendor. Vendor shall be entitled to recover from Customer any costs incurred in collecting any amount past due under this Agreement, including reasonable attorneys' fees. Customer may make no offset for any amounts due regardless of the justification for the intended offset. Any good faith invoice disputes must be brought by Customer within thirty (30) days of receipt, otherwise Customer waives the dispute. Additional Hardware and Services not within the scope of an Order or Statement of Work are subject to additional fees at Vendor's then-current rates or as mutually agreed by the parties.
3. **Orders and Ordering Documents.** Any Orders, Statements of Work, and amendments and attachments thereto, are hereby incorporated into this Agreement upon their execution by the parties. Any Customer purchase order or similar purchasing document issued by any entity other than Vendor is subject to and incorporates these General Terms and will be valid only for the purpose of identifying this Agreement and the items and quantities ordered. Any other terms and conditions included in such purchasing document that

conflict with, vary, or supplement the terms in this Agreement are void and will be of no effect, even if Vendor otherwise accepts the purchase order. In the event of a conflict between these General Terms and an Order, Statement of Work or attachment, these General Terms will control. Vendor's failure to object to Customer terms and conditions contained in any Order or other document from Customer will not be construed as a waiver of the foregoing nor an acceptance of any such terms and conditions.

4. **Platform Terms and Conditions.** Access to and use of the Platform is subject to the additional terms and conditions in Exhibit A – Platform Terms and Conditions (also referred to as the “**Platform Terms**”).

5. **Professional Services.**

5.1 **Engagement.** Customer hereby engages Vendor to perform the Professional Services of the scope and on the terms described in the applicable Orders and Statements of Work, as the case may be, specifying the provision of Professional Services.

5.2 **Professional Services Fees and Terms.** Except as otherwise provided in the applicable Order or Statement of Work, (i) Professional Services and related reimbursable expenses will be invoiced monthly in arrears or, for brief engagements, at completion, at Vendor's option, (ii) any total fee amount communicated in connection with a time and materials-based project is an estimate only and not a guarantee that the Professional Services will be completed for such total fee amount, and (iii) Customer shall obtain and pay for all state and local permits and approvals legally required of Customer to receive the Hardware and Services and Vendor may suspend the provision of Professional Services pending receipt of such permits and approvals. In the event of an early termination of Professional Services (to the extent permitted by the Agreement), Vendor shall invoice and Customer shall pay all Professional Services Fees for Professional Services provided up to the effective date of termination of the applicable Statement of Work plus reasonable shutdown fees, if any, incurred by Vendor. Professional Services are limited to the scope and planned Deliverables as are set forth in the applicable Order or Statement of Work, which do not include all design, installation, use, or maintenance considerations for Customer's systems generally.

5.3 **Change Orders.** If Customer or Vendor requests a change in the scope or other terms of Professional Services to be provided, the parties shall promptly meet to discuss the proposed changes. Once any changes are tentatively agreed, if at all, Vendor will prepare and deliver for approval a change order describing the proposed changes including any changes in fees and expenses (each, a “**Change Order**”). Change Orders are not binding unless and until they are executed by both parties. Upon such execution, Change Orders will be deemed part of, and subject to, this Agreement. If the parties disagree about the proposed changes, the parties shall, at the request of either party, promptly escalate the change request to their respective senior management officers for resolution.

5.4 **Professional Services Warranty.** Vendor warrants to Customer that Vendor will perform Professional Services in a professional manner consistent with industry standards and that it will deliver Deliverables substantially conforming to those specified to be delivered in the applicable Statement of Work or Order. Customer's sole and exclusive remedy for Vendor's breach of the foregoing warranty is as follows: Customer shall provide Vendor with a detailed written description of the non-conforming Deliverables within ten (10) days from the date of delivery of the Deliverables or Professional Services claimed to be non-conforming, Vendor shall promptly review and confer with Customer regarding such written claims and, for those claims that Vendor accepts as valid following an inquiry in good faith, Vendor shall promptly and at its

expense, use commercially-reasonable efforts to re-perform the non-conforming Professional Services; if no written rejection is given to Vendor by Customer within ten (10) days following such re-performance, the Deliverables and/or Professional Services as re-performed will be deemed accepted by Customer. If Vendor determines, in its sole discretion, that it is not commercially feasible to re-perform non-conforming Professional Services so as to be conforming, then Vendor shall refund amounts paid by the Customer for the non-conforming Professional Services. To the extent Vendor disagrees with Customer's notice of non-conformance, the parties shall, at the written request of Customer, escalate the matter to their respective senior management. This Section constitutes Customer's sole remedy and Vendor's sole obligation with respect to a breach of the foregoing Professional Services warranty.

5.5 Insurance Coverage. In respect of Professional Services, Vendor shall maintain insurance policies and coverages as follows: Worker's Compensation Insurance insuring Vendor's liability under the worker's compensation and occupational disease laws of the state where Professional Services performed with at least the coverage required by law; Commercial General Liability Insurance with coverage on an "occurrence" basis with a combined single limit of not less than \$1,000,000 per occurrence and \$2,000,000 aggregate; in each case to insure Vendor for Professional Services performed under an Order or Statement of Work; and Insurance for operations of all hired and non-owned vehicles with limits for each accident of \$1,000,000 combined single limit with respect to bodily injury, death and property damage. Vendor shall provide a current certificate of insurance to Customer upon request.

5.6 Termination of Professional Services. Either party may terminate Professional Services (i) in the event of material breach of the other party with notice and thirty (30) days' opportunity to cure (or 10 days for failure to pay Professional Services Fees or reimburse expenses not disputed in good faith) or (ii) in accordance with the termination provisions of the applicable Order or Statement of Work.

6. Sale of Hardware.

6.1 Hardware Purchase Terms. Except as otherwise specified in the applicable Order or Statement of Work, (i) Hardware prices are F.O.B. origin, freight prepaid to the destination specified in the Order and (ii) Vendor will invoice sales of Hardware at the time of their shipment. Title and risk of loss pass to Customer upon tender of shipment to the carrier. Customer must make any good faith claim for shipment shortfall or damage within five (5) days of receipt of shipment, otherwise Customer waives such claim as to such Order or Statement of Work.

6.2 Hardware Warranties. All XiO Hardware is warranted in accordance with and is sold subject to the Hardware limited warranty found on Vendor's website (the "**Limited Warranty**"), currently at <http://xiowatersystems.com/warranty>. The remedies provided in the Limited Warranty constitute Customer's sole remedies and Vendor's sole obligations with respect to a breach of the Limited Warranty. The Limited Warranty is made expressly subject to the terms and conditions of this Agreement including Section 15 below. Hardware other than XiO Hardware sold by XiO to Customer is sold subject to the Hardware manufacturer's applicable warranty, if any, on a pass-through basis and is otherwise sold "AS-IS" by Vendor.

7. Ownership; Proprietary Rights.

7.1 The Services and XiO Hardware. Except as otherwise provided in the applicable Statement of Work, the Services, Deliverables, and all ideas, know-how, processes, software, documentation, information, drawings, documents, designs, models, inventions, copyrightable material, and other tangible and intangible materials authored, prepared, created, made, developed, delivered, conceived, or reduced to

practice, in whole or in part, by Vendor in relation to this Agreement (collectively, the “**Works**”) and all copyrights, patent rights, trade secrets, trademarks, moral rights, and all other proprietary and intellectual property rights throughout the world in each of the foregoing (collectively, “**Intellectual Property Rights**”) are and will remain the sole and exclusive property of Vendor. As between Vendor and Customer, each party retains all of its rights to its trademarks, logos, trade names, and service marks, website(s), technologies, patents, copyrights, trade secrets, and other intellectual property, and proprietary rights. Without limiting the generality of the foregoing, Vendor shall at all times solely and exclusively own (i) all rights, title, and interest in and to the Platform and content therein (excluding Customer Data), the Professional Services, De-identified Data, and any and all improvements, enhancements, derivative works, and extensions thereof, and all Intellectual Property Rights therein and (ii) all Intellectual Property Rights in XiO Hardware. No implied licenses are granted. All rights not expressly granted to Customer in this Agreement are reserved to Vendor.

7.2 **Use of Information.** Customer hereby consents to Vendor’s use of Customer Information as required or permitted by this Agreement and for exercising and enforcing Vendor’s rights under this Agreement, including generating De-identified Data from Customer Information.

7.3 **Feedback.** Customer hereby grants XiO a perpetual, royalty-free, worldwide right to use any information, suggestions, bug reports or fixes, ideas provided by or on behalf of Customer to XiO for enhancements or modifications, or other feedback regarding the Services, Hardware, or any other XiO product or service.

8. **Customer Cooperation.** Customer shall provide reasonable cooperation to Vendor in Vendor’s performance of Vendor’s obligations under this Agreement.

9. **Customer Obligations Regarding Site Conditions.** Other than as disclosed in writing to Vendor and acknowledged in writing by Vendor in advance of providing Professional Services, Customer represents and warrants that, to Customer’s knowledge after reasonable inquiry, there are no potentially hazardous substances, environmental contamination, or conditions in, on, or near the properties required to be visited by Vendor employees or other representatives in performing Vendor’s obligations under the Agreement that present, within the context of similar facilities, an unreasonable and/or unanticipated danger to human health or the environment. Customer shall immediately notify Vendor if it becomes aware of a change in such circumstances. Vendor shall not be responsible for remedying any pre-existing hazardous materials, pre-existing hazardous conditions or pre-existing violations of laws, or regulations affecting the site where Professional Services are to be performed, and Customer shall indemnify, defend, and hold harmless Vendor from any liability, loss, damages, cost, and expense (including attorneys’ fees) arising out of or relating to a failure or breach of the aforementioned representations and warranties.

10. **Protection and Use of Confidential Information.** Each party shall not use or disclose Confidential Information of the other party without the prior written consent of the other party or as permitted or required by this Agreement. The receiving party may disclose the other party’s Confidential Information to the extent necessary to comply with a lawful order of a court or taxing authority, or government regulation, on condition that the party making the disclosure provides the other party with reasonable advance written notice to the extent legally permissible, and reasonably cooperates with the other party (at the other party’s expense) to seek confidential or protective treatment. In addition, each party shall take at least reasonable measures to protect and maintain in confidence the other party’s Confidential Information. Each party may disclose the terms of this Agreement to (i) its attorneys, accountants, and other professional advisors, or to potential

investors or other third parties conducting due diligence in connection with a potential financing, change of control or other similar transaction of the party, and (ii) in the case of Vendor, to Vendor's independent contractors and service providers for the purpose of performing Vendor's obligations under this Agreement, in each case, so long as the third party is under a duty of confidentiality with respect to the disclosure at least as protective as those in this Agreement. Customer may disclose this Agreement to the extent necessary to comply with applicable laws and regulations that make this Agreement a public document or to otherwise comply with applicable public disclosure laws and regulations; provided, however, that, to the extent permitted by law, Customer shall use commercially reasonable efforts to seek confidential treatment of all pricing information within the Agreement in connection with the disclosure. If Vendor is obligated to respond to a third-party subpoena or other compulsory legal order or process in connection with Customer Information or Customer's use of the Hardware or Services, Customer shall reimburse Vendor for Vendor's reasonable related attorneys' fees, and other reasonable costs and expenses of responding to the legal order or process at Vendor's then-current hourly rates for such Services.

11. **Use of Third-Party Services and Subcontractors.** Vendor may, in the ordinary course of business, utilize third-party services (including third-party hosting and data centers) and may also engage independent contractors and subcontractors in performing its obligations under this Agreement (including for Hardware installation and other Professional Services) and Customer hereby consents to such use provided Vendor is responsible for its subcontractors' compliance with this Agreement in their performance on behalf of Vendor.

12. **Indemnification.**

12.1 **By Vendor.**

12.1.a **General.** Vendor shall defend, indemnify, and hold harmless Customer and its officers, directors, agents, and employees (each a "**Customer Indemnified Party**") from and against any and all third-party claims, demands, losses, liabilities, suits, costs, and expenses (including reasonable attorney's fees and legal expenses) (collectively, "**Claims**") to the extent arising out of death or injury or property damage to the extent caused by Vendor's gross negligence, or willful, reckless, or criminal misconduct in the performance of the Professional Services at Customer's location except to the extent caused by the negligence or misconduct of a Customer Indemnified Party or resulting from Customer's failure to comply with this Agreement.

12.1.b **Infringement.** Vendor shall indemnify, defend and hold Customer Indemnified Parties harmless from all Claims to the extent arising out of or relating to any third-party claims, demands, or suits alleging that one or more of the XIO Hardware, the Platform, or the Services infringe a third-party's United States copyright or trademark rights except to the extent the alleged infringement is caused by: (a) changes or modifications to the Platform made or specified by Customer or any third party; or (b) combinations of the Platform or Professional Services Deliverables with any product or service not supplied or specified by Vendor under this Agreement. If a Claim contemplated under this Section 13.1(b) is brought, Vendor shall, at its sole option and expense, and within a reasonable period, (1) procure for Customer the right to continue using the allegedly infringing item; (2) replace the same with a non-infringing item providing materially equivalent functions and efficiency; (3) modify the same to be non-infringing without material loss of functionality; or (4) if none of the foregoing is, in Vendor's sole discretion, commercially reasonable, at Vendor's notice, Customer shall discontinue use of the allegedly infringing item and Vendor shall refund to Customer the fees paid

by Customer to Vendor corresponding to the period following the effective date of such discontinuance and any pre-paid unused Subscription fees. This Section 10 sets forth Vendor's sole liability, and Customer's sole and exclusive remedy, in lieu of all others, with respect to infringement.

12.2 **By Customer.** Customer shall defend, indemnify and hold harmless Vendor and its Affiliates and their respective officers, directors, agents, and employees (each an "**Vendor Indemnified Party**") from and against any and all Claims to the extent arising out of death or injury or property damage to the extent caused by Customer's gross negligence, or willful, reckless, or criminal misconduct; and except in each case to the extent caused by the negligence or misconduct of a Vendor Indemnified Party or resulting from Vendor's failure to comply with this Agreement.

12.3 **Procedures.** The obligations under this Section 13 are conditioned upon indemnified party (i) giving the indemnifying party prompt written notice of any Claim; (ii) granting the indemnifying party complete control of the defense and (conditioned upon a full release of the indemnified parties) settlement of Claims; and (iii) reasonably cooperating with the indemnifying party in the defense and settlement of the Claims.

13. **Representations and Warranties by Both Parties.** Each party represents and warrants to the other party that (i) it has the right to enter into this Agreement and perform its obligations hereunder in the manner contemplated by this Agreement, (ii) this Agreement does not conflict with any other agreement entered into by it and (iii) that it shall comply with all applicable law in connection with the performance of its obligations and use of the Hardware and Services.

14. **Disclaimers.** Except for the express warranties provided in this Agreement, the Hardware and Services are provided "**AS IS AND WITH ALL FAULTS**" and "**AS AVAILABLE**" and to the fullest extent permissible under applicable law, Vendor disclaims all warranties, express, implied, and statutory, concerning the Hardware and Services, and otherwise related to this Agreement, including, but not limited to, the implied warranties of merchantability, fitness for a particular purpose, and any warranties of non-infringement. Vendor does not warrant (i) that the Hardware or Services will meet Customer's requirements (ii) that the Platform's operation will be error-free or uninterrupted (including due to performance of the Internet, other transmission networks, and customer's local network and equipment, which systems Vendor is not responsible for providing), (iii) that the Services or any Hardware will properly operate when used with equipment, other systems, or configurations, in each case not specified by Vendor in an Order or Statement of Work, or (iv) Vendor's qualification under state licensing provisions. Vendor's express warranties to not apply to failures due to misuse, electrical power line surge damage, improper installation by user, improper power supply attachment, water damage, and physical abuse or where resulting from Customer's failure to reasonably cooperate with Vendor's performance. Vendor does not provide design, installation, or maintenance services for water or other industrial systems generally. Proper installation and use of Vendor Hardware and Services may involve design, installation, and other considerations not provided by Vendor and for which Vendor is not responsible. Vendor is not responsible for (i) errors in data provided by Customer or its users or representatives, (ii) injury or property damage or other damages or losses due to a failure of Hardware or Services or resulting from local or remote management through Hardware and/or Services of Customer's facilities or systems, (iii) use of its Hardware and Services in a manner inconsistent with their specifications and intended use as provided by Vendor, or (iv) defects or problems in Hardware or Services to the extent caused by factors

other than the Hardware or Services, or to the extent a result of tampering with Hardware or Services (including without limitation disconnection, abuse, misuse, accident, alteration, neglect, unauthorized repair, relocation, or interference). Customer acknowledges that the Hardware and Services, like equipment and activities in an industrial operation, have an inherent risk of failure and Customer assumes such general risk. The specific risks disclaimed in this Section 15 are not exhaustive. Procurement of Hardware or Services from Vendor does not limit Customer's obligation to ensure, and is not a replacement for, Customer's on-site monitoring and management of its properties including responding to water leaks, malfunctions, and hazardous conditions. The entire responsibility in connection with the consequences resulting from the use of the Hardware and Services as well as the intended or achieved results resulting from the use of the Hardware and Services lies entirely with Customer. If Customer has acquired the Hardware or Services through an authorized distributor or reseller of Vendor, Vendor shall not be held responsible for any additional promises or warranties made by such distributor or reseller. To the maximum extent permitted by law, this Section shall apply even if any express warranty or limited remedies set forth in this Agreement fails of its essential purpose.

15. **Limitation of Liability.** To the maximum extent permitted by applicable law, in no event will Vendor or its Affiliates, including their respective employees, officers, directors, owners, agents, successors and assigns, be liable to Customer or to any third party for any indirect, incidental, special, exemplary or consequential damages, including, but not limited to, lost profits, loss of data, loss of use, business interruption, loss of good will, or cost of procuring substitute products or services, arising out of or in relation to this Agreement or the Hardware or Services, even if advised of the possibility of such damages or losses. Notwithstanding anything else in this Agreement to the contrary, Vendor's aggregate liability arising from, relating to, based on, or connected with this Agreement including the Hardware and Services, shall in any event and under any theory of recovery, including claims of negligence, be limited to the amount of fees actually received by Vendor under this Agreement relating to the property for which the claim accrued during the twelve month period immediately preceding the date on which Customer's claim first accrued.
16. **Limitations of Disclaimers and Limitations on Liability.** Applicable law in certain jurisdictions relevant to this Agreement may limit the contractual exclusion, limitation or disclaimer of warranties or damages. In such cases, Vendor's liability (and the liability of its Affiliates and agents) will be limited in accordance with this Agreement to the greatest extent permitted by applicable law.
17. **Not a Licensed Contractor.** Customer acknowledges that Vendor is performing services as an independent contractor, and that Vendor is a provider of water facility control systems and services and not a licensed contractor. Customer acknowledges that Vendor may work with a third-party installer (who, if required by applicable law, will be licensed) to perform specified installation services described in the applicable Order or Statement of Work. Customer acknowledges that Vendor is not a licensed contractor under California or other law or regulations or under the law or regulations of the state in which it will perform Professional Services (each are "state licensing provisions"). Customer hereby waives any claim, and shall not raise any defense to enforcement of a contract, on grounds that Vendor (i) is a contractor within the meaning of any state licensing provisions, or (ii) is required under any state licensing provisions or other applicable law to be licensed as a contractor.

18. **Force Majeure.** Vendor shall not be liable to Customer or any other person or entity for any delay or failure in the performance of this Agreement or for loss or damage of any nature whatsoever suffered by Customer or its Affiliates due to (i) disruption or unavailability of communications, utility, hosting, or Internet service not within the reasonable control of Vendor, (ii) acts of war, acts of vandalism, pandemics, terrorism, hacking, lightning, flood, fire, strike, or (iii) any other causes beyond Vendor's reasonable control.
19. **Sale of Real Property.** If Customer sells or otherwise transfers ownership of an individual location or property serviced by Vendor under this Agreement to an unrelated third party in an arms-length transaction, Customer may, with notification to Vendor delivered within 60 days following the transfer of ownership, assign the Services relating to such property to the new property owner only in respect of such individual property and related Services, and only if the new owner agrees with Vendor in writing to be bound by an agreement substantially equivalent to this Agreement as it applies to the transferred Services. Any such assignment shall not relieve Customer of obligations or liabilities under the Agreement occurring and/or accruing prior to the date of the assignment, and Customer shall continue to be bound by the Order or Statement of Work to the extent not assigned. Absent such assignment in accordance with this Section 20, Customer will remain obligated under the Agreement for contracted Services relating to such transferred property.
20. **Publicity.** Customer consents to Vendor's reasonable and limited use of Customer's name, logo, and use case in promotion of Vendor's goods and services on condition that: (i) any public use, such as on a website or press release must first be submitted for approval by Customer and (ii) Customer reserves the right to terminate this use right at any time upon notice to Vendor.
21. **Independent Contractor.** The relationship of Vendor and Customer is solely that of independent contractors. Nothing contained in this Agreement will be construed to make either party the other's partner, joint venturer, co-owner, agent, franchisee, or employee. Neither party is authorized or empowered to transact business, incur obligations, or make representations on behalf of the other party.
22. **Dispute Resolution.** In the event of any dispute arising out of or related in any way to this Agreement (except for non-payment by Customer), the parties shall, at the written request of either party, first attempt, in good faith, to settle such disputes informally through direct discussions and negotiations. If a resolution cannot be reached informally within a reasonable period (not to exceed 15 days), the parties shall, before the filing of any lawsuit, submit such disputes to and participate in good faith in at least one non-binding mediation before a mutually-acceptable mediator. For purposes of the procedures set forth in this paragraph, a "dispute" means any action, dispute, claim or controversy of any kind, whether in contract or tort, statutory or common law, legal or equitable, now existing or hereafter arising under or in connection with, or in any way pertaining to this Agreement. The foregoing does not apply to the seeking of injunctive relief. No formal proceedings for the judicial resolution of any dispute, except for the seeking of injunctive relief, may begin until the foregoing dispute resolution procedure has been completed except as otherwise agreed in writing by the parties.
23. **Miscellaneous.** The Agreement, including all attachments, contains the entire agreement of the parties, and supersedes any and all previous or contemporaneous agreements with respect to the subject matter hereof, whether oral or written. The Agreement shall be binding and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Subject to Section 20, the Agreement may not be assigned by Customer, in whole or in part, without Vendor's prior written consent, such consent not to be unreasonably withheld. Any attempted assignment in violation of the foregoing will be null and void. Vendor may assign, delegate and/or subcontract any or

all of its rights or obligations hereunder. All formal notices, requests, demands, consents and communications under this Agreement must be in writing and delivered by personal delivery, electronic mail, by certified or registered mail, return receipt requested, or by overnight courier and will be deemed given upon personal delivery, five (5) days after deposit in the mail, two (2) days after deposit with an overnight courier or on the date sent by email if sent during normal business hours of the recipient, and on the next day if sent after normal business hours of the recipient, in each case with confirmation of email transmission. Notices will be sent to the party's most recent contact information set forth in the Order or such other contact information as either Party may specify in writing for notification purposes in accordance with the foregoing from time to time. This Agreement is governed in all respects, including validity, interpretation and effect, by the laws of the State of California, without reference to the conflicts of laws rules or any other rules that would result in the application of a different body of law. The UN Convention on Contracts for the International Sale of Goods will not apply to this Agreement. For purposes of enforcement of this Agreement, except to the extent the parties otherwise agree in writing, the parties submit themselves to the exclusive jurisdiction of the courts located in Marin County in the state of California and hereby agree that such courts have exclusive jurisdiction for the enforcement of this Agreement and any rulings or orders associated therewith, and voluntarily waive any right to challenge jurisdiction based on any theory, including inconvenience of forum. Notwithstanding the foregoing, Vendor may seek injunctive or other equitable relief, wherever it deems appropriate, to protect or enforce Vendor's rights under this Agreement. If any part of this Agreement is held to be void or unenforceable, such part will be treated as severable, leaving valid the remainder of this Agreement notwithstanding the part or parts found to be void or unenforceable. No waiver will be effective unless it is in writing and signed by an authorized representative of the waiving party, and any such waiver will only be applicable to the specific instance(s) referenced in such written waiver. This Agreement may be amended only by a writing executed by each of the parties. Headings in this Agreement are for purposes of reference only and will not limit or otherwise affect the meaning hereof. Sections 8, 10, 11, 13 - 18, 21, 23, and 24, Vendor's limited Hardware warranties in Section 7.2 (subject to their terms), and any payment obligations of Customer will survive a termination of this Agreement. The words "including" and "includes" in this Agreement are deemed to be followed by "without limitation".

[End General Terms and Conditions]

EXHIBIT A
PLATFORM TERMS AND CONDITIONS

These Platform Terms and Conditions (these, “**Platform Terms**”) are supplemental terms and conditions governing the provision by XiO, Inc. (“**Vendor**”) of access to and use of the Platform, as defined below, and are attached to the General Terms and made part of the Agreement between Vendor and Customer. These Platform Terms supplement, but do not replace, the General Terms and other terms and conditions of the Agreement. Capitalized terms used, but not defined in this Exhibit have the meaning given them elsewhere in the Agreement.

1. **Definitions.**

- 1.1 “**Customer Data**” means electronic data submitted to and stored in the Platform by or behalf of Customer in using the Platform.
- 1.2 “**Platform**” means, collectively, the software application-based and other electronic services and data provided by Vendor to which Customer procures access and use pursuant to the Agreement via one or more of the Internet, cell and/or other wireless technology, and other telecommunications methods (“**Electronic Communications**”). The Platform may include web-based management and/or monitoring applications, and data feeds and services, and includes those that are accessed by the Customer through Hardware and other equipment. Platform excludes Professional Services.
- 1.3 “**Start Date**” means the date on which a Subscription Term commences as set forth in the applicable Order or Statement of Work procuring the Subscription or if no date is indicated, then the effective date of such Order or Statement of Work.
- 1.4 “**Subscription**” means the right to access and use the Platform for the applicable Subscription Term pursuant to and in accordance with this Agreement.
- 1.5 “**Subscription Fees**” mean the fees owed in consideration of a Subscription.
- 1.6 “**Subscription Term**” means, as to a Subscription, the Initial Term and any Renewal Terms (or until earlier terminated in accordance with this Agreement) commencing on the Start Date.

2. **General; Term of Subscription.** Subject to the terms and conditions of the Agreement (including payment by Customer of applicable Subscription Fees) and for the Subscription Term, Customer hereby subscribes to (and Vendor shall use commercially reasonable efforts to make available) access and use of the Platform via Electronic Communications solely for Customer’s internal business use. Subscriptions commence on the Start Date. The Subscription Term will continue for the initial term of the Subscription (the “**Initial Term**”) indicated on the applicable Order or Statement of Work. If no such Initial Term is indicated, then the Initial Term is one (1) year. Upon expiration of the Initial Term, the Subscription Term will **automatically renew** for successive renewal periods of duration specified in the applicable Order or Statement of Work or if not so specified, successive one-(1) year renewal terms (each, a “**Renewal Term**”) absent written notice by either party of its election to not so renew delivered at least sixty (60) days prior to the renewal.

3. **Restrictions.** Customer shall not, and shall not knowingly permit any third party to, in whole or in part, (i) reverse engineer, decompile, or disassemble the Platform or use similar methods to determine any design structure, concepts and construction method of the Platform including its database, or replicate the functionality of the Platform for any purpose, (ii) copy, translate, resell, distribute, or create a derivative work of the Platform or use the Platform for timesharing, service bureau, or similar purposes (iii) use the Platform for the purpose of building a similar or competitive product or service, (iv) obtain or knowingly assist in obtaining unauthorized access to the Platform including by sharing

log-in credentials to access to Platform, (v) use the Platform in a manner that is contrary to applicable law, in violation of this Agreement or any third party rights of privacy or Intellectual Property Rights, (vi) use the Platform to store, access, distribute or transmit any material that is unlawful, inappropriate, or infringing; facilitates illegal activity; or causes or is reasonably likely to cause damage or injury to any person or property or (vii) transmit viruses or other code intended to harm or surreptitiously intercept data to or from the Platform, or Vendor's or a third party's networks or systems, or adversely affect their operation. Customer shall indemnify, defend, and hold Vendor harmless from claims, demands, liabilities, losses, and costs and expenses (including attorneys' fees) arising out of or relating to Customer's breach of this Section 4. Vendor has the right (but not the obligation) to monitor and review all information and materials transferred to or otherwise stored under Customer's account in the Platform for information, material, or activity that Vendor deems in its sole discretion to violate these Platform Terms or the Agreement generally. Customer shall comply with all applicable laws and regulations in connection with its use of the Platform including export laws and obtain any permits, licenses, and authorizations required to be obtained by Customer in using the Platform; Customer shall not remove, modify, or obscure any Vendor or other copyright, trademark, or other proprietary notices affixed to or displayed on or in the Platform and shall not knowingly allow any third party under Customer's control to take any such action. Customer is responsible under this Agreement for all activities conducted in the Platform under its login credentials and account including those of its independent contractors or any other third party.

4. **Customer Data; Right to Use; Other Customer Responsibilities.** Responsibility for ensuring that Customer Data is accurate and reflects Customer requirements lies solely with Customer. Customer hereby grants Vendor the right and license to use, copy, store, transmit, modify, process, and display Customer Data for the purposes of performing Vendor's obligations under this Agreement. The Platform may require the use of Hardware or other equipment such as transmitting sensors and communications and other hardware and software necessary to access the Internet and the Platform, which are not included in Subscription Fees (collectively, the "**Equipment**") and Customer is responsible for obtaining and maintaining Equipment, at Customer expense. Customer is responsible for maintaining the security of the Equipment, Customer account information, passwords and files, and for all uses of Customer's Platform account or the Equipment with or without Customer's knowledge or consent (excluding uses by Vendor in performing its obligations under this Agreement). Customer consents to Vendor's creation of De-identified Data from Customer Data. Vendor owns all right, title, and interest in and to De-identified Data and nothing herein restricts Vendor's use of De-identified Data in any manner whatsoever.
5. **Subscription Fees.** Customer shall pay all Subscription Fees in the amounts and according to the terms as are set forth in the applicable Orders and Statements of Work procuring the Subscriptions. Except as otherwise specified in the Agreement, (i) Subscription Fees will be invoiced annually in advance and due within thirty (30) days of Customer's receipt of the invoice and (ii) Vendor may increase Subscription Fees at each renewal thereof during the Subscription Term on at least thirty (30) days' prior notice to Customer. If Customer's use of the Platform exceeds the parameters or restrictions set forth on the applicable Order or otherwise requires the payment of additional fees (per the terms of this Agreement), Customer will be billed for such usage and Customer agrees to pay the additional fees in the manner provided herein. **Fees for Platform are not refundable except in accordance with this Agreement.**
6. **Service Level Agreement Terms .** During the Subscription Term, Vendor shall meet the service levels on the terms and conditions indicated in the Service Level Agreement Terms attached as Exhibit B.

7. **Platform Disclaimer.** Without limiting Section 15 (Disclaimers), the Platform provided by Vendor relies upon numerous interconnected communication and other technologies that are inherently not fault-free and may contain errors or become interrupted. Vendor disclaims responsibility for liabilities, losses, claims, and demands resulting from any such errors or interruptions. The Platform should not be used for fault-intolerant applications or where such errors or interruptions would present a high degree of risk. Certain Platform features allow alerts and notifications to be sent to mobile devices. Vendor is not responsible for text or other mobile communications charges resulting from such alerts and notifications or for alert failures due to failures of the mobile device or its connectivity. Vendor is not responsible for Platform errors due to Hardware or other equipment failure.
8. **Improvements to Platform.** Vendor may make enhancements, updates, and other modifications to the functionality, user interface, usability and documentation of the Platform from time to time in its sole discretion as part of its ongoing effort to improve its offerings so long as such modifications do not materially diminish the functionality of the Platform.
9. **Ownership of Platform.** Without limiting Section 8 of the General Terms, as between Vendor and Customer, Vendor owns all right, title and interest in and to the Platform including all Intellectual Property Rights therein. Nothing in this Agreement grants Customer any right, title or interest in or to the Platform other than the limited right to access and use the Platform during the Subscription Term in accordance with the Agreement. All rights not expressly granted to Customer in this Agreement are reserved by Vendor.
10. **Termination of a Subscription for Cause.** Either party may terminate a Subscription during the Subscription Term in the event that the other party has committed a material breach of this Agreement that is not cured within thirty (30) days after the other party's receipt of written notice thereof, which notice must expressly state all of the reasons for the claimed breach in sufficient detail so as to provide the alleged breaching party a meaningful opportunity to cure such alleged breach except that the cure period for failure of Customer to pay fees when due is five (5) days.
11. **Effect of Termination** . Upon termination or expiration of a Subscription, for any reason, Customer shall cease all use of the Platform and Vendor has the right, at any time more than ninety (90) days following such termination or expiration, to permanently delete Customer Data and Customer's account associated with the terminated Subscription.
12. **Export; U.S. Governmental Rights** . Customer shall not remove or export from the United States or knowingly permit the export or re-export of the Platform, or any of its source code, object code, or underlying structure, ideas, know-how or algorithms, documentation or data (the "**Platform Materials**"), or anything related thereto, or any direct product thereof in violation of any restrictions, laws or regulations of the United States Department of Commerce, the United States Department of Treasury Office of Foreign Assets Control, or any other United States or foreign agency or authority. The Platform Materials are "commercial items", "commercial computer software", and "commercial computer software documentation" under U.S. federal acquisition regulations (FAR) and U.S. defense federal acquisition regulations (DFAR). Consistent with such regulations, any use modification, reproduction, release, performance, display, or disclosure of Platform Materials by the U.S. Government will be governed solely by the terms of this Agreement and will be prohibited except to the extent expressly permitted by this Agreement.

[End Platform Terms and Conditions]

EXHIBIT B**SERVICE LEVEL AGREEMENT TERMS**

These Service Level Agreement Terms (“**SLA Terms**”) are provided pursuant to that certain agreement to which these SLA Terms are attached between Vendor and Customer (the “**Agreement**”) and form part of the Agreement. Capitalized terms used in these SLA Terms, but not defined herein have the meaning given to them elsewhere in the Agreement.

Availability Service Levels***Definitions***

For purposes of these SLA Terms, the following terms have the following meanings:

- "Emergency Maintenance" means Vendor’s emergency maintenance for application of hotfixes, security related maintenance activities, and other actions necessary to maintain the integrity or operation of the Platform during which the Platform is unavailable.
- "Scheduled Maintenance" means scheduled maintenance to maintain the integrity or operation of the Platform during which the Platform is unavailable.
- "Total Monthly Time" means the total number of minutes in the applicable calendar month.
- "Unavailable Monthly Time" means the number of minutes in the applicable calendar month during which the Platform was unavailable for use.
- "Uptime Percentage" = $(A-B+C)/A$, where:
 - o A = Total Monthly Time;
 - o B = Unavailable Monthly Time; and
 - o C = Excluded Monthly Time (as defined below)

Availability Commitment Subject to these SLA Terms:

1. During the Subscription Term, Vendor shall use commercially reasonable efforts to ensure that the Platform will have an Uptime Percentage of at least **99.9%**.
2. Vendor shall endeavor to schedule Scheduled Maintenance to occur outside of Vendor’s normal business hours and to provide Customer at least 48 hours’ notice prior to Scheduled Maintenance. No prior notice to Customer is required for Emergency Maintenance; however, Vendor shall use commercially reasonable efforts to notify Customer in advance of Emergency Maintenance.
3. Notwithstanding anything to the contrary in these SLA Terms, no Unavailable Monthly Time will be deemed to have occurred if it: (a) is caused by factors outside of Vendor’s reasonable control, including, without limitation, Internet access or related problems occurring beyond the point in the network where Vendor maintains access and control over the Platform; (b) results from failures or issues in satellite, radio, cellular, or other non-Internet-based telecommunications transmissions used to communicate with or to the Platform, whether procured through Vendor or otherwise; (c) results from any actions or inactions of Customer or any third party (except for Vendor’s agents and subcontractors); (d) results from any Customer third party application(s), Customer’s equipment, software, or other technology, add-on services, or third-party equipment, software, or other technology; (e) occurs during Scheduled Maintenance; (f) occurs during Emergency Maintenance; or (g) is less than five (5) minutes of continuous unavailability in duration (minutes of unavailability in the calendar month resulting from (a)-(g) collectively, “**Excluded Monthly Time**”).

Unavailability Credits

For any calendar month that has an Uptime Percentage indicated in the table below, Customer may request an Unavailability Credit corresponding to the Uptime Percentage, where “**Unavailability Credit**” is calculated as the applicable Unavailability Credit Percentage of the Subscription Fees corresponding to the calendar month at issue. The Unavailability Credit will be credited toward the next invoice for Subscription Fees or refunded if the Subscription Term as expired or terminated. Customer must request the Unavailability Credit by submitting a request to Vendor via email to accounts-receivable@xiowater.com during the first 15 calendar days of the calendar month immediately following the calendar month for which the credit is claimed.

Unavailability Credit Table

Uptime Percentage	Unavailability Credit Percentage (%)
99.5% - <99.9%	[2.0]%
98.5% - <99.5%	[3.0]%
<98.5%	[5.0]%

Chronic Unavailability

If the Platform experiences an Uptime Percentage that is less than **98.5%** for any two consecutive months, or for any four out of 12 consecutive months, then Customer will have the right, upon 10 business days’ notice to Vendor, to terminate the Agreement in which case Vendor shall refund to Customer its prepaid and unused fees corresponding to the period from the effective date of termination to the expiration of the then applicable Subscription Term. The foregoing credits and termination right constitute Vendor’s sole and entire liability to Customer, and Customer’s sole and exclusive remedy with respect to Vendor’s failure to meet Vendor’s commitments regarding availability of the Platform provided in this Exhibit B.

Support

Support Hours

Vendor shall provide general technical support services requested for use of the Platform requested by Customer in accordance with and subject to these SLA Terms (such services, “**Support**”). Support will be available in accordance with the Support Tier procured by Customer as specified in the Agreement as follows (such applicable hours “**Support Hours**”):

Tier	Tier Features
3	Phone, Online Ticketing and Email Support. 24 Hours per Day, 7 Days a week, 365 Days per year.
2	Phone, Online Ticketing and Email Support. 8am – 5pm Pacific time, Monday – Friday, except Vendor holidays.
1	Online Ticketing and Email Support Only, 8am – 5pm Pacific time, Monday – Friday, except Vendor holidays.

Support contacts are as follows:

- Phone Number: (877) 946-0101 (Tier 2 and 3 only)
- Email: support@xiowater.com

Vendor reserves the right to update the contact information for accessing Support from time to time by written notice to Customer.

Support Service Levels

Each request for Support received by Vendor that identifies an Error (defined below) will be assigned a case number (each, a “**Case**”). An “**Error**” means a problem with the Platform as described in the Error Description column below. For each Error, Vendor will prioritize the Case in accordance with the below Severity Levels and will work to provide a temporary or permanent solution, fix, or work-around that resolves the material aspects of the Error with the corresponding Level of Effort as described below.

Severity Level	Error Description	Target Initial Response Time	Level of Effort
“Severity 1 (Critical)”	Critical production issue affecting all users, including Platform unavailability and data integrity issues with no workaround available.	Four (4) hours	Vendor shall use best efforts, applying its resources on a 24 hour per day basis to the exclusion of other priorities, to correct the Error as quickly as possible.
“Severity 2 (High)”	Major functionality is impacted. Issue is persistent and affects many users and/or major functionality. No reasonable workaround available.	Four (4) Hours	Vendor shall use best efforts, applying resources during normal business hours, to correct the Error as quickly as reasonably practicable.
“Severity 3 (Medium)”	Platform performance issue or bug affecting some but not all users. Short-term workaround is available, but not scalable.	Eight (8) hours	Vendor shall use commercially reasonable efforts, applying resources during normal business hours, to correct the Error as quickly as reasonably practicable.
“Severity 4 (Low)”	Inquiry regarding a routine technical issue; bug affecting a small number of users. Reasonable workaround available.	Twenty four (24) hours	Vendor shall use commercially reasonable efforts to correct the Error.

As used above, “**Target Initial Response Time**” means the elapsed time during Support Hours between the moment a request regarding an Error is first submitted to Vendor in accordance with these SLA Terms until Vendor first responds to the request except that, if the request is submitted during the last 30 minutes of Support Hours on a given day, the elapsed time will be measured from the start of the next day on which Support Hours are available (excluding 24/7 Support Hours if applicable).

Under no circumstances does Vendor warrant or represent that Errors can or will be corrected.

Customer Obligations

Vendor’s ability to fulfill its Support obligations is conditioned upon Customer (a) providing all

relevant information necessary for Vendor to respond to a Support request within the applicable response times set forth above; (b) providing all relevant information and any additional requested information and documentation necessary for Vendor to reproduce the Error; (c) designation of Customer's primary and secondary contacts (along with after-hours contact information for such people) who have been trained on the Platform and who can provide Vendor with all requested information; (d) submission of Support requests promptly in response to an Error; (e) using commercially reasonable efforts to diagnose and resolve problems in the operation of the Customer's interface to the Platform prior to contacting Vendor for Support; (f) using commercially reasonable efforts to confirm that reported problems are not due to Customer's systems or third-party systems; (g) consultation of Vendor-supplied documentation before submitting Support requests; and (h) providing Vendor with remote access to Customer's account or environment on the Platform.

Customer acknowledges that if it provides Vendor with erroneous information, or fails to provide all reasonably available information, then Vendor will not be liable for delays in, or improper performance of Support. Customer is responsible for procuring, installing, and maintaining all applications, equipment, telephone lines, communications interfaces, and other hardware necessary to access the Platform and to obtain Support.

Exclusions

Services outside of Support:

Without limiting the foregoing, the following are outside the scope of Support: (a) support provided outside of the Support Hours; (b) support that becomes necessary due to failure of computer hardware, equipment or programs not provided by Vendor, negligence of Customer, error by Customer in operation of the Platform, or improper modification or use of hardware or software by Customer; (c) maintenance and support of hardware, software programs, or data connections owned, operated or developed by Customer and issues resulting from failure to perform such maintenance and support; and (d) development, customization, coding, installation, integration, consulting, and training.

Causes not covered by Support:

Support, including Vendor's Support obligations herein do not apply to issues or failures caused by:

- Customer acts or omissions, including any Customer misuse or abuse of the Vendor system or use in violation of the Agreement;
- Any force majeure event as described in the Agreement;
- Third party or Customer software, content or services;
- Viruses or system attacks not prevented by Vendor's application of industry standard anti-virus software;
- Customer's or its users' violation of the Agreement;
- Malicious attacks on the Platform not prevented by Vendor's application of industry standard intrusion prevention software;
- An increase in service utilization by Customer materially beyond the Platform's standard or mutually agreed hosting capacity.

Chronic Support failures

If Vendor materially fails to meet its Support commitments in this Exhibit B for any two consecutive months, or for any four out of 12 consecutive months as shown by reasonable documentation, then Customer will have the right, upon 10 business days' notice to Vendor, to

terminate the Agreement in which case Vendor shall refund to Customer its prepaid and unused fees corresponding to the period from the effective date of termination to the expiration of the then applicable Subscription Term. The foregoing termination right constitutes Vendor's sole and entire liability to Customer, and Customer's sole and exclusive remedy with respect to Vendor's failure to meet the Support commitments in this Exhibit B.

Changes to these Support Terms

During the Subscription Term, upon reasonable notice, Vendor reserves the right to reasonably modify these SLA Terms, but not in manner that materially, adversely reduces Vendor's commitments herein.

[End Service Level Agreement Terms]



Manager's Report

To: Board of Directors
From: David Goyer, General Manager
Date: December 13, 2022

RE: Item No.9 – LAFCo and SC-OR Reports

9.1 LAFCo

Please see attached November Agenda for LAFCo (if available).

9.2 SC-OR

Please see attached November Agenda and flow reports for SC-OR (if available).



Manager's Report

To: Board of Directors
From: David Goyer, General Manager
Date: December 13, 2022

RE: Item No.10 – Board Members', Manager, and Staff Comments

10.1 Field Operations Report

The November 2022 Field Operations Activity Report is included for your review and discussion. Information only, no action to be taken at this time.

Attachment Included

10.2 General Manger's Report

- District Dinner – December 16, 2022

Updates on ongoing activities:

- New Developments
Status of Jett Rodder, Delivery of ECO 900 12 YD

FIELD OPERATIONS ACTIVITY REPORT

NOVEMBER 2022

Safety Meetings and Compliance

- California State Water Resource Control Board- LOAPUD reported “ZERO” Sanitary Sewer Overflows for the month of November 2022.
- Monthly District Safety and Compliance Inspections.
- Field Operations Crew- Emergency by-pass pump training refresher.
- Field Operations Crew- General discussion and direction when dealing with hostile subjects and/or situations arise while performing a job task.

General Meetings/Updates

- Field meeting with a contractor regarding septic tank abandonment at 2431 Las Plumas Ave in assistance to Butte County Environmental Health
- Hach Portable Flow Meter estimated ship date confirmed to be December 5th 2022

I & I Related Work

- Manhole Repair List: 15 of 63 manholes repaired.
- Additional 48 manholes inspected with no faults found.
- One root intrusion repaired on a lateral to main line connection.

New Permits and Connections, Estimates, Inquiries or Termination

- 5 Yacht Court- New Single Family Dwelling Unit connection and lateral installed. Permit finalized.
- Inquiry to relocated Villa Verona System at 2740 Oro Garden Ranch Road, pending site plan from property owners for review.

Lines Cleaned

- 5620' LF Cleaned with Jet Rodder.

CCTV Work

- 2260' LF Televised.
- Main Line Repair List: Additional 25 of 82 repairs confirmed with CCTV.

Maintenance, Repairs and Misc

- Vista Del Cerro Lift Station: Loss of pump automation controls (obsolete/outdated TESCO Liquitronic III Pump Controller) due to failed power supply transformer (obsolete) to controller, replaced with old transformer from Royal Oaks Lift Station. Station currently operating as normal at this time.

- Bidwell Canyon L-2 and Mooretown Lift Stations- SCADA Low Communication Alarms: Multiple alarms all month due to radios not transmitting/receiving signals most common during mid mornings and afternoons. Radios must be reset manually and condition increasing.
- Bidwell Canyon L-3 Lift Station: Pump #2 of 2 low flow condition due to ragging up, this occurred 5 times the last 2 weeks of November 2022. De-ragged and wet-well cleaned of debris with the pump truck. Letter of non-flushable items sent to property owners serviced by this lift station to raise awareness.
- Red-Hat solenoid for reactive air wet-well level monitoring at L-2 L/S replaced.
- 2008 Ford Explorer engine oil serviced.
- 2004 Sterling Jet Rodder is having transmission issues shifting between 4th and 5th gears. This started occurring the later half of November 2022. Still operable for limited and emergency use at this time. Repair is being assessed with updates at a later date.

Service Calls/O.T. Call Outs- Primary

- (2) Service Calls: (1) Lateral plugged with soft blockage at property line- Flushed and cleared with Jet Rodder. (1) Property owner inquiry regarding Villa Verona tank location on property.
- (4) O.T. Call Outs: (3) Bidwell Canyon L-2 L/S- Low flow alarm, caused by failed internal check valve failure not allowing the pump to prime. Flow transducer failure- updates to software changed set points for alarm, restored set points. Low communication alarm- Manually reset radio. (1) Mooretown L/S: Low Communication alarm, manually reset radio

Service Calls/O.T. Call Outs- Villa Verona -

- There were “ZERO” Service or O.T. Call Outs for the month of November 2022

Fuel Consumption

- Gasoline: 259.9gals (Last Mo. 282.4gals)
- Diesel: 74.1gals (Last Mo. 193.8gals)

gals = gallons
 LF = Linear Feet
 LS = Lift Station
 I&I = Infiltration & Intrusion
 O.T. = Overtime

Prepared By:
 Vince Victorino
 Field Operations Supervisor



Manager's Report

To: Board of Directors

From: David Goyer, General Manager

Date: December 13, 2022

RE: Item No. 11 – Future Agenda Items